Australian Government

The Treasury

Annual Report 2022–23

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Manager, Media and Speeches Unit
The Treasury
Langton Crescent
Parkes ACT 2600
Email: media@treasury.gov.au

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In the spirit of reconciliation, the Treasury acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

Australian Government

The Treasury

Letter of Transmittal

26 September 2023

The Hon Dr Jim Chalmers MP
Treasurer
Parliament House
CANBERRA ACT 2600

Dear Treasurer

TREASURY ANNUAL REPORT 2022–23

I present the Treasury annual report for the year ended 30 June 2023.

The annual report has been prepared in accordance with section 46 of the *Public Governance, Performance and Accountability Act 2013* and legislation administered by Treasury and includes Treasury's audited financial statements as prepared under section 43 of the Act.

In addition, as required under the Public Governance, Performance and Accountability Rule 2014, I certify that I am satisfied appropriate fraud prevention, detection, investigation and reporting mechanisms are in place to meet Treasury's needs, including fraud risk assessments and fraud control plans, and that all reasonable measures have been taken to appropriately deal with fraud.

Yours sincerely

Dr Steven Kennedy PSM
Secretary to the Treasury

cc

The Hon Julie Collins MP,
Minister for Housing,
Minister for Homelessness,
Minister for Small Business

The Hon Stephen Jones MP,
Assistant Treasurer,
Minister for Financial Services

The Hon Dr Andrew Leigh MP,
Assistant Minister for
Competition, Charities
and Treasury,
Assistant Minister for
Employment

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Introduction and guide to the report

The Treasury Annual Report 2022–23 outlines performance against outcomes, program and performance information contained in the Portfolio Budget Statements 2022–23, Portfolio Additional Estimates Statements 2022–23 and the Treasury Corporate Plan 2022–23.

More comprehensive performance reporting for the Foreign Investment Review Board and Takeovers Panel may be found in their respective annual reports.

Part 1	Details Treasury's role, functions, senior management structure, organisational structure and portfolio structure.
Part 2	Provides an analysis of performance against Treasury's policy and program outcomes.
Part 3	Reports on management and accountability issues as required under the annual report guidelines.
Part 4	Presents the audited financial statements of Treasury as required under the annual report guidelines.
Part 5	Includes other information as required under the annual report guidelines.

This report concludes with a glossary, a list of abbreviations and acronyms, and an index.

Other sources of information

Treasury releases information on its activities through publications, media releases, speeches, reports and the annual report. Treasury publications are available on its website: treasury.gov.au.

Contact details

The contact officer for enquiries regarding this report is:

Assistant Secretary
Governance and Stakeholder Liaison Branch
The Treasury
Langton Crescent, Parkes ACT 2600

Email: performanceandplanning@treasury.gov.au


Strategic Policy Coordination Branch

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Part 1 – Overview

Steven Kennedy PSM
Secretary to the Treasury

Secretary's review

I am pleased to present my fourth annual report as Secretary to the Treasury. It covers our achievements in what has been another busy and productive year, operating in a complex and uncertain economic environment.

Overview

Our work during 2022–23 was vital to maintaining strong and sustainable economic and fiscal outcomes.

The Australian economy expanded by 3.4 per cent in 2022–23, driven by a post-pandemic rebound in consumer spending. The unemployment rate fell to its lowest level in almost 50 years.

Cost-of-living pressures and persistent high inflation saw Australia's economic outlook tilt downward in 2023. The labour market remained tight despite skills shortages easing across many sectors.

Big shifts and changes seen through the pandemic and its aftermath continued to strain economies around the world. This was first apparent in supply chain bottlenecks, however these improved after China's post-pandemic re-opening. Substantial disruption continued in commodity and energy markets reflecting the war in Ukraine.

The Australian economy showed resilience in the face of these headwinds. Prices for the commodities we sold to the rest of the world were high and there were welcome signs of wages growth. A budget surplus was forecast in 2022–23 along with lower deficits and debt across each of the forward years.

Our work in 2022–23

Treasury's effectiveness as the Government's lead economic adviser continues to be underpinned by the capability of our staff, and our ability to quickly adjust and adapt to new priorities. We delivered a considerable tranche of work in 2022–23.

We delivered the 2022–23 October Budget, followed by the 2022 Population Statement in January 2023. High-quality research and reporting continued in the second half of the financial year, and we delivered the 2023–24 Budget in May 2023.

In July 2022 we set up the Employment Taskforce to deliver the Government's Jobs and Skills Summit. Held on 1–2 September 2022, the Summit brought together almost 150 stakeholders from across government, employers, civil society and unions. As well as monitoring implementation of the significant whole-of-government outcomes from the Summit, the Taskforce undertook an extensive stakeholder engagement and submissions process to support the Employment White Paper later in 2023.

There were a number of significant reviews undertaken during the year which were supported by Treasury secretariats. The Government announced the Review of the Reserve Bank of Australia in July 2022, the first external review of Australia's central bank in several decades. The final report, released in April 2023, made recommendations on the monetary policy framework, governance, leadership and culture of the Reserve Bank of Australia.

In August 2022 the Financial Regulator Assessment Authority released its first report, *Effectiveness and Capability Review of the Australian Securities and Investments Commission* (ASIC), finding that while ASIC is generally effective and capable, there are important opportunities to enhance its performance in strategic prioritisation, planning and decision-making, surveillance, and licensing. The Financial Regulator Assessment Authority undertook its second review, *Effectiveness and Capability Review of the Australian Prudential Regulation Authority* (APRA),

over the course of 2022–23, focusing on APRA's role in the superannuation industry. The *Final Report of the Regional Banking Taskforce* was released in September 2022, examining the impact of bank branch closures on regional communities and identifying possible solutions to maintain and improve banking services.

Australia's work on digital consumer rights continued with the release of the *Final Report for the Consumer Data Right – Sectoral Assessment for Non-Bank Lending and Statutory Review of the Consumer Data Right*. Treasury supported the Government in developing the inaugural Strategic Plan for the Australian Payments System.

Treasury contributed to the development and introduction of the Mandatory Gas Code of Conduct to help the Government meet its commitment to making gas available for Australian users at reasonable prices, while giving producers the certainty they need to invest in supply. We completed the Review of Gas Transfer Pricing arrangements in May 2023, which supported the Government's reforms to the Petroleum Resource Rent Tax.

We laid the foundations for the first Measuring What Matters statement, including two rounds of public consultation and multiple meetings with domestic and international experts to discuss wellbeing frameworks.

In line with Government commitments to address Australia's housing challenges, Treasury delivered a housing legislative package for introduction into Parliament, provided the $2 billion Social Housing Accelerator payment to states and territories to deliver new social homes, set up the interim National Housing Supply and Affordability Council and helped deliver a new National Housing Accord. Over the year Treasury supported the Minister for Housing and Small Business in meetings of the re-established Housing and Homelessness Ministerial Council and Small Business Ministers forum.

Treasury returned to modelling climate risks and opportunities for the Australian economy for the first time since 2013, establishing a new climate modelling function.

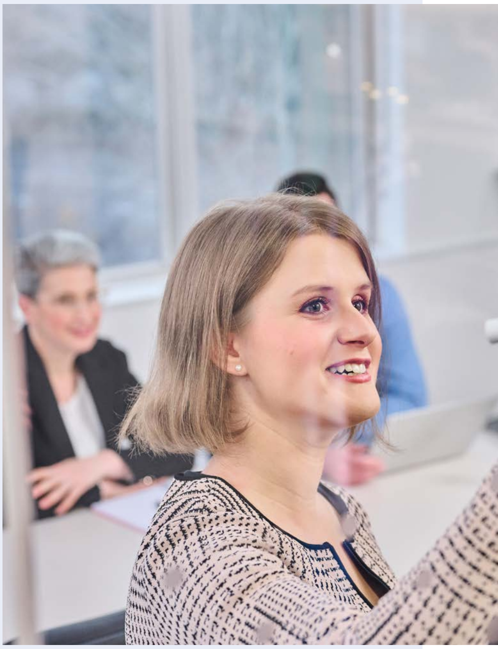
New insights into the physical impacts of climate change over time, as well as analysis on how climate change could impact selected expenditure, revenue and exports were included in the 2023 Intergenerational Report.

Treasury was responsible for a large proportion of Bills introduced into Parliament in the 2022–23 financial year. In total, there were 30 Bills containing 80 measures across the range of our responsibilities. Treasury, along with other departments, also contributed to the legislative reforms and other work related to the creation and commencement of the National Anti-Corruption Commission.

On the international front we continued strong engagement with the G20, APEC, the International Monetary Fund, OECD, the Financial Stability Board, the Pacific Forum Economic Ministers Meeting, and the multilateral development banks. Treasury engaged in bilateral meetings with international counterparts on issues including global efforts to combat inflation, Russia's invasion of Ukraine, financial stability, international taxation challenges, reform of international institutions, climate change and the transition to net zero, and enhancing regional cooperation.

Treasury continued to engage with the academic community to ensure policy advice is informed by a range of views. In April 2023, Treasury jointly hosted its first Policy Research Conference with the Australian National University, to support the analysis underpinning the Employment White Paper. Treasury staff presented their analytical work to a number of external conferences including the Australian Conference of Economists and the Australian Gender Economics Workshop.

Treasury staff met regularly met with an Economics Advisory Panel – which includes experts from academia, international fiscal agencies, and think tanks – to test suitability of their frameworks and interpretation of historical data. Treasury established a Visiting Fellowship Program, to connect specialists with policymakers and help strengthen policy analysis and debate.



People and performance

In 2022–23 Treasury welcomed 46 graduates and 340 new starters. Treasury employees were guided by a new Flexible Work Arrangements Policy released in October 2022. The new policy was supported by Treasury's investment in underlying ICT systems and hardware. This included the roll-out of Microsoft Teams and 'passwordless' authentication.

Our investment in data analytics and capabilities continued during 2022–23. By enhancing access to real-time and novel sources of data, our advice and reporting continued to advance. We brought together data from government departments, the private sector and other sources. These investments were vital to Treasury's ability to stay across increases in data and innovations in economic analysis.

Treasury continued to advance Australia's interests internationally through our networks in China, the OECD Paris, India, Indonesia, Japan, New Zealand, Papua New Guinea, United Kingdom and the United States.

In 2022–23 Treasury maintained its priority focus on diversity and inclusion. We emphasised the wellbeing of our staff and building an inclusive culture that values all employees.

Staff members actively participated in events and our five diversity networks: First Nations; Gender equality; Cultural and linguistic diversity; Disability, neurodiversity, and mental health; and LGBTIQA+. In May we released Treasury's Guidelines supporting gender affirmation and gender diversity.

While we remained a highly effective workforce, we acknowledge the intensity of work over the past few years underlines the importance of effective support for our staff. In September 2002, Treasury released its first wellbeing strategy, Healthy Minds: Our mental wellbeing strategy 2022–2025. The strategy builds a shared aspiration of positive mental health and demonstrates our commitment to a positive mental health culture.

The year ahead

As we move through 2023 Treasury will maintain its focus on advising the Government and implementing policies to support economic recovery and resilience.

We will implement reform to the payments system, by modernising regulatory frameworks and establishing a new payments licensing regime, and to the superannuation system, by reforming superannuation taxation concessions for balances over $3 million, requiring employers to pay superannuation on payday, and consulting on the retirement phase of superannuation.

We are assisting the Government in its response to the Quality of Advice Review and reviewing the regulatory framework for managed investment schemes.

In August 2023, the Government released the 2023 Intergenerational Report and in September 2023 the Employment White Paper was published. Over the remainder of 2023 we will deliver the Mid-Year Economic and Fiscal Outlook. We will have an important role advising the Government on its response to the independent Statutory Review of the *Payment Times Reporting Act 2020*, and the Financial Regulator Assessment Authority report, *Effectiveness and Capability Reviews of the Australian Prudential Regulation Authority*.

In August 2023, the Government announced a comprehensive response to the misuse of confidential information by PwC. We will work across government to implement measures focused on strengthening the integrity of our tax system and regulatory arrangements.

We will progress work on Government priorities through the newly established Australian Centre for Evaluation, Competition Taskforce Division, Targeting Entrenched Disadvantage Taskforce and Climate and Energy Division.

I express my thanks and gratitude to Treasury staff for their hard work and dedication. It has been a demanding year and we have successfully delivered policy advice, budget measures, programs and a significant legislative agenda. I want to acknowledge and thank our many partners and stakeholders across Australia, state and territory governments, the private sector, academia and international agencies.

Dr Steven Kennedy PSM
Secretary to the Treasury

Departmental overview

Treasury is the Government's lead economic adviser

Treasury provides economic analysis and authoritative policy advice on issues such as: the economy, budget, taxation, financial sector, foreign investment, structural policy, superannuation, small business, housing affordability and international economic policy.

Treasury works with state and territory governments on key policy areas, as well as managing federal financial relations. We anticipate and analyse policy issues with a whole-of-economy perspective, understand government and stakeholder circumstances, and respond rapidly to changing events and directions. The economic environment in which we operate is highly complex and subject to significant uncertainty. As such, we advise the Government on reforms to boost productivity, promote well-functioning markets and ensure the tax system remains equitable and adequate to fund the Government's spending commitments.

In 2022–23 Treasury continued developing advice and analysis to support the Government's economic agenda. The shifting economic environment presented short and long-term challenges. Treasury played an important role in advising the Government on these challenges, particularly the impact of increasing inflation and geopolitical instability created by Russia's war in Ukraine.

Our purpose under the Treasury Corporate Plan 2022–23 to 2025–26 is to:

Provide advice to the Government and implement policies and programs to achieve strong and sustainable economic and fiscal outcomes for Australians.

Following the delivery of the Jobs and Skills Summit in September 2022, the Treasury Secretary announced on 30 November 2022 that Ms Victoria Anderson would be promoted and continue her role in Treasury as Deputy Secretary, Employment Taskforce.

On 16 December 2022, the Treasury Secretary announced that Mr Brenton Philp would be joining Treasury from the Department of Education to take up the role of Deputy Secretary, Markets Group, commencing in February 2023.

On 23 June 2023, the Treasury Secretary announced an organisational restructure with the formation of a sixth group to enable Treasury to enhance its focus on, and delivery of, Government's priorities, while working in the most streamlined and efficient manner. As of 2 October 2023, Ms Roxanne Kelley will become Deputy Secretary, International and Foreign Investment Group and Ms Victoria Anderson will become Deputy Secretary, Small Business, Housing, Corporate and Law Group.

Figure 1 shows Treasury's organisational structure at 30 June 2023. Treasury's accountable authority is Dr Steven Kennedy PSM, Secretary, who occupied the position for the full 2022–23 reporting period.

Figure 1: Treasury Group senior management at 30 June 2023

Department of the Treasury

Secretary
Dr Steven Kennedy PSM

Corporate and foreign investment group

Deputy Secretary
Roxanne Kelley PSM

Corporate Division
First Assistant Secretary: Angela Barrett

Foreign Investment Division
First Assistant Secretary: Christopher Tinning

Law Division
First Assistant Secretary: Anthony Seebach

State offices
Sydney Office Head: Tim Baird
Melbourne Office Head: Damian Mullaly
Perth Office Head: Felicity Smart

Fiscal group

Deputy Secretary
Sam Reinhardt

Budget Policy Division
First Assistant Secretary: Phillipa Brown

Commonwealth State and Population Division
First Assistant Secretary: Damien White

Social Policy Division
First Assistant Secretary: Hamish McDonald

Labour Market, Environment, Industry and Infrastructure Division
First Assistant Secretary: Mohita Zaheed

Macroeconomic group

Deputy Secretary
Luke Yeaman

International Economics and Security Division
First Assistant Secretary: Katrina Di Marco

Macroeconomic Analysis and Policy Division
First Assistant Secretary: Nathan Deutscher (A/g)

Macroeconomic Conditions Division
First Assistant Secretary: Sarah Hunter

Overseas operations
Washington: Ian Beckett
OECD Paris: Peter Johnson
London: John Swieringa
Tokyo: Jessica Robinson
Beijing: David Osborne
Jakarta: Cosimo Thawley (A/g)
India: Alistair Campbell
Indonesia Ministry of Finance: Kristy Baker

Markets group

Deputy Secretary
Brenton Philp

Australian Government Actuary
First Assistant Secretary: Guy Thorburn

Financial System Division
First Assistant Secretary: Trevor Power

Market Conduct and Digital Division
First Assistant Secretary: James Kelly

Retirement Advice and Investment Division
First Assistant Secretary: Lynn Kelly

Revenue group

Deputy Secretary
Diane Brown

Board of Taxation Secretariat
Assistant Secretary: Michelle Calder (A/g)

Corporate and International Tax Division
First Assistant Secretary: Marty Robinson

Housing Division
First Assistant Secretary: Vera Holenstein (A/g)

Personal and Indirect Tax and Charities Division
First Assistant Secretary: Laura Berger-Thomson

Tax Analysis Division
First Assistant Secretary: Darren Kennedy (A/g)

Small and Family Business Division
First Assistant Secretary: Kate O'Rourke

Australian Small Business and Family Enterprise Ombudsman: Bruce Billson

Employment taskforce

Deputy Secretary
Victoria Anderson

First Assistant Secretary: Alexandra Heath

Portfolio overview

The Treasury portfolio undertakes a range of activities aimed at achieving Treasury's Portfolio Budget Statement outcome of 'supporting and implementing informed decisions on policies for the good of the Australian people, including for achieving strong, sustainable economic growth'. This entails providing advice to Treasury ministers and the efficient administration of Treasury's portfolio functions.

Portfolio ministers

This information shows all ministers appointed to administer the Treasury portfolio during the reporting period 2022–23.[1]

The Hon Dr Jim Chalmers MP
Treasurer

The Hon Julie Collins MP
Minister for Housing, Minister for Homelessness,
Minister for Small Business

The Hon Stephen Jones MP
Assistant Treasurer and Minister for Financial Services

The Hon Dr Andrew Leigh MP
Assistant Minister for Competition, Charities and Treasury,
Assistant Minister for Employment

Table 1: Ministerial acting arrangements during 2022–23

Minister	Dates	Type of absence	Acting Minister	Instrument of authorisation required
The Hon Dr Jim Chalmers MP	16 Dec 2022 to 1 Jan 2023	Leave	Senator the Hon Katy Gallagher	Yes
The Hon Stephen Jones MP	24 Dec 2022 to 15 Jan 2023	Leave	Senator the Hon Katy Gallagher (24 Dec 2022 to 1 Jan 2023)	Yes
			The Hon Dr Jim Chalmers MP (2–15 Jan 2023)	No
The Hon Julie Collins MP	9–20 Jan 2023	Leave	The Hon Catherine King MP	Yes
The Hon Dr Jim Chalmers MP	23–26 Feb 2023	Travel	Senator the Hon Katy Gallagher	Yes
The Hon Dr Jim Chalmers MP	12–16 Apr 2023	Travel	Senator the Hon Katy Gallagher	Yes
The Hon Dr Jim Chalmers MP	7–9 Jun 2023	Travel	Senator the Hon Katy Gallagher	Yes

1 Recommendation 6 of the Inquiry into the Appointment of the Former Prime Minister to Administer Multiple Departments, conducted by the Hon Virginia Bell AC in November 2022

Portfolio structure

As of 30 June 2023, the Treasury portfolio comprised 16 entities[2] in the general government sector, including:

- The Australian Bureau of Statistics
- Australian Competition and Consumer Commission
- Australian Office of Financial Management
- Australian Prudential Regulation Authority
- Australian Reinsurance Pool Corporation
- Australian Securities and Investments Commission
- The Australian Taxation Office
- Commonwealth Grants Commission
- Inspector-General of Taxation
- National Competition Council
- National Housing Finance and Investment Corporation
- Office of the Auditing and Assurance Standards Board
- Office of the Australian Accounting Standards Board
- Productivity Commission
- Reserve Bank of Australia
- Royal Australian Mint

2 The interim National Housing Supply and Affordability Council was established in January 2023, with Ms Susan Lloyd-Hurwitz as Chair, and the National Housing Supply and Affordability Council Bill 2023 has been introduced into parliament.

Figure 2: Treasury outcome and program structure

Outcome 1

Supporting and implementing informed decisions on policies for the good of the Australian people including for achieving strong, sustainable economic growth through the provision of advice to Treasury ministers and the efficient administration of Treasury's functions.

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

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Part 2 – Report on performance

Annual Performance Statements 2022–23

Statement of preparation

I, as the Accountable Authority of the Department of the Treasury, present the Annual Performance Statements 2022–23 as required under section 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

In my opinion, the Annual Performance Statements are based on properly maintained records, accurately reflect the performance of the Treasury and comply with section 39(2) of the PGPA Act.

In accordance with subsection 16F of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule), these statements report on our performance in the year ended 30 June 2023, assessed against the purpose, key activities and performance measures relevant to the Treasury published in:

- The Department of the Treasury 2022–23 Corporate Plan (Corporate Plan 2022–23)
- 2022–23 Portfolio Budget Statements – the Department of the Treasury (PBS 2022–23)
- October 2022–23 Portfolio Budget Statements – the Department of the Treasury (PBS October 2022–23)

Dr Steven Kennedy PSM
Secretary to the Treasury

26 September 2023

Changes to performance measures

Treasury has made amendments to performance information published in the Corporate Plan 2022–23. The amendments relate to the published target for performance measures 7 and 9 and are a non-significant variation. The performance measure statements provide more detail.

Performance measure 7

Australia maintains or improves its score on markets related inputs to the World Competitiveness Ranking produced by the Institute for Management Development.

Performance measure 7	This was the first year Treasury assessed performance using this methodology and external data source. Treasury advised in the Corporate Plan 2022–23 that a competitiveness score based on 15 criteria of the World Competitiveness Rankings would be developed. Treasury would report against the target at the end of year. Treasury developed a target competitiveness score of 105 for the 2022–23 reporting period based on the 2022 data utilising 15 criteria of the World Competitiveness Rankings.
Published target	Target to be developed.
Amended target	Maintain or improve competitiveness score of 105.

Performance measure 9

Treasury contributes to the development of the Organisation for Economic Co-operation and Development Inclusive Framework on Base Erosion and Profit Shifting Action 1.

Performance measure 9	Treasury revised the performance target as published in the Corporate Plan 2022–23 to provide greater clarity on Treasury's role in implementation of the 2023–24 target and the deliverables for completion in each year to demonstrate performance. Treasury ceased to have member representation on the Organisation for Economic Co-operation and Development Steering Group from October 2022. Treasury participates in the development of the Base Erosion and Profit Shifting Action 1 Pillars One and Two as part of the Inclusive Framework.
Published target	Contribution to delivery of Organisation for Economic Co-operation and Development Inclusive Framework on Base Erosion and Profit Shifting Action 1 Pillars One and Two.
Amended target	Treasury will be assessed in 2022–23 on progress against the 2023–24 forward year target as on-track or not on-track. Australia signs the Pillar One Multilateral Convention, signs the Subject to Tax Rule Multilateral Instrument, and implements legislation to give domestic effect to a domestic minimum tax and the income inclusion rule under Pillar Two, in accordance with the progress and timelines of the Organisation for Economic Co-operation and Development (subject to Government decision to implement the pillars).
Published methodology	Treasury is contributing to the development of the Base Erosion and Profit Shifting Action 1 Pillars One and Two as part of the Organisation for Economic Co-operation and Development Steering Group. Treasury's contribution will be demonstrated through continuing advice to Government, stakeholder consultation, participation in international negotiation and bilateral engagement, and liaison with other government agencies.
Amended methodology	Treasury is contributing to the development of the Base Erosion and Profit Shifting Action 1 Pillars One and Two as part of the Organisation for Economic Co-operation and Development Inclusive Framework. Treasury's contribution will be demonstrated through continuing advice to Government, stakeholder consultation, participation in international negotiation and bilateral engagement, and liaison with other government agencies.

Treasury's purpose

We provide advice to the Government and implement policies and programs to achieve strong and sustainable economic and fiscal outcomes for Australians.

As set out in the Corporate Plan 2022–23, Treasury achieves our purpose through our activities:

- **Activity 1:** Provide informed, influential and impactful policy advice and analysis.
- **Activity 2:** Ensure effective Government spending arrangements.
- **Activity 3:** Effective markets, financial and taxation systems, and program delivery associated with the Government's economic priorities.
- **Activity 4:** Deliver the Government's legislative agenda associated with the Treasury portfolio.
- **Activity 5:** Administer Treasury's regulator functions.

In 2022–23, Treasury used 13 performance measures across the five activities of the Corporate Plan 2022–23 to assess performance against the activities that are undertaken to achieve our purpose.

Six of the performance measures were new in 2022–23 and either replaced an existing performance measure or provided additional reporting to address the range of Treasury responsibilities. Performance measures 2, 3, 7, 8, 9 and 13 are new to Treasury's performance framework. Three of the new performance measures (7, 8 and 9) focus on the outcomes of Treasury's advice and the implementation of policy as key components to achieving our purpose.

Treasury's outcome

Supporting and implementing informed decisions on policies for the good of the Australian people, including for achieving strong, sustainable economic growth, through the provision of advice to Treasury ministers and the efficient administration of Treasury's functions.

Results and analysis

Analysis of performance against Treasury's purpose

Treasury's annual performance statements report on the period from 1 July 2022 to 30 June 2023. The statements provide a clear read of Treasury's performance over the financial year against the activities and performance measures in the Corporate Plan 2022–23, 2022–23 Portfolio Budget Statements (PBS) and PBS October 2022–23.

Treasury achieved, substantially achieved, or partially achieved against 11 of the 13 performance measures.

- Performance measures 1,[3] 2, 4, 5, 8, 10 and 11 were achieved.
- Performance measures 6 and 7 were substantially achieved.
- Performance measures 12[4] and 13 were partially achieved.
- A component of performance measures 1 and 3 was not achieved.
- Performance measure 9 reported that progress was on-track against the 2023–24 target.

A summary of achievement against the activities and performance measures is provided on pages 28 to 31. A detailed assessment of achievement and analysis for individual performance measures is presented on pages 32 to 73.

Stakeholder feedback on Treasury's advice and working relationships

Treasury established the structured ministerial feedback questionnaire and stakeholder surveys in 2021–22 and has continued to use this methodology to assess our policy advice and analysis (performance measure 1). The survey framework was enhanced by structuring the ministerial feedback questionnaire and stakeholder survey questions against the advice criteria of informed, influential, and impactful to provide a more detailed assessment of Treasury's performance.

Treasury provided advice to portfolio ministers on a range of significant policy matters, including economic and fiscal policy. Treasury received positive responses in the feedback questionnaire completed by Treasury ministers or their chief of staff. Feedback from Treasury ministers identified the advice in the budget process in the delivery of the 2022–23 October Budget and 2023–24 Budget, and markets policy as positive examples.

3 The ministerial feedback questionnaire component of performance measure 1 was achieved and the stakeholder survey component was not achieved.

4 The Payment Times Reporting Scheme component of performance measure 12 was partially achieved and Treasury was unable to report on the Foreign Investment Review Framework component.

Treasury ministers also identified opportunities to improve policy advice in areas of productivity, budget savings, housing, tax policy, and climate.

Responses for the stakeholder survey were less positive from Australian Government entities. Stakeholders highly rated Treasury's advice on fiscal, not-for-profit, and financial systems and services policy. The survey results also identified areas for improvement, including housing, foreign investment, and digital policy advice, where stakeholders were less positive.

Treasury's policy advice is informed through our valued consultation and engagement activities (performance measure 10). The stakeholder survey was used to assess our working relationships with Treasury portfolio agencies and regulators, Australian Government entities and stakeholders external to government. In 2022–23, Treasury included feedback from Treasury minsters or their delegate as primary stakeholders for all of Treasury's work.

Feedback from Treasury ministers was very positive; they rated their experience of working with Treasury as good or very good. Responses to the questionnaire identified there was a noticeable improvement over the course of 2022–23 in the extent to which Treasury factored in external stakeholders' and experts' views in its advice. The Employment White Paper process was highlighted as a good example. The survey results from stakeholders who worked with Treasury were also positive.

Treasury's policy advice and implementation

The ministerial feedback questionnaire and stakeholder surveys provide a good indication of stakeholder feedback, but only demonstrate a limited perspective on Treasury's policy work. In 2022–23, Treasury included three new performance measures to assess the outcomes of Treasury's policy advice and the implementation of policy in achieving the purpose.

Treasury has policy responsibility for financial systems, investment, retirement incomes, provision of actuarial services, and corporations, competition, and consumer data and law. Performance measure 7 assesses Australia's competitiveness in 2022–23 compared to 2021–22 using data produced by the Institute for Management Development. The data for 2022–23 is compared with the 2021–22 World Competitiveness Ranking data. Performance measure 7 assessed Australia as marginally less competitive in 2022–23 compared with 2021–22.

Treasury continued to maintain a close working relationship with Australian Prudential Regulation Authority to ensure there were no disorderly failures of prudentially regulated entities, supporting the financial stability of Australia (performance measure 8). Treasury also monitored trends and economic activity in the financial system that could contribute to entity failures.

Treasury participated internationally in the development of the Organisation for Economic Co-operation and Development Inclusive Framework of Base Erosion and Profit Shifting Pillar One and Pillar Two (performance measure 9). Treasury is reporting against progress on the deliverables for Pillar One and Pillar Two in the 2023–24 target as on track. Treasury continued to promote Australia's interests and mitigate risks necessary for Australia to be able to implement the agreements.

Forecasting and analysis

As the Government's lead economic adviser, Treasury provided forecasts to inform meaningful analysis and advice to Government. Treasury has replaced a performance measure from 2021–22 that assessed best practice forecasting with performance measures 2 and 3 that align Gross Domestic Product and Total Tax Receipts (excluding Company Tax) forecasts against actual outcomes as part of the budget papers.

A focus of Treasury's performance period is the timely delivery of budget documents (performance measure 4). These deliverables are the outcome of Treasury's policy advice, analysis, forecasting, and broad consultation with government and external stakeholders. Treasury released three budget documents prior to the required timeframes: the 2021–22 Final Budget Outcome (28 September 2022), the 2022–23 October Budget which met requirements for a 2022–23 Mid-Year Economic and Fiscal Outlook (25 October 2022) and the 2023–24 Budget (9 May 2023).

Legislative agenda

The Treasury legislation program (performance measure 11) is a mechanism for delivering the Government's priorities. The program remained responsive throughout 2022–23, adapting to the Government's evolving priorities. Treasury delivered 98% of legislative measures committed for delivery during the reporting period and within the agreed sitting periods. The legislation tabled in the Parliament and included in the Federal Register of Legislation are the outcome of Treasury policy advice and analysis.

Administering spending arrangements

Treasury has a unique role of working with stakeholders to effectively administer spending arrangements under legislation and agreements. All payments to international financial institutions (performance measure 5) were administered within legislative requirements and agreements. Payments were made to the International Monetary Fund, the World Bank, and Asian Development Bank. Payments to states (performance measure 6) were administered in accordance with the *Intergovernmental Agreement on Federal Financial Relations* and other relevant agreements.

Administering Treasury's regulatory functions

In 2022–23, Treasury's regulatory functions, the foreign investment review framework and the Payment Times Reporting Scheme, expanded the stakeholders invited to respond to the survey (performance measure 12). By increasing the number of stakeholders invited to respond, Treasury received more survey responses and received moderately positive to positive results. Unfortunately, even with the increase in responses for the foreign investment review framework, the survey response rate was invalid for the purpose of performance reporting. Treasury is reporting an indicative result. We acknowledge it is challenging for regulators to engage with stakeholders and continue to work in response to stakeholders' feedback.

In addition to the survey, the Corporate Plan 2022–23 included a new performance measure (performance measure 13) to assess the registration of reporting entities required by the *Payment Times Reporting Act 2020*. The compliance and enforcement powers of the Payment Times Reporting Regulator were enacted on 1 January 2022. The Payment Times Reporting Scheme commenced on 1 January 2021 to improve transparency around payment times and practices to small businesses.

Maturing our performance

Treasury has included the performance results reported in 2021–22 against applicable performance measures throughout the performance statements to provide an assessment of Treasury's performance over time. The 2021–22 reporting period was a transitional year and Treasury continued to mature its performance framework during 2022–23. There are five performance measures (4, 5, 6, 10 and 11) for 2022–23 that are comparable with the performance achieved for the previous year. Treasury retained the 2022–23 performance measures in the Corporate Plan 2023–24. This consistency will enhance Treasury's year-on-year reporting in forward years.

The continuation of Treasury's mid-cycle performance review – in February and March 2023 – allowed Treasury to test and refine the methodologies and has been instrumental in embedding Treasury's performance culture. The mid-cycle performance review has improved our assurance processes and facilitated performance reporting to our governance committees. The 2022–23 reporting period was the second year Treasury was included in the Australian National Audit Office annual performance statements audit program.

Performance summary 2022–23

Key activity	Performance measure	2022–23 Target	Performance achieved
Activity 1: Provide informed, influential and impactful policy advice and analysis	**Performance measure 1:** Proportion of Treasury ministers, key government entities and stakeholders that rate Treasury advice highly.	80%	Ministerial feedback questionnaire: **Achieved** Stakeholder survey: **Not achieved**
	Performance measure 2: Variance between actual real Gross Domestic Product (GDP) and forecast real GDP.	Real GDP falls within 70% confidence interval of forecast real GDP.	**Achieved**
	Performance measure 3: Variance between actual Total Tax Receipts (excluding Company Tax) and forecast.	Total Tax Receipts (excluding company tax) for 2022–23 falls within 70% confidence interval of forecast at the 2022–23 Budget.	**Not achieved**

Key activity	Performance measure	2022–23 Target	Performance achieved
Activity 2: Ensure effective Government spending arrangements	**Performance measure 4:** Delivered in line with the requirements of the *Charter of Budget Honesty Act 1998*.	100%	**Achieved**
	Performance measure 5: Proportion of payments to international financial institutions are transferred within legislated requirements and agreements.	100%	**Achieved**
	Performance measure 6: Proportion of payments to the States are delivered within requirements of the *Intergovernmental Agreement on Federal Financial Relations* and other relevant agreements between the Commonwealth and the States.	100%	**Substantially achieved**

Key activity	Performance measure	2022–23 Target	Performance achieved
Activity 3: Effective markets, financial and taxation systems, and program delivery associated with the Government's economic priorities	**Performance measure 7:** Australia maintains or improves its score on markets related inputs to the World Competitiveness Ranking produced by the Institute for Management Development.	Maintain or improve competitiveness score of 105.	**Substantially achieved**
	Performance measure 8: No disorderly failures of prudentially regulated institutions.	No disorderly failures of prudentially regulated institutions.	**Achieved**
	Performance measure 9: Treasury contributes to the development of the Organisation for Economic Co-operation and Development Inclusive Framework on Base Erosion and Profit Shifting Action 1.	Relates to the 2023–24 forward year target: Australia signs the Pillar One Multilateral Convention, signs the Subject to Tax Rule Multilateral Instrument, and implements legislation to give domestic effect to a domestic minimum tax and the income inclusion rule under Pillar Two, in accordance with the progress and timelines of the OECD (subject to Government decision to implement the pillars).	**On track**
	Performance measure 10: Proportion of Treasury ministers, Treasury portfolio agencies and regulators, and key stakeholders that highly rate working with the Treasury.	70%	Ministerial feedback questionnaire: **Achieved** Stakeholder survey: **Achieved**

<table>
<tr><th>Key activity</th><th>Performance measure</th><th>2022–23 Target</th><th>Performance achieved</th></tr>
<tr><td>Activity 4:
Deliver the Government's legislative agenda associated with the Treasury portfolio</td><td>Performance measure 11:
Proportion of legislative measures committed for delivery at the beginning of a parliamentary sitting period, adjusted for any Government reprioritisation of legislative measures during the sitting period, and compared to the actual number delivered.</td><td>90%</td><td>Achieved</td></tr>
<tr><td rowspan="3">Activity 5:
Administer Treasury's regulator functions</td><td rowspan="2">Performance measure 12:
Proportion of stakeholders that report a high level of satisfaction regarding:
▪ the clarity, transparency, and consistent application of Treasury's regulatory frameworks (Regulator Performance (RMG 128) Principle 1)
▪ risk-based, data driven decision making (RMG 128 Principle 2)
▪ Treasury's responsive communication and collaboration (RMG 128 Principle 3)</td><td rowspan="2">65%</td><td>Foreign Investment Review Framework: Unable to report</td></tr>
<tr><td>Payment Times Reporting Scheme: Partially achieved</td></tr>
<tr><td>Performance measure 13:
Proportion of regulated entities registered with the Payment Times Reporting Regulator as a reporting entity (RMG Principle 1 and 2).</td><td>80%</td><td>Partially achieved</td></tr>
</table>

Activity 1

Provide informed, influential and impactful policy advice and analysis

Performance measure 1

Proportion of Treasury ministers, key government entities and stakeholders[5] that rate Treasury advice highly.	
Methodology	Independent stakeholder survey with key government entities and stakeholders, and structured interviews with Treasury ministers or their delegates.
Target	80%
Data sources	Responses to the annual stakeholder feedback survey and the ministerial feedback questionnaire from Treasury ministers or their delegates.
Source	PBS Program 1.1 – Department of the Treasury Corporate Plan 2022–23
Performance achieved 2022–23[6]	**Ministerial feedback questionnaire: Achieved** 100% of Treasury ministers or their delegate provided overall ratings in the high performance range.[7] Achieved means 80% or more of Treasury ministers or their delegate provided overall ratings in the high performance range. **Stakeholder survey: Not achieved** 69% of survey respondents provided high overall ratings ratings in the high performance range. Not achieved means less than 70% of survey respondents provided high overall rating ratings in the high performance range.
Performance achieved previous year	Treasury achieved an effectiveness result of 95%[8] from Treasury ministers or their chiefs of staff and 85% from key stakeholders. The performance measure assessed the impact of Treasury's policy advice. The 2022–23 performance measure has been amended to assess the attributes of policy advice through the stakeholder survey and the performance achieved is not directly comparable with the 2021–22 results.

5 Key stakeholders involved in the survey are senior officials from Australian Government entities that are Treasury's counterparts who have had defined interactions with Treasury at least 4 times in the past 12 months. Stakeholder interactions occurred in the 12 month period prior to the survey in May 2023. Key stakeholders do not include stakeholders external to government.

6 Achieved is assessed as ≥80% of survey respondents provide a 'High' overall rating, substantially achieved is assessed as 75% to 79%, partially achieved is assessed as 70% to 74%, and not achieved is assessed as <70%.

7 The 'High' overall rating is the average of responses classified as 3.51 to 5.00 in accordance with the Approach to Calculating Policy Advice detailed in Part 5 – Appendices – Methodology for the Annual Stakeholder Survey.

8 In 2021–22 the effectiveness result was survey respondents' rating of Treasury against set questions as an indicator of effectiveness. The performance result was calculated as an average of the percentage of survey respondents who provided ratings of 4 (agree) or 5 (strongly agree) on a 5-point scale for applicable question items.

Analysis

Treasury used structured interviews with Treasury ministers (or their chief of staff) and a key stakeholder survey to assess the performance of Treasury's policy advice. Treasury engaged an external provider to develop the ministerial questionnaire and stakeholder survey. The provider conducted and reported on the survey. Each ministerial interview was conducted by a Treasury deputy secretary. The external provider also attended as an objective observer and note taker.

In 2021–22 Treasury structured the ministerial questionnaire and stakeholder survey to assess the impact of Treasury's policy advice. Treasury has introduced a policy advice matrix to the ministerial questionnaire and survey for the 2022–23 reporting period to assess the extent to which Treasury's policy advice is informed, influential and impactful.[9] The amendment in the performance measure provides a more structured and comprehensive assessment of Treasury's advice. Consequently, the performance achieved in 2022–23 is substantially different and not directly comparable with the previous year.

Performance feedback from Treasury ministers and stakeholders is reported separately within this analysis.

Ministerial feedback questionnaire

The performance target has been achieved.

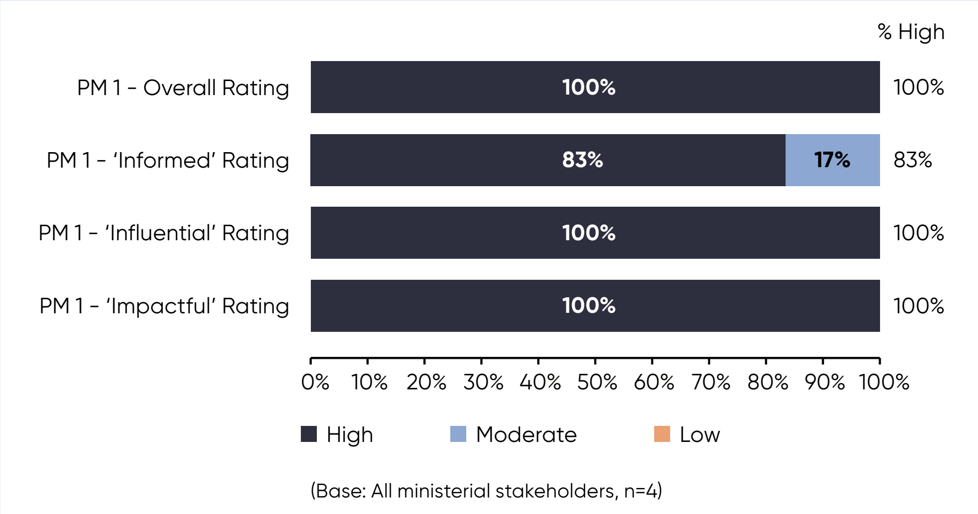
The ministerial interviews achieved a 100% response rate and a performance result of 100%. Treasury used structured interviews with ministers or their chiefs of staff to complete a ministerial feedback questionnaire.[10] The Minister for Housing, Minister for Homelessness, Minister for Small Business; the Assistant Treasurer and Minister for Financial Services; and the Assistant Minister for Competition, Charities and Treasury, Assistant Minister for Employment participated in the interview in person. The Treasurer was represented by his chief of staff who provided feedback in consultation with the Treasurer. The Treasurer signed-off on his chief of staff's responses.

The ministerial feedback questionnaire used three criteria to assess if Treasury's advice was informed, influential and impactful. On average, ministerial stakeholders were most likely to indicate that Treasury's advice was influential and impactful (100% rated each of these aspects highly on balance). The majority of ministerial stakeholders responded that Treasury's advice was informed (83% high ratings), with some moderate ratings (17%) provided for this criterion.

9 The application of the policy advice matrix is detailed in Part 5 – Appendices – Methodology for the Annual Stakeholder Survey.

10 The ministerial stakeholder survey asked ministers to rate specific aspects/attributes of Treasury's policy advice on a 5-point 'agreement' rating scale. The individual attribute ratings provided by ministers were aggregated to derive numerical scores that indicate 'High', 'Moderate' and 'Low' performance in each area, as well as overall (the average of ratings for each area).

Figure 3: Average ratings of ministerial feedback for the 3 policy criteria

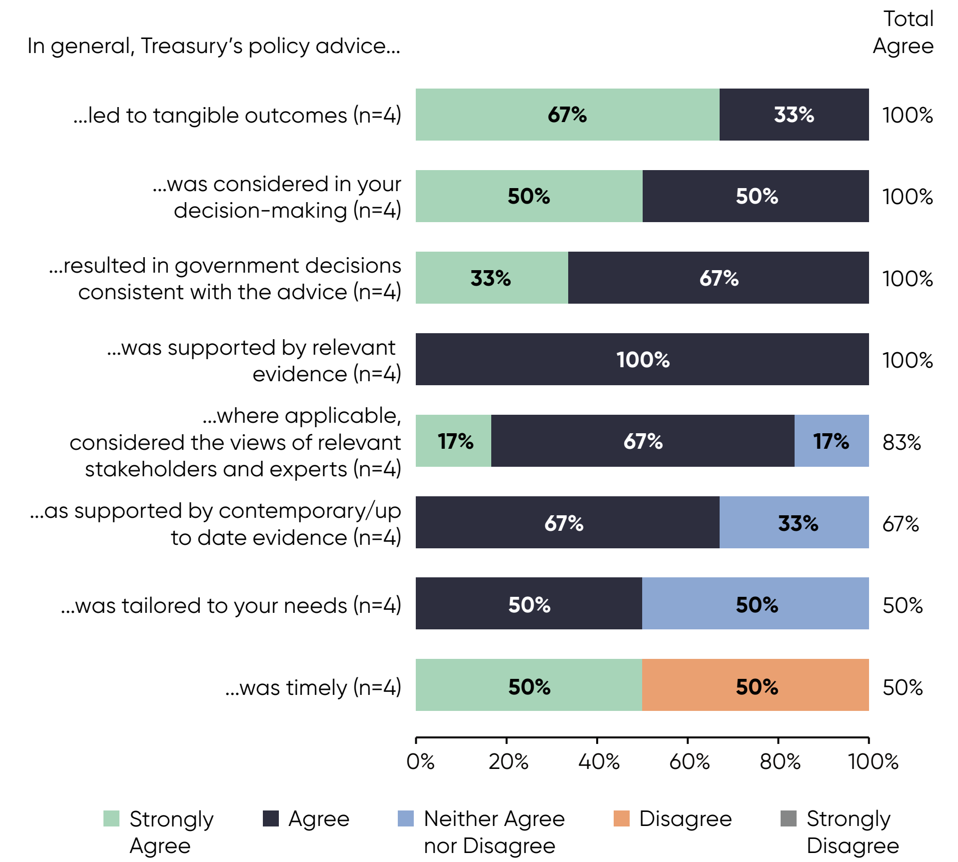


As shown in Figure 4, ministerial stakeholders were most likely to agree that in general, Treasury's policy advice led to tangible outcomes (100% agreed, including two-thirds (67%) who strongly agreed), was considered in their decision making (100%, with half (50%) strongly agreeing), and resulted in Government decisions consistent with the advice (100%, with one-third (33%) who strongly agreed). Additionally, all ministerial stakeholders agreed that Treasury's policy advice was supported by relevant evidence.

Some ministers had less definitive views on whether the advice was tailored to their needs (50% agreed and 50% neither agreed nor disagreed), was supported by contemporary and up-to-date evidence (67% agreed and 33% neither agreed nor disagreed) and, where applicable, considered the views of relevant stakeholders and experts (17% strongly agreed, 67% agreed and 17% neither agreed nor disagreed).

While half of ministerial stakeholders (50%) strongly agreed that Treasury's policy advice was timely, the remaining half disagreed, which was consistent with comments provided during interviews with ministers about the need for more timely advice in some areas.

Figure 4: Summary of performance results of ministerial interviews



(Base: All ministerial stakeholders)

The Treasurer has the most substantial interactions with Treasury on policy advice. Given the relative importance of the Treasurer as the senior Treasury minister, the survey ratings of the Treasurer (or chief of staff) were weighted more highly than those of other portfolio ministers. The weighed formula resulted in the Treasurer's responses accounting for 50% of the aggregate performance metrics derived from the survey.

Stakeholder survey

The performance target has not been achieved.

A total of 291 Australian Government entity stakeholders and were invited to participate in the survey. The survey had a response rate of 43%[11] and achieved a performance result of 69%. Over two-thirds (69%) of stakeholders provided high overall ratings for Treasury's policy advice in 2022–23. Around one in five stakeholders (22%) provided moderate ratings, while nearly one in 10 (9%) provided low ratings.

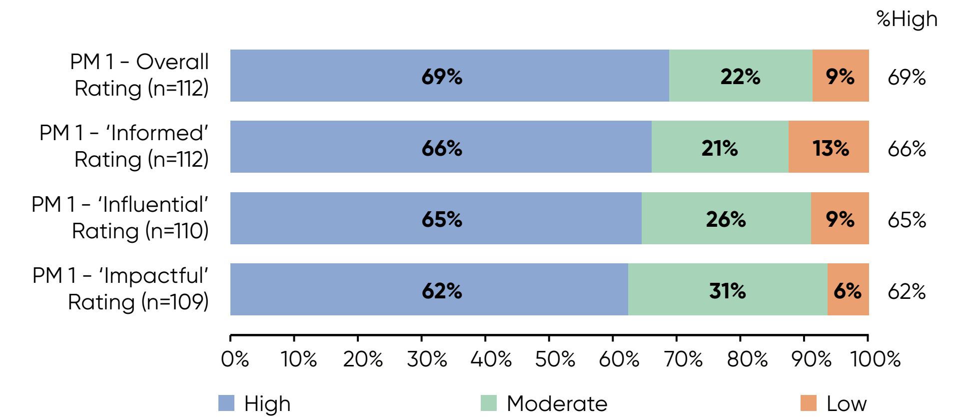
On average, stakeholders provided the most positive ratings for Treasury's advice being informed, with around two-thirds (66%) rating this highly. Just over one-fifth (21%) provided moderate ratings, while 13% of ratings were low.

Most stakeholders indicated that Treasury's policy advice was, on average, highly influential (65%). More than one quarter (26%) of stakeholder ratings were moderate, while 9% were low for Treasury advice being influential.

Stakeholders were least likely to rate Treasury's advice as impactful, with 62% rating this highly and nearly one third (31%) providing moderate ratings. However, there was a smaller proportion of low ratings for the impact of the advice (6% low) compared to the influential (9%) and informed (13%) criteria.

11 A response rate of 20% was established as a valid response for the survey.

Figure 5: Average ratings of stakeholder feedback for the 3 policy criteria



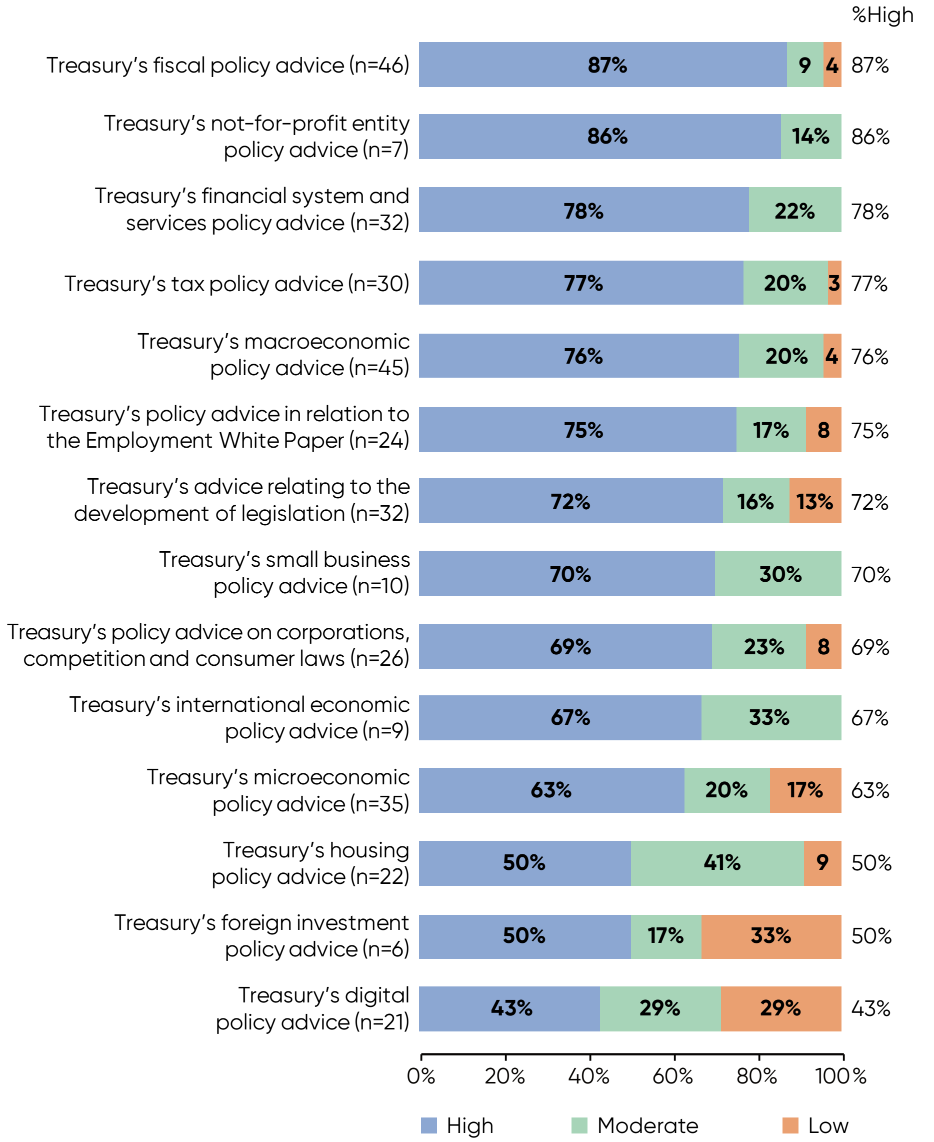
(Base: Australian Government entity stakeholders who saw Treasury's policy advice to the Government in 2022–23)

Stakeholders were asked in the survey to rate Treasury in 12 areas of policy advice. Australian Government entity stakeholders were asked whether they had seen any Treasury policy advice to Government in 2022–23 in relation to each policy area. Stakeholders were most likely to report having seen policy advice related to one (21%), two (18%) or three (18%) policy areas, while only a very small portion reported seeing advice related to 8 or 9 activity areas (1% in both cases). One in 10 stakeholders (10%) indicated they had not seen any policy advice for the relevant areas in 2022–23. As such, Treasury did not include their responses in the calculation of the performance result.

