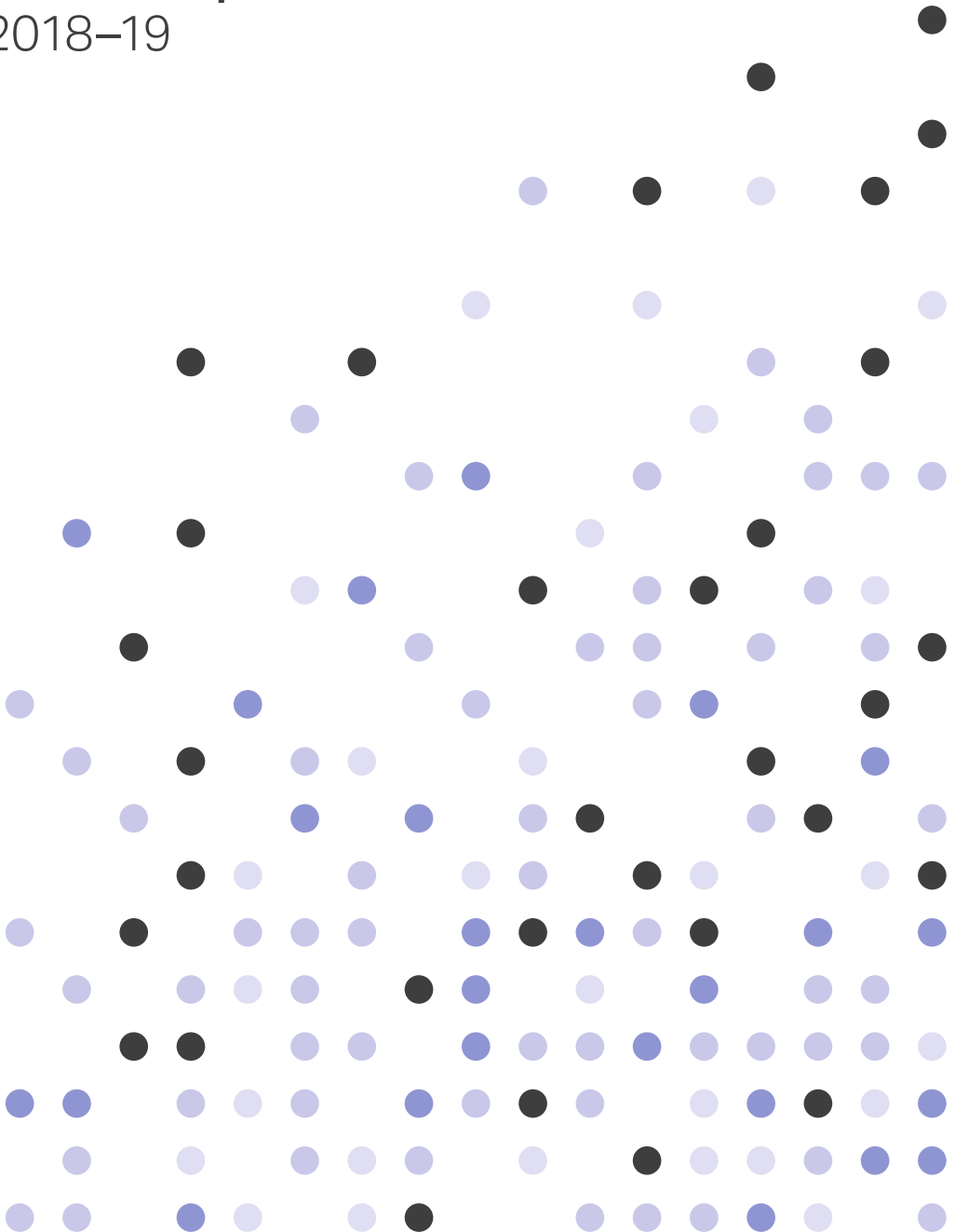




Australian Government
Department of Finance

Annual Report 2018–19



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About this report

This is the Secretary's report to the Minister for Finance on the performance of the Department of Finance for the financial year 2018–19.

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

Accessing this report online

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

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

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Finance welcomes comments on this report. If you have feedback and enquiries about any aspect of the report or any questions about the licence or any other use of this document, please contact Carolyn Driessen, Assistant Secretary, Parliamentary and Corporate Engagement Branch, on (02) 6215 2222.

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Australian Government
Department of Finance

Rosemary Huxtable PSM
Secretary

Senator the Hon Mathias Cormann
Minister for Finance
Parliament House
CANBERRA ACT 2600

Dear Minister

I am pleased to present the annual report of the Department of Finance for the financial year 2018-19.

This report has been prepared in accordance with all applicable obligations of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) including section 46 which requires that you table the report in parliament. The report reflects the matters dealt with and legislation administered by the Department as at 30 June 2019.

The report includes the Department's audited financial statements as required by section 43(4) of the PGPA Act.

As required by section 10 of the *Public Governance, Performance and Accountability Rule 2014*, I certify that:

- the Department has prepared fraud risk assessments and fraud control plans
- the Department has in place appropriate fraud prevention, detection, investigation and reporting mechanisms that meet its specific needs
- I have taken all reasonable measures to appropriately deal with fraud relating to the Department.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R. Huxtable', written over a horizontal line.

Rosemary Huxtable

Secretary

3 October 2019

cc Senator the Hon Zed Seselja, Assistant Minister for Finance, Charities and Electoral Matters

Contents

Letter of transmittal.....	iii
Secretary's review	vii
Part 1: Overview	1
The portfolio.....	2
Role and functions.....	4
Purpose	4
Operating environment.....	5
Outcomes and programs.....	5
Finance executive.....	8
Organisational structure	11
Part 2: Performance	13
Priorities for 2018–19	14
Advising on expenditure.....	16
Delivering cost-effective services.....	19
Whole-of-government approach	22
Public sector transformation.....	26
2019 federal election response.....	30
Annual performance statements	33
Financial performance.....	70
Part 3: Management and accountability	71
Corporate governance.....	72
External scrutiny.....	80
Asset management	84
The Central Advertising System	84
Procurement	85
Environmental performance.....	87
Part 4: Our people	91
Finance Transformation.....	92
Workforce planning	93
Mobility	95
Workforce diversity	97
Building capability.....	98
Workforce statistics.....	102
Work health and safety.....	108

Part 5: Financial statements.....	111
Part 6: Appendices.....	181
Appendix A: Entity resource statement and expenses by outcome.....	182
Appendix B: Other management matters.....	191
Appendix C: Information on recoverable payments.....	197
Appendix D: Staff achievements.....	199
Appendix E: Corrections to previous annual report.....	202
Part 7: Reference material.....	203
Glossary.....	204
Abbreviations and acronyms.....	210
List of requirements.....	212
Index.....	217

List of tables and figures

Tables

Table 1: Audit Committee membership, 2018–19	76
Table 2: Environmental performance summary, 2017–18 and 2018–19.....	88
Table 3: Employment type by classification and gender, at 30 June 2019	102
Table 4: Employment type by classification and gender, at 30 June 2018	102
Table 5: Attendance type and classification, at 30 June 2019	103
Table 6: Attendance type and classification, at 30 June 2018	103
Table 7: All staff employment type by attendance type, at 30 June 2019.....	104
Table 8: All staff employment type by attendance type, at 30 June 2018.....	104
Table 9: Employment type by location and gender, at 30 June 2019	104
Table 10: Employment type by location and gender, at 30 June 2018	104
Table 11: Employment type by location, at 30 June 2018 and 30 June 2019.....	105
Table 12: Ongoing and non-ongoing Aboriginal and Torres Strait Islander staff, at 30 June 2018 and 30 June 2019.....	105
Table 13: Proportion of ongoing staff with disability, at 30 June 2018 and 30 June 2019	105
Table 14: Proportion of ongoing workforce that are women, at 30 June 2018 and 30 June 2019	105
Table 15: Proportion of the SES workforce that are women, at 30 June 2018 and 30 June 2019.....	105
Table 16: Employment arrangements for SES and non-SES staff, at 30 June 2019.....	106
Table 17: Salary ranges by employment classification, at 30 June 2019.....	106
Table A1: Entity resource statements, 2018–19	182
Table A2: Expenses for Outcome 1, 2018–19	184
Table A3: Expenses for Outcome 2, 2018–19	185
Table A4: Expenses for Outcome 3, 2018–19	189
Table B1: Advertising and market research expenditure, 2018–19.....	192
Table B2: Information about remuneration for senior executives.....	194
Table B3: Information about remuneration for other highly paid staff.....	195
Table B4: Information about remuneration for key management personnel	196
Table C1: Recoverable superannuation scheme payments—parliamentarians, judges and governors—general, 2017–18 and 2018–19	198
Table E1: Employment type by location, at 30 June 2017 and 2018	202

Figures

Figure 1: Outcome and program structure, 2018–19.....	6
Figure 2: Organisational structure, at 30 June 2019	11
Figure 3: Whole-of-government ICT Services	73
Figure 4: Finance’s governance structure, at 30 June 2019	75
Figure 5: Finance’s planning and performance reporting cycle.....	78
Figure 6: Transforming Finance.....	92
Figure 7: Finance’s sourcing strategy	94

Secretary's review

Rosemary Huxtable PSM



I am pleased to present the Department of Finance Annual Report 2018–19.

It is a privilege to lead a high-performing organisation focused on driving continuous improvement, providing high-quality advice and delivering efficient, cost-effective services to, and for, the Government, including by assisting the Government to achieve its fiscal and policy objectives through the Budget process.

As a central agency, Finance is in a unique position to influence whole-of-government outcomes. Through the Department's responsibility for leading key public sector reforms, leveraging governance frameworks and collaboration across the Australian Public Service (APS), Finance contributes to the efficient delivery of government services and outcomes for Australian citizens.

More broadly throughout the year, the Department worked with partners across government to implement and support reform projects funded by the Government's Modernisation Fund which are contributing to a more efficient, adaptable, productive and sustainable public sector.

As detailed in the Corporate Plan 2018–19, Finance had many deliverables this year and each has been achieved or substantially achieved.

Finance continued to focus on its responsibilities in delivering the Budget and economic updates and managing the Budget process in collaboration with the Treasury, ensuring that public expenditure programs were effective and sustainable and that they reflected the best value for the Government and the Australian community.

Through strong collaboration with the Department of the Prime Minister and Cabinet, Department of the Treasury and all Commonwealth entities, Finance ensured the timely preparation and delivery of economic updates, including the 2017–18 Final Budget Outcome (FBO), the 2018–19 Mid-Year Economic and Fiscal Outlook (MYEFO) and an early 2019–20 Budget in April this year. In doing so Finance provided advice on major policy reforms and investment to support the Government to meet its fiscal target and policy objectives.

In a busy year that included a federal election, the Department worked with the Australian Electoral Commission to support the democratic process. Finance led the Electoral Integrity Taskforce during the federal election campaign period to ensure efficient and effective communication on matters relating to the integrity of the election.

Following the election, the Department supported parliamentarians and their staff to perform their duties, including implementation of innovative digital services through the Parliamentary Expenses Management System (PEMS) and the COMCAR Automated Reservation System (CARS).

The Department's Transformation Plan remains a focus and we have driven innovation across the organisation and supported mobility opportunities to develop organisational capability. We continue to assess how to deliver more streamlined, user-friendly services utilising digital technologies, including automation, wherever appropriate. The Productivity Automation Centre of Excellence (PACE) is building capability in the Department and across the APS to drive this type of innovation.

Finance is proud of the positive and engaged culture that leaders at all levels have fostered and developed over the past year, which has a direct influence on all that the Department has achieved.

Our performance and achievements

In 2018–19, Finance used our own experience of change to provide leadership and stewardship across the APS to support wider transformation, collaboration and modernisation, while delivering on key initiatives.

I would like to acknowledge the professionalism and commitment of Finance staff in delivering and achieving across all our areas of responsibility during the year. In particular, I would like to highlight the following achievements, which have delivered on our purpose and priorities.

Independent Review into the operation of the *Public Governance, Performance and Accountability Act 2013* and Rule

In September 2018, the report of the Independent Review into the operation of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and Rule was released. Finance has worked with key stakeholders to support and implement its recommendations to improve the transparency of executive remuneration reporting and the accessibility of annual reports through transparency.gov.au. These recommendations were implemented by amending the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule). The implementation of other recommendations is well advanced, including those that go to performance reporting and audit committees.

Centre of Procurement Excellence

In March 2019, Finance launched the Centre of Procurement Excellence (CoPE) designed to build public sector capability in procurement, strengthen partnerships with the business community and encourage innovation to deliver better value for money.

CoPE has provided opportunities for entities to collaborate with stakeholders to shape a modern and fit-for-purpose procurement framework. Finance has also brought together senior members of key Commonwealth entities and the business community for the Secretary's Procurement Roundtable to discuss issues related to Commonwealth procurement.

Service Delivery Office

As a shared services hub, the Service Delivery Office (SDO) within Finance delivered quality digital services to 13 entities and over 6,000 staff, supporting the Government in driving efficient corporate functions across the APS. The SDO has taken a lead role in expanding the Government's corporate services under the whole-of-government Shared Services Program and has become the technological leader in the delivery of next generation Enterprise Resource Planning (ERP) systems in the Government.

The Department is now a consumer of SDO services and will leverage its digital capability to drive improvements and efficiencies in how we run our own operations.

Digital Annual Reporting Tool

In 2018, Finance led a pilot Digital Annual Report project involving 13 entities, under which each produced and digitised their 2017–18 annual report on the transparency.gov.au platform developed by Finance and launched by the Minister for Finance on 13 March 2019.

In addition to streamlining the preparation of annual reports and standardising compliance requirements, the pilot launched the entry of digitised information into the Transparency Portal, with the 2018–19 reporting cycle to feature a complete set of annual reports for all Commonwealth entities and Commonwealth companies. This significantly enhances the Commonwealth’s accountability framework and supports digital access to information on how government works.

Government Business Analytical Unit

The Government Business Analytical Unit (GBAU) within Finance has grown its capability and increased the use of data to inform public sector policy and government administration. New data analytics expertise and investment in technology is enabling Finance to use data, including from across the APS, in a more sophisticated way to build an evidence base, inform policy-making, and enhance reporting and transparency including through analysis of APS Employee Census data.

Australian Accounting Standard AASB 16 — Leases

Implementing the new accounting standard Australian Accounting Standard AASB 16—*Leases*, Finance collated leasing data and calculated the financial impact at both entity and whole-of-government levels. This work ensures that we have reliable estimates for inclusion in the 2019–20 MYEFO, the first economic update after the new standard came into effect on 1 July 2019.

Shared Budget Workflow System

The Shared Budget Workflow System (SBWS) improved public sector productivity by automating manual components of the Budget process, resulting in more timely and reliable advice to the Government, enhanced data analytics and improved consistency and accuracy of reporting.

Infrastructure projects

To deliver on key infrastructure projects, Finance engaged with and provided advice to Commonwealth Government Business Enterprises (GBEs) regarding corporate planning, financial and operational performance. Finance has continued to ensure that GBE governance frameworks are fit for purpose and operate efficiently, in support of the Finance Minister’s shareholder responsibilities, to help progress government commitments, including Snowy Hydro 2.0, large infrastructure projects such as Inland Rail, Moorebank Intermodal and Western Sydney Airport, Naval Shipbuilding and the National Broadband Network.

Our people

A key achievement in Finance's ongoing transformation is highlighted in the APS Employee Census results, which show continued improvement in the Department's employee engagement scores.

Finance has made a deliberate effort to make teams mobile, agile and capable, supporting staff to operate to the best of their abilities. Automation and digitisation is improving business processes enabling staff to focus less on transactional work and more on value adding and strategic activities.

APS Employee Census

This year, 94.4 per cent of Finance staff participated in the 2019 APS Employee Census, placing second for participation among large APS entities. This year's participation was five percentage points higher than last year's strong result. This gives me great confidence that the results provide a broad reflection of the views of Finance staff.

Finance's 2019 Census results were positive. All our indicators are on par with, or better than, last year, and 99 per cent are on par with or better than the APS average—an improvement on our strong 2018 results. Importantly, the three areas we focused on following the 2018 Census—Flexible Working, Risk Management and Diversity—all showed strong improvements. The results reflect that Finance staff are highly committed, capable and engaged and will form an important foundation for our corporate priorities in the 2019–20 year.

Communities@Work

Giving back to the community is an important element of how Finance staff work. Over the past year, through fundraising events and activities, Finance contributed generously to the Department's chosen charity, Communities@Work, which provides services to the most vulnerable and disadvantaged members of the Canberra community. Finance's graduates have also collaborated to come up with innovative ideas to support Communities@Work.

Financial performance

The Department remains in a sound financial position, operating within its appropriation. For 2018–19 the Department recorded an operating surplus of \$16.5 million, mainly reflecting favourable gains in the Commonwealth's domestic property portfolio.

More information about the Department's financial performance can be found in Part 5, 'Financial statements'.

Outlook

Looking ahead to 2019–20, a key priority will be supporting the Government to deliver its fiscal and policy objectives consistent with the *Charter of Budget Honesty Act 1998*. This includes delivering the 2018–19 FBO and Consolidated Financial Statements (CFS), the 2019–20 MYEFO, the 2020–21 Budget, the Government’s regular financial statements and managing sustainable public sector resourcing.

Finance will continue to support the GBEs, including developing major infrastructure projects such as the Western Sydney Airport, the National Broadband Network, the Moorebank Intermodal Terminal, Snowy Hydro, naval shipbuilding infrastructure and Inland Rail.

The Department is developing a digital solution to enhance GBE shareholder reporting. This will streamline how the Department captures, analyses and presents GBE corporate and project financial and performance data, including historical trend analysis and future projections. Finance delivered a proof of concept in mid 2019 for phased delivery commencing in 2019–20.

Finance will continue to identify business processes for automation and will deliver the first tranche of 19 business process automations initiated last year. Additionally, PACE will continue to partner across government to build and embed process automation capability.

On 1 July 2019, Finance onboarded to SDO, which means we now benefit from being both a provider and a consumer of shared services. Importantly, by adding our staff to its footprint, we support the SDO to operate at scale and reduce costs to all client entities.

In addition to enhanced services to parliamentarians and their employees, including easier access to online information and new training modules, the final release of PEMS is scheduled for delivery in mid-2020. This will integrate office and travel expense claims with the financial management information system, including budget management, reporting and self-service functions such as viewing payslips, applying for leave and changing personal profiles.

Through the Modernisation Fund, Finance is leading work to standardise business processes by developing an implementation plan for a common ERP platform across government. This will provide APS staff with common technology and standardised processes using the best digital technology regardless of the agency for which they work.

To meet emerging needs, the Department will build further capability in areas such as data analytics, commercial investment and management, financial modelling and business analysis, strengthening our ability to advise in an informed, strategic and connected manner.

Finance’s Information and Data Governance Framework sets out our commitment to achieving best practice in how to create, save and access information and data. Under the Framework, the Department will implement the Managed Information Environment (MIE)—a single repository for documents that consolidates corporate records into a ‘one-stop shop’. This work will contribute to a longer term data strategy for the Department. In addition to the GBAU, as part of the Data Integration Partnership for Australia, the Finance Budget Analytics and Visualisation Team will drive productivity by supporting data sharing across the APS.

Finance is committed to driving change and improvement, which is underpinned by the Department’s 2019–20 Transformation Plan. In the year ahead, Finance will continue to enable transformation with initiatives across our four areas of focus: people, stewardship, making business better and integrated business planning.

Transformation requires a culture where all staff participate to their full potential. To achieve this, the Department is implementing its own People Capability Framework to drive performance and build talent using clear and consistent performance expectations for all levels.

In all of our endeavours, Finance will operate with integrity and accountability to embrace data and digital technology, collaborate effectively and be innovative.

As a central agency, we have a significant opportunity to improve the efficiency and effectiveness of the APS in delivering better frontline services to the Australian community.

Acknowledgements

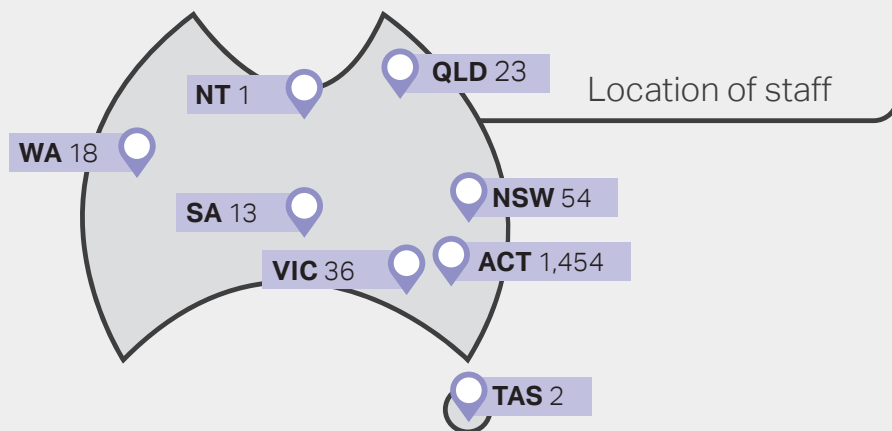
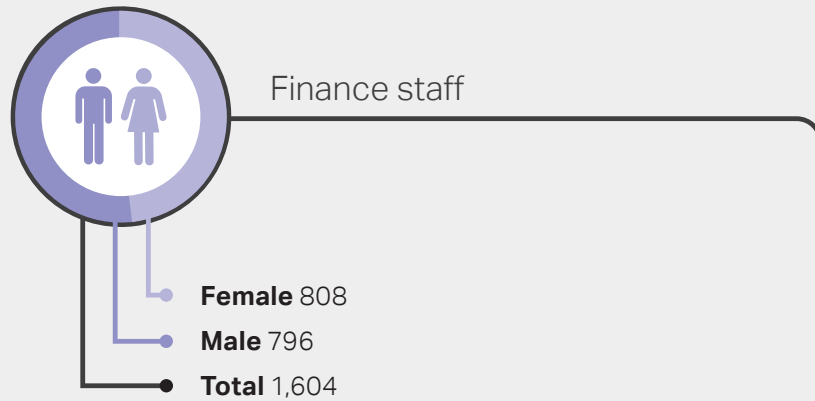
I would like to thank the Minister for Finance, Senator the Hon Mathias Cormann, the Assistant Minister for Finance, Charities and Electoral Matters, Senator the Hon Zed Seselja, the former Special Minister of State, the Hon Alex Hawke MP, and the former Assistant Minister for Finance, the Hon David Coleman MP and their offices for the support that they have provided during 2018–19.

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

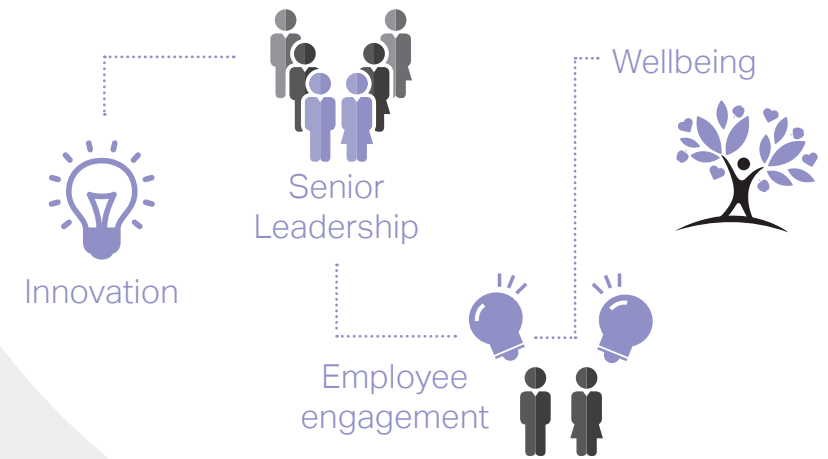
Rosemary Huxtable PSM

People of Finance

Our workforce



Things we did well in 2018–19

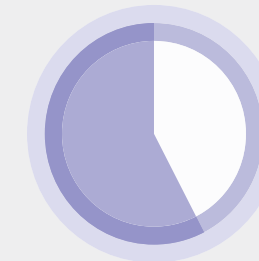


Source: APS Employee Census 2019

Number of staff including casuals

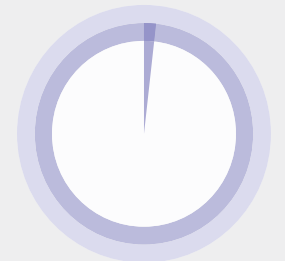


55.6%



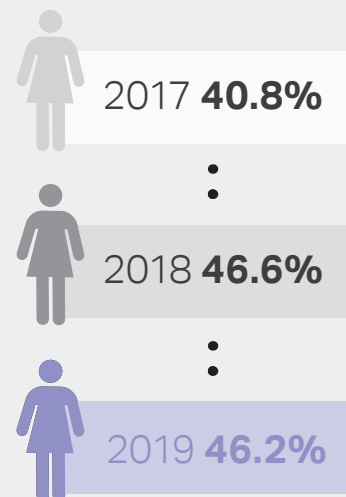
Women

3.0%



Aboriginal and Torres Strait Islander

Women in leadership (Finance SES)



10.7%



Part-time staff

4.4%



Staff with a disability

Note: Percentages refer to ongoing staff.