Overall ratings were most favourable in relation to Treasury's fiscal policy advice (87% rated this area highly) and Treasury's not-for-profit entity policy advice (86%). In contrast, less than half of stakeholders (43%) highly rated Treasury's digital policy advice. Furthermore, stakeholders were most likely to provide low ratings (33%) for Treasury's foreign investment policy advice.

Following the same method used in the calculation of the overall performance result, an individual performance result was produced for each area of Treasury's policy advice in order from most to least positive.

Figure 6: Performance results for each area of Treasury's policy advice



(Base: Australian Government entity stakeholders who saw Treasury's policy advice to the Government in 2022–23)

Performance measure 2

Variance between actual real Gross Domestic Product (GDP) and forecast real GDP.	
Methodology	Assessment of the variance between forecasts and outcomes in each year for real GDP growth. Real GDP forecasts incorporate assumptions, that include exchange rates, interest rates, commodity prices and population growth.
Target	Real GDP falls within 70% confidence interval of forecast real GDP.
Data sources	Data from the Australian Bureau of Statistics Australian National Accounts: National Income, Expenditure and Product and Budget papers.[12]
Source	PBS Program 1.1 – Department of the Treasury Corporate Plan 2022–23
Performance achieved 2022–23[13]	**Achieved** The cumulative annualised growth rate for real GDP from 2020–21 to 2022–23 was 3.5%.[14] This was within the 70% confidence interval range of 3%–4.75% as published at the 2022–23 March Budget. Achieved means actual real GDP falls within the 70% confidence interval of forecast real GDP.
Performance achieved previous year	This performance measure was introduced in 2022–23 for the purpose of performance reporting. There is no basis for an assessment of performance over time.

12 Australian Bureau of Statistics Australian National Accounts: National Income, Expenditure and Product was released on 6 September 2023.

13 Achieved is assessed as the actual real GDP falling within 70% confidence interval of forecast real GDP and not achieved is assessed as the actual real GDP did not falling within 70% confidence interval of forecast real GDP.

14 Treasury uses a cumulative annualised growth rate (two-years) consistent with the real GDP methodology for Budget Statement 7. This differs from the 2022-23 annual growth rate (one-year) of 3.4 per cent published in the September 2023 Australian National Accounts.

Analysis

The performance target has been achieved.

Treasury achieved the target of real GDP falling within the 70% confidence interval of the forecast as published in the 2022–23 March Budget.

At the 2022–23 Budget, the average annualised growth rate of real GDP in the two years to 2022–23[15] was expected to be around 3¾ per cent. Forecasts of a single point estimate have a high probability of being incorrect. As a result, a confidence interval is used to establish an upper and lower bound to assess performance. As at the 2022–23 Budget, the 70% confidence interval around the forecast ranged from 3% to 4¾ per cent.

Unexpected events such as external shocks to the economy will mean that, at times, real GDP may still fall outside the 70% confidence interval (i.e. outside the upper and lower bound established for the forecast real GDP).

Since the 2022–23 Budget, the economy has seen relatively fewer external shocks than the preceding years. While the aggregate forecasts for real GDP have performed relatively well, there have been some key compositional differences in the outcomes. For example, the much stronger population and labour market outcomes have corresponded with weaker productivity growth over the period. Overall, Treasury's approach to forecasting has performed well over this period. Treasury regularly reviews the methodology and assumptions that feed into the economic outlook and will continue to update its approach as economic circumstances evolve.

Confidence intervals are calculated based on the root-mean-squared error for budget forecasts from the 1998–99 Budget onwards. Real GDP forecasts incorporate a number of assumptions, including those regarding exchange rates, interest rates, commodity prices and population growth.

The confidence interval is a widely used metric that provides a guide to the degree of uncertainty around forecasts, assuming that forecast errors are consistent with the distribution of past forecast errors. The choice of a 70% confidence interval is consistent with the narrower of the two confidence intervals (the other confidence interval being 90%) published in budget papers.

This performance measure, with performance measure 3 for the variance between actual Total Tax Receipts (excluding Company Tax) and forecast, is new for 2022–23. It replaces the performance measure for best practice forecasting in the Corporate Plan 2021–22 as a more meaningful measurement of performance.

15 At the time of the 2022-23 Budget, outcomes for the full 2021-22 financial year were not known. The average over the 2 years to 2022-23 is therefore shown to capture the partial 2021-22 financial year as well as the subsequent 2022-23 Budget year.

Performance measure 3

Variance between actual Total Tax Receipts (excluding Company Tax) and forecast.	
Methodology	Assessment of the variance between forecasts and outcomes in each year for actual Total Tax Receipts (excluding company tax). Tax receipts forecasts are generally prepared using a 'base plus growth' methodology. The last outcome for each head of revenue is the base to which growth rates are applied, using appropriate economic parameters. Estimates for the current year also incorporate recent trends in tax collections.
Target	Total Tax Receipts (excluding company tax) for 2022–23 falls within 70% confidence interval of forecast at the 2022–23 Budget.
Data sources	Data from the Australian Bureau of Statistics Australian National Accounts: National Income, Expenditure and Product and Budget papers.
Source	PBS Program 1.1 – Department of the Treasury Corporate Plan 2022–23
Performance achieved 2022–23[16]	**Not achieved** Total Tax Receipts in 2022–23 (excluding Company Tax) were $450.2 billion, $32.0 billion above the 2022–23 Budget forecast of $418.2 billion. This variance falls outside of the 70% confidence interval of the forecast, exceeding the $437.0 billion upper bound by $13.2 billion. Not achieved means the actual Total Tax Receipts for 2022–23 did not fall within 70% of the confidence interval of forecast Total Tax Receipts (excluding Company Tax).
Performance achieved previous year	This performance measure was introduced in 2022–23 for the purpose of performance reporting. There is no basis for an assessment of performance over time.

16 Achieved is assessed as the actual Total Tax Receipts falling within 70% confidence interval of forecast Total Tax receipts (excluding Company Tax) and not achieved is assessed as the actual Total Tax Receipts not falling within 70% confidence interval of forecast Total Tax receipts (excluding Company Tax).

Analysis

The performance target has not been achieved.

The performance measure was not achieved due to significantly stronger-than-expected tax receipts in 2022–23, driven by stronger-than-expected prices, wages and employment across the year as the economy recovered from the COVID pandemic. The 2022–23 variance in Total Tax Receipts (excluding company tax) is overwhelmingly attributable to variances in income tax withholding and gross other individuals tax receipts.

Income tax withholding receipts were $269.3 billion, $19.7 billion above the 2022–23 March Budget forecast of $249.6 billion. Income tax withholding receipts grew by 12.3 per cent in 2022–23, compared to forecast growth of 5.6 per cent in the 2022–23 March Budget. This reflects a combination of both stronger-than-expected income (as measured by compensation of employees) and tax collections. Compensation of employees grew by 10.1 per cent in 2022–23, compared to forecast growth in the 2022–23 March Budget of 6¼ per cent. The actual growth in compensation of employees was the highest growth rate since 1989–90.

Gross other individuals receipts were $69.4 billion, $14.0 billion above the 2022–23 March Budget forecast of $55.4 billion. The variance in gross other individuals receipts in 2022–23 primarily reflects the strength in collections from the lodgement of 2021–22 income year tax returns, which had strong capital gains and net rent incomes.

The confidence interval is a widely used metric that provides a guide to the degree of uncertainty around forecasts, assuming that forecast errors are consistent with the distribution of past forecast errors. The choice of a 70% confidence interval is consistent with the narrower of the two confidence intervals (the other confidence interval being 90%) published in budget papers.

Company tax is excluded as it is significantly more sensitive to changes in the economy and can be substantially impacted by highly volatile commodity prices. The Budget takes a prudent approach to commodity prices by using technical assumptions that assume short-term prices revert to conservative long-run price assumptions. If company tax was included, this single technical assumption has the potential to be a significant driver of both the confidence intervals and performance result.

This performance measure, with performance measure 2 for the variance between actual real GDP and forecast real GDP, is new for 2022–23. It replaces the performance measure for best practice forecasting in the Corporate Plan 2021–22 as a more meaningful measurement of performance.

Activity 2

Ensure effective Government spending arrangements

Performance measure 4

Delivered in line with the requirements of the *Charter of Budget Honesty Act 1998* (Charter).	
Methodology	Assessment against the requirements and timeframes for the public release of the deliverables set out in the Charter for the 2022–23 reporting period.
Target	100%
Data sources	Data from the released documents for the Budget, Final Budget Outcome, and Mid-year Economic and Fiscal Outlook.
Source	PBS Program 1.1 – Department of the Treasury Corporate Plan 2022–23
Performance achieved 2022–23[17]	**Achieved** Achieved means all three deliverables[18] (100%) were publicly released in line with the requirements and within the timeframes[19] of the Charter.
Performance achieved previous year	Achieved All four deliverables (100%) were released within the timeframes as required under the Charter.

Analysis

The performance target has been achieved against the requirements and timeframes of the *Charter of Budget Honesty Act 1998* (Charter). Treasury has used the timeliness measure as a proxy for efficiency.

In 2022–23 Treasury worked with the Treasurer's office, Treasury ministers, the Australian Public Service and within Treasury to prepare and publish the 2021–22 Final Budget Outcome, 2022–23 October Budget and 2023–24 Budget in line with the Charter.

17 Achieved is assessed as all documents required under the *Charter of Budget Honesty Act 1998* (the Charter) being released within the timeframes and not achieved is assessed as three or less of the documents required under the Charter being released within the timeframes

18 Treasury's performance has been assessed against the three deliverables relating to the 2021–22 Final Budget Outcome, 2022–23 October Budget and 2023–24 Budget and not against other items in the *Charter of Budget Honesty Act 1998*.

19 Treasury uses timeliness as a proxy efficiency measure.

The 2021–22 Final Budget Outcome met the Charter requirements for a final budget outcome report to be publicly released and tabled by 30 September 2022 and to contain Commonwealth budget sector and general government sector fiscal outcomes for the 2021–22 financial year. The 2021–22 Final Budget Outcome was publicly released and tabled on 28 September 2022.

The 2022–23 October Budget met the Charter requirements for a 2022–23 Mid-Year Economic and Fiscal Outlook (MYEFO), which the Charter requires to be published and tabled by 31 January 2023. The Budget papers were publicly released and tabled on 25 October 2022. The Budget documents met the relevant Charter content requirements for a MYEFO – containing updated economic and fiscal projections (Budget Paper 1: Statements 2 and 3), reporting against the fiscal strategy (Budget Paper 1: Statement 3), information on tax expenditures (Budget Paper 1: Statement 5) to be supplemented as per normal practice by a separate tax expenditure statement, a debt statement (Budget Paper 1: Statement 7), and reflected all Governments decisions that would have a material effect on the fiscal and economic outlook (Budget Paper 2).

The 2023–24 Budget met the Charter requirements for a budget economic and fiscal outlook report. The 2023–24 Budget was publicly released and tabled on 9 May 2023. The Budget documents met the relevant Charter content requirements for a budget economic and fiscal outlook report containing:

- economic and fiscal estimates for the budget year and the following 3 financial years (Budget Paper 1: Statements 2 and 3)
- sensitivity analysis of fiscal estimates (Budget Paper 1: Statement 8)
- an overview of estimated tax expenditures for the budget year and the following 3 financial years (Budget Paper 1: Statement 5)
- statement of risks (Budget Paper 1: Statement 9)
- debt statement (Budget Paper 1: Statement 7), and
- information on all Government decisions and all other circumstances that may have a material effect on the fiscal and economic outlook (Budget Paper 2).

No additional statement about Commonwealth stock and securities (clause 33 of the Charter) is required as the actual face value of Commonwealth stock and securities did not increase by $50 billion or more between the 2022 Pre-election Economic and Fiscal Outlook and the 2022–23 October Budget, or between the 2022–23 October Budget and the 2023–24 Budget.

These deliverables are the outcome of Treasury's policy advice, analysis, forecasting, and consultation that are assessed through other performance measures and contribute to strong and sustainable economic and fiscal outcomes.

Performance measure 5

Proportion of payments to international financial institutions are transferred within legislated requirements and agreements.	
Methodology	Assessment of payments against the relevant legislation and agreements.
Target	100%
Data sources	*International Monetary Agreements Act 1947* and I*nternational Finance Corporation Act 1955*, and payment records from the Reserve Bank of Australia, World Bank and International Finance Corporation.
Source	PBS Program 1.2 – Payments to International Financial Institutions Corporate Plan 2022–23
Performance achieved 2022–23[20]	**Achieved** Fifteen payments[21] (100%) were administered within legislative requirements and agreements. Achieved means 100% of payments are administered within legislative requirements and agreements.
Performance achieved previous year	Achieved Twenty-one payments (100%) were administered to international financial institutions within agreed requirements and timeframes. Achieved meant 100% of payments are administered within agreed requirements and timeframes.[22] In 2021–22 this performance measure was reported with two other payment types using a common target. A separate performance measure for payments to international financial institutions was established in the Corporate Plan 2022–23.

20 Achieved is assessed as 100% of payments are transferred within legislated requirements and agreements, substantially achieved is assessed as 95% to 99%, partially achieved is assessed as 90% to 94%, and not achieved is assessed as <90%.

21 Payments to international financial institutions refers to a one-way transfer of funds from Australia to the relevant financial institution. It does not include two-way exchanges or one-way receipts of funds.

22 Treasury has removed the assessment of payments against timeframes in which timeliness was used as a proxy for efficiency in 2021–22.

Analysis

The performance target has been achieved within the requirements and agreements.

Treasury has achieved the target of transferring 100% of payments to international financial institutions within legislated requirements and agreements. Treasury administered 15 payments totalling A$1.103 billion under the *International Monetary Agreements Act 1947*.

These payments consisted of 9 payments to the International Monetary Fund totalling A$583.27 million. Two payments were made to the World Bank totalling A$65 million for the purchase of shares in International Bank for Reconstruction and Development (IBRD) and International Finance Corporation (IFC). The purchase of shares in IBRD and IFC assists the World Bank to maintain the 2018 lending levels.

Payments to the World Bank during this reporting period were either processed by Treasury or the Reserve Bank of Australia with confirmation received from both sources. There are two key types of payments that Australia may make to multilateral development banks: the issuance of promissory notes and the subscription of additional shares.

Treasury administered four payments that are financed from Department of Foreign Affairs and Trade's official development assistance budget totalling A$454.82 million to the International Development Association, the Asian Development Bank, and the Global Environment Facility Trust Fund. The Global Environment Facility provides support for developing countries to generate global environmental benefits. Australia has made a commitment of A$80 million over four years to the Global Environment Facility Trust Fund.

All transactions were completed in collaboration with the Reserve Bank of Australia.

Performance measure 6

Proportion of payments to the States are delivered within requirements of the *Intergovernmental Agreement on Federal Financial Relations* and other relevant agreements between the Commonwealth and the States.	
Methodology	Assessment of payments against the requirements of the *Intergovernmental Agreement on Federal Financial Relations* and other relevant agreements between the Commonwealth and the States.
Target	100%
Data sources	The *Intergovernmental Agreement on Federal Financial Relations* and other relevant agreements, records of payment requests in the Federal Payments Management System, approvals, and payment advice.
Source	PBS Program 1.4 to 1.9 – Department of the Treasury Corporate Plan 2022–23
Performance achieved 2022–23[23]	**Substantially achieved** 636 payments (99.8%) out of 637 payments were delivered within legislative requirements and agreements. Substantially achieved means 95% to 99% of payments are delivered within requirements and agreements.
Performance achieved previous year	Substantially achieved. There were 639 (99.5%) payments administered within the requirements and 642 (100%) payments administered within the required timeframes. Substantially achieved meant 90% to 99% of payments are administered within agreed requirements and timeframes.[24] In 2021–22 this performance measure was reported with two other payment types using a common target. A separate performance measure for payments to States was established in the Corporate Plan 2022–23.

23 Achieved is assessed as 100% of payments are delivered within requirements, substantially achieved is assessed as 95% to 99%, partially achieved is assessed as 90% to 94%, and not achieved is assessed as <90%.

24 Treasury has removed the assessment of payments against timeframes in which timeliness was used as a proxy for efficiency.

Analysis

The performance target has been substantially achieved within requirements and agreements.

In accordance with the *Intergovernmental Agreement on Federal Financial Relations*, Treasury made payments to the States totalling $168.3 billion in 2022–23. This included:

- 13 specific purpose payment rounds made on the seventh of each month (or the closest working day after), including an extraordinary payment round on 30 June.
- 12 general revenue assistance payment rounds made on the twenty-first of each month (or the closest working day after).

In total, these 25 payment rounds comprised of 637 individual payments to the States. Each of the 637 individual payments were verified by Treasury officers prior to approval. Payment data sources have been reconciled to ensure what Commonwealth agencies requested to be paid to the States, what officers in the Treasury approved as payments to the States, and what was actually paid to the States align.

Throughout the financial year, Treasury identified one instance of overpayment to a state due to an administrative error by a Commonwealth agency. This represented a small fraction (0.2%) of the total number of payments made – $0.1 million out of a total of $16.4 billion in national partnership payments in 2022–23. The payment will be recovered in 2023–24. Treasury has worked with the agency to strengthen controls to minimise the chance of reoccurrence of this error.

Activity 3

Effective markets, financial and taxation systems, and program delivery associated with the Government's economic priorities

Performance measure 7

Australia maintains or improves its score on markets related inputs to the World Competitiveness Ranking produced by the Institute for Management Development.[25]	
Methodology	The Institute for Management Development produces a World Competitiveness Ranking based on a range of factors. A portion of these factors that relate to the Treasury portfolio are used to construct a score relevant to this performance measure.
Target	Maintain or improve competitiveness score of 105. The target is based on the 2022 results for 15 criteria of the World Competitiveness Rankings.
Data sources	Institute for Management Development World Competitiveness Rankings Results.
Source	Program 1.3 – Support to Markets and Business Corporate Plan 2022–23
Performance achieved 2022–23[26]	**Substantially achieved** Australia's competitiveness score for 2023 was 100 against a target of 105. Substantially achieved means Australia's competitiveness score is between 99 to 105.
Performance achieved previous year	This performance measure was introduced in 2022–23 for the purpose of performance reporting.

25 Institute for Management Development (IMD) World Competitiveness Ranking: IMD World Competitiveness Center, Switzerland.

26 Achieved is assessed as Australia maintains or increases a score of 105, substantially achieved is assessed as a score of 99 to 104, partially achieved is assessed as a score of 94 to 98, and not achieved is assessed as a score that falls below 94.

Analysis

The performance target has been substantially achieved.

This is the first year that Treasury has assessed performance using this methodology and external data sourced from the World Competitiveness Ranking produced by the Institute for Management Development (IMD) on competitiveness. In March 2023, Treasury developed a target 'competitiveness score' of 105 for the 2022–23 reporting period based on the 2022 data utilising 15 criteria published by the IMD.

The 15 criteria represent areas of Treasury's policy responsibility for financial system, investment, retirement incomes, provision of actuarial services, and corporations, competition, and consumer data and law. The 15 criteria related to market performance as an indication of Treasury's policy outcomes. These areas of policy responsibility are not assessed through other Treasury performance measures. The score is determined by a survey of business executives conducted independently by the Committee for Economic Development of Australia (CEDA) utilising the methodology set out by the IMD. Treasury aggregated the individual survey results against each of the 15 criteria for 2023 to determine the competitiveness score of 100.

The survey results demonstrated Australia scored highest against the criteria for 'auditing and accounting practices are adequately implemented in business' and lowest for 'bureaucracy does not hinder business activity'.

The total score for 2023 was 100, compared to the score of 105 recorded in 2022 – a five point decline. Those surveyed gave a higher score in 2023 compared to 2022 for the question 'bureaucracy does not hinder business activity'. Those surveyed gave lower scores in 2023 compared to 2022 for other questions – with the largest decreases in score attributable to responses to the following propositions:

- 'cost of capital encourages business development' (less than 1 point lower compared to 2022)
- 'pension funding is adequately addressed for the future' (less than 1 point lower compared to 2022)
- 'credit is easily available for business' (less than 1 point lower compared to 2022)

While there have been changes in operating environment (for example, there has been the change in Government and associated reprioritisation of policy priorities), it is not clear whether changes in the operating environment have contributed to the survey scores – noting that the scores have not changed significantly and there may be a lag between changes in the operating environment and their impact of markets and the impact on survey responses.

Macroeconomic conditions may have affected survey responses. For example, in the past year, business lending rates increased following a tightening of monetary policy in response to inflation. This may be relevant to survey responses related to capital markets (for example, 'cost of capital' and 'availability of credit').

In the year to March 2023, the rate of return for large superannuation funds was 0.4% which was lower than the five-year annualised rate of return to March 2022 of 6.8%. This may have affected the score for 'pension funding is adequately addressed for the future'.

During 2022–23, Treasury provided advice on policy issues related to the functioning of markets covering a broad range of matters, including the financial system, corporate conduct, retirement incomes, consumer policy, competition policy, and investment. It is important to clarify that there are also external factors that impact and influence the competitiveness score and it is not intended to imply a single direct causal relationship between this work and the score.

Performance measure 8

No disorderly failures of prudentially regulated institutions.	
Methodology	A disorderly failure occurs when there is material disruption to the critical economic functions and services that the institution provides, resulting in significant impacts on beneficiaries, the financial system and the wider economy. Treasury will rely on regular bilateral engagement with the Australian Prudential Regulation Authority to obtain information on prudentially regulated institutions that have failed or are at significant risk of failure. Treasury provides policy advice to Government to ensure the regulatory framework is fit for purpose, including for supporting financial system stability and minimising the risk of disorderly failures.
Target	No disorderly failures of prudentially regulated institutions.
Data sources	Australian Prudential Regulation Authority data.
Source	PBS Program 1.1 – Department of the Treasury Corporate Plan 2022–23
Performance achieved 2022–23[27]	**Achieved** There were no disorderly failures of a prudentially regulated institutions. Achieved means no disorderly failures of a prudentially regulated institutions in Australia during 2022–23.
Performance achieved previous year	This performance measure was introduced in 2022–23 and there is no basis for an assessment of performance over time.

27 Achieved is assessed as no disorderly failures of a prudentially regulated institutions and not achieved is assessed as at least one disorderly failure of a prudentially regulated institution.

Analysis

The performance target has been achieved.

In the reporting period of 2022–23, there were no disorderly failures of prudentially regulated entities in Australia. There were 1844 prudentially regulated institutions in Australia at the commencement of the reporting period. Treasury analysis revealed a net decrease of 45 entities regulated by the Australian Prudential Regulation Authority (APRA). One-hundred and seventeen new entities entered the regulatory framework over the reporting period. One-hundred and forty eight superannuation funds underwent entity-led closures, and three entities changed their names, two due to mergers.

Treasury determined that all exits between 1 July 2022 and 30 June 2023 were entity-led and part of business-as-usual operations. That is, there were no losses due to prudential failures for depositors, policyholders or superannuation members.

In March 2023, Swiss authorities facilitated UBS to acquire Credit Suisse to support global financial stability. In May 2023, the Treasurer approved the Australian component of the UBS-Credit Suisse transaction under the *Financial Sector (Shareholdings) Act 1998*. Credit Suisse will still appear on the register until the acquisition is finalised.

Treasury maintains a close working relationship with APRA to ensure disorderly failures of institutions do not occur. Over the reporting period, Treasury closely monitored trends and economic activity in the financial system that could contribute to entity failures, including through meetings of the Council of Financial Regulators. In the instance of an entity failure, Treasury would support APRA in facilitating the orderly exit or resolution of the entity based on the specific circumstances of the entity in question. Treasury would also engage with the Reserve Bank of Australia, Australian Securities and Investment Commission and Australian Competition and Consumer Commission, as relevant to the circumstances.

Treasury would provide advice to Government to the extent where Government intervention may be required, for example the activation of the Financial Claims Scheme (which can only be activated by the Australian Government) or decisions regarding superannuation fund applications for financial assistance (Part 23 of the *Superannuation Industry Supervision Act 1993*).

Performance measure 9

Treasury contributes to the development of the Organisation for Economic Co-operation and Development (OECD) Inclusive Framework on Base Erosion and Profit Shifting Action 1.	
Methodology	Treasury is contributing to the development of the Base Erosion and Profit Shifting Action 1 Pillars One and Two as part of the Organisation for Economic Co-operation and Development Inclusive Framework. Treasury's contribution will be demonstrated through continuing advice to Government, stakeholder consultation, participation in international negotiation and bilateral engagement, and liaison with other government agencies.
Target	Australia signs the Pillar One Multilateral Convention, signs the Subject to Tax Rule Multilateral Instrument, and implements legislation to give domestic effect to a domestic minimum tax and the income inclusion rule under Pillar Two, in accordance with the progress and timelines of the OECD (subject to Government decision to implement the pillars).
Data sources	Records of advice to Government; Organisation for Economic Co-operation and Development Steering Group meetings and other working party meetings; bilateral, government agency and external stakeholder meetings.
Source	PBS Program 1.1 – Department of the Treasury Corporate Plan 2022–23
Performance achieved 2022–23[28]	**On-track** Treasury is on-track to achieve the 2023–24 target. On-track means Treasury has demonstrated progress towards Australia signing the Pillar One Multilateral Convention, signing the Subject to Tax Rule Multilateral Instrument, and implementing legislation to give domestic effect to a domestic minimum tax and the income inclusion rule under Pallar Two, in accordance with the progress and timelines of OECD.
Performance achieved previous year	This performance measure was introduced in 2022–23 and there is no basis for an assessment of performance over time.

Analysis

The performance target for 2023–24 is on-track to be achieved.

Treasury has revised the performance target as published in the Corporate Plan 2022–23. The single target for 2022–23 and the forward years has been replaced by specific targets for 2023–24 and each forward year.

28 On track is assessed as Treasury demonstrated progress towards the target and not on track is assessed as Treasury cannot demonstrate progress towards the target.

This provides greater clarity on Treasury's role in implementation and the deliverables for completion in each year to demonstrate performance.

These targets are necessarily based on OECD timelines and progress. The targets are therefore focused on domestic implementation in accordance with OECD progress, rather than domestic implementation by a particular date. In the event that the OECD timelines are delayed, the targets will be adjusted to require Australia to be on-track to deliver domestic implementation in line with the new OECD timeframes.

The targets will also be adjusted if Government decides not to implement particular aspects of Pillar One and/or Pillar Two.

Treasury is reporting against progress on the deliverables for Pillar One and Pillar Two in the 2023–24 target as consolidated progress on the deliverables will not be realised until 2023–24 as determined by OECD timelines.

Treasury is on track to meet the 2023–24 targets including:

- Australia signing the Pillar One Multilateral Convention (MLC). Treasury participated in meetings of the Task Force on the Digital Economy resulting in progress sufficient for the OECD to undertake public consultation on key aspects of the agreement and produce updated draft text for the MLC and Explanatory Statement as announced in the July 2023 OECD/G20 Inclusive Framework Outcome Statement.
- Australia signing the Subject to Tax Rule (STTR) Multilateral Instrument (MLI). Treasury participated in the Working Party 1 meetings, which led to the delivery of the final STTR MLI text and Explanatory Statement, and the STTR model rules and commentary as announced in the July 2023 OECD/G20 Outcome Statement.
- Australia is progressing legislation to give domestic effect to a domestic minimum tax (DMT) and the income inclusion rule (IIR) under Pillar Two. Treasury participated in the Working Party 11 meetings resulting in the finalisation of two key administrative guidance documents that together comprised the Implementation Framework: the Safe Harbours and Penalty Relief document, and the Agreed Administrative Guidance for the Pillar Two GloBE Rules. These are essential steps enabling countries to consistently implement the DMT and IIR domestically. Two further products were finalised in the reporting period and announced in July 2023: the GloBE information return form and the new administrative guidance on the GloBE rules. Additionally, stakeholder consultation was undertaken in October and November 2022 on the implementation of the DMT and IIR, and domestic implementation was announced in the 2023 Budget.

Treasury's participation, which included at least 224 meetings over 12 months, has promoted Australia's interests and mitigated risks, which is necessary for Australia to implement the agreements and be on-track to meet the 2023–24 targets.

Performance measure 10

Proportion of Treasury ministers, Treasury portfolio agencies and regulators, and key stakeholders[29] that highly rate working with the Treasury.	
Methodology	Independent stakeholder surveys and structured interviews with Treasury ministers or their delegates.
Target	70%
Data sources	Responses to the annual stakeholder feedback survey and the ministerial feedback questionnaire from Treasury ministers or their delegates.
Source	PBS Program 1.1 – Department of the Treasury Corporate Plan 2022–23
Performance achieved 2022–23[30]	**Ministerial feedback questionnaire: Achieved** 100% of Treasury ministers or their delegate provided a rating of good or very good to the questions.[31] Achieved means 70% or more of Treasury ministers or their delegate provided a rating of good or very good to questions. **Stakeholder survey: Achieved** 75% of survey respondents provided a rating of agree or strongly agree to the questions.[32] Achieved means 70% or more of survey respondents provided a rating of agree or strongly agree to the questions.
Performance achieved previous year	A baseline was established at 70% in 2021–22. Treasury achieved an effectiveness result[33] of 77% for the quality of engagement or consultation from stakeholders. The 2022–23 performance measure has been amended to broaden the key stakeholders surveyed and interactions. Importantly, the 2022–23 performance measure incorporates feedback from Treasury ministers or the chiefs of staff on working with Treasury.

29 Stakeholders involved in the survey are senior officials from Australian Government entities that are Treasury's counterparts and senior executive level stakeholders from organisations external to government who have had defined interactions with Treasury at least 4 times in the past 12 months. Stakeholder interactions occurred in the 12-month period prior to the survey in May 2023.

30 Achieved is assessed as a performance result of ≥70%, substantially achieved is assessed as 65% to 69%, partially achieved is assessed as 60% to 64%, and not achieved is assessed as <60%.

31 The performance result was calculated as an average of the percentage of Treasury ministers or their delegate who provided ratings of 4 (good) or 5 (very good) on a 5-point scale for applicable question items.

32 The performance result was calculated as an average of the percentage of survey respondents who provided ratings of 4 (agree) or 5 (strongly agree) on a 5-point scale for applicable question items.

33 In 2021–22 the effectiveness result was survey respondents' rating of Treasury against set questions as an indicator of effectiveness. The performance result was calculated as an average of the percentage of survey respondents who provided ratings of 4 (agree) or 5 (strongly agree) on a 5-point scale for applicable question items.

Analysis

Treasury used structured interviews with Treasury ministers (or their chief of staff) and a key stakeholder survey to assess the effectiveness of Treasury's working relationships. Treasury engaged an external provider to develop the ministerial questionnaire and stakeholder survey. The provider conducted and reported on the survey. Each ministerial interview was conducted by a Treasury deputy secretary. The external provider also attended as an objective observer and note taker.

Performance feedback from Treasury ministers and stakeholders is reported separately within this analysis.

Ministerial feedback questionnaire

The performance target has been achieved.

The ministerial interviews achieved a 100% response rate and a performance result of 100%. Treasury used structured interviews with ministers or their chief of staff to complete a ministerial feedback questionnaire. The Minister for Housing, Minister for Homelessness, Minister for Small Business; the Assistant Treasurer and Minister for Financial Services; and the Assistant Minister for Competition, Charities and Treasury, Assistant Minister for Employment participated in the interview in person. The Treasurer was represented by his chief of staff who provided feedback in consultation with the Treasurer. The Treasurer signed-off on his chief of staff's responses.

All ministerial stakeholders unanimously rated the quality of Treasury's working relationships as positive (100%). Two-thirds (67%) of ministerial stakeholders felt their working relationship was very good and one third (33%) indicated it was good.

The general comments from ministerial stakeholders were largely very positive about Treasury's performance overall, with positive feedback about Treasury staff in terms of their professionalism, responsiveness, and expertise, as well as the quality of their working relationships with Treasury.

The Treasurer has the most substantial interactions with Treasury on policy advice. Given the relative importance of the Treasurer as the senior Treasury minister, the survey ratings of the Treasurer (or chief of staff) were weighted more highly than those of other ministers. The weighed formula resulted in the Treasurer's responses accounting for 50% of the aggregate performance metrics derived from the survey.

Stakeholder survey

The performance target has been achieved.

A total of 478 knowledgeable Australian Government entity stakeholders and external stakeholders were invited to participate in the survey. The survey had a response rate of 43%[34] and achieved a performance result of 75%.

Stakeholders from Australian Government departments and agencies made up 42% of survey respondents with 21% from Treasury portfolio agencies. The remaining stakeholders external to the Australian Government included peak bodies (19%), not-for-profit organisations (6%), individual businesses (6%), state and territory government entities (3%) and 2% from universities and international government organisations.

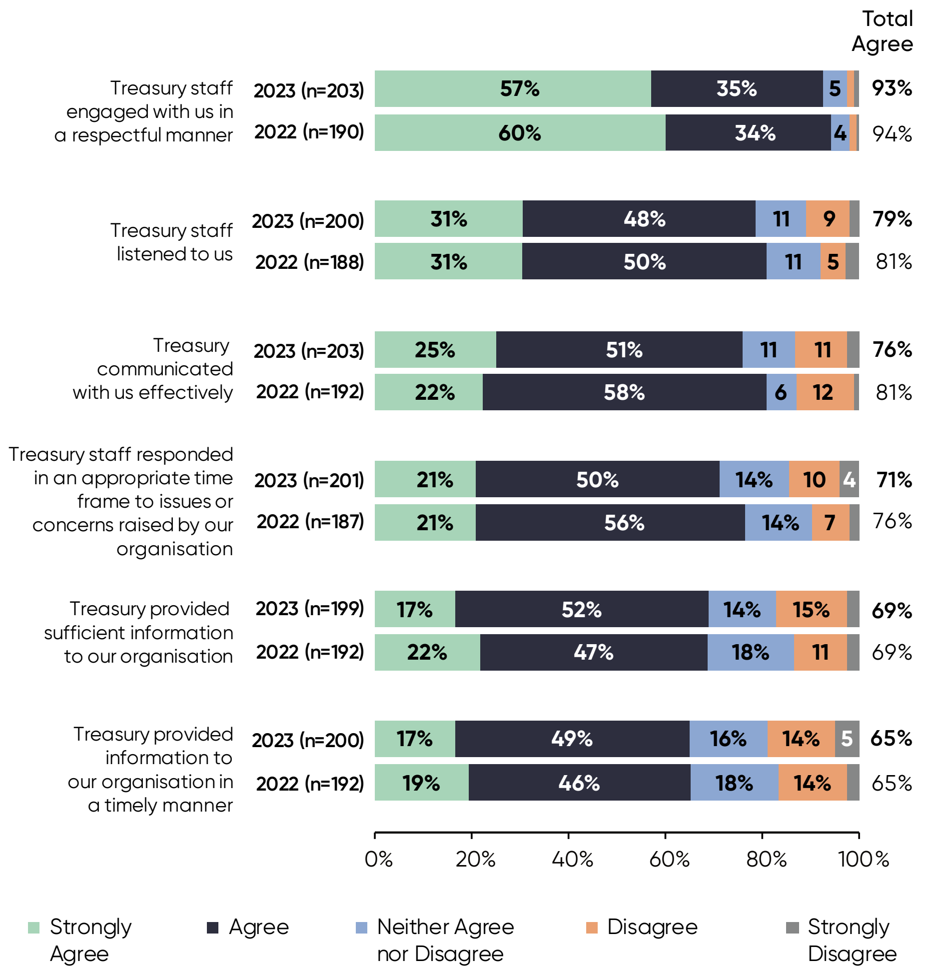
Stakeholders were generally quite positive in relation to the effectiveness of their working relationship with Treasury. On average, three quarters of stakeholders (75%) provided favourable ratings for Treasury's engagement with their organisation.

In 2022–23, stakeholders' assessments of the effectiveness of their working relationships with Treasury were generally in line with the previous year's results. Stakeholders were most positive in relation to the respectful manner of Treasury staff (93% agreed, in line with 94% in 2022). Small declines in agreement were recorded in relation to whether Treasury staff listened to stakeholders (79%, down marginally from 81%), communicated effectively (76%, down slightly from 81% with a slight increase with stakeholders who strongly agreed), and responded in an appropriate time frame to issues or concerns raised by the organisation (71%, down slightly from 76%). Consistent with 2021–22, the two lowest rated areas were the sufficiency (69%, no change from 2022) and timeliness (65%, no change) of information provided to the stakeholder organisation.

Stakeholders were invited to provide comments on the working relationship with Treasury. Positive feedback mainly related to staff knowledge and expertise in relation to information provided to stakeholders.

34 A response rate of 20% was established as a valid response for the survey.

Figure 7: Effectiveness of working relationships with Treasury - comparison with 2022



(Base: All key stakeholders)

Stakeholders provided 87 general comments about Treasury's performance. Most of these comments related to Treasury's communication and collaboration with stakeholders, although perceptions of engagement were mixed. Around one-third of comments (29%) contained only positive feedback about Treasury's communication and collaboration, including that Treasury had been responsive, open, helpful or professional in their engagement.

Activity 4

Deliver the Government's legislative agenda associated with the Treasury portfolio

Performance measure 11

Proportion of legislative measures committed for delivery at the beginning of a parliamentary sitting period, adjusted for any Government reprioritisation of legislative measures during the sitting period, and compared to the actual number delivered.	
Methodology	Calculation of the legislative measures committed for delivery, adjusted for reprioritisation and compared with the legislative measures actually delivered.
Target	90%
Data sources	Records of the legislative priorities of the Government agreed for delivery and reflected on Treasury's Legislative Program. The Bills and Legislation page on the Parliament of Australia website is a second data source confirming date of introduction and passage of primary legislation. The Federal Register of Legislation is a second data source confirming the date of instrument registration.
Source	PBS Program 1.1 – Department of the Treasury Corporate Plan 2022–23
Performance achieved 2022–23[35]	**Achieved** Treasury delivered an average of 98% of measures committed for delivery across the sitting periods. Achieved means 90% or greater of legislative measures were delivered as committed with adjustment for reprioritisation.
Performance achieved previous year	Achieved Treasury delivered an average of 94% of measures committed for delivery across the sitting periods. Achieved means 90% or greater of legislative measures delivered as committed with adjustment for reprioritisation.

35 Achieved is assessed as ≥90% of legislative measures delivered, substantially achieved is assessed as 80% to 89%, partially achieved is assessed as 60% to 79%, and not achieved is assessed as <60%.

Analysis

The performance target has been achieved.

Treasury delivered 98% of legislative measures committed for delivery during the reporting period. The effective delivery of the legislative agenda has helped achieve strong and sustainable economic and fiscal outcomes for Australians.

Treasury manages and delivers legislative measures during Parliamentary sitting periods, as set by Parliament. Generally, the Winter Parliamentary sitting period straddles financial years. Assessing performance against a consistent sequence of Winter, Spring and Autumn Parliamentary sitting periods each reporting period will provide a consistent, standardised and transparent data set to demonstrate year on year performance.

Accordingly, Treasury has assessed performance for 2022–23 on the 2022 Winter, 2022 Spring and 2023 Autumn Parliamentary sitting periods. The 2023 Winter sitting period will contribute to 2023–24 performance reporting.

Treasury assesses performance against the delivery of legislative measures that implement priority policies as announced by Government. To provide a more accurate synopsis of Treasury's delivery of the Government's legislative agenda, Treasury has excluded routine, annual or minor and technical legislative measures from the performance measure.

Since the last reporting cycle, Treasury has maintained and matured regular communications with portfolio ministers' offices to ensure continued alignment of the legislation program with the Government's priorities.

Treasury has a formalised prioritisation briefing process. This ensures the Treasurer and other portfolio ministers agree to the legislation program for an upcoming sitting prior to the sitting period commencing. It provides an agreed and evidenced baseline of legislative measures scheduled for delivery over the course of the relevant sitting period and provides a point of reference for the re-prioritisation of legislative measures by portfolio ministers.

Activity 5

Administer Treasury's regulator functions

Performance measure 12

Proportion of stakeholders that report a high level of satisfaction regarding: ▪ **the clarity, transparency, and consistent application of Treasury's regulatory frameworks (Regulator Performance (RMG 128) Principle 1)** ▪ **risk-based, data driven decision making (RMG 128 Principle 2)** ▪ **Treasury's responsive communication and collaboration (RMG 128 Principle 3)**	
Methodology	Independent stakeholder surveys.
Target	65%
Data sources	Responses to the annual stakeholder feedback survey.
Source	PBS Program 1.1 – Department of the Treasury and Program 1.3 – Support for Markets and Business Corporate Plan 2022–23
Performance achieved 2022–23[36]	**Foreign Investment Review Framework: Unable to report** A response rate of 20% was established as a valid response for the survey. There was a response rate of 13% for this regulator making the survey results invalid for the purpose of performance reporting. Treasury is unable to report that the performance target was achieved. 67% of survey respondents provided a rating of agree or strongly agree to the survey questions as an indicative performance result. **Payment Times Reporting Scheme: Partially achieved** 57% of survey respondents provided a rating of agree or strongly agree to the survey questions.[37] Partially achieved means 55% to 59% of survey respondents who provided a rating of agree or strongly agree for applicable questions.
Performance achieved previous year	The performance achieved is not comparable with the 2021–22 results. In 2021–22 this performance measure was reported as three separate performance measures using a 70% target. The 2022–23 target was reduced to 65% based on the 2021–22 survey results. The performance achieved for 2021–22 against the three performance measures for the Foreign Investment Review Framework and the Payment Times Reporting Scheme is detailed in Treasury's Annual Report 2021–22.[38]

36 Achieved is assessed as ≥65% of survey respondents who provide ratings of 4 (agree) or 5 (strongly agree), substantially achieved is assessed as 60% to 64%, partially achieved is assessed as 55% to 59%, and not achieved is assessed as <55%.

37 The performance result was calculated as an average of the percentage of survey respondents who provided ratings of 4 (agree) or 5 (strongly agree) on a 5-point scale for applicable question items.

38 treasury.gov.au/publication/p2022-329943

Analysis

Treasury used structured key stakeholder surveys to measure the department's administration of regulator functions. Treasury engaged an external provider to develop, conduct, and report on the regulator surveys. Separate surveys were conducted for each of Treasury's regulators. The survey questions were specific to each regulator and were designed to address the three best practice principles of the Regulator Performance Resource Management Guide (RMG) 128:[39]

1. Continuous improvement and building trust
2. Risk based and data driven
3. Collaboration and engagement.

Treasury's regulators are reported separately within this analysis.

Foreign Investment Review Framework

Treasury is unable to report.

Treasury has established a response rate of 20% for survey results to be valid. The stakeholder survey for the Foreign Investment Review Framework received a 13% response rate making the survey result invalid for assessing performance. Treasury is unable to report that the performance target has been achieved.

A total of 111 stakeholders of the Foreign Investment Review Framework completed the survey. This has provided an indicative performance result of 67%. If there was a valid survey response the target of 65% would be achieved.

Performance against the best practice principles

The survey responses have been used to assess Treasury's performance against the three principles of best practice regulation set out in Department of Finance guidance.[40] Perceptions of Treasury's performance in relation to clarity, transparency, and consistent application under Principle 1 were moderate, with half to two-thirds (50–67%) in agreement with each aspect related to the clarity (50%), transparency (56%), and consistent (67%) application of Treasury's regulatory frameworks.

Survey responses for Treasury's risk-based and data driven decision-making for Principle 2 were polarised. Nearly all stakeholders (90%) agreed that Treasury seeks to assist regulated entities that act in good faith and demonstrate a willingness to comply with their obligations. Less than one-third agreed (29%) and close to half disagreed (43%) that Treasury's approach in administering the Foreign Investment Review Framework imposes the least possible regulatory burden on those that are regulated.

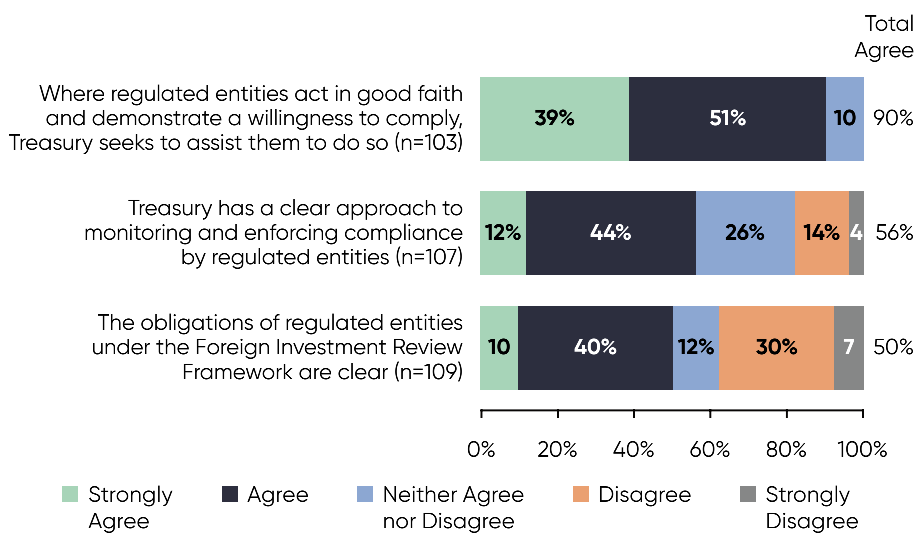
39 www.finance.gov.au/government/managing-commonwealth-resources/regulator-performance-rmg-128
40 Regulator Performance (RMG 128)

Stakeholders were broadly positive in relation to responsive communication and collaboration that align with Principle 3, with the related questions receiving 50–90% of favourable responses for Treasury's communication and collaboration. Most stakeholders (90%) thought Treasury's guidance and information about the Foreign Investment Review Framework was accessible. Perceptions of Treasury's timeliness (70%), and clarity (65%) and sufficiency (50%) of the guidance and information varied.

Overview of survey results

Among survey questions relevant to all stakeholders of the Foreign Investment Review Framework, there was widespread recognition (90% agreed, including 39% that strongly agreed) Treasury seeks to assist regulated entities that act in good faith and who seek to comply with obligations. However, agreement was notably lower for the clarity of Treasury's approach to monitoring and enforcing compliance (56%) and the obligations of regulated entities under the Foreign Investment Review Framework (50%, while 38% disagreed).

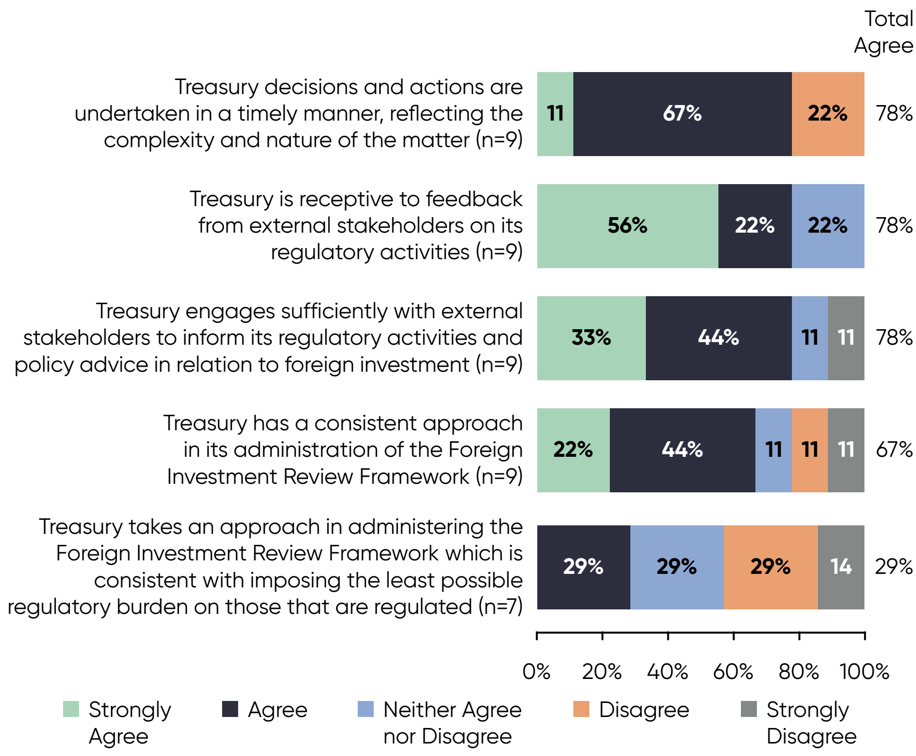
Figure 8: Treasury's performance – all key stakeholders of the Foreign Investment Review Framework



(Base: All key external stakeholders of the Foreign Investment Review Framework)

Stakeholders from other government entities provided favourable assessments that ranged from 67% to 78% in response to questions about Treasury's decisions and actions being timely, Treasury being receptive to feedback, sufficient engagement, and a consistent approach to the administration of the Foreign Investment Review Framework. In contrast, only 29% agreed and 43% disagreed that Treasury takes an approach in administering the Foreign Investment Review Framework that imposes the least possible burden on regulated entities.