Business of Finance

Governance and APS Transformation



Commercial and Government Services



3

Managing public sector frameworks and governance mechanisms across the whole of government ensuring the sector is operating efficiently and has the organisational capability to respond to changing priorities.

4

Driving public sector transformation and delivering productive and better quality services to citizens and businesses.

Business Enabling Services



Budget and Financial Reporting



Priorities for 2018–19

1

Advising on expenditure and managing sustainable public sector resourcing assisting the Government to achieve its fiscal and policy objectives.

2

Delivering cost-effective services to, and for, Government by providing administrative support to parliamentarians and their staff, by delivering services through the Service Delivery Office and providing a range of secure telecommunications and ICT infrastructure.





Part 1: Overview

The portfolio

Role and functions

Purpose

Operating
environment

Outcomes and
programs

Finance executive

Organisational
structure

The portfolio

The following details provide an overview of the Finance portfolio and a summary of changes that occurred within the portfolio in 2018–19.

Portfolio ministers

These ministers were responsible for the Finance portfolio and its agencies during the reporting period 2018–19:

Senator the Hon Mathias Cormann

Minister for Finance (from 29 May 2019)

Minister for Finance and the Public Service (from 28 August 2018 to 29 May 2019)

Special Minister of State (from 20 December 2017 to 23 August 2018)

Minister for Finance (from 18 September 2013 to 23 August 2018)

Senator the Hon Zed Seselja

Assistant Minister for Finance, Charities and Electoral Matters (from 29 May 2019)

Assistant Minister for Treasury and Finance (from 28 August 2018 to 29 May 2019)

The Hon Alex Hawke MP

Special Minister of State (from 28 August 2018 to 29 May 2019)

The Hon David Coleman MP

Assistant Minister for Finance (from 20 December 2017 to 28 August 2018)

(Changes to the portfolio are a result of the Prime Minister's announcement of changes to the ministry on 28 August 2018 and 29 May 2019.)¹

¹ In the second Morrison ministry, the Minister for Finance performs the ministerial responsibilities previously held by the Special Minister of State.



Portfolio structure

The portfolio structure at 30 June 2019:

Department of State

Department of Finance

Secretary: Rosemary Huxtable PSM

Non-corporate Commonwealth entities

Australian Electoral Commission

Electoral Commissioner: Tom Rogers

Future Fund Management Agency

Chair: The Hon Peter Costello AC

Chief Executive Officer: David Neal

Independent Parliamentary Expenses Authority

Chair: Jillian Segal AO

Chief Executive Officer: Annwyn Godwin

Corporate Commonwealth entity

Commonwealth Superannuation Corporation

Chair: Patricia Cross

Chief Executive Officer: Peter Carrigy-Ryan

Commonwealth companies

ASC Pty Ltd

Chair: Bruce Carter

Chief Executive Officer: Stuart Whiley

Australian Naval Infrastructure Pty Ltd

Chair: Lucio Di Bartolomeo

Chief Executive Officer: David Knox

Changes to the portfolio in 2018–19

There have been no changes to the portfolio in 2018–19.

Role and functions

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

Our responsibilities are diverse, spanning the full range of public administration functions from the earliest points of developing policy through to implementing and reviewing programs.

To fulfil these responsibilities, we deliver an array of support and services including:

- providing policy and financial advice to the Minister for Finance, senior ministers and Cabinet's Expenditure Review Committee on government expenditure and program delivery
- supporting the Government in its Budget preparation, delivery and ongoing management through the Budget process
- providing leadership in the reform of the Australian Public Service (APS), such as through the Public Service Modernisation Fund and by promoting public sector productivity, including by overseeing and delivering shared services
- fostering leading public-sector practice through public-sector resource management, governance and accountability frameworks
- providing advice to the Government on optimal arrangements for construction, management and sale of public assets
- administering the Government's general insurance fund, investment funds and superannuation schemes
- managing the Government's shareholdings in a number of Government Business Enterprises (GBEs) and other public non-financial corporations
- providing a range of facilities and services to parliamentarians, their staff and former senators and members
- delivering whole-of-government information and communication technology services
- developing and maintaining the Government's procurement policy framework
- managing the Government's special claims, insurance and risk management operations
- administering discretionary compensation payments.

Purpose

Finance assists the Australian Government to achieve its fiscal and policy objectives by advising on expenditure, managing sustainable public sector resourcing, driving public sector transformation and delivering efficient, cost-effective services to, and for, Government.

Values

Underpinning our work and our interactions are the Australian Public Service Values:

- Impartial
- Committed to service
- Accountable
- Respectful
- Ethical

Operating environment

As a central agency, Finance delivers advice from a whole-of-government perspective in a challenging, complex and continually changing operating environment. Our role is to assist government decision-making, particularly in contributing to fiscal and policy objectives. We do this by being informed and connected through our internal and external relationships.

We need to take account of the many diverse issues that impact on our operating environment, which include:

- global and regional economic and strategic shifts
- Australia's changing demographics and population pressures
- the demand for infrastructure to support domestic economic growth and trade
- increasing demands and expectations on government, in particular for citizen-focused service delivery and improved social services
- meeting the Government's fiscal policy objectives
- rapidly advancing technology
- policy debates subject to political and public opinion.

Finance is also responsible for the delivery of services in a time when rapidly evolving technology and client expectations require the application of leading edge digital services to deliver efficient, modern, customer-friendly processes. This applies equally in the design and delivery of business processes by Finance as the Department continues to look for opportunities to reduce the administrative impact of its policies across government.

These factors present opportunities for the Department to provide innovative solutions and services, balancing policy and financial priorities to assist government in achieving its outcomes.

Outcomes and programs

Part 2 of this report details the Department's achievements during the year, based on the three outcomes outlined in Finance's Portfolio Budget Statements 2018–19. Figure 1 shows our outcome and program structure at 30 June 2019.

Figure 1: Outcome and program structure, 2018–19

Finance assists the Australian Government to achieve its fiscal and policy objectives by advising on expenditure, managing sustainable public sector resourcing, driving public sector transformation and delivering efficient, cost-effective services to, and for, government.

2

Support an efficient and high-performing public sector through providing leadership to Commonwealth entities in ongoing improvements to public sector governance, including through systems, frameworks, policy, advice and service delivery.

Programs

- 2.1 Public sector governance
- 2.2 Transforming government
- 2.3 Property and construction
- 2.4 Insurance and risk management
- 2.5 Technology and procurement services
- 2.6 Service Delivery Office
- 2.7 Public Sector superannuation
- 2.8 Australian Government investment funds

Contributing business areas:

Business Enabling Services, Commercial and Government Services, Governance and APS Transformation

Outcomes

1

Support sustainable Australian Government finances through providing high-quality policy advice and operational support to the government and Commonwealth entities to maintain effective and efficient use of public resources.

Program

- 1.1 Budget and financial management

Contributing business areas:

Budget and Financial Reporting, Governance and APS Transformation

3

Support for Parliamentarians and others as required by the Australian Government through the delivery of and advice on, work expenses and allowances, entitlements and targeted programs.

Program

- 3.1 Ministerial and parliamentary services

Contributing business area:

Business Enabling Services

Finance executive

The Department of Finance is led by the Secretary, Rosemary Huxtable PSM, supported by four deputy secretaries, each with responsibility for one business area. Further information about the operations of the Executive Board is provided under 'Corporate governance' (see page 72). The Department's organisational structure at 30 June 2019 is shown at Figure 2 on page 11.

Secretary Rosemary Huxtable PSM

Rosemary Huxtable has led Finance since October 2016 and was appointed Secretary in February 2017. As Secretary, Rosemary is responsible for all functions and services delivered by the Department, including supporting the delivery of the Australian Government Budget, overseeing the financial framework of Australian Government agencies, providing shareholder oversight of GBEs and managing the Australian Government's non-Defence domestic property portfolio, key asset sales and aspects of public sector modernisation.



Rosemary joined Finance in June 2013 as Deputy Secretary of Budget and Financial Reporting. Before that, Rosemary was a Deputy Secretary in the Department of Health and Ageing and was responsible for driving significant health and aged care reforms, particularly in the areas of Medicare, the Pharmaceutical Benefits Scheme, hospital financing, mental health and aged care.

Rosemary has worked extensively in the areas of budget management and health and community services across both public and private sectors, including working in ministerial offices and managing a private consulting business in Western Australia. Rosemary has more than 25 years experience in Commonwealth administration.

Rosemary received a Public Service Medal for her work on the Medicare program in 2005.



Deputy
Secretary
David
Fredericks

David Fredericks was appointed Deputy Secretary of Budget and Financial Reporting in February 2017. He had previously been Deputy Secretary of Business Enabling Services in Finance. Before moving to Finance, David was a Deputy Secretary at the Attorney-General's Department for more than four years, first in the Civil Justice and Legal Services Group and then as the Chief Operating Officer.

Budget and Financial Reporting

Budget and Financial Reporting provides policy and financial advice on government expenditure and non-taxation revenue matters to the Minister for Finance, other senior ministers and the Expenditure Review Committee of Cabinet.

Budget and Financial Reporting supports the Government in its preparation, delivery and ongoing management of the Budget and assists agencies in meeting their financial management and reporting obligations. It aims to ensure that the analysis, policy advice and costing information provided to government support informed decision making and that economic updates are delivered within timeframes and meet their legislative requirements.



Deputy
Secretary
Stein
Helgeby

Dr Stein Helgeby was appointed Deputy Secretary of Governance and APS Transformation in October 2015. Dr Helgeby joined Finance in February 2010 as the Deputy Secretary of the former Financial Management Group. Before this, Stein worked in the Victorian Department of Treasury and Finance where he was responsible for budget and financial management, long-term policy research, taxation, business tax reform and intergovernmental relations.

Governance and APS Transformation

Governance and APS Transformation develops policy and advises on the resource management and governance frameworks for public sector agencies, accounting policy, the Government's investment funds and superannuation arrangements for members of Parliament and Commonwealth employees. It also advises on and coordinates government information and advertising campaigns.

Additionally, Governance and APS Transformation consolidates Budget updates, contributes to the preparation of the budget statements and prepares the Commonwealth's monthly and annual consolidated financial statements. It also provides policy and program leadership on initiatives aimed at modernising and increasing the public sector's productivity, including shared and common services for back-office functions and grants administration.



Deputy
Secretary
Andrew
Jaggers

Andrew Jaggers was appointed Deputy Secretary of Commercial and Government Services in December 2018. He was previously the First Assistant Secretary of the Commercial Division in Finance. Before that he was the Executive Director of the Infrastructure Investment Division at the Department of Infrastructure and Regional Development.

Commercial and Government Services

Commercial and Government Services plays an important role in managing the Australian Government's commercial interests with respect to property, government procurement, risk management and GBEs.

Commercial and Government Services works with agencies and entities across the Commonwealth to deliver value for money outcomes. It does this by managing the domestic non-Defence property portfolio, including coordinating whole-of-government service delivery, providing data and analysis and supporting government decision-making. The Group develops and maintains the Australian Government's procurement policy framework and manages the Australian Government's special claims, insurance and risk management operations. It also supports the analysis and delivery of government investment through GBEs and other entities.



Deputy
Secretary
Katherine
Jones PSM

Katherine Jones was appointed Deputy Secretary of Business Enabling Services in Finance in October 2017. Prior to that Katherine was a Deputy Secretary in the Attorney-General's Department, where she led the National Security, Criminal Justice and Emergency Management Group. In 2017, Katherine received a Public Service Medal for her outstanding contribution in this role.

Before joining the public service in 1999, Katherine spent 10 years as a publisher at McGraw Hill.

Business Enabling Services

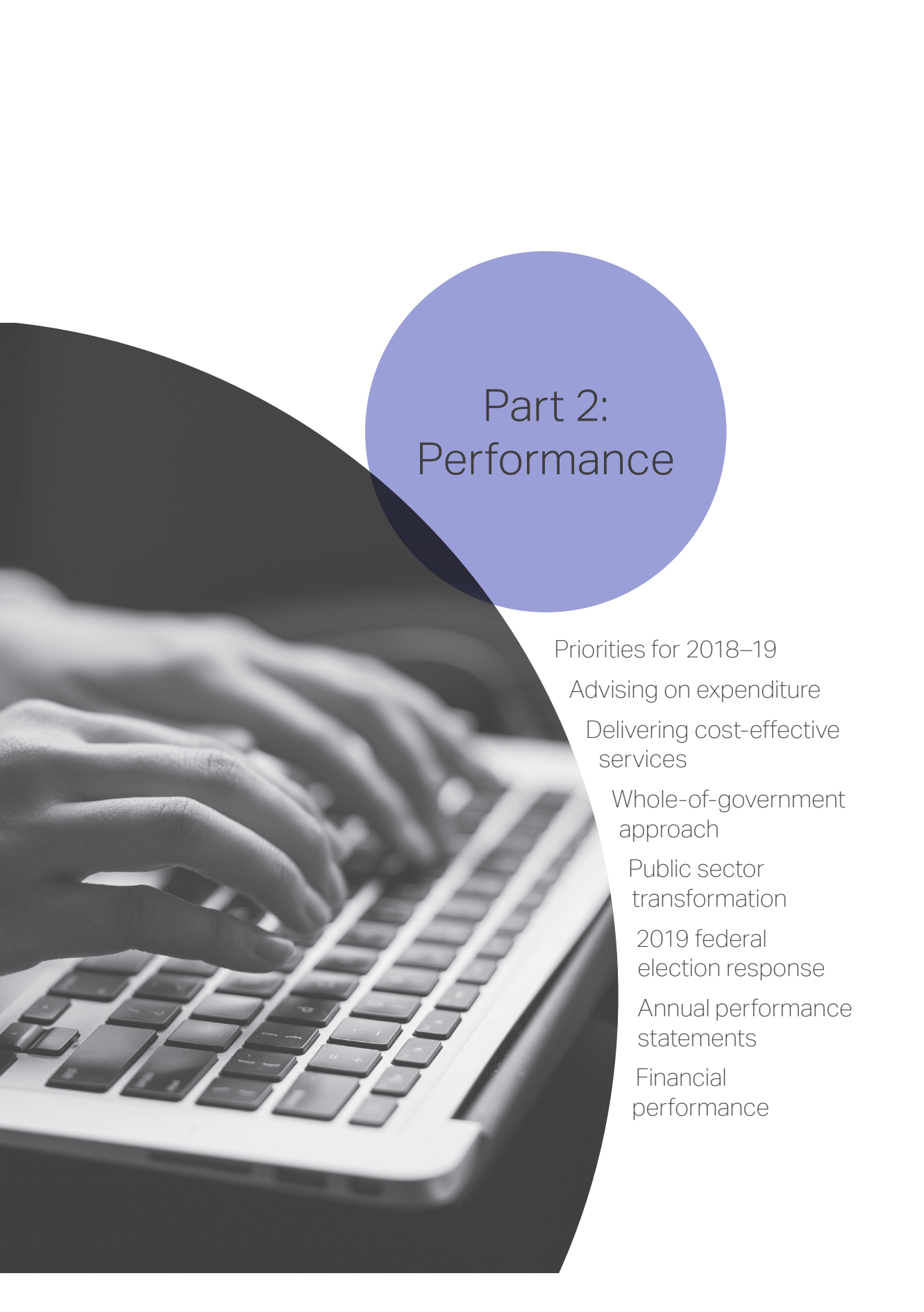
The Business Enabling Services Group delivers services and support to Finance, whole-of-government information technology systems and platforms, service delivery to client agencies through the Service Delivery Office and a range of services and support to parliamentarians and their staff through the Ministerial and Parliamentary Services Division.

Organisational structure

Figure 2: Organisational structure, at 30 June 2019



* Denotes acting.



Part 2: Performance

Priorities for 2018–19

Advising on expenditure

Delivering cost-effective
services

Whole-of-government
approach

Public sector
transformation

2019 federal
election response

Annual performance
statements

Financial
performance

Part 2 reports on the results achieved in 2018–19 against the purpose and performance criteria published in the Department's Corporate Plan 2018–19, the Portfolio Budget Statements 2018–19 and the Portfolio Additional Estimates Statements 2018–19. It also includes Finance's key priorities, key activities and achievements during 2018–19.

Priorities for 2018–19

Finance's key priorities and deliverables for 2018–19 were:

- 1. advising on expenditure and managing sustainable public sector resourcing** assisting the Government to achieve its fiscal and policy objectives. The Department provided policy and financial advice, management and reporting as mandated by the *Charter of Budget Honesty Act 1998* and the *Public Governance, Performance and Accountability Act 2013*. The Department continued to modernise the Commonwealth's Budget process by building automation into Budget management through the Shared Budget Workflow System (SBWS) and building on collaboration across Australian Public Service (APS) entities.
- 2. delivering cost-effective services to, and for, Government** by supporting parliamentarians and their staff through frameworks that administer remuneration, work expenses and other public resources. During an election year, the Department supported departing, returning and new parliamentarians and their staff through transitioning out of, and into, a new Parliament. In 2018–19, the Service Delivery Office (SDO) continued to challenge and change the way shared services can be delivered and Finance successfully transitioned a number of internal corporate services to a shared services arrangement with the SDO, enabling the Department to streamline and automate many corporate processes.
- 3. managing public sector frameworks and governance mechanisms across the whole of government** ensuring the sector is operating efficiently and has the organisational capability to respond to changing priorities. The Department provided fit-for-purpose services to empower Finance's stakeholders to deliver the desired outcomes for government. The Department coordinated whole-of-government advertising campaigns and provided a range of secure telecommunications and ICT infrastructure such as the ICON fibre optic network for government entities and GovLINK, which enabled secure communication between government entities.
- 4. driving public sector transformation** and delivering productive and better quality services to citizens and businesses. Finance supported business improvements across the APS and investment in technology and digital capability that enabled public servants to focus on the Government's strategic priorities and collaborate in the delivery of services. In 2018–19 Finance supported several initiatives that are transforming the way the APS operates, including the Centre of Procurement Excellence (CoPE), the Productivity and Automation Centre of Excellence (PACE), and the [transparency.gov.au](https://www.transparency.gov.au) repository of publicly available corporate information for all Commonwealth entities. This year, in partnership with APS entities, the Department hosted a public sector expo that showcased projects that are modernising the public sector and increasing efficiencies and productivity.

In addition to supporting these themes reflecting Finance's purpose, the Department had a focus on delivering key government projects and business improvements. For example:

- enabling strategic reporting and sound governance arrangements that ensured Government Business Enterprises (GBEs) operated efficiently and maintained financial and operational sustainability
- providing back-office administration functions to entities through participation in and delivery of the Shared Services Program
- leading the Snowy 2.0 Taskforce in partnership with the Department of the Environment and Energy and development and delivery of the GBE Professional Education Program
- delivering government savings through the National Property Efficiency Program and the National Divestment Program, which support the whole-of-government coordinated procurement arrangements for property services
- providing operational support before, during and after the 2019 federal election including in the areas of *Members of Parliament (Staff) Act 1984* (MOP(S) Act) employees and parliamentarians, establishment of the Electoral Integrity Assurance Taskforce and implementation of machinery-of-government changes.

Through the internal transformation agenda, Finance has fostered four focus areas in delivering its priorities: **people, stewardship, making business better** and **integrated business planning**.

The activities and achievements discussed below highlight the Department's work in striving to be a high-performing, modern, efficient and continuously improving public sector organisation in 2018–19.

IN FOCUS

Advising on expenditure



Finance delivered on its priorities of supporting the Government in its Budget preparation, providing policy and financial advice to the Minister for Finance, senior ministers and the Cabinet's Expenditure Review Committee.

The Department's stewardship role, driving collaboration and positive engagement across the Australian Public Service, was central to providing well considered and informed expenditure advice to government on a range of budget and financial issues.



Delivering an early Budget, Mid-Year Economic and Fiscal Outlook, Pre-Election Economic and Fiscal Outlook and Final Budget Outcome

In 2018–19 Finance undertook a range of work associated with the 2019–20 Budget, federal election and other peak events.

The Government delivered the 2019–20 Budget in April 2019—one month earlier than usual. To support the Government in its preparation for the Budget, Finance began planning and engaging with the Department of the Prime Minister and Cabinet (PM&C) and the Department of the Treasury (Treasury) in parallel with delivering the 2018–19 Mid-Year Economic and Fiscal Outlook (MYEFO). Finance's strong collaboration with PM&C, Treasury and all Commonwealth entities meant that the 2019–20 Budget could be delivered within a compressed timeframe.

During the development of the 2019–20 Budget, Finance:

- provided policy and financial advice on spending and savings proposals and lodged around 60 briefs for the Expenditure Review Committee of Cabinet to assist its policy deliberations
- scrutinised cost estimates for spending and savings proposals. Finance:
 - considered more than 1,300 policy costings across all Commonwealth portfolios for accuracy and overall alignment with the policy's intent
 - collaborated with portfolio entities to validate more than 4,000 estimate adjustments using the Central Budget Management System (CBMS)
- coordinated key aspects of the Budget process and administered the Budget Process Operational Rules
- prepared Budget documentation, including:
 - Statement 5 of Budget Paper No. 1, which details how the Government intends to allocate \$500.9 billion of expenditure across the various functions of government for the 2019–20 year (totalling \$2.1 trillion from 2019–20 to 2022–23)
 - Statement 8 of Budget Paper No. 1, which details fiscal risks, assets and liabilities, contingent assets and liabilities and government loans that may influence the actual Budget outcome
 - Statement 10 of Budget Paper No. 1, which provides the Australian Government financial statements
 - 252 new expense, capital and non-tax revenue measures included in Budget Paper No. 2
 - Budget Paper No. 4, which contains information on resourcing for government entities in 2019–20.

For the 2018–19 MYEFO, Finance analysed and processed 202 expense, capital and revenue measures and prepared a range of documentation, including information on the Australian Government financial statements and an update to fiscal risks and contingent liabilities and assets since the 2018–19 Budget.

In preparing for the 2019 federal election, Finance worked with the Treasury on the Pre-election Economic and Fiscal Outlook. In accordance with the *Charter of Budget Honesty Act 1998*, the Secretary to the Treasury and the Secretary of Finance publicly released the Pre-election Economic and Fiscal Outlook on 17 April 2019.

Over the caretaker period, up until the day of the 2019 federal election, Finance costed 66 election commitments. These costings were made available to the public on a dedicated website, electioncostings.gov.au.

For the 2017–18 Final Budget Outcome (FBO), Finance analysed and prepared a range of documentation, including information on the Australian Government’s financial statements and commentary in relation to payments, non-tax receipts, expenses, capital and non-tax revenue variances. The 2017–18 FBO was released on 25 September 2018 and was based on audit-cleared financial statements for all material in general government sector entities with the exception of the Department of Defence.



Delivering the Government’s fiscal and budget strategies

Finance supports the Government in a wide range of areas to enable the Government to achieve its fiscal and budget policy objectives.

In the context of the 2019–20 Budget, Finance provided policy and financial advice on major government projects, including measures to improve economic and community infrastructure (including ensuring corporate and financial regulators are resourced to operate effectively), improve skills and education outcomes and guarantee essential services. Finance provided policy and financial advice on major government investments into infrastructure and regional development, as well as to support drought and flood affected communities and to enhance national security.

Finance supported the Government in delivering on its Budget repair strategy by advising on the progress of Budget-related legislation through Parliament and the Government’s financial position.



Revised modelling to support estimates for the Pharmaceutical Benefits Scheme

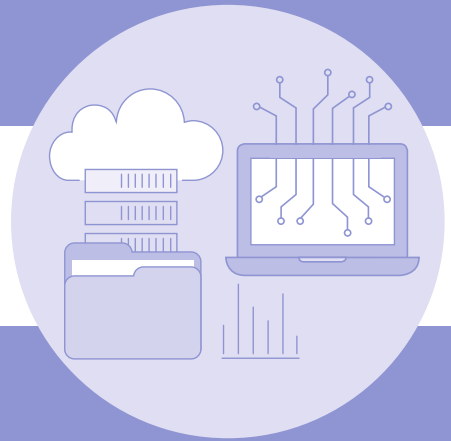
In 2018–19 Finance worked collaboratively with the Department of Health on the redevelopment of the data models used for the Pharmaceutical Benefits Scheme. The new data models improve the accuracy of new policy costings and forecasting.

The Department’s Health branch (including a dedicated person on secondment from Treasury) developed a strong working relationship with the Department of Health. They worked collaboratively to obtain a better understanding of the drivers and components for the costing to support updates to the Budget estimates. This resulted in more accurate estimates for the 2019–20 Budget and more robust modelling for revenue, including the impact of the new arrangements for medicines with Special Pricing Arrangements.

We have also been able to establish better protocols to facilitate access for Finance to the Department of Health data for budget costings under the latest security and privacy requirements.

IN FOCUS

Delivering cost-effective services



The Department has continued to focus on delivering cost-effective services to, and for, Government. Through a range of initiatives, Finance continued to deliver better services and better outcomes for clients and stakeholders.

In particular Finance delivered services to Commonwealth entities through the Service Delivery Office, providing efficiencies to clients and providing high-level services to parliamentarians, their employees and others to assist them in undertaking their duties.



Service Delivery Office

The SDO directly supports the modernisation and transformation of the APS as one of the Hubs providing shared services to Commonwealth entities. Through the delivery of shared, standard and sustainable technologies and processes, the SDO contributes to increasing the effectiveness and efficiency of organisational management.

The SDO is realising the benefits of deploying standard digital technologies once, for multiple entities, through a shared services arrangement.

Transitioning to Shared Services

In 2018–19, Finance successfully transitioned to a shared services arrangement with the SDO, complementing our existing policy and delivery responsibilities. The Department now receives shared services such as accounts payable, accounts receivable, pay and conditions, payroll administration and payroll management from the SDO.

This transition provides Finance with access to the SDO's modern, integrated Enterprise Resource Planning (ERP) system at a reduced cost. The ERP system gives Finance staff access to self-serve automated workflows and efficient ways to manage people, finance and procurement functions, including by reducing reconciliations and risks between Finance's three legacy systems and faster decision-making using enhanced real-time reporting capability.

This new digital capability enables Finance to work more effectively, using more efficient business processes, and to position itself for the future. It means that our people can focus on strategic and higher value work, supporting the Government to deliver for citizens and business.

The Department made the transition to shared services over an 18-month period through the Shared Services Implementation Project (SSIP). The transition involved a broad group of stakeholders from across the Department and was governed by a two-tiered project management structure comprising an operationally focused project board and strategically focused steering committee.

The SSIP has already delivered wide-ranging benefits including streamlined and cleansed HR and financial data and documented end state business processes that will be used to further improve corporate processes and economies of scale.

Single Touch Payroll

By adopting a principle that requires standard solutions to all new ICT deployments, the SDO is:

- enabling quicker implementation of solutions
- providing for faster adoption of upgrades and new technologies including process automation and augmented intelligence
- avoiding higher future costs associated with maintenance of customised solutions.

In May 2019, the SDO successfully implemented a digital solution for Single Touch Payroll (STP) for its clients that consume the payroll service, ensuring their compliance with legislation. This is the first implementation of the SAP standard STP solution in the APS. By implementing the standard solution, the SDO has minimised the implementation and ongoing costs for its clients, including running, maintenance and upgrade costs.

STP is a legislative change initiated by the Australian Taxation Office (ATO) which requires employers to submit to the ATO the taxable gross earnings, Pay As You Go (PAYG) withholding tax, allowance payments and employer superannuation contributions made to employees at the end of each pay cycle.

The solution was implemented at a technical cost of around \$600,000, representing an average cost for each agency of around \$65,000. In comparison, estimates for a single agency implementation cost are five times higher. If applied across the nine SDO clients, this would total around \$3 million. Through the implementation of STP as a shared services offering, the SDO delivered to its clients a solution that is standard, compliant with legislative requirements and achieves value for money by removing the cost of duplication.

In line with the objectives of the Shared Services Program, the SDO's approach to deploying digital technologies actively enables the realisation of standard business processes and supports the SDO's clients to lift performance and capacity by enabling them to focus on delivering core services to citizens and business.



COMCAR Automated Resource System

In March 2019, the Department, through COMCAR, implemented a new vehicle booking and dispatch management system. The new COMCAR Automated Resource System (CARS) has enabled numerous efficiencies and benefits that are a vast improvement on the old booking system, delivering an enhanced service and experience to clients.

The modern technology in CARS delivers benefits to both COMCAR and its clients. For example:

- additional communication channels allow for greater interaction with both clients and drivers
- clients can now make, amend and view their bookings through a dedicated client online portal and mobile application as well as track the location of their vehicle
- COMCAR drivers can now access key information about their role via a drivers' mobile application.

Throughout the development and implementation of CARS, COMCAR staff ensured that all stakeholder groups were kept informed. COMCAR provided user training to staff as well as individual, tailored support to COMCAR clients.

The implementation of the online booking functionality to clients has been successful, with user uptake of the client web portal and mobile application progressing well. The introduction of CARS has allowed COMCAR, its staff and clients to embrace the use of new modern technology, further improve internal operations and deliver a contemporary service to its valued clients.

IN FOCUS

Whole-of-government approach



In 2018–19 Finance provided a range of whole-of-government services to assist entities across government in achieving their priorities, supporting an efficient public sector.

The Department takes a partnership approach to engagement and building capability.

Finance worked collaboratively with other entities to identify the most efficient and effective whole-of-government services across a range of areas, including procurement, property, travel, technology and advertising.



Enhancements to electoral legislation

Finance is responsible for drafting amendments to Australia's electoral legislation—the *Commonwealth Electoral Act 1918* and the *Referendum (Machinery Provisions) Act 1984*—to give effect to policy decisions of the Government.

Ahead of the May 2019 federal election, in response to reports tabled by the Joint Standing Committee on Electoral Matters, Finance was involved in the implementation of two major electoral reforms. This followed reform earlier in the parliamentary term to enhance the political communication authorisation regime. Finance worked closely with the Australian Electoral Commission and other government entities (including the Australian Government Solicitor, Office of Parliamentary Counsel, the Attorney-General's Department and PM&C) to develop and deliver these electoral reforms.

The *Electoral Legislation Amendment (Electoral Funding and Disclosure Reform) Act 2018* improved the operation and transparency of political finance regulation by:

- improving the consistency of registration and reporting requirements that apply to all entities that seek to influence Australian voters—registered political parties, candidates, Senate groups or non-party-political actors
- reducing perceived and actual foreign influence on the Commonwealth electoral system by restricting foreign political donations
- tying public election funding to the amount of actual electoral expenditure incurred.

These measures formed part of a comprehensive suite of government reforms to address a broad spectrum of foreign interference and covert political influence in Australia.

The *Electoral Legislation Amendment (Modernisation and Other Measures) Act 2019* modernised voting and scrutiny processes and improved the federal candidate nominations process by:

- implementing critical reforms to ensure the efficient delivery of the 2019 federal election
- making it compulsory for candidates to complete a Qualification Checklist demonstrating their eligibility under section 44 of the Constitution.



Snowy 2.0 Taskforce

Finance, in partnership with the Department of the Environment and Energy, led a taskforce to provide commercial and investment advice to the Government on the feasibility of Snowy 2.0. As a result of the work undertaken by the Taskforce, the Government announced, on 26 February 2019, that it had provided Snowy Hydro Limited with shareholder approval for it to proceed with Snowy 2.0.

This project will expand the existing Snowy Mountains Hydro scheme by linking two existing Snowy Scheme Dams through approximately 27 kilometres of underground tunnels and involves the construction of a power station 800 metres underground.

It will provide additional generation capacity of 2,000 megawatts, enough to power the equivalent of 500,000 homes at peak demand, and address the electricity market's need for large scale storage and support for renewable generation. Snowy 2.0 is expected to produce first power in 2024–25.

The Taskforce worked in close collaboration with Snowy Hydro Limited throughout 2018–19 to analyse the business case and more than 6,800 pages of supporting information. Finance’s expertise in providing coordinated and comprehensive investment advice to the Government resulted in the Commonwealth’s decision to support delivery of the project including an equity investment of \$1.38 billion over six years, subject to Snowy Hydro Limited achieving financial close and the commencement of the main project works, expected in 2020.

Finance continues to work closely with the Department of the Environment and Energy and Snowy Hydro Limited as the company progresses the required environmental approvals and funding arrangements for the main works on Snowy 2.0.



AusTender re-platform

During 2018–19, Finance successfully and seamlessly transitioned AusTender, the Australian Government’s procurement information system, to a more contemporary and flexible platform.

The AusTender re-platform project was a key initiative in Finance’s overall strategy to ensure AusTender’s sustainability, enhancing its functionality by modernising the underlying technology and software products of the system.

As part of the project, the Department needed to rewrite the code and rebuild the software, line by line, for every field, database, selection widget and screen. There was also a need for a significant amount of quality, load and performance testing. For example, the Department ran over 60,000 human checks, migrated around eight million records to the new platform and conducted over 15 rounds of formal testing across multiple devices and operating systems.

The transition to the new platform was the culmination of approximately two and a half years of work. The new system is now delivering greater flexibility in infrastructure design, lower maintenance overheads and increased levels of scalability and redundancy to meet future procurement reporting needs.

AusTender now has the capability to deploy new or enhanced functionality more quickly and simply, enabling Finance, over time, to deliver future efficiencies to government entities and the business community.



Procurement negotiations—Free Trade Agreements

In 2018–19, Finance collaborated with key stakeholders and provided quality technical advice, expertise and knowledge on government procurement as part of negotiations for a number of Free Trade Agreements. In particular, Finance worked closely with the Department of Foreign Affairs and Trade during negotiations to ensure that negotiators understood key elements of the Commonwealth Procurement Framework and to explain the implications of Trade Agreement obligations to stakeholders.

Two significant negotiations in which Finance played a key role were:

- the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which commenced on 31 December 2018. The CPTPP is the largest trade deal that Australia has been party to since 1994
- Australia's accession to the World Trade Organization Agreement on Government Procurement, with Australia becoming the 48th member on 5 May 2019.

Finance also worked to facilitate the passage of the *Government Procurement (Judicial Review) Act 2018*, which establishes an independent procurement supplier complaints mechanism—an important prerequisite to finalising these agreements. Finance worked closely with stakeholders to develop comprehensive guidance to assist entities to implement and comply with the new complaints arrangements, which came into effect on 19 April 2019.

Finance is now providing support to Australia's efforts to pursue a new Free Trade Agreement with the European Union, where negotiations started in June 2018.



Procurement self-help tools

In 2018–19 Finance released a suite of procurement self-help tools and associated guidance that will help to streamline and standardise routine procurements. The new tools will reduce the administrative burden and costs associated with procurement for both Commonwealth entities and the business community.

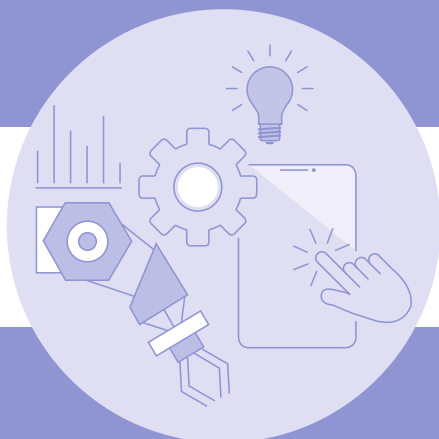
These tools, which were developed as part of CoPE, include:

- BuyRight—an online procedure tool that guides procurers step-by-step through the process of undertaking a simple procurement and ensures that they understand and comply with all relevant obligations
- Commonwealth ClauseBank—a repository of pre-drafted standard contract terms that Commonwealth entities can use within existing contract templates or in bespoke contracts when appropriate. The repository encourages greater consistency in contracting practices and minimises legal costs for both customer and suppliers
- Commonwealth Contracting Suite Deed of Standing Offer—an automated smart form system that generates a standardised set of terms and conditions for use in standing offers (panels). The new system will minimise administrative burden and legal costs
- Contract Management Guide—a guide that gives practical contract management advice to assist Commonwealth officials to effectively manage contracts and achieve value for money outcomes.

Finance will continue to refine and improve these self-help tools and work with stakeholders to identify areas for further standardisation and streamlining.

IN FOCUS

Public sector transformation



In 2018–19, the Department continued to champion public sector transformation, making improvements to the way that the APS operates and increasing productivity and the delivery of services to citizens and businesses.



Shared Services Program

The Shared Services Program aims to reduce the time entities spend on corporate services so that they can focus more on delivering the Government's priorities, including delivering better services to citizens and businesses.

The Shared Services Hubs take on the delivery of the transactional elements of these functions, allowing staff to focus on higher value activities.

At the centre of the Program is collaboration and co-design. A Shared Services Taskforce, made up of representatives from across the Commonwealth, is developing the roadmap for the Program. Finance has involved more than 100 APS staff from 11 entities in this work.

The aim is to realise an APS where every staff member has access to the same—and the best—technology and the simplest processes, enhanced through automation, for common administrative tasks such as payroll, leave, travel, invoices and credit cards.

We are also developing a common IT platform, known as GovERP, managed centrally, that will bring together personnel and financial data that can be accessed for analysis in near real time.



Modernisation Fund projects

In addition to overseeing the Government's \$500 million Public Service Modernisation Fund, Finance is delivering a number of Modernisation Fund projects that aim to improve public sector productivity.

An example is the Shared Budget Workflow System (SBWS). The SBWS is designed for, and will be used by, staff across Australian Government entities who contribute to the Budget to support timely and reliable advice to the Government. It fully or partially automates highly manual components of the Budget process, introducing data validation and modern communication tools such as online document collaboration between users, which will improve communication across entities.

The current Budget processes rely extensively on manual processes and significant resources are needed to quality assure content and deliver information to ministers in compressed timeframes. The SBWS will improve consistency of reporting to government and provide increased data analytics capabilities to help inform briefing to government.



Digital Annual Reporting Tool

As foreshadowed in Finance's 2018–19 Corporate Plan, the Department deployed a new digital capability—the Digital Annual Reporting Tool (DART)—to modernise the reporting of corporate and administrative information across the Commonwealth.

In March 2019, the new digital annual reporting requirements and the related Transparency Portal website were launched at the Modernising the Public Sector Expo.

Since this launch, over 380 Commonwealth employees and over 180 entities have been trained to use DART, which helps to standardise the collection and presentation of data and information in annual reports.

Through this initiative the APS is expected to complete the shift to online planning and performance reporting. This innovation will help drive broader workplace efficiencies through electronic document workflow processes and eventually bring an end to the need to print hard copy annual reports.

The Transparency Portal provides a single point of access for all Commonwealth company and Commonwealth entity annual reports and empowers users to instantly generate tables and charts that compare information on resourcing, remuneration and staffing from multiple government bodies and financial years. By November 2019, it is anticipated that the complete set of 2018–19 Commonwealth annual reports will be available on the Transparency Portal.



Modernising the Public Sector Expo

On 13 March 2019, Finance hosted the Modernising the Public Sector Expo—a showcase of initiatives that are improving public sector productivity and delivering real results for Australian citizens and businesses.

The Expo included 18 interactive displays highlighting reform initiatives taking place across the public sector. More than 500 staff from across the public sector had the opportunity to meet with colleagues to discuss the innovative work underway and to share ideas after the Expo through the Modernising the Public Sector GovTEAMS community. The community, made up of more than 400 members, is a space where staff can learn about projects and initiatives already happening across the public sector to make it more efficient, productive and innovative. Case studies from the Expo are available at publicsectorreform.gov.au.



Centre of Procurement Excellence

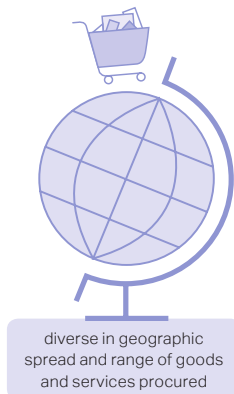
In March 2019, Finance launched the CoPE—a major initiative stemming from the broader APS reform and modernisation agenda. The CoPE exemplifies Finance’s approach to stewardship. It will help entities to build their procurement capability, strengthen partnerships with the business community, encourage innovation in procurement and harness data to drive better value for money for entities.

The CoPE focuses on five pillars: capability, risk, policy stewardship, data and information and productivity. It is harnessing the collective experience and expertise of Commonwealth entities, Finance’s partners in state and territory governments and the business community.



Centre of Procurement Excellence

2018–19



During 2018–19, Finance commenced a range of CoPE-related initiatives, including:

- convening the Secretary’s Procurement Roundtable, which brings together senior members of key Commonwealth entities and the business community twice a year to discuss issues related to Commonwealth procurement
- engaging with entities, state and territory jurisdictions and international governments to leverage existing knowledge, tools and better practice
- establishing a digital community of practice on GovTEAMS, which enables representatives of all entities bound by the Commonwealth Procurement Framework to share better practice and lessons learned, to work together to solve common procurement-related problems and to facilitate mobility in the procurement workforce
- updating, refreshing and redesigning the industry-facing Selling to Government website to make it easier for the business community to engage with government procurement
- publishing better practice case studies—in particular, case studies on engaging with the small and medium enterprise sector—on Finance’s website
- establishing a CoPE Steering Group, which consists of representatives from key Commonwealth entities and the business community, to provide strategic oversight, support and guidance as initiatives are developed and rolled out under CoPE
- commencing work to establish a Commonwealth Procurement Capability Baseline as an important first step in developing a Commonwealth Procurement Capability Roadmap.



GBE Professional Education Program

The scale of the Commonwealth’s balance sheet investments has increased in recent times through the provision of equity contributions to GBEs, loans and the establishment of funds to support policy objectives, including the Northern Australia Infrastructure Facility, Inland Rail and the Regional Investment Corporation.

The GBE Professional Education Program was established in recognition of the need to enhance skills and capability throughout the APS to support the development and implementation of a wide variety of complex investment proposals and to actively manage the Government’s investments throughout their life cycle. Finance helped to enhance APS-wide commercial acumen by using the skills and expertise of the private sector to deliver customised training courses and secondment opportunities.

The key component of the Program is a customised training course on financial analysis, facilitated by the Australian Graduate School of Management at the University of New South Wales. The course contains both a fundamentals unit and an advanced unit for specialist commercial analysts.

Through the delivery of the Program, Finance undertook a stewardship role in developing APS-wide commercial acumen to ensure the APS is well equipped to manage the Government’s investments.



IN FOCUS

2019 federal election response

In a busy year that included a federal election, the Department worked with a number of agencies to support the democratic process.



Electoral integrity in the 2019 election

The Electoral Integrity Assurance Taskforce was a multi-agency network formed to provide expertise to the Australian Electoral Commission to address potential issues related to interference in the 2019 federal election. The Department of Finance co-chaired this Taskforce, along with the Australian Electoral Commission (AEC), and worked collaboratively with all agencies represented on the Taskforce to facilitate a whole-of-government approach to these matters.

The Department, with policy responsibility for elections, will continue to work closely with the AEC on matters of electoral integrity.



Ministerial and Parliamentary Services election response and support

The 2019 federal election was a busy period for Finance as we welcomed new parliamentarians and MOP(S) Act staff and provided support and assistance to those who departed the Parliament. In the lead-up to the election, Finance published extensive guidance material and answered almost 2,000 inquiries. Finance also launched a new self-help tool for MOP(S) Act employees which allowed individuals to assess the impact of the election outcome on their particular employment circumstances. The tool provided MOP(S) Act employees with the ability to access information at their convenience without having to contact the M&PS Help Desk.

Immediately following the election, Finance worked closely with other parliamentary agencies to provide an induction to the 46 new Senators and Members, including providing each with a personalised briefing on their employment responsibilities and obligations under the work expenses framework. As a result of electoral redistributions and the location of incoming parliamentarians, Finance has facilitated a significant number of electorate office relocations and establishments.



Machinery-of-government support and implementation

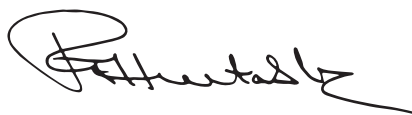
In 2018, in collaboration with PM&C and the Australian Public Service Commission (APSC), Finance undertook a review of the processes and associated guidance materials that support the implementation of machinery-of-government changes. As a result of the review, Finance released updated guidance materials—in particular, the *Machinery of government changes—a guide for agencies*—which was jointly released with the APSC in April 2019 to capture lessons learned from prior experience.

On 29 May 2019, after the federal election, the Prime Minister announced changes to the Administrative Arrangement Orders, which resulted in the movement of a number of functions between portfolios. Finance worked closely with impacted entities to implement the machinery-of-government changes, utilising the updated processes and guidance. Through effective collaboration, the changes were substantially implemented by 1 July 2019. The revised machinery-of-government arrangements were incorporated into the Appropriation Bills introduced on 25 July 2019.

Annual performance statements

Introductory statement

I, as the accountable authority of the Department of Finance, present the 2018–19 annual performance statements of the Department of Finance, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In my opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the Department, and comply with subsection 39(2) of the PGPA Act.



Rosemary Huxtable
Secretary

25 September 2019

Purpose

Finance assists the Australian Government to achieve its fiscal and policy objectives by advising on expenditure, managing sustainable public sector resourcing, driving public sector transformation and delivering efficient, cost-effective services to, and for, Government.

Advising on expenditure

Criterion	Budget papers, related updates (e.g. the Mid-Year Economic and Fiscal Outlook) and Appropriation Bills are accurate, delivered within required timeframes and meet the government's fiscal and policy objectives and legislative obligations.
Source	Corporate Plan 2018–19, page 29–30 Program 1.1, Finance Portfolio Budget Statements 2018–19, page 24
Result	<p>Substantially achieved</p> <p>All of the Budget papers and related updates due to 30 June 2019 were produced in accordance with the timeframes and other requirements of the <i>Charter of Budget Honesty Act 1998</i>:</p> <ul style="list-style-type: none">• The 2019–20 Budget was delivered on 2 April 2019.• The 2018–19 Mid Year Economic and Fiscal Outlook (MYEFO) was released on 17 December 2018.• The 2017–18 Final Budget Outcome (FBO) was released on 25 September 2018.• In 2019, the Secretaries of Finance and the Treasury met their obligation under the <i>Charter of Budget Honesty Act 1998</i> and released the 2019 Pre-election Economic and Fiscal Outlook (PEFO) on 17 April 2019. <p>Budget estimates continue to be based on external reporting standards, with any departures disclosed as required, consistent with requirements set out in the <i>Charter of Budget Honesty Act 1998</i>.</p> <p>In relation to the accuracy of budget estimates, Finance reports the following results:</p> <ul style="list-style-type: none">• The difference between first forward-year estimated expenses and the FBO was 1.5 per cent on an accrual basis (target of less than 2.0 per cent difference).

Result
(continued)

- The difference between Budget estimated expenses and FBO was 1.3 per cent on an accrual basis (target of less than 1.5 per cent difference).
- The difference between revised estimated expenses at MYEFO and FBO was 1.1 per cent on an accrual basis (target of less than 1.0 per cent difference).
- The difference between revised estimated expenses at Budget and FBO was 0.6 per cent on an accrual basis (target of less than 0.5 per cent difference).

Variations between the estimates and final outcome reflect program-specific parameters. Program estimates are regularly reviewed and updated to take account of the best available information to maximise their reliability and accuracy.