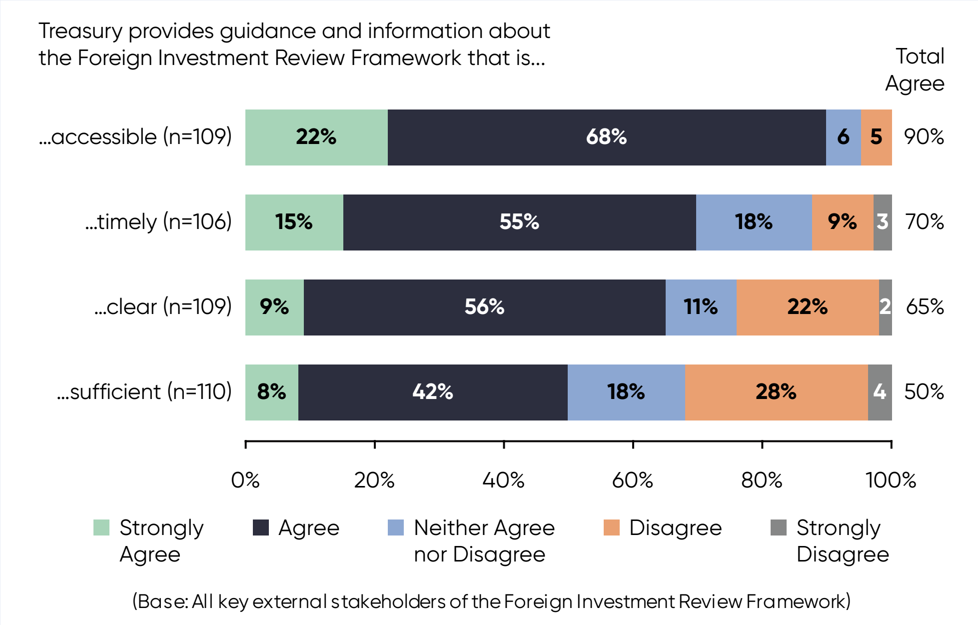
Figure 9: Treasury's performance – excluding investors, representatives and/or senior executives of regulated entities of Foreign Investment Review Framework



(Base: Key external stakeholders of the Foreign Investment Review Framework other than representatives/senior executives of regulated entities/investors)

A majority of stakeholders agreed and strongly agreed that guidance and information was accessible (90%), was timely (70%) and clear (65%). However, only half agreed (50%) that there was sufficient guidance and information about the Foreign Investment Review Framework, while nearly one-third disagreed (32%).

Figure 10: Treasury's guidance and information about the Foreign Investment Review Framework



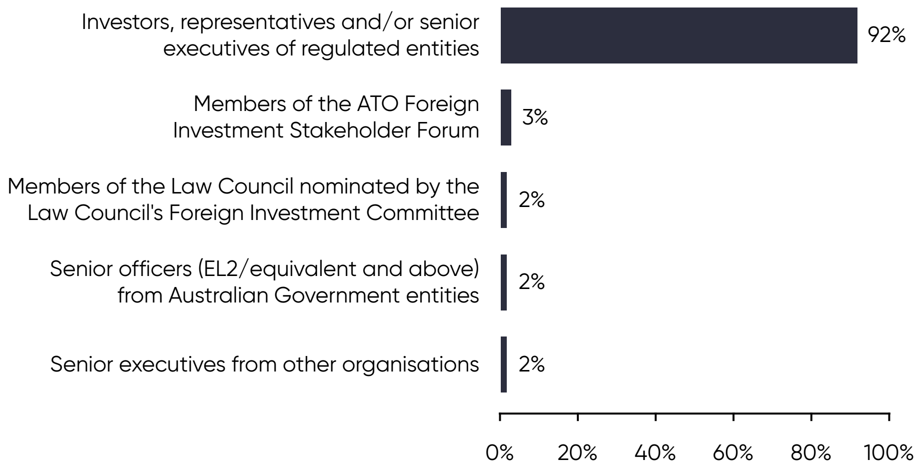
Treasury substantially expanded the sample size for the Foreign Investment Review Framework 2022–23 survey from 76 to 852 stakeholders to encompass a broader range of feedback.

Stakeholders for the period include:

- investors, representatives and/or senior executives of regulated entities, engaged in processes under the Foreign Investment Review Framework
- Members of the Law Council nominated by the Law Council's Foreign Investment Committee
- Members of the Australian Taxation Office Foreign Investment Stakeholder Forum, excluding members who are not involved in Treasury's area of Foreign Investment Review Framework responsibility – for example members who focus on residential real estate
- senior officers from Australian Government entities and senior executives from other organisations who had substantially dealt with Treasury in relation to the Foreign Investment Review Framework.

Response rates for stakeholders are illustrated in Figure 11.

Figure 11: Response rate by type of stakeholder – Foreign Investment Review Framework



(Base: All key external stakeholders of the Foreign Investment Review Framework, n=111)

Although there was an indicative performance result of 67%, the number of surveyed stakeholders to respond was low in relation to the 20% valid survey responses required. To enable an optimal response rate for the 2023–24 reporting period, Treasury will work with the survey provider to review the stakeholder selection process.

Payment Times Reporting Scheme

The performance target has been partially achieved.

A total of 115 Payment Times Reporting Scheme (the scheme) stakeholders completed the survey.[41] The survey received a response rate of 22% and a performance result of 57%.

41 Payment Times Reporting Scheme stakeholders for this survey are representatives from regulated entities, industry bodies, professional advisers and senior officers from Australian Government entities.

Performance against the best practice principles

The survey responses used to assess the Payment Times Reporting Regulator's (the regulator) performance against the three best practice principles were moderately positive in relation to clarity (52%), transparency (61%), and consistent application (65–72%) of the Payment Times regulatory framework for Principle 1.

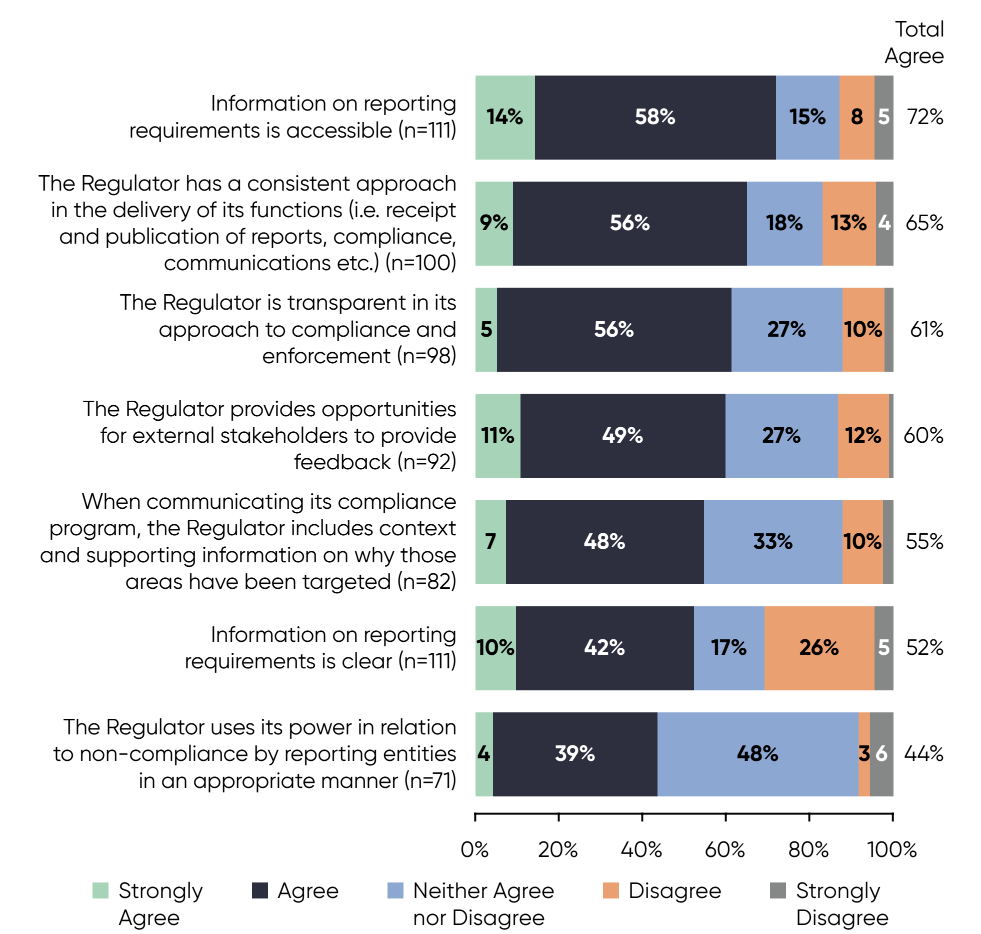
There was a less positive response for risk-based and data driven decision-making (Principle 2). Around half agreed that the regulator includes context and supporting information on why particular areas have been targeted in its compliance program (55%) and uses its power in relation to non-compliance in an appropriate manner (44%). However, a notable proportion of respondents (33–48%) provided neutral responses for these aspects, and only a small proportion disagreed (8–12%).

Perceptions of the regulator's responsive communication and collaboration (Principle 3) were varied (40-70%). Most stakeholders were positive in regard to the accessibility of the regulator's guidance and information about the scheme (70%), while 60% agreed that this information was timely, and that there were opportunities for external stakeholders to provide feedback. However, only 40% felt that feedback was taken on board to improve regulatory resources and processes.

Overview of survey results

Responses from stakeholders on the scheme were mixed, with the most favourable results for the accessibility of information on reporting requirements (72% agreed) and consistency in approach in the delivery of the publication of reports, compliance and communications (65%). Notably lower ratings were provided for the clarity of information on reporting requirements under the scheme (52% agreed, while 31% disagreed) and for the regulator's use of power for non-compliance by reporting entities (43% agreed, although 48% provided a neutral response and 9% disagreed).

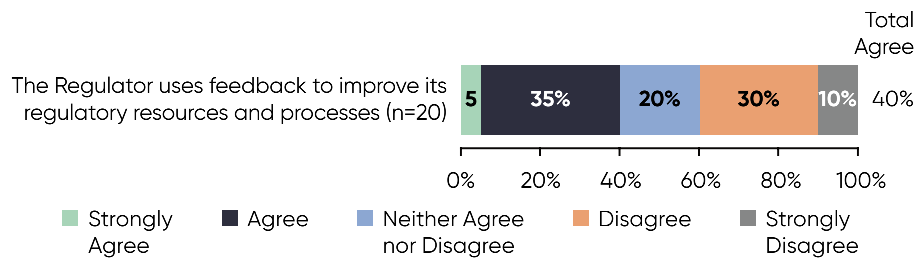
Figure 12: Treasury's performance – all key external stakeholders of the Payment Times Reporting Scheme



(Base: All key external stakeholders of the Payment Times Reporting Scheme)

Of the stakeholders who responded to the survey, 20% have participated in the regulator's industry liaison forums, stakeholder engagement or consultations in 2022–23. The views of stakeholders that participated in 2022–23 were evenly split (40% agreed, 40% disagreed) about whether the regulator used feedback to improve its resources and processes.

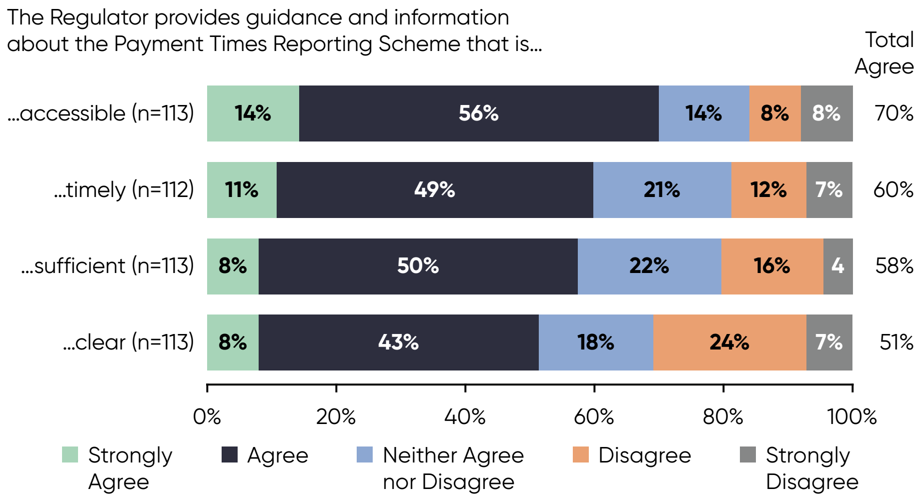
Figure 13: Treasury's Regulator's industry liaison forums, stakeholder engagement or consultations – Payment Times Reporting Scheme



(Base: Key external stakeholders of the Payment Times Reporting Scheme who participated in the Regulator's industry liaison forums, stakeholder engagement or consultations in 2022–23)

Accessibility of guidance and information was rated most highly by stakeholders (70% agreed), while timeliness (60%) and sufficiency (58%) of guidance and information were rated lower by stakeholders. About half of the stakeholders (51%) agreed that there was clear guidance and information about the scheme with nearly one-third disagreeing (31%).

Figure 14: Treasury's guidance and information about the Payment Times Reporting Scheme

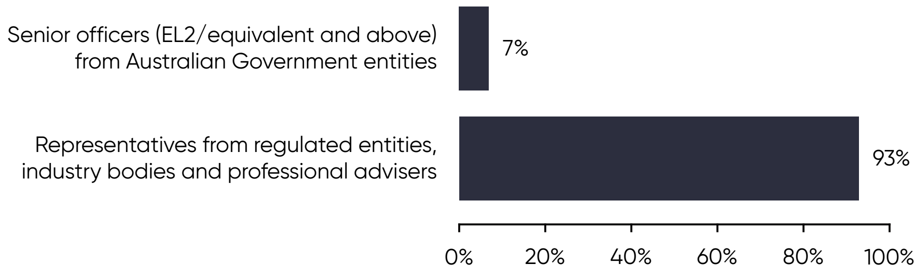


(Base: All key external stakeholders of the Payment Times Reporting Scheme)

Treasury substantially expanded the sample size for the Payment Times Reporting Scheme Regulator 2022–23 survey from 9 to 516 stakeholders to include feedback from regulated entities who engage with the scheme.

Stakeholders for the period were representatives from regulated entities, industry bodies, professional advisers and senior officers from Australian Government entities who had substantially dealt with Treasury in relation to the scheme.

Figure 15: Response rate by type of stakeholder – Payment Times Reporting Scheme



(Base: All key external stakeholders of the Payment Times Reporting Scheme, n=115)

Treasury selected stakeholders for the survey based on participating at least twice in a 2-way interaction with the regulator.[42] The qualification of 2-way interactions was used to select stakeholders to ensure that representatives had sufficient exposure to the regulator to inform responses to the survey questions. The submission of a payment times report is not assessed by Treasury as an adequate interaction to inform a survey response. The lodgement of a payment times report is automated and unilaterally performed. The regulator does not interact with an individual representative of a registered entity through reporting. This means that not all registered entities were invited to participate in the survey for 2022–23 as they were not all involved in a 2-way interaction.

42 Stakeholder interactions occurred in the 12 month period prior to the survey in May 2023.

Performance measure 13

Proportion of regulated entities registered with the Payment Times Reporting Regulator as a reporting entity (Principle 1 and 2).	
Methodology	Number of entities registered to report compared to the number of entities identified from government and other data sources as reporting entities.
Target	80%
Data sources	Data from the Payment Times Reporting Regulator's customer relationship management system, Australian Taxation Office taxpayer data, and third-party data service providers.
Source	PBS Program 1.3 – Support for Markets and Business Corporate Plan 2022–23
Performance achieved 2022–23[43]	**Partially achieved** 72% of entities registered to report compared to the number of entities required to be registered to report. Partially achieved means between 70% to 74% of regulated entities registered as a reporting entity.
Performance achieved previous year	This performance measure was introduced in 2022–23 and there is no basis for an assessment of performance over time.

Analysis

The performance target has been partially achieved.

A total of 4,499 regulated entities have registered as a reporting entity, while 6,251 entities (72%) were required to be registered as reporting entities.[44]

The Payment Times Reporting Scheme (the scheme) has been in operation since 1 January 2021, with compliance and enforcement powers enacted on 1 January 2022. Regulated entities have had three reporting cycles (and reporting window) since the commencement of these powers to report.

43 Achieved is assessed as ≥80% of regulated entities registered as a reporting entity, substantially achieved is assessed as 75% to 79%, partially achieved is assessed as 70% to 74%, and not achieved is assessed as <70%.
44 The calculation excludes subsidiaries reporting as part of a group.

The scheme aims to improve the payment performance of large businesses and government enterprises (known as reporting entities) in relation to their small business suppliers. This is done by creating transparency around payment times and practices. Reporting entities must report their payment terms and times for small businesses to the regulator. These are then published on the Payment Times Reports Register, accessible from the Payment Times website.

Entities regulated by the *Payment Times Reporting Act 2020* are not readily identifiable from an existing or readily available data source. Since January 2023, the Payment Times Reporting Regulator (the regulator) has implemented processes to continuously develop and improve datasets of entities regulated by the scheme.

In March 2023, the regulator used the data developed to identify regulated entities in a compliance program that targeted entities suspected to have failed to register for the scheme. This activity has resulted in an increased number of entities registering for the scheme.

During the reporting period, this compliance program remained ongoing. The regulator expects that as these compliance programs continue and escalate to the use of additional regulatory powers the proportion of regulated entities registered to report under the scheme will continue to increase.

Financial performance

Treasury has a sound financial position, meeting its debt obligations as and when they fall due.

Treasury reported an operating deficit of $0.6 million in 2022–23 excluding depreciation, amortisation, changes in asset revaluation reserves and leasing adjustments. This compares with an operating deficit of $0.3 million in 2021–22 after adjusting for depreciation and amortisation, changes in asset revaluation reserves and leasing adjustments.

Treasury’s administered expenses in 2022–23 were $187.565 billion compared with $180.643 billion in 2021-22.

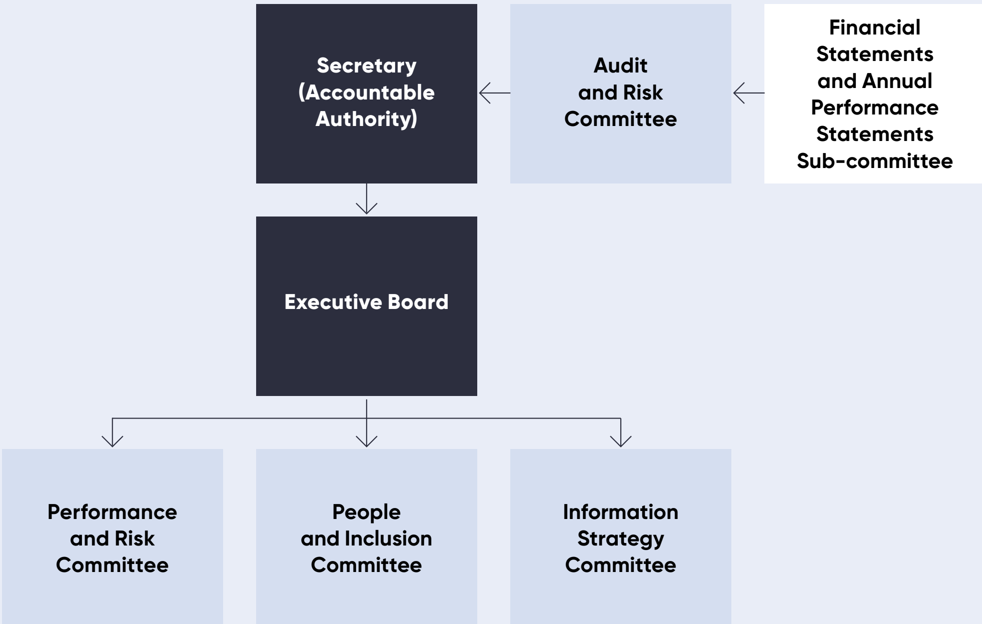
3

Part 3 – Management and accountability

Corporate governance

Treasury's corporate governance structures are designed to promote the achievement of our purpose, the proper use and management of public resources, our systems of risk and control, and the department's financial sustainability.

Figure 16: Treasury's enterprise governance committee structure



Governance committees

Executive Board

The Executive Board comprises the Secretary and Deputy Secretaries. The Executive Board supports the Secretary to discharge their duties under the *Public Governance, Performance and Accountability Act 2013* and section 57 of the *Public Service Act 1999*.

Performance and Risk Committee

The Performance and Risk Committee is an advisory and decision-making group with responsibility for ensuring the consistent and integrated business operations across Treasury. Its remit incorporates business planning and continuity, performance monitoring and reporting, enterprise risk management and systems of internal control, security, cyber security and asset management.

People and Inclusion Committee

The People and Inclusion Committee is an advisory and decision-making group. It has responsibility for ensuring the department's workforce is safe, effective and engaged, and that the department has the workforce capacity and inclusive culture required to deliver on its purpose. The People and Inclusion Committee also has specific responsibilities for work health and safety, and for receiving regular reports from internal consultation forums related to work health and safety and workplace relations.

Information Strategy Committee

The purpose of the Information Strategy Committee is to support and provide governance oversight of department-wide information management related strategic issues and drive digital information innovation.

Audit and Risk Committee

The Treasury's Audit and Risk Committee has been established in accordance with section 45 of the *Public Governance, Performance and Accountability Act 2013*. The Audit and Risk Committee provides independent advice to the Secretary on the appropriateness of the department's financial reporting, performance reporting, system of risk oversight and management, and the system of internal control. The Audit and Risk Committee Charter is available on the Treasury website at treasury.gov.au/the-department/corporate-publications/Audit-Committee-Charter.

The Financial Statements and Annual Performance Statements Sub-Committee provides advice to the Audit and Risk Committee on the preparation and sign-off of Treasury's financial statements and Annual Performance Statement. The Financial Statements and Annual Performance Statements Sub-Committee is directly accountable to the Audit and Risk Committee for the performance of its functions.

The Audit and Risk Committee has three members – an independent chair and two independent members.

The Audit and Risk Committee met five times in 2022–23 and received regular briefings from Treasury management on priorities, operations and risks, as well as the outcomes of risk and audit activities.

Table 2: Audit and Risk Committee members – qualifications, attendance and remuneration

Audit and Risk Committee members

Don Cross

External Member

Audit and Risk Committee Chair

Financial Statements and Annual Performance Statements Subcommittee Chair

Performance and Risk Committee Observer

Date of Commencement: 1 August 2019

Date of Cessation: NA

Attendance: 5/5

Remuneration[1]: $55,729

Qualifications

- Fellow of the Institute of Chartered Accountants and a Certified Practising Accountant
- Numerous qualifications and professional memberships in accounting, fraud control, business, and auditing

Experience

Mr Cross has a background in financial audit, internal audit, management assurance and performance and program management. He leverages this background, skills and experience as the Chair or as a Member of Audit and Risk Committees for federal government departments and Corporate Commonwealth Entities delivering policy, regulatory and service delivery functions.

Carl Murphy

External Member

Date of Commencement: 2 November 2020

Date of Cessation: NA

Attendance: 5/5

Remuneration[1]: $11,437

Qualifications

- Master of Public Administration
- Practising Accountant
- Graduate of the Australian Institute of Company Directors
- Bachelor of Arts (Hons)

Experience

- Member, Wollongong Council Audit, Risk and Improvement Committee Senior Moderator, The Cranlana Centre for Ethical Leadership Consultancy Practice to government and not-for-profits in governance and organisational change.
- Former Member, Risk and Audit Committee, Department of Infrastructure, Transport, Regional Development and Communications.
- Previously Chief Operating Officer, Department of Infrastructure, Regional Development and Cities.
- First Assistant Secretary, Corporate Services Division, Department of Finance.
- Assistant Secretary, Human Resources, Department of the Environment.
- Head of Human Resources, Medicare Australia.

Carol Lilley

External Member

Date of Commencement: 28 October 2021

Date of Cessation: NA

Attendance: 5/5

Remuneration[1]: $45,012

Qualifications

- Bachelor of Commerce
- Graduate of the Australian Institute of Company Directors
- Fellow of Chartered Accountants Australia and New Zealand
- Certified internal auditor and was a registered company auditor

Experience

- Independent board director and chair or member of a number of Commonwealth Government audit committees.
- Previous Partner at PricewaterhouseCoopers and has over 20 years' experience in financial statement audit, internal audit and project and risk management, with a particular focus on government.

[1] Where applicable remuneration is GST inclusive and covers preparation for and attendance at meetings of the Audit and Risk Committee, as well as meeting preparation and attendance at sub-committees (where relevant) and other meetings as required by the member's role.

Consultation committees

Treasury's enterprise governance committees are supported by two consultation committees.

Health and Safety Committee

The Health and Safety Committee assists the Secretary in carrying out his statutory obligations in accordance with the *Work Health and Safety Act 2011*. The Health and Safety Committee facilitates cooperation between Treasury management and employees to develop and review health and safety policies, procedures and initiatives, and manage health and safety risks in the workplace.

Workplace Relations Committee

The Workplace Relations Committee is Treasury's primary staff consultation body, convened in accordance with the *Treasury Enterprise Agreement 2018–2021*. The Workplace Relations Committee plays an important role in facilitating ongoing, open and transparent consultation between Treasury and its employees relating to issues affecting the working environment and employment conditions.

Risk management

In 2022–23 Treasury implemented its new risk management policy and framework, along with supporting tools, in compliance with the updated Commonwealth Risk Management Policy, which came into effect on 1 January 2023. Treasury's risk management policy and framework provide the basis for continued improvement and embedding of our risk management processes.

Our governance arrangements for risk reporting through the Performance and Risk Committee, the independent Audit and Risk Committee, and the Executive Board provide the Secretary with assurance that risk is being appropriately engaged with and managed. Treasury continues to embed our risk management framework and strengthen our maturity and culture.

Fraud prevention and control

Treasury has a fraud and corruption control plan in place, as well as processes and systems for the prevention and detection of fraud and response to and reporting of incidents in accordance with section 10 of the Public Governance, Performance and Accountability Rule 2014.

Treasury is continually looking at ways to strengthen our fraud and corruption control arrangements. During 2022–23, Treasury undertook a range of activities to prepare for the National Anti-Corruption Commission beginning operations from 1 July 2023 and broader changes to Commonwealth fraud and corruption requirements. This included updating the fraud and corruption control plan and consulting with relevant enterprise governance committees on the changes.

Treasury reports fraud information annually to the Treasurer and the Australian Institute of Criminology. Treasury's 2022–23 fraud certification can be found in the Letter of Transmittal.

Internal audit arrangements

Internal audits provide independent advice and assurance to the Secretary on the effectiveness of Treasury's governance, risk, compliance and performance arrangements, and our financial and operational controls. The internal audit program is important in assisting Treasury in the delivery of our purpose and priorities and encourages continuous improvement.

Treasury's internal auditors deliver against an annual internal audit plan. The internal audit plan is developed by our internal auditors in consultation with the independent Audit and Risk Committee, Performance and Risk Committee, the Executive Board and other key departmental stakeholders, to ensure it reflects our risk profile and assurance concerns.

In 2022–23, our internal audit function delivered compliance, performance, and management-initiated reviews, with a focus on continued maturation of Treasury's performance information arrangements. The program also addressed program governance, economic forecast modelling processes, cyber security, and IT governance.

Ethical standards

As the Government's lead economic adviser, Treasury expects the highest standard of behaviour and ethical conduct from our staff. We have policies and procedures in place, that align with the Australian Public Service Code of Conduct and Values, to ensure ethical standards are upheld in accordance with the *Public Service Act 1999*.

During 2022–23 Treasury established an integrity team and protective security and integrity working group, undertook an integrity maturity assessment and progressed work to strengthen its approach, including developing an integrity framework and strengthening information available to staff.

SES remuneration

SES remuneration is determined under section 24(1) of the *Public Service Act 1999*. Further information is provided in Part 3 – Management and accountability.

Significant non-compliance issues with finance law

There were no significant instances of non-compliance with the finance law reported to the responsible minister in 2022–23.

External scrutiny

Treasury operations are subject to oversight by a number of external bodies, including Parliamentary committees, the Commonwealth Ombudsman, Australian National Audit Office (ANAO), Administrative Appeals Tribunal and Office of the Australian Information Commissioner.

External audit

The ANAO tabled one performance audit report involving Treasury during 2022–23.

Auditor-General Report No.39 *Implementation of the Government Response to the Black Economy Taskforce Report*, tabled 19 June 2023, assessed the effectiveness of the implementation of the Government response to the Black Economy Taskforce report. Four recommendations were made to Treasury as a result of the audit. Treasury agreed to three of these recommendations and agreed in part to one.

In January 2022, Treasury was advised that the ANAO would continue the program of work with Treasury's annual performance statements 2022–23. This is the second year that Treasury has been included in the ANAO Annual Performance Statements work program.

The Auditor-General's Report No. 13 of 2022–23: *Audits of the Annual Performance Statements of Australian Government Entities – 2021–22* included the outcomes of the audit of Treasury's annual performance statements for 2021–22. Treasury received an unmodified opinion for the reporting period.

Management of human resources

The People and Organisational Strategy Branch has primary responsibility for Treasury's people system, including strategic workforce planning, performance management, workplace relations, learning and development, inclusion and diversity, recruitment and payroll services.

Performance management

Treasury manages the ongoing development of its employees in a high-performance work culture through the Performance Development System and the Senior Executive Service (SES) Talent, Performance and Development Framework. The objectives of the system include:

- continuously improving organisational performance to enable the department to achieve its strategic outcomes and priorities
- providing a framework for individual and organisational performance, including supporting development and career planning
- providing an approach to ensure regular and meaningful feedback and the recognition and reward of sustained high performance
- providing mechanisms for managing declines in performance and underperformance.

Australian Public Service (APS) employees are formally assessed biannually with Executive Level and SES staff having one formal appraisal each year. The expectations and behaviours expected of Treasury SES officers are aligned to the APS Leadership Capability Framework used by the Secretaries Talent Council.

Workplace relations

Remuneration and employment conditions for Treasury's APS and Executive Level officers are determined under the *Treasury Enterprise Agreement 2018–2021*. The enterprise agreement operates in conjunction with Commonwealth legislation and is supported by internal policies and guidelines in addition to a determination made under subsection 24(1) of the *Public Service Act 1999* to provide pay increases in 2021 and 2022. The department occasionally uses individual flexibility arrangements to secure specific expertise or specialist skills critical to business needs. At 30 June 2023, there were two individual flexibility arrangements in place.

Learning and development

In 2022–23, Treasury continued to deliver training programs online and in-person with a focus on enhancing the skills and capability of our staff and building the leadership capabilities of the SES and Executive Level 2 cohort.

Treasury employees continued to supplement their professional development with APS Academy courses and the study assistance program. Employees are also able to access external opportunities, including:

- Sir Roland Wilson Scholarship Program undertaken at the Australian National University
- Australia and New Zealand School of Government's Executive Master of Public Administration
- National Security College development programs
- APS talent development programs
- Jawun secondments.

Entry level programs

Entry level programs remain a workforce initiative for Treasury. Treasury provides graduate opportunities through the Treasury Graduate Development Program and leads the recruitment for the Australian Government Graduate Program Economist Stream for participating APS agencies.

The Treasury Graduate Development Program is a two year program involving placements, on-the-job training and a structured learning and development program. In February 2023, 48 participants were accepted into the Program.

Treasury also participates in whole-of-government entry level programs, including the Australian Government Graduate Program Data Stream and Human Resources Stream, and the Career Starter Program (aimed at school leavers) completing a Certificate IV in Government.

Staffing information

At 30 June 2023, Treasury had 1,488 employees, a one per cent decrease from 1,503 employees at 30 June 2022.

The average staffing level across 2022–23 was 1,469.2. Just over half (52 per cent) of Treasury's workforce are women, 77.7 per cent are 45 years of age or under, 4.6 per cent identify as having a disability and 1.3 per cent identify as Aboriginal and/or Torres Strait Islander.

At 30 June 2023, women comprised 47.3 per cent of the operative SES cohort, inclusive of higher duties arrangements. Treasury's target for female representation in the SES is gender parity. Treasury's geographic footprint extends beyond Canberra, with offices in Sydney, Melbourne and Perth, and officers posted or deployed overseas.

Table 3: All ongoing employees current report period (2022–23)

	Male			Female			Uses other term			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
NSW	82	2	84	62	16	78	0	0	0	**162**
Qld	0	0	0	0	0	0	0	0	0	**0**
SA	1	0	1	0	0	0	0	0	0	**1**
Tas	0	0	0	0	0	0	0	0	0	**0**
Vic	51	2	53	45	5	50	0	0	0	**103**
WA	2	0	2	5	0	5	0	0	0	**7**
ACT	514	38	552	519	90	609	0	0	0	**1,161**
NT	0	0	0	0	0	0	0	0	0	**0**
External Territories	0	0	0	0	0	0	0	0	0	**0**
Overseas	6	0	6	4	0	4	0	0	0	**10**
Total	**656**	**42**	**698**	**635**	**111**	**746**	**0**	**0**	**0**	**1,444**

Table 4: All ongoing employees previous report period (2021–22)

	Male			Female			Uses other term			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
NSW	75	2	77	62	13	75	0	0	0	**152**
Qld	1	0	1	1	0	1	0	0	0	**2**
SA	1	0	1	0	0	0	0	0	0	**1**
Tas	0	0	0	0	0	0	0	0	0	**0**
Vic	42	1	43	42	5	47	0	0	0	**90**
WA	2	0	2	4	0	4	0	0	0	**6**
ACT	525	31	556	537	96	633	0	0	0	**1,189**
NT	0	0	0	0	0	0	0	0	0	**0**
External Territories	0	0	0	0	0	0	0	0	0	**0**
Overseas	8	0	8	5	0	5	0	0	0	**13**
Total	**654**	**34**	**688**	**651**	**114**	**765**	**0**	**0**	**0**	**1,453**

Table 5: All non-ongoing employees current report period (2022–23)

	Male			Female			Uses other term			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
NSW	2	0	2	0	3	3	0	0	0	**5**
Qld	0	0	0	0	0	0	0	0	0	**0**
SA	0	0	0	0	0	0	0	0	0	**0**
Tas	0	0	0	0	0	0	0	0	0	**0**
Vic	1	0	1	1	0	1	0	0	0	**2**
WA	0	0	0	0	0	0	0	0	0	**0**
ACT	5	8	13	12	11	23	0	0	0	**36**
NT	0	0	0	0	0	0	0	0	0	**0**
External Territories	0	0	0	0	0	0	0	0	0	**0**
Overseas	1	0	1	0	0	0	0	0	0	**1**
Total	**9**	**8**	**17**	**13**	**14**	**27**	**0**	**0**	**0**	**44**

Table 6: All non-ongoing employees previous report period (2021–22)

	Male			Female			Uses other term			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
NSW	1	1	2	4	1	5	0	0	0	**7**
Qld	0	0	0	0	0	0	0	0	0	**0**
SA	0	0	0	0	0	0	0	0	0	**0**
Tas	0	0	0	0	0	0	0	0	0	**0**
Vic	3	0	3	0	2	2	0	0	0	**5**
WA	0	0	0	0	0	0	0	0	0	**0**
ACT	16	8	24	11	3	14	0	0	0	**38**
NT	0	0	0	0	0	0	0	0	0	**0**
External Territories	0	0	0	0	0	0	0	0	0	**0**
Overseas	0	0	0	0	0	0	0	0	0	**0**
Total	**20**	**9**	**29**	**15**	**6**	**21**	**0**	**0**	**0**	**50**

Table 7: Australian Public Service Act ongoing employees current report period (2022–23)

	Male			Female			Uses other term			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
SES 3	2	0	2	4	0	4	0	0	0	**6**
SES 2	11	3	14	11	0	11	0	0	0	**25**
SES 1	38	3	41	36	2	38	0	0	0	**79**
EL 2	104	11	115	112	27	139	0	0	0	**254**
EL 1	211	16	227	201	40	241	0	0	0	**468**
APS 6	160	6	166	151	25	176	0	0	0	**342**
APS 5	65	2	67	66	12	78	0	0	0	**145**
APS 4	34	1	35	34	4	38	0	0	0	**73**
APS 3	30	0	30	20	1	21	0	0	0	**51**
APS 2	0	0	0	0	0	0	0	0	0	**0**
APS 1	1	0	1	0	0	0	0	0	0	**1**
Other	0	0	0	0	0	0	0	0	0	**0**
Total	**656**	**42**	**698**	**635**	**111**	**746**	**0**	**0**	**0**	**1,444**

Table 8: Australian Public Service Act ongoing employees previous report period (2021–22)

	Male			Female			Uses other term			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
SES 3	1	0	1	5	0	5	0	0	0	**6**
SES 2	15	1	16	9	0	9	0	0	0	**25**
SES 1	38	2	40	30	2	32	0	0	0	**72**
EL 2	105	12	117	111	26	137	0	0	0	**254**
EL 1	223	12	235	201	42	243	0	0	0	**478**
APS 6	143	5	148	135	24	159	0	0	0	**307**
APS 5	57	1	58	93	17	110	0	0	0	**168**
APS 4	29	1	30	39	3	42	0	0	0	**72**
APS 3	41	0	41	28	0	28	0	0	0	**69**
APS 2	0	0	0	0	0	0	0	0	0	**0**
APS 1	2	0	2	0	0	0	0	0	0	**2**
Other	0	0	0	0	0	0	0	0	0	**0**
Total	**654**	**34**	**688**	**651**	**114**	**765**	**0**	**0**	**0**	**1,453**

Table 9: Australian Public Service Act non-ongoing employees current report period (2022–23)

	Male			Female			Uses other term			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
SES 3	0	0	0	0	0	0	0	0	0	**0**
SES 2	0	0	0	0	0	0	0	0	0	**0**
SES 1	2	0	2	0	0	0	0	0	0	**2**
EL 2	1	1	2	0	1	1	0	0	0	**3**
EL 1	2	2	4	4	1	5	0	0	0	**9**
APS 6	2	0	2	2	1	3	0	0	0	**5**
APS 5	0	1	1	3	2	5	0	0	0	**6**
APS 4	2	0	2	2	1	3	0	0	0	**5**
APS 3	0	0	0	0	1	1	0	0	0	**1**
APS 2	0	4	4	2	7	9	0	0	0	**13**
APS1	0	0	0	0	0	0	0	0	0	**0**
Other	0	0	0	0	0	0	0	0	0	**0**
Total	**9**	**8**	**17**	**13**	**14**	**27**	**0**	**0**	**0**	**44**

Table 10: Australian Public Service Act non-ongoing employees previous report period (2021–22)

	Male			Female			Uses other term			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
SES 3	0	0	0	0	0	0	0	0	0	**0**
SES 2	1	0	1	0	0	0	0	0	0	**1**
SES 1	2	0	2	1	0	1	0	0	0	**3**
EL 2	1	1	2	3	1	4	0	0	0	**6**
EL 1	2	2	4	0	2	2	0	0	0	**6**
APS 6	6	1	7	3	0	3	0	0	0	**10**
APS 5	4	3	7	3	0	3	0	0	0	**10**
APS 4	1	0	1	4	1	5	0	0	0	**6**
APS 3	2	0	2	1	0	1	0	0	0	**3**
APS 2	1	2	3	0	2	2	0	0	0	**5**
APS1	0	0	0	0	0	0	0	0	0	**0**
Other	0	0	0	0	0	0	0	0	0	**0**
Total	**20**	**9**	**29**	**15**	**6**	**21**	**0**	**0**	**0**	**50**

Table 11: Australian Public Service Act employees by full-time and part-time status current report period (2022–23)

	Ongoing			Non-Ongoing			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	
SES 3	6	0	6	0	0	0	**6**
SES 2	22	3	25	0	0	0	**25**
SES 1	74	5	79	2	0	2	**81**
EL 2	216	38	254	1	2	3	**257**
EL 1	412	56	468	6	3	9	**477**
APS 6	311	31	342	4	1	5	**347**
APS 5	131	14	145	3	3	6	**151**
APS 4	68	5	73	4	1	5	**78**
APS 3	50	1	51	0	1	1	**52**
APS 2	1	0	1	2	11	13	**14**
APS 1	0	0	0	0	0	0	**0**
Other	0	0	0	0	0	0	**0**
Total	**1,291**	**153**	**1,444**	**22**	**22**	**44**	**1,488**

Table 12: Australian Public Service Act employees by full-time and part-time status previous report period (2021–22)

	Ongoing			Non-Ongoing			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	
SES 3	6	0	6	0	0	0	**6**
SES 2	24	1	25	1	0	1	**26**
SES 1	68	4	72	3	0	3	**75**
EL 2	216	38	254	4	2	6	**260**
EL 1	424	54	478	2	4	6	**484**
APS 6	278	29	307	9	1	10	**317**
APS 5	150	18	168	7	3	10	**178**
APS 4	68	4	72	5	1	6	**78**
APS 3	69	0	69	3	0	3	**72**
APS 2	0	0	0	1	4	5	**5**
APS 1	2	0	2	0	0	0	**2**
Other	0	0	0	0	0	0	**0**
Total	**1,305**	**148**	**1,453**	**35**	**15**	**50**	**1,503**

Table 13: Australian Public Service Act employment type by location current report period (2022–23)

	Ongoing	Non-Ongoing	Total
NSW	162	5	**167**
Qld	0	0	**0**
SA	1	0	**1**
Tas	0	0	**0**
Vic	103	2	**105**
WA	7	0	**7**
ACT	1,161	36	**1,197**
NT	0	0	**0**
External Territories	0	0	**0**
Overseas	10	1	**11**
Total	**1,444**	**44**	**1,488**

Table 14: Australian Public Service Act employment type by location previous report period (2021–22)

	Ongoing	Non-Ongoing	Total
NSW	152	7	**159**
Qld	2	0	**2**
SA	1	0	**1**
Tas	0	0	**0**
Vic	90	5	**95**
WA	6	0	**6**
ACT	1,189	38	**1,227**
NT	0	0	**0**
External Territories	0	0	**0**
Overseas	13	0	**13**
Total	**1,453**	**50**	**1,503**

Table 15: Australian Public Service Act Indigenous employment current report period (2022–23)

	Total
Ongoing	**19**
Non-Ongoing	**0**
Total	**19**

Table 16: Australian Public Service Act Indigenous employment previous report period (2021–22)

	Total
Ongoing	**20**
Non-Ongoing	**0**
Total	**20**

SES remuneration

SES remuneration and employment conditions are determined under section 24(1) of the *Public Service Act 1999*. These determinations are supported by a remuneration model that determines pay levels within each SES level based on performance. Treasury does not offer performance pay. An SES remuneration package is in recognition of all hours worked, including any reasonable additional hours. SES staff are not entitled to overtime payments, penalty rates or time off in lieu.

SES staff received a three per cent salary increase effective 5 November 2022 in accordance with the *Government's Public Sector Interim Workplace Arrangements 2022*.

Table 17: Australian Public Service Act Employment Salary Ranges by SES classification level (minimum/maximum) current report period (2022–23)

	Minimum salary	Maximum salary
SES 3	$348,595	$408,259
SES 2	$268,992	$314,841
SES 1	$219,472	$255,076

Non-SES remuneration

APS and Executive Level remuneration and employment conditions are determined under the *Treasury Enterprise Agreement 2018–2021*. APS and Executive Level staff received a three per cent salary increase effective 5 November 2022, through a determination made under subsection 24(1) of the *Public Service Act 1999* and in accordance with the Government's *Public Sector Interim Workplace Arrangements 2022*.

For Treasury employees at overseas posts, Treasury is guided by the conditions of service that are maintained by the Department of Foreign Affairs and Trade.

Table 18: Non-SES remuneration by classification level (minimum/maximum) current report period (2022–23)

	Minimum salary	Maximum salary
EL2	$150,245	$172,429
EL1	$123,005	$141,099
APS6	$94,300	$114,243
APS5	$83,596	$88,949
APS4	$74,354	$78,243
APS3	$66,570	$70,457
APS2	$58,787	$62,281
APS1	$51,003	$55,385
Other	$0	$0

Employment arrangements

Table 19: Australian Public Service Act employment arrangements current report period (2022–23)

	SES	Non-SES	Total
Enterprise Agreement	0	1,376	**1,376**
Section 24(1) Determination	112	0	**112**
Australian Workplace Agreement	0	0	**0**
Individual Flexibility Arrangement[Note]	0	2	**2**
Total	**112**	**1,376**	**1,488**

Note: Employees with an individual flexibility arrangement in place are employed under Treasury's Enterprise Agreement and included in the 1,376 employees provided in the table for that purpose. The 2 employees with an individual flexibility arrangement are not separately counted for the purposes of the total provided in the table.

Asset management

Management of Treasury's assets is governed by the Accountable Authority Instructions on asset management and aligns with government best practice. Treasury's asset management framework includes an asset register, an asset management plan and a capital management plan. The asset register records details of all assets held by Treasury. An annual stocktake of assets keeps the register accurate and up to date. Treasury's fixed assets include office fit-out, right-of-use assets, purchased and internally developed software, computer equipment, infrastructure and library materials.

Procurement

Performance against the Commonwealth Procurement Rules

Treasury's procurement activities were undertaken in accordance with the *Public Governance, Performance and Accountability Act 2013*, Commonwealth Procurement Rules, and the Commonwealth Government's Indigenous Procurement Policy. Treasury applies these requirements through its internal financial and procurement policies.

Information on all Treasury contracts awarded with a value of $10,000 (including GST) or more is available on AusTender at tenders.gov.au.

Exempt contracts

One contract valued at $110,000 (inclusive of GST) was exempted by the Secretary from being published on AusTender on the basis that it would disclose exempt matters under the *Freedom of Information Act 1982*.

Australian National Audit Office access clauses

The following contracts valued at $100,000 or more (including GST) were entered into during 2022–23 and did not have provision for the Auditor-General to access the contractor's premises.

Table 20: Australian National Audit Office Access contract details 2022–23

Name of contractor	Purpose	Total contract value $ (GST inc.)	Reason for not including access clauses
Energy Exemplar Pty Ltd	Purchase of modelling software PLEXOS	$692,996	Standard industry practice to enter into supplier terms and conditions
Elite Event Technology	AV supply, install and operation for the delivery of the Jobs and Skills Summit	$190,000	Standard industry practice to enter into supplier terms and conditions
FOXTEL Cable Television Pty Ltd	Foxtel Services for Treasury	$148,800	Standard industry practice to enter into supplier terms and conditions
CCH Australia Pty Ltd	CCH Intelliconnect and CCH Political Alerts	$198,270	Standard industry practice to enter into supplier terms and conditions
Bureau van Dijk Electronic Publishing Pty Ltd	Bureau van Dijk's Orbis database subscription	$182,879	Standard industry practice to enter into supplier terms and conditions
AcronymIT Pty Ltd	Adobe Enterprise Term License Agreement	$171,417	Standard industry practice to enter into supplier terms and conditions

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

Treasury supports small business participation in the Commonwealth Government procurement market. This includes the mandatory use of the Commonwealth Contracting Suite for procurements up to $200,000 (including GST) and the use of credit cards as a payment mechanism for low value procurements under $10,000 (including GST). Participation statistics are available on the Department of Finance website at finance.gov.au.

Treasury is e-invoice enabled for receipt of supplier invoices. Treasury recognises the importance of ensuring small businesses are paid on time. E-invoices are paid in accordance with the Australian Government Pay on Time or Pay Interest Policy. The results of the survey of Australian Government Payments to Small Businesses are available on the Treasury website at treasury.gov.au.

Treasury supports the Indigenous Procurement Policy to significantly increase the rate of purchasing from Indigenous enterprises. The portfolio has met its purchasing target set by Government to ensure Indigenous employment and business opportunities continue to grow (for more information, please refer to the National Indigenous Australians Agency website at niaa.gov.au).

Consultants and non-consultants

Treasury engages consultants where specialist skills are required but are not available in-house. Consultancies are individuals, partnerships or corporations that provide professional, independent, expert advice and services.

Consultants are selected and engaged in accordance with the *Public Governance, Performance and Accountability Act 2013*, Commonwealth Procurement Rules and Treasury's internal policies.

During 2022–23, Treasury signed 63 new consultancy contracts involving total actual expenditure of $5,000,136 (including GST). In addition, 29 ongoing consultancy contracts were active during the period, involving total actual expenditure of $1,527,978 (including GST).

Information on the value of individual contracts and consultancies is available on the AusTender website at tenders.gov.au.

Table 21: Expenditure on reportable consultancy contracts current report period (2022–23)

	Number	Expenditure $ (GST inc.)
New contracts entered into during the reporting period	63	$5,000,136
Ongoing contracts entered into during a previous reporting period	29	$1,527,978
Total	**92**	**$6,528,114**

Table 22: Expenditure on reportable non-consultancy contracts current report period (2022–23)

	Number	Expenditure $ (GST inc.)
New contracts entered into during the reporting period	226	$19,617,601
Ongoing contracts entered into during a previous reporting period	343	$66,672,720
Total	**569**	**$86,290,321**

Table 23: Organisations receiving a share of reportable consultancy contract expenditure current report period (2022–23)

Name of Organisation	ABN	Expenditure $ (GST inc.)	Proportion of 2022–23 total spend (%)
PricewaterhouseCoopers Indigenous Consulting Pty Ltd	51165106712	$925,800	14
Deloitte Touche Tohmatsu	74490121060	$843,232	13
KPMG	51194660183	$431,051	7
Paper Giant	76155179534	$402,237	6
Urbis Pty Ltd	50105256228	$352,000	5
SAS Institute Australia Pty Ltd	13002287247	$326,798	5

Table 24: Organisations receiving a share of reportable non-consultancy contract expenditure current report period (2022–23)

Name of Organisation	ABN	Expenditure $ (GST inc.)	Proportion of 2022–23 total spend (%)
Ventia Property Pty Ltd	16618028676	$9,948,277	12
Deloitte Touche Tohmatsu	74490121060	$8,221,013	10
A23 Pty Ltd	81612329781	$5,162,644	6
Investa Asset Management Pty Ltd	16089301922	$3,265,101	4
Informatech Pty Ltd	43602931564	$1,579,979	2

Executive remuneration

Introduction

The categories of officials covered by the disclosures include:

- key management personnel
- senior executive remuneration
- other highly paid staff.

Remuneration policies and practices

The Secretary's remuneration is determined by the Remuneration Tribunal. For SES employees, remuneration and employment conditions are determined under subsection 24(1) of the *Public Service Act 1999*. Further information on SES remuneration is available in the section on staffing.

Key management personnel

During the reporting period ended 30 June 2023, Treasury had 11 executives who met the definition of key management personnel. Their names and length of term as key management personnel are summarised in Table 25.

Table 25: Key management personnel

Name	Position	Term as key management personnel
Dr Steven Kennedy PSM	Secretary	Full year
Roxanne Kelley PSM	Deputy Secretary	Full year
Luke Yeaman	Deputy Secretary	Full year
Diane Brown	Deputy Secretary	Part Year
Sam Reinhardt	Deputy Secretary	Part Year
Brenton Philp	Deputy Secretary	Part Year
Victoria Anderson	Deputy Secretary	Full year
Jennifer Wilkinson PSM	Deputy Secretary	Part Year
Meghan Quinn PSM	Deputy Secretary	Part Year
Maryanne Mrakovcic	Deputy Secretary	Part Year
Robert Jeremenko	Acting Deputy Secretary	Part Year

Table 26: Key management personnel remuneration

Name	Position title	Short-term benefits			Post-employment benefits	Long-term benefits		Termination benefits	Total
		Base salary[1]	Bonuses	Other benefits and allowances[2]	Superannuation contributions[3]	Long service leave[4]	Other long-term benefits		
Dr Steven Kennedy PSM	Secretary	753,261	0	2,736	118,445	84,331	0	0	958,773
Roxanne Kelley PSM	Deputy Secretary	419,437	0	2,736	76,465	34,979	0	0	533,617
Luke Yeaman	Deputy Secretary	430,056	0	2,736	74,365	22,674	0	0	529,831
Diane Brown	Deputy Secretary	375,453	0	0	56,023	12,743	0	0	444,218
Sam Reinhardt	Deputy Secretary	360,372	0	2,136	66,241	11,088	0	0	439,837
Brenton Philp	Deputy Secretary	143,305	0	300	27,979	2,708	0	0	174,292
Victoria Anderson	Deputy Secretary	343,088	0	2,484	58,243	11,044	0	0	414,859
Jennifer Wilkinson PSM	Deputy Secretary	36,988	0	1,128	6,449	1,180	0	0	45,745
Meghan Quinn PSM	Deputy Secretary	62,199	0	1,236	9,745	1,156	0	0	74,335
Maryanne Mrakovcic	Deputy Secretary	29,457	0	4,024	9,434	1,181	0	0	44,096
Robert Jeremenko	Acting Deputy Secretary	227,063	0	1,896	33,065	12,069	0	0	274,093

1. Base salary includes salary paid and accrued, salary paid while on personal leave, annual leave accrued and higher duties allowances.
2. Other benefits and allowances include monetary benefits such as housing allowances and non-monetary benefits such as provision of a car park.
3. For individuals in a defined contribution scheme (for example, Public Sector Superannuation accumulation plan (PSSap) and super choice), superannuation includes superannuation contribution amounts. For individuals in a defined benefits scheme (for example, Commonwealth Super Scheme (CSS) and Public Sector Superannuation (PSS)), superannuation includes the relevant Notional Employer Contribution Rate and Employer Productivity Superannuation Contribution.
4. Long service leave comprises the amount of leave accrued and taken in the period. The negative balances are due to the impact of the bond rate movements on provision valuations.

During the reporting period ended 30 June 2023, Treasury had 147 senior executives. Table 27 provides the average remuneration by band for senior executives during the reporting period.

Table 27: Senior executive remuneration

Total remuneration bands		Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total
	Number of senior executives[1]	Average base salary[2]	Average bonuses	Average other benefits and allowances[3]	Average superannuation contributions	Average long service leave[4]	Average other long-term benefits	Average termination benefits	Average total remuneration[5]
\$0 - \$220,000	59	78,557	0	966	13,585	10,698	0	0	103,789
\$220,001 - \$245,000	4	147,425	0	43,433	31,276	11,289	0	0	233,422
\$245,001 - \$270,000	12	213,031	0	288	34,400	10,211	0	0	257,930
\$270,001 - \$295,000	24	231,508	0	867	36,687	15,091	0	0	284,152
\$295,001 - \$320,000	19	244,341	0	610	41,327	18,768	0	0	305,046
\$320,001 - \$345,000	12	259,992	0	4,966	49,978	17,190	0	0	332,126
\$345,001 - \$370,000	6	280,566	0	436	47,589	29,091	0	0	357,683
\$370,001 - \$395,000	1	174,651	0	0	36,430	5,609	0	171,764	388,453
\$395,001 - \$420,000	2	320,746	0	1,026	54,131	32,141	0	0	408,044
\$420,001 - \$445,000	1	243,482	0	134,017	44,034	15,921	0	0	437,454
\$470,001 - \$495,000	1	259,447	0	185,100	31,208	7,206	0	0	482,960
\$520,001 - \$545,000	1	234,237	0	255,361	33,477	4,697	0	0	527,773
\$570,001 - \$595,000	1	253,761	0	256,503	43,450	19,169	0	0	572,884
\$595,001 - \$620,000	2	268,935	0	271,913	43,533	21,538	0	0	605,919
\$670,001 - \$695,000	2	269,925	0	362,866	40,504	14,692	0	0	687,986

1. Includes acting arrangements greater than 3 months.
2. Base salary includes salary paid and accrued, salary paid while on personal leave, annual leave accrued and higher duties allowances.
3. Includes, but is not limited to, allowances and benefits received while on overseas post.
4. Long service leave comprises the amount of leave accrued and taken in the period. The negative balances are due to the impact of the bond rate movements on provision valuations.
5. The table includes the part year impact of senior executives who either commenced or separated during the year.

Table 28 provides the average remuneration by band for other highly paid staff during the reporting period.

Table 28: Other highly paid staff remuneration

Total remuneration bands		Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total
	Number of other highly paid staff	Average base salary[1]	Average bonuses	Average other benefits and allowances[2]	Average superannuation contributions	Average long service leave[3]	Average other long-term benefits	Average termination benefits	Average total remuneration
\$245,001 - \$270,000	2	217,524	0	772	27,922	5,926	0	0	252,145
\$345,001 - \$370,000	1	145,838	0	177,356	33,771	8,804	0	0	365,770
\$370,001 - \$395,000	1	347,859	0	2,662	27,222	7,356	0	0	385,100
\$395,001 - \$420,000	1	169,246	0	188,623	28,365	15,455	0	0	401,689
\$420,001 - \$445,000	1	165,546	0	192,909	29,292	42,927	0	0	430,674
\$470,001 - \$495,000	1	163,838	0	290,510	24,778	11,603	0	0	490,729
\$545,001 - \$570,000	1	190,542	0	322,132	33,462	12,782	0	0	558,918

1. Base salary includes salary paid and accrued, salary paid while on personal leave, annual leave accrued and higher duties allowances.
2. Includes, but is not limited to, allowances and benefits received while on overseas post.
3. Long service leave comprises the amount of leave accrued and taken in the period. The negative balances are due to the impact of the bond rate movements on provision valuations.

4

Part 4 – Financial statements

For the period ended 30 June 2023

Australian National
Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Treasurer

Opinion

In my opinion, the financial statements of the Department of the Treasury (the Entity) for the year ended 30 June 2023:

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

(b) present fairly the financial position of the Entity as at 30 June 2023 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2023 and for the year then ended:

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

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

GPO Box 707, Canberra ACT 2601
38 Sydney Avenue, Forrest ACT 2603
Phone (02) 6203 7300

Key audit matter	How the audit addressed the matter
Accuracy and Occurrence of Grants Expense *Refer to Note 6.1C Special Appropriations* The Entity administers a number of grants including grant payments to State and Territory Governments under the *Federal Financial Relations Act 2009* (the Act). For the year ended 30 June 2023, the value of grants paid by the Entity under the Act was $118.9 billion. Accuracy and occurrence of grants expense is a key audit matter due to: • The significant value of the grants paid and the complex eligibility criteria set out in agreements for a number of the grant programs; and • The Entity's reliance on other Australian Government entities and State and Territory Governments to provide information to support payments and confirm that eligibility criteria have been met.	The audit procedures I applied to address this key audit matter included: • Testing, on a sample basis, the design, implementation and operating effectiveness of controls within other Australian Government entities to support the information provided to the Entity that substantiates the eligibility and grant payment amounts; and • Testing, on a sample basis, the accuracy and occurrence of payments processed by the Entity by testing the design, implementation and operating effectiveness of controls such as delegate sign off for all payments, and agreeing payments to supporting documentation.

Key audit matter	How the audit addressed the matter
Completeness and Valuation of the Disaster Recovery Funding Arrangements (DRFA) Provision *Refer to Note 5.4A Provisions* The Entity manages payments to State and Territory Governments to assist with relief and recovery costs following a natural disaster. This is administered in accordance with the *Disaster Recovery Funding Arrangements 2018.* These payments apply to declared disaster events where a multi-agency response is required, and state expenditure exceeds a specified threshold. The completeness and valuation of the provision is a key audit matter due to the complexities in the judgements involved in estimating the provision. The Entity relies upon estimated eligible reconstruction cost information provided by State and Territory Governments to estimate the future value and timing of payments under disaster arrangements. Also, due to the nature of disasters, there is uncertainty at the time of the disaster of the estimated costs to restore State and Territory infrastructure to its original condition. The Entity applies judgement to determine whether the cost estimates are sufficiently reliable to be included in the provision at the time of the preparation of the financial statements. For the year ended 30 June 2023, the provision for costs associated with natural disaster arrangements	The audit procedures I applied to address this key audit matter included: • Examining the assessment of the eligibility of costs estimated under the arrangements. On a sample basis, I tested whether the estimate of eligibility costs had been calculated in accordance with the relevant disaster arrangements; • Testing, on a sample basis, information provided by State and Territory Governments supporting the movement in quarterly estimates to evaluate the reliability of data to estimate future cash flows; • Assessing the adequacy of the quality assurance processes over project level data from the State and Territory Governments that supports the provision estimate; and • Assessing the completeness of declared disasters included in the provision.

was valued at $6.5 billion.

Accountable Authority's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Australian National Audit Office

Mark Vial
Executive Director

Delegate of the Auditor-General

Canberra

15 September 2023

The Treasury

Statement by the Secretary and Chief Finance Officer

In our opinion, the attached financial statements for the year ended 30 June 2023 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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

Dr Steven Kennedy PSM
Secretary to the Treasury
15 September 2023

Tarnya Gersbach
Chief Finance Officer
15 September 2023

Statement of Comprehensive Income
for the period ended 30 June 2023

	Notes	2023 $'000	2022 $'000
NET COST OF SERVICES			
Expenses			
Employee benefits	1.1A	**240,685**	208,866
Suppliers	1.1B	**109,882**	114,460
Grants	1.1C	**703**	2,295
Finance costs	1.1D	**1,974**	1,869
Depreciation and amortisation	2.2A	**23,350**	23,601
Write-down and impairment of assets		**503**	126
Net foreign exchange losses		**9**	4
Total expenses		**377,106**	351,221
Own-source income			
Own-source revenue			
Revenue from contracts with customers	1.2A	**13,654**	8,373
Other revenue	1.2B	**6,591**	3,590
Total own-source revenue		**20,245**	11,963
Gains			
Other gains	1.2C	**142**	6
Total gains		**142**	6
Total own-source income		**20,387**	11,969
Net cost of services		**(356,719)**	(339,252)
Revenue from Government	1.2D	**343,789**	325,706
Surplus/(Deficit)		**(12,930)**	(13,546)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation reserve		**(17)**	(250)
Total Comprehensive income / (loss)		**(12,947)**	(13,796)

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

Statement of Financial Position
as at 30 June 2023

	Notes	2023 $'000	2022 $'000
ASSETS			
Financial assets			
Cash and cash equivalents	2.1A	**305**	424
Trade and other receivables	2.1B	**127,198**	115,232
Total financial assets		**127,503**	115,656
Non-financial assets[1]			
Buildings	2.2A	**140,565**	152,341
Plant and equipment	2.2A	**10,671**	11,220
Intangibles	2.2A	**4,328**	8,420
Prepayments		**6,623**	4,655
Total non-financial assets		**162,187**	176,636
Total assets		**289,690**	292,292
LIABILITIES			
Payables			
Suppliers	2.3A	**22,639**	15,095
Other payables	2.3B	**6,949**	5,211
Total payables		**29,588**	20,306
Interest bearing liabilities			
Leases	2.4A	**133,320**	140,241
Total interest bearing liabilities		**133,320**	140,241
Provisions			
Employee provisions	3.1A	**76,123**	72,192
Provision for restoration	2.5A	**5,974**	5,704
Total provisions		**82,097**	77,896
Total liabilities		**245,005**	238,443
Net assets		**44,685**	53,849
EQUITY			
Asset revaluation reserve		**14,076**	14,093
Contributed equity		**124,118**	120,335
Retained earnings		**(93,509)**	(80,579)
Total equity		**44,685**	53,849

1. Right-of-use assets are included in the following line items: Buildings and Plant and equipment.

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

Statement of Changes in Equity
for the period ended 30 June 2023

	2023 $'000	2022 $'000
CONTRIBUTED EQUITY		
Opening balance	**120,335**	109,519
Contributions by owners		
Equity injection appropriation	**303**	301
Restructuring	**-**	253
Departmental capital budget appropriation	**3,480**	10,262
Total transactions with owners	**3,783**	10,816
Closing balance as at 30 June	**124,118**	120,335
RETAINED EARNINGS		
Opening balance	**(80,579)**	(72,560)
Comprehensive income		
Surplus/(Deficit) for the period	**(12,930)**	(13,546)
Total comprehensive income	**(12,930)**	(13,546)
Contributions by owners		
Restructuring	-	5,527
Total transactions with owners	-	5,527
Closing balance as at 30 June	**(93,509)**	(80,579)
ASSET REVALUATION RESERVE		
Opening balance	**14,093**	14,343
Comprehensive income		
Changes in provision for restoration	**(17)**	(250)
Total comprehensive income	**(17)**	(250)
Closing balance as at 30 June	**14,076**	14,093

Accounting Policy
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.

Other distributions to owners
The Financial Reporting Rule (FRR) requires that distributions to owners be debited to contributed equity unless it is in the nature of a dividend.

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

Cash Flow Statement
for the period ended 30 June 2023

	2023 $'000	2022 $'000
OPERATING ACTIVITIES		
Cash received		
Appropriations	**365,548**	338,613
Sale of goods and rendering of services	**8,027**	5,493
GST received	**9,549**	9,769
Other	**3,442**	3,335
Total cash received	**386,566**	357,210
Cash used		
Employees	**234,927**	204,530
Suppliers	**100,728**	96,839
Interest payments on lease liabilities	**1,769**	1,837
Grants	**703**	2,295
Section 74 receipts transferred to OPA	**31,319**	33,962
GST paid	**9,566**	9,815
Total cash used	**379,012**	349,278
Net cash from/(used by) operating activities	**7,554**	7,932
INVESTING ACTIVITIES		
Cash received		
Proceeds from sales of plant and equipment	**8**	6
Total cash received	**8**	6
Cash used		
Purchase of buildings	**432**	2,547
Purchase of plant and equipment	**2,406**	2,618
Purchase of intangibles	**291**	1,382
Total cash used	**3,129**	6,547
Net cash from/(used by) investing activities	**(3,121)**	(6,541)
FINANCING ACTIVITIES		
Cash received		
Contributed equity - departmental capital budget	**6,449**	5,103
Contributed equity - equity injections	**-**	538
Restructuring - s75 cash transfer in	**-**	5,780
Total cash received	**6,449**	11,421
Cash used		
Principal payments of lease liabilities	**11,001**	13,148
Total cash used	**11,001**	13,148
Net cash from/(used by) financing activities	**(4,552)**	(1,727)
Net increase/(decrease) in cash held	**(119)**	(336)
Cash at the beginning of the reporting period	**424**	760
Cash at the end of the reporting period	**305**	424

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

Administered Schedule of Comprehensive Income
for the period ended 30 June 2023

	Notes	2023 $'000	2022 $'000
NET COST OF SERVICES			
Expenses			
Grants	4.1A	**186,092,979**	179,964,436
Finance costs	4.1B	**568,897**	44,118
Payments to corporate Commonwealth entities	4.1C	**49,090**	39,939
Suppliers and increase in provisions	4.1D	**118,292**	290,918
Concessional loan discount	4.1E	**397,659**	303,892
Foreign exchange losses		**338,100**	-
Total expenses		**187,565,017**	180,643,303
Income			
Revenue			
Non-taxation revenue			
Revenue from contracts with customers	4.2A	**655,013**	593,408
Interest	4.2B	**656,269**	158,199
Dividends		**-**	1,965
COAG revenue from government agencies[1]	4.2C	**1,200,521**	1,432,659
Other revenue	4.2D	**96,688**	113,321
Total non-taxation revenue		**2,608,491**	2,299,552
Total revenue		**2,608,491**	2,299,552
Gains			
Foreign exchange		**-**	147,409
Other gains	4.2E	**13,718**	-
Total gains		**13,718**	147,409
Total income		**2,622,209**	2,446,961
Net (cost of)/contribution by services		**(184,942,808)**	(178,196,342)
Surplus/(Deficit)		**(184,942,808)**	(178,196,342)
OTHER COMPREHENSIVE INCOME			
Items subject to subsequent reclassification to net cost of services			
Gains/(losses) on financial assets at fair value through other comprehensive income		**285,045**	(22,308,742)
Total comprehensive income		**285,045**	(22,308,742)
Total comprehensive income/(loss)		**(184,657,763)**	(200,505,084)

1. COAG is the Council of Australian Governments.

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

Administered Schedule of Assets and Liabilities
as at 30 June 2023

	Notes	2023 $'000	2022 $'000
ASSETS			
Financial assets			
Cash and cash equivalents	5.1A	**947,977**	1,165,521
Loans and other receivables	5.1B	**3,058,809**	2,218,278
Investments	5.1C	**30,675,494**	29,063,993
Total financial assets		**34,682,280**	32,447,792
Total assets administered on behalf of Government		**34,682,280**	32,447,792
LIABILITIES			
Payables			
Grants	5.2A	**380,503**	1,252,274
IMF and other payables	5.2B	**19,730,783**	18,354,128
Unearned income		**-**	553
Financial guarantees	5.2C	**753,813**	655,093
Total payables		**20,865,099**	20,262,048
Financial liabilities			
Promissory notes	5.3A	**8,706,866**	8,657,222
Total financial liabilities		**8,706,866**	8,657,222
Provisions			
Provisions	5.4A	**6,475,728**	5,572,180
Total provisions		**6,475,728**	5,572,180
Total liabilities administered on behalf of Government		**36,047,693**	34,491,450
Net assets/(liabilities)		**(1,365,413)**	(2,043,658)

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

Administered Reconciliation Schedule
for the period ended 30 June 2023

	2023 $'000	2022 $'000
Opening assets less liabilities as at 1 July	**(2,043,658)**	23,239,032
Net (cost of)/contribution by services		
Income	**2,622,209**	2,446,961
Expenses		
Payments to entities other than corporate Commonwealth entities	**(187,515,927)**	(180,603,364)
Payments to corporate Commonwealth entities	**(49,090)**	(39,939)
Other comprehensive income		
Revaluations transferred to reserves	**285,045**	(22,308,742)
Transfers (to)/from Australian Government		
Appropriation transfers from Official Public Account (OPA)		
Administered assets and liabilities appropriations	**171,153**	165,000
Annual appropriation for administered expenses		
Payments to entities other than corporate Commonwealth entities	**41,198**	59,644
Payments to corporate Commonwealth entities	**49,090**	39,939
Special appropriations (limited)		
Payments to entities other than corporate Commonwealth entities	**60,332**	45,868
Special appropriations (unlimited)		
Payments to entities other than corporate Commonwealth entities	**120,264,421**	110,204,105
Special accounts - COAG Reform Fund	**17,932,060**	24,237,889
Special accounts - Medicare Guarantee Fund	**46,467,038**	44,867,877
Special accounts - National Housing Finance and Investment Corporation	**-**	303,614
Special accounts - Fuel Indexation	**1,072,000**	-
Appropriation transfers to OPA		
Transfers to OPA - appropriations	**(721,284)**	(3,091,672)
Transfers to OPA - special accounts	**-**	(1,609,870)
Closing assets less liabilities as at 30 June	**(1,365,413)**	(2,043,658)

Accounting Policy

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 schedule of administered cash flows and in the administered reconciliation schedule.

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

Administered Cash Flow Statement
for the period ended 30 June 2023

	Notes	2023 $'000	2022 $'000
OPERATING ACTIVITIES			
Cash received			
Sale of goods and rendering of services		**616**	1,064
Interest		**399,869**	45,671
Dividends		**-**	2,670,965
GST received		**1,503**	4,431
HIH Group liquidation proceeds		**-**	18,280
COAG revenue from government agencies		**1,200,521**	1,436,256
Other receipts from government agencies	6.1D	**28,971,974**	26,682,327
Other		**96,688**	95,013
Total cash received		**30,671,171**	30,954,007
Cash used			
Grant payments		**185,818,946**	178,133,174
Other grants to the States and Territories		**28,971,974**	26,682,327
Payments to corporate Commonwealth entities		**49,090**	39,939
IMF charges		**415,145**	17,833
Other		**8,835**	23,800
Total cash used		**215,263,990**	204,897,073
Net cash from/(used by) operating activities		**(184,592,819)**	(173,943,066)
INVESTING ACTIVITIES			
Cash received			
IMF maintenance of value		**-**	5,950
Repayment of IMF loans		**33,780**	64,111
Repayment of NHFIC AHBA Loan		**-**	138,614
Repayment of other loans		**456**	-
Repayment of International Loans		**172,323**	136,162
Repayment of loans to States and Territories		**15,953**	-
Total cash received		**222,512**	344,837
Cash used			
Settlement of IMF Promissory notes		**121,000**	285,852
Settlement of international financial institutions’ obligations		**65,000**	57,292
Settlement of other loans		**6,153**	-
Purchase of administered investments		**185,000**	177,407
Settlement of loans to other government agencies		**41,629**	85,362
Settlement of international assistance loans		**750,000**	650,000
Total cash used		**1,168,782**	1,255,913
Net cash from/(used by) investing activities		**(946,270)**	(911,076)
Net increase/(decrease) in cash held		**(185,539,089)**	(174,854,142)
Cash and cash equivalents at the beginning of the reporting period		**1,165,521**	797,269
Cash from Official Public Account			
Appropriations		**120,571,731**	110,514,556
Special accounts		**65,471,098**	69,409,380
Total cash from Official Public Account		**186,042,829**	179,923,936
Cash to Official Public Account			
Appropriations		**721,284**	3,091,672
Special accounts		**-**	1,609,870
Total cash to Official Public Account		**721,284**	4,701,542
Net cash from/(to) Official Public Account		**185,321,545**	175,222,394
Cash and cash equivalents at the end of the reporting period	5.1A	**947,977**	1,165,521

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

Notes to and forming part of the financial statements for the period ended 30 June 2023

Overview

The Department of the Treasury (the Treasury) conducts the following principal activities on behalf of the Government: provides policy advice, analysis and the delivery of economic policies and programs, including legislation and administrative payments that support the effective management of the Australian economy.

The Treasury is a not-for-profit, Australian Commonwealth Government entity. The Treasury's primary place of operation is Canberra with offices located in Sydney, Melbourne and Perth. The Treasury also has a number of staff posted to locations overseas.

The Basis of Preparation

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

The financial statements have been prepared in accordance with:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR)*; and
- Australian Accounting Standards and interpretations

The Treasury has applied the simplified disclosure issued by the AASB with the exception of disclosures for administered activities prepared under the following accounting standards, as required under subsection 18(3) of the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015:*

- AASB 7 *Financial Instruments: Disclosure*;
- AASB 12 *Disclosure of Interests in Other Entities*; and
- AASB 13 *Fair Value Measurement*.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets at fair value. Unless specifically 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 rounded to the nearest thousand.

Reporting of Administered Activities

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

Except where otherwise stated, 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.

New Accounting Standards

Adoption of New Australian Accounting Standard Requirements
Two amending standards (AASB 2021-2 and AASB 2021-6) were adopted earlier than the application date as stated in the standard. These amending standards have been adopted for the 2022-23 reporting period.

The following amending standards were issued prior to the signing of the statement by the Department's Secretary and Chief Finance Officer, were applicable to the current reporting period but did not have a material effect on the Treasury's financial statements.

Standard/ Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates (AASB 2021-2)	AASB 2021-2 amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. The amending standard requires the disclosure of material, rather than significant, accounting policies, and clarifies what is considered a change in accounting policy compared to a change in accounting estimate.
AASB 2021-6 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards (AASB 2021-6)	AASB 2021-6 amends the Tier 2 reporting requirements set out in AASB 1049, AASB 1054 and AASB 1060 to reflect the changes made by AASB 2021-2. The details of the changes in accounting policies and adjustments are disclosed below and in the relevant notes to the financial statements. This amending standard is not expected to have a material impact on the Treasury's financial statements for the current reporting period or future reporting periods.

Taxation

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

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.

Compliance with Statutory Conditions for Payments from the Consolidated Revenue Fund

During 2022-23 Treasury reviewed its exposure to the risk of not complying with statutory conditions on payments from appropriations. Treasury continues to monitor and adapt its verification procedures for payments made under the *Federal Financial Relations Act 2009* and *COAG Reform Fund Act 2008*.

Treasury identified one potential breach resulting in an overpayment to a State of $0.1 million in 2022-23 relating to Public Dental Services for Adults. The potential breach was due to an administrative error in calculating the payment. A review found no evidence of systemic issues and the agency has taken action to prevent reoccurrence of this error. The overpayment will be recovered in 2023-24.

Events After the Reporting Period

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

1. Departmental Financial Performance

This section analyses the financial performance of the Treasury for the year.

1.1. Expenses

	2023 $'000	2022 $'000
Note 1.1A: Employee benefits		
Wages and salaries	**179,131**	161,602
Superannuation		
Defined contribution plans	**22,213**	18,731
Defined benefit plans	**8,763**	8,923
Redundancies	**368**	180
Leave and other entitlements	**26,065**	15,364
Other	**4,145**	4,066
Total employee benefits	**240,685**	208,866

Accounting Policy

Accounting policies for employee related expenses are contained in Note 3: People and Relationships.

	2023 $'000	2022 $'000
Note 1.1B: Suppliers		
Goods and services supplied or rendered		
Consultants	**10,839**	9,369
Contractors and secondees	**53,547**	52,643
Information communication technology	**15,508**	15,617
Property operating expenses	**6,597**	15,953
Travel	**6,053**	2,234
Legal	**3,888**	4,244
Publications and subscriptions	**2,910**	2,827
Fees - audit, accounting, bank and other	**1,966**	1,617
Conferences and training	**4,949**	4,548
Insurance	**621**	526
Printing	**406**	294
Other	**1,900**	2,396
Total goods and services supplied or rendered	**109,184**	112,268
Goods supplied	**4,495**	5,684
Rendering of services	**104,689**	106,584
Total goods and services supplied or rendered	**109,184**	112,268
Other suppliers		
Workers compensation premiums	**559**	1,263
Short-term leases	**139**	929
Total other suppliers	**698**	2,192
Total suppliers	**109,882**	114,460

The Treasury has short-term lease commitments of $0.07m as at 30 June 2023 (2022: $1.05 million).

Accounting Policy

Short-term leases and leases of low-value assets

The Treasury has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets with a lease term of 12 months or less and leases of low-value assets (less than $10,000). The Treasury recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

	2023 $'000	2022 $'000
Note 1.1C: Grants		
Australian Government Entities (related entities)	**-**	1,740
Non-profit organisations	**703**	555
Total grants	**703**	2,295

Accounting Policy

The entity administers a number of grant schemes. 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. When the Government enters into an agreement to make these grants and services, but services have not been performed or criteria satisfied, this is considered a commitment.

	2023 $'000	2022 $'000
Note 1.1D: Finance costs		
Interest on lease liabilities	**1,769**	1,837
Unwinding of discount	**205**	32
Total finance costs	**1,974**	1,869

1.2. Own-Source Revenue and Gains

Own-Source Revenue	2023 $'000	2022 $'000
Note 1.2A: Revenue from contracts with customers		
Rendering of services	**13,654**	8,373
Total revenue from contracts with customers	**13,654**	8,373
Disaggregation of revenue from contracts with customers		
Major product / service line:		
Actuarial services	**3,732**	3,615
Shared services	**2,035**	1,585
Cost recoveries	**6,840**	2,198
Income from subleasing[1]	**979**	933
Other	**68**	42
	13,654	8,373
Type of customer:		
Australian Government entities (related parties)	**13,586**	8,331
Non-government entities	**68**	42
	13,654	8,373

1. The Treasury sub-leases accommodation to the Australian Office of Financial Management and the Australian Taxation Office.

Maturity analysis of sub-lease commitments receivable:

	2023 $'000	2022 $'000
Within 1 year	**1,104**	1,069
1-2 years	**402**	1,104
2-3 years	**237**	402
3-4 years	**83**	237
4-5 years	**86**	83
More than 5 years	**124**	210
Total undiscounted lease payments receivable	**2,036**	3,105

Accounting Policy

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount reflecting the consideration to which the Treasury expects to be entitled in exchange for those goods or services. The Treasury has concluded it is the principal in all of its revenue arrangements because it controls the goods or services before transferring them to the customer.

The transaction price is the total amount of consideration to which the Entity expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

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 the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Actuarial Services

This revenue stream relates to services performed by the Australian Government Actuary division for other Commonwealth entities. The Treasury recognises revenue upon the completion of the services (that is, at a point in time) as defined by the underlying contract as this is when the customer obtains the ability to direct the use of and obtain substantially all of the benefits from the services (typically a report or other deliverable). Invoicing occurs in line with the underlying agreement and can be in advance or in arrears.

Shared Services

This revenue stream relates to the Treasury providing finance, payroll, security and IT function services to other Commonwealth entities. The Treasury recognises revenue on the basis of expenses incurred to complete the service (that is, over time) because the customer simultaneously receives and consumes the benefits provided to them. The Treasury uses the input method in measuring progress of the services because there is a direct relationship between the Treasury's effort (that is, expenditure incurred) and the transfer of the service to the customer. Invoicing occurs in line with the underlying agreement and can be in advance or in arrears.

Cost Recoveries

This revenue stream relates to cost recovery contributions received from Commonwealth and State government entities as well as other entities to support the Treasury's facilitation of various grant programs, forums and/or councils. These arrangements are underpinned by enforceable agreements that are sufficiently specific to allow the Treasury to determine when the obligations are satisfied in return for consideration. The Treasury recognises revenue on the basis of expenses incurred to complete the service (that is, over time) because the customer simultaneously receives and consumes the benefits provided to them. The Treasury uses the input method in measuring progress of the services because there is a direct relationship between the Treasury's effort (that is, expenditure incurred) and the transfer of the service to the customer. Invoicing occurs in line with the underlying agreement and can be in advance or in arrears.

Income from Subleasing Right-of-use assets

The Treasury sublets a portion of office space to the Australian Office of Financial Management and the Australian Taxation Office. The Treasury does not transfer substantially all the risks and rewards incidental to ownership of its lease through this sublease and therefore classifies this sublease as an operating lease. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue from contracts with customers due to its operational nature.

	2023 $'000	2022 $'000
Note 1.2B: Other revenue		
Resources received free of charge		
Remuneration of auditors - ANAO	**490**	490
Secondment services	**5,916**	3,000
Other	**185**	100
Total other revenue	**6,591**	3,590
Note 1.2C: Other gains		
Gains from sale of assets	**8**	6
Reversal of restoration provision	**134**	-
Total other gains	**142**	6

Accounting Policy

Resources received free of charge

Resources received free of charge are recognised as revenue 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.

Sale of assets

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

	2023 $'000	2022 $'000
Note 1.2D: Revenue from Government		
Appropriations		
Departmental appropriations	**343,789**	325,706
Total revenue from Government	**343,789**	325,706

Accounting Policy

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 the Treasury gains control of the appropriation, except for certain amounts related 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.

2. Departmental Financial Position

This section analyses the Treasury assets used to generate financial performance and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

2.1. Financial Assets

	2023 $'000	2022 $'000
Note 2.1A: Cash and cash equivalents		
Cash on hand or on deposit	**305**	424
Total cash and cash equivalents	**305**	424
Note 2.1B: Trade and other receivables		
Goods and services receivables		
Contract assets from contracts with customers	**6,928**	2,552
Goods and services	**1,989**	1,924
Total goods and services receivables	**8,917**	4,476
Appropriation receivables		
Appropriations receivable	**114,958**	108,064
Total appropriation receivables	**114,958**	108,064
Other receivables		
Net GST receivable from the ATO	**2,589**	1,659
Other receivables	**734**	1,035
Total other receivables	**3,323**	2,694
Total trade and other receivables (gross)	**127,198**	115,234
Less credit loss allowance	**-**	(2)
Total trade and other receivables (net)	**127,198**	115,232

Credit terms for goods and services were within 30 days (2022: 30 days).

Accounting Policy

Financial assets

Trade receivables, loans and other receivables held for the purpose of collecting the contractual cash flows, where the cash flows are solely payments for principal and interest that are not provided at below-market interest rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

2.2. Non-Financial Assets

Note 2.2A: Reconciliation of the opening and closing balances of property, plant and equipment and computer software (2022-23)

	Buildings $'000	Plant and equipment $'000	Computer software internally developed $'000	Computer software purchased $'000	Total $'000
As at 1 July 2022					
Gross book value	186,266	15,028	25,099	3,023	229,416
Accumulated depreciation / amortisation and impairment	(33,925)	(3,808)	(17,234)	(2,468)	(57,435)
Total value as at 1 July 2022	152,341	11,220	7,865	555	171,981
Additions	5,409	2,444	-	291	8,144
Purchase or internally developed	432	2,406	-	291	3,129
Right-of-use assets	4,977	38	-	-	5,015
Depreciation and amortisation	(3,581)	(2,800)	(3,949)	(286)	(10,616)
Depreciation on right-of-use assets	(12,722)	(12)	-	-	(12,734)
Disposal of right-of-use assets	(714)	-	-	-	(714)
Disposals	(168)	(181)	(147)	(1)	(497)
Reclassification	-	-	(82)	82	-
Total as at 30 June 2023	140,565	10,671	3,687	641	155,564
Total as at 30 June 2023 represented by:					
Gross book value	189,293	16,905	23,339	2,838	232,375
Fair value	25,107	16,306	-	-	41,413
At cost	163,979	78	23,339	2,838	190,234
Under construction	207	521	-	-	728
Accumulated depreciation / amortisation and impairment	(48,728)	(6,234)	(19,652)	(2,197)	(76,811)
Total as at 30 June 2023	140,565	10,671	3,687	641	155,564
Carrying amount of right-of-use assets	122,065	49	-	-	122,114

Contractual commitments[1] for the acquisition of property, plant and equipment and intangible assets.		
Commitments are payable as follows:	**2023 $'000**	2022 $'000
Within 1 year	**30**	296
Between 1 to 5 years	**-**	550
Total commitments	**30**	846

1. Commitments are GST inclusive where relevant.

Accounting Policy

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.

Asset recognition threshold

Purchases of plant and equipment and computer software are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than $10,000 (building – leasehold improvements and internally developed software $50,000) which are expensed in the year of acquisition.

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 restoration 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 restoration recognised.

Leased Right-of-Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for as separate asset classes to corresponding assets owned outright but included in the same column as where the corresponding underlying assets would be presented if they were owned.

Following initial application, an impairment review is undertaken for any right-of-use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease asset that is impaired. Leased ROU assets continue to be measured at cost after initial recognition.

Revaluations

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

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset 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.

Depreciation and Amortisation

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. Software is amortised on a straight-line basis.

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

	2023	2022
Buildings - leasehold improvements	5-25 years	5-25 years
Plant and equipment:		
Plant and equipment	3-10 years	3-10 years
Motor vehicles	4 years	4 years
Office equipment	5 years	5 years
Computer software	3-5 years	3-5 years

The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

Impairment

All assets were assessed for impairment at 30 June 2023. 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.

The recoverable amount of an asset is the higher of its fair value less costs of disposal 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 of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

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.

All software assets were assessed for indications of impairment as at 30 June 2023, including the impact of factors such as project cessation and platform changes. No indication of impairment for intangible assets were identified as at 30 June 2023, therefore nil impairment losses for intangible assets were recognised (2022: nil).

Accounting judgement and estimates

The fair value of buildings – leasehold improvements and plant and equipment has been taken to be the market value of similar properties or depreciated replacement value as determined by an independent valuer.

Refer to section 7.5 Fair Value Measurement - Accounting Policy.

2.3. Payables

	2023 $'000	2022 $'000
Note 2.3A: Suppliers		
Trade creditors and accruals	**17,945**	11,717
Contract liabilities from contracts with customers	**4,694**	3,378
Total suppliers	**22,639**	15,095

Settlement was usually made within 20 days (2022: 20 days).

The contract liabilities from contracts with customers are associated with performance obligations not yet met at 30 June.

	2023 $'000	2022 $'000
Note 2.3B: Other payables		
Salaries and wages	**5,087**	4,431
Superannuation	**850**	701
Other creditors	**1,012**	79
Total other payables	**6,949**	5,211

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

Accounting Policy

Financial liabilities

Other financial liabilities include trade creditors and accruals and are recognised at amortised cost. Liabilities are recognised to the extent the goods or services have been received (and irrespective of having been invoiced).

2.4. Interest Bearing Liabilities

	2023 $'000	2022 $'000
Note 2.4A: Leases		
Lease liabilities		
Buildings	**133,272**	140,218
Plant and equipment	**48**	23
Total leases	**133,320**	140,241

Total cash outflow for leases for the year ended 30 June 2023 was $12.77 million ($11.00 million in principal payments and $1.77 million in interest payments) (2022: $14.99 million).

	2023	2022
Maturity analysis - contractual undiscounted cash flows		
Within 1 year	**12,762**	12,838
Between 1 to 5 years	**47,109**	48,578
More than 5 years	**83,592**	90,229
Total leases	**143,463**	151,645

Accounting Policy

For all new contracts entered into, the Treasury considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the department's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss depending on the nature of the reassessment or modification.

2.5. Other Provisions

Note 2.5A: Provision for restoration	**Total $'000**
Carrying amount 1 July 2022	**5,704**
Additional provisions made	**17**
Provisions made against Right-Of-Use assets	**191**
Amounts used	**(144)**
Unwinding of discount or change in discount rate	**206**
Closing balance 30 June 2023	**5,974**

3. People and relationships

This section describes a range of employment and post-employment benefits provided to our people and our relationships with other key people.

3.1. Employee Provisions

	2023	2022
	$'000	$'000
Note 3.1A: Employee provisions		
Leave	**76,123**	72,192
Total employee provisions	**76,123**	72,192

Accounting Policy

Liabilities for short-term employee benefits and termination benefits expected within 12 months of the end of reporting period are measured at their nominal amounts.

Other long-term employee benefits are measured as the net total of the 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 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.

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

In 2020-21, the Treasury engaged the Australian Government Actuary to undertake a triennial actuarial assessment of its leave provisions, taking into account the likely tenure of existing staff, patterns of leave claims, payouts and future salary movements. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and general pay increases. The next assessment will be completed in the 2023-24 financial year.

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 superannuation funds held outside the Australian Government.

The CSS and PSS are defined benefit schemes of the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in 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's defined benefit 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 2023 represents outstanding contributions.

Accounting judgements and estimates

Leave provisions involve assumptions based on the expected tenure of existing staff, patterns of leave claims and payouts, future salary movements and future discount rates. Treasury accepted the assumptions determined by the Australian Government Actuary in its triennial report and the next report is due on 30 June 2024.

3.2. Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities, directly or indirectly, of the Treasury. The Treasury has determined the key management personnel to be the Treasurer and other Portfolio Ministers, the Secretary and Deputy Secretaries. Key management personnel remuneration is reported in the table below:

	2023	2022
	$'000	$'000
Short-term employee benefits	**3,202**	2,903
Post-employment benefits	**536**	450
Other long-term employee benefits[1]	**195**	(186)
Total key management personnel remuneration expenses[2]	**3,933**	3,167

1. Long service leave has been affected by the movement in the 10-year bond rate from 3.66% in 2021-22 to 4.03% in 2022-23 (prior year moved from 1.49% to 3.66%).
2. The above key management personnel remuneration excludes the remuneration and other benefits of the Treasurer and other Portfolio Ministers. Their remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the Treasury.

The total number of key management personnel included in the above table for Treasury in 2023 is 11 people for 7 roles, including 4 people who have left the Treasury during the year (2022: 6 roles).

3.3. Related Party Disclosures

Related party relationships:
The Treasury is an Australian Government controlled entity. Related parties to the Treasury are key management personnel including the Portfolio Minister and Executive and other Australian Government entities.

Transactions with related parties:

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by Treasury, it has been determined one related party transaction is to be separately disclosed in 2023 (2022: one).

2022-23
During the reporting period, Treasury purchased shares totalling $20.00 million in the Australian Business Growth Fund (ABGF). One of the key management personnel was a government-appointed director of ABGF during 2022-23.

2021-22
During the reporting period, Treasury purchased shares totalling $12.41 million in the Australian Business Growth Fund (ABGF). One of the key management personnel was a government-appointed director of ABGF during 2021-22.

4. Income and Expenses Administered on Behalf of Government

This section analyses the activities the Treasury does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

4.1. Administered – Expenses

	2023 $'000	2022 $'000
Note 4.1A: Grants		
Public sector		
State and Territory Governments	**138,277,012**	133,749,811
Payment of COAG receipts from Government agencies	**1,323,521**	1,307,659
Department of Health and Aged Care - Medicare Guarantee Fund	**46,467,038**	44,867,877
Overseas entities		
Grants to International Financial Reporting Standards (IFRS)	**1,000**	1,000
Private sector		
Grants to private sector	**24,408**	38,089
Total grants	**186,092,979**	179,964,436

Accounting Policy

The Treasury administers a number of grants on behalf of the Government. With the exception of the accounting treatment of payments to State and Territories under Disaster Recovery Funding Arrangements (DRFA) 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. When the Government enters into an agreement to make these grants and services but services have not been performed or criteria satisfied, this is considered a commitment.

Grants to States and Territories

Under the Federal Financial Relations Framework, the Treasurer is responsible for payments to the States and Territories.

There are five main types of payments under the framework:

(i) General revenue assistance, including GST revenue payments – a financial contribution to a State or Territory which is available for use for any purpose.

(ii) National Specific Purpose Payments (National SPPs) – a financial contribution to support a State or Territory to deliver services in a particular sector.

(iii) National Health Reform (NHR) payments – a financial contribution to a State or Territory to improve health outcomes for all Australians and ensure the sustainability of Australia's health system. Payments are made on the condition that the financial assistance is spent in accordance with the NHR Agreement.

(iv) National Housing and Homelessness Agreement (NHHA) payments – a financial contribution to a State or Territory to improve access to affordable, safe and sustainable housing, including to prevent and address homelessness and support social and economic participation.

(v) National Partnership (NP) payments – a financial contribution in respect of a funding agreement with a State or Territory to support the delivery of specific projects, to facilitate reforms or to reward jurisdictions that deliver on national reforms or achieve service delivery improvements. Portfolio Ministers are accountable for government policies associated with NP payments.

National SPPs, NHHA, NHR and GST are paid monthly in advance under the *Federal Financial Relations Act 2009*. After the end of the financial year, the Treasurer determines the amounts that should have been paid and any adjustments are made in respect of advances that were paid during the financial year.

NP and other general revenue assistance payments are paid under *the Federal Financial Relations Act 2009* which allows the Treasurer (or the delegated Minister within the Treasury Portfolio) to 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

Councils of Australian Government (COAG) Reform Fund special account. 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.

Disaster Recovery Funding Arrangements (DRFA)

The Treasury accounts for payments made to States and Territories under DRFA by recognising a liability equal to the discounted value of estimated future payments to States and Territories regardless of whether or not a State or Territory has completed eligible disaster reconstruction work or submitted an eligible claim to the Commonwealth. States and Territories were requested to provide to the National Emergency Management Agency (NEMA) an estimate of costs expected to be incurred for disasters affecting States and Territories that occurred prior to 1 July 2023 which would be eligible for assistance. The signed representations from the States and Territories are quality assured by the NEMA, which in turn provides a certification of the expenditure estimates to the Treasury. Refer to note 5.4A Administered provisions for additional information.

Payments to the States and Territories through the COAG Reform Fund special account

The Treasury receives funds from the relevant Commonwealth agency and pays the amount to the States and Territories. These amounts are recorded as 'COAG revenue from Government Agencies' to recognise the income and a corresponding grant expense for the payment to the States and Territories when entitled to be paid.

Medicare Guarantee Fund

The purpose of the *Medicare Guarantee Act 2017* (the Act) is to secure ongoing funding of the Medical Benefits Schedule (MBS) and Pharmaceutical Benefits Scheme (PBS).

The Act establishes the Medicare Guarantee Fund (MGF), which consists of the Medicare Guarantee Fund (Treasury) Special Account (Treasury Special Account) and the Medicare Guarantee Fund (Health) Special Account (Health Special Account). The Treasury Special Account is administered by the Department of the Treasury and the Health Special Account is administered by the Department of Health and Aged Care.

Under the Act, the Treasurer must credit the Treasury Special Account with an amount that is sufficient to cover the estimated costs of the MBS and PBS for the next financial year. The Treasury is reliant on advice from the Department of Health and Aged Care in determining the estimated costs. The sole purpose of the Treasury Special Account is to ensure that amounts are available for transfer to the Health Special Account to fund the MBS and PBS.

The MGF funding payment is recorded in Treasury administered expenses to reflect the payment into the Health Special Account from the Treasury Special Account. Refer to Note 6.2 Special Accounts.

	2023	2022
	$'000	$'000
Note 4.1B: Finance costs		
Charges on SDR allocations	**515,583**	37,357
Unwinding of discount - DRFA provision	**53,314**	6,761
Total finance costs	**568,897**	44,118

Accounting Policy

Charges on SDR allocations

The special drawing rights (SDR) is an international currency created by the International Monetary Fund (IMF), and allocated to countries participating in its Special Drawing Rights Department. SDR allocations represent the SDRs allocated to Australia by the IMF. These allocations provide each member with on-demand access to freely usable currencies. When the IMF allocates SDRs, participants in the SDR Department receive unconditional liquidity represented by an interest-bearing reserve asset (SDR holding) and a corresponding long-term liability to the SDR Department (SDR allocation).

The IMF pays interest on SDR holdings and levies charges on SDR allocations of each member at the same rate (the SDR interest rate).

Refer to Note 5.4A Accounting Policies for further details on DRFA provision.

	2023 $'000	2022 $'000
Note 4.1C: Payments to corporate Commonwealth entities		
National Housing Finance and Investment Corporation (NHFIC)		
Operating funding	**14,090**	4,939
Grants payment	**35,000**	35,000
Total payments to corporate Commonwealth entities	**49,090**	39,939
Note 4.1D: Suppliers		
Suppliers		
Advertising campaigns	**2**	16,562
General supplier expenses	**16**	1,532
Total suppliers	**18**	18,094
Increase in provisions		
NHFIC Home Guarantee Scheme - increase in provision	**11,648**	18,301
Small & Medium Enterprises Guarantee Scheme – increase in provision	**106,626**	254,523
Total increase in provisions	**118,274**	272,824
Total suppliers and increase in provisions	**118,292**	290,918
Note 4.1E: Concessional loan discount		
Concessional loan discount - PNG loans	**397,451**	321,929
Concessional loan discount - Indonesia loan[1]	**-**	(18,037)
Concessional loan discount - AEMO loan	**208**	-
Total concessional loan discount	**397,659**	303,892

1. The Indonesia loan was recalculated due to a revision of the interest rate used in 2020-21, resulting in a negative adjustment of $18 million in 2021-22.

Accounting Policy

All borrowing costs are expensed as incurred.

Concessional loan discount expense

A concessional loan discount expense is recorded when Treasury makes a loan at a discount to the prevailing market equivalent rates or terms. The concessional loan discount expense is an upfront non-cash concession charge and will unwind over the term of the underlying loan to become concessional loan interest income. As the concessional loan discount expense is a non-cash adjustment, it does not impact the underlying operational earning of the Treasury. Over the life of the loans, the cumulative impact of the reported profit or loss from the concessional loan discount and income will net to nil.

Foreign exchange losses and gains

The Treasury transacts to the IMF and International Financial Institutions (IFIs) on behalf of the Australian Government. Transactions with the IMF are largely denominated in SDRs where transactions with IFIs are in SDRs and/or US dollars. Since the currency value of the SDR is based upon a basket of key international currencies (the US dollar, Euro, Japanese yen, British pound sterling and Chinese renminbi), a foreign exchange loss or gain can arise from fluctuations in the value of the transaction.

Accounting judgement and estimates

Treasury is required to record a concessional loan discount expense when it makes a loan at a discount to the prevailing market equivalent rate or terms. This requires judgement in determining the ‘market equivalent rate’ to ascertain the extent of the implicit discount attached to the loan. To estimate the market rate, Treasury considers key terms of the loan such as loan tenor and repayment profile, as well as comparable bond issuance with similar credit rating. Treasury also considers the seniority and potential resource to collateral or assets, in combination with an assessment the return on equity that an arms-length market participant may desire.

Refer to Note 5.4A and Note 5.2D Accounting Policies for further details on the Increase in provisions.

4.2. Administered – Income

Revenue	2023 $'000	2022 $'000
Non-Taxation Revenue		
Note 4.2A: Revenue from contracts with customers		
GST administration fees - external entities	**654,453**	592,400
Guarantee of State and Territory borrowing fee	**560**	1,008
Total revenue from contracts with customers	**655,013**	593,408
Note 4.2B: Interest		
Interest from IMF transactions	**454,119**	32,506
Interest on international assistance loans	**53,982**	36,886
Interest on loans to States and Territories	**1,893**	2,164
Interest on loans to NHFIC	**1,094**	395
Interest on loan to Australian Energy Market Operator (AEMO)	**175**	-
Unwinding of concessional loan discount - AEMO loan	**37**	-
Unwinding of concessional loan discount - PNG loans	**60,087**	35,536
Unwinding of concessional loan discount - Indonesia loan	**42,103**	44,059
Unwinding of concessional loan discount - IMF PRGT loan[1]	**42,779**	6,653
Total interest	**656,269**	158,199
Note 4.2C: COAG revenue from Government		
Confiscated Assets Account revenue	**7,100**	-
DisabilityCare Australia Fund revenue	**973,626**	1,232,659
Disaster Ready Fund revenue	**200,000**	200,000
Future Drought Fund revenue	**19,795**	-
Total COAG revenue from government agencies	**1,200,521**	1,432,659
Note 4.2D: Other revenue		
HIH Group liquidation proceeds	**-**	18,280
Australian Reinsurance Pool Corporation fee[2]	**90,000**	90,000
Other revenue	**6,688**	5,041
Total other revenue	**96,688**	**113,321**
Gains		
Note 4.2E: Other Gains		
Gains from revaluation of NHFIC Home Guarantee Schemes	**13,718**	-
Other Gains	**13,718**	-

1. The IMF PRGT loan was reviewed in 2022-23 and assessed as non-concessional. The concessional loan discount that was recorded in 2020-21 and 2021-22 has been written back to the carrying amount of the loan receivable in the current year.
2. Australian Reinsurance Pool Corporation Dividend and Service fee are agreed in advance as part of the Budget process and finalised once the appropriate determination is provided under Section 38(2) of the *Terrorism and Cyclone Insurance Act 2003.*

Accounting Policy

Administered revenue

All administered revenue relates to ordinary activities performed by the Treasury on behalf of the Australian Government. As such, administered appropriations are not revenue of the individual entity that oversees distribution or expenditure of the funds as directed.

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 guarantee closed to new issuances of guaranteed liabilities on 31 December 2010. Securities covered by the Guarantee matured on 1 May 2023 and the Scheme was finalised on 1 May 2023.

Interest revenue

Interest revenue is recognised using the effective interest method.

Interest from International Monetary Fund (IMF) transactions

Australia receives interests from a number of arrangements transacting with IMF, including interest on IMF remuneration, interest on SDR holdings, interest on NAB, PRGT and RST loans.

IMF remuneration

Remuneration is interest paid by the IMF to Australia for the use of its funds. Remuneration is paid on a portion of Australia's IMF quota commitment. This money is 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 based on the Special Drawing Right (SDR) interest rate. The SDR interest rate is the market interest rate computed by the IMF, which is based on a weighted average of representative interest rates on short-term government debt instruments (generally 3 month bond rates) of the five entities whose currencies make up the SDR basket: the United States, United Kingdom, European Union, Japan and China. 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 4.2B as 'burden sharing'. No adjustment for 'burden sharing' has been made in either the current or prior years.

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 its value in SDR terms.