Appropriation Bills were introduced within the required timeframes and in accordance with legislative requirements:

- *Appropriation Bill (No. 3) 2018–2019, Appropriation Bill (No. 4) 2018–2019 and Appropriation (Parliamentary Departments) Bill (No. 2) 2018–2019* were introduced in the House of Representatives on 14 February 2019.
- *Supply Bill (No. 1) 2019–2020, Supply Bill (No. 2) 2019–2020 and Supply (Parliamentary Departments) Bill (No. 1) 2019–2020* were introduced in the House of Representatives on 2 April 2019.
- *Appropriation Bill (No. 1) 2019–2020, Appropriation Bill (No. 2) 2019–2020 and Appropriation (Parliamentary Departments) Bill (No. 1) 2019–2020* were introduced in the House of Representatives on 2 April 2019.
 - These Appropriation Bills lapsed upon the dissolution of the Parliament for the 2019 federal election. Following the outcome of the election, Appropriation Bills were re-introduced in the House of Representatives on 25 July 2019.

Analysis

A core activity undertaken by Finance to achieve the 'advising on expenditure' element of its purpose is supporting the Minister for Finance and Expenditure Review Committee of Cabinet in the preparation of the Budget and related fiscal updates. In 2018–19, this activity included:

- providing effective, timely and accurate advice on Budget processes to government entities
- ensuring the Budget framework effectively supported decision-making
- informing the Minister for Finance and Expenditure Review Committee on the use of government finances
- coordinating, preparing and delivering accurate and timely Budget estimates and documentation to the Minister for Finance.

Analysis
(continued)

In undertaking this activity, Finance advised on the impact of proposed Government decisions on the Government's overall ability to achieve its policy and fiscal objectives.

Finance has identified the delivery of Budget papers, related updates and Appropriation Bills that are accurate, delivered within required timeframes and meet policy and fiscal objectives and legislative obligations as an appropriate measure of Finance's performance in undertaking this activity.

Budget papers and updates, together with Annual Appropriation Acts, are essential elements of the Australian Government Budget process.

- The Budget papers and related updates support the Budget-related decisions of the Government, providing the fiscal outlook for the Australian economy and highlighting major new initiatives of the Government.
- Annual Appropriation Acts provide annual funding for government operations and programs and also for investment in assets and reduction of liabilities.

Taking into account the timely release of Budget publications and introduction of Appropriation Bills in 2018–19, together with achieving accuracy of Budget estimates targets in two of the four periods assessed, with the remaining two periods assessed showing a result of 0.1 per cent above the target range, this criterion has been assessed as substantially achieved.

Criterion	The government's financial statements, including monthly statements, are complete, accurate and released publicly on timeframes agreed with the government.
Source	Corporate Plan 2018–19, page 31
Result	<p>Achieved</p> <p>All of the government's financial statements were prepared in accordance with publicly agreed timeframes:</p> <ul style="list-style-type: none"> • The 2017–18 FBO was released on 25 September 2018. • The 2018–19 monthly financial statements were provided to the Minister for Finance on average within 21 days of the end of each month since the release of FBO. <p>The government's 2017–18 Consolidated Financial Statements were signed by the Finance Minister on 15 November 2018 and received an unmodified report from the Auditor-General on 16 November 2018.</p>
Analysis	<p>Another measure of Finance's performance in achieving the 'advising on expenditure' element of its purpose is through the timely public release of complete and accurate government financial statements.</p> <p>The Australian Government has a robust financial reporting framework, with key reporting outputs including:</p> <ul style="list-style-type: none"> • monthly financial statements, which show how actual expenditure is tracking against the monthly profile and full year estimate • the FBO, which provides the outcome for the latest financial year with an emphasis on a government finance statistics presentation of the general government sector • Consolidated Financial Statements, which present the whole-of-government and general government sector financial reports for a financial year. <p>Monthly financial statements, the FBO and Consolidated Financial Statements are required by legislation. They are integral to the Commonwealth's accrual budgeting and reporting framework and complement the Budget process by providing outcomes against Budget estimates.</p>

Criterion	Commonwealth entities have access to cash on a daily basis.
Source	Corporate Plan 2018–19, page 31
Result	Achieved The cash needs of each and every Commonwealth entity have been met every day of the reporting period.
Analysis	<p>Finance also contributes to the 'advising on expenditure' element of its purpose by managing the daily disbursement of cash to Commonwealth entities for operating purposes.</p> <p>Finance's robust financial systems and frameworks support the processing of a daily disbursement of cash through the Central Budget Management System (CBMS) to meet the daily cash requirements of Commonwealth entities. This is crucial, as meeting the funding requirements of entities enables them to continue to deliver on the Government's policy objectives, including provision of services to the community. In order to ensure that no entity is prevented from delivering its services due to a lack of cash, and to ensure the ongoing operations of government, Finance has a target of meeting all entities' cash requirements on each day of the financial year. To support this, Finance ensures entities maintain up-to-date forecasts of planned expenditure and has a regularly tested business continuity plan in the event of a disruption to the daily disbursement process.</p>

Public sector resourcing and transformation

Criterion	Finance oversight of Modernisation Fund investment ensures government has visibility of progress and outcomes, and informs government decisions around prioritisation and ongoing management of investments to drive improved outcomes.
Source	Corporate Plan 2018–19, page 32
Result	<p>Achieved</p> <p>Finance has provided advice to the Secretaries APS Reform Committee, and to the Minister for Finance, on the performance of projects, including benefits realisation, under the Public Service Modernisation Fund.</p> <p>Finance’s advice has led to the reprioritisation of \$11.9 million within the Modernisation Fund to drive improved outcomes across projects, consistent with the overall policy intent. For example, reprioritisation has led to additional analytical projects within the Data Integration Partnership for Australia to deliver high-impact, evidence-based insights on priority cross-portfolio policy issues.</p> <p>As at the end of Quarter 4 2018–19, the Modernisation Fund projects are on track to deliver by 30 June 2020, \$296 million has been expended to date, five projects have reached completion and one project has ceased.</p>
Analysis	<p>Responsibility for delivery of Modernisation Fund projects lies with entities, with oversight by the Secretaries APS Reform Committee, chaired by the Finance Secretary. Finance supports the Chair and the Committee to discharge its oversight responsibilities. These responsibilities include recommending to the Finance Minister whether reprioritisation within the Fund could drive improved outcomes.</p> <p>To inform the Committee’s deliberations, Finance coordinates quarterly status reports among project owners. These reports include a self-assessment of expenditure, delivery confidence, risks and issues, deliverables and benefits.</p> <p>Finance uses this information, along with further investigation directly with project owners, to identify projects that may be in scope for reprioritisation (projects that have the potential to drive additional outcomes within the policy authority if additional funds were to be provided and those that are unlikely to spend funds or achieve outcomes).</p> <p>Drawing on Finance’s advice, the Committee provides recommendations to the Finance Minister. The Prime Minister has delegated to the Finance Minister authority to reprioritise funding between agencies and years, up to a threshold amount, to facilitate the delivery of projects within the original policy intent. Other decisions, including funding of new projects, must be brought forward in the MYEFO or Budget processes consistent with the Budget Process Operational Rules. Reprioritisation to date has been managed within the Finance Minister’s delegation.</p>

Criterion	Corporate service functions (e.g. financial, human resources and associated IT systems) for non-corporate Commonwealth agencies are provided through a shared services provider hub arrangement, on common platforms and software.
Source	Corporate Plan 2018–19, page 32
Result	<p>Substantially achieved</p> <p>Thirty agencies in scope for the Shared Services Program are receiving or starting to receive services through a Hub, with an extension of services now available. In addition to the five core services offered through Managed Service arrangements, in 2018–19 agencies are able to access additional services through Software as a Service arrangements.</p> <p>Considerable focus throughout 2018–19 has been on efforts to coordinate investment in underlying platforms and software that support the delivery of these services. The Hubs are working together to design a common Enterprise Resource Planning (ERP) solution that could be shared/reused among some or all of the Hubs.</p> <p>As part of progressing the Program, Finance undertook extensive work in 2018-19 to prepare for onboarding to the Service Delivery Office Hub, which occurred successfully on 1 July 2019.</p>
Analysis	<p>Finance has policy and program responsibility for the whole-of-government Shared Services Program. This performance criterion demonstrates the implementation status of the Program by tracking the number of agencies that are receiving corporate service functions through a shared services provider Hub arrangement and consolidation of the underlying corporate IT systems (or ERP systems) used by the Hubs.</p> <p>The number of agencies receiving services and the services delivered are self-reported to Finance through regular engagement with the Hubs.</p> <p>The Hubs have also completed a baseline maturity assessment. Through this assessment, the Hubs self-report their progress against the Program’s core criteria, including the requirement that the Hubs move toward full cost recovery arrangements and have governance arrangements that are separate to those of their host entity (functional independence). Hubs are invited to update their progress against the baseline through their regular engagements with Finance (updates are provided iteratively as there is no annual reporting process at this stage).</p> <p>While the number of agencies that are engaged with the Hubs has not substantially increased since last financial year, there has been an extension of the services available and considerable work to modernise the underlying ERPs in use by the Hubs.</p>

Analysis
(continued)

In addition to the five core transactional services (payroll, accounts payable, accounts receivable, ledger management, credit card management), which are available through Managed Services, the Hubs are now able to offer additional services based on client needs through Software as a Service arrangements.

The technology landscape is evolving which creates challenges and opportunities for the Program. For example, five of the Hubs use a SAP-based ERP. In 2025, SAP will no longer actively support this ERP version, so the Hubs will need to move to an alternative solution or pay a premium for maintenance.

During 2018–19, a significant program of work was undertaken to inform the future direction and architecture of the program in the context of the technology landscape. This included the development of a Shared Services Roadmap which outlines the strategic intent and the planned approach to achieving benefits through coordinated investment in underlying ERP systems. The Roadmap builds on work undertaken, involving 14 agencies, to co-design a whole-of-government ERP platform to enable modern and streamlined processes for Australian Public Service (APS) organisations (referred to as GovERP).

GovERP will allow the Hubs to invest once in a new ERP and share the asset, avoiding the costs of each Hub investing separately for the same capability. Costs avoided will be identified in 2019–20 as part of the detailed planning and implementation process. The onboarding of agencies to shared services arrangements will be influenced by the introduction of the common ERP—here is a need to ensure that agencies do not incur unreasonable costs by onboarding to the old technology.

Criterion	Entities currently participating in the whole-of-government grant administration arrangements must implement existing and proposed in scope grant activity via the Government's Community and Business Grants Hubs using the Hubs' standardised grant process and ICT grants management services, replacing the multiple ICT systems and business processes currently in operation.
Source	Corporate Plan 2018–19, page 33
Result	Achieved 100 per cent of grants originally identified through the program are either being delivered through a Hub (90 per cent) or have received a Government deferral or exemption (10 per cent) based on exceptional circumstances.
Analysis	Finance has program responsibility for the whole-of-government grants administration arrangements through the Streamlining Government Grants Administration Program (SGGA). The SGGA measure ceased on 30 June 2019. Of the identified 363 grants to be delivered or scheduled to transition to a Grants Hub by 30 June 2019, the Program has achieved 90 per cent (328) transition. The remaining grants have received an exemption (are no longer in scope for Hub delivery) or a deferral (with a new date agreed by Government for delivery through a Hub due to exceptional circumstances). As the SGGA measure has ceased, the deferred grants will be monitored as part of 'business as usual' Hub arrangements. That is, all new grants that are in scope for Hub delivery are identified through the Budget process. The Hubs and the granting agency agree a transition schedule. The Hubs report progress to Finance on a quarterly basis or as otherwise agreed.

Criterion	Finance participation in the Data Integration Partnership for Australia contributes to an increase in Commonwealth public sector analytics capability and use of data to inform public policy.
Source	Corporate Plan 2018–19, page 34 Program 2.2, Finance Portfolio Budget Statements 2018–19, page 42
Result	<p>Substantially achieved</p> <p>In 2018–19, Finance delivered the prototype Government Protected Data Exchange (GovPDX) solution, which will enable Commonwealth agencies to share and analyse Protected Data securely, to support policy development. Finance’s Government Business Analytical Unit (GBAU) is trialling GovPDX before onboarding other agencies and datasets from 1 January 2020.</p> <p>The GBAU built and distributed a data model and visualisation tool to 32 agencies participating in a Productivity Pilot. The data model provides a nuanced analysis of APS data that will help to inform policies to support a more productive public sector and increase the visibility of workforce planning measures.</p> <p>As part of this work, the GBAU has analysed APS workforce movements, providing a current state assessment of the mobility patterns across the APS over a five-year period that can assist senior leaders to consider longer-term workforce strategies to develop capability.</p>
Analysis	<p>This criterion contributes to driving public sector productivity and strengthening our capabilities and enablers. The delivery of GovPDX and the establishment of the GBAU is enabling Finance to take a data-driven approach to inform public sector and government administration.</p> <p>The Department of the Prime Minister and Cabinet (PM&C) has established the Data Integration Partnership for Australia (DIPA) outcomes framework, which includes quarterly reporting of DIPA-funded projects to the Deputy Secretary of the DIPA Board. Finance provides quarterly reports on the progress of GovPDX, including expenditure, deliverables and benefits realisation.</p> <p>The Productivity Pilot is an initiative of the Secretaries APS Reform Committee delivered through the GBAU, one of the DIPA analytical Hubs located within Finance. The Pilot reports to the Committee through the Modernising the Public Sector Roadmap implementation status reports, coordinated by Finance (refer to the Roadmap criterion immediately following).</p> <p>GBAU mapped approximately 50,000 promotions and transfers of staff over five years. In 2018–19, this analysis provided the Secretaries APS Reform Committee with insight into mobility patterns that will assist longer-term workforce strategies, including by highlighting where there might be opportunities to optimise capability development that can occur through staff moving between agencies.</p>

Criterion	Finance oversight of activities under the Modernising the Public Sector Roadmap supports better services to citizens and businesses, delivered more efficiently—to build trust in government.
Source	Corporate Plan 2018–19, page 34
Result	<p>Achieved</p> <p>Throughout 2018–19, Finance has provided advice to the Secretaries APS Reform Committee on the progress of 25 initiatives being delivered under the Modernising the Public Sector Roadmap.</p> <p>Of the 25 projects, all are on track, with one project successfully completed. The preliminary outcomes of five of the initiatives have informed the recommendations of the Independent Review of the APS.</p> <p>Each initiative has its own benefits realisation plan, aligned to the Roadmap’s objective, to improve services for citizens and businesses in the most efficient way possible.</p>
Analysis	<p>This criterion supports the Secretaries APS Reform Committee (chaired by the Secretary of the Department of Finance) in performing its strategic oversight role of the Modernising the Public Sector Roadmap, which outlines a number of new and existing initiatives that are expected to contribute to better services for citizens and businesses delivered by a more efficient public service.</p> <p>Each project under the Roadmap has a separate implementation and benefits realisation plan, aligned to the broad Roadmap objectives. Individual project leads are responsible for project delivery and benefits realisation.</p> <p>Finance coordinates high level status reports from project leads and provides advice to the APS Reform Committee on progress. The APS Reform Committee calls upon individual project leads to present ‘deep dives’ as needed (reporting against that project’s specific objectives).</p> <p>Status reports indicate that all initiatives are on track to deliver their intended outcomes, with the following delivered to date:</p> <ul style="list-style-type: none"> • an APS-wide framework for engagement and participation • pilot design for mobility/secondments • Executive Level 2 (EL2) talent assessment and development pilot • first stage assessment of APS classification system

Analysis
(continued)

- project to explore enabling new technologies
- GovTEAMs collaboration platform
- Centre of Procurement Excellence
- Productivity and Automation Centre of Excellence
- proof of concept for a whole-of-government ERP
- trial of new approach to prioritising major departmental investment.

In 2018–19, as part of the Productivity Pilot, Finance established baseline metrics and undertook initial analysis to provide an indication of what makes a high-performing team in the context of delivering better services to citizens and businesses, in the most efficient way possible. This work is being presented to the APS Reform Committee regularly to guide future decisions.

PM&C is responsible for a citizen experience survey, which provides the Committee with another input to guide the Roadmap.

Criterion	Finance ensures the Resource Management Framework is maintained a fit-for-purpose framework for the proper use of public resources, under which Commonwealth entities and companies understand their governance and accountability obligations, and are equipped and supported to meet them.
Source	Corporate Plan 2018–19, page 35 Program 2.1, Finance Portfolio Budget Statements 2018–19, page 39
Result	<p>Achieved</p> <p>The Independent Review of the operation of the PGPA Act and Rule, undertaken by Elizabeth Alexander AM and David Thodey AO, was completed in September 2018. It found that the PGPA Act and Rule established a coherent principles-based system of governance and accountability, and a performance framework, for the Commonwealth, comparing favourably with similar frameworks in other countries.</p> <p>The annual Chief Financial Officer (CFO) Survey was undertaken between December 2018 and January 2019. The survey results indicate satisfaction with Finance’s guidance and e-learning modules supporting the PGPA Act and framework.</p> <p>Finance’s ongoing engagement with new accountable authorities continues to be a measure of the broader support provided to Commonwealth entities to strengthen governance and accountability by providing systems of support, through web-based information and face-to-face meetings, for new accountable authorities to understand their duties in governing their entity.</p>
Analysis	<p>The PGPA Act is the cornerstone of a flexible resource management framework that enables accountable authorities to tailor resource management to the operating context of their entity. Finance supports entities on the application of the framework through comprehensive and up-to-date guidance, tools and advice.</p> <p>The Independent Review of the operation of the PGPA Act and Rule considered the support provided to Commonwealth entities including reviewing guidance on the PGPA Act and Rule issued by Finance, and consideration of other strategies such as Communities of Practice, utilised to support entities.</p> <p>The CFO Survey is used as a proxy measure to inform Finance on how well Commonwealth entities and companies understand their obligations under the PGPA Act and are supported by Finance to meet these obligations. In 2018–19, 85 CFOs of Commonwealth entities and Commonwealth companies completed the Survey. The Survey results indicated that CFOs believe that the PGPA Act provides a flexible framework that enables internal controls to be applied appropriately to Commonwealth entities’ and Commonwealth companies’ operating contexts.</p> <p>Finance also supports new accountable authorities to understand and apply the framework to support improved governance outcomes.</p>

Criterion	The government and key Parliamentary committees have confidence that public resources are used efficiently, effectively, economically and ethically.
Source	Corporate Plan 2018–19, page 36
Result	<p>Achieved</p> <p>As at 30 June 2019, there were no reports published in 2018–19 by the Australian National Audit Office (ANAO) or the Joint Committee of Public Accounts and Audit (JCPAA) identifying adverse findings on the PGPA Act and associated rules.</p>
Analysis	<p>This criterion uses ANAO audit reports and JCPAA inquiry reports as a proxy measure of Finance’s performance in implementing and maintaining the PGPA Act and associated rules supporting the efficient, effective, economical and ethical use of public resources. It is a measure of how effective the various products and services that Finance provides are in assisting Commonwealth entities to meet the requirements of the PGPA Act.</p> <p>The ANAO conducted a number of performance audits that were related to the PGPA Act and rules, including:</p> <ul style="list-style-type: none"> • Report No. 17—<i>Implementation of the Annual Performance Statements Requirements 2017–18</i> • Report No. 33—<i>Governance and Integrity of the Northern Australia Infrastructure Facility</i> • Report No. 34—<i>Effectiveness of Board Governance at Old Parliament House</i> • Report No. 35—<i>Governance of the Special Broadcasting Service Corporation</i> • Report No. 36—<i>Effectiveness of Board Governance at the Australian Institute of Marine Science</i> • Report No. 37—<i>Effectiveness of Board Governance at the Sydney Harbour Federation Trust</i>. <p>These reports contained no adverse findings on the PGPA Act and associated rules. However, they included commentary on the application of the PGPA Act by a number of Commonwealth entities. Finance monitors this commentary to identify areas where improvements could be made across the relevant requirements and guidance material to support improved implementation of the resource management framework.</p>

Criterion	The PGPA Act and Rule provisions, and Finance's support services, enable achievement of the objectives of the PGPA Act.
Source	Corporate Plan 2018–19, page 36
Result	<p>Achieved</p> <p>The Independent Review of the operation of the PGPA Act and Rule undertaken by Mr David Thodey AO and Ms Elizabeth Alexander AM was tabled in Parliament on Wednesday 19 September 2018.</p> <p>The Review found that the PGPA Act and Rule established a coherent principles-based system of governance and accountability, and a performance framework, for the Commonwealth. Finance has begun implementation of the Review recommendations, which will be broad reaching and involve consultation with Commonwealth entities and stakeholders. A number of recommendations have been completed.</p>
Analysis	<p>The objectives of the Independent Review were to:</p> <ul style="list-style-type: none"> • examine whether the operation of the PGPA Act and Rule is achieving the objects of the PGPA Act in a manner consistent with the guiding principles • identify legislative, policy or other changes or initiatives, to enhance public sector productivity, governance, performance and accountability arrangements covered by the PGPA Act • examine whether policy owners' implementation of the PGPA Act and Rule has appropriately supported their operation in Commonwealth entities. <p>The Review involved broad consultation with other parties and stakeholders, including the JCPAA, the ANAO, key staff of Commonwealth entities and Commonwealth companies, and international jurisdictions. Written submissions were also invited.</p> <p>The Review report was referred to the JCPAA for their consideration and the Committee's media release of 21 December 2018 noted their intent to monitor the implementation of the recommendations through regular reports from Finance.</p> <p>The Minister for Finance tabled a statement on the Government's response to the Review. It states that the Government accepts, in principle, 48 out of 52 recommendations of the Review that are within its responsibility.</p>

Criterion	Better performance information is available to the Australian Parliament and the public.
Source	Corporate Plan 2018–19, page 36
Result	<p>Achieved</p> <p>The Independent Review of the operation of the PGPA Act and Rule noted that the Commonwealth Performance Framework provides a good platform for improved planning and performance measurement and that practice is maturing.</p> <p>The basis for assessment of this criterion has changed in response to the recommendations of the Independent Review and JCPAA Report 469.</p>
Analysis	<p>From the 2018–19 reporting period, Finance has changed the approach to analysing and assessing corporate plans and annual performance statements. A whole-of-cycle assessment will be adopted in response to Recommendation 4 of JCPAA Report 469 (Finance should provide a yearly report to the Committee on the above matters by way of a snapshot on the 'health' of the Commonwealth performance framework, with this report to also be published on the Finance website) and Recommendation 10 of the Independent Review (the Department of Finance should develop 'lessons learned' papers that cover complete performance cycles to identify good-practice examples of a clear read of performance information across portfolio budget statements, corporate plans and annual reports). This involves assessing the corporate plan, Portfolio Budget Statements and annual performance statements as a whole at the end of each reporting period, rather than as individual components of the Commonwealth Performance Framework at the time of publishing. This approach will take account of issues such as a clear line of sight across these documents. The JCPAA will be provided with an annual report of the findings of the analysis and assessment, including the identification of better practice examples. This report will be published on the Finance website.</p> <p>The analysis and assessment of the 2018–19 reporting period will be undertaken when annual performance statements are tabled in Parliament in entity annual reports, which generally occurs in October and November. As a result, the findings of the report on the 2018–19 period will be provided in Finance's 2019–20 annual performance statements. A pilot of the new approach based on the 2017–18 reporting period is being undertaken to develop and test a methodology to assess whole-of-cycle reporting.</p>

Criterion	Investment mandates are set for each Australian Government Investment Fund which assists in achieving the financial and risk objectives and are consistent with the policy, regulatory and legislative framework.
Source	Corporate Plan 2018–19, page 37 Program 2.8, Finance Portfolio Budget Statements 2018–19, page 50
Result	<p>Achieved</p> <p>The Future Fund Management Agency has advised that, at 30 June 2019, the benchmark rates of return for the Future Fund, the Medical Research Future Fund and the DisabilityCare Australia Fund, the Building Australia Fund and the Education Investment Fund have been met when measured over the medium and long term.</p> <p>Finance advised the Government and assisted in drafting legislation to establish the Aboriginal and Torres Strait Islander Land and Sea Future Fund from 1 February 2019. Investments from the former Land Account are being transitioned into investments with a higher return potential, in line with the investment mandate for the Fund.</p>
Analysis	<p>Finance supports the Government through implementing a policy and legislative framework that facilitates maximising the returns on investment funds managed by the Future Fund Board of Guardians.</p> <p>Finance provides advice to the Government on investment mandates and governance arrangements for the Government's Investment Funds to maximise the value of the Funds to the Government. This includes advice on credits to the Funds and debits for payments from the Funds. The Funds are the:</p> <ul style="list-style-type: none"> • Future Fund, which seeks to assist the Government to meet unfunded superannuation liabilities • DisabilityCare Australia Fund, which seeks to enhance the Commonwealth's ability to reimburse state and territory, and Commonwealth governments for expenditure relating to the National Disability Insurance Scheme • Medical Research Future Fund, which seeks to provide grants of financial assistance to support medical research and medical innovation • Aboriginal and Torres Strait Islander Land and Sea Future Fund, which seeks to make payments to the Indigenous Land and Sea Corporation • Building Australia Fund • Education Investment Fund. <p>The Building Australia Fund was abolished after the 2018–19 reporting period ended.</p>

Criterion	The Commonwealth government's civilian superannuation schemes are effectively administered.
Source	Corporate Plan 2018–19, page 37 Program 2.7, Finance Portfolio Budget Statements 2018–19, page 49
Result	<p>Achieved</p> <p>Finance provided advice to the Government on policy, legislative, governance and other matters relevant to the Commonwealth civilian, parliamentary, judicial and governors-general superannuation arrangements.</p> <p>The operational and administrative objectives for the superannuation schemes administered by Finance were met—including benefit payments, pensions and contributions processing and the dispatch of members' statements.</p> <p>A new IT system to administer the schemes is being procured to improve efficiency of operations. The new IT system will be operational by the end of the 2019 calendar year.</p>
Analysis	<p>Finance supports the Government through implementing a policy and legislative framework for the Commonwealth civilian, parliamentary, judicial and governors-general superannuation schemes that is consistent with the Government's broader prudential requirements.</p> <p>The Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) and the Public Sector Superannuation Accumulation Plan (PSSAP) remain regulated superannuation schemes.</p> <p>In 2018–19, Finance advised the government and assisted in drafting legislative instruments to provide membership of the CSS, PSS and PSSAP to certain Australian Securities and Investments Commission employees and employees of the National Housing Finance and Investment Corporation.</p> <p>In 2018–19, Finance also provided advice to the Minister on four appointments to the Board of the Commonwealth Superannuation Corporation, which is the trustee and administrator of the CSS, PSS and PSSAP. The appointments were finalised before 30 June 2019.</p> <p>Finance administers the Parliamentary Contributory Superannuation Scheme, the Judges Pension Scheme and the Governors-General Pension Scheme as well as the Death and Disability arrangements for Federal Circuit Court Judges. Benefit and pension payments were paid in accordance with the prescribed timeframes.</p> <p>In 2018–19, Finance successfully implemented a new framework (Member Account Attribute Service) for the reporting of member accounts to the Australian Taxation Office that fulfilled its statutory reporting obligations for the superannuation schemes it administers.</p>

Criterion	Finance works with external stakeholders to develop, implement and maintain systems and policies to support a fair, efficient, and transparent procurement framework for the Australian Government and its suppliers.
Source	Corporate Plan 2018–19, page 38 Program 2.5, Finance Portfolio Budget Statements 2018–19, page 46
Result	Achieved Finance worked proactively and engaged regularly with Commonwealth entities and external stakeholders through a variety of mechanisms to improve procurement practices.
Analysis	<p>Finance develops, implements and maintains systems and policies to support a fair, efficient and transparent procurement framework for the Australian Government and its suppliers.</p> <p>Procurement is strategically important to all government agencies because it supports the delivery of Government policies, programs and services. Poor procurement processes can lead to sub-optimal outcomes, such as delays or additional costs to address problems.</p> <p>In 2018–19, Finance’s management of the procurement framework included:</p> <ul style="list-style-type: none"> • providing advice to Commonwealth entities about procurement policy and administration, including technical advice on government procurement to support free trade negotiations • updating the Commonwealth Procurement Rules to, among other things, reflect outcomes from our free trade arrangements • engaging with key industry and government stakeholders through the Procurement Consultative Roundtable • launching the Centre of Procurement Excellence (CoPE), and implementing complementary initiatives, including: <ul style="list-style-type: none"> – refreshing and redesigning the industry-facing Selling to Government website – establishing a CoPE Steering Group, comprising representatives from key Commonwealth entities and the business community. • maintaining and supporting AusTender, the Australian Government’s centralised procurement information and e-tendering system, including completing a major software re-platform project • developing intuitive and user-friendly self-service procurement tools, such as: <ul style="list-style-type: none"> – ClauseBank (a repository of pre-drafted optional contract clauses) – the Australian Government Contract Management Guide. • developing comprehensive guidance to assist agencies to implement and comply with the new complaints arrangements established under the <i>Government Procurement (Judicial Review) Act 2018</i>.

Criterion	Whole-of-Australian-Government (WoAG) procurement arrangements for non-ICT corporate services (e.g. travel bookings and major office equipment) generate savings for Commonwealth entities that access these arrangements.
Source	Corporate Plan 2018–19, page 38
Result	Achieved Recent procurement processes have established price savings for entities. Targeted benchmarking of prices through our whole-of-government arrangements confirm that savings and efficiencies have been achieved through negotiated prices and behavioural change.
Analysis	Finance delivers savings and efficiencies to entities by: <ul style="list-style-type: none"> • analysing expenditure data to identify trends • identifying and encouraging more efficient purchasing behaviour • negotiating prices that deliver value for money products and services • ensuring that the objectives of coordinated procurements are achieved.

Criterion	Comcover is financially sustainable.
Source	Corporate Plan 2018–19, page 38
Result	Achieved Comcover, which is self-funded through the collection of annual fund member contributions, continues to deliver cost-effective services that encourage agencies to effectively manage insurable risk.
Analysis	Comcover was established as a self-managed fund in July 1998 to implement the Government's self-managed insurance policy. It is mandatory for all Commonwealth entities that are subject to the PGPA Act and classified in the general government sector to be Comcover members. Outstanding claims are actuarially assessed each quarter and annual risk-based premiums are set based on actuarial advice regarding the expected cost of claims in the policy year and administration expenses. By providing a clear price signal, these risk-based premiums encourage agencies to effectively manage insurable risk. As at 30 June 2019, Comcover had a claims liability of \$471.5 million, with cash reserves of \$518.3 million in the Comcover Special Account. It is anticipated that Comcover will be able to meet its liabilities as and when they fall due, with the cash balance adequate to cover at least four years of normal claims payment experience. Information on the financial performance and position of the scheme is included in the Department's financial statements.

Criterion	Comcover assists Commonwealth entities to ensure the appropriate treatment of insurable risks and provides a consistent, whole-of-government approach to the management of claims against the Commonwealth.
Source	Corporate Plan 2018–19, page 39 Program 2.4, Finance Portfolio Budget Statements 2018–19, page 45
Result	Achieved Results from the 2018–19 Risk Management Benchmarking Program show that the overall risk maturity of Comcover fund members increased by 1.9 per cent in 2018–19. Increases in maturity were recorded across each of the nine elements of the Commonwealth Risk Management Policy. The greatest increase, of 3.6 per cent, was observed for element seven— <i>Understanding and managing shared risk</i> , with the lowest increase (0.3 per cent) observed for element five— <i>Developing a positive risk culture</i> .
Analysis	<p>Comcover supports entities to obtain the knowledge, skills and expertise they need to successfully implement and integrate risk management in their organisations. Throughout 2018–19, Comcover provided entities with a range of risk management services including:</p> <ul style="list-style-type: none"> • training to 2,460 officials from 101 entities through a comprehensive training program in risk management, which includes workshops, e-learning and workplace support • better practice guidance, case studies and access to risk management tools and consultancy services, which assists entities to manage risk effectively • advice and support to entities on risk management issues, including tailored advice and the development of specific risk management tools • a Comcover Legal Seminar Series to highlight current and emerging risks • the annual Risk Management Benchmarking Program, which enables fund members to self-assess their risk management capability against the nine elements of the Commonwealth Risk Management Policy using a risk maturity model. <p>These services contribute directly to improving the risk maturity of entities.</p> <p>The 2018–19 Comcover Awards for Excellence in Risk Management recognised exceptional and inspiring examples of risk management by Commonwealth entities. Eleven nominations were received in the Enterprise Wide and Risk Initiative categories with six awards presented across both categories.</p>

Criterion	<p>In accordance with government targets:</p> <ul style="list-style-type: none"> • better utilisation of office space leased by non-corporate Commonwealth entities • absorb Commonwealth entities' lease requirements into existing vacant office accommodation where it is feasible to do so (Operation Tetris) • ensure that leases and other property services are delivered through coordinated procurements • continued rationalisation, through divestment, of the property portfolio in 2018–19 to ensure it continues to meet contemporary requirements.
Source	<p>Corporate Plan 2018–19, page 39–40 Program 2.3, Finance Portfolio Budget Statements 2018–19, page 44</p>
Result	<p>Achieved</p> <p>The Commonwealth is continuing to better utilise leased office space, including through implementation of the whole-of-government Leasing Strategy and the coordinated procurement arrangements for leasing and property services. As of 30 June 2019, 75 per cent of non-corporate Commonwealth entities have transitioned to the coordinated arrangements.</p> <p>The 2018 Australian Government Office Occupancy Report, published in April 2019, showed the Australian Public Service reduced its leased office footprint by 1.5 per cent since 2016, and the number of office accommodations that meet the occupational density target increased from 22.1 per cent in 2016 to 31.6 per cent in 2018.</p> <p>The divestment program is ongoing. Since 1 January 2015, 138 properties have been sold, with gross proceeds of over \$222 million. A further 25 properties are on the program for divestment.</p>
Analysis	<p>Finance is responsible for the:</p> <ul style="list-style-type: none"> • policies and legislation that form the Commonwealth's Property Management Framework (Property Framework), including development and implementation of policies, and advising entities on policy interpretation and obligations. The Framework establishes the principles for the efficient, effective, economical and ethical use of property resources and applies to property leased and owned by non-corporate Commonwealth entities • management of whole-of-government Property Services Coordinated Procurement arrangements, the whole-of-government Leasing Strategy and management of the Government's Strategic Property Adviser

Analysis
(continued)

- oversight, management and support to entities on the Commonwealth's leased and owned property interests, including data through the online Australian Government Property Register and the annual Office Occupancy Report
- the *Lands Acquisition Act 1989*, and for administering relevant provisions of the *Public Works Committee Act 1969*, including advising the Minister on exercising statutory powers
- management of the Australian Government's domestic non-Defence property portfolio (including acquisitions and divestments when and as required) and the construction and delivery of domestic non-Defence major capital works projects (when and as required by Government).

Finance is demonstrating its contribution to the purpose of public sector resourcing and transformation through reforming and transforming the management and operations of Commonwealth property assets and interests.

Finance continues to build efficient Commonwealth property outcomes through:

- the whole-of-government coordinated procurement of property services to leverage the Commonwealth's buying power
- the whole-of-government Leasing Strategy to capitalise on vacant Commonwealth space and undertake joint approaches to market (where practicable) for new space
- the National Property Divestment Program to streamline the Commonwealth's property holdings
- strategic analysis and reporting of property data to assist entities to meet their policy, regulatory, property and work health and safety responsibilities.

Finance continues to reduce Commonwealth property holdings and therefore ongoing maintenance costs, through divestment of properties that are surplus to requirements, in accordance with the Commonwealth Property Disposal Policy.

A commitment to genuine engagement with external stakeholders, through formal governance and informal arrangements, has provided an open channel of communication to strengthen linkages and collaboration between Finance and entities as we deliver these and other Commonwealth property-related initiatives.

Criterion	Facilitate and monitor GBE delivery of the government's key infrastructure priorities, including Western Sydney Airport, Inland Rail and Naval Shipbuilding.
Source	Corporate Plan 2018–19, page 40
Result	<p>Achieved</p> <p>Finance, in collaboration with the relevant Shareholder Departments, has implemented governance arrangements to facilitate the delivery of some of the Government's key priority projects and initiatives.</p> <p>A key achievement in Naval Shipbuilding was the successful implementation of ASC Reform, with the separation of ASC Shipbuilding Pty Ltd from the ASC Group in December 2018 and its transfer to BAE Systems Australia to build the Hunter Class Frigates. This required the execution of a commercial transaction to deliver sovereign naval shipbuilding capability that supports the Government's continuous Naval Shipbuilding program now and into the future.</p> <p>Finance, in collaboration with the Department of the Environment and Energy, has provided advice to Government to facilitate the decision to invest in Snowy Hydro Limited for the delivery of Snowy 2.0. The Snowy 2.0 Taskforce provided advice to Government, resulting in the Commonwealth's decision to support delivery of the project including an equity investment of \$1.38 billion over six years, subject to Snowy Hydro achieving financial close on the project and the commencement of the main project works, expected in 2020.</p> <p>Finance continues to support Australian Rail Track Corporation (ARTC) in progressing to the construction stage for Inland Rail, with a sod-turning held on the Parkes to Narromine section on 13 December 2018. Through the provision of advice to Government and ARTC, Finance also assisted ARTC to release the Inland Rail Public Private Partnership Expression of Interest request on 29 March 2019.</p> <p>Finance, through the provision of advice to Government and Western Sydney Airport, has supported the commencement of construction onsite and the naming of the airport as Western Sydney International (Nancy-Bird Walton) Airport. The timely achievement of these activities has enabled Western Sydney Airport to remain on track to commence airport operations by 2026.</p>

Analysis

Finance provides advice to the Australian Government relating to its Government Business Enterprises (GBEs) and other commercial entities.

A GBE is a Commonwealth entity or Commonwealth company that is prescribed by the rules (section 8 of the PGPA Act). Section 5 of the PGPA Rule prescribes nine GBEs (two corporate Commonwealth entities and seven Commonwealth companies).

Finance's primary tasks in relation to GBEs are to:

- provide sound strategic and analytical advice to the Government, in particular by engaging with the GBEs, analysing their operations and their environment, and consulting with stakeholders
- action the Government's decisions including communicating objectives
- ensure that there is a robust and sound governance framework in place by initiating change and contributing to policy development.

Finance regards its effectiveness in facilitating and monitoring GBE delivery of the Government's key infrastructure priorities as a valuable contribution to the public sector resourcing and transformation element of Finance's purpose.

Criterion	Continue to encourage ongoing efficiency and financial sustainability in GBEs.
Source	Corporate Plan 2018–19, page 41
Result	<p>Achieved</p> <p>Finance continues to provide assistance to Commonwealth GBEs with respect to corporate planning, financial and operational performance and other significant programs of work. Advice is provided on a regular basis to Shareholder Ministers on the compliance and performance of the GBEs, based on information provided in corporate plans, quarterly reports and annual reports as well as regular interactions with the GBEs. Further work is being undertaken to ensure best practice regarding both the oversight of GBEs and the consistency and quality of the analysis and briefing.</p> <p>The second GBE Company Secretaries Forum, held in Adelaide in March 2019, provided an opportunity to bring company secretaries and Shareholder Departments together to facilitate shared learnings, experiences and discussions on best-practice approaches. It also provided an avenue for attendees to build a network of professional contacts.</p> <p>Representatives from eight GBEs and four Shareholder Departments attended the day, with topics discussed including corporate plans, caretaker conventions and the PGPA Act. The Forum was well received by all attendees and it was an effective way to share information, ideas and learnings.</p>
Analysis	<p>Another valuable measure of performance against the public sector resourcing and transformation element of Finance’s purpose relates to Finance’s oversight of GBEs. This performance criterion uses a range of indicators to measure Finance’s performance in encouraging Commonwealth GBE efficiency and financial sustainability, including:</p> <ul style="list-style-type: none"> • the provision of advice to Shareholder Ministers on the performance of the GBEs • the compliance of GBE corporate plans with the PGPA Act and GBE Guidelines • delivery of activities to support GBE efficiency, appropriate risk management, financial sustainability and knowledge sharing, such as the GBE Company Secretaries Forum.

Delivering effective services to, and for, government

Criterion	As a Shared Service hub, the Service Delivery Office provides quality services to client entities.
Source	Corporate Plan 2018–19, page 42 Program 2.6, Finance Portfolio Budget Statements 2018–19, page 48
Result	<p>Achieved</p> <p>In 2018–19, the Service Delivery Office (SDO) continued to mature as a Shared Service Hub. The SDO worked to further build the Shared Service Program and transitioned two new clients to a cost-effective, high-quality shared services offering. These new clients commenced receiving services from the SDO on 1 July 2019.</p> <p>The SDO continued to deliver on its agreed service levels for clients during 2018–19. The SDO achieved an average service level of 96.42 per cent across all services, managing on average:</p> <ul style="list-style-type: none"> • 2,379 credit cards per month • 5,323 payments received and debts per month • 2,353 payments per month • 5,895 active Hub users per month • 732 HR master data amendments per month • 4,811 pays per pay period.
Analysis	<p>Operating the SDO is a key activity in Finance contributing to its purpose to deliver effective services to, and for, government.</p> <p>The SDO directly supports the modernisation and transformation of the APS as one of the Hubs providing shared services to Commonwealth entities. Through the delivery of shared, standard and sustainable technologies and processes and the increasing use of automation, the SDO contributes to increasing the effectiveness and efficiency of organisational management.</p> <p>In 2018–19, the SDO provided monthly performance reports to its clients, ensuring transparency and accountability on its performance against agreed service levels. In May 2019, the SDO established a customer survey capability within its systems, providing a channel for feedback from the end recipients of the SDO's services and to inform targeted operational and service delivery improvements.</p>

Analysis
(continued)

The SDO continues to fulfil the goals of the Shared Services Program by maximising the benefits of consolidation and standardisation of shared corporate functions. In 2018–19, the volume of corporate and financial services provided by the SDO to its clients remained at comparable levels to 2017–18. The SDO continued to focus on building economies of scale by transitioning two new clients to its services from 2019–20. Further, the SDO engaged with other Commonwealth agencies on the potential to onboard to its services in future years.

The Productivity and Automation Centre of Excellence (PACE) continued to support government agencies to achieve enhanced business management practices and process automation. Within the SDO, 11 automation processes are operating, delivering efficiencies by freeing up over 3,000 hours of staff capacity per year and improving quality by reducing manual errors. The PACE also established the Strategic Reference Group with a focus on providing strategic direction on building automation capability for the Australian Government, while ensuring it is underpinned by effective commercial arrangements and appropriate governance.

In 2018–19, its second full year of operation, the SDO continued to provide cost reductions to its clients, with reductions in prices of around 8 per cent. These savings are returned to clients, enabling them to focus on delivering better frontline services to citizens and businesses.

This ongoing success has been delivered through a combination of initiatives, including a client-centric approach and a focus on stronger engagement, transparency and governance. The SDO's partnership with clients is exemplified in their engaged participation in the identification, prioritisation and oversight of shared investments.

Criterion	Commonwealth entities and companies have access to GovTEAMS, a new generation platform to provide a single environment for both internal and external collaboration across government to improve public sector productivity.
Source	Corporate Plan 2018–19, page 43
Result	<p>Substantially achieved</p> <p>The GovTEAMS platform is successfully operating with modern collaboration tools such as Chat, Online Audio and Video Meetings, Online Profiles, Social Feeds and File Sharing available to government employees and their invited external guests for 99 per cent of the time in office operating hours.</p> <p>User adoption rates for 2018–19 reached approximately 19,500 registered users by 30 June 2019.</p> <p>All active GovDEX communities were successfully migrated to GovTEAMS in May 2019. Many existing GovDEX communities transitioned to GovTEAMS before their communities were migrated. The end-of-year user count in GovTEAMS exceeded the number of active GovDEX users.</p>
Analysis	<p>GovTEAMS forms part of both the Secretaries APS Reform Committee program and the Finance Transformation Plan.</p> <p>Finance is committed to being a driver of transformation in the public sector and a key focus is building capability across the APS. GovTEAMS supports this goal by facilitating APS-wide collaboration in a modern and innovative way. GovTEAMS empowers individuals with the tools they need to build their digital capability and increase their productivity.</p> <p>The GovTEAMS Program has adopted an agile and adaptable approach in the delivery of GovTEAMS to government, achieving success in a resource constrained and dynamic environment.</p> <p>The GovTEAMS business case forecast productivity gains of \$6.9 million in year one, based on 10,000 users for the entire year. The actual GovTEAMS average monthly user count from 1 January (launch date) to 30 June was 9,500. Based on actual user counts, the original benefits estimation model forecasts actual productivity gains of \$6.6 million for the 2018–19 financial year.</p> <p>Within Finance, the GovTEAMS' video-conferencing facility was successfully used by Finance staff members to participate in the Malaysia-Australia Economic Workshop. Using GovTEAMS enabled effective participation in the Workshop while saving the cost of international travel.</p>

Criterion	Commonwealth entities and companies have access to the GovCMS management and website hosting support platform to assist in the creation of modern, affordable and responsive websites that better connect Government with people.
Source	Corporate Plan 2018–19, page 44
Result	<p>Achieved</p> <p>As of 30 June 2019, 284 sites and 91 agencies were using GovCMS from all tiers of government, an annual increase of 20 per cent for agencies using the platform and an increase of 44 per cent for number of websites hosted.</p> <p>Websites hosted on GovCMS were available to the public for 99.97 per cent of the year. Commonwealth entities were able to access the platform back-end with an up-time of 99.998 per cent over the year, exceeding the 99.95 per cent up-time service level.</p>
Analysis	<p>The original feasibility study for GovCMS in 2014 provided a cost model for savings generated that was commissioned by Finance and designed by Deloitte.</p> <p>The feasibility study projected a conservative four-year uptake of 182 sites, an ambitious uptake of 437 sites, and an intermediate uptake of 300 sites. Assessment against the original feasibility study shows how the platform is tracking against original targets designed by Deloitte. Finance is tracking close to the intermediate uptake.</p> <p>The Digital Transformation Agency commissioned Deloitte to update and refine the model in 2016 for determining whole-of-government cost savings for digital transformation. The underlying parameters are conservative and remain valid in 2019.</p> <p>Using the Deloitte model, the total operating cost (excluding agency staffing costs) for the 284 sites hosted would exceed \$73 million if hosted independently. The total cost of operating GovCMS in 2018–19 was \$5.9 million, an overall saving of \$67.1 million.</p> <p>Commonwealth sites make up 81 per cent of sites on the platform (231 sites) and generate 80 per cent of the total savings. The model shows that the savings specific to the Commonwealth are \$53.7 million annually. Savings calculations shows the cost to government (excluding staff costs) if these sites were hosted independently less the cost of the GovCMS platform, including GovCMS staff costs (but not agency staff costs). The remainder is a conservative assessment of the savings generated. As agency staff costs were excluded from the model, there are savings not accounted for. For example, agencies hosting sites on the Software as a Service (SaaS) platform no longer require in-house infrastructure engineers.</p>

Analysis
(continued)

Finance continues to engage with agencies where possible to obtain a more detailed view of actual savings.

GovCMS has enhanced security for Commonwealth websites by using its collective purchasing power to embed cyber security defences into SaaS. Prior to GovCMS, few agencies had the ability to fully protect their sites with either Distributed Denial of Service (DDoS) defence, Web Application Firewall (WAF) or a content delivery network (CDN). As costs were prohibitive, some agencies protected their main corporate website with either DDoS or CDN but rarely both, and few were able to extend similar defences to all the other sites they owned. All websites hosted on SaaS have these protections by default and agencies are benefiting from increased cyber security resilience and increased coverage across their website collections.

GovCMS' high availability to users and administrators also demonstrates the stability and robustness of the platform.