SDR Holdings

Australia receives interest on the Special Drawing Rights (SDR) holdings. SDRs are allocated to members in proportion to their IMF quotas. These allocations provide each member with on-demand access to freely usable currencies. The members can exchange SDRs for freely usable currencies from other members. SDR is, therefore, a potential claim on freely usable currencies of IMF members. The Treasury have previously sold SDR holdings to the Reserve Bank of Australia in exchange for AUD, and also holds on to SDR holdings for exchange with the IMF, countries or other prescribed holders. When the IMF allocates SDRs, participants in the SDR Department receive unconditional liquidity represented by an interest-bearing reserve asset (SDR holding) and a corresponding long-term liability to the SDR Department (SDR allocation).

IMF New Arrangements 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 SDR interest rate (or such other rate as agreed by 85 per cent of NAB participants). The IMF pays interest on NAB amounts quarterly.

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

IMF Poverty Reduction and Growth Trust (PRGT)

Australia also receives interest on amounts lent to the IMF under the Poverty Reduction and Growth Trust (PRGT). Amounts lent to the IMF under the PRGT accrue interest daily at the SDR interest rate (or such other rate as agreed by 85 per cent of PRGT lenders). The IMF pays interest on PRGT amounts quarterly.

The IMF must repay amounts lent through the PRGT in line with the pass-through loan arrangement, this is usually ten years. Amounts can be repaid earlier if the pass-through loan is repaid early.

IMF Resilience and Sustainability Trust (RST)

During 2022-23, Australia has agreed to provide SDR 927 million (approximately A$1.86 billion as at 30 June 2023) to the IMF under the RST agreement, which includes three separate accounts detailed below. The RST is used to help countries build resilience to external shocks and ensure sustainable growth, contributing to their long-term balance of payments stability. When the IMF makes a loan through the RST, it draws on its credit arrangements.

Australia has agreed to provide SDR 760 million (approximately A$1.53 billion as at 30 June 2023) line of credit available to the RST Loan Account. The IMF must repay amounts provided through the RST Loan Account in line with the pass-through loan arrangement. Amounts can be repaid earlier if the pass-through loan is repaid early. Outstanding drawings by the IMF will earn interest at the SDR interest rate. As at 30 June 2023, the undrawn balance on the line of credit is SDR 745.83 million (approximately A$1.5 billion). Australia receives interest on the amount drawn at the SDR interest rate.

Australia provided SDR 152 million (approximately A$305.77 million as at 30 June 2023) to the RST Deposit Account. Australia receives interest on amounts provided to the IMF under the RST Deposit Account. Amounts provided to the IMF under the RST accrue interest daily at the SDR interest rate. The IMF pays interest on RST Loan and Deposit amounts quarterly.

Australia provided SDR 15.2 million (approximately A$30.58 million as at 30 June 2023) to the RST Reserve Account. Australia will not receive interest on the funds. Australia will receive repayment of its share of the RST Reserve Account (including any potential earnings or losses) at the liquidation of RST in 2050 or earlier if the RST Reserve Account has sufficient funds at the discretion of the Trustee.

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.

5. Assets and Liabilities Administered on Behalf of Government

This section analyses assets used to conduct operations and the operating liabilities incurred as a result, which the Treasury does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

5.1. Administered – Financial Assets

	2023 $'000	2022 $'000
Note 5.1A: Cash and cash equivalents		
Cash held in the OPA - NHFIC Special Account	**923,892**	965,521
Cash held in the OPA - COAG Special Account	**24,085**	200,000
Total cash and cash equivalents	**947,977**	1,165,521

Accounting Policy

The Treasury's administered cash and cash equivalents relate to special account balances held in the Official Public Account (OPA). Refer to Note 6.2 Special Accounts for more information.

	2023 $'000	2022 $'000
Note 5.1B: Loans and other receivables		
Loans		
Loans to State and Territories	**31,905**	47,858
Loans to NHFIC	**76,108**	34,479
IMF NAB loans	**25,658**	57,412
IMF PRGT loan	**423,592**	-
IMF RST loan	**28,515**	-
Concessional loans	**1,944,568**	2,045,972
Total loans	**2,530,346**	2,185,721
Other receivables		
Borrowing contractual fee receivable	**-**	553
Guarantee of State and Territory Borrowing fee receivable	**-**	56
Net GST receivable from the ATO	**103**	123
Accrued interest - IMF related transactions	**106,264**	17,615
Accrued interest - loans to NHFIC	**1,218**	124
Accrued interest - international loans	**35,638**	13,987
GST revenue allocation	**385,240**	-
Other receivables	-	99
Total other receivables	**528,463**	32,557
Total loans and other receivables (gross)	**3,058,809**	2,218,278
Receivables are expected to be recovered in		
No more than 12 months	**642,247**	217,417
More than 12 months	**2,416,562**	2,000,861
Total receivables (gross)	**3,058,809**	2,218,278

Note 5.1B: Concessional loans carrying amounts

	Loans to PNG $'000	Loan to Indonesia $'000	Loan to AEMO $'000	Total $'000
As at 1 July 2022	**644,283**	**1,012,343**	**-**	**1,656,626**
Gross funded loans and advances	**750,000**	**-**	**6,153**	**756,153**
Less: concessional loan discount on drawn loans	**(397,451)**	**-**	**(208)**	**(397,659)**
Less: repayment of principal	**(72,323)**	**(100,000)**	**(456)**	**(172,779)**
Add: unwinding of concessional loan discount (income)	**60,087**	**42,103**	**37**	**102,227**
Total as at 30 June 2023	**984,596**	**954,446**	**5,526**	**1,944,568**

	Loan to PNG $'000	Loan to Indonesia $'000	IMF PRGT loans[1] $'000	Total $'000
As at 1 July 2021	316,838	1,050,247	378,812	1,745,897
Gross funded loans and advances	650,000	-	-	650,000
Less: concessional loan discount on drawn loans	(321,929)	18,037	-	(303,892)
Less: repayment of principal	(36,162)	(100,000)	-	(136,162)
Add: unwinding of concessional loan discount (income)	35,536	44,059	2,803	82,398
Add: foreign exchange movement	-	-	7,731	7,731
Total as at 30 June 2022	644,283	1,012,343	389,346	2,045,972

1. The IMF PRGT loan was reviewed in 2022-23 and assessed as non-concessional. The concessional loan discount has been written back to the carrying amount of the loan receivable in the current year.

Accounting Policy

All loans and receivables are classified as amortised cost under AASB 9. Refer to Note 7.4 Administered financial instruments for further details on accounting treatment.

Loans to National Housing Finance and Investment Corporation (NHFIC)

Loans to NHFIC relate to the Affordable Housing Bond Aggregator (AHBA), which was established by NHFIC to provide loans to registered Community Housing Providers (CHPs). In accordance with the *National Housing Finance and Investment Corporation Investment Mandate Direction 2018*, each loan allocated to the AHBA must relate to a particular loan to a CHP unless approved by the Treasurer and Minister for Finance. Interest is to be charged on each loan at a rate that covers the Commonwealth's cost of borrowing over the life of the loan. The interest has been accrued as earned and disclosed in Notes 4.2B and 5.1B.

International Monetary Fund (IMF) New Arrangements to Borrow

Australia lent to the IMF under the New Arrangements to Borrow (NAB). NAB is a set of credit arrangements between the IMF and 38 member countries and Institutions, including a number of emerging market countries. There are also two member countries that are prospective NAB participants. The NAB is used in circumstances in which the IMF needs to supplement its quota resources for lending purposes. The NAB is covered by general activation periods of up to six months, with each activation period subject to a specified maximum level of commitments.

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

IMF Poverty Reduction and Growth Trust (PRGT)

Australia entered into an agreement with the IMF in October 2022, to invest SDR 1 billion into the IMF's Pooled Investments strategy. Australia will receive interest on this investment at the SDR interest rate. The profits above this interest rates will be provided to the PRGT Subsidy Account up to SDR 36 million. The IMF will then use these subsidy resources to subsidise loans to low-income countries under the PRGT.

At the end of the period, the IMF will repay the lower of the original investment amount less any early repayments and the notional value of the investment. Australia can seek early repayment of all or part of the investment.

Australia receives interest on amounts invested into the PRGT Investment. Amounts invested to the PRGT Investment accrue interest daily at the SDR interest rate. The IMF pays interest on PRGT Investment amounts quarterly.

IMF Resilience and Sustainability Trust

In October 2022, Australia has agreed to provide SDR 760 million (approximately A$1.53 billion as at 30 June 2023) to the RST Loan Account. The IMF must repay amounts provided through the RST Loan Account in line with the pass-through loan arrangement. Amounts can be repaid earlier if the pass-through loan is repaid early. Outstanding drawings by the IMF will earn interest at the SDR interest rate. As at 30 June 2023, IMF has drawn SDR 14.18 million (approximately A$28.52 million) against the total line of credit.

Concessional Loans

International Assistance Loans to Papua New Guinea

Between November 2020 to December 2022, the Commonwealth of Australia agreed to lend three loans totalling A$1,958 million to the Independent State of Papua New Guinea (PNG). The first loan was to support PNG reform actions under the IMF Staff-Monitored Program (SMP), where the latter two were to support PNG to meet its budget financing shortfalls and to deliver reform actions under multilateral development programs.

All three loans have fixed interest rate to match the yield on 10-year Australian Government Security as at the date before drawdown with an additional 0.5 per cent margin to cover administrative costs associated with the loans. The tenure of the loan is 15 years for one and 20 years for the other two. Instalments and interest are payable every six months in Australian dollars.

International Assistance Loan to Indonesia

On 12 November 2020, the Commonwealth of Australia agreed to lend A$1.5 billion to the Republic of Indonesia. This agreement is part of a multilateral action to support Indonesia led by the Asian Development Bank and including the Asian Infrastructure Investment Bank, the Japan International Cooperation Agency and the German state-owned development bank. The funds were used to support Indonesia’s COVID-19 response, including social protection initiatives and health system development.

The interest rate on the loan is fixed to match the yield on 10-year Australian Government Securities as at the date of drawdown by the Indonesian Government, with an additional 0.5 per cent margin to cover administrative costs associated with the loan. Instalments on the loan principal and interest are repayable over fifteen years every six months in Australian dollars.

Loan to Australian Energy Market Operator

The Treasury, on behalf of the Commonwealth of Australia, provided a loan of $6.15 million to the Australian Energy Market Operator (AEMO) in 2022, to allow AEMO to upgrade its systems and procedures, so that it can make its relevant data available in a form that can be shared with consumers via the internet, in accordance with the Consumer Data Right (CDR) provisions in the *Competition and Consumer Act 2010* (CCA). The interest rate per annum that is the daily yield on Australian government bonds with a 10-year maturity published on the business day prior to the drawdown date. Instalments on loan principal and interest are payable over seven years every 12 months.

GST Revenue allocation and Council of Australian Government (COAG) receivable

Under the COAG arrangements, the Treasury separately discloses grants payable (grants not paid prior to year-end) and receivable (primarily GST revenue allocations and other COAG grants receivable) based on information provided by Commonwealth Agencies for each COAG grant.

GST is paid to the State and Territories based on estimated figures provided in the Budget and revisited in the Mid-Year Economic and Fiscal Outcome (MYEFO) round. The key driver of the calculation of the distribution of GST is population and actual collections. At the end of each financial year, the Australian Bureau of Statistics provides population data and the ATO provides the actual GST collection figures. The difference between the estimated and actual State and Territory payments is recorded as GST revenue allocation.

Current year GST revenue allocation is $385,240 million (2022: $nil). Refer to Note 5.2A Grants for further details.

	2023 $'000	2022 $'000
Note 5.1C: Investments		
International financial institutions		
Asian Development Bank	**617,924**	594,254
Asian Infrastructure and Investment Bank	**1,113,423**	1,071,563
European Bank for Reconstruction and Development	**102,640**	95,007
International Bank for Reconstruction and Development	**483,206**	433,442
International Finance Corporation	**667,816**	612,989
Multilateral Investment Guarantee Agency	**9,353**	9,001
Total international financial institutions	**2,994,362**	2,816,256
Australian Government entities		
Reserve Bank of Australia	**-**	-
Australian Reinsurance Pool Corporation	**953,250**	707,473
NHFIC	**834,025**	624,132
Total Australian Government entities	**1,787,275**	1,331,605
Other investments		
Australian Business Growth Fund	**28,689**	14,314
IMF Quota	**13,221,485**	12,715,032
IMF SDR holdings	**10,295,664**	12,186,786
IMF PRGT investment	**2,011,668**	-
IMF RST reserve account	**30,577**	-
IMF RST deposit account	**305,774**	-
Total other investments	**25,893,857**	24,916,132
Total investments	**30,675,494**	29,063,993

Investments are expected to be recovered in more than 12 months.

Accounting Policy

Administered investments

Investments are classified as fair value through other comprehensive income. Refer to Note 7.4 Administered Financial Instruments for further details on the Treasury's accounting policy. The note should be read in conjunction with notes 7.2 Administered Contingent Assets and Liabilities and 7.6: Administered – Fair Value Measurement.

International Financial Institutions

Australia holds shares in the World Bank Group (WBG), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD) and the Asian Infrastructure Investment Bank (AIIB).

Principal activities:

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 WBG.

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.

The 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 is focused on the infrastructure, transportation and energy sectors.

The 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 AIIB was established on 25 December 2015. The AIIB focuses on the development of infrastructure and other productive sectors in Asia. The AIIB also aims to promote interconnectivity and economic integration in the region by working in close collaboration with other multilateral and bilateral development institutions.

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 Reserve Bank of Australia (RBA) 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.

The Australian Reinsurance Pool Corporation (ARPC) is a Commonwealth public financial corporation established by the *Terrorism and Cyclone Insurance Act 2003* to administer the terrorism and cyclone reinsurance schemes, providing primary insurers with reinsurance for commercial property and associated business interruption losses arising from a declared terrorist incident or cyclone.

The National Housing Finance and Investment Corporation (NHFIC) was established under the *National Housing Finance and Investment Corporation Act 2018* in June 2018. NHFIC's purpose is to improve housing outcomes for Australians by providing funding to eligible housing projects through two key financing mechanisms: the National Housing Infrastructure Facility (NHIF), which provides loans, investments and grants for enabling infrastructure to support new housing; and the Affordable Housing Bond Aggregator (AHBA), which provides low-cost, long-term finance to community housing providers.

Australian Business Growth Fund

The Australian Business Growth Fund (ABGF) provides equity funding to eligible small and medium-sized enterprises (SMEs). The Commonwealth, authorised by the *Australian Business Growth Fund (Coronavirus Economic Response Package) Act 2020*, is a shareholder in the ABGF alongside ANZ, the Commonwealth Bank, the National Australia Bank, Westpac, HSBC and Macquarie Bank. The ABGF operates commercially and is independent of both the Government and the participating banks.

International Monetary Fund (IMF)

The IMF is an organisation with 190 member countries, working to ensure the stability of the international monetary system – the system of exchange rates and international payments that enables countries (and their citizens) to transact with each other. The IMF does this through: surveillance, including annual economic assessments of member countries; technical assistance to member countries; and by making resources available (with adequate safeguards) to members experiencing balance of payments difficulties. Quota subscriptions which are denominated in Special Drawing Rights (SDRs) represent a member's shareholding in the IMF and generate most of the IMF's financial resources.

IMF Quota

Quota subscriptions, which are denominated in SDRs represent a member's shareholding in the IMF and generate most of the IMF's financial resources. All member countries of the IMF pay a capital subscription to the IMF, equivalent to their allocated quota and denominated in SDRs. This represents a member's shareholding in the IMF and is disclosed in the financial statements as an administered investment asset.

IMF SDR Holdings

The IMF Board of Governors approved a new general allocation of SDRs to member countries on 2 August 2021. Australia's share of the new allocation was SDR 6.3 billion (A$12.7 billion) received on 23 August 2021. The additional allocation is reflected as both an asset and a liability (refer to Note 5.2B for the liability IMF SDR Allocation).

IMF PRGT Investment

Australia entered into an agreement with the IMF in October 2022, to invest SDR 1 billion into the IMF's Pooled Investments strategy. Australia will receive interest on this investment at the SDR interest rate. The profits above this interest rate will be provided to the PRGT Subsidy Account up to SDR 36 million. The IMF will then use these subsidy resources to subsidise loans to low-income countries under the PRGT.

At the end of the period, the IMF will repay the lower of the original investment amount less any early repayments and the notional value of the investment. Australia can seek early repayment of all or part of the investment.

Australia receives interest on amounts invested into the PRGT Investment. Amounts invested to the PRGT Investment accrue interest daily at the SDR interest rate. The IMF pays interest on PRGT Investment amounts quarterly.

IMF Resilience and Sustainability Trust (RST)

During 2022-23, Australia has agreed to provide SDR 927 million (approximately A$1.86 billion as at 30 June 2023) to the IMF under the RST agreement, which includes three separate accounts detailed under Note 4. The RST is used to help countries build resilience to external shocks and ensure sustainable growth, contributing to their long-term balance of payments stability. When the IMF makes a loan through the RST, it draws on its credit arrangements.

Australia has agreed to provide SDR 760 million (approximately A$1.53 billion as at 30 June 2023) line of credit available to the RST Loan Account. Please refer to Note 4.2 and 5.1B for more details.

Australia provided SDR 152 million (approximately A$305.77 million as at 30 June 2023) to the RST Deposit Account. Australia receives interest on amounts provided to the IMF under the RST Deposit Account. Amounts provided to the IMF under the RST accrue interest daily at the SDR interest rate. The IMF pays interest on RST Loan and Deposit amounts quarterly.

Australia provided SDR 15.2 million (approximately A$30.58 million as at 30 June 2023) to the RST Reserve Account. Australia will not receive interest on the funds. Australia will receive repayment of its share of the RST Reserve Account (including any potential earnings or losses) at the liquidation of RST in 2050 or earlier if the RST Reserve Account has sufficient funds at the discretion of the Trustee.

5.2. Administered – Payables

	2023 $'000	2022 $'000
Note 5.2A: Grants		
COAG grants payable	**22,085**	75,000
Other grants payable	**358,418**	1,177,274
Total grants	**380,503**	1,252,274
Grants are expected to be settled in no more than 12 months.		
Note 5.2B: IMF and other payables		
GST appropriation payable	**-**	14,463
IMF SDR allocation	**18,874,514**	18,151,520
IMF related monies owing	**120,458**	20,009
IMF Maintenance of Value	**735,811**	168,136
Total other payables	**19,730,783**	18,354,128
Other payables expected to be settled		
No more than 12 months	**856,269**	202,608
More than 12 months	**18,874,514**	18,151,520
Total IMF and other payables	**19,730,783**	18,354,128

International Monetary Fund (IMF) Special Drawing Right (SDR) 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.

Note 5.2C: Financial guarantees

	SME Loan Guarantee Scheme $'000	Show Starter Loan Scheme $'000	SME Recovery Loan Scheme $'000	Total $'000
As at 1 July 2022	**213,110**	**983**	**441,000**	**655,093**
Less: payment of claims to lenders	**(7,432)**	**-**	**(474)**	**(7,906)**
Add: revaluation	**(18,693)**	**1,407**	**123,912**	**106,626**
Total as at 30 June 2023	**186,985**	**2,390**	**564,438**	**753,813**
Total financial guarantees to be settled				
No more than 12 months	**33,494**	**2,002**	**30,025**	**65,521**
More than 12 months	**153,491**	**388**	**534,413**	**688,292**
Total financial guarantees	**186,985**	**2,390**	**564,438**	**753,813**

Accounting Policy

Financial guarantees are financial liabilities measured initially at fair value, then subsequently disclosed at fair value through profit and loss.

Small and Medium Enterprise (SME) Guarantee Scheme and SME Recovery Loan Scheme

The Australian Government provided support for small and medium enterprises during the COVID 19 pandemic through guaranteeing loans issued by participating lenders. This support was provided under a number of schemes.

The **Coronavirus Small and Medium Enterprises (SME) Guarantee Scheme** provided a guarantee of 50 per cent of the eligible loan amount for eligible SMEs and the **Show Starter Loan Scheme** provided a guarantee of 100 per cent of the eligible loan amount for the arts and entertainment businesses, with both schemes closing for new loans on 30 June 2021.

The **SME Recovery Loan Scheme**, an expansion and extension of the Coronavirus SME Guarantee Scheme, provided a guarantee of up to 80 per cent of the eligible loan amount, and was initially available to applicants from 1 April 2021 until 31 December 2021.

The SME Recovery Loan Scheme was extended from 1 January 2022 to 30 June 2022, and during this period the Government provided a guarantee of 50 per cent of the eligible loan amount.

Under each of the above schemes, the Australian Government guaranteed to pay an approved lender in the event of default by small and medium enterprises. Although all schemes have closed to new loans, the risk to the Australian Government remains until the final claim date for SME Recovery Loan Scheme on 30 September 2033.

Accounting judgements and estimates

The Australian Government Actuary (AGA) has provided a valuation of the SME loan guarantee scheme, Show Starter loan scheme and SME Recovery loan scheme as at 30 June 2023. The key assumptions used by the AGA are:

- an ultimate default rate of 10 per cent for loans under the SME Guarantee Scheme issued before 30 September 2020;
- a default rate of 15 per cent for all other loans;
- a rate of recovery of 20 per cent applies to the proportion of loans where additional security has been provided;
- 10 per cent allowance for fees and interest in addition to the assumed claim amount;
- a pattern of delay between maturity date and claim payment date; and
- claim applications pending decision at 30 June 2023 will result in a payment.

5.3. Administered – Financial Liabilities

	2023 $'000	2022 $'000
Note 5.3A: Promissory notes		
IMF promissory notes	**8,639,888**	8,592,762
Other promissory notes	**66,978**	64,460
Total promissory notes	**8,706,866**	8,657,222
Promissory notes expected to be settled		
More than 5 years	**8,706,866**	8,657,222
Total promissory notes	**8,706,866**	8,657,222

Accounting Policy

Promissory notes

Promissory notes have been issued to the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (IBRD), and the Multilateral Investment Guarantee Agency (MIGA).

Under the IMF Articles of Agreement, members are required to maintain the SDR value of their quota through a 'maintenance of value' adjustment. The maintenance of value adjustment is adjusted by issuing/cancelling promissory notes and payments/receipts in Australian dollars and is recognised as an exchange rate gain or loss.

Investments into the IBRD and MIGA are generally not funded with cash but with a promissory note, representing a call option by the IBRD and MIGA for the cash owed under the initial investment. These promissory notes relate to undrawn paid-in capital subscriptions and represent a portion of the members' shareholding.

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

5.4. Administered – Provisions

	2023 $'000	2022 $'000
Note 5.4A: Provisions		
Provision for PRGT loan commitment[1]	**-**	24,758
NHFIC Home Guarantee Schemes	**21,238**	23,308
First Home Guarantee	***15,343***	*15,674*
New Home Guarantee	***2,057***	*5,429*
Family Home Guarantee	***2,179***	*2,205*
Regional First Home Buyer Guarantee	***1,659***	-
DRFA provision	**6,454,490**	5,524,114
Australian Capital Territory	**-**	*411*
New South Wales	***2,794,048***	*2,600,426*
Northern Territory	***8,804***	-
Queensland	***2,121,440***	*2,495,427*
South Australia	***78,445***	*53,343*
Tasmania	***15,732***	*1,372*
Victoria	***1,034,202***	*171,923*
Western Australia	***401,819***	*201,212*
Total provisions	**6,475,728**	**5,572,180**
Provisions expected to be settled		
No more than 12 months	**3,656,640**	1,891,306
More than 12 months	**2,819,088**	3,680,874
Total provisions	**6,475,728**	5,572,180

1. Refer to Note 5.1B Concessional loan carrying amounts.

	NHFIC Home Guarantees $'000	DRFA $'000	PRGT loan commitment $'000	Total $'000
As at 1 July 2022	**23,308**	**5,524,114**	**24,758**	**5,572,180**
Additional provisions made	**11,648**	**1,889,115**	**-**	**1,900,763**
Amounts used	**-**	**(2,432,713)**	**-**	**(2,432,713)**
Revaluation of prior year estimates	**(13,718)**	**1,420,660**	**-**	**1,406,942**
Unwinding of concessional loan discount	**-**	**-**	**(24,758)**	**(24,758)**
Unwinding of discount	**-**	**53,314**	**-**	**53,314**
Total as at 30 June 2023	**21,238**	**6,454,490**	**-**	**6,475,728**

Accounting judgements and estimates

Disaster Recovery Funding Arrangements (DRFA) Provisions

The DRFA liability represents the Treasury's best estimate of payments expected to be made to States and Territories as at balance date. The DRFA 2018 arrangement applies from 1 November 2018 and all eligible events in the provision are governed by the DRFA Determination.

The estimate is based on information provided by the States and Territories to the National Emergency Management Agency (NEMA). The estimates provided by the States and Territories are based on their assessment of the costs incurred, or expected to be incurred, that would be eligible for assistance under the applicable arrangement. NEMA has implemented a comprehensive assurance framework in order to assess the reasonableness of estimates provided by the States and Territories with regard to estimates eligibility under DRFA. This includes assurance activities undertaken by the Commonwealth for expenditure submitted in claims to the Commonwealth not yet paid, as well as quality assurance procedures over the estimates submitted by States and Territories. This is in addition to assurance activities completed by State-appointed auditors.

The Treasury reviews the quality assured estimates to ensure they are consistent with government decisions and then calculates the provision by discounting the future cash flows. 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 relief and recovery projects progress to completion.

The DRFA provision at 30 June 2023 includes estimated payments for disaster events that occurred prior to 30 June 2023, except for new events that occurred during the 2022-23 financial year for which costs cannot yet be quantified reliably.

Contingent liabilities

For a list of natural disasters that are included in the DRFA contingent liability, refer to Note 7.2 Administered Contingent Assets and Liabilities.

National Housing Finance and Investment Corporation (NHFIC) Home Guarantee Schemes Provision

The NHFIC Home Guarantee Schemes (HGS) provision represents the Treasury's best estimate of claims expected from NHFIC as at balance date. The NHFIC HGS comprises the First Home Guarantee, New Home Guarantee, Family Home Guarantee and Regional First Home Buyer Guarantee schemes.

First Home Guarantee is designed to support eligible first home buyers, and non first home buyers who have not owned a property in Australia within the past 10 years, to build or purchase a home by providing a guarantee to participating lenders for up to 15 per cent of the property purchase price. The First Home Guarantee began on 1 January 2020.

The New Home Guarantee is designed to support eligible first homes buyers seeking to build a new home or purchase a newly built home by providing a guarantee to participating lenders for up to 15 percent of the property purchase price. A second tranche of 10,000 New Home Guarantees was made available from 1 July 2021. The New Home Guarantee concluded on 30 June 2022, however its guarantees issued in previous financial years remain active.

The Family Home Guarantee is designed to support single parents with dependants seeking to enter, or re enter, the housing market. The Family Home Guarantee commenced on 1 July 2021.

The Regional First Home Buyer Guarantee is designed to support eligible first home buyers and non first home buyers who have not owned a property in Australia within the past 10 years, to build or purchase a home in a regional location by providing a guarantee to participating lenders of up to 15 per cent of the property purchase price (subject to a minimum deposit of 5 per cent). The Regional First Home Buyer Guarantee commenced on 1 October 2022.

The Australian Government Actuary (AGA) has provided a valuation of the NHFIC HGS as at 30 June 2023. The valuation results incorporate AGA's best estimate of future property growth, mortgage rates and default rates.

The assumed capital growth rate is based on the most contemporaneous market data available, including a range of views from market experts. The assumed default rate is based on historic data on delinquencies from lenders mortgage providers. The assumed mortgage rates are based on expected future RBA cash rates plus a lender's margin.

6. Funding

This section identifies the Treasury funding structure.

6.1. Appropriations

Note 6.1A: Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2023

		Adjustments to Appropriations				
	Annual Appropriation $'000	Section 74 Receipts $'000	Section 75 Transfers $'000	Total appropriation $'000	Appropriation applied in 2023 (current and prior years) $'000	Variance[1,2] $'000
DEPARTMENTAL						
Ordinary annual services	343,789	31,319	-	375,108	(365,667)	9,441
Capital Budget[3]	8,837	-	-	8,837	(6,449)	2,388
Other services						
Equity	303	-	-	303	-	303
Total departmental	352,929	31,319	-	384,248	(372,116)	12,132
ADMINISTERED						
Ordinary annual services						
Administered items	86,367	-	-	86,367	(74,347)	12,020
Other services						
Administered assets and liabilities	171,153	-	-	171,153	(171,153)	-
Total administered	257,520	-	-	257,520	(245,500)	12,020

1. Unspent funds of $5.357 million in 2022-23 Departmental Capital Budget was re-appropriated as operating and is therefore, subject to a formal reduction. The current year unspent administered appropriation includes $0.068 million section 51 withholding quarantine. These funds are considered legally available appropriations as at 30 June 2023.

2. The variance in ordinary annual services is largely driven by the timing of cash payments.

3. Departmental Capital Budgets are appropriated through Supply Acts (No.1 and No.3). They form part of ordinary annual services and are not separately identified in the Appropriation Acts.

Annual Appropriations for 2022

		Adjustments to Appropriations				
	Annual Appropriation $'000	Section 74 Receipts $'000	Section 75 Transfers $'000	Total appropriation $'000	Appropriation applied in 2022 (current and prior years) $'000	Variance[1,2] $'000
DEPARTMENTAL						
Ordinary annual services	327,957	33,962	-	361,919	(344,139)	17,780
Capital Budget[3]	10,262	-	-	10,262	(5,103)	5,159
Other services						
Equity	301	-	-	301	(791)	(490)
Total departmental	338,520	33,962	-	372,482	(350,033)	22,449
ADMINISTERED						
Ordinary annual services						
Administered items	138,915	-	-	138,915	(99,583)	39,332
Other services						
Administered assets and liabilities	165,000	-	-	165,000	(165,000)	-
New Administered Outcomes	6,153	-	-	6,153	-	6,153
Total administered	310,068	-	-	310,068	(264,583)	45,485

1. Unspent funds of $0.789 million in 2021-22 relate to the wind up of the Financial Adviser Standards and Ethics Authority Ltd (FASEA) and $2.754 million in 2020-21 relate to two programs that terminated during 2020-21 that are required to be returned to the Consolidated Revenue Fund in accordance with Government decisions and are therefore, subject to a formal reduction. These funds are considered legally available appropriations as at 30 June 2022.

2. The variance in ordinary annual services is largely driven by the timing of cash payments.

3. Departmental and Administered Capital Budgets are appropriated through Appropriations Acts (No.1 and No.3). They form part of ordinary annual services and are not separately identified in the Appropriation Acts.

Note 6.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

Authority	2023 $'000	2022 $'000
Departmental		
Appropriation Act (No. 1) 2020-21[1]	**2,754**	2,754
Appropriation Act (No. 1) 2021-22[2]	**789**	100,018
Appropriation Act (No. 1) 2021-22 - DCB	**-**	5,159
Appropriation Act (No. 3) 2021-22	**-**	3,676
Supply Act (No. 1) 2022-23 - DCB[3]	**3,682**	-
Supply Act (No. 2) 2022-23 - Equity	**126**	-
Supply Act (No. 3) 2022-23	**77,089**	-
Supply Act (No. 3) 2022-23 - DCB[4]	**3,865**	-
Supply Act (No. 4) 2022-23 - Equity	**177**	-
Appropriation Act (No. 1) 2022-23	**34,111**	-
Appropriation Act (No. 3) 2022-23	**1,265**	-
Cash at Bank	**305**	424
Total departmental	**124,163**	112,031

Authority	2023 $'000	2022 $'000
Administered		
Appropriation Act (No. 1) 2019-2020[5]	**-**	959
Appropriation Act (No. 3) 2019-2020[5]	**-**	4,682
Supply Act (No.1) 2020-2021[6]	**523**	524
Appropriation Act (No. 1) 2020-2021[6]	**45,156**	45,156
Appropriation Act (No. 3) 2020-2021[6]	**2,544**	2,544
Appropriation Act (No. 1) 2021-2022	**3,730**	3,730
Appropriation Act (No. 3) 2021-2022	**38,037**	38,037
Appropriation Act (No. 4) 2021-2022[7]	**6,153**	6,153
Supply Act (No. 1) 2022-2023	**646**	-
Appropriation Act (No. 1) 2022-2023[8]	**11,374**	-
Total administered	**108,163**	101,785

1. Appropriation Act (No.1) 2020-2021 includes unspent funds of $2.754 million in relation to two programs that terminated during 2020-2021 that are required to be returned to the Consolidated Revenue Fund in accordance with Government decisions and are therefore, subject to a formal reduction. These funds are considered legally available appropriations as at 30 June 2023.

2. Appropriation Act (No.1) 2021-2022 includes unspent funds of $0.789 million in relation to unspent grant funding that is required to be returned to the Consolidated Revenue Fund in accordance with Government decisions and is therefore, subject to a formal reduction. These funds are considered legally available appropriations as at 30 June 2023.

3. Supply Act (No.1) 2022-2023 - DCB includes reallocated funds of $3.682 million. These funds are considered legally available appropriations as at 30 June 2023.

4. Supply Act (No.3) 2022-2023 - DCB includes reallocated funds of $1.675 million. These funds are considered legally available appropriations as at 30 June 2023.

5. 2019-2020 Appropriation Acts were repealed on 1 July 2022.

6. 2020-2021 Appropriation Acts and Supply Acts will self-repeal on 1 July 2023.

7. Appropriation Act (No.4) 2021-2022 includes unspent funds of $6.153 million. The funds are subject to PGPA Act section 51 withholding quarantine and are considered legally available appropriations as at 30 June 2023.

8. Appropriation Act (No.1) 2022-2023 includes unspent funds of $0.068 million. The funds are subject to PGPA Act section 51 withholding quarantine and are considered legally available appropriations as at 30 June 2023.

Note 6.1C: Special Appropriations ('Recoverable GST exclusive')

Authority	Appropriation applied 2023 $'000	Appropriation applied 2022 $'000
Australian Business Growth Fund (Coronavirus Economic Response Package) Act 2020, s18	**(20,000)**	(12,407)
Commonwealth Places (Mirror Taxes) Act 1998, s23(4)	**(761,736)**	(648,522)
Federal Financial Relations Act 2009, s22	**(118,944,789)**	(109,220,904)
Guarantee of Lending to Small and Medium Enterprises (Coronavirus Economic Response Package) Act 2020, s6	**(8,819)**	(5,685)
International Finance Corporation Act 1955, s5	**(31,513)**	(27,776)
International Monetary Agreements Act 1947, s7(4)	**(121,000)**	(285,852)
International Monetary Agreements Act 1947, s8	**(415,145)**	(17,833)
International Monetary Agreements Act 1947, s8C(3)	**(750,000)**	(650,000)
International Monetary Agreements Act 1947, s9	**(33,487)**	(29,516)
Total	**(121,086,489)**	(110,898,495)

The following special appropriations were not drawn upon in the current or prior year:

Asian Development Bank (Additional Subscription) Act 1972, s7
Asian Development Bank (Additional Subscription) Act 1977, s7
Asian Development Bank (Additional Subscription) Act 1983, s6
Asian Development Bank (Additional Subscription) Act 1995, s6
Asian Development Bank (Additional Subscription) Act 2009, s6
Asian Development Bank Act 1966, s4
Asian Infrastructure Investment Bank Act 2015, s7
Banking Act 1959, s69(8)
European Bank for Reconstruction and Development Act 1990, s4
Financial Agreements (Commonwealth Liability) Act 1932, s4(3)
Guarantee of State and Territory Borrowing Appropriation Act 2009, s5
Guarantee Scheme for Large Deposits and Wholesale Funding Appropriation Act 2008, s5
International Bank for Reconstruction and Development (General Capital Increase) Act 1989, s6
International Bank for Reconstruction and Development (Share Increase) Act 1988, s5(1)
International Financial Institutions (Share Increase) Act 1982, s7(1)
International Financial Institutions (Share Increase) Act 1986, s7(1)
International Monetary Agreements Act 1947, s5a(6)
International Monetary Agreements Act 1947, s8A
International Monetary Agreements Act 1947, s8B(2)
International Monetary Agreements Act 1947, s8CA(4)
International Monetary Agreements Act 1947, s8CAA(2)
International Monetary Agreements Act 1960, s4
International Monetary Agreements Act 1974, s6
Medicare Guarantee Act 2017, s18
Multilateral Investment Guarantee Agency Act 1997, s4
National Housing Finance and Investment Corporation Act 2018, s48A
Papua New Guinea Loans Guarantee Act 1975, s4
Public Governance, Performance and Accountability Act 2013, s77
State Grants Act 1927, s7
Superannuation Industry (Supervision) Act 1993, s231(4)
Terrorism and Cyclone Insurance Act 2003, s37, s42(3)

Note 6.1D: Disclosure by agent in relation to Annual and Special Appropriations ('Recoverable GST exclusive')

2023	**Department of Education** Payments to the States and Territories: Education services **$'000**	**Department of Climate Change, Energy, the Environment and Water** Payments to the States and Territories: Water for the Environment Special Account **$'000**
Total receipts	**28,774,464**	**197,510**
Total payments	**28,774,464**	**197,510**

2022	**Department of Education, Skills and Employment** Payments to the States and Territories: Education services $'000	**Department of Agriculture, Water and the Environment** Payments to the States and Territories: Water for the Environment Special Account $'000
Total receipts	26,563,631	118,696
Total payments	26,563,631	118,696

Total receipts and Total payments are made through the Treasury on behalf of other Commonwealth entities to State and Territory Treasuries under the Council of Australian Governments (COAG) Arrangements.

6.2. Special Accounts

	National Housing Finance and Investment Corporation Special Account[1]		Medicare Guarantee Fund (Treasury) Special Account[2]	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Balance as at 1 July (represented by cash held in the OPA)	**965,521**	747,269	**-**	-
Increases				
Statutory credits	**-**	165,000	**46,467,038**	44,867,877
Other receipts	**-**	138,614	**-**	-
Total increases	**-**	303,614	**46,467,038**	44,867,877
Available for payments	**965,521**	1,050,883	**46,467,038**	44,867,877
Decreases				
Payments made to other entities	**(41,629)**	(85,362)	**-**	-
Transfers made to Medicare Guarantee Fund (Health) Special Account	**-**	-	**(46,467,038)**	(44,867,877)
Total decreases	**(41,629)**	(85,362)	**(46,467,038)**	(44,867,877)
Total balance carried to the next period	**923,892**	965,521	**-**	-
Balance represented by				
Cash held in Official Public Account	**923,892**	965,521	**-**	-
Balance as at 30 June (represented by cash held in the OPA)	**923,892**	965,521	**-**	-

	Fuel Indexation (Road Funding) Special Account[3]		COAG Reform Fund Special Account[4]	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Balance as at 1 July (represented by cash held in the OPA)	**-**	-	**200,000**	50,000
Increases				
Statutory credits	**1,072,000**	1,001,000	**17,932,060**	21,715,633
Other receipts	**-**	-	**2,272,521**	2,472,256
Total increases	**1,072,000**	1,001,000	**20,204,581**	24,187,889
Available for payments	**1,072,000**	1,001,000	**20,404,581**	24,237,889
Decreases				
Payments made to States and Territories	**-**	-	**(20,380,496)**	(24,037,889)
Transfer made to COAG Reform Fund Special Account	**(1,072,000)**	(1,001,000)	**-**	-
Total decreases	**(1,072,000)**	(1,001,000)	**(20,380,496)**	(24,037,889)
Total balance carried to the next period	**-**	-	**24,085**	200,000
Balance represented by				
Cash held in Official Public Account	**-**	-	**24,085**	200,000
Balance as at 30 June (represented by cash held in the OPA)	**-**	-	**24,085**	200,000

1. Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 80.
Establishing instrument: *National Housing Finance and Investment Corporation Act 2018*, section 47A
Purpose: To secure funding for the establishment and operation of National Housing Finance and Investment Corporation's (NHFIC) Affordable Housing Bond Aggregator (AHBA), which is to improve housing outcomes by providing cheaper and longer-term secured loan finance for community housing providers. NHFIC can access this funding through submitting a Utilisation Request to gain access to the funding at the Commonwealth cost of borrowing rate (up to the annual limit as outlined below).
The Commonwealth must credit the Account amounts equal to the following:
(a) $105 million, to be credited on the day this section commences;
(b) $310 million, to be credited on 1 July 2019;
(c) $270 million, to be credited on 1 July 2020;
(d) $165 million, to be credited on 1 July 2021; and
(e) each amount paid to the Commonwealth by the NHFIC, on or after the day this section commences, that:
(i) is a repayment of money debited from the Account, or of other money lent by the Commonwealth to the NHFIC; and
(ii) is paid in accordance with the Investment Mandate.
Any principal repayment to the Commonwealth through this Account, may be "recycled" and the amount re-issued. Interest is used to cover the Commonwealth's cost of borrowing and cannot be "recycled.

2. Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 80.
Establishing instrument: *Medicare Guarantee Act 2017*, section 6.
Purpose: *The Medicare Guarantee Act 2017* (the Act) is to secure ongoing funding of the Medical Benefits Schedule (MBS) and Pharmaceutical Benefits Scheme (PBS).
The Act establishes the Medicare Guarantee Fund (MGF), which consists of the Medicare Guarantee Fund (Treasury) Special Account (Treasury Special Account) and the Medicare Guarantee Fund (Health) Special Account (Health Special Account). The Treasury Special Account is administered by the Department of the Treasury and the Health Special Account is administered by the Department of Health and Aged Care.

3. Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 80.
Establishing instrument: *Fuel Indexation (Road Funding) Special Account Act 2015*, section 7.
Purpose: To ensure that amounts equal to the net revenue from indexation on customs and excise duties on fuel are transferred to the Council of Australian Governments (COAG) Reform Fund in order to provide funding to the States and Territories for expenditure in relation to Australian road infrastructure investment.

4. 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.

Financial System Stability Special Account
The Treasury's Financial System Stability special account was 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 2022 and 30 June 2023 this special account had nil balances and no transactions were credited or debited to the account.

Services for Other Entities and Trust Monies Special Account (SOETM)
The Treasury SOETM special account 2022 was established under the *Public Governance, Performance and Accountability Act 2013*, section 78 by the establishing instrument *PGPA Act Determination (Treasury SOETM Special Account 2022)*. This instrument came into effect on 28 September 2022. The SOETM's purpose is 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. For the year ended 30 June 2023 this account held a nil balance and no transactions were credited or debited to the account.
The Treasury's SOETM special account established under the *Public Governance, Performance and Accountability Act 2013*, section 78 by the establishing instrument, *Establishment of SOTEM Special Account - Treasury Determination 2012/09* was repealed on 28 September 2022. For the years ended 30 June 2022 and 30 June 2023 the special account had nil balances and no transactions were credited or debited to the account.

6.3 Net Cash Appropriation Arrangements

	2023 $'000	2022 $'000
Total comprehensive income/(loss) - as per the Statement of Comprehensive Income	**(12,947)**	(13,796)
Plus: depreciation/amortisation of assets funded through appropriations (departmental capital budget funding and/or equity injections)[1]	**10,616**	11,102
Plus: depreciation of right-of-use assets[2]	**12,734**	12,499
Less: lease principal repayments[2]	**(11,001)**	(13,148)
Total comprehensive income/(loss) less expenses previously funded through revenue appropriations	**(598)**	(3,343)
Changes in asset revaluation reserve	**17**	250
Net cash Operating Surplus/(Deficit)	**(581)**	(3,093)

1. From 2010-11, the Government introduced net cash appropriation arrangements where revenue appropriations for depreciation/amortisation expenses of non-corporate Commonwealth entities and selected corporate Commonwealth entities were replaced with a separate capital budget provided through equity appropriation. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

2. The inclusion of depreciation/amortisation expenses related to ROU leased assets and the lease liability principal repayment amount reflects the impact of AASB 16 Leases, which does not directly reflect a change in appropriation arrangements.

7. Managing uncertainties

This section analyses how the Treasury manages financial risks within its operating environment.

7.1. Departmental Contingent Assets and Liabilities

Quantifiable Contingencies

Contingent liabilities are nil in 2023 (2022: nil). There were nil quantifiable contingent assets in 2023 (2022: nil).

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

7.2. Administered Contingent Assets and Liabilities

Quantifiable Administered Contingencies

Quantifiable administered contingencies that are not remote are listed below.

Contingent Liabilities

International Monetary Fund (IMF) New Arrangements to Borrow (NAB)

Australia has made a line of credit available to the IMF under its NAB since 1998. This 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 value of Australia's NAB credit arrangement stands at approximately SDR 4.44 billion (approximately A$8.93 billion at 30 June 2023) (2022: SDR 4.44 billion, A$8.59 billion). In January 2021, the NAB was renewed for an additional five year period until 31 December 2025.

The IMF does not publish annual estimates of the amount it expects to call under the NAB facility. However, to be drawn upon, the NAB needs to be activated by the IMF Executive Board. The last NAB activation period was terminated in February 2016 and the IMF is currently relying on its quota resources to fund new lending (although the NAB can be called upon to fund IMF programs that were approved under previous activations). The IMF did not call on Australia's NAB facility in the current year.

IMF Bilateral Borrowing Arrangement (BBA)

In addition to the NAB credit line as part of a broad international effort to increase the resources available to the IMF, Australia has made available a SDR 1.986 billion (approximately A$4 billion at 30 June 2023) contingent bilateral loan to the IMF (2022: SDR 1.986 billion, A$3.84 billion). The contingent loan is on terms consistent with separate bilateral loan and note purchase agreements between the IMF and all contributing countries. It will be drawn upon by the IMF only if needed to supplement the IMF's quota and NAB resources and any loans would be repaid in full with interest. Australia's most recent three-year bilateral borrowing arrangement with the IMF commenced in January 2021 and will conclude on 31 December 2023, with the option to extend by one year.

Poverty Reduction and Growth Trust (PRGT)

To help the IMF provide concessional finance and support low-income countries to achieve, maintain, or restore a stable and sustainable macroeconomic position, Australia has made available a SDR 1 billion (approximately A$2.01 billion at 30 June 2023) line of credit (2022: SDR 500 million, A$1.01 billion) to the PRGT, which the IMF is the Trustee of. This contingent loan is on terms consistent with other PRGT loan agreements between the IMF and all contributing countries. It will be drawn by the IMF as they provide new loans through the PRGT, and any loans will be repaid in full with interest. Australia's loan agreements with the PRGT were created in 2020 and 2022 and drawings may be made until 31 December 2029. As at 30 June 2023, the undrawn balance on the line of credit is SDR 789.4 million (approximately A$1.59 billion) (2022: SDR 289.4 million, A$560 million).

Resilience and Sustainability Trust

On 11 October 2022, the Australian government entered into an agreement to make a SDR 760 million (approximately A$1.53 billion as at 30 June 2023) line of credit available to the IMF under the Resilience and Sustainability Trust's (RST) Loan Account through to 30 November 2030. The RST Loan Account provides affordable long-term financing to help vulnerable countries build economic resilience and sustainability to address the risks stemming from climate change and pandemics. RST Loan Account funds are drawn upon by the IMF as needed and will be repaid in full with interest. As at 30 June 2023, the undrawn balance on the line of credit is SDR 745.83 million (approximately A$1.5 billion). Please refer to note 5.1C Investments for more details on the RST.

International financial institutions — uncalled capital subscriptions

The Australian Government has held an uncalled capital subscription to the International Bank for Reconstruction and Development (IBRD) since 1947. Australia's uncalled capital subscription to the IBRD totals US$4.2 billion (estimated value A$6.35 billion as at 30 June 2023).

The Australian Government has held an uncalled capital subscription to 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$389.47 million as at 30 June 2023).

The Australian Government has held an uncalled capital subscription to the Asian Development Bank (ADB) since 1966. Australia's uncalled capital subscription to the ADB totals US$7.0 billion (estimated value A$10.62 billion as at 30 June 2023).

The Australian Government holds an uncalled capital subscription to the Multilateral Investment Guarantee Agency (MIGA) of US$26.5 million (estimated value A$39.92 million as at 30 June 2023).

The Australian Government holds an uncalled capital subscription to the Asian Infrastructure Investment Bank (AIIB) of US$3.0 billion (estimated value A$4.45 billion as at 30 June 2023).

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

Australian Business Growth Fund

The Australian Government holds an uncalled capital subscription to the Australian Business Growth Fund (ABGF). The uncalled capital subscription to the ABGF totals $62.8 million as at 30 June 2023 (2022: $82.8 million). The Commonwealth committed $100 million in total to the ABGF, but drawdown is capped at 20% per year of its total commitment.

Guarantee by Commonwealth – Reserve Bank of Australia (RBA)

The Australian Government guarantees the liabilities of the Reserve Bank of Australia, measured as the Bank's total liabilities excluding capital, reserves, and Australian Government deposits. As at 30 June 2023, the RBA's liabilities exceeded its assets by $17.7 billion ($12.4 billion at 20 June 2022) in accordance with its audited financial statements. The net liability position reflects:

- unrealised valuation losses recorded on the RBA's holding of Australian dollar government bonds, which resulted from the significant rise in bond yields since 2021-22 (these bonds were purchased as part of the RBA's response to the COVID-19 pandemic, including under the Bond Purchase Program and as part of achieving a target for the yield on the three-year Australian Government bond)
- negative net interest income as increases in the domestic cash rate during 2022-23 resulted in the floating interest rate paid on most of the Bank's liabilities, namely Exchange Settlement balances, becoming higher than the fixed interest rate earned on the Bank's domestic assets (including funds provided under the Term Funding Facility in 2019-20 and 2020-21, through reverse repurchase agreements with a three-year term and at a fixed interest rate of 10 or 25 basis points).

The Treasury's view is informed by the RBA Board advice that the RBA will continue to operate effectively, and in accordance with its functions and objectives set out in the Reserve Bank Act and in the Statement on the Conduct of Monetary Policy.

Unquantifiable Administered Contingencies

Contingent Liabilities

Terrorism insurance — Australian Reinsurance Pool Corporation

The *Terrorism and Cyclone Insurance Act 2003* established a scheme for 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, to maintain a pool of funds and to purchase reinsurance to help meet future claims. The Commonwealth guarantees to pay any liabilities of the ARPC, but the Treasurer must declare a reduced payout rate to insured entities if the Government's liability would otherwise exceed $10 billion.

Cyclone Reinsurance Pool – Australian Reinsurance Pool Corporation

The Government provides an annually reinstated Government guarantee to the ARPC of $10 billion, or a larger amount if required, to support a reinsurance pool for the impact of cyclones and related flooding on eligible insured properties. The guarantee took effect from 1 July 2022 and may be called upon in the event of a large cyclone and related flooding, to ensure the ARPC can pay any and all liabilities.

The reinsurance pool is designed to be cost-neutral to Government over time, based on the predicted cost and frequency of cyclone events. The estimated value and range of calls on the guarantee is unquantifiable due to significant uncertainty in the frequency and severity of cyclones and the resulting losses.

Guarantee by Commonwealth — National Housing Finance and Investment Corporation (NHFIC)

The Commonwealth has agreed to make available amounts up to $1 billion to NHFIC's Affordable Housing Bond Aggregator (AHBA) via a loan, as outlined in Note 6.2 Special Account. Under the AHBA Loan Agreement with the Treasury, NHFIC can access the funds by completing a Utilisation Request and providing this to Treasury. Interest is to be charged on each individual loan at the Commonwealth's cost of borrowing.

The Australian Government guarantees the due payment of money payable by the National Housing Finance and Investment Corporation (NHFIC) to anybody other than the Government.