Criterion	Services meet the needs of Parliamentarians, their employees and others as required by the Australian Government.
Source	Corporate Plan 2018–19, page 44 Program 3.1, Finance Portfolio Budget Statements 2018–19, page 54
Result	<p>Achieved</p> <p>Service standards met, or exceeded, for the period ending 30 June 2019 include:</p> <ul style="list-style-type: none"> • 98 per cent of client contacts were acknowledged within 24 hours and responded to within agreed timeframes • 99.87 per cent of payments (including payroll) were made within agreed timeframes • 99.71 per cent of COMCAR reservations were completed without service failure • 100 per cent of office establishment and relocation projects were delivered within their approved budget.
Analysis	<p>Finance regards the delivery of timely and efficient business support to current and former parliamentarians and their employees under the <i>Members of Parliament (Staff) Act 1984</i>, and others as required by the Australian Government, as essential. This subsequently benefits the broader Australian community.</p> <p>Finance oversees the provision of non-travel related expenses and services to parliamentarians (current and former) and their respective employees. Finance also provides secure and confidential car-with-driver services (COMCAR) to a range of clients, including the Governor-General, the Prime Minister, members of parliament, the federal judiciary and heads of Commonwealth agencies.</p> <p>In order to determine our performance in delivering these services, Finance identified four high-level service standards related to essential services delivered by Finance. In 2018–19, Finance met all of these service standards.</p> <p>Finance continues to put parliamentarians' and their employees' needs at the centre when designing and delivering services. This is done by employing user reference groups, consultative groups, service delivery data and surveys to ensure the best outcomes for our clients.</p>

Criterion	The timeliness, efficiency, clarity and transparency of the administration of parliamentary work expenses is improved.
Source	Corporate Plan 2018–19, page 45
Result	<p>Substantially achieved</p> <p>The Parliamentary Expenses Management System (PEMS) is a secure online portal for parliamentarians, former Prime Ministers, their staff and administering entities to electronically submit and monitor office and travel expense claims, manage budgets and perform reporting and various HR functions. Release of the first stage—office and travel expense functionality—was in August 2018.</p> <p>As part of the PEMS project, a new vehicle booking and dispatch management system for COMCAR has also been implemented. The COMCAR Automated Resource System (CARS) provides significant advances in technology over previous booking systems, including greater functionality (online and mobile applications) for COMCAR clients and staff.</p> <p>The final release of PEMS, scheduled for delivery in mid-2020, will activate HR payroll, budget management, digital end-to-end processing of claims for office expenses and travel, reporting and audit functions.</p>
Analysis	<p>Finance is continually seeking to improve the timeliness, efficiency, clarity and transparency of administering parliamentary work expenses.</p> <p>Finance, in collaboration with PM&C, the Remuneration Tribunal and the Independent Parliamentary Expenses Authority, is implementing the recommendations of the An Independent Parliamentary Entitlements System: Review report.</p> <p>A major reform from the Review is the implementation of a new parliamentary work expenses framework that commenced on 1 January 2018 and the implementation of PEMS.</p> <p>The project is being implemented in stages to assist with the transition and to meet stakeholder expectations. Progress reports are provided to Finance’s Executive Board through the Strategic Review process.</p> <p>The PEMS Portal was launched in July 2018 and additional functionality was added in the following five months. Parliamentarians can now also lodge travel and expense claims digitally. Finance has continued to undertake design of the final release, which will provide integration of the office and travel expense claims with the financial management information system. PEMS will also include budget management, reporting and self-service functions such as viewing payslips, submission of leave applications and managing changes in personal information.</p>

Overarching analysis of performance against Finance's purpose

Operating as a central agency of the Australian Government, Finance performs a critical and influential role in assisting the Government to shape and deliver its priorities, ensure public expenditure programs are sustainable, and enable the sector to deliver efficient services to government and for the Australian community. Finance undertakes a diverse range of activities to meet its purpose, from policy and financial advice to support informed decision-making, to the creation of operating frameworks fit for a modern and agile APS, through to effective and efficient service delivery, primarily to other government entities and parliamentarians.

Finance's success reflects our strong, collaborative approach with our stakeholders to better understand the Government's agenda and ensure a clear line of sight to outcomes for the Australian public including ensuring government decisions support value for money for taxpayers. Through this approach, Finance supports the Government to implement the policies they have been elected to deliver and ensure that the Australian people are at the centre of APS service delivery. This also helps build public confidence and trust in the integrity and accountability of the public service.

In 2018–19, as it has been in previous years, Finance's performance in achieving its purpose was impacted by emerging priorities and environmental pressures, some beyond Finance's control. As forecast in Finance's 2018-19 Corporate Plan, the Department's performance in 2018-19 had regard to:

- the Government's fiscal strategy and the discipline of a structured budget process
- innovations in business models and technology that disrupt every sector of the economy, including the public sector
- the substantial contribution of GBEs and other Commonwealth entities to the Australian economy
- the Parliament and community's expectations regarding the effective management of expenses for parliamentarians and their staff.

In 2018–19, Finance continued to implement the Government's agenda across the breadth of our policy and service delivery responsibility.

These annual performance statements demonstrate that Finance made substantial contributions towards its purpose in 2018–19 despite a challenging operating environment and fiscal constraints. This included a federal election in May 2019 which required the Department to:

- undertake activities inherent to the election cycle such as the release of the PEFO with the Treasury
- implement machinery-of-government changes for the public service
- provide increased support to parliamentarians and their staff before, during and following the outcome of the election.

The Department's performance and delivery of its core functions and activities, including through the caretaker period, was against this backdrop.

The Finance Corporate Plan is the key planning document against which our performance and delivery is measured. In 2018–19, Finance demonstrated high levels of performance across all 26 of the performance criteria published in its 2018–19 Corporate Plan, with 21 of the 26 performance criteria assessed as achieved and five assessed as substantially achieved. Our achievements and contribution towards our purpose in 2018–19 included the following performance highlights:

- delivering on our key budget responsibilities in support of the Government’s fiscal target and policy objectives, including the 2017–18 FBO, 2018–19 MYEFO and an early 2019–20 Budget
- completing a full cycle of economic updates in the new CBMS and rolling out the Shared Budget Workflow System (SBWS) to facilitate information-sharing and collaboration, and enhance efficiency in budget management
- disbursing cash through CBMS to meet the cash needs of every Commonwealth entity on each day in 2018–19, enabling Commonwealth entities to operate and deliver services, ensuring the ongoing operations of government
- demonstrating strong collaboration and leadership across government in spearheading policy development, research projects, whole-of-government engagement and supporting the Secretaries APS Reform Committee
- supporting the delivery of the Independent Review of the operation of the PGPA Act and Rule (tabled in September 2018)—which noted its successful implementation and areas for improvement—and working collaboratively to implement the recommendations agreed to by the Government which will further strengthen public sector governance
- developing legislation to improve the transparency of political donations, restrict foreign donations and modernise the electoral system
- providing advice to the Australian Government relating to its GBEs and other commercial entities, including ensuring a robust and sound governance framework
- working to ensure best practice oversight of GBEs and the commercial projects they deliver, and holding the second GBE Company Secretaries Forum, bringing Company Secretaries and Shareholder Departments together to facilitate discussions on best practice approaches
- supporting the timely commencement of the construction of Western Sydney International (Nancy-Bird Walton) Airport, ensuring the project remains on track
- acquiring Snowy Hydro Limited from the New South Wales and Victorian Governments as part of the Commonwealth Government’s plan to deliver affordable and reliable power to consumers and businesses
- delivering the separation of ASC Shipbuilding from ASC Pty Ltd and the transfer of ASC Shipbuilding to BAE Systems Australia, as part of an agreement to see the delivery of nine Hunter Class Frigates and the establishment of a sovereign naval shipbuilding capability
- establishing a Centre of Procurement Excellence to unlock further savings and drive value for money across government
- achieving efficiency and savings for government through the National Property Efficiency Program and National Property Divestment Program, including the divestment of 31 properties and revenue to the Commonwealth of \$52.4 million (exclusive of GST) in 2018–19
- supporting continued innovation with the introduction of the DART and the SDO continuing to improve the way shared services can be delivered, which is being watched by all levels of government in Australia and across the globe

- delivering efficiencies through the SDO which continues to mature as a Shared Service Hub, including achieving an 8 per cent reduction in operating costs for its clients in its second year of operation and delivering value for money to those agencies so they can focus on delivering better frontline services to citizens and businesses
- providing effective and high standard services to parliamentarians, their respective employees and others to assist them in undertaking their duties, with all office establishments and projects being delivered within their approved budget and over 98 per cent of enquiries responded to within 24 hours
- supporting a royal visit as well as APEC towards the end of 2018 through COMCAR services
- rolling out the PEMS, which is being used by the vast majority of parliamentarians, to modernise and streamline the management of parliamentary expenses, with further enhancements to come.

Underpinning these performance highlights and across all of Finance's achievements is our role as steward and our focus on supporting the effective implementation of government priorities, both internally and across government, to deliver better outcomes for citizens.

Finance's responsibility for numerous whole-of-government policies and initiatives helped assist the APS in 2018–19 to operate effectively and efficiently, and adapt to new challenges and leverage emerging opportunities, including in innovative ways.

As an agency, Finance is committed to transforming into a more flexible, adaptable and responsive organisation, with a sustained focus on stewardship, genuine collaboration and leveraging data and technology to deliver for all Australians. A significant aspect of our transformation agenda is about ensuring we are fit for the future and responsive to changes in our external environment.

In 2018–19, Finance sought to further develop and enhance the enablers required to achieve its purpose—resources, staff, capabilities, leadership, systems and business processes—and delivered a number of initiatives to support this agenda through:

- continued investment in our data capability model to ensure we have the right hardware, software, people, culture and data in place to allow data analytics to happen more efficiently and effectively, and to support better advice to the Government by delivering and implementing the SBWS and the DART
- moving relevant departmental corporate functions to the Shared Services Hub as a new and innovative way of working, recognising the benefits of operating at scale in the management of corporate functions, supported by the PACE
- a professional, capable, diverse workforce, deployed across the Department in line with our key priorities, enabling Finance to respond to the Government's agenda.

Overall, and within a changing and dynamic environment, Finance performed strongly across all of the performance criteria specified in its 2018–19 Corporate Plan to deliver a broad range of substantial contributions to Finance's purpose.

Financial performance

Finance's 2018–19 financial statements are presented in Part 5 of this report. The Australian National Audit Office issued an unmodified audit opinion for the financial statements on 30 August 2019.

A summary of Finance's financial performance for departmental activities and the activities administered on behalf of the Government is provided below.

Departmental activities

The 2018–19 operating surplus of \$16.5 million (2017–18: \$126.9 million) is reflective of the Department's strong resource management. The Department manages a diverse range of activities that are subject to external factors that can significantly impact the operating result in any given year. The 2018–19 operating result is lower than 2017–18, primarily due to Comcover insurance claims.

The result is in keeping with the Department's sound financial position as at 30 June 2019, with financial assets of \$932.7 million exceeding total liabilities of \$731.6 million. Non-financial assets were \$2.1 billion as at 30 June 2019, primarily reflecting the Department's non-Defence domestic property portfolio.

Activities administered on behalf of the Australian Government


In 2018–19, Finance administered four programs on behalf of the Australian Government with expenses of \$11.7 billion including:

- \$8.4 billion in member benefits for Commonwealth defined benefit superannuation schemes
- \$2.6 billion relating to the investment funds including distributions to portfolio special accounts
- \$0.6 billion for ministerial and parliamentary services including entitlements, salaries for staff employed under the *Members of Parliament (Staff) Act 1984*, and COMCAR services.

Administered income of \$2.6 billion includes \$1.2 billion of superannuation contributions and \$1.3 billion of interest, dividends and distributions and gains from the investment funds.

At 30 June 2019, administered assets were \$41.0 billion and contain investments in a wide range of securities, instruments and collective investment vehicles. Total assets increased 25.2 per cent from 2018–19, mainly due to government contributions.

Administered liabilities of \$235.5 billion largely consist of member benefits for the Commonwealth defined benefit superannuation schemes. Superannuation liabilities increased by \$50.0 billion from the prior year primarily as a result of changes to the discount rate used to value the liabilities.



Part 3: Management and accountability

Corporate governance
External scrutiny
Asset management
The Central
Advertising System
Procurement
Environmental
performance

Corporate governance

This section discusses Finance's support services and governance structures, which provide a framework to promote accountability and overall effectiveness.

Corporate services

The Corporate Services and Information and Communications Technology divisions, under the Department's Business Enabling Services, provide high quality and efficient services to Finance. In addition to delivering these services, in line with compliance requirements and service standards, there is a strong focus on best-practice delivery and strategically looking ahead to ensure services and technology remain fit for purpose for our clients.

Finance's internal transformation agenda provides direction for how the Department can improve service delivery with innovative and forward-looking initiatives.

Specifically, the Corporate Services Division provides strategic advice to the Secretary and Executive Board on corporate governance and departmental administration. The Division connects its operational delivery of corporate services with organisational planning and reporting activities and strategy through the Integrated Business Planning framework (see page 77). The Division provides a range of services to the Department and our ministers including:

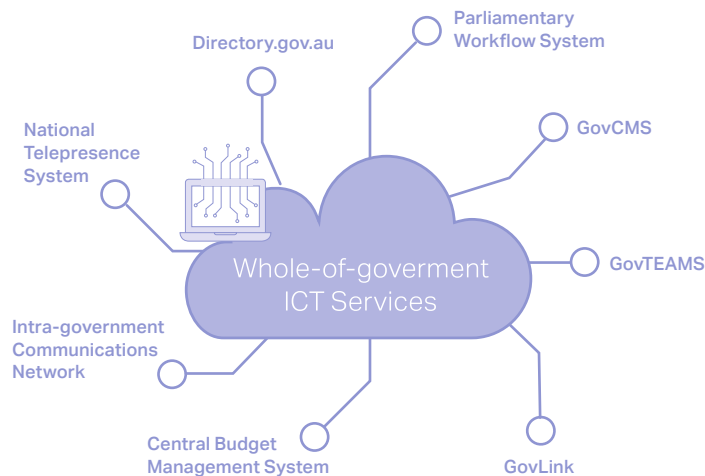
- parliamentary coordination and liaison
- human resource services
- financial advice and support
- in-house legal services
- facilities management and security
- communications and public affairs strategy
- advice and knowledge management.

The Information and Communications Technology Division delivers business services to the Department and other government agencies. The Division supports the Chief Information Officer and Chief Information Security Officer functions of IT security, architecture, service and program delivery, as well as online, technical and government network services.

In 2018–19, the Division provided services to approximately 1,700 users to support Finance's operations. It provided a range of whole-of-government services that enhanced collaboration and connection by government entities. These services:

- provided online workspaces for over 22,000 people, 160 organisations and 3,500 communities
- hosted over 280 government websites
- enabled over 800 meetings via secure video for ministers and senior government officials.

Figure 3: Whole-of-government ICT Services



Governance

Finance's governance framework promotes the principles of good governance and supports our performance in line with government and organisational priorities. This is achieved through engaging with staff on matters of risk management and accountability, transparency of the Executive Board and committee operations, and embedding Integrated Business Planning at all levels. This framework supports the Secretary in discharging her duties under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the *Public Service Act 1999*.

Figure 4 (see page 75) shows Finance's governance structure at 30 June 2019.

The Executive Board

The Executive Board is the chief advisory and decision-making body in Finance. It supports the Secretary in discharging her duties under the PGPA Act. Members of the Board provide strategic leadership to ensure the Department delivers its programs in keeping with the Government's policy objectives. The Board also monitors performance and maintains accountability.

In addition to its decision-making role, the Board structures its business to ensure that it undertakes key strategic discussions, considers emerging risks and receives regular updates from the chairs of the subcommittees. The Board sets the direction of, and oversees progress made against, the Department's transformation agenda to ensure we are a high-performing, modern, efficient and continuously improving public sector organisation delivering better and more efficient services to government and citizens.

The Secretary chairs the Executive Board, supported by the four Deputy Secretaries of the Department as permanent members. In addition, membership of the Board is offered for a period of nine months on a rotating basis to two senior members of staff—a First Assistant Secretary and an Assistant Secretary from across the Department.

These arrangements reflect the Executive's commitment to encouraging a wide range of perspectives in Board deliberations and developing leadership capability among the Senior Executive Service (SES), including through exposure to robust decision-making at the highest level within the Department.

Executive Board subcommittees

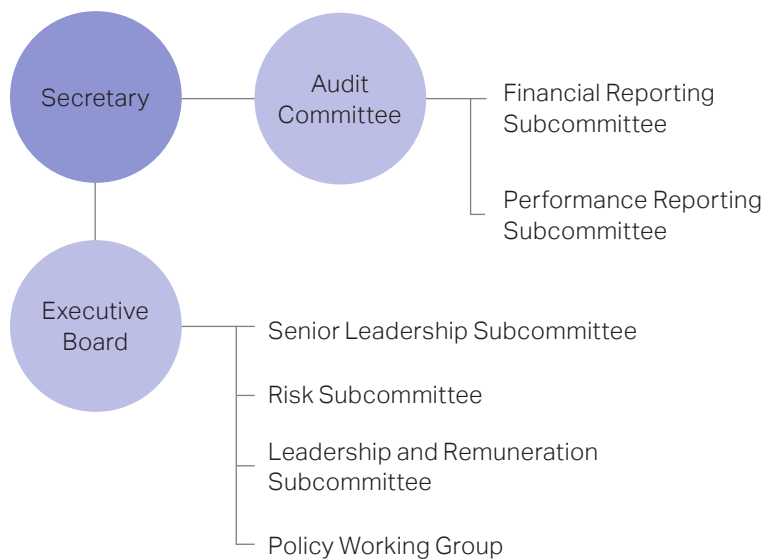
In its ongoing role in reviewing the suitability of the governance arrangements in Finance, the Executive Board agreed in October 2018 to realign its subcommittee structure, reducing the number of subcommittees but broadening the membership engagement of the SES. This was to ensure the wider senior leadership cohort of First Assistant Secretaries in the Department play an active role in shaping operational and strategic departmental issues including, resourcing, people, communication and culture, business improvement and transformation issues.

The membership of the newly formed Senior Leadership Committee (SLC) consists of all Deputy Secretaries, all First Assistant Secretaries and those Assistant Secretaries who have organisational responsibility for human resources, internal budgets and the transformation agenda. The SLC is chaired by the Deputy Secretary of Business Enabling Services. This complements the embedded Strategic Review process and facilitates an ongoing dialogue throughout the year to ensure the Board and subcommittees are operating dynamically to manage risks and priorities.

In 2018–19, the Executive Board had four subcommittees. Three of these are chaired by a Deputy Secretary:

- Senior Leadership Committee
- Risk Subcommittee
- Policy Working Group.

The fourth subcommittee, the Leadership and Remuneration subcommittee, is chaired by the Secretary and includes all the Deputy Secretaries. It is responsible for overseeing and providing advice on people management matters.

Figure 4: Finance's governance structure, at 30 June 2019

Audit Committee

The Audit Committee provides independent advice and assurance to the Secretary on the appropriateness of the Department's accountability and control framework—particularly those aspects concerning performance and financial reporting and systems relating to risk and control. It also provides assurance on the adequacy of the Australian Government's consolidated financial statements production and risk planning process in Finance.

In 2018–19, the Audit Committee had four external members (including the independent chair) and two departmental members. It met five times during the year.

The Audit Committee has two subcommittees, chaired by external members, to support it in performing its functions:

- The Financial Reporting Subcommittee (FRSC) maintains an ongoing review of the process for preparing the Department's annual financial statements. The FRSC met five times in 2018–19.
- The Performance Reporting Subcommittee (PRSC) assists the Audit Committee in meeting its performance reporting responsibilities under the PGPA Act. The PRSC met five times in 2018–19.

The Audit Committee works closely with the Risk Subcommittee on oversight of the Department's risk management framework, with the Audit Committee Chair attending the meetings of that subcommittee as an observer.

Table 1 shows Audit Committee membership during 2018–19 and the number of meetings attended by each member during the year.

Table 1: Audit Committee membership, 2018–19

Name and position	Meetings attended in 2018–19		Membership details
Mr Geoff Knuckey (external member) Chair, Audit Committee Chair, Financial Reporting Subcommittee (FRSC)	Audit Committee	5/5	Mr Knuckey joined the Audit Committee in October 2010 and was appointed as the Chair in January 2017.
	FRSC	5/5	
Ms Jennifer Clark (external member) Deputy Chair, Audit Committee Chair, Performance Reporting Subcommittee (PRSC)	Audit Committee	5/5	Ms Clark joined the Audit Committee in December 2015 and was appointed as the Deputy Chair in March 2017.
	PRSC	5/5	
Ms Gayle Ginnane (external member)	Audit Committee	5/5	Ms Ginnane joined the Audit Committee in January 2017.
Mr Ian McPhee AO PSM (external member)	Audit Committee	5/5	Mr McPhee joined the Audit Committee in January 2017.
	PRSC	5/5	He is a member of the PRSC.
Dr Stein Helgeby (departmental member)	Audit Committee	5/5	Dr Helgeby, Deputy Secretary, Governance and APS Transformation, joined the Audit Committee in July 2012.
	PRSC	5/5	He is a member of the PRSC.
Ms Amanda Lee (departmental member)	Audit Committee	2/2	Ms Lee, First Assistant Secretary, Budget Policy and Coordination, joined the Audit Committee in January 2019.
	FRSC	1/2	She is a member of the FRSC.
Ms Stacie Hall (departmental member)	Audit Committee	1/3	Ms Hall, First Assistant Secretary, Commercial, was a member of the Audit Committee from May 2016 to December 2018.
	FRSC	0/3	She was a member of the FRSC.

Integrated business planning framework

Finance's Integrated Business Planning framework ensures alignment across domains of enterprise decision-making including:

- Strategic Review and prioritisation
- enterprise risk framework
- corporate planning
- divisional business planning
- budgeting
- investment and resource planning.

Strategic reviews

The Strategic Review cycle underpins the Department's transformation focus on Integrated Business Planning. It is the key mechanism to guide prioritisation, resource allocation and identify and manage strategic and operational risks.

Strategic Review occurs three times a year and supports the Executive Board to identify and respond to key focus areas to ensure we deliver for government, particularly in relation to resourcing, risks and opportunities for business improvement. This process enables strategic investment decisions to contribute to Finance's goal to be a high-performing, modern, efficient and continuously improving public sector organisation that delivers government priorities efficiently and effectively.

Over the past 12 months, the Strategic Review cycle has matured significantly to enable more effective business planning with an investment lens, regular scheduled reviews, rolling four-year budgets and greater autonomy for groups and divisions to manage priorities, deliver operational business and engage with opportunity and risk. Strengthening this approach will remain a priority for the Department over the coming year.

In 2018–19, a number of themes were identified through Strategic Review that guided the Department's priorities. These themes focused on enhancing staff capability, knowledge management and Finance's strategic partnerships, and continuing to mature the Integrated Business Planning framework.

Planning and performance reporting framework

Finance has an integrated performance cycle, with its corporate plan as the pre-eminent planning document. This is complemented by performance planning through our portfolio budget statements and annual report, Integrated Business Planning and budgeting and governance processes that direct individual and team work activities to achieve our purpose.

The performance framework provides for the establishment of Finance organisational goals, sets out how these will be delivered and implemented, and ultimately prescribes review processes throughout the year. Departmental performance is held to account through governance, transparent reporting and open external engagement with key stakeholders.

Our performance in achieving our purpose is:

- informed by the operating context and the functions/roles allocated to Finance as a central agency and
- supported by departmental strengths such as governance structures, risk policies, culture and organisational capabilities.

Figure 5: Finance's planning and performance reporting cycle



Managing risk

Finance's risk management framework sets out the Department's risk management policy and guides how we identify, manage and report risks where they may impact the achievement of our purpose. The Secretary and the Executive Board (through the Risk Subcommittee) oversee the framework.

The framework supports the Secretary to meet the duties under section 16 of the PGPA Act and complies with the Commonwealth Risk Management Policy.

In 2018–19, we focused on increasing the risk capability of our people at all levels of the Department. Mr Andrew Jagers, Deputy Secretary, Commercial and Government Services, was appointed as the Chief Risk Officer (CRO), complementing his role as Chair of the Risk Subcommittee. The CRO is an important leadership role that champions risk capability, culture and awareness at the entity level. The CRO engages with the Executive Board and the SLC to ensure strategic discussions are informed by opportunity and risk, particularly where decisions may affect Finance's risk profile. We established an internal risk engagement group, with representatives from each division, to support increased risk capability at the operational level through information sharing, learning and networking.

Risk reporting is embedded into Integrated Business Planning, which enables risk-based decision-making as part of the Strategic Review of our operations. We are continuing to support these processes and encourage behaviours to embed a positive risk culture across the Department.

Business continuity management

Business continuity management is integral to the Department's risk management arrangements. It entails careful planning to enable the continuation or timely resumption of critical functions, and eventual restoration to normal operations following a business interruption.

If a business interruption occurs, a central control team is convened by the Deputy Secretary, Business Enabling Services. The team serves as the central point of communications and coordination for the Department's response and recovery.

Business continuity plans are reviewed and tested annually to ensure that they meet business requirements.

Fraud and risk certification

The Department has zero tolerance for fraud and takes all reasonable measures to deal with fraud matters.

The Department's Fraud Control Framework aligns with the Commonwealth Fraud Control Framework. It includes a fraud control plan, informed by assessments of fraud risk and complies with section 10 of the *Public Governance, Performance and Accountability Rule 2014*.

The Framework meets business needs and establishes the mechanisms for the prevention, detection, monitoring, evaluation and reporting of fraud matters for the Department.

To support the system of internal control, the Department recognises the importance of being vigilant in relation to fraud risk and communicates expectations of fraud awareness and prevention to staff.

Significant noncompliance issues with finance law

In 2018–19, the Department did not report any matters of significant noncompliance with the finance law to the Finance Minister under paragraph 19(1)(e) of the *Public Governance, Performance and Accountability Act 2013*.

External scrutiny

Finance's operations are subject to scrutiny from a number of external bodies, among them the Australian National Audit Office, various parliamentary committees, the courts and administrative tribunals, the Australian Information Commissioner and Privacy Commissioner and the Commonwealth Ombudsman. This section reports on audits, inquiries, reviews and legal actions relevant to Finance in 2018–19.

Judicial and administrative decisions

Commonwealth of Australia v. Davis Samuel Pty Ltd & Ors

This matter relates to civil proceedings to recover \$8.725 million that was fraudulently transferred from the Commonwealth in 1998 and subsequently distributed to several third parties. All criminal proceedings were completed in 2006.

The Commonwealth has been successful in its claims against 13 defendants and has recovered more than \$7.638 million as at 30 June 2019. The Commonwealth is continuing its recovery action against interests in land. Recovery action has been taken against all judgment debtors. The Commonwealth is also defending appeals by four judgment debtors that seeks to have their bankruptcy set aside. The appeals were heard by the Full Federal Court on 12 August 2019. Judgement was reserved. The remaining debtors are under insolvent administration.

Liverpool City Council and Canterbury–Bankstown City Council v. Commonwealth of Australia

On 8 February 2017, Liverpool City Council and Canterbury–Bankstown City Council commenced proceedings in the Supreme Court of New South Wales listing the Commonwealth as the defendant in relation to a dispute involving the Voyager Point footbridge project.

The project concerned the design and construction of a new footbridge across the Georges River from East Hills to Voyager Point to replace the previous footbridge which was closed because of safety issues. On completion, responsibility for the new footbridge was to be transferred to Liverpool City Council and Bankstown City Council. The proceedings were ongoing at the conclusion of the 2018–19 reporting period, however the matter was subsequently resolved in September 2019.

Administrative tribunal decisions

In 2018–19, there were no decisions of an administrative tribunal that had a significant effect on the operations of the Department.

Australian Information Commissioner decisions

In 2018–19, there were no decisions by the Australian Information Commissioner that involved the Department or that had, or might have, a significant impact on the Department's operations.

Australian Privacy Commissioner decisions

In 2018–19, there were no decisions by the Australian Privacy Commissioner that involved the Department or that had, or might have, a significant impact on the Department's operations.

Reports on the operations of the entity

Reports by the Auditor-General

In 2018–19, the Australian National Audit Office tabled in Parliament seven reports that involved the Department—five performance audits and two financial statements audits:

- ANAO Report No. 8—*Management of Commonwealth Leased Office Property*
- ANAO Report No. 9—*Procurement Processes and Management of Probity by the Moorebank Intermodal Company*
- ANAO Report No. 17—*Implementation of the Annual Performance Statements Requirements 2017–18*
- ANAO Report No. 19—*Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2018*
- ANAO Report No. 34—*Effectiveness of Board Governance at Old Parliament House*
- ANAO Report No. 38—*Application of Cost Recovery Principles*
- ANAO Report No. 46—*Interim Report on Key Financial Controls of Major Entities.*

Parliamentary Committees

Senate Standing Committees on Finance and Public Administration

The Senate Standing Committees on Finance and Public Administration covers the Prime Minister and Cabinet and Finance portfolios. The work is divided between two committees—the Legislation Committee and the References Committee.

Legislation Committee

Finance appeared before the Legislation Committee at its Senate Estimates hearings on 23 October 2018, 19 February 2019 and 4 and 9 April 2019.

On 18 January 2019, Finance and the Department of Agriculture and Water Resources provided a joint submission to the inquiry into the Future Drought Fund bills.

References Committee

Finance did not appear at the References Committee in 2018–19.

Joint Committee of Public Accounts and Audit

The *Public Accounts and Audit Committee Act 1951* constitutes the Joint Committee of Public Accounts and Audit (JCPAA). The JCPAA initiates inquiries into public administration matters and can conduct inquiries into matters referred to it by either House of Parliament.

During 2018–19, Finance had a series of engagements with JCPAA as detailed below. Finance provided information to the Committee as part of its ongoing relationship, including responses to questions taken on notice during public hearings and provided in writing:

- On 22 August 2018 and 19 September 2018, Finance attended the inquiry into Commonwealth Financial Statements: Auditor-General's report No. 24 (2017–18), Audits of Financial Statements of Australian Government Entities for Period Ended 30 June 2018.

In addition to the above matters, JCPAA had an interest in the Independent Review into the operation of the *Public Governance, Performance and Accountability Act 2013* and Rule, which is required under section 112 of the Act.

- On 4 April 2019, a government response was provided to the Independent Review.

Other committees

- Senate Foreign Affairs, Defence and Trade References Committee—inquiry into the proposed comprehensive and progressive agreement for Trans-Pacific Partnership (attended 30 July 2018 and 20 August 2018)
- Joint Standing Committee on the National Capital and External Territories—inquiry into Canberra's national institutions (attended 24 August 2018)
- Senate Environment and Communications References Committee—inquiry into the Great Barrier Reef 2050 Partnership Program (attended 21 September 2018)
- Senate Select Committee into the Abbott Government's Commission of Audit:
 - Senate Select Committee into the Abbott Government's Commission of Audit: Interim Report (government response provided 4 October 2018)
 - Senate Select Committee into the Abbott Government's Commission of Audit: Second Interim Report (government response provided 4 October 2018)
 - Senate Select Committee into the Abbott Government's Commission of Audit: Final Report (government response provided 4 October 2018)
- Joint Standing Committee on Electoral Matters—inquiry into the proposed amendments to the Electoral Legislation Amendment (Electoral Funding and Disclosure Reform) Bill 2017 (attended 5 October 2018):
 - advisory report on the Electoral Legislation Amendment (Electoral Funding and Disclosure Reform) Bill 2017 (government response provided 14 November 2018)
 - second advisory report into the Electoral Legislation Amendment (Electoral Funding and Disclosure Reform) Bill 2017 (government response provided 14 November 2018)
- Senate Education and Employment Committee—inquiry into the exploitation of general and specialist cleaners working in retail chains for contracting or subcontracting cleaning companies (attended 18 October 2018)
- Senate Select Committee on Red Tape—inquiry into the policy and process to limit and reduce red tape (submission provided 19 October 2018)
- Joint Standing Committee on Electoral Matters—inquiry into and report on all aspects of the conduct of the 2016 Federal Election and matters related thereto:
 - Second Interim Report on the Inquiry into the Conduct of the 2016 Federal Election: Foreign donations (government response provided 14 November 2018)
- Joint Standing Committee on the National Broadband Network—inquiry into the Business Case for the National Broadband Network (attended 7 December 2018).

Finance's submissions, responses to questions taken on notice (written and taken during hearings) and the transcripts of committee hearings are available on the Parliament of Australia website.

In addition to attending scheduled hearings, Finance also participated in a number of private briefings with parliamentary committees during the reporting period.

Reports by the Commonwealth Ombudsman

In 2018–19, the Commonwealth Ombudsman did not release any reports that involved the Department or that had, or might have, a significant impact on the Department's operations.

Asset management

Non-Defence domestic property portfolio

Finance manages some 70 properties in the Government's non-Defence domestic property portfolio, including office buildings, law courts and other special-purpose facilities, heritage assets, vacant land and contaminated sites, with a value of approximately \$1.9 billion (at 30 June 2019). Finance, with its private sector property services provider, manages these assets strategically to ensure they are efficient and able to meet the Government's needs.

The portfolio is managed in accordance with the legislative framework for environment and heritage matters, including the *Environment Protection and Biodiversity Conservation Act 1999*. Finance considers potential environmental and heritage impacts when making decisions about each property, including maintenance, retention and divestment.

To improve the performance of the portfolio and in accordance with relevant asset management plans, Finance undertakes works in the buildings it manages to improve building and environmental performance and to meet leasing obligations.

As at 30 June 2019, 75 per cent of non-corporate Commonwealth entities have transitioned to the Whole-of-Government Property Services Coordinated Procurement arrangements, representing 94 per cent of the total properties to be transitioned.

In 2018–19, Finance continued the divestment of properties from the non-Defence domestic portfolio, with total sale proceeds of \$52.4 million (exclusive of GST).

The Central Advertising System

Administration of the Central Advertising System

Finance administers the Central Advertising System, which consolidates the Government's buying power to support the proper use of public resources. A total of \$174.1 million was spent across campaign and non-campaign advertising media expenditure through the central advertising system in 2018–19:

- total campaign advertising media expenditure was \$156.0 million, comprising \$140.0 million by non-corporate Commonwealth entities and \$16.0 million by corporate Commonwealth entities, Commonwealth companies and other bodies
- total non-campaign advertising media expenditure was \$18.1 million, comprising \$16.6 million by non-corporate Commonwealth entities and \$1.5 million by corporate Commonwealth entities, Commonwealth companies and other bodies.

Procurement

Performance assessment against the Commonwealth Procurement Rules

The Department's approach to procuring goods and services, including consultancies, is consistent with the principles of the Commonwealth Procurement Rules. These rules are applied to activities through the Department's accountable authority instructions, supporting operational guidelines and procurement framework.

Information on significant procurements expected to be undertaken in 2019–20 is in the Department's annual procurement plan, available on the AusTender website, tenders.gov.au.

Exempt contracts

No contracts in excess of \$10,000 (inclusive of GST) or standing offers were exempted by the Secretary from being published on AusTender on the basis that they would disclose exempt matters under the Freedom of Information Act 1982.

Australian National Audit Office access clauses

No contracts of \$100,000 or more (inclusive of GST) were entered into during 2018–19 that did not provide for the Auditor-General to have access to the contractor's premises.

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

The Department of Finance supports small business participation in the Australian Government procurement market. Small and Medium Enterprises (SMEs) and Small Enterprise participation statistics are available on the Department of Finance website at finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts/.

The Department's measures to support SMEs include:

- complying with the Commonwealth Procurement Framework
- using standardised contracts for low-risk procurements valued under \$200,000
- implementing the Indigenous Procurement Policy, noting that many Indigenous businesses are also SMEs
- using the Australian Industry Participation policies and programs to encourage SME engagement opportunities
- using credit cards for procurements valued below \$10,000
- complying with the Government's Supplier Pay-on-Time or Pay Interest Policy.

The Department supports SME business participation in the Commonwealth Government procurement market. The SME participation statistics published on the Finance website estimate that, in 2017–18, 85 per cent of government suppliers were SMEs.

The Department recognises the importance of ensuring that small businesses are paid on time. The results of the Government Pay On-Time survey, which are available on the Department of Employment, Skills, Small and Family Business website, employment.gov.au/pay-time-survey-results, show that Finance paid 96.1 per cent of invoices for contracts valued under \$1,000,000 within 30 days in 2017–18.

The Department supports the goals of the Indigenous Procurement Policy (IPP). This is reflected in the IPP procurement statistics, which show Finance exceeded its 2018–19 IPP target by 200 per cent. Further details are available on the National Indigenous Australians Agency website niaa.gov.au.

Consultancies

Consultancy summary statement

The Department engages consultants when it requires specialist expertise or when independent research, review or assessment is required. Decisions to engage consultants during 2018–19 were made in accordance with the PGPA Act and related regulations including the Commonwealth Procurement Rules and relevant internal policies. Finance uses consultants to manage discrete one-off projects when specialist expertise is required for a limited time.

During 2018–19, 173 new consultancy contracts were entered into and 75 contracts were ongoing from prior years. The total spend on consultancies in 2018–19 was \$14.5 million.

Environmental performance

This section describes the Department's environmental performance, its management of the non-Defence domestic portfolio in line with environmental legislation, and other cross-government environmental activities.

Departmental activities

During 2018–19, Finance undertook environmental initiatives in areas such as office energy use, transport, resource efficiency and waste management. Table 2 summarises the Department's environmental performance in 2018–19 as compared with 2017–18.

Office energy use

The Department reduces its consumption of office energy wherever possible, including by using automated light switching and the power management features of ICT equipment. In the Department's primary tenancy, One Canberra Avenue, Finance uses 10 per cent GreenPower, which is sourced through a cooperative government arrangement.

Transport

Finance employees are authorised to travel only when there is a demonstrated business need and when alternative communication tools, such as teleconferencing and videoconferencing, are an ineffective option. The Finance vehicle fleet is made up of departmental pool vehicles and executive vehicles. A subscription to Greenfleet offsets the associated vehicle emissions.

Resource efficiency and waste

Finance provides a number of recycling streams (including co-mingled, cardboard and paper) in all of its tenancies.

Organic waste bins were introduced to Finance's ACT tenancies in November 2016. This initiative has diverted more than twelve and half tonnes of general waste from landfill. The organic waste is collected by a worm-farming company to be recycled into organic fertiliser.

The Finance printing system is designed to purge print jobs that are not completed within a set timeframe. Print jobs totalling more than 304,000 pages of paper were automatically purged in 2018–19. The printer fleet's default settings automatically print in grayscale on both sides of the page and all spent printer cartridges are recycled.

Depending on site requirements, Finance uses a mix of different types of flow restriction and water-efficient dual-flush toilets to minimise water use across its tenancies.

Cross-government activities

Finance contributes to environmental outcomes in a number of additional areas in line with government policy and relevant legislation. This includes managing the COMCAR vehicle fleet and providing electorate office accommodation for parliamentarians. These activities are additional to those listed in Table 2.

COMCAR

In 2018–19, COMCAR continued to deliver on its strategy of ensuring an environmentally responsible fleet of vehicles. As at 30 June 2019, COMCAR had 135 petrol-powered sedans, 12 LPG sedans and eight diesel-powered people movers in its fleet of 155 vehicles.

COMCAR petrol-powered vehicles employ variable cylinder technology, further reducing fuel consumption by using fuel more efficiently, improving fuel consumption and contributing to reductions in CO₂ output. COMCAR uses E10 fuel for its petrol-powered sedans, where available. COMCAR's diesel-powered people movers provide significant improvements in fuel economy and reduced CO₂ output in comparison to the petrol variants.

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

Table 2: Environmental performance summary, 2017–18 and 2018–19


Indicator	2017–18	2018–19
Office energy use^a		
Total office tenant light and power energy consumption (kWh)	1,949,465	1,879,110
Total office tenant light and power energy consumption (MJ)	7,018,074	6,764,796
Office tenant light and power energy use per full-time equivalent (MJ/FTE)	4,780	4,741
Office tenant light and power use per square metre (MJ/m ²)	289	286
Base/central building energy consumption (MJ)	45,304,551	37,915,018
Base/central building energy consumption per square metre (MJ/m ²)	446	464
Greenhouse emissions attributed to office tenant light and power and base/central building energy use (tonnes CO ₂ -e)	8,709	7,749
GreenPower purchased (kWh)	851,123	674,709
Non-office energy use		
Greenhouse emissions attributed to non-office energy use (computer centres, other properties and uses) (tonnes CO ₂ -e)	970	907
Vehicle fleet^{b, c}		
Total number of fleet vehicles	21	20
Total fuel purchased (litres)	17,701	19,477
Total distance travelled (kilometres)	156,387	184,052
Average fuel consumption of fleet vehicles (litres/100 kilometres)	11.32	10.58

Table 2: Environmental performance summary, 2017–18 and 2018–19 (continued)

Indicator	2017–18	2018–19
Total direct greenhouse emissions of fleet (tonnes CO ₂ -e)	41.42	46.41
Greenhouse emissions		
Total greenhouse emissions (tonnes CO ₂ -e)	9,736	8,703
Total greenhouse emissions per full-time equivalent (tonnes CO ₂ -e/FTE)	6.6	6.1
Air travel^c		
Total number of flights	3,431	3,690
Total distance of flights (kilometres)	3,431,781	4,404,806
Potable water consumption^d		
Total potable water use (kilolitres)	11,290	11,729
Potable water use per full-time equivalent (kilolitres/FTE)	7.69	8.10
Potable water use per square metre (kilolitres/m ²)	0.44	0.49
Resource efficiency and waste		
Total office paper purchased per full-time equivalent (A4 reams/FTE)	6.3	5.48
Percentage of office paper purchased with recycled content (%)	98%	96%
Office paper recycled (tonnes)	43.29	38.68
Total waste produced (tonnes)	163.09	177.05
Total waste produced per full-time equivalent (kilograms/FTE)	111.16	124.10
Percentage of waste diverted from landfill (%)	50.0%	45.8%

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

- a In 2018–19 Finance further consolidated its property footprint, reducing its sites from seven at the start of 2017–18 to three by the end of 2018–19. During 2018–19, where Finance had a sub-tenant, that sub-tenant's energy usage was excluded from the figures above.
- b The fleet and air travel data are for the period 1 April to 31 March in each year.
- c Finance vehicle fleet only (excludes the COMCAR fleet).
- d The water consumption reported applies to Finance-occupied office buildings only. Tenancy-specific water metering is not available in shared buildings, resulting in the use of estimates based on pro rata calculations. The water data is adjusted on a pro rata basis to account for the unavailable information.



Part 4: Our people

Finance Transformation

Workforce planning

Mobility

Workforce diversity

Building capability

Workforce statistics

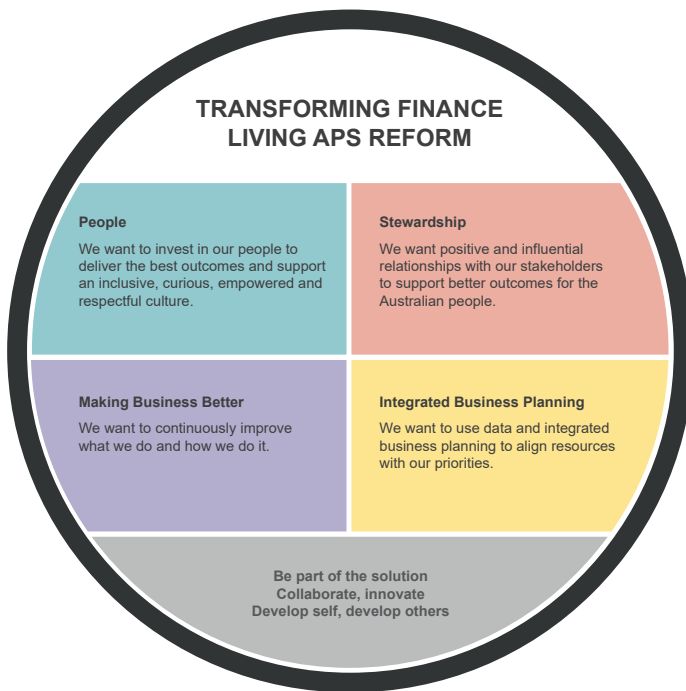
Work health and safety

Finance Transformation

Finance strives to be a high-performing, modern, efficient and continuously improving public sector organisation—a transformative organisation that delivers government priorities more efficiently and effectively.

Finance recognises that the Department’s environment is characterised by change and it needs to anticipate and respond to the opportunities this presents. Finance has launched a Transformation Plan to guide its approach to reform, with four focus areas and three leadership expectations as shown below. It is supported by a 12-month Action Plan that sets out practical initiatives to help deliver on the Department’s transformation objectives.

Figure 6: Transforming Finance



Through the 2018–19 Transformation Action Plan, Finance delivered a number of significant initiatives including:

- establishing a Centre of Procurement Excellence to strengthen our stewardship role in enhancing procurement capability and productivity across the public sector
- trialling a Digital Annual Reporting Tool to streamline the annual report drafting, editing and publishing process by enhancing workflows, supporting version control and enabling drafters to co-edit more seamlessly
- successfully piloting a stakeholder relationship management program which was well received by staff and will continue to be delivered on an ongoing basis
- rolling out the Shared Budget Workflow System to streamline components of the Budget process.

Finance has doubled the number of initiatives in the 2019–20 Transformation Action Plan—a commitment to innovation that is mirrored in Finance’s Australian Public Service (APS) Employee Census results.

Consistent with Finance’s three leadership expectations, the Action Plan relies on all staff to drive improvement. Finance has actively engaged staff through a series of hackathons, opt-in and idea generation sessions that have been used to explore how to use data and digitisation more effectively, to build capability rapidly and to continue to support a flexible, diverse and mobile workforce.

The Transformation Plan and 12-month Action Plan are helping Finance to embed positive, enduring change and equipping Finance to respond to emerging opportunities. This transformation agenda will remain a priority for the Department.

Workforce planning

The Department’s workforce planning capability is maturing as an integral component of the overall planning cycle. Ensuring the workforce is flexible, engaged and has the capabilities required to meet emerging issues remains a priority.

Finance acknowledges the impact and importance of collaboration and engagement with each of the business groups to inform and implement relevant workforce strategies and its approach to workforce planning reflects this. The Department schedules regular Strategic Review meetings as a key mechanism to measure progress and identify new improvement initiatives. These meetings are an important element of Finance’s Integrated Business Planning approach, connecting workforce planning to the budget and business planning cycles.

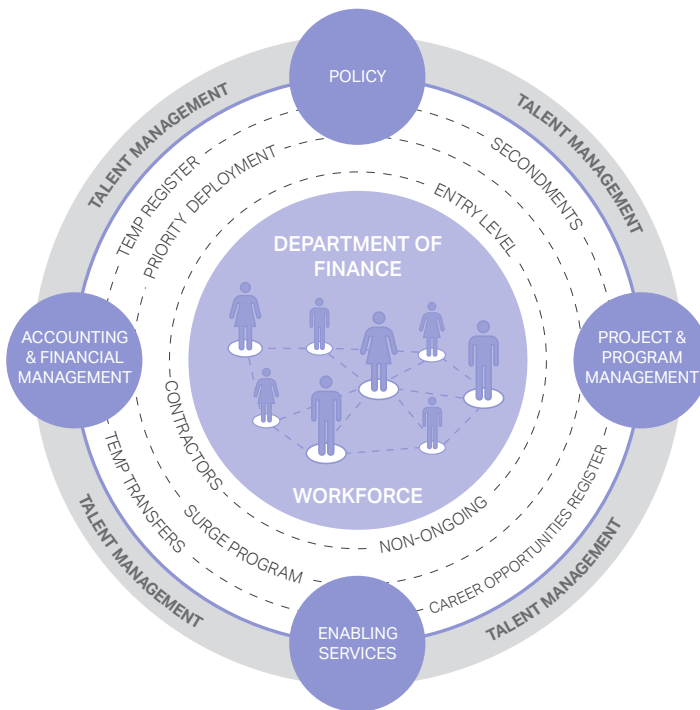
Finance is committed to building and supporting its workforce to be professional, accountable and responsive, with programs in place to drive high quality leadership outcomes.

Finance pays particular attention to employee feedback from the APS Employee Census to drive strategic, business and action planning. In 2018–19, 94.4 per cent of staff responded to the Census, giving the Department a clear insight into the diversity and experience of Finance’s workforce. Engagement, wellbeing and innovation scores were strong, all showing a continuous improvement trajectory from previous years, with the Census information being analysed and used to plan and support future workforce initiatives.