The NHFIC Board must not allow NHFIC to enter into a transaction that would result in the total guaranteed liabilities of the NHFIC, and any outstanding amount which NHFIC has borrowed from the Government, to exceed $7.5 billion unless approved by the Government.

Disaster Recovery Funding Arrangements (DRFA)

The Australian Government provides funding to States and Territories through the DRFA to assist with natural disaster relief and recovery costs. A State or Territory may claim DRFA funding if a natural disaster occurs and State or Territory relief and recovery expenditure for that event meets the requirements set out in the respective DRFA Determinations. This combined liability represents the Treasury's best estimate of payments expected to be made to States and Territories as at balance date. In the event where a natural disaster has occurred, but the associated costs cannot be quantified reliably, the event is disclosed as a contingent liability.

The DRFA provision at 30 June 2023 includes estimated payments for disaster events that occurred prior to 1 July 2023, except for new events that occurred during the 2022-23 financial year for which costs cannot yet be quantified reliably. There were three such events that are included in the DRFA contingent liability. These are:

- North Victorian Storms (commencing 7 June 2023);
- Southwest Queensland Flooding (4 June – 7 July 2023); and
- East Arnhem Region Flooding (NT) (16 April to 18 April 2023).

Estimates of all natural disasters are regularly reviewed and revised when new information becomes available.

Indemnities for specialised external advisers during the COVID-19 pandemic

The Government has provided indemnities for certain external specialised advisers engaged to provide advice on emerging markets issues related to COVID-19. Indemnities were provided to mitigate personal risk and provide coverage for costs related to any legal proceedings that may arise in relation to the provision of that advice.

The indemnities apply for the period of engagement as advisers and for claims that are notified within 12 years after cessation of the advisers' engagement. Until the indemnity agreements are varied or expire, they will remain as contingent and unquantifiable liabilities.

Contingent Assets

Burden sharing in the International Monetary Fund (IMF) remuneration

Since 1986, the IMF has used its burden sharing mechanism to make up for the loss of income from unpaid charges on the loans of debtor members. Under burden sharing, temporary financing in equal amounts is obtained from debtor and creditor members by increasing the rate of charge and reducing the rate of remuneration, respectively, to (1) cover shortfalls in the IMF's regular income from unpaid charges ("deferred charges") and (2) accumulate precautionary balances against possible credit default in a contingent account, the Special Contingent Account (SCA-1). SCA-1 accumulations were suspended effective November 1, 2006.

Due to the inherent uncertainty around shortfalls in IMF income, burden sharing contributions represent a contingent asset that cannot be reliably measured and as such is recorded as an unquantifiable contingent asset.

7.3. Financial Instruments

	2023	2022
	$'000	$'000
Note 7.3A: Categories of Financial Instruments		
Financial assets at amortised cost		
Cash and cash equivalents	**305**	424
Trade and other receivables - Goods and services receivables	**8,917**	4,476
Trade and other receivables - Other receivables	**734**	1,035
Total financial assets at amortised cost	**9,956**	5,935
Financial Liabilities		
Financial liabilities measured at amortised cost		
Suppliers	**22,639**	15,095
Other payables	**6,949**	5,211
Total financial liabilities measured at amortised cost	**29,588**	20,306
Total financial liabilities	**29,588**	20,306

Accounting Policy

Financial assets

The Treasury classifies its financial assets in the following categories:

a) financial assets at fair value through profit or loss;
b) financial assets at fair value through other comprehensive income; and
c) financial assets measured at amortised cost.

The classification depends on both the Treasury's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the Treasury becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:
1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

Financial assets classified as at fair value through other comprehensive income are held with the objective of both collecting contractual cash flows and selling the financial assets and the cash flows meet the SPPI test.

Any gains or losses as a result of fair value measurement or the recognition of an impairment loss allowance is recognised in other comprehensive income.

Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets either don't meet the criteria of financial assets held at amortised cost or at FVOCI (i.e. mandatorily held at FVTPL) or may be designated.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on expected credit losses, using the general approach which measures the loss allowance based on an amount equal to *lifetime expected credit losses* where risk has significantly increased, or an amount equal to *12-month expected credit losses* if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Financial Liabilities at Amortised Cost

Financial liabilities at amortised cost, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent the goods or services have been received (and irrespective of having been invoiced).

7.4. Administered - Financial Instruments

	2023 $'000	2022 $'000
Note 7.4A: Categories of Financial Instruments		
Financial assets at amortised cost		
Cash and cash equivalents	**947,977**	1,165,521
Loans to States and Territories	**31,905**	47,858
Loans to NHFIC	**76,108**	34,479
IMF NAB loans	**25,658**	57,412
IMF PRGT loan	**423,592**	-
IMF RST Loan	**28,515**	-
Concessional Loans	**1,944,568**	2,045,972
Guarantee of State and Territory Borrowing fee receivable	**-**	56
Accrued interest - IMF related transactions	**106,264**	17,615
Accrued interest - loans to NHFIC	**1,218**	124
Accrued interest - international loans	**35,638**	13,987
GST revenue allocation	**385,240**	-
Other receivables	**-**	99
Total assets at amortised cost	**4,006,683**	3,383,123
Financial assets at fair value through other comprehensive income		
International financial institutions	**2,994,362**	2,816,256
Australian Government entities	**1,787,275**	1,331,605
Australian Business Growth Fund	**28,689**	14,314
IMF Quota	**13,221,485**	12,715,032
IMF SDR holdings	**10,295,664**	12,186,786
IMF PRGT investment	**2,011,668**	-
IMF RST reserve account	**30,577**	-
IMF RST deposit account	**305,774**	-
Total assets at fair value through other comprehensive income	**30,675,494**	29,063,993
Financial assets at fair value through profit or loss		
Borrowing contractual fee receivable	**-**	553
Total assets at fair value through profit or loss	**-**	553
Total financial assets	**34,682,177**	32,447,669
Financial Liabilities		
Financial liabilities measured at amortised cost:		
Promissory notes	**8,706,866**	8,657,222
Grants payables	**380,503**	1,252,274
IMF SDR allocation liability	**18,874,514**	18,151,520
IMF related monies owing	**120,458**	20,009
IMF Maintenance of Value	**735,811**	168,136
Total financial liabilities measured at amortised cost	**28,818,152**	28,249,161
Financial liabilities measured at fair value through profit or loss:		
Guarantee of State and Territory Borrowing contractual guarantee service obligation	**-**	553
Financial guarantees	**753,813**	655,093
Total financial liabilities measured at fair value through profit or loss	**753,813**	655,646
Total financial liabilities	**29,571,965**	28,904,807

	2023 $'000	2022 $'000
Note 7.4B: Net Gains and Losses on Financial Assets		
Financial assets at amortised cost		
Interest revenue[1]	**214,723**	122,934
Concessional Loan Discount Expense	**(397,659)**	(303,892)
Exchange gains/(loss)	**18,468**	8,782
Net gains/(losses) on financial assets at amortised cost	**(164,468)**	(172,176)
Financial assets at fair value through other comprehensive income		
Gains / (losses) recognised in equity	**285,045**	(22,308,742)
Interest revenue	**441,546**	31,414
Dividend revenue	**-**	1,965
Exchange gains/(loss)	**1,104,755**	152,989
Net gains/(losses) on financial assets at fair value through other comprehensive income	**1,831,346**	(22,122,374)
Financial assets at fair value through profit and loss		
Guarantee of State and Territory Borrowing fee	**560**	1,008
Net gains/(losses) on financial assets at fair value through profit and loss	**560**	1,008
Net gains/(losses) on financial assets	**1,667,438**	(22,293,542)

1. Includes unwinding of the concessional loan discount.

	2023 $'000	2022 $'000
Note 7.4C: Net Gains and Losses on Financial Liabilities		
Financial liabilities measured at amortised cost		
Charges on SDR allocations	**(515,583)**	(37,357)
Exchange gains/(loss)	**(1,461,323)**	(14,362)
Net gains/(losses) on financial liabilities measured at amortised cost	**(1,976,906)**	(51,719)
Financial liabilities measured at fair value through profit or loss		
Change in fair value	**(106,626)**	182,032
Net gains/(losses) on financial liabilities at fair value through profit or loss	**(106,626)**	182,032
Net gains/(losses) on financial liabilities	**(2,083,532)**	130,313

Note 7.4D: Credit risk

The maximum exposure to credit risk of the Treasury's administered financial assets is the carrying amount of 'loans and receivables' (2023: $3.1 billion and 2022: $2.2 billion) and the carrying amount of equity accounted instruments (2023: $30.7 billion and 2022: $29.1 billion) 'available for sale financial assets'.

The Treasury has performed assessments using historical data, financial statement data (audited and unaudited) and forward-looking data, including credit ratings, for transactions with other entities within the Commonwealth Government, other State and Territory governments, foreign governments and international financial institutions including the International Monetary Fund (IMF). Based on the assessments, there is no indication that a significant increase in expected credit loss over the next 12 months, or the lifetime of these transactions, will occur.

International financial institutions (including the IMF), the Australian Business Growth Fund, National Housing Finance and Investment Corporation (NHFIC) and other Commonwealth entities that the Treasury holds its financial assets with, have a minimum AAA credit rating. The contractual fee receivable from the Guarantee of State and Territory Borrowing relates to State and Territory governments. These entities hold a minimum AA credit rating. Therefore, the Treasury does not consider any of its financial assets to be at risk of default. Further detail is provided in the Accounting Policy for Administered Financial Instruments.

Note 7.4E: Liquidity risk

The Treasury's administered financial liabilities are promissory notes, grant liabilities, the IMF SDR allocation, other payables and liabilities associated with the SME Guarantee Scheme and Loan Recovery Scheme. 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 2023

	On demand $'000	Within 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	> 5 years $'000	Total $'000
Promissory notes	-	-	-	-	8,706,866	8,706,866
Grant liabilities	-	380,503	-	-	-	380,503
IMF SDR allocation liabilities	-	-	-	-	18,874,514	18,874,514
Financial guarantees	-	65,521	83,023	386,165	219,104	753,813
Other payables	-	856,269	-	-	-	856,269
Total	-	1,302,293	83,023	386,165	27,800,484	29,571,965

Maturities for financial liabilities in 2022

	On demand $'000	Within 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	> 5 years $'000	Total $'000
Promissory notes	-	-	-	-	8,657,222	8,657,222
Grant liabilities	-	1,252,274	-	-	-	1,252,274
IMF SDR allocation liabilities	-	-	-	-	18,151,520	18,151,520
Financial guarantees	-	46,250	33,650	243,910	331,283	655,093
Other payables	-	188,145	-	-	-	188,145
Total	-	1,486,669	33,650	243,910	27,140,025	28,904,254

Note 7.4F: Market risk

Interest rate risk
Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Treasury is exposed to interest rate risk from loans and other receivables.

The Treasury considers it's interest rate risk to be not significant. Interest rate risk is primarily attributable to the international assistance loans, IMF transactions, loans to state and territory governments and loans to NHFIC, which have fixed interest rates applied.

Foreign currency 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 2023 from an 8.5 per cent (30 June 2022 from an 8.3 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 2023

			Effect on	
	Risk variable	Change in risk variable %	Net cost of services 2023 $'000	Net assets 2023 $'000
IFI investments	Exchange rate	8.5	(234,073)	(234,073)
IFI investments	Exchange rate	(8.5)	277,450	277,450
IMF Quota	Exchange rate	8.5	(1,033,538)	(1,033,538)
IMF Quota	Exchange rate	(8.5)	1,225,068	1,225,068
IMF SDR holdings asset	Exchange rate	8.5	(804,823)	(804,823)
IMF SDR holdings asset	Exchange rate	(8.5)	953,969	953,969
IMF PRGT investment	Exchange rate	8.5	(157,254)	(157,254)
IMF PRGT investment	Exchange rate	(8.5)	186,396	186,396
IMF RST reserve account	Exchange rate	8.5	(2,390)	(2,390)
IMF RST reserve account	Exchange rate	(8.5)	2,833	2,833
IMF RST deposit account	Exchange rate	8.5	(23,903)	(23,903)
IMF RST deposit account	Exchange rate	(8.5)	28,332	28,332
Accrued interest - IMF related transactions	Exchange rate	8.5	(8,307)	(8,307)
Accrued interest - IMF related transactions	Exchange rate	(8.5)	9,846	9,846
IMF NAB loans	Exchange rate	8.5	(2,006)	(2,006)
IMF NAB loans	Exchange rate	(8.5)	2,377	2,377
IMF PRGT loan	Exchange rate	8.5	(33,113)	(33,113)
IMF PRGT loan	Exchange rate	(8.5)	39,249	39,249
IMF RST loan	Exchange rate	8.5	(2,229)	(2,229)
IMF RST loan	Exchange rate	(8.5)	2,642	2,642
Promissory notes	Exchange rate	8.5	5,236	5,236
Promissory notes	Exchange rate	(8.5)	(6,206)	(6,206)
IMF SDR allocation liability	Exchange rate	8.5	1,475,441	1,475,441
IMF SDR allocation liability	Exchange rate	(8.5)	(1,748,862)	(1,748,862)
IMF related money owing	Exchange rate	8.5	9,416	9,416
IMF related money owing	Exchange rate	(8.5)	(11,161)	(11,161)

Sensitivity analysis of the risk that the entity is exposed to for 2022

	Risk variable	Change in Risk variable %	Effect on Net cost of services 2022 $'000	Effect on Net assets 2022 $'000
IFI investments	Exchange rate	8.3	(216,075)	(216,075)
IFI investments	Exchange rate	(8.3)	255,242	255,242
IMF SDR holdings asset	Exchange rate	8.3	(935,022)	(935,022)
IMF SDR holdings asset	Exchange rate	(8.3)	1,104,506	1,104,506
Accrued interest - IMF related transactions	Exchange rate	8.3	(1,352)	(1,352)
Accrued interest - IMF related transactions	Exchange rate	(8.3)	1,597	1,597
IMF NAB loans	Exchange rate	8.3	(4,405)	(4,405)
IMF NAB loans	Exchange rate	(8.3)	5,203	5,203
IMF PRGT loan	Exchange rate	8.3	(29,872)	(29,872)
IMF PRGT loan	Exchange rate	(8.3)	35,287	35,287
IMF Quota	Exchange rate	8.3	(975,551)	(975,551)
IMF Quota	Exchange rate	(8.3)	1,152,382	1,152,382
Promissory notes	Exchange rate	8.3	4,946	4,946
Promissory notes	Exchange rate	(8.3)	(5,842)	(5,842)
IMF SDR allocation liability	Exchange rate	8.3	1,392,661	1,392,661
IMF SDR allocation liability	Exchange rate	(8.3)	(1,645,099)	(1,645,099)
IMF related money owing	Exchange rate	8.3	1,535	1,535
IMF related money owing	Exchange rate	(8.3)	(1,813)	(1,813)

Accounting Policy

Administered financial instruments

AASB 9 identifies three classifications for financial instruments - those measured at (a) amortised cost; (b) fair value through other comprehensive income (FVOCI); and (c) fair value through profit or loss (FVPL).

A financial asset shall be classified as at amortised cost if the financial asset is held within a business model to collect contractual cash flows and that the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

With the exception of dividends receivable, which is measured at fair value, financial assets at amortised cost are initially recognised at fair value and subsequently measured using the effective interest method. Financial assets at amortised cost include:

- International Monetary Fund (IMF) related monies receivable;
- Loans to the IMF under the New Arrangements to Borrow;
- Loans to the IMF under the Poverty Reduction and Growth Trust;
- Loans to the IMF under the Resilience and Sustainability Trust;
- Loans to National Housing Finance and Investment Corporation (NHFIC);
- Loans to States and Territories;
- Loans to AEMO;
- International assistance loans;
- GST revenue allocation receivable; and
- Accrued interest.

A financial asset shall be classified as at FVOCI when the financial asset is held within a business model to collect contractual cash flows and to sell the financial asset. In addition, the Department of Finance has mandated that all equity instruments must be recorded as FVOCI.

Financial assets recorded at FVOCI are initially measured at cost and subsequently measured at fair value and include:

- The IMF quota and Special Drawing Right (SDR) holdings;

- Investments in the IMF PRGT and RST;
- Investments in development banks;
- Investment in the Australian Business Growth Fund; and
- Investments in Government entities.

Financial liabilities shall be classified as at amortised cost except for financial guarantee contracts.

Financial liabilities at amortised cost are initially measured at fair value and subsequently measured using the effective interest rate method. Financial liabilities at amortised cost include:
- Special Drawing Right (SDR) allocation;
- Grants payables
- Promissory notes; and
- International Monetary Fund (IMF) related monies payable.

The contractual terms of promissory notes are non-interest bearing making the effective interest rate nil. 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 Treasury's administered financial guarantee contracts relate to the Small and Medium Enterprises recovery loan schemes. They are classified as financial liabilities at fair value through profit or loss. 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 amounts recognised for the Small and Medium Enterprises recovery loan schemes financial guarantee contracts are the expected losses on the total loan balance discounted to reporting date for these Schemes.

The carrying amount of financial instruments is a reasonable approximation of fair value.

7.5. Fair Value Measurement

Note 7.5A: Fair value measurement

	Fair value measurements at the end of the reporting period	
	2023	2022
	$'000	$'000
Non-financial assets[1,2]		
Property, plant and equipment - Assets Under Construction (AUC)	**521**	3,136
Property, plant and equipment	**9,337**	7,297
Library	**764**	764
Buildings - AUC	**207**	-
Buildings	**18,293**	21,817
Total non-financial assets	**29,122**	33,014

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

2. No non-financial assets were measured at fair value on a non-recurring basis as at 30 June 2023.

Accounting Policy

Comprehensive valuations are carried out once every three years. In the intervening years, an annual materiality review is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. The Treasury appointed Jones Lang LaSalle (JLL) to undertake this review of all tangible property, plant and equipment assets as at 30 June 2023. The last full valuation was completed as at 30 June 2021 the next valuation is scheduled for 30 June 2024.

Accounting judgements and estimates

Where possible, asset valuations are based upon observable inputs to the extent they are available. Where this information is not available, valuation techniques rely upon unobservable inputs. The methods utilised to determine and substantiate the unobservable inputs are derived and evaluated as follows:

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.

All Asset Classes - Physical Depreciation and Obsolescence

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 Depreciated Replacement Cost approach. Under the Depreciated Replacement Cost approach, the estimated cost to replace the asset is calculated and then adjusted to take into account physical depreciation and obsolescence. Physical depreciation and obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration. For all leasehold improvement assets, the consumed economic benefit / asset obsolescence deduction is determined based on the term of the associated lease.

The Treasury's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period. There have been no transfers between level 1 and level 2 of the hierarchy during the year.

7.6. Administered - Fair Value Measurement

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 7.6A: 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 2023

	Fair value measurements at the end of the reporting period using			
	2023 $'000	2022 $'000	**Category (Level 1, 2 or 3)**	**Valuation technique(s) and inputs used[1]**
Financial assets:				
International financial institutions:	**2,994,362**	2,816,256	**3**	**Value of shares held**
Asian Development Bank	***617,924***	*594,254*		
Asian Infrastructure and Investment Bank	***1,113,423***	*1,071,563*		
European Bank for Reconstruction and Development	***102,640***	*95,007*		
International Bank for Reconstruction and Development	***483,206***	*433,442*		
International Finance Corporation	***667,816***	*612,989*		
Multilateral Investment Guarantee Agency	***9,353***	*9,001*		
Australian Government entities:	**1,787,275**	1,331,605	**3**	**Net assets**
Reserve Bank of Australia	-	-		
Australian Reinsurance Pool Corporation	***953,250***	*707,473*		
NHFIC	***834,025***	*624,132*		
Other investments:	**28,689**	14,314	**3**	**Net assets**
Australian Business Growth Fund	***28,689***	*14,314*		
Other investments:	**25,865,168**	24,901,818	**3**	**Value of quota held / SDRs lent**
IMF Quota	***13,221,485***	*12,715,032*		
IMF SDR holdings	***10,295,664***	*12,186,786*		
IMF PRGT investment	***2,011,668***	-		
IMF RST reserve account	***30,577***	-		
IMF RST deposit account	***305,774***	-		
Total financial assets	**30,675,494**	29,063,993		
Total fair value measurements	**30,675,494**	29,063,993		

1. Significant observable inputs only.

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 7.6B: Level 1 and Level 2 transfers for recurring fair value measurements

No assets were transferred between Level 1 and Level 2.

Note 7.6C: Reconciliation for recurring Level 3 fair value measurements

Recurring Level 3 fair value measurements - reconciliation for assets

	Financial assets	
	Investments	
	2023	2022
	$'000	$'000
As at 1 July	**29,063,993**	38,525,891
Total gains/(losses) recognised in other comprehensive income	**285,045**	(22,308,742)
Total gains/(losses) recognised in net cost of services		
IMF Quota foreign exchange gain/(loss)	**506,453**	241,318
IMF SDR holdings foreign exchange gain/(loss)	**508,615**	(272,371)
IMF PRGT investment foreign exchange gain/(loss)	**(26,237)**	
IMF RST reserve account foreign exchange gain/(loss)	**256**	
IMF RST depsoit account foreign exchange gain/(loss)	**2,562**	
International Financial Institutions (IFI) foreign exchange gain/(loss)	**113,106**	184,042
Share Purchases		
Increase in investments in ABGF	**20,000**	12,407
Increase in investments in NHFIC	**165,000**	165,000
Increase in investments in the IFI	**65,000**	57,292
Issues		
IMF SDR holdings allocation	**-**	12,459,156
Transfers out of Level 3		
IMF SDR holdings transferred to IMF RST Loan	**(28,299)**	-
Total as at 30 June	**30,675,494**	29,063,993
Changes in unrealised gains/(losses) recognised in net cost of services for the year ended 30 June	**1,104,755**	152,989

8. Other Information

8.1. Current/Non-current Distinction for Assets and Liabilities

	2023 $'000	2022 $'000
Note 8.1A: Current/non-current distinction for assets and liabilities		
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	**305**	424
Trade and other receivables	**127,198**	115,159
Prepayments	**6,028**	3,799
Total no more than 12 months	**133,531**	119,382
More than 12 months		
Land and buildings	**140,565**	152,341
Plant and equipment	**10,671**	11,220
Intangibles	**4,328**	8,420
Trade and other receivables	**-**	73
Prepayments	**595**	856
Total more than 12 months	**156,159**	172,910
Total assets	**289,690**	292,292
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers		
Suppliers	**22,639**	15,095
Other payables	**6,949**	5,211
Leases	**11,089**	11,097
Employee provisions	**17,676**	17,489
Total no more than 12 months	**58,353**	48,892
More than 12 months		
Loans		
Leases	**122,231**	129,144
Employee provisions	**58,447**	54,703
Provision for restoration	**5,974**	5,704
Total more than 12 months	**186,652**	189,551
Total liabilities	**245,005**	238,443

	2023 $'000	2022 $'000
Note 8.1B: Administered - Current/non-current distinction for assets and liabilities		
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	**947,977**	1,165,521
Trade and other receivables	**518,839**	27,249
Loans	**123,408**	190,168
Total no more than 12 months	**1,590,224**	1,382,938
More than 12 months		
Trade and other receivables	**9,624**	5,308
Loans	**2,406,938**	1,995,553
Investments	**30,675,494**	29,063,993
Total more than 12 months	**33,092,056**	31,064,854
Total assets	**34,682,280**	32,447,792
Liabilities expected to be settled in:		
No more than 12 months		
Grants	**380,503**	1,252,274
IMF and other payables	**856,269**	202,608
Unearned income	**-**	553
Financial guarantees	**65,521**	46,250
Provisions	**3,656,640**	1,891,306
Total no more than 12 months	**4,958,933**	3,392,991
More than 12 months		
IMF and other payables	**18,874,514**	18,151,520
Promissory notes	**8,706,866**	8,657,222
Financial guarantees	**688,292**	608,843
Provisions	**2,819,088**	3,680,874
Total more than 12 months	**31,088,760**	31,098,459
Total liabilities	**36,047,693**	34,491,450

9. Budgetary Reports and Explanation of Major Variances

9.1. Departmental Budgetary Reports

Statement of Comprehensive Income
for the period ended 30 June 2023

	Actual 2023 $'000	Original Budget[1] 2023 $'000	Variance to Original Budget[2] 2023 $'000
NET COST OF SERVICES			
Expenses			
Employee benefits	**240,685**	**223,033**	17,652
Suppliers	**109,882**	**127,440**	(17,558)
Grants	**703**	**555**	148
Depreciation and amortisation	**23,350**	**13,957**	9,393
Write-down and impairment of assets	**503**	**-**	503
Finance costs	**1,974**	**1,733**	241
Foreign exchange losses	**9**	-	9
Total expenses	**377,106**	**366,718**	10,388
Own-source income			
Own-source revenue			
Sale of goods and rendering of services	**13,654**	**10,251**	3,403
Other revenues	**6,591**	**4,954**	1,637
Total own-source revenue	**20,245**	**15,205**	5,040
Gains			
Other gains	**142**	-	142
Total gains	**142**	-	142
Total own-source income	**20,387**	**15,205**	5,182
Net cost of services	**(356,719)**	**(351,513)**	(5,206)
Revenue from Government	**343,789**	**344,199**	(410)
Surplus / (Deficit)	**(12,930)**	**(7,314)**	(5,616)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation reserves	**(17)**	-	(17)
Total other comprehensive income	**(17)**	-	(17)
Total comprehensive income/(loss) attributable to the Australian Government	**(12,947)**	**(7,314)**	(5,633)

1. The Treasury's original budgeted financial statement first presented to Parliament in respect of the reporting period (i.e. from the Treasury's 2022-23 October Portfolio Budget Statements (PBS)).

2. Between the actual and total original budgeted amounts for 2023. Explanations of major variances (greater than +/- 10% of the original budget for a line item and greater than +/- $1 million) are provided below.

Explanations of major variances	Affected line items
Employee benefits is $17.6 million (8%) over budget, this is driven by the following factors; - An increase in average staffing level from 1,438 in 2021-22 to 1,469 in 2022-23. - In November 2022 the Public Sector Interim Workplace Arrangement 2022 released by APSC provided for a 3% increase in salary and wages for staff within Treasury. - Finally the increase in the 10 year bond rate used for Long Service Leave has resulted in annual and long service leave expenses being $10.5 million higher than budget.	Employee Benefits
Supplier expense is $17.5 million (14%) under budget due to the following factors: - A reduction in consultancy expenditure across various divisions. - An underspend in the following; conference and training expenses, legal expenses and travel expenses. - Property operating expenses were underspent due to a reduction in security costs and the budget overstated the expected rental payments. - These underspends were partially offset by an overspend in contractors.	Suppliers
Depreciation and amortisation is $9.4 million (67%) more than the original budget as a result of the current and prior year additional Right-Of-Use (ROU) assets and leasehold improvements.	Depreciation and amortisation
Sale of goods and rendering of services is $3.403 million (33%) more than the original budget, due to an increase in cost recoveries not budgeted for relating to review work performed on behalf of the Australian Taxation Office (ATO) and an expanded work program with the Department of Foreign Affairs and Trade (DFAT).	Sale of goods and rendering of services
Other revenues is $1.637 million (33%) more than the original budget, due to an increase in secondments received free of charge this year compared to budget.	Other revenues

Statement of Financial Position
as at 30 June 2023

	Actual	Original Budget[1]	Variance to Original Budget[2]
	2023	2023	2023
	$'000	$'000	$'000
ASSETS			
Financial assets			
Cash and cash equivalents	**305**	**1,557**	(1,252)
Trade and other receivables	**127,198**	**110,822**	16,376
Total financial assets	**127,503**	**112,379**	15,124
Non-financial assets			
Buildings	**140,565**	**143,784**	(3,219)
Plant and equipment	**10,671**	**13,692**	(3,021)
Intangibles	**4,328**	**9,490**	(5,162)
Prepayments	**6,623**	**4,655**	1,968
Total non-financial assets	**162,187**	**171,621**	(9,434)
Total assets	**289,690**	**284,000**	5,690
LIABILITIES			
Payables			
Suppliers	**22,639**	**11,717**	10,922
Other payables	**6,949**	**8,619**	(1,670)
Total payables	**29,588**	**20,336**	9,252
Interest bearing liabilities			
Leases	**133,320**	**134,743**	(1,423)
Total interest bearing liabilities	**133,320**	**134,743**	(1,423)
Provisions			
Employee provisions	**76,123**	**72,899**	3,224
Provision for restoration	**5,974**	**5,704**	270
Total provisions	**82,097**	**78,603**	3,494
Total liabilities	**245,005**	**233,682**	11,323
Net assets	**44,685**	**50,318**	(5,633)
EQUITY			
Asset revaluation reserve	**14,076**	**14,093**	(17)
Contributed equity	**124,118**	**124,118**	-
Retained earnings	**(93,509)**	**(87,893)**	(5,616)
Total equity	**44,685**	**50,318**	(5,633)

1. The Treasury's original budgeted financial statement first presented to Parliament in respect of the reporting period (i.e. from the Treasury's 2022-23 October Portfolio Budget Statements (PBS)).

2. Between the actual and total original budgeted amounts for 2023. Explanations of major variances (greater than +/- 10% of the original budget for a line item and greater than +/- $1 million) are provided below.

Explanations of major variances	Affected line items
Trade and other receivables were $16.3 million (15%) over budget due to the following factors; - The increase in accruals compared to budget resulting from the various reviews, assessments and framework development undertaken by Treasury, resulting in less appropriation drawdowns prior to the year end. - The additional other receivables compared to budget as a result of the cost recoveries accrued for the review work completed for the ATO. - The additional funding received at PAES. - The unspent equity injection was over budget as the budget assumed this would have been utilised during the financial year.	Trade and other receivables
Non-financial assets (excluding prepayments) are $11.4 million (7%) less than the original budget due to the following factors: - Additions were underestimated by $0.8 million. This is due to acquisitions expensed assumed to be intangibles in the budget. This was partially offset by the increase in ROU additions. - There was a total of $1.2 million in write-offs this financial year which were not budgeted for. - Finally, for the movement in depreciation please refer to Depreciation Expense variance analysis.	Non-financial assets
Prepayments is $1.9 million (42%) more than the original budget due to an increase in software licenses totalling $1.9m.	Prepayments
Suppliers were $10.9 million (93%) over budget due the increased balance of contract liabilities (unearned income) $4.7 million which relates to the timing of when invoices have been raised and services provided. Accrued expenses are $6.93 million higher than budget due to various IT contractor accruals of $2.7 million and the completion of assessments and frameworks not yet paid totalling $4.9 million.	Suppliers
Other payables are $1.7 million (19%) under budget due to the following factors: - Contract liabilities (unearned income) is reported under supplier payable ($4.7 million) compared to other payables in budget ($3.4 million). - The remaining balance consists of salary, superannuation and other payables. The budgeted figures are based on prior year actuals and differ to balances at 30 June due to the increase in average staffing level from 1,438 to 1,469 which results in a higher level of salary and superannuation payable as at 30 June 2023.	Other payables

Statement of Changes in Equity

for the period ended 30 June 2023

	Retained earnings			Asset revaluation surplus			Contributed equity/capital		
	Actual	Original Budget[1]	Variance[2]	Actual	Original Budget[1]	Variance[2]	Actual	Original Budget[1]	Variance[2]
	2023	2023	2023	2023	2023	2023	2023	2023	2023
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance as at 1 July	**(80,579)**	**(80,579)**	-	**14,093**	**14,093**	-	**120,335**	**120,335**	-
Comprehensive income									
Changes in provision for restoration		-	-	**(17)**	-	(17)		-	-
Surplus (Deficit) for the period	**(12,930)**	**(7,314)**	(5,616)	-	-	-	-	-	-
Total comprehensive income	**(12,930)**	**(7,314)**	(5,616)	**(17)**	-	(17)	-	-	-
Transactions with owners									
Contributions by owners									
Equity injection appropriation	-	-	-	-	-	-	**303**	**303**	-
Departmental capital budget appropriation	-	-	-	-	-	-	**3,480**	**3,480**	-
Total transactions with owners	-	-	-	-	-	-	**3,783**	**3,783**	-
Closing balance as at 30 June	**(93,509)**	**(87,893)**	(5,616)	**14,076**	**14,093**	(17)	**124,118**	**124,118**	-

1. The Treasury's original budgeted financial statement first presented to Parliament in respect of the reporting period (i.e. from the Treasury's 2022-23 October Portfolio Budget Statements (PBS)).

2. Between the actual and total original budgeted amounts for 2023. Explanations of major variances (greater than +/- 10% of the original budget for a line item and greater than +/- $1 million) are provided below.

Explanations of major variances	Affected line items
Increase in deficit of $5.6 million (77%) relates directly to the Statement of Comprehensive Income variances	Surplus/(Deficit) for the period

Cash Flow Statement
for the period ended 30 June 2023

	Actual	Original Budget[1]	Variance to Original Budget[2]
	2023	**2023**	2023
	$'000	**$'000**	$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	**365,548**	**348,609**	16,939
Sale of goods and rendering of services	**8,027**	**10,251**	(2,224)
GST received	**9,549**	**-**	9,549
Other	**3,442**	**772**	2,670
Total cash received	**386,566**	**359,632**	26,934
Cash used			
Employees	**234,927**	**222,296**	12,631
Suppliers	**100,728**	**123,258**	(22,530)
Grants	**703**	**-**	703
Section 74 receipts transferred to OPA	**31,319**	**-**	31,319
GST paid	**9,566**	**-**	9,566
Interest payments on lease liabilities	**1,769**	**1,732**	37
Other	**-**	**555**	(555)
Total cash used	**379,012**	**347,841**	31,171
Net cash from/(used by) operating activities	**7,554**	**11,791**	(4,237)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of plant and equipment	**8**	**-**	8
Total cash received	**8**	**-**	8
Cash used			
Purchase of Buildings	**432**	**-**	432
Purchase of plant and equipment	**2,406**	**8,943**	(6,537)
Purchase of intangibles	**291**	**-**	291
Total cash used	**3,129**	**8,943**	(5,814)
Net cash from/(used by) investing activities	**(3,121)**	**(8,943)**	5,822
FINANCING ACTIVITIES			
Cash received			
Contributed equity - departmental capital budget	**6,449**	**3,783**	2,666
Total cash received	**6,449**	**3,783**	2,666
Cash used			
Principal payments of lease liabilities	**11,001**	**5,498**	5,503
Total cash used	**11,001**	**5,498**	5,503
Net cash from/(used by) financing activities	**(4,552)**	**(1,715)**	(2,837)
Net increase/(decrease) in cash held	**(119)**	**1,133**	(1,252)
Cash at the beginning of the reporting period	**424**	**424**	-
Cash at the end of the reporting period	**305**	**1,557**	(1,252)

1. The Treasury's original budgeted financial statement first presented to Parliament in respect of the reporting period (i.e. from the Treasury's 2022-23 October Portfolio Budget Statements (PBS)).
2. Between the actual and total original budgeted amounts for 2023. Explanations of major variances (greater than +/- 10% of the original budget for a line item and greater than +/- $1 million) are provided below.

Explanations of major variances	Affected line items
Operating activities was $4.237 million under budget which is due to a combination of Section 74 transferred to OPA not budgeted for and the underspend in supplier expenses, partially offset by the over spend in employee expenses.	Net cash from/(used by) operating activities
Investing activities was $5.822 million under budget due to under spends for Plant & Equipment and Intangible additions, partly due to acquisitions which have been expensed due to being cloud based arrangements but were assumed to be capitalised in the budget.	Net Cash from/(used by) investing activities
Financing activities was $2.837 million over budget, as the lease principal payments were understated in budget as the budget didn't factor in additional lease liabilities. This was partially offset by capital expenditure of $6.4 million which was $2.6m over budget.	Net Cash from/(used by) financing activities

9.2. Administered Budgetary Reports

Statement of Comprehensive Income
for the period ended 30 June 2023

	Actual	Budget estimate	
		Original[1]	Variance[2]
	2023	2023	2023
	$'000	$'000	$'000
NET COST OF SERVICES			
Expenses			
Grants	**186,092,979**	**189,217,332**	(3,124,353)
Finance costs	**568,897**	**392,197**	176,700
Payments to corporate Commonwealth entities	**49,090**	**43,899**	5,191
Suppliers and increase in provisions	**118,292**	**85,059**	33,233
Concessional loan discount	**397,659**	**13,073**	384,586
Foreign exchange losses	**338,100**	**888,924**	(550,824)
Total expenses	**187,565,017**	**190,640,484**	(3,075,467)
Income			
Revenue			
Non-taxation revenue			
Revenue from contracts with customers	**655,013**	**655,181**	(168)
Interest	**656,269**	**436,228**	220,041
COAG revenue from government agencies	**1,200,521**	**2,114,196**	(913,675)
Other revenue	**96,688**	**95,128**	1,560
Total non-taxation revenue	**2,608,491**	**3,300,733**	(692,242)
Total revenue	**2,608,491**	**3,300,733**	(692,242)
Gains			
Foreign exchange	-	**315,664**	(315,664)
Other gains	**13,718**	-	13,718
Total gains	**13,718**	**315,664**	(301,946)
Total income	**2,622,209**	**3,616,397**	(994,188)
Net (cost of)/contribution by services	**(184,942,808)**	**(187,024,087)**	2,081,279
Surplus/(Deficit)	**(184,942,808)**	**(187,024,087)**	2,081,279
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Gains/(losses) on financial assets at fair value through other comprehensive income	**285,045**	-	285,045
Total comprehensive income	**285,045**	-	285,045
Total comprehensive income/(loss)	**(184,657,763)**	**(187,024,087)**	2,366,324

1. Treasury's original budgeted financial statement first presented to Parliament in respect of the reporting period (i.e. from the Treasury's 2022-23 October Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amounts for 2023. No explanations of major variances are required as no line item is greater than +/- 10% of the original budget and greater than +/- $1 billion.

Administered Schedule of Assets and Liabilities
as at 30 June 2023

	Actual	Budget estimate	
		Original[1]	Variance[2]
	2023	2023	2023
	$'000	$'000	$'000
ASSETS			
Financial assets			
Cash and cash equivalents	**947,977**	**1,061,046**	(113,069)
Loans and other receivables	**3,058,809**	**2,122,895**	935,914
Investments	**30,675,494**	**28,762,104**	1,913,390
Total financial assets	**34,682,280**	**31,946,045**	2,736,235
Total assets administered on behalf of Government	**34,682,280**	**31,946,045**	2,736,235
LIABILITIES			
Payables			
Grants	**380,503**	**88,899**	291,604
IMF and other payables	**19,730,783**	**18,279,208**	1,451,575
Unearned income	**-**	**5**	(5)
Financial Guarantee	**753,813**	**632,723**	121,090
Total payables	**20,865,099**	**19,000,835**	1,864,264
Financial liabilities			
Promissory notes	**8,706,866**	**8,823,713**	(116,847)
Total financial liabilities	**8,706,866**	**8,823,713**	(116,847)
Provisions			
DRFA Provision	**6,454,490**	**4,405,265**	2,049,225
Other provisions	**21,238**	**93,259**	(72,021)
Total provisions	**6,475,728**	**4,498,524**	1,977,204
Total liabilities administered on behalf of Government	**36,047,693**	**32,323,072**	3,724,621
Net assets/(liabilities)	**(1,365,413)**	**(377,027)**	(988,386)

1. Treasury's original budgeted financial statement first presented to Parliament in respect of the reporting period (i.e. from the Treasury's 2022-23 October Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amounts for 2023. 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
The DRFA Provision is $2.0 billion more than the original budget. The variance is due to new natural disasters from September 2022 to June 2023. The October budget estimates were prepared based on the best available information at 31 August 2022. It is difficult to predict future disasters at the time of budget preparation.	DRFA Provision


27 ↑ 38 COLLINS
MAILROOM
SERVICES

5

Part 5 – Appendices

Methodology for the Annual Stakeholder Survey

Treasury uses an annual stakeholder survey to assess the performance of the department's policy advice, effectiveness of working relationships (performance measures 1 and 10) and administration of regulator functions (performance measure 12). An external provider was engaged to develop, conduct, and report on the annual stakeholder survey for 2022–23.

Fieldwork and data collection

The fieldwork for the stakeholder survey was conducted between May and June 2023.

The research involved quantitative and qualitative data collection. The external provider emailed survey participants an invitation and a secure unique link to access the survey. Ministers or their delegate were interviewed by an appropriate Treasury official. The external provider attended as an independent observer and note taker.

Data was collected via four separate and tailored surveys (covering different types of stakeholders):

- One for the four Treasury portfolio ministers (the Treasurer; the Minister for Housing, Minister for Homelessness, Minister for Small Business; the Assistant Treasurer and Minister for Financial Services; and the Assistant Minister for Competition, Charities and Treasury, Assistant Minister for Employment) – addressing their perceptions of Treasury's performance in relation to Corporate Plan performance measures 1 and 10
- One for other key external stakeholders of performance measures 1 and 10
- One for the key external stakeholders of the Foreign Investment Review Framework (performance measure 12)
- One for the key external stakeholders of the Payment Times Reporting Scheme (performance measure 12).

Sample selection

Sampling occurred through a census approach. All relevant stakeholders were invited to participate in a survey. A systematic approach was adopted to selecting relevant stakeholders, to address the risk of selection bias (adhering to Department of Finance better practice guidance), via transparent operational selection rules for Treasury's business units (set out below). The external provider also independently assessed the integrity of the proposed lists of stakeholders to be surveyed.

Stakeholder selection operational rules

- Ministerial survey of performance measures 1 and 10: All Treasury portfolio ministers, or their delegated ministerial adviser, were invited to participate. In 2023, the Treasurer was represented at the interview by his Chief of Staff, while all other ministers participated in their respective interviews.
- Key external stakeholders of performance measures 1 and 10:
  - Knowledgeable Observers: Senior executives in other Australian Government entities who worked with Treasury in a *substantial way in this area in the past 12 months* were invited to participate. Substantial collaborators include:
    - Treasury's Senior Executive Service (SES) counterparts (officers responsible for policy advice in the same policy areas as Treasury divisions) in the Department of Finance and Department of the Prime Minister and Cabinet.
    - SES officers of other Australian Government entities who had dealt with Treasury at least four times in the past 12 months in one or more of the following ways were invited to participate:
      - Working with Treasury on policy advice, policy development or reform processes
      - Working with Treasury on analysis or forecasting activities.
    - A 'dealing' was defined as a number of interactions in relation to a particular collaboration activity (such as preparing a cabinet submission, preparing a round of economic forecasts). Therefore, for example, a stakeholder who only had four meetings with Treasury in the preparation of one cabinet submission would be defined to have dealt with Treasury only once and hence would not be in scope.
  - External stakeholders: *Senior executive level* stakeholders from organisations other than Australian Government entities who were involved in a *substantial way in the past 12 months* in Treasury engagements or consultations to inform policy advice/analysis were invited to participate. Dealing in a 'substantial way' was defined as dealing with Treasury at least four times in the past 12 months. A 'dealing' is defined as a number of interactions in relation to a particular engagement/consultation matter (e.g. a particular stage of a reform process).
- Key external stakeholders of the Foreign Investment Review Framework of performance measures 12 were invited to participate, including:
  - Investors, representatives and/or senior executives of regulated entities, engaged in processes under the Foreign Investment Review Framework over the last 12 months
  - Members of the Law Council nominated by the Law Council's Foreign Investment Committee;

  - Members of the ATO Foreign Investment Stakeholder Forum, excluding members who are not involved in Treasury's area of Foreign Investment Review Framework responsibility – e.g. members who focus on residential real estate
  - Senior officers (Executive Level 2/equivalent and above) from Australian Government entities and senior executives from other organisations who have dealt with Treasury in a substantial way in relation to the Foreign Investment Review Framework in the past 12 months
    - Dealing in a 'substantial way' is defined as dealing with Treasury at least two times in the past 12 months. A 'dealing' is defined as a number of interactions in relation to a particular matter/issue to do with the Foreign Investment Review Framework.
- Key external stakeholders of the Payment Times Reporting Scheme (scheme) of performance measures 12 were invited to participate, including:
  - Representatives from regulated entities, industry bodies, professional advisers and senior officers (Executive Level 2/equivalent and above) from Australian Government entities who have dealt with Treasury in a substantial way in relation to the scheme in the past 12 months.
    - Dealing in a 'substantial way' is defined as dealing with Treasury at least two times in the past 12 months. A 'dealing' is defined as an interaction in relation to matters regarding the scheme. This includes, but is not limited to, raising specific issues with reporting, making enquiries, self-nominating for involvement or participating in liaison groups, stakeholder engagement or consultations.

For all stakeholders, in the event that a targeted stakeholder was not available to participate in the survey (e.g. had left the organisation, was on leave), another contact who was, at most, one reporting level below the initially invited officer from the stakeholder's organisation, was to be substituted and invited to participate in the survey, subject to the nominated substitute having also dealt with Treasury as defined by the operational rules. No such substitution was attempted in the data collection stage of this year's survey.

Performance measure calculation methodology

Weighting of survey results

Given the relative importance of the Treasurer as the senior Treasury minister, the survey ratings of the Treasurer have been weighted more highly than those of other ministers. The weighting formula has the effect that the Treasurer's responses account for 50 per cent of the aggregate performance metrics derived from the survey. Given all four Treasury portfolio ministers responded to the survey, the Treasurer's response has been counted as one response and each of the other ministers' responses as 0.33 of a response.

Approach to calculating policy advice (performance measure 1)

Policy advice refers to an output provided by Treasury to help ensure that government decisions are appropriately supported and informed. This includes briefing documents, submissions and oral briefings.

Performance Measure 1 – Proportion of Treasury ministers that rate Treasury advice highly

The ministerial stakeholder questionnaire asked ministers to rate **specific aspects/ attributes** of the policy advice that they had received from Treasury in 2022–23 via an intuitive, clear and familiar 5-point 'agreement' rating scale (where 1 = "strongly disagree" and 5="strongly agree"). These attributes were drawn from the Treasury Policy Advice Matrix and are outlined in Table 29.

Table 29: Attributes drawn from the Treasury Policy Advice Matrix

In general, Treasury's policy advice...		
1) Informed	2) Influential	3) Impactful
Was supported by relevant evidence	Was tailored to your needs	Resulted in government decisions consistent with the advice
Was supported by contemporary/up-to-date evidence	Was timely	Led to tangible outcomes
Where applicable, considered the views of relevant stakeholders and experts	Was considered in your decision-making	

The individual attribute ratings provided by ministers were aggregated (formula set out below) to derive numerical scores that indicate 'High', 'Moderate' and 'Low' performance.

Performance Measure 1 – Proportion of key government entities and stakeholders that rate Treasury advice highly

A similar approach was taken for this element of performance measure 1. The stakeholder questionnaire asked Australian Government entity stakeholders to rate **specific aspects/attributes** of the policy advice that they had seen from Treasury in different areas (e.g. macroeconomic policy, fiscal policy, tax policy) via the 5-point 'agreement' rating scale.

For both ministers and stakeholders, performance measure 1 has been calculated as follows:

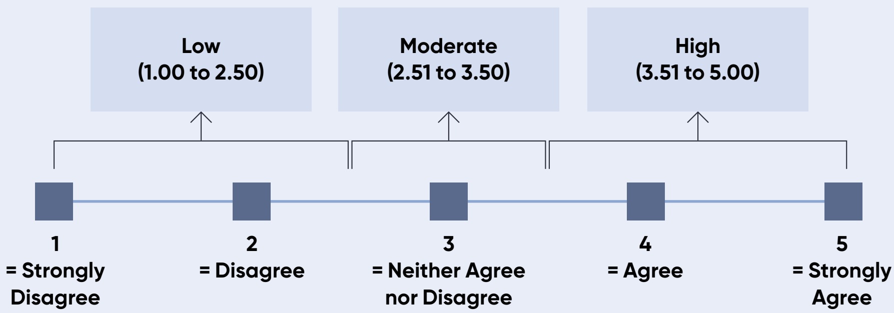
For each stakeholder respondent, the average (mean score out of 5) rating has been calculated across all questions answered that relate to:

- the 'Informed' criterion (Average 1);
- the 'Influential' criterion (Average 2); and
- the 'Impactful' criterion (Average 3).

For each respondent, the average of these average ratings has been calculated (effectively giving equal weight to each criterion) (Average 4).

As illustrated on the graphic below, if Average 4 = 1.00–2.50, this has been classified as 'Low', 2.51–3.50 has been classified as 'Moderate', and 3.51–5.00 as 'High'.

Figure 17: Stakeholder survey 2022–23, average score classification



The weighted percentage of ministers rating High overall (Average 4) has been reported for the performance measure.

The unweighted percentage of stakeholders rating High overall (Average 4) has been reported for the performance measure.

Approach to calculating the effectiveness of working relationships and administration of regulator functions (performance measures 10 and 12)

Stakeholders were asked to indicate the extent to which they agree or disagree with the questions on a 5-point scale: strongly disagree (1), disagree (2), neither agree nor disagree (3), agree (4) or strongly agree (5).

Performance was calculated on the average of the percentage of survey respondents who provided ratings of 4 (agree) or 5 (strongly agree) for applicable question items.

'Don't Know / Not Applicable' responses were excluded.

Advertising and market research

Treasury is required to report on all payments to advertising agencies, market research organisations, polling organisations, media advertising organisations and direct mail organisations.

During 2022–23 Treasury did not deliver any campaigns.

Credit notes, cost recovery and invoices issued for campaign expenditure for advertising agencies, market research organisations and media advertising organisations were as outlined in campaign expenditure for advertising agencies, market research organisations and media advertising organisations in Tables 30 and 31.

Campaign compliance information is available at treasury.gov.au and in the reports on government advertising prepared by the Department of Finance and published at finance.gov.au/advertising. These Department of Finance reports provide details of campaigns for which expenditure was greater than $250,000 (including Goods and Services Tax (GST)). Other market research was undertaken as part of Treasury's commitment to work effectively with stakeholders and to inform policy responses.

Treasury did not make any payments to polling organisations or direct mailing organisations in 2022–23.

Table 30: Payments to market research organisations 2022–23

Provider	Service Provided	Cost (inc. GST)
Fifty-Five5*	Research Services (Fighting Scams)	$220,000

*Amount/activity was on a cost-recovery basis with the Australian Competition and Consumer Commission.

Table 31: Media advertising 2022–23

Provider	Service Provided	Cost (inc. GST)
Universal McCann Australia	CREDIT NOTE – Ad Serving and measurement (Financial Capability campaign)	-$3,287.12
Universal McCann Australia	Television (Economic Recovery Plan campaign, Phase 3)	$1,922.25
Universal McCann Australia	CREDIT NOTE – Newspapers (Economic Recovery Plan campaign, Phase 3)	-$757.08
Universal McCann Australia	Ad Serving and measurement (Financial Capability campaign)	$144.18
Universal McCann Australia	Advertising for recruitment services	$152,975

Note: Universal McCann Australia is the master media agency for all Commonwealth Government advertising.

Grants

Information on grants awarded by Treasury for 2022–23 is available on GrantConnect at grants.gov.au.

Disability reporting

Australia's Disability Strategy 2021–2031 (the Strategy) is a national framework signed by all governments in Australia. It sets out a plan for continuous improvement in the lives of people with disability in Australia.

The Strategy's vision is for an inclusive Australia that ensures people with disability can fulfil their potential as equal members of the society. The Strategy sets out practical changes to assist people with disability.

In line with Australia's commitments under the United Nations Convention on the Rights of Persons with Disabilities, the Strategy helps in protecting, promoting and realising the human rights of people with disability.

In December 2020, the Australian Government released the Australian Public Service Disability Employment Strategy 2020–2025, which aims to increase employment of people with disability across the Australian Public Service to 7 per cent by 2025. Disability reporting is included in the Australian Public Service Commission's State of the Service reports and the Australian Public Service Statistical Bulletin. These reports are available at apsc.gov.au.

Information publication scheme

Agencies subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information as part of the Information Publication Scheme. This requirement is in Part II of the FOI Act. Each agency must display a plan on its website showing what information it publishes in accordance with the Information Publication Scheme requirements.

The Information Publication Scheme plan is on the Treasury website at treasury.gov.au.

Work health and safety

The health and wellbeing of Treasury employees remains a priority for Treasury.

Treasury launched its inaugural wellbeing strategy, Healthy Minds: Our mental wellbeing strategy 2022–2025 (Healthy Minds), in September 2022. Healthy Minds reflects Treasury's evolving wellbeing journey. It focuses on managing identified risks and preventing harm by boosting wellbeing, intervening early and supporting recovery from episodes of mental illness.

Healthy Minds sharpens Treasury's focus on building our mental wellbeing capability and maturity. It outlines 22 actions (new and existing) that we will deliver over a timeline to 2025. The 22 actions include equipping employees to assess, prevent and manage potential psychosocial and psychological risks in the workplace.

Treasury's response to the ongoing COVID-19 pandemic evolved as health and risk settings changed. The health and wellbeing of employees remained a focus with tailored initiatives, guidance and information continuously reviewed and improved. We continued refining Treasury's pandemic response as events unfolded. This included management and handling of existing COVID-19 case reporting, contact tracing in the workplace, and risk control processes – all managed in consultation with employees.

In response to emerging Omicron waves throughout 2022–23, Treasury provided staff members with critical advice and information while they worked on activities related to business continuity.

Treasury kept staff members and managers informed about the application of state and territory restrictions. We have embedded hybrid and remote work as business-as-usual, as restrictions changed over time.

The Health and Safety Committee met quarterly in 2022–23 in accordance with the *Work Health and Safety Act 2011*. To help maintain work health and safety standards Treasury has 14 health and safety representatives, 19 workplace harassment contact officers, 27 first aid officers and 78 emergency officers.

There were 33 work health and safety incidents reported in 2022–23. The majority were muscular skeletal injuries, followed by slips, trips and falls. None of the incidents were notifiable and required no further reporting to Comcare. No investigations were conducted, and no notices issued in 2022–23.

Treasury continued to invest in a range of strategies to support personal wellbeing. This included resilience and good mental health in the workplace training, resilience coaching, regular promotion of mental health-related events such as RU OK? Day and STEPtember, APS values in practice training and flu vaccinations.

An early intervention program supported employees experiencing an illness or injury. This program gave employees access to valuable advice, services and financial support to assist them in remaining at work or returning to work as soon as practicable.

Treasury continued to offer professional counselling and support for employees through its Employee Assistance Program. Services were available to employees online and remotely via teleconferencing and video conferencing, including a dedicated service for First Nations employees.

Treasury also introduced a cancer support program for employees living with cancer and those caring for a family member with cancer. The program provides access to digital, science based tools, personalised coaching and educational resources to help employees gain a better understanding of diagnoses, adopt positive behavioural changes and be engaged in cancer care.

Carer support

Treasury supports carers' equal rights, choices and opportunities regardless of age, race, gender, disability, sexuality, religious or political beliefs, cultural or linguistic heritage and socioeconomic status or locality.

Treasury's carer support framework enables practical and active support for employees and includes:

- A non-discriminatory definition of 'family' in the *Treasury Enterprise Agreement 2018–2021*, which recognises relatives by blood, marriage, strong traditional or ceremonial affinity and genuine domestic or household relationships
- Flexible working arrangements to assist employees balance work and family responsibilities including, home-based work, flexible hours, buying leave, part-time work and job-sharing
- Rooms available to employees to assist in caring responsibilities in instances when care is temporarily and unexpectedly unavailable
- Maintaining Breastfeeding Friendly Workplace accreditation, ensuring work and breastfeeding can be combined
- Enabling employees to accumulate personal leave for caring responsibilities
- Access to unpaid carer's leave to care for or support family or household members, or if an unexpected family or household emergency arises
- Access to the Employee Assistance Program for free, professional and confidential counselling for employees, their immediate family members and people with whom they are in a close relationship.

Ecologically sustainable development and environmental performance

Treasury remains committed to the principles of ecologically sustainable development consistent with relevant Commonwealth, state and territory environmental legislation, regulations, policies and initiatives. The Treasury Environmental Management Plan sets out our environmental policies and performance action plans, to meet environmental best practice wherever practicable.

In 2022–23 we minimised our impact on the environment in the areas of energy efficiency, waste and water use through:

- maintaining a LED lighting system in all new office fit outs
- reducing paper consumption by defaulting office printers to black-and-white and two-sided printing, and supporting the use of electronic document management and collaboration as well as digital and mobile technology solutions for staff (iPads and laptops)
- using energy-saver mode for most office equipment when not in use across all office locations
- using technology such as teleconferencing and videoconferencing to facilitate meetings with interstate and overseas colleagues where appropriate
- purchasing 5-star energy rated electrical appliances (where available)
- participating in Earth Hour
- encouraging recycling by providing waste recycling stations, segregating waste into approved recycling streams (including waste to landfill, mingled waste and compost), engaging waste management providers to recycle used paper waste and secure paper materials
- establishing a fit-out and furniture recycling strategy that reuses the department's existing office fit-out infrastructure, including workstations; and sourcing redundant office fit-out and workstations from other government departments when available
- recycling toner cartridges, fluorescent light tubes and batteries
- utilising low emissions vehicles (LEV) which has increased the current vehicle fleet up to 50% LEV
- using water flow restriction controls and water efficient appliances in kitchens and bathrooms to minimise use across the Treasury building tenancy.

In 2022–23, Treasury collected an average of 83.3 kilograms of organic waste weekly through organic waste bins in all kitchens for food scraps, coffee grinds, tea bags and paper towels. Canberra-based waste management business Global Worming processes this waste which reduces the greenhouse gases otherwise produced. Peak collection during Budget week preparations in October 2022 was 102.1 kilograms.

APS Net Zero

APS Net Zero 2030 is the Government's policy for the APS to reduce its greenhouse gas emissions to net zero by 2030, and transparently report on its emissions. As part of this, non-corporate and corporate Commonwealth entities are required to report on their operational greenhouse gas emissions.

The Greenhouse Gas Emissions Inventory presents greenhouse gas emissions over the 2022–23 period. Results are presented on the basis of Carbon Dioxide Equivalent (CO_2-e) emissions. Greenhouse gas emissions reporting was developed using methodology consistent with the Whole-of-Australian Government approach as part of the APS Net Zero 2030 policy.

Table 32 shows Treasury's greenhouse gas emissions for the 2022–23 reporting period.

Table 32: Treasury Greenhouse Gas Emissions Inventory 2022–23

Emission source	Scope 1 kg CO_2-e	Scope 2 kg CO_2-e	Scope 3 kg CO_2-e	Total kg CO_2-e
Electricity (location-based approach)	n/a	602,539	49,529	**652,068**
Natural gas	0	n/a	0	**0**
Fleet vehicles	2,194	n/a	558	**2,752**
Domestic flights	n/a	n/a	514,720	**514,720**
Other energy	0	n/a	0	**0**
Total kg CO_2-e (location-based approach)	**2,194**	**602,539**	**564,807**	**1,169,540**
Electricity(market-based approach)	n/a	200,878	26,587	**227,465**
Natural gas	0	n/a	0	**0**
Fleet vehicles	2,194	n/a	558	**2,752**
Domestic flights	n/a	n/a	514,720	**514,720**
Other energy	0	n/a	0	**0**
Total kg CO_2-e (market-based approach)	**2,194**	**200,878**	**541,865**	**744,937**

Notes: CO_2-e = Carbon Dioxide Equivalent.
n/a = Not all data sources were available at the time of the report across Government, and adjustments to baseline data may be required in future reports. Domestic Travel includes flight data for the Department of the Treasury, Australian Reinsurance Pool Corporation, the Inspector-General of Taxation, and the Financial Reporting Council.
The market-based approach takes account of activities such as Greenpower, purchased large-scale generation certificates, and/or being located in the Australian Capital Territory.

Australia and the international financial institutions

Program 1.2: Payments to international financial institutions (see Figure 2), outlines various payments made by Treasury to the:

- Asian Development Bank
- Asian Infrastructure Investment Bank
- European Bank for Reconstruction and Development
- International Monetary Fund (IMF)
- World Bank.

The following legislation requires further reporting on the IMF and the World Bank for 2022–23:

- Section 10 of the *International Monetary Agreements Act 1947* requires reporting on the operations of the Act and of the operations, insofar as they relate to Australia, of the Articles of Agreement of the IMF and the International Bank for Reconstruction and Development during each financial year.
- Section 7 of the *International Bank for Reconstruction and Development (General Capital Increase) Act 1989* requires reporting on the operations of the Act during each financial year.

Treasury is responsible for managing the Australian Government's shareholdings with the International Financial Institutions. DFAT has further interactions relating to the Government's aid program (see DFAT annual report for information).

The IMF and the World Bank publish annual reports on their operations and provide information at imf.org and worldbank.org.

Australia and the International Monetary Fund

Mandate

The purposes of the IMF (set out in Article I of its Articles of Agreement) are to:

- promote international monetary cooperation
- facilitate the expansion and balanced growth of trade, contributing to high levels of employment and real income
- promote exchange rate stability and avoid competitive devaluation
- assist in the establishment of a multilateral system of payments and in the elimination of foreign exchange restrictions that hamper the growth of world trade
- make resources available to members to reduce the costs of balance of payments adjustments.

Australia's representation at the International Monetary Fund

Australia interacts with the International Monetary Fund through:

- the International Monetary Fund Board of Governors
- the International Monetary and Financial Committee
- the International Monetary Fund Executive Board
- the International Monetary Fund's Article IV consultation on Australia's economic developments and policy.

Board of Governors

The Board of Governors is the highest authority within the IMF. It consists of one governor and one alternate governor for each of the 190 member countries. Australia is represented on the Board of Governors by the Treasurer of the Commonwealth of Australia. The Secretary to the Treasury is Australia's Alternate Governor. Governors' votes on IMF resolutions during 2022–23 are noted in Table 33.

Table 33: Australian Governors' votes on International Monetary Fund 2022–23 resolutions

Resolution title	Date	Australian Governor's vote
2022 Regular Election of Executive Directors	19 July 2022	Approved
Direct Remuneration of Executive Directors and their Alternates	15 August 2022	Approved
Annual Meetings of the Boards of Governors in 2024 and 2025 – Proposed Dates and Venues	23 March 2023	Approved
2026 Annual Meetings of the Boards of the International Monetary Fund and the World Bank Group	6 April 2023	Approved

International Monetary and Financial Committee

The International Monetary and Financial Committee advises the Board of Governors on the functioning and performance of the international monetary and financial system but does not have a decision-making role.

International Monetary Fund Executive Board, Executive Director and constituency office

The IMF Executive Board conducts the day-to-day business of the IMF and determines matters of policy under the overall authority of the Board of Governors.

Australia belongs to a constituency which, in 2022–23, also included Kiribati, the Republic of Korea, the Marshall Islands, the Federated States of Micronesia, Mongolia, the Republic of Nauru, New Zealand, Palau, Papua New Guinea, Samoa, Seychelles, Solomon Islands, Tuvalu and Vanuatu.

At 30 June 2023, Australia held around 1.33 per cent of the total voting power at the IMF. The constituency as a whole held around 3.78 per cent.

By agreement between constituency members, the staffing of Australia's constituency office rotates among constituency members. At 30 June 2023, the constituency's Executive Director position was held by Mr Robert Nicholl of Australia.

Australia's Article IV consultation

In accordance with Article IV of its Articles of Agreement, the IMF conducts regular consultations with the authorities of member countries on economic policies and conditions. In preparation for the Article IV consultations, the IMF conducted a virtual staff visit including consultation with stakeholders from across government and the private sector in July 2022. The IMF's Article IV consultation with Australia then returned to an in-person format with consultations taking place during November 2022. The 2023 Article IV consultation is scheduled for October 2023.

Australia's quota in the International Monetary Fund and financial transactions

Australia's quota in the International Monetary Fund

A member's 'quota' is its allocated shareholding in the IMF, which broadly reflects its weight in the global economy. Australia's quota at 30 June 2022 was 6,572.4 million Special Drawing Rights (equivalent to approximately A$13,185 million at 30 June 2023). Part of Australia's quota is held in reserve by the IMF in Special Drawing Rights and gold. Part is held in Australia by the Reserve Bank of Australia in a combination of non-interest-bearing promissory notes and cash amounts in Australian dollars.

Australia's financial transactions with the International Monetary Fund

Australia conducts a range of financial transactions to manage its obligations with the IMF. Transactions in 2022–23 were all completed in a timely and efficient manner. They are described in the following sections, on a cash basis.

Special Drawing Right charges, interest and assessment fee

The Special Drawing Right is an international reserve asset created by the IMF to supplement the official reserves of member countries. Its value is based on a basket of five international currencies (the US dollar, the Japanese yen, the British pound sterling, the Chinese renminbi and the euro).

Australia's cumulative Special Drawing Right allocation as at 30 June 2023 was 9.38 billion, while our actual holdings were around 9.60 billion. The Australian Government and the Reserve Bank of Australia each hold a portion of Australia's Special Drawing Right holdings, with the Australian Government owning 6.30 billion and the Reserve Bank of Australia owning 3.30 billion. The Reserve Bank of Australia's holdings were sold to it by the Australian Government in exchange for Australian dollars. Australia's cumulative allocation is the sole responsibility of the Australian Government.

The IMF levies charges on the Special Drawing Rights that have been allocated to each member. It pays interest on the Special Drawing Right held by each member. In 2022–23, the Australian Government paid charges of 210.80 million in Special Drawing Rights (approximately A$414.89 million) on Australia's cumulative allocation. During this period Australia received a total of 212.18 million (approximately A$417.68 million) in interest from the IMF on Australia's Special Drawing Right holdings. Of this interest, the Australian Government received 122.42 million in Special Drawing Rights (approximately A$240.73 million) and the Reserve Bank of Australia received 89.76 million in Special Drawing Rights (approximately A$176.95 million).

The IMF levies an annual assessment fee to cover the cost of operating its Special Drawing Right department. This is determined according to participants' net cumulative Special Drawing Right allocations. Australia's annual assessment fee for the International Monetary Fund's financial year ending 30 April 2023 was 123,164 in Special Drawing Rights (approximately A$247,915).

Remuneration

Remuneration is interest earned on quota resources held by the IMF, excluding gold. In 2022–23 Australia received remuneration of 39.18 million in Special Drawing Rights (approximately. A$77.12 million).

Maintenance of value

The part of Australia's IMF quota held in Australian dollars is subjected to changes in value. This is because the exchange rate between the Australian dollar and the Special Drawing Right fluctuates throughout the year.

Under the International Monetary Fund Articles of Agreement, members are required to maintain the Special Drawing Right value of their quota through a 'maintenance of value' adjustment (that is, a payment or receipt as necessary) following the close of the IMF's financial year on 30 April.

For the IMF's 2021–22 financial year, the Australian dollar depreciated against the Special Drawing Right. As a result, the 2021–22 maintenance of value adjustment involved a payment from Australia to the IMF of around A$168.1 million, with settlement made in July 2022.

For the IMF's 2022–23 financial year, the Australian dollar depreciated against the Special Drawing Right. As a result, the 2022–23 maintenance of value adjustment will involve a payment from Australia to the IMF of around A$735.8 million. Payment for the 2022–23 maintenance value adjustment was scheduled to be made in July 2023. Table 34 provides details of individual Financial Transactions Plan transactions and the resulting reserve position at the IMF.

Table 34: Transactions with the International Monetary Fund in 2022–23 (cash basis)

	Amount in Special Drawing Rights (SDRs)	Amount in A$
Total interest received on Australia's Special Drawing Right holdings	212,179,819	417,679,550
Total remuneration received for Australian holdings at the International Monetary Fund	39,178,415	77,123,669
Total charges paid on Australia's Special Drawing Right allocation	210,802,879	414,886,681
Annual Assessment Fee paid to Special Drawing Right department	123,164	247,915
Maintenance of value transaction for 2021–22 payment made in July 2022		168,135,918

Note: Interest on Special Drawing Right holdings are shared proportionally between the Reserve Bank of Australia and Treasury.

Lending-related transactions and Australia's reserve position in the International Monetary Fund

The IMF manages its lending of quota resources through the Financial Transactions Plan. This is the mechanism through which the IMF selects the currencies to be used in IMF lending transactions. It also allocates the financing of lending transactions among members. Only currencies of IMF members with sufficiently strong balance of payments and reserve positions — such as Australia — are selected for use in the Financial Transactions Plan.

Table 35: Australia's reserve tranche position in the International Monetary Fund 2022–23

Date	Description	Debit (SDRs)	Debit (A$)	Credit (SDRs)	Credit (A$)
Reserve tranche position at 30 June 2022				**1,884,823,577**	**3,632,799,593**
Financial Transactions Plan (FTP) payments					
16-Nov-22	FTP Loan to Costa Rica			26,230,000	51,371,741
20-Dec-22	FTP Loan to Egypt			33,000,000	65,445,545
22-Mar-23	FTP Loan to Sri Lanka			18,000,000	36,085,595
1-May-23	FTP resources used by the IMF to meet New Arrangements to Borrow repayments subject to currency shortfalls			5,500,000	11,245,420
FTP receipts					
14-Dec-22	FTP Repayment from Tunisia	18,940,975	37,111,006		
16-Feb-23	FTP Repayment from Uzbekistan	1,791,534	3,467,402		
16-Jun-23	FTP Repayment from Pakistan	40,400,000	79,630,232		
22-Jun-23	FTP Repayment from Pakistan	6,100,000	11,998,261		
Reserve tranche position at 30 June 2023				**1,900,321,068**	**3,812,315,446**

Note: Because Australia's reserve tranche position is denominated in and Australian dollar/Special Drawing Right exchange rates vary during the year, when expressed in Australian dollars the closing position does not exactly equal the summation of the opening position and transactions during the year.

Financial Transactions Plan transactions (and any transfers for administrative purposes) directly impact on Australia's reserve position at the IMF. In 2022–23 the amount of Australia's Special Drawing Right reserves held by the IMF increased from around 1.89 billion to around 1.90 billion.

Through the New Arrangements to Borrow, Australia and 37 other member countries, as well as two prospective countries, have committed to lend additional resources to the IMF. The New Arrangements to Borrow constitutes a second line of funding defence to supplement IMF resources to forestall or cope with an impairment of the international monetary system.

The New Arrangements to Borrow is used in circumstances in which the IMF needs to supplement its quota resources for lending purposes. The New Arrangements to Borrow is covered by general activation periods of up to 6 months, with each activation period subject to a specified maximum level of commitments. Australia has received New Arrangements to Borrow repayments following past New Arrangements to Borrow lending. However, the New Arrangements to Borrow is not currently active or being called upon.

In 2022–23, Australia received total New Arrangements to Borrow repayments of 16.92 million in Special Drawing Rights (approximately A$33.78 million).

Table 36: Australia's New Arrangements to Borrow transactions in 2022–23

Description	Debit (SDRs)	Debit (A$)	Credit (SDRs)	Credit (A$)
Total New Arrangements to Borrow loans (payments)			0	0
Total New Arrangements to Borrow receipts (repayments)	16,921,866	33,780,405		
Net New Arrangements to Borrow payments for 2022–23	16,921,866	33,780,405		

Note: The Australian Government earns interest on any money lent under the New Arrangements to Borrow. In 2022–23, the Australian Government received interest payments on its New Arrangements to Borrow loans of 52,637 in Special Drawing Rights (approximately A$101,919). Interest is calculated using the Special Drawing Right interest rate, accrued daily and paid quarterly.

Australia entered into agreements with the IMF to lend to the Poverty Reduction and Growth Trust (Table 37) on 23 October 2020 and 7 October 2022. The Poverty Reduction and Growth Trust provides concessional financial support to help low-income countries to achieve, maintain or restore a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth.

Table 37: Australia's Poverty Reduction and Growth Trust (PGRT) transactions in 2022–23

Description	Debit (SDRs)	Debit (A$)	Credit (SDRs)	Credit (A$)
Poverty Reduction and Growth Trust Loan Account				
Total Poverty Reduction and Growth Trust loans (payments)			0	0
Total Poverty Reduction and Growth Trust receipts	0	0		
Net Poverty Reduction and Growth Trust payments for 2022–23	**0**	**0**	**0**	**0**
Poverty Reduction and Growth Trust Pooled Investments				
Investments (payments)			1,000,000,000	2,011,000,000
Total investment (payments)			**1,000,000,000**	**2,011,000,000**

Note: The Australian Government earns interest on any money lent or contributed under the Poverty Reduction and Growth Trust. In 2022–23, the Australian Government received interest payments on its Poverty Reduction and Growth Trust loans of 4.73 million (approximately A$9.31 million). Interest is calculated using the Special Drawing Right interest rate, accrued daily and paid quarterly. As part of our 2022 agreement, Australia also made an investment in the Poverty Reduction and Growth Trust Pooled Investments. This amount will be invested by the International Monetary Fund and will fund Australia's commitment to provide 36 million in Special Drawing Rights (approximately A$67 million) to the Poverty Reduction and Growth Trust Subsidy Account. This contribution will also generate interest calculated using the Special Drawing Right interest rate. In 2022–23, the Australian Government received interest payments on its Poverty Reduction and Growth Trust Investment contribution of 16.44 million in Special Drawing Rights (approximately A$32.53 million).

Australia entered into an agreement with the IMF to lend to the Resilience and Sustainability Trust on 7 October 2022. The Resilience and Sustainability Trust provides affordable long-term financing to help low-income countries, small states and vulnerable middle-income countries build economic resilience and sustainability to address the risks stemming from climate change and pandemics.

Table 38: Australia's Resilience and Sustainability Trust transactions in 2022–23

Description	Debit (SDRs)	Debit (A$)	Credit (SDRs)	Credit (A$)
Resilience and Sustainability Trust Loan Account				
Total loans (payments)			14,175,000	28,437,035
Total receipts (repayments)	0	0		
Net Resilience and Sustainability Trust payments for 2022–23			**14,175,000**	**28,437,035**
Resilience and Sustainability Trust Deposit Account Total contributions (payments)			152,000,000	305,773,486
Resilience and Sustainability Trust Reserve Account Total contributions (payments)			15,200,000	30,577,348

Note: The Australian Government earns interest on any funds lent to the Resilience and Sustainability Trust Loan Account or deposited in the Resilience and Sustainability Trust Deposit Account. In 2022–23, the Australian Government received no interest payments on its Resilience and Sustainability Trust loans as the loan was drawn-down on 26 June 2023 and interest is paid at the end of the next International Monetary Fund financial quarter (end-July). As part of our Resilience and Sustainability Trust agreement, Australia is also contributing to the Resilience and Sustainability Trust Deposit Account and Reserve Account. These contributions support the loan contribution by enabling the International Monetary Fund to build sufficient reserves over time to manage risks associated with Resilience and Sustainability Trust lending. In 2022–23, the Australian Government received interest payments on its Resilience and Sustainability Trust Deposit Account deposit of 2.43 million in Special Drawing Rights (approximately A$4.81 million). Contributing to the Resilience and Sustainability Trust Reserve Account will not generate interest, but upon liquidation of the Trust, Australia will receive its share of the Resilience and Sustainability Trust Reserve Account.

Australia and the World Bank

Australia's shareholding and relations with the World Bank

Mandate

The World Bank is a multilateral development bank charged with providing financial services, through advice, direct loans, grants, and brokerage to support stable and inclusive growth within countries and across and between regions. It works closely with the IMF, which is responsible for ensuring the stability of the international monetary system.

The World Bank's twin goals are ending extreme poverty and building shared prosperity.

World Bank strategic priorities

The World Bank is committed to collaborating with multilateral institutions, sovereign nations and the private sector to mobilise financing and leverage knowledge to ensure assistance is harmonised and effective. It is also committed to working with the private sector and is implementing an overarching strategy to substantially increase the volume of private sector funds invested in developing and emerging market economies.

Institutions of the World Bank

- International Bank for Reconstruction and Development
- International Development Association
- International Finance Corporation
- Multilateral Investment Guarantee Agency
- International Centre for Settlement of Investment Disputes.

The International Bank for Reconstruction and Development and International Development Association make up the core of the World Bank. The International Bank for Reconstruction and Development lends to governments of middle-income and credit-worthy low-income countries, while the International Development Association provides grants and interest-free or concessional loans to governments of poorer countries.

The International Finance Corporation is the largest global development institution focused exclusively on the private sector. It helps developing countries achieve sustainable growth by financing – in association with private investors – the establishment, improvement and expansion of productive private enterprises which will contribute to the development of its member countries.

The Multilateral Investment Guarantee Agency promotes foreign direct investment into developing countries by offering political risk insurance (guarantees) to investors and lenders. The International Bank for Reconstruction and Development provides international facilities for conciliation and arbitration of investment disputes.

Australia's membership of the International Bank for Reconstruction and Development, International Finance Corporation and Multilateral Investment Guarantee Agency require the Australian Government to hold shares in these institutions. Australia's shareholdings at 30 June 2023 and Australia's shareholding and voting power are indicated in Table 39 and Table 40 respectively.

Table 39: Australian shareholdings at the World Bank at 30 June 2023

	International Bank for Reconstruction and Development (IBRD)	International Finance Corporation (IFC)	Multilateral Investment Guarantee Agency (MIGA)
Shares	37,561	442,762	3,019
Price per share (US$)	120,635	1,000	10,820
Value of total capital (US$ millions)	4531.17	442.76	32.67
Value of paid-in capital (US$ millions)	320.37	442.76	6.20
Value of callable capital (US$ millions)	4,210.81	0.00	26.46
Value of total capital (A$ millions)	**6,834.35**	**667.82**	**49.27**

Table 40: Australia's shareholding and voting power in the World Bank

	IBRD	IDA	IFC	MIGA
Shareholding (per cent of total)	1.43	0	1.96	1.70
Voting power (per cent of total)	1.38	1.24	1.88	1.47

Note: Shareholdings and voting power at 30 June 2023. Shareholding and voting power differ in International Bank for Reconstruction and Development, International Finance Corporation and Multilateral Investment Guarantee Agency due to the allocation of basic votes across countries. At International Centre for Settlement of Investment Disputes, the Administrative Council comprises a representative from each contracting state with equal voting power.

Each arm of the World Bank has its own arrangement for allocating votes and shares among members. The Board of Governors and Executive Directors continue to work towards ensuring the World Bank has adequate resources to complete its mission and that its shareholding reflects changes in the world economy.

In addition to the shareholdings managed by Treasury, DFAT contributes to replenishments to International Development Association and funds for joint activities through Australia's country, regional and global programs. DFAT's annual report provides information on Australia's aid program.

Australia's cooperation with the World Bank

Australia is actively involved in World Bank strategy, supporting efforts to strengthen its governance and optimise its effectiveness. Membership also enables Australia to pursue economic development outcomes for our region as well as promote the benefits of an open global economy.

Australia is a strong voice at the World Bank and in G20 forums and has called for optimal use of the World Bank's balance sheet and the 'crowding in' of private sector finances.

Australia's representation at the World Bank

Board of Governors

The highest decision-making body of the World Bank is the Board of Governors, comprising one governor from each of the 189 member countries. In 2022–23, Australia's Governor was the Treasurer, and the Alternate Governor was the Assistant Treasurer.

Table 41 outlines the Australian Governor's votes for the 2022–23 financial year.

Table 41: Australian Governors' votes on World Bank resolutions in 2022–23

Institution	Resolution title	Date	Australian Governors' Vote
IBRD	2022 Regular Election of Executive Directors	20 July 2022	Approved
MIGA	2022 Regular Election of Executive Directors	20 July 2022	Approved
IBRD	Transfer from Surplus to Replenish the Trust Fund for Gaza and the West Bank	31 July 2022	Approved
IBRD	Director Renumeration of Executive Directors and their Alternates	11 August 2022	Approved
IBRD	Forthcoming Annual Meetings of the Boards of Governors – Proposed Dates for the 2024 and 2025 Annual Meetings in Washington, DC	23 March 2023	Approved
IBRD	Forthcoming 2026 Annual Meetings	29 March 2023	Approved
IFC	2018 IFC Selective Capital Increase Resolution No. 271 – Proposed Amendment to Extend the Subscription and Payment Deadline	10 April 2023	Approved
IBRD	Amendment of the Articles of Agreement – Removal of Lending Limitation	5 June 2023	Approved
IDA	Additions to Resources – IDA Crisis Facility	3 July 2023	Approved

Executive Director and Constituency Office

The World Bank's Executive Boards (International Bank for Reconstruction and Development, International Development Agency, International Finance Corporation, and Multilateral Investment Guarantee Agency) conduct the day-to-day business of the World Bank and determine matters of policy under the overall authority of the Board of Governors.

Australia belongs to a constituency of countries from the Asia-Pacific region that includes Cambodia, Kiribati, the Republic of Korea, Marshall Islands, Federated States of Micronesia, Mongolia, Nauru, New Zealand, Palau, Papua New Guinea, Samoa, Solomon Islands, Tuvalu and Vanuatu. The constituency is represented by one Executive Director on the Board of Executive Directors. By agreement, Australia and Korea rotate this role every 2 years. At 30 June 2023, the constituency's Executive Director position was held by Mr Il Young Park of the Republic of Korea.

Payment Times Reporting

Payment Times Reporting Scheme

This report has been prepared in accordance with section 56 of the *Payment Times Reporting Act 2020* (the PTR Act). Section 56 requires the Payment Times Reporting Regulator (the regulator) to publish a report on the operation of the PTR Act, and for this to be included in Treasury's annual report.

The Payment Times Reporting Scheme (the scheme) commenced on 1 January 2021 and is administered by the regulator. Long and late payment times can have significant and negative impacts on small business, placing pressure on cash flow, hindering their ability to grow, employ staff and in some cases, requiring adjustments to short-term finance.

Under the scheme, large businesses and some government enterprises (collectively known as reporting entities) must give a payment times report to the regulator every 6 months. These reports contain information on how a reporting entity pays their small business suppliers, including standard payment terms, actual payment performance and the use of supply chain financing arrangements.

The regulator publishes payment times reports on the Payment Times Reports Register (the register). This information is accessible for free at paymenttimes.gov.au. The transparency created by the scheme aims to:

- improve payment times for small businesses
- support them to make more informed decisions about potential customers
- create incentives for reporting entities to improve their payment terms and practices.

Section 57A of the PTR Act requires an independent review of the operation of the PTR Act. On 6 December 2022, the Australian Government announced the review and released the terms of reference. A written report was given to the Minister for Small Business on 29 June 2023, to be tabled in each House of the Parliament within 15 sitting days.

The Payment Times Reporting Regulator

The regulator's role is to provide a reliable and transparent source of information about the payment terms and performance of reporting entities to their small business suppliers.

Its core functions are to receive payment times reports from large businesses twice a year and to publish those reports on the register. Before publication, the regulator screens the reports in accordance with the relevant provisions of the PTR Act.

The regulator's objectives in administering the scheme are to:

- encourage voluntary compliance by making it easy to comply
- provide a register that is accessible, reliable and complete
- promote improved payment times to small businesses
- ensure entities with obligations under the PTR Act take those obligations seriously.

In undertaking its core functions, the regulator must also consider applications made by reporting entities, including applications for further time to report and applications for a determination to cease to be a reporting entity.

At 30 June 2023, the regulator had published 8,353 reports. It had received 16,801 reports from 8,885 reporting entities. In July, the register will be refreshed to publish all available reports. In addition to the reports, it has received:

- 1,249 applications for extensions of time to submit reports
- 133 revised report applications
- 49 applications to cease to be a reporting entity
- 49 notices to volunteer as reporting entities.

To support reporting entities in meeting their obligations, the regulator maintains an enquiry line to provide guidance and assistance. There were 4,054 enquiries actioned in 2022–23, with the majority relating to advice and guidance on the scheme and application requests.

Operation of the scheme

The scheme is administered under the PTR Act. Reporting entities are defined as those with total individual income or total group income of more than $100 million. In some cases, where an entity is part of a group with income of more than $100 million, subsidiaries in the group may also be required to report if its income is greater than $10 million. Entities may voluntarily report under the scheme if their income is below these thresholds.

The scheme website paymenttimes.gov.au includes guidance notes and information sheets to help reporting entities comply with their obligations and understand how the regulator administers the scheme.

To allow time for reporting entities to meet their reporting obligations under the scheme, compliance and enforcement powers in the PTR Act were delayed until 1 January 2022. Prior to the commencement of these powers, the regulator relied on reporting entities voluntarily complying with their obligations and compliance was focused on facilitation and the provision of assistance. Reporting entities submit reports to the regulator through the portal, which is accessible via the scheme website.

The regulator has powers to assist reporting entities to achieve compliance by registering revised payment times reports, granting further time to submit a report and redacting certain information from a report. Reporting entities can apply for a review of certain decisions made by the regulator.

Between 1 July 2022 and 30 June 2023, the regulator received:

- 1,275 requests to register a revised version of a payment times report
- 320 applications for further time to submit reports
- 44 applications for a determination that an entity has ceased to be a reporting entity
- 15 notifications that an entity has elected to volunteer to become a reporting entity
- 1 application for a reconsideration of a reviewable decision.

Payment Times Reports Register

Reports are published to the register regularly. The register was updated 8 times between 1 July 2022 and 30 June 2023, with more frequent updates occurring since January 2023.

A total of 16,801 payment times reports from 8,885 reporting entities were received between 1 July 2022 and 30 June 2023 and subsequently registered under the PTR Act. On the register, 7,193 entities reported as part of a group and 2,991 entities reported individually.

The register was updated in July 2023 when all available reports were published. An additional update will occur in August 2023 to publish all remaining reports received in 2022–23.

Stakeholder engagement

The regulator engages with stakeholders to educate them about the scheme, report on payment times data and receive feedback.

To support reporting entities in meeting their obligations, the regulator maintains a dedicated enquiry email address to provide guidance and assistance. There were 2,334 enquiries actioned in 2022–23, with the majority relating to technical support for using the scheme portal. Reporting entities and other stakeholders can also access general assistance through a call centre (open from 8 am to 8 pm across Australia, Monday to Friday).

The regulator provides stakeholders with notification of events through a biannual publication, the regulator's update (published in July 2022 and January 2023), a biannual stakeholder liaison forum (held in September 2022 and March 2023), regular articles published on the scheme website and email updates.

In response to stakeholder feedback, the regulator released a draft version of its updated guidance materials for a 6-week consultation in July 2022. The final versions (three new guidance notes and five new information sheets) were published to the scheme website in October 2022. In addition, the website was updated to make the information easier to find. In response to stakeholder feedback, in June 2023 improvements were made to the reporting portal in June 2023 to improve the user experience and make it easier to submit a report.

To encourage greater use of the register by small businesses, the regulator provided communication packages to peak industry bodies and other small business associations for dissemination through stakeholder networks. The regulator also engaged with peak industry associations and other government departments and statutory agencies.

The regulator will continue to engage with reporting entities and stakeholders and seek feedback on its performance.

Payment Times compliance

The regulator monitors and enforces compliance with the scheme. To allow reporting entities time to meet their reporting obligations, compliance and enforcement powers were delayed until 1 January 2022.

The regulator takes an escalating approach to compliance and enforcement that is risk-based and data-driven. To ensure reporting entities are meeting their responsibilities, the regulator undertakes routine and targeted compliance programs including responding to intelligence and emerging trends.

The regulator will facilitate compliance and remediation for reporting entities that act in good faith and demonstrate a willingness to comply. More serious action is considered when non-compliance is repeated, not remediated in a timely manner, the result of indifference or carelessness, or is intentional.

Enforcement tools available to the regulator include:

- undertaking monitoring or investigation activities under the *Regulatory Powers Act 2014*
- requiring a reporting entity to undergo a compliance audit
- publishing non-compliance on the register
- issuing infringement notices
- commencing legal action for civil penalties.

Between 1 July 2022 and 30 June 2023, regulator staff conducted compliance programs focused on failures to report and improving the quality of the register. A targeted compliance program investigating entities that have not previously registered for the scheme and registered entities that have failed to report for one or more reporting periods remains underway.

Consumer Data Right

Consumer Data Right

The Consumer Data Right (CDR) is a significant economic reform aimed at empowering consumers, driving innovation, and increasing competition. It puts individuals and businesses in control of data held about them, enabling them to safely share that data and make more informed decisions.

The CDR has a multi-agency delivery model. It involves Treasury (including the Data Standards Body), the Australian Competition and Consumer Commission (ACCC) and the Office of the Australian Information Commissioner.

The CDR framework was designed to apply across the Australian economy, starting in the banking sector, and expanding to the energy sector in 2022. Consumers can choose to share their banking and energy data securely and conveniently with accredited and trusted recipients to access better value products and services, tailored to their individual circumstances. The CDR has also spurred the creation of new technology companies and innovative products and services. Treasury, the Data Standards Body, the ACCC and the Office of the Australian Information Commissioner engage closely with the banking and energy sectors and other CDR participants, including through regular engagement forums.

Implementation of the CDR in the banking sector is now complete, with nearly 100 per cent of the sector (measured by share of household deposits) covered by CDR data-sharing. Revised joint account rules for major banks came into effect on 1 July 2022. Non-major banks were also required to support joint accounts, business consumers, partnerships and secondary users from 1 November 2022. Treasury will continue to focus on driving improvements to data-sharing in the banking sector to deliver use-cases that maximise the benefits to consumers from the CDR.

Implementation of the CDR in the energy sector progressed over 2022–23. Since 15 November 2022, the CDR has made it possible for consumers to share their energy data held by the three biggest retailers (AGL, Origin and Energy Australia)[45] and the Australian Energy Market Operator. Other large energy retailers will be required to share energy data commencing 1 November 2023. As the CDR in the energy sector expands, it will help consumers make better comparisons on their energy plans and access better deals to manage energy costs.

45 Energy Australia was granted an exemption by the ACCC from data holder obligations until 15 May 2023.

Consistent with a strategic assessment outcomes report released in January 2022, non-bank lending was designated as a CDR sector on 21 November 2022 following consultation with stakeholders. Expanding the CDR to non-bank lending will give consumers a more holistic view of their financial position and enable broader cross-sector use cases. Treasury continues to engage with stakeholders on non-bank lending rules and standards.

On 30 November 2022, the Government introduced the Treasury Laws Amendment (Consumer Data Right) Bill 2022 into the Parliament, which will set up a framework to enable action initiation in the CDR. Action initiation will create a new channel for consumers to instruct a firm to initiate actions on their behalf and with their consent. When implemented, action initiation could allow consumers to do things like automate payments towards a savings or investment goal, compare electricity prices and then switch services, and update their contact details across multiple accounts. The Bill passed the House of Representatives on 15 February 2023 unamended. On 9 February 2023, the Senate referred the provisions of the Bill to the Senate Economics Legislation Committee for inquiry and report, which held public hearings into the Bill on 18 April 2023. The Committee tabled its report on 3 May 2023, recommending that the Bill be passed by the Senate.

In 2022, the CDR underwent an independent statutory review under section 56GH of the *Competition and Consumer Act 2010*. The statutory review examined the extent to which the CDR's statutory framework supports the objectives of driving value for consumers, increasing competition and driving innovation. Ms Elizabeth Kelly PSM led the review, supported by a secretariat in Treasury. The statutory review report, released on 29 September 2022, found that the CDR's statutory framework had so far been broadly effective in supporting the CDR's rollout, was sufficiently flexible and robust to accommodate further changes to achieve policy objectives. The report's 15 findings and 16 recommendations provide reflections on the implementation of the CDR to date and suggest changes that could improve the CDR into the future.

The statutory review also highlighted the potential of expanding the CDR to enable government participation and the importance of ongoing activities to align the CDR with other initiatives and schemes where possible. In 2022–23, Treasury continued cross-government engagement on opportunities to align the CDR with ongoing reforms and implement government participation in the CDR for consumer benefit.

The Government continued its commitment to the CDR in the 2023–24 Budget with a further investment of $88.8 million over two years. This investment will prioritise activities that advance the maturity of the CDR in the banking and energy sectors, and further strengthen the CDR framework to provide for safer, more secure and efficient sharing of consumer data. Key activities include:

- maintaining support for regulatory and ICT infrastructure in banking and energy
- enabling cyber security improvements
- supporting policy and design work to deliver future benefits through functionality like action initiation
- expanding the CDR to non-bank lending
- establishing a trust brand strategy.

As part of the 2023–24 Budget announcement, the Government also paused implementation of the CDR in the superannuation, insurance and telecommunication sectors to allow time for the CDR to mature and to implement lessons learned to date. The Government's CDR priorities were further outlined in its statement responding the Statutory Review released on 7 June 2023, which sets out its plan for how existing and future activities respond to key recommendations.

Data Standards Chair

Mr Andrew Stevens is the Data Standards Chair (the Chair) for the CDR. Mr Stevens was re-appointed to this role on 1 March 2023 for a further two years, having been inaugural Chair since the role was created in 2018.

Over 2022–23, the Chair issued 8 iterations of the Data Standards to support changes to the CDR Rules and the introduction of the energy sector. The Chair also released three iterations of consumer experience guidelines. The Data Standards Body increased its general technical guidance material sources including instructional videos.

The Chair convened 11 meetings of the Data Standards Advisory Committee in 2022–23. The annual renewal of membership and terms of reference occurred in November 2022, enabling the Chair to reconsider appropriate representation and function, including further diversity and more robust representation from privacy and consumer advocates.

The data standards are subject to consumer testing under the CDR Rules, as considered appropriate by the Chair. In 2022–23, consumer experience research paid special attention to authentication.

A further 7 research reports commissioned for the Chair focused on the management of risk, including cyber security risk and information security, and reviews of the international standards on which Australia's data standards are based. These reports support the Chair to set authentication standards that meet best-practice security requirements, as required by the CDR's Rules.

The Chair recognises and acknowledges the contributions and dedication of the Data Standards Body in continuing to support him through the next phase of the CDR. The Chair notes his appreciation of the Data Standards Advisory Committee members who volunteer their time and expertise, including several over many years.

Foreign investment

Australia has always welcomed and relied on foreign investment. For decades it has enhanced the economic wellbeing of the Australian people and supported economic growth.

Foreign investment provides significant benefits to Australia. It is important in delivering on Australia's national priority areas, including building infrastructure, developing critical minerals and critical technologies capabilities, boosting Australia's manufacturing capabilities and delivering the large-scale clean energy transition. Foreign investment also supports job opportunities for Australians, including those in regional areas.

Foreign investment framework and regulation

Australia's foreign investment framework ensures that foreign investment is consistent with our national interest and our national security. It strikes a balance between ensuring that we attract critical investment to support economic growth, while maintaining community confidence in foreign investment and upholding our national interest.

Treasury's regulatory functions and powers are set out in the *Foreign Acquisitions and Takeovers Act 1975* and the *Foreign Acquisitions and Takeovers Fees Impositions Act 2015* and their associated regulations. Our approach to administering the legislative framework is set out in Australia's Foreign Investment Policy and Guidance Notes on the specific application of the law.

Under the *Foreign Acquisitions and Takeovers Act 1975*, the Treasurer is responsible for Australia's foreign investment policy and the foreign investment framework. Decision making delegations exist to allow Treasury portfolio ministers and Treasury and Australian Taxation Office (ATO) officials to make decisions on behalf of the Treasurer.

The Foreign Investment Review Board is a non-statutory advisory body, providing support on complex proposals and foreign investment policy and issues, and conducting stakeholder engagement on behalf of Treasury.

Treasury's Foreign Investment Division advises the Government on all aspects of foreign investment policy. It administers the foreign investment framework and undertakes regulatory functions concerning investment proposals for acquisitions of interests in Australian entities, businesses, agricultural and commercial land. This includes the assessment of investment proposals covered by the foreign investment framework and fostering compliance.

The ATO undertakes regulatory activities in relation to residential real estate under the foreign investment framework and works closely with the Treasury. The ATO also administers vacancy fees in relation to foreign-owned residential real estate.

Foreign investment review proposals

Tables 42 and 43 set out an overview of the approved investment proposals during the reporting period, irrespective of whether the proposal was submitted.

The number of commercial investment proposals approved in this financial year was 550 (see Table 42). The value of commercial investment proposals approved in this financial year was $131.6 billion (see Table 43).

There were 149 commercial investment proposals withdrawn in this financial year. The number of residential proposals approved by the ATO in this financial year was 6,576.

Investment proposals by number and value

Table 42: Number of investment proposals 2020–21 to 2022–23

	Commercial			Residential real estate		
	2020–21	**2021–22**	**2022–23**	**2020–21**	**2021–22**	**2022–23**
Approved with conditions	821	804	550	2,560	3,667	4,768
Approved without conditions	1,504	759	760	1,767	1,766	1,808
Total approved	**2,325**	**1,563**	**1,310**	**4,327**	**5,433**	**6,576**
Withdrawn	436	205	149	455	144	74

Table 43: Value of investment proposals approved ($ billion) 2020–21 to 2022–23

	Commercial			Residential real estate		
	2020–21	**2021–22**	**2022–23**	**2020–21**	**2021–22**	**2022–23**
Approved with conditions	163.5	270.2	131.6	2.2	1.6	6.1
Approved without conditions	63.7	60.3	39.9	3.5	6	1.8
Total	**227.2**	**330.5**	**171.5**	**5.7**	**7.6**	**7.9**

Note: Anomalous values or values that could identify specific transactions have been removed. The ATO assessed some commercial applications received before December 2022.

Approved investment proposals by investment source and industry sector

In 2022–23 the United States was the largest source country for commercial investment proposals by number and value ($34.5 billion). The next four largest source countries by value were Singapore ($14.4 billion), Canada ($14.4 billion), Japan ($14 billion) and China ($9.5 billion).

Table 44: Top 10 sources of investment by value of approved commercial investment proposals 2020–21 to 2022–23

Country	Number			Value ($ billion)		
	2020–21	2021–22	2022–23	2020–21	2021–22	2022–23
United States	891	746	598	57	118.9	34.5
Singapore	336	385	235	21.3	24.0	14.4
Canada	355	387	347	18.8	31.5	14.4
Japan	153	133	137	5.1	7.1	14
China	493	273	200	11.4	4.6	9.5
Korea, Republic of (South Korea)	117	110	77	4.7	4.5	6.6
United Kingdom	309	223	174	5.2	6.5	6.5
Netherlands	133	113	104	3.6	4.3	4.9
Malaysia	74	72	51	0.3	1.4	4.3
United Arab Emirates	141	174	129	3.4	6.1	3.0

Note: This table is sorted by the value of approved proposals in the financial year.

In 2022–23, China was the largest source of investment for approved residential real estate investment proposals by number and value ($3.4 billion). The next two largest sources of residential investment were Hong Kong ($0.6 billion) and Vietnam ($0.4 billion).

Table 45: Top 10 sources of investment by value of approved residential real estate proposals 2020–21 to 2022–23

Country	Number			Value ($ billion)		
	2020–21	2021–22	2022–23	2020–21	2021–22	2022–23
China	2,227	2,317	2,601	2.7	2.4	3.4
Hong Kong	518	689	650	0.5	0.6	0.6
Vietnam	174	391	423	0.1	0.4	0.4
Taiwan	81	133	330	0.1	0.1	0.3
India	78	306	451	0.0	0.2	0.2
Singapore	194	173	316	0.1	0.1	0.3
Nepal	23	140	281	0.0	0.1	0.2
Indonesia	82	95	190	0.1	0.1	0.2
United Kingdom	224	201	226	0.2	0.2	0.2
Malaysia	170	158	215	0.2	0.2	0.2

Notes: This table is sorted by the value of approved proposals in the financial year.
Variations from previously published statistics are due to the reconciliation processes.

The largest target sector for proposed investment for 2022–23 by value was Commercial Real Estate, with a total value of $50.2 billion. The next two largest industries were Services ($42.5 billion) and Finance & Insurance ($32.4 billion).

Table 46: Number and value of approved investment proposals by industry sector 2020–21 to 2022–23

Country	Number			Value ($ billion)		
	2020–21	2021–22	2022–23	2020–21	2021–22	2022–23
Commercial Real Estate	907	61	431	86.6	66.6	50.2
Services	809	486	382	76.9	109	42.5
Finance & Insurance	91	105	79	10.7	94.7	32.4
Manufacturing, Electricity & Gas	224	134	168	35.8	37.2	24.8
Mineral exploration & development	161	135	126	11.5	14.7	13.1
Agriculture, Forestry & Fishing	197	187	200	5.8	8.5	8.5
Residential Real Estate	4,327	5,433	6,576	5.7	7.6	7.9

Note: This table is sorted by the value of approved proposals in the financial year.

Median processing times

In 2022–23, Treasury's median processing time for approved commercial investment proposals was 41 days. This is lower than the median processing times of 52 days in 2021–22 and 51 days in 2020–21.

The decrease in median processing times in 2022–23 compared to the previous two financial years is attributable to continuing improvements in efficiency of foreign investment proposal processing across Treasury's investment review, compliance, governance and national security functions. These improvements reflect the benefits of deeper experience and improved capability in Treasury, and partner agency review of proposals.

Table 47: Median processing times for approved commercial investment proposals 2020–21 to 2022–23

2020–21	2021–22	2022–23
51 days	52 days	41 days

Note: These processing times are current as of a point in time.

In 2022–23, 72 per cent of cases were processed in 60 days or less. Treasury makes best efforts to accommodate commercial deadlines when investors provide timelines at the outset of a process.

Figure 18: Approved investment proposal processing times (number of days) 2020–21 to 2022–23

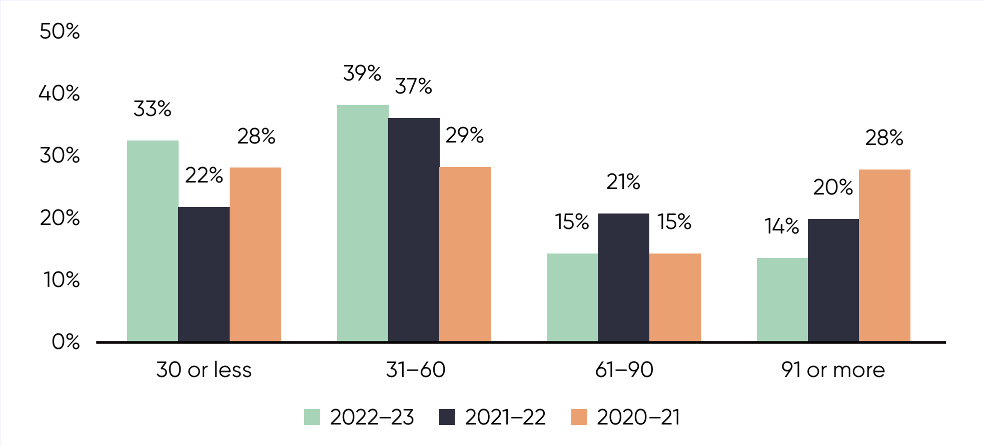


Table 48: Residential real estate investment proposal processing times 2020–21 to 2022–23

2020–21	2021–22	2022–23
6 days	5 days	7 days

The ATO's residential real estate median processing time is largely consistent from previous financial years with an average of 7 days for 2022–23.