Sourcing strategy

Finance’s people sourcing strategy supports the Department’s approach to workforce planning. Finance uses a range of sourcing options to attract the right people with the right skills in a timely way. In particular, it uses the BRING strategy, which focuses on sourcing new talent and includes specific initiatives to address identified workforce gaps.

Figure 7: Finance's sourcing strategy



Key objectives

- Attracting quality candidates and engaging them early in their career through effective recruitment processes
- Mobilising Finance staff in a timely manner and with streamlined processes
- Bringing quality people into the Department through Finance's registers, merit pools and specialist recruitment processes

Core principles

- **Quality at speed**—reduce the time it takes to fill vacant roles without losing quality candidates
- **Right people**—attract quality candidates with the right capabilities and who offer increased diversity of skills and experiences and the opportunity to challenge our way of thinking
- **Efficiency**—simplify the assessment and selection methodology to reduce the impost on business resources
- **Flexibility**—use flexible sourcing strategies that give business areas a range of options when filling vacant roles

Mobility

Finance recognises that the key to a strong and sustainable workforce is giving staff the chance to build their skills and experience. Mobility gives Finance staff the opportunity to develop capability in new areas and increases the Department's overall capability. Finance provides opportunities for staff to work in different roles and undertake different types of work including project work, ongoing business and surging to high-priority activities. We encourage staff to gain different experiences through temporary or permanent moves within the Department and through secondments to other agencies.

Finance helps business areas to identify the specific skills they need and to mobilise the right individual to address that need. Flexible sourcing strategies give business areas a range of options when filling vacant roles.

The management of human resources and, in particular, the way the Department provides mobility opportunities for staff and undertakes recruitment has resulted in a highly capable and committed workforce that is flexible and able to respond to government priorities.

The mechanisms that the Department uses to promote mobility are outlined below.

Internal Career Opportunities Register

The Career Opportunities Register gives internal staff the opportunity to express their interest in short, medium or long-term vacancies within the Department.

Internal staff use the Register to indicate the areas of the Department that are of interest to them. In line with Finance's approach to increase opportunities for flexible working arrangements, staff can also register their interest in job-share arrangements.

Managers use the Register to source staff with particular skills, experience and qualifications to fill vacancies. Human resources supports managers to fill vacancies by first referring to the Register to identify suitable internal candidates before seeking to source externally.

Stream recruitment

Stream based recruitment has changed the way the Department approaches recruitment to encompass broader resourcing needs and future workforce capability based on professional skills and experience. Stream recruitment focuses on the assessment of core capabilities for the Department. It has improved the Department's effectiveness and efficiency in recruiting high quality and talented candidates.

During 2018–19, the Department conducted recruitment processes for the following professional streams:

- policy
- accounting and financial management
- enabling services.

To support workforce planning, stream recruitment continues to be tailored to encompass business areas existing and forecast resourcing needs, making recruitment more efficient.

Surge Readiness Management Model

Finance's Surge Readiness Management Model identifies a range of high-priority activities for the Department with processes in place to support the mobilisation of staff and contributing business areas. The Surge Model enables the Department to build on its capabilities and provide staff the opportunity to experience different, high-priority work within the Department for short periods.

In 2018–19, Finance continued to employ its Surge Model to support additional work associated with the federal Budget, the 2019 election and other peak work priorities.

Secondment programs

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

In 2018–19, Finance sought nominations from employees from other APS agencies to undertake secondments to support the delivery of the federal Budget. Four staff from three agencies participated.

Two Finance staff members participated in the Jawun APS Secondment Program through which secondees work in an Indigenous business or community.

Consistent with Finance's commitment to stewardship and support for portfolio entities, in 2018–19 the Department seconded officers to the:

- Office of National Assessments to assist with the transition to the Office of National Intelligence
- Office of the Pacific within the Department of Foreign Affairs and Trade
- 2019 Parliament of Australia Graduate Program working in the Parliamentary Budget Office
- Tribal Warrior Aboriginal Corporation.

Resource management model

In 2018–19, Finance established a resource manager role within Human Resources. Resource managers are responsible for assisting business areas to manage their resource needs.

They have oversight of staff mobility information, recruitment merit pools and the resources available across the Department so that vacancies can be filled quickly. Resource managers collaborate with business areas to support resource planning and workforce strategy including strategies to achieve optimal management structures.

Workforce diversity

Finance progresses its diversity and inclusion agenda through a comprehensive diversity strategy, DIVERSITY@FINANCE and associated Action Plan. The strategy and Action Plan set out specific actions in each focus area: gender equality, Aboriginal and Torres Strait Islander employment, disability employment, cultural and linguistic diversity, LGBTI+ inclusion and managing an intergenerational workforce.

The DIVERSITY@FINANCE strategy governs the way that Finance implements Australian Government strategies such as the APS Gender Equality Strategy 2016–2019, the APS Disability Employment Strategy 2016–2019 and the Commonwealth Aboriginal and Torres Strait Islander Employment Strategy 2015–2018. Finance's commitment to diversity and inclusion is also reflected in the Department's corporate plan and transformation plan, both of which demonstrate the importance of diversity to achieving the Department's priorities and departmental strategies.

In 2018–19, Finance supported several initiatives to improve the Department's diversity outcomes, including:

- six staff networks that provided a forum for staff who identify with a particular focus area under Finance's diversity strategy. Each network is championed by Senior Executive Service (SES) sponsors who provide strong leadership on diversity and inclusion. The networks played an important role in educating Finance staff and promoting the value of a diverse workforce through a range of events and activities during 2018–19
- various events to raise awareness of diversity—for example, the Finance Network Market Day, NAIDOC Week activities, Harmony Day, Mental Health Week and International Women's Day
- the promotion of flexible working as part of normal business through the Flexible Work Policy
- seconding an Aboriginal employee to an Indigenous organisation
- cultural awareness and diversity training as part of ongoing learning and development offerings to all staff. Training was delivered both online and through face-to-face forums
- increased participation in diversity-related entry-level programs (such as Indigenous development programs and trainee/internship programs for people with disability). The Department partnered with the ACT Down Syndrome Association to run a pilot program, which resulted in the employment of two members of the association for 12 weeks
- affirmative measures to address the under-representation of people with disability and/or Aboriginal and Torres Strait Islander people in the APS.

Finance has continued to work and collaborate with other entities on a range of APS-wide initiatives, such as:

- retention and advancement initiatives under the Indigenous employment programs led by the Australian Public Service Commission
- disability recruitment and inter-agency working groups arising from Finance's involvement in the Secretaries Equality and Diversity Council, the Disability Champions Network and the Indigenous Champions Network.

Building capability

Finance offers a range of development activities to build individual and organisational capability and enhance performance. Human Resources works in partnership with business areas to ensure development opportunities are targeted, relevant and, where possible, co-designed with subject-matter experts from the business to ensure content aligns to business activities and contributes to achieving Finance's corporate objectives.

In 2018–19, Finance refreshed its People Capability Framework to identify and target the capabilities that the Department's workforce requires now and into the future. The refreshed Framework provides clear and consistent performance expectations across all classifications. It is designed on the principles that it is simple, consistent, future proof and flexible. It can be applied across all stages of the employee life cycle: recruitment and selection, development, performance, talent management and succession planning. The Framework provides a solid foundation for the design and implementation of capability development programs in the Department going forward.

In 2018–19, Finance supported a range of learning and development initiatives. For example, Finance:

- designed and implemented a tailored stakeholder relationship management program to strengthen its approach to stewardship and develop capability in building and sustaining effective stakeholder relationships. The program is targeted at the executive level (EL) classification and was attended by 91 staff
- continued to implement core skill development programs focused on building manager capability, leadership, communication and career development skills
- reviewed its mentoring framework. By applying a user-centred design approach, the new framework aims to ensure mentoring opportunities are available for all staff and incorporates online support tools, training and events
- reviewed its induction program to assist new employees in transitioning into the Department. The refreshed program includes the opportunity to meet with a Deputy Secretary and members of Finance's cultural networks so that new staff are introduced to the Department's strategic priorities, culture, values and behaviours
- continued to deliver its coaching program.

The Department has an ongoing commitment to professional skills and capability development within Finance and across the APS. In 2018–19, 13 Finance employees participated in the Graduate Certificate of Public Policy and Finance. This program is purpose-built for the public sector and delivered by the Institute for Governance and Policy Analysis at the University of Canberra. It builds capability among emerging leaders at Finance and in the wider APS. To date, 92 employees from Commonwealth entities have completed the program.

In addition, 88 employees received study assistance through paid study leave and financial assistance to undertake tertiary education in subject areas such as commerce, economics, law, public policy and accounting and finance.

Leadership

The Department continues to invest in developing current and future leaders, through participation in a variety of external leadership programs, for example, the Institute of Public Administration Australia (IPAA) Future Leaders Program, and events such as cross-agency debates and the IPAA speaker series. The Department has also committed to further investment and has rolled out leadership programs for all EL staff and EL talent management initiatives including:

- EL Career Conversations Toolkit
- EL Leadership Forums
- EL Career Development Exchange
- EL2 High Potential Program
- EL2 Leadership Program.

Career conversations are held annually for SES staff, where strengths and opportunities for further development are identified as a means of actively managing talent and succession planning.

In 2018–19, the Department's Emerging Leaders Network gave staff additional opportunities to gain exposure to accomplished leaders and build their leadership capabilities by running events, such as an internal leaders panel discussion, a speed mentoring event and a debate between entry-level program participants and a number of SES. The Emerging Leaders Network partnered with the Ability Network to run an event which covered the topics of leadership and disability.

Two years ago, Finance established its three leadership expectations—be part of the solution; develop self, develop others; collaborate, innovate—which articulate our approach to leadership and are embedded into departmental initiatives and plans, including departmental award categories and criteria and the Transformation Plan. Staff are introduced to these expectations as part of induction and encouraged to actively incorporate them in their day-to-day performance.

Flexible working arrangements

In 2018–19 Finance continued to provide flexible working arrangements to its employees, taking into account the diversity of circumstances and requests. The Department’s flexible working arrangements have improved staff productivity and motivation and helped to retain high-performing employees.

In 2018, Finance rolled out flexible working as part of normal business through the development and implementation of the Flexible Work Policy and Guide. Our ‘if not, why not’ approach enables flexibility around when and where we work and how our roles are structured through access to working from home, part-time work, job-share arrangements and leave provisions. No one specific initiative has driven the improved take-up of flexible working arrangements within Finance. Rather, there has been a broad range of departmental priorities focusing on further supporting departmental employees to manage their health, wellbeing and work–life balance.

Entry-level programs

In 2018–19, Finance continued to participate in a number of entry-level employment programs.

Finance’s Career Starter Program provides avenues for other departments to broaden the diversity of their own entry-level program cohorts. The Career Starter Program gives recent high school graduates the opportunity to build successful careers in the APS.

In 2018, the Program was awarded the Australian Human Resources Institute Age Diversity Award. Finance has since expanded this successful Program, with five other government entities accepting the invitation to participate. In 2019, the Program engaged 20 career starters within Finance, as well as an additional 19 in other government entities.

In 2018–19, Finance engaged 31 graduates and hosted another two graduates from the Papua New Guinea Department of Finance. The Department also engaged four graduates through the Indigenous Australian Government Development Program, five apprentices through the Indigenous Apprenticeship Program, six participants of the Stepping Into program, two Next Step trainees and two ICT apprentices.

Finance continues to support its entry-level employee cohort to develop their skills, experience and capabilities to become engaged and productive members of the Department and the APS. To help these employees to make an effective transition into the workforce and the APS, each cohort undertakes a development program targeted to their specific needs. Aspects of the development programs include induction, formal training to achieve a professional qualification, foundational skills training, mentoring, attendance at APS-wide events, project work, and placements in the business to ensure effective on-the-job learning.

Finance's Career Starter Program—providing career opportunities to school leavers

The Finance Career Starter Program provides recent secondary school graduates with the opportunity to build a successful career in the APS. This 12-month-entry level Program enables participants to build skills through permanent full-time employment. The Program includes structured training and a range of development and networking activities that leads to a Certificate IV in Government. As part of the Program, participants are provided with opportunities to build collaboration and project management skills, as well as establish diverse networks through Program and community projects. In addition to the training provided through the Program, participants have the opportunity to undertake additional studies, with access to study assistance.

The Program was established 13 years ago in Finance's Ministerial and Parliamentary Services Division. It has since expanded to all business groups across Finance and most recently, across government, with five additional entities participating in the Program in 2019:

- Department of Health
- Department of Defence
- Department of Industry, Innovation and Science
- Department of Infrastructure
- Department of Jobs and Small Business (now Employment, Skills, Small and Family Business).

A talent management initiative, the Program has attracted 193 young Australians to Finance and a further 20 participants to participating entities over the past 13 years.

As a talent initiative, the Career Starter Program has been successful in retaining and developing participants, with the retention of career starters higher than the Department's average (49 per cent for career starters versus 32 per cent for other staff). Staff who have come through the Program have advanced at a healthy rate, with three per cent of participants currently at the EL1 level.

'My time in the Career Starter Program has been a wonderful experience, with amazing opportunities and a really supportive culture to help me learn on the job.' – **James**

'I joined Finance through the Career Starter Program in January 2008 after finishing Year 12 in Canberra. I've been at Finance for 10 years and have progressed in my career from an APS1 to an EL1. I've held roles within almost every business group of the Department and I strongly believe the Career Starter Program has given me a real head start on my peers and colleagues, internal and external to government. Since I started at Finance, I have completed a Bachelor of Commerce through the University of Canberra. In my opinion, it is a great balance of entry-level support and development opportunities with the commencement of a career in the public sector.' – **Cameron**

In 2018, the Finance Career Starter Program was awarded the Australian Human Resource Institute Susan Ryan Age Diversity Award.

Workforce statistics

Tables 3 to 15 show our workforce statistics for 2018–19, including staffing numbers and whether they are ongoing, non-ongoing or casual, their substantive classification and their gender, as well as location and diversity.

Table 3: Employment type by classification and gender, at 30 June 2019

Classification	Ongoing		Non-ongoing		Casual		Total		
	Male	Female	Male	Female	Male	Female	Male	Female	Total
SES 3	3	1	–	–	–	–	3	1	4
SES 2	5	8	1	–	–	–	6	8	14
SES 1	27	21	–	–	–	–	27	21	48
EL2	81	82	1	–	–	1	82	83	165
EL1	191	204	2	4	–	–	193	208	401
APS 6	116	162	2	3	–	–	118	165	283
APS 5	85	118	2	1	–	–	87	119	206
APS 4	48	74	5	4	5	2	58	80	138
APS 3	30	44	4	2	2	1	36	47	83
APS 2	6	21	1	–	171	39	178	60	238
APS 1	8	15	–	1	–	–	8	16	24
Total	600	750	18	15	178	43	796	808	1,604

Finance had no staff that are recorded in the human resource information system as Indeterminate, Intersex or Unspecified.

Table 4: Employment type by classification and gender, at 30 June 2018

Classification	Ongoing		Non-ongoing		Casual		Total		
	Male	Female	Male	Female	Male	Female	Male	Female	Total
SES 3	2	1	–	–	–	–	2	1	3
SES 2	7	7	–	–	–	–	7	7	14
SES 1	30	26	–	–	–	–	30	26	56
EL2	90	91	–	–	–	1	90	92	182
EL1	192	209	2	3	–	–	194	212	406
APS 6	122	171	1	2	–	–	123	173	296
APS 5	81	124	3	2	–	–	84	126	210
APS 4	50	76	5	4	7	3	62	83	145
APS 3	25	38	4	3	1	1	30	42	72
APS 2	9	10	1	–	209	41	219	51	270
APS 1	4	18	–	–	–	–	4	18	22
Total	612	771	16	14	217	46	845	831	1,676

Finance had no staff that are recorded in the human resource information system as Indeterminate, Intersex or Unspecified.

Table 5: Attendance type and classification, at 30 June 2019

Classification	Ongoing			Non-ongoing				Total
	Full time	Part time	Total ongoing	Full time	Part time	Casual	Total non-ongoing	
SES3	4	–	4	–	–	–	–	4
SES2	13	–	13	1	–	–	1	14
SES1	46	2	48	–	–	–	–	48
EL2	153	10	163	1	–	1	2	165
EL1	341	54	395	5	1	–	6	401
APS6	239	39	278	5	–	–	5	283
APS5	186	17	203	2	1	–	3	206
APS4	107	15	122	9	–	7	16	138
APS3	70	4	74	6	–	3	9	83
APS2	26	1	27	1	–	210	211	238
APS1	21	2	23	–	1	–	1	24
Total	1,206	144	1,350	30	3	221	254	1,604

Table 6: Attendance type and classification, at 30 June 2018

Classification	Ongoing			Non-ongoing				Total
	Full time	Part time	Total ongoing	Full time	Part time	Casual	Total non-ongoing	
SES3	3	–	3	–	–	–	–	3
SES2	14	–	14	–	–	–	–	14
SES1	54	2	56	–	–	–	–	56
EL2	167	14	181	–	–	1	1	182
EL1	341	60	401	5	–	–	5	406
APS6	258	35	293	2	1	–	3	296
APS5	185	20	205	5	–	–	5	210
APS4	110	16	126	9	–	10	19	145
APS3	58	5	63	7	–	2	9	72
APS2	17	2	19	1	–	250	251	270
APS1	21	1	22	–	–	–	–	22
Total	1,228	155	1,383	29	1	263	293	1,676

Table 7: All staff employment type by attendance type, at 30 June 2019

Employment type	Full-time	Part-time	Casual	Total
Ongoing	1,206	144	–	1,350
Non-ongoing	30	3	221	254
Total	1,236	147	221	1,604

Table 8: All staff employment type by attendance type, at 30 June 2018

Employment type	Full-time	Part-time	Casual	Total
Ongoing	1,228	155	–	1,383
Non-ongoing	29	1	263	293
Total	1,257	156	263	1,676

Table 9: Employment type by location and gender, at 30 June 2019

Location	Male				Female				Grand total
	Ongoing	Non-ongoing	Casual	Total male	Ongoing	Non-ongoing	Casual	Total female	
ACT	584	17	92	693	726	15	20	761	1,454
NSW	7	–	36	43	5	–	6	11	54
NT		–	1	1	2	–	–	2	3
QLD	2	–	12	14	5	–	4	9	23
SA	1	–	6	7	3	–	3	6	13
TAS	1	–	1	2	1	–	–	1	3
VIC	3	1	21	25	5	–	6	11	36
WA	2	–	9	11	3	–	4	7	18
Total	600	18	178	796	750	15	43	808	1,604

Table 10: Employment type by location and gender, at 30 June 2018

Location	Male				Female				Grand total
	Ongoing	Non-ongoing	Casual	Total male	Ongoing	Non-ongoing	Casual	Total female	
ACT	596	15	120	731	749	13	22	784	1,515
NSW	7	–	40	47	5	–	7	12	59
NT	–	–	1	1	1	–	–	1	2
QLD	2	–	15	17	5	–	4	9	26
SA	1	–	6	7	3	–	3	6	13
TAS	1	–	1	2	–	1	–	1	3
VIC	3	1	25	29	5	–	6	11	40
WA	2	–	9	11	3	–	4	7	18
Total	612	16	217	845	771	14	46	831	1,676

Table 11: Employment type by location, at 30 June 2018 and 30 June 2019

Location	Ongoing		Non-ongoing		Casual		Total	
	2018	2019	2018	2019	2018	2019	2018	2019
ACT	1,345	1,310	28	32	142	112	1,515	1,454
NSW	12	12	–	–	47	42	59	54
NT	1	2	–	–	1	1	2	3
QLD	7	7	–	–	19	16	26	23
SA	4	4	–	–	9	9	13	13
TAS	1	2	1	–	1	1	3	3
VIC	8	8	1	1	31	27	40	36
WA	5	5	–	–	13	13	18	18
Total	1,383	1,350	30	33	263	221	1,676	1,604

Table 12: Ongoing and non-ongoing Aboriginal and Torres Strait Islander staff, at 30 June 2018 and 30 June 2019

Employment type	2018	2019
Ongoing	31	40
Non-ongoing	–	1
Total	31	41

Table 13: Proportion of ongoing staff with disability, at 30 June 2018 and 30 June 2019

Employment type	2018	2019
Ongoing	3.7%	4.4%

Table 14: Proportion of ongoing workforce that are women, at 30 June 2018 and 30 June 2019

Employment type	2018	2019
Ongoing	55.7%	55.6%

Table 15: Proportion of the SES workforce that are women, at 30 June 2018 and 30 June 2019

Employment type	2018	2019
Ongoing	46.6%	46.2%

Employment arrangements

The Finance Enterprise Agreement 2019 came into effect on 21 February 2019 with a nominal expiry date of 20 February 2022. The agreement provides non-SES staff with competitive remuneration and employment conditions. The Department's remuneration offer was a 6 per cent increase over three years (2 per cent on commencement of the agreement and in each of the following two years). Staff allowances also increased by 6 per cent over three years. Employment conditions for SES staff are set out in individual determinations made under subsection 24(1) of the *Public Service Act 1999*. Many of these conditions are aligned with the Department's Enterprise Agreement.

Table 16: Employment arrangements for SES and non-SES staff, at 30 June 2019

	SES	Non-SES	Total
Enterprise agreement	–	1,538	1,538
Individual flexibility arrangements	–	32	32
Australian workplace agreements	–	–	–
Common law contracts	–	–	–
Determinations under subsection 24(1) of the <i>Public Service Act 1999</i>	66	–	66

Note: Staff on individual flexibility arrangements are also included in the Enterprise Agreement total.

Remuneration

Table 17: Salary ranges by employment classification, at 30 June 2019

APS classification	Minimum (\$)	Maximum (\$)
SES 3*	\$331,500	\$358,348
SES 2	\$229,465	\$261,949
SES 1	\$175,056	\$208,175
EL 2 (non-SES)	\$131,412	\$163,702
EL 1 (non-SES)	\$107,638	\$138,864
APS 6 (non-SES)	\$83,154	\$108,346
APS 5 (non-SES)	\$75,583	\$84,810
APS 4 (non-SES)	\$67,777	\$77,358
APS 3 (non-SES)	\$60,089	\$69,315
APS 2 (non-SES)	\$54,057	\$61,864
APS 1 (non-SES)	\$47,077	\$54,294

Note: All figures reflect base salary only and exclude superannuation.

* The Secretary determines the salaries of SES staff.

APS performance pay

Finance does not provide performance pay.

Non-salary benefits

The Department offers staff a number of additional benefits that are not included under the provisions of the Enterprise Agreement:

- annual influenza immunisation
- mentoring and coaching programs
- in-house capability development programs
- a confidential employee assistance program for employees and their immediate families
- access to a serious illness register
- study assistance to eligible employees
- access to flexible working arrangements
- contributions to relevant professional memberships.

Performance management

In 2018–19, the Department refreshed or introduced a range of initiatives to better support employees and managers in managing performance including:

- resources and tools to promote regular and meaningful performance conversations, owned jointly by employees and managers, that encourage high performance with a focus on the future
- face-to-face workshops to provide guidance to staff and managers on Finance's performance management processes and support resources
- resources and tools to encourage staff to build their capabilities, supported by learning and development offerings that provide opportunities through education, exposure and experience
- methods to provide and seek performance feedback from more than one manager and from team members, supporting a more holistic view of performance.

In 2019, the Department will launch a refreshed capability framework, which will better enable employees and managers to define the skills, capabilities, knowledge and behaviour that they need to have or develop in order to perform and progress their career.

Recognition of outstanding performance

Finance recognises and rewards outstanding performance as a critical element in attracting and retaining the best people. Finance formally recognises exceptional contributions by staff by presenting the Secretary's Awards and the Australia Day Awards to teams and individuals whose work exemplifies Finance's values and who make significant contributions to the Department's outcomes.

Recipients of the 2018 Secretary's Awards and staff who received 2019 Finance Australia Day Awards and other external awards, are listed in Appendix D.

Machinery-of-government changes

No machinery-of-government changes affecting the Department of Finance occurred during 2018–19.

Work health and safety

This section outlines Finance's work health and safety (WHS) performance