National security

Since January 2021, the foreign investment framework's national security powers were strengthened to cover more types of transactions subject to mandatory notification. It was also updated to create a scheme for voluntary notification by investors for actions of any value which may pose national security concerns.[46]

Of the 1,310[47] commercial foreign investment proposals approved in this financial year, 115 related to national security actions with a total value of $5.7 billion that would not have been captured prior to January 2021. Of these national security actions, 83 were mandatory notifications, 29 were voluntary notifications, and 3 were both mandatory and voluntary notifications.

Table 49: Number of approved national security investment proposals 2020–21 to 2022–23

		2020–21	2021–22	2022–23
Mandatory	Approved with conditions	1	15	15
	Approved without conditions	14	44	68
	Total	15	59	83
Voluntary	Approved with conditions	3	19	3
	Approved without conditions	12	15	26
	Total	15	34	29
Both	Approved with conditions	0	5	0
	Approved without conditions	2	8	3
	Total	2	13	3

Note: Proposals are categorised as either mandatory, voluntary or both mandatory and voluntary notifications.

Table 50: Value of approved national security investment proposals ($ billion) 2020–21 to 2022–23

	2020–21	2021–22	2022–23
Approved with conditions	0.4	6.3	1.0*
Approved without conditions	1.0	3.8	4.7
Total	**1.4**	**10.1**	**5.7**

Note: Slight variations from previous quarterly reports are due to rounding of a decimal value.

46 See Guidance Note 8 on National Security for further information, https://foreigninvestment.gov.au/guidance/types-investments/national-security

47 See Table 42: Number of investment proposals 2020–21 to 2022–23.

Treasury foreign investment compliance activities

Treasury conducts its compliance and enforcement activities for investments within its areas of responsibility. Treasury adopts a risk-based approach to compliance, focusing efforts on areas of greatest risk to the national interest. The aim is to provide assurance that investors are complying with their obligations and to detect and address non-compliance, while encouraging and supporting investors to comply.

Treasury's risk-based and proportionate response involves assessing each matter on a case-by-case basis. The *Foreign Acquisitions and Takeovers Act 1975* provides a broad range of enforcement powers to enable a proportionate and scalable response to non-compliance considering matters such as the nature of the breach, the extent of the non-compliance, the investor response to non-compliance (including previous instances of non-compliance) and the behaviour of the investor. More information about Treasury's compliance approach can be found on our website foreigninvestment.gov.au.

Treasury's approach to compliance is set out in the Foreign Investment Compliance Framework Policy Statement, and is focused on education, market intelligence, compliance assurance and enforcement. Treasury focuses on the lifecycle of an investment, with emphasis on encouraging ongoing compliance and, where necessary, enforcement action. In 2022–23, Treasury implemented a comprehensive work program to promote compliance with the notification requirements under the *Foreign Acquisitions and Takeovers Act 1975*, including educating investors around their obligations to notify investments and conducting proactive detection campaigns and investigations. Nudge campaigns initiated to educate investors of their reporting obligations resulted in higher levels of reporting and better compliance outcomes.

Treasury has an ongoing focus on compliance in sensitive and complex areas including data security, privacy, governance, reporting and land development conditions. Our ongoing direct engagement with foreign persons on potential non-compliance with the framework has helped improve investor behaviours. This includes efforts to bring foreign investors back into compliance and ensure non-compliance is avoided in the future.

Treasury's two audit programs, the Regulator Audit Program (Treasury-led in-house audits) and the Independent Audit Program (condition-mandated audits conducted by independent assurance practitioners) continued to mature. The Independent Audit Program saw a significant increase in the number of audits completed in 2022–23, improving Treasury's visibility over investor non-compliance with imposed conditions. Where non-compliance was identified, all investors remediated their non-compliance before the end of the period audited or submitted a work program outlining their planned remediation activities for Treasury's review.

Treasury compliance activities summary

Tables 51 to 56 show a summary of the compliance activities undertaken across the 2022–23 financial year. Further details can be found in the Quarterly Reports on Foreign Investment.

Table 51: Number of condition mandated reports 2021–22 and 2022–23

	2021–22	2022–23
Condition mandated reports received	2,005	2,569
Condition mandated reports assessed *	2,524**	3,027

Notes: * Condition mandated reports assessed may include reports carried over from the previous financial years.
** As the date of assessment was not recorded for the entirety of 2021–22, this data point is an estimate and includes assessments of reports from multiple financial years.

Table 52: Number of statutory notices received 2021–22 and 2022–23

	2021–22	2022–23
Notices of events or actions taken received	1,266	1,516

Table 53: Number of regulator audits 2021–22 and 2022–23

	2021–22	2022–23
Completed regulator audits	6	6

Table 54: Number of independent audits completed 2021–22 and 2022–23

	2021–22	2022–23
Proposals approved	56	76
Reports completed	46	78

Table 55: Number of matters sourced via non-compliance referrals and assessments by information source 2021–22 and 2022–23

	2021–22	2022–23
Self-reported potential non-compliance with conditions (voluntary disclosures outside mandatory reporting)	44	25
Failure to notify related referrals/reports from the public*	45	43
Failure to notify related referrals/reports identified from other source**	29	47
Total	**118**	**115**

Notes: * Including retrospective notifications received from investors.
** Referrals from other sources can include internal referrals from other areas of the Treasury or Government, as well as Treasury-initiated referrals as a result of media monitoring and market scanning for non-compliance.

Treasury issued one infringement notice during the reporting period in relation to identified non-compliance.

Table 56: Number of investigation matters completed 2021–22 and 2022–23

	2021–22	2022–23
Investigations	3	2

Note: Any changes in historical figures are due to quality assurance activities.

Australian Taxation Office's compliance activities

In 2022–23 the ATO identified 398 residential real estate compliance cases for investigation resulting in 145 properties found to be in breach of the foreign investment rules. These included 55 divestments, 21 retrospective approvals and 69 variations. Of the 55 divestments there were 54 properties voluntarily disposed of during the compliance activity. The ATO also issued 23 infringement penalty notices totalling $511,836 and raised over $5 million in vacancy fee liabilities as part of the annual vacancy return lodgement compliance program.

Table 57: Residential real estate compliance investigations 2020–21 to 2022–23

Investigations[a]	2020–21	2021–22	2022–23
Identified[b]	487	664	428
Completed	404	591	410
Properties in breach	100	220	145

a) Investigation includes 182 compliance activities identified and completed during the year using prompter campaigns. A prompter campaign uses an educational approach to compliance aimed at assisting investors to comply with their obligations.
b) The total number of identified cases includes new cases identified in the prior financial year which remained open at the end of that financial year. 127 cases carried forward from 2020–21 into 2021–22. At the close of the 2021–22 year, 74 cases were carried forward into 2022–23.

Table 58: Outcomes of residential real estate investigations by property that identified breaches 2020–21 to 2022–23

Compliance outcomes	2020–21		2021–22		2022–23	
	No.	Percentage	No.	Percentage	No.	Percentage
Divestment[a]	57	57	125	56.82	55	37.93
Retrospective approval[b]	24	24	43	19.55	21	14.48
Change of conditions[c]	2	2	49	22.27	69	47.59
Retrospective approval during FIRB consideration[d]	17	17	2	0.91	0	0
Vacancy fee raised[e]	0	0	1	0.45	0	0
Total outcomes	**100**	**100**	**220**	**100**	**145**	**100**

a) Includes 55 voluntary property disposals following an ATO investigation, and one formal disposal order was issued under the *Foreign Acquisitions and Takeovers Act 1975*.
b) Approval is provided after the property has been purchased.
c) In the course of an investigation, the ATO determines a foreign investor is in breach of their approval condition and works with the investor to remedy the breach. Where appropriate, an infringement notice is also issued in these situations for failure to comply with conditions.
d) A foreign person seeking approval to acquire an interest in property, is identified during the foreign investment screening process as already having acquired an interest in the property in question, usually by entering into a contract. Where appropriate, an infringement notice is also issued.
e) Refers to situations where a compliance review was undertaken following the lodgement of a vacancy fee return, and a vacancy fee liability was raised for a dwelling that was found to be occupied for fewer than 183 days during a vacancy year.

Foreign investment policy developments

In 2022–23, Treasury continued to further develop processes and procedures to support the enhanced foreign investment framework. These include the publication of quarterly reports on foreign investment, which seek to improve the transparency of foreign investment regulation in Australia. It also includes the creation of a new foreign investment website and a suite of digital products to uplift and streamline Treasury's regulatory capabilities.

Other changes to the foreign investment framework included the doubling of foreign investment fees from 29 July 2022 and the doubling of residential land penalties from 1 January 2023. Treasury undertook public consultation on draft amendments to the Foreign Acquisitions and Takeovers Regulation 2015 for the Register of Foreign Ownership of Australia Assets between 2 March 2023 and 31 March 2023.

Treasury also implemented changes to monetary thresholds for foreign investment screening as a result of the Australia-India Economic Cooperation and Trade Agreement entering into force on 29 December 2022, and the Australia–United Kingdom Free Trade Agreement entering into force on 31 May 2023.

In the 2023-24 Budget, the Government announced it would exempt passive or low-risk inter-funding transactions from mandatory notification requirements and fees under the *Foreign Acquisitions and Takeovers Act 1975*. The 2023–24 Budget also included additional funding for Treasury to establish data analysis capabilities to track foreign investment patterns and compliance in the critical minerals sector.

As part of the continuing reforms to the foreign investment framework and foreign investment policies, Treasury collaborates across and beyond the public sector, ensuring our consultation is cognisant of other government initiatives and public interests relating to foreign investment.

Foreign investment digital transformation

To support the expanded remit flowing from the 2021 legislative reforms, the 2020–21 Budget measure, Strengthening Australia's Foreign Investment Framework, provided $86.3 million over 4 years (2021–24) to deliver business and digital transformation programs to support the work of Treasury and the ATO.

This digital transformation program will deliver an end-to-end integrated system for regulatory activities and enable investors, advisers and government consultation partners to engage with Treasury more efficiently. The new technology solution will deliver new digital capabilities:

- a full-service case management system for Treasury to strengthen case and compliance management and deliver refined reporting tools
- a new portal for investors and their agents to streamline the submission and management of foreign investment proposals
- a new portal for government consultation partners to improve engagement and interaction with Foreign Investment Division on foreign investment matters
- an ATO-led Register of Foreign Ownership of Australian Assets to provide a consolidated view of foreign-owned assets in Australia.

Launch of the foreigninvestment.gov.au website – replacing firb.gov.au

In support of reforms to Australia's foreign investment framework announced in June 2020, Treasury progressed a range of initiatives including the creation of a new foreign investment website and a suite of digital products that will uplift and streamline Treasury's regulatory capabilities.

To compliment and effectively host the proposed suite of digital products, Treasury launched foreigninvestment.gov.au in June 2023. This new website features:

- enhanced information architecture and site navigation
- a modern web presence and Treasury-aligned product
- improved content in simple and easy to understand English
- a new proposal checklist to guide foreign investors on what they need to do, before submitting a proposal
- improved visibility of foreign investment information and guidance.

For over a decade, firb.gov.au hosted public information about Australia's foreign investment framework but was known to confuse the identities and roles of the Treasurer, Foreign Investment Review Board, Treasury and the ATO in the administration of the framework. This new website accurately represents the relative responsibilities in the regulation of foreign investment in Australia.

The Foreign Investment Review Board

The Foreign Investment Review Board is a non-statutory body to advise the Treasurer and Government on foreign investment matters. Responsibility for making decisions about the Foreign Investment Policy and proposals rests with the Treasurer. The Treasury's Foreign Investment Division administers Australia's foreign investment regulatory framework and supports the Board's work.

The Foreign Investment Review Board's members have deep knowledge and experience of foreign investment, including foreign affairs, national security, business, investment and specific sectors. Strong probity procedures are in place to ensure actual or potential conflicts of interest are managed appropriately.

The role of the Foreign Investment Review Board is to:

- examine proposed investments in Australia that are subject to the *Foreign Acquisitions and Takeovers Act 1975* (the FAT Act) and supporting legislation and covered by the Foreign Investment Policy, and to make recommendations to the Treasurer and other Treasury portfolio ministers on these proposals
- provide advice to the Treasurer on the operation of the Foreign Investment Policy and the FAT Act
- foster an awareness and understanding, both in Australia and abroad, of the Foreign Investment Policy and the FAT Act.

Foreign Investment Review Board membership

On 30 June 2023, the Foreign Investment Review Board had 6 members, made up of 5 part-time members and one full-time executive member – the First Assistant Secretary of Treasury's Foreign Investment Division.

Table 59: Members of the Foreign Investment Review Board at June 2023

Name	Qualifications and experience	Date of commencement
Mr Bruce Miller AO (Chair)	Mr Miller has had a distinguished career in international relations and intelligence occupying senior positions in the Department of Foreign Affairs and Trade, the Department of the Prime Minister and Cabinet, and the Office of National Assessments. He served as Australian Ambassador to Japan (2011–17). He now has a number of private and public sector board roles.	Non-executive member since 6 April 2022
The Hon Nick Minchin AO	Mr Minchin served as Minister for Industry, Science and Resources (1998–2001) and Minister for Finance and Administration (2001–07). Mr Minchin also served as Australian Consul-General in New York (2014–17) and brings wide ranging senior leadership credentials, public policy, industry and international experience to FIRB.	Non-executive member since 17 December 2018
Ms Margaret (Meg) McDonald	Ms McDonald has served as Australia's Deputy Ambassador to the United States (1998–2002), Ambassador for the Environment (1996–98), Chief Operating Officer of the Clean Energy Finance Corporation and CEO of Low Carbon Australia Limited. She has also held global leadership positions with resources and metals manufacturer Alcoa, bringing extensive experience in senior public and private sector roles, in Australia and internationally.	Non-executive member since 26 March 2019
Mr Steven Skala AO	Mr Skala is the Vice Chairman, Australia of Deutsche Bank AG (since 2004), Chairman of Clean Energy Finance Corporation (since 2017) and an ex officio member of the Commonwealth's recently established Technology Investment Advisory Council. He is active beyond banking and commerce as the Chairman of the Heide Museum of Modern Art, Deputy Chairman of The General Sir John Monash Foundation, a Director of the Centre for Independent Studies and a Member of the International Council of the Museum of Modern Art (MoMA) in New York. He brings extensive experience in business and banking, as well as government-related and non-for-profit organisations.	Non-executive member since 18 September 2020

Name	Qualifications and experience	Date of commencement
Ms Carolyn Kay	Ms Kay is a member of The Future Fund Board of Guardians and a non-executive director of Scentre Group, Myer Family Investments and Rothschild Australia. In the not-for-profit sector she is also a non-executive director of The General Sir John Monash Foundation and Sydney Grammar School. In 2001 she was awarded the Centenary Medal for services to Australian society in business leadership and brings extensive experience to FIRB as an executive and non-executive director with more than 30 years' experience in the finance sector.	Non-executive member since 20 November 2021
Mr Chris Tinning	The position of Executive Member is held by the First Assistant Secretary of Treasury's Foreign Investment Division. The Executive Member is the link between FIRB and the Division, which administers Australia's foreign investment regulatory framework and supports FIRB's work.	Executive member since 19 June 2023

Table 60: Foreign Investment Review Board meeting attendance during 2022–23

	No. of meetings attended	No. of meetings eligible to attend
Bruce Miller AO	10	10
Cheryl Edwardes AM (former non-executive member – to August 2022)	1	1
Teresa Dyson (former non-executive member – to January 2023)	5	6
Nick Minchin AO	10	10
Margaret (Meg) McDonald	9	10
Steven Skala AO	9	10
Carolyn Kay	10	10
Simon Writer PSM (former First Assistant Secretary – to June 2023)	9	10
Chris Tinning (from June 2023)	0	0

Australian National Contact Point for Responsible Business Conduct

The Australian National Contact Point for Responsible Business Conduct (Australian National Contact Point) promotes responsible business conduct under the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. It does so by engaging with stakeholders including business, government, civil society, unions and academics. The Australian National Contact Point provides a free conciliation service within a non judicial OECD framework to help resolve complaints against multinational enterprises where alleged non-observance of the guidelines are brought to the Australian Government.

Treasury's Market Conduct and Digital Division contracts three independent examiners to assess, conciliate and make recommendations on individual complaints through public statements. It also provides secretariat support, conducts promotional activities to raise awareness and contributes to policy development. A Governance and Advisory Board meets biannually and comprises representatives from government, civil society, business and unions.

In 2022–23 the Australian National Contact Point held or participated in 7 events, utilised social media for promotion and worked directly with non government stakeholders to promote responsible business conduct through their member networks.

Over the course of 2022–23, the Australian National Contact Point managed 11 complaints:

- two are in mediation
- four are undergoing a final statement following mediation or a declined mediation offer
- one is still subject to initial assessment (whether to accept, reject or transfer)
- one was the subject of a follow up process
- three were closed.

The Australian National Contact Point reports annually to the OECD and complaint statements are available at ausncp.gov.au.

Australian Small Business and Family Enterprise Ombudsman

The mission of the Australian Small Business and Family Enterprise Ombudsman (ASBFEO) is to help Australia be the best place to start, grow and transform a business. Small business is a dynamic, fast growing and exciting sector that allows people with an entrepreneurial spirit to pursue their dreams. We celebrate the vital and deeply personal commitment to Australia's prosperity, wellbeing, and our communities made by more than 2.5 million small and family businesses.

The Ombudsman is independent and is a statutorily appointed Public Office Holder. The Hon Bruce Billson is the current Australian Small Business and Family Enterprise Ombudsman (the Ombudsman) and all the activities of the ASBFEO are governed by the *Australian Small Business and Family Enterprise Ombudsman Act 2015* (the ASBFEO Act). Under the ASBFEO Act, ASBFEO delivers its functions for small businesses and family enterprises defined as businesses with fewer than 100 employees or revenue of less than $5 million per year.

ASBFEO acts as a trusted adviser and advocate, drawing on its expertise to identify issues affecting small business and family enterprise. We help promote small and family business interests to decision makers across government. ASBFEO also supports policy makers and program designers by providing field evidence, problem-solving and stakeholder engagement. ASBFEO's economics and data analytics team conducts surveys and draws together public and private sector data to produce tailored and accessible information.

ASBFEO has three functions:

- assist small business and family enterprises
- advocate for small business and family enterprises
- showcase 'better practice' among smaller enterprises and those dealing with them.

Since its establishment in 2016, ASBFEO has helped over 40,000 small businesses principally by resolving disputes with other businesses or government agencies outside the legal system. For this financial year, ASBFEO received and responded to 5,671 requests for assistance by providing:

- contact centre guidance
- referral to other (more appropriate) agencies
- personalised case management
- access to mental health support
- tools to help people start and grow a business and make better business decisions.

The main type of dispute facing small businesses in 2022–23 related to being paid, accounting for almost two out of five cases. There was a sharp rise in small businesses seeking help with digital disputes and with digital platform providers, and an increase in cases relating to the construction industry.

During this financial year ASBFEO responded to requests from small and family businesses while ensuring we don't duplicate the functions of other Commonwealth, state or territory agencies. ASBFEO continued to work cooperatively with government agencies to assist small and family business owners access alternative dispute resolution processes.

ASBFEO released a report this financial year, *Small Business Matters*. The report found the economic contribution of small business to the Australian economy rose by 15 per cent in 2021–22 to $506 billion and accounted for one-third of Australia's GDP. Small businesses provide jobs for 5.1 million people and employ 42 per cent of all apprentices and trainees in training – nearly double the amount supported by a big business.

Small business owners come with varied ambitions, backgrounds and experiences. What they have in common is the entrepreneurial flare and desire to 'have a go'. Statistically, the average small business owner is self-employed, identifies as male, is aged 50, works full-time and earns below the average full-time wage. Yet that is far from the full story.

Female ownership is increasing and now accounts for 35 per cent of all small business owners – almost double the rate from the 1970s. The flexibility of self-employment is an attractive option for some 1.55 million Australians from all walks of life, particularly women and older people.

One out of three small business owners were born outside of Australia. This is a greater proportion than the 29 per cent of Australia's general population who were born overseas. But the limited available data suggests that First Nations Australians are under-represented in small business ownership.

The most current available data (2021–22) reveals that around 43 per cent of small businesses failed to make a profit and 75 per cent of small business owners take home less than the average wage. Small business owners are more likely than the general population to perform unpaid child care and have other caring responsibilities particularly for those with a disability, health condition or old age.

In advocating for small business and family enterprises, ASBFEO builds and strengthens relationships across business and government by supporting the following events and groups:

- The ASBFEO Policy Forum, which brings together industry and professional associations.
- The Federal Regulatory Agency Group, chaired by the Ombudsman. The group meets quarterly and comprises ASBFEO and Commonwealth-level regulators including the ACCC, Australian Securities and Investments Commission, ATO, Australian Financial Complaints Authority, Australian Financial Security Authority and Fair Work Ombudsman.
- The Small Business Commissioner's Group, which meets quarterly. The group supports the Ombudsman and state small business commissioners to collaborate, share information, identify best practice and provide a united voice of influence to improve the environment for small business across the country.
- A Small Business Stewardship Group co-chaired by the Ombudsman and ATO Deputy Commissioner. This forum provides input and feedback on the ATO's approach to small business.

ASBFEO also participates in and engages with consultative groups and attends peak small business meetings held by the ACCC and ATO. The ASBFEO also takes part in forums, conferences and small business events that represent a variety of specific interests and industry bodies.

ASBFEO interacts with stakeholders across various communications platforms. The communication team focuses on outreach programs and attended small and family business-related events including regional field days, jobs, franchising and business expos and industry associations' national conferences. These opportunities are vital for ASBFEO to engage with and understand the impacts of economic challenges and policy changes for small and family businesses.

ASBFEO staff members delivered promotional activities throughout the financial year, including media releases, newspaper opinion pieces, radio and television interviews, speaking engagements, newsletters, social media posts and videos. The communication team continued its focus on ensuring culturally and linguistically diverse small and family business owners can access translated information to support their businesses.

The ASBFEO Small Business Hub provided free short-term office space for small and family business industry associations and policy advocates.

Advocacy

ASBFEO conducted a broad range of research and inquiries in 2022–23, initiated by the Ombudsman and conducted under Ministerial referral. ASBFEO provided quarterly updates to the Minister about operations of the Ombudsman's Office and relevant legislation, policies and practices affecting small business (available via asbfeo.gov.au).

At the request of the Minister for Finance, ASBFEO launched an Inquiry to examine the impact of reforms to the Commonwealth Procurement Rules on small business.

ASBFEO conducted research into:

- improving Australia's corporate and personal insolvency laws for the small business sector
- least cost routing for merchants across the small business sector
- unfair business practices against the small business sector
- environmental, social and governance investing for the small business sector.

ASBFEO provided significant policy input on the following topics:

- privacy and cyber security – to the Attorney-General's Department to inform the Government's response to the Privacy Act Review Report (released 16 February 2023).
- digital platforms – to the Senate Economics References Committee inquiry on the Influence of international digital platforms.
- workplace relations – to the Senate Education and Employment Legislation Committee inquiry into the provisions of the *Fair Work Legislation Amendment (Secure Jobs, Better Pay) Act 2022*.
- the payment times register – to the independent review led by the Hon Dr Craig Emerson of the *Payment Times Reporting Act 2020*.
- economic dynamism and energising enterprises – to the House of Representatives Standing Committee on Economics inquiry into economic dynamism.

ASBFEO acts as a voice for small business on policy and legislation. In 2022–23 ASBFEO provided a formal response on one policy impact statement and also provided informal feedback on regulations affecting small and family business. The Ombudsman made 70 submissions to entities including:

- Attorney-General's Department
- Australian Transaction Reports and Analysis Centre (AUSTRAC)
- Australian Trade and Investment Commission (Austrade)
- Australian Banking Association
- Australian Competition and Consumer Commission
- Australian Finance Industry Association
- Australian Financial Complaints Authority
- Constitutional Affairs Senate Committee
- Department of Agriculture, Fisheries and Forestry
- Department of Agriculture, Water and the Environment
- Department of Climate Change, Energy, the Environment and Water
- Department of Employment and Workplace Relations
- Department of Home Affairs
- Department of Industry, Science and Resources
- Department of Infrastructure, Transport, Regional Development, Communication and Arts
- Inspector-General of Taxation
- Parliamentary Committees
- Productivity Commission
- Promontory, on behalf of the Australian Finance Industry Association
- Treasury.

Assistance

The Ombudsman received 5,671 requests for assistance in 2022–23. These comprised 4,202 calls to the Ombudsman's contact centre and 1,469 formal requests for assistance made to the Ombudsman in accordance with the ASBFEO Act. Zero formal requests for assistance about 'no adverse cost' orders were received during the period.

The Ombudsman provided one-to-one assistance to small and family businesses in 1,469 disputes with other businesses or Australian Government agencies in 2022–23. Of these, 26 per cent were disputes with a digital platform or other digital services providers. In many cases, the small businesses account was disabled, and were unable to use the existing complaints mechanism.

Consistent with previous years, the most common types of disputes in the cases that the Ombudsman managed in 2022–23 were payment disputes (38 per cent), contract disputes (25 per cent) and the franchising code (12 per cent). The Ombudsman referred 52 cases to alternative dispute resolution, including 42 under the Franchising Code of Conduct. This includes cases that were received in previous financial years.

The Ombudsman finalised 1,199 (85 per cent of all cases received in 2022–23) within the financial year. The Ombudsman referred 264 cases (22 per cent of all cases received in 2022–23) to small business commissioners in the states and territories. A further 10 cases were referred to Commonwealth and other agencies.

The Ombudsman received the resolution of the outcome of a dispute through the alternative dispute resolution process for 28 disputes that were recommended by the Ombudsman in 2022–23 financial year. The Ombudsman worked closely with Commonwealth, state and territory agencies on a wide variety of topics. Cooperation with the agencies during the reporting period did not require entry into any formal cooperative arrangements.

Table 61: Outcome of disputes actively managed by ASBFEO during 2022–23

Resolution	Count	Percentage of total
Referral to more appropriate agency		
▪ state small business commissioners	264	18%
▪ referred to appropriate agency (including Australian Financial Complaints Authority, Fair Work Ombudsman, and so on)	10	1%
Resolved by Ombudsman contact with one or more party	897	61%
Referred to alternative dispute resolution (including under the Franchising, Horticulture, Oil and Dairy Codes)	28	2%
Cases currently in progress with Ombudsman	270	18%
Total cases received by ASBFEO requiring active case management	**1,469**	**100%**

Note: This table is accurate at date of compilation on 28 July 2023. The Ombudsman takes great care to ensure the quality and reliability of data, sourced from a case management system that is constantly updated. Enhanced data on alternative dispute resolution processes are a particular focus in the coming year.

Annual child safety statement of compliance

Treasury is committed to promoting and maintaining a culture of child safety and wellbeing.

In line with the Commonwealth Child Safe Framework (the Framework), Treasury undertook a child safety risk assessment for 2022–23 and determined the risk as low. The assessment determined that the identification and evaluation of risks to the safety and protection of children and young people was thorough, measures implemented to mitigate those risks were appropriate, and Treasury was compliant with the four requirements of the Framework.

While Treasury's business activities and functions rarely involve direct interaction with children, we work to ensure departmental activities are child safe and any work undertaken ensures children's rights, needs and interests are met.

Where required, Treasury staff undertake Working with Vulnerable People checks and participate in child-safety training through the Australian Human Rights Commission.

Our employees understand the importance of ensuring the safety and wellbeing of children taking part in programs or activities convened by Treasury.

Treasury will continue to embed child safe initiatives into our culture and work practices. We will ensure that our employees remain aware of the requirements of the Framework, including the National Principles for Child Safe Organisations. Employees undertaking a specific role in child-related programs or activities will participate in the necessary education and training.

Resource tables

Table 62: Department of the Treasury resource statement 2022–23

	Actual available appropriation 2022–23 $'000 (a)	Payments made 2022–23 $'000 (b)	Balance remaining 2022–23 $'000 (a - b)
Departmental			
Annual Appropriations – ordinary annual services[1]			
Departmental appropriation	495,976	372,116	123,860
Annual Appropriations – other services – non-operating[2]			
Equity injection	303	-	303
Total Departmental annual appropriations			
Total Departmental resourcing	**496,279**	**372,116**	**124,163**
Administered			
Annual Appropriations – ordinary annual services[1]			
Outcome 1	86,367	74,347	12,020
Annual Appropriations - other services - non-operating[2]			
Administered assets and liabilities	171,153	171,153	-
Total administered annual appropriations	**257,520**	**245,500**	**12,020**
Administered special appropriation[3]	120,324,753	120,324,753	-
Total administered special appropriations	**120,324,753**	**120,324,753**	**-**

	Actual available appropriation 2022–23 $'000 (a)	Payments made 2022–23 $'000 (b)	Balance remaining 2022–23 $'000 (a - b)
Special accounts[4]			
Opening balance	1,165,521	–	–
Statutory credits	65,471,098	–	–
Other receipts	2,272,521	–	–
Payments made	–	21,494,125	–
Transfers made to other entities	–	46,467,038	–
Total special accounts	**68,909,140**	**67,961,163**	**947,977**
less payments to corporate entities from annual appropriations	(49,090)	(49,090)	–
Total administered resourcing	**189,442,323**	**188,482,326**	**959,997**
Total resourcing and payments for Treasury			

1. *Appropriation Act (No. 1) 2022-23, Appropriation Act (No. 3) 2022-23, Supply Act (No. 1) 2022-23 and Supply Act (No. 3) 2022-23.*
   The current year administered appropriation includes $0.068 million section 51 withholding quarantine. Departmental balance may also include prior year departmental appropriation and section 74 external revenue.
2. *Appropriation Act (No. 2) 2022-23, Appropriation Act (No. 4) 2022-23, Supply Act (No. 2) 2022-23 and Supply Act (No. 4) 2022-23.*
3. Excludes mirror taxes which are collected and retained by the States under the *Commonwealth Places (Mirror Taxes) Act 1998*.
4. Excludes trust moneys held in Services for Other Entities and Trust Moneys (SOETM) special account.

Outcome 1: Supporting and implementing informed decisions on policies for the good of the Australian people, including for achieving strong, sustainable economic growth, through the provision of advice to Treasury ministers and the efficient administration of Treasury's functions.

Table 63: Resourcing for Outcome 1

	Budget*	Actual expenses	Variation
	2022–23 $'000 (a)	**2022–23** $'000 (b)	**2022–23** $'000 (a - b)
Program 1.1: Department of the Treasury			
Administered expenses			
Ordinary annual services (Appropriation Act Nos. 1 and 3 and Supply Act Nos. 1 and 3)	8,359	4,108	4,251
Special appropriations	-	11,648	(11,648)
Special accounts			
Medicare Guarantee Fund – Special Account	45,664,691	46,467,038	(802,347)
Payments to corporate entities			
National Housing Finance and Investment Corporation	49,090	49,090	-
Expenses not requiring appropriation in the Budget year[1]	30,701	-	30,701
Administered total	**45,752,841**	**46,531,884**	**(779,043)**
Departmental expenses			
Departmental appropriations[2]	344,933	347,350	(2,417)
Expenses not requiring appropriation in the Budget year[1]	23,964	29,756	(5,792)
Administered total	**368,897**	**377,106**	**(8,209)**
Total expenses for Program 1.1	**46,121,738**	**46,908,990**	**(787,252)**
Program 1.2: Payments to International Financial Institutions[3]			
Administered expenses			
Special appropriations			
International Monetary Agreements Act 1947	482,652	515,583	(32,931)
Expenses not requiring appropriation in the Budget year[1]	1,115,447	735,551	379,896
Total expenses for Program 1.2	**1,598,099**	**1,251,134**	**346,965**

	Budget* 2022–23 $'000 (a)	Actual expenses 2022–23 $'000 (b)	Variation 2022–23 $'000 (a - b)
Program 1.3: Support for Markets and Business			
Administered expenses			
Ordinary annual services (Appropriation Act Nos. 1 and 3 and Supply Act Nos. 1 and 3)	28,703	21,319	7,384
Expenses not requiring appropriation in the Budget year[1]	84,398	106,834	(22,436)
Total expenses for Program 1.3	**113,101**	**128,153**	**(15,052)**
Program 1.4: General Revenue Assistance[4]			
Administered expenses			
Special appropriations	86,458,425	86,102,020	356,405
Special accounts	1,562,474	1,515,995	46,479
Total expenses for Program 1.4	**88,020,899**	**87,618,015**	**402,884**
Program 1.5: Assistance to the States for Healthcare Services[4]			
Administered expenses			
Special appropriations			
Federal Financial Relations Act 2009	25,647,668	25,811,313	(163,645)
Special accounts			
COAG Reform Fund	9,839	9,839	-
Total expenses for Program 1.5	**25,657,507**	**25,821,152**	**(163,645)**
Program 1.6: Assistance to the States for Skills and Workforce Development[4]			
Administered expenses			
Special appropriations			
Federal Financial Relations Act 2009	1,607,788	1,607,788	-
Total expenses for Program 1.6	**1,607,788**	**1,607,788**	**-**

	Budget* 2022–23 $'000 (a)	Actual expenses 2022–23 $'000 (b)	Variation 2022–23 $'000 (a - b)
Program 1.7: Assistance to the States for Disability Services[4]			
Administered expenses			
Special appropriations	-	-	-
Federal Financial Relations Act 2009	-	-	-
Total expenses for Program 1.7	**-**	**-**	**-**
Program 1.8: Assistance to the States for Affordable Housing[4]			
Administered expenses			
Special appropriations			
Federal Financial Relations Act 2009	1,646,057	1,646,057	-
Total expenses for Program 1.8	**1,646,057**	**1,646,057**	**-**
Program 1.9: National Partnership Payments to the States[4]			
Administered expenses			
Special appropriations			
Federal Financial Relations Act 2009	3,285,735	3,143,106	142,629
Special accounts			
COAG Reform Fund	18,672,069	18,343,754	328,315
Expenses not requiring appropriation in the Budget year[1]	1,042,921	1,473,974	(431,053)
Total expenses for Program 1.9	**23,000,725**	**22,960,834**	**39,891**

	Budget*	Actual expenses	Variation
	2022–23 $'000 (a)	2022–23 $'000 (b)	2022–23 $'000 (a - b)
Outcome 1 Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act Nos. 1 and 3 and Supply Act Nos. 1 and 3)	37,062	25,427	11,635
Special appropriations	119,128,325	118,837,515	290,810
Special accounts	65,909,073	66,336,626	(427,553)
Payments to corporate entities	49,090	49,090	-
Expenses not requiring appropriation in the Budget year[1]	2,273,467	2,316,359	(42,892)
Administered total	**187,397,017**	**187,565,017**	**(168,000)**
Departmental expenses			
Departmental appropriations[2]	344,933	347,350	(2,417)
Expenses not requiring appropriation in the Budget year[1]	23,964	29,756	(5,792)
Departmental total	**368,897**	**377,106**	**(8,209)**
Total expenses for Outcome 1	**187,765,914**	**187,942,123**	**(176,209)**

	2022–23	2022–23
Average staffing level (number)	1,438	1,469

*2022–23 estimated actual in 2023–24 Portfolio Budget Statements.

1. Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, foreign exchange losses, revaluations of financial guarantees and grants provisions, concessional loan discount, and unwinding of provision discount.
2. Departmental appropriations combines ordinary annual services (Appropriation Act Nos. 1 and 3 and Supply Act Nos. 1 and 3) and estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act 2013.
3. From the 2023–24 Budget, the description for Program 1.2 was modified to International Financial Relations.
4. From the 2023–24 Budget, Programs 1.4, 1.5, 1.6, 1.7, 1.8 and 1.9 were combined into a new Program 1.4 Commonwealth-State Financial Relations.

Information correcting the record

The following corrections are required to the information provided in Treasury's Annual Report 2021–22.

Treasury Annual Report 2021–22, page 96, Table 22: Organisations receiving a share of reportable consultancy contract expenditure current report period (2021–22). The table should have been titled 'Organisations receiving a share of reportable non-consultancy contract expenditure current report period (2021–22)'. There is no change to the information in the table.

Treasury Annual Report 2021–22, page 195, Table 27: Advertising expenditure 2021–22. The reported amount paid to Clemenger Pty Ltd for Creative Services (Economic Recovery Plan campaign, Phase 3) should have been $1,126,627.

Abbreviations and Acronyms

ACCC	Australian Competition and Consumer Commission
AM	Member of the Order of Australia
ANAO	Australian National Audit Office
AO	Officer of the Order of Australia
APS	Australian Public Service
ASBFEO	Australian Small Business and Family Enterprise Ombudsman
ATO	Australian Taxation Office
CDR	Consumer Data Right
DFAT	Department of Foreign Affairs and Trade
EL	Executive Level
FIRB	Foreign Investment Review Board
FTP	Financial Transactions Plan
G20	The Group of Twenty
GDP	Gross domestic product
GST	Goods and Services Tax
IBRD	International Bank for Reconstruction and Development
ICSID	International Centre for Settlement of Investment Disputes
IDA	International Development Association
IFC	International Finance Corporation
IMF	International Monetary Fund
MIGA	Multilateral Investment Guarantee Agency
MP	Member of Parliament
OECD	Organisation for Economic Co-operation and Development
PBS	Portfolio Budget Statements
PGPA Act	*Public Governance, Performance and Accountability Act 2013*
PGPA Rule	Public Governance, Performance and Accountability Rule 2014
PRGT	Poverty Reduction and Growth Trust
PSM	Public Service Medal
RBA	Reserve Bank of Australia
SES	Senior Executive Service
SDR	Special Drawing Rights
SME	Small and medium-sized enterprise
The Ombudsman	Australian Small Business and Family Enterprise Ombudsman
WHS	Work, Health and Safety

Glossary

Accountable Authority instructions	Instructions issued to manage the affairs of an entity to promote the efficient, effective, economical and ethical use of Commonwealth resources.
Activities	The actions/functions performed by agencies to deliver government policies.
Administered item	Items that are usually managed by an entity on behalf of the Government. Entities do not have control over these items which are normally related to activities governed by eligibility rules and conditions established by legislation (for example, grants, subsidies and benefit payments).
Annual performance statements	Commonwealth entities report, through their annual performance statements, on the extent to which they have fulfilled the purposes they articulate at the beginning of a reporting year in their corporate plan. They must also report on performance criteria in the portfolio budget statements, portfolio additional estimates statements or other portfolio estimates statements.
Appropriation	Public monies the Parliament authorises the Government to withdraw from the Consolidated Revenue Fund for a specified purpose.
APS employee	A person engaged under section 22, or a person who is engaged as an Australian Public Service employee under section 72, of the *Public Service Act 1999*.
Budget	Sets out the fiscal and economic outlook for Australia, including expenditure and revenue estimates for the current financial year, the budget year and 3 forward financial years. It identifies the Government's social and political priorities and how they will be achieved.
Clear read principle	Under the outcomes' arrangements, there is an essential clear link between the appropriation bills, the portfolio budget statements, the portfolio additional estimates statements, and annual reports of agencies. Information should be consistent across these and other budget documents, and, where possible, duplication of reporting within the portfolio budget statements should be avoided. This is called the clear read between the different documents. Under this principle, the planned performance in the portfolio budget statements is to be provided on the same basis as actual performance in the annual reports covering the same period, to permit a clear read across planning and actual performance reporting documents. Agencies should take this into account in designing their performance reporting arrangements.

Consolidated Revenue Fund	The Consolidated Revenue Fund consists of all revenues and moneys raised or received by the executive government of the Commonwealth. The fund is self-executing in nature, which means that all money received by the Commonwealth automatically forms part of the fund.
Consultant	A person or organisation providing professional, independent, expert advice or services. The term is used to describe the application of expert skills to investigate or diagnose a defined issue or problem; carry out defined research, reviews or evaluations; or provide independent advice, information or creative solutions to assist an entity in management decision-making.
Contractor	A person engaged by an agency, usually on a temporary basis. Treated as an employee of the agency for the purposes of program performance reporting.
Corporate governance	The process by which agencies are directed and controlled. It is generally understood to encompass authority, accountability, stewardship, leadership, direction and control.
Corporate plan	The primary planning document of a Commonwealth entity that sets out the objectives and strategies the entity intends to pursue in achieving its purposes over at least 4 reporting periods. A corporate plan explains: ▪ what an entity's purposes are ▪ what it will do to achieve its purposes ▪ how it will know that it has achieved its purposes.
Departmental item	Departmental items are usually appropriations managed by an entity, and over which the entity has control. That is, the entity's accountable authority has discretion in delivering the activities and/or allocating resources. Typically, these items include the day-to-day operations and program support activities of an entity.
Enterprise agreement	An employment agreement made directly between an employer and employees.
Finance law	Refers to: ▪ The PGPA Act 2013; or ▪ rules issued under the PGPA Act 2013; or ▪ any instrument made under the PGPA Act; or ▪ an Appropriation Act.
Financial results	The results shown in the financial statements of an agency.
Fraud	Dishonestly obtaining a benefit, or causing a loss, by deception or other means. Accountable authorities of Commonwealth entities must take all reasonable measures to prevent, detect and deal with fraud in accordance with section 10 of the Public Governance, Performance and Accountability Rule 2014.

Full-time equivalent	The effective number of full-time employees in an entity, where an FTE of 1.0 is the equivalent of one full-time person. Part-time employees are converted to full-time equivalents.
Grant	An arrangement for the provision of financial assistance by the Commonwealth or on behalf of the Commonwealth under which relevant money or other Consolidated Revenue Fund money is to be paid to a recipient other than the Commonwealth which is intended to assist the recipient achieve its goals to help to address one or more of the Government's policy objectives and under which the recipient may be required to act in accordance with specified terms or conditions.
Materiality	Considers the planned outcome and the relative significance of the resources consumed in contributing to the achievement of that outcome.
Mid-Year Economic and Fiscal Outlook	The Mid-Year Economic and Fiscal Outlook (MYEFO) provides an update of the Government's budget estimates by examining expenses and revenues in the year to date, as well as provisions for new decisions that have been taken since the budget. The report provides updated information to allow the assessment of the Government's fiscal performance against the fiscal strategy set out in its current fiscal strategy statement.
Non-ongoing APS employee	A person engaged as an Australian Public Service employee under subsection 22(2)(a) of the *Public Service Act 1999*.
Official Public Account	The Commonwealth's central bank account. The Official Public Account is one of a group of linked bank accounts, referred to as the Official Public Account Group of Accounts. Official Public Accounts are maintained by the Reserve Bank of Australia.
Ongoing APS employee	A person engaged as an ongoing Australian Public Service employee under section 22(2) (a) of the *Public Service Act 1999*.
Operations	Functions, services and processes performed in pursuing the objectives or discharging the functions of an entity.
Outcomes	The results, impacts or consequences of a purpose or activity, as defined in the annual appropriation acts and the portfolio budget statements, by a Commonwealth entity and company.
Performance information	Evidence about performance that is collected and used systematically, which may relate to appropriateness, effectiveness and efficiency and the extent to which an outcome can be attributed to an intervention. While performance information may be quantitative (numerical) or qualitative (descriptive), it should be verifiable.
Portfolio Budget Statements	The portfolio budget statements inform parliamentarians and the public of the proposed allocation of resources to government outcomes. They also assist the Senate standing committees with their examination of the Government's budget. Portfolio Budget Statements are tabled in Parliament on budget night and published as budget related papers.

Programs	Commonwealth programs deliver benefits, services or transfer payments to individuals, organisations or the community as a whole, and/or policy advice to inform government decisions. A program is comprised of activities or groups of activities, as defined in the annual appropriation acts and portfolio budget statements, by a Commonwealth entity and company.
Public Governance, Performance and Accountability Act 2013	The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) replaced the *Financial Management and Accountability Act 1997* and the *Commonwealth Authorities and Companies Act 1997* on 1 July 2014. As the primary piece of Commonwealth resource management legislation, the PGPA Act establishes a coherent system of governance and accountability for public resources, with an emphasis on planning, performance and reporting. The PGPA Act applies to all Commonwealth entities and Commonwealth companies. A list of Commonwealth entities and companies can be found at: finance.gov.au/government/managing-commonwealth-resources/structure-australian-government-public-sector/pgpa-act-flipchart-and-list
Public service care agency	A public service care agency is defined in section 4 of the *Carer Recognition Act 2010* to mean an agency as defined in the *Public Service Act 1999* that is responsible for the development, implementation, provision or evaluation of policies, programs or services directed to carers or the persons for whom they care.
Risk management	The systematic application of policies, procedures and practices to clearly identify, analyse, evaluate, treat and monitor risks associated with identified opportunities. Risk is broadly defined as the effect of uncertainty on objectives or the impacts of unforeseen events or undesirable outcomes.
Senate Estimates hearings	Senate standing committees hold hearings to scrutinise the appropriation bills and any explanatory documentation tabled to accompany them. Public servants are called as witnesses to hearings.
Specific Purpose Payments	Commonwealth payments to the States for specific purposes in order to pursue important national policy objectives in areas that may be administered by the States.

List of Requirements

PGPA Rule Reference	Part of Report	Description	Requirement
17AD(g)	**Letter of transmittal**		
17AI	Letter of transmittal	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
17AD(h)	**Aids to access**		
17AJ(a)	Table of contents	Table of contents	Mandatory
17AJ(b)	Index	Alphabetical index	Mandatory
17AJ(c)	Glossary	Glossary of abbreviations and acronyms	Mandatory
17AJ(d)	List of requirements	List of requirements	Mandatory
17AJ(e)	Introduction and guide to the report	Details of contact officer	Mandatory
17AJ(f)	Introduction and guide to the report	Entity's website address	Mandatory
17AJ(g)	Introduction and guide to the report	Electronic address of report	Mandatory
17AD(a)	**Review by accountable authority**		
17AD(a)	Secretary's review	A review by the accountable authority of the entity.	Mandatory
17AD(b)	**Overview of the entity**		
17AE(1)(a)(i)	Departmental overview	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	Departmental overview	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	Departmental overview	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	Departmental overview	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(aa)(i)	Departmental overview	Name of the accountable authority or each member of the accountable authority.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AE(1)(aa)(ii)	Departmental overview	Position of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(iii)	Departmental overview	Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory
17AE(1)(b)	Portfolio overview	An outline of the structure of the portfolio of the entity.	Portfolio departments - mandatory
17AE(2)	Financial performance	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, mandatory
17AD(c)	**Report on the Performance of the entity**		
	Annual performance statements		
17AD(c)(i); 16F	Annual performance statements	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii)	**Report on Financial Performance**		
17AF(1)(a)	Financial performance	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	Resources table	A table summarising the total resources and total payments of the entity.	Mandatory
17AF(2)	Resources table	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AD(d)	**Management and Accountability**		
	Corporate governance		
17AG(2)(a)	Corporate governance	Information on compliance with section 10 (fraud systems).	Mandatory
17AG(2)(b)(i)	Letter of transmittal	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)		A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating, or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory
17AG(2)(b)(iii)	Letter of transmittal	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)	Corporate governance	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d) – (e)	N/A	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, mandatory
	Audit Committee		
17AG(2A)(a)	Corporate governance	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory
17AG(2A)(b)	Corporate governance	The name of each member of the entity's audit committee.	Mandatory
17AG(2A)(c)	Corporate governance	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory
17AG(2A)(d)	Corporate governance	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory
17AG(2A)(e)	Corporate governance	The remuneration of each member of the entity's audit committee.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
	External Scrutiny		
17AG(3)	External Scrutiny	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	External Scrutiny	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, mandatory
17AG(3)(b)	External Scrutiny	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, mandatory
17AG(3)(c)	External Scrutiny	Information on any capability reviews on the entity that were released during the period.	If applicable, mandatory
	Management of Human Resources		
17AG(4)(a)	Management of Human Resources	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)	Management of Human Resources	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (a) statistics on full-time employees (b) statistics on part-time employees (c) statistics on gender (d) statistics on staff location.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(4)(b)	Management of Human Resources	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: ▪ Statistics on staffing classification level ▪ Statistics on full-time employees ▪ Statistics on part-time employees ▪ Statistics on gender ▪ Statistics on staff location ▪ Statistics on employees who identify as Indigenous.	Mandatory
17AG(4)(c)	Management of Human Resources	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the *Public Service Act 1999*.	Mandatory
17AG(4)(c)(i)	Management of Human Resources	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory
17AG(4)(c)(ii)	Management of Human Resources	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	Management of Human Resources	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	Management of Human Resources	Information on the number of employees at each classification level who received performance pay.	If applicable, mandatory
17AG(4)(d)(ii)	Management of Human Resources	Information on aggregate amounts of performance pay at each classification level.	If applicable, mandatory
17AG(4)(d)(iii)	Management of Human Resources	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, mandatory
17AG(4)(d)(iv)	Management of Human Resources	Information on aggregate amount of performance payments.	If applicable, mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
	Assets management		
17AG(5)	Assets management	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory
	Purchasing		
17AG(6)	Procurement	An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory
	Reportable consultancy contracts		
17AG(7)(a)	Consultants and non-consultants	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory
17AG(7)(b)	Consultants and non-consultants	A statement that *"During [reporting period], [specified number] new reportable consultancy contracts were entered into involving total actual expenditure of $[specified million]. In addition, [specified number] ongoing reportable consultancy contracts were active during the period, involving total actual expenditure of $[specified million]".*	Mandatory
17AG(7)(c)	Consultants and non-consultants	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(7)(d)	Consultants and non-consultants	A statement that *"Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website."*	Mandatory
	Reportable non-consultancy contracts		
17AG(7A)(a)	Consultants and non-consultants	A summary statement detailing the number of new reportable non-consultancy contracts entered into during the period; the total actual expenditure on such contracts (inclusive of GST); the number of ongoing reportable non-consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory
17AG(7A)(b)	Consultants and non-consultants	A statement that *"Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website."*	Mandatory
17AD(daa)	**Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts**		
17AGA	Consultants and non-consultants	Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
	Australian National Audit Office Access Clauses		
17AG(8)	Procurement	If an entity entered into a contract with a value of more than $100,000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, mandatory
	Exempt contracts		
17AG(9)	Procurement	If an entity entered into a contract or there is a standing offer with a value greater than $10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, mandatory
	Small business		
17AG(10)(a)	Procurement	A statement that *"[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website."*	Mandatory
17AG(10)(b)	Procurement	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(10)(c)	Procurement	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that *"[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website."*	If applicable, mandatory
	Financial Statements		
17AD(e)	Financial statements	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
	Executive Remuneration		
17AD(da)	Executive remuneration	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule.	Mandatory
17AD(f)	**Other Mandatory Information**		
17AH(1)(a)(i)	Advertising and market research	If the entity conducted advertising campaigns, a statement that *"During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website."*	If applicable, mandatory
17AH(1)(a)(ii)	Advertising and market research	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, mandatory
17AH(1)(b)	Grants	A statement that *"Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website]."*	If applicable, mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AH(1)(c)	Disability reporting	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	Information Publication Scheme	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	Information correcting the record	Correction of material errors in previous annual report.	If applicable, mandatory
17AH(2)	Work health and safety Ecologically sustainable development and environmental performance Australia and the International Financial Institutions Consumer data right Carer support	Information required by other legislation.	Mandatory

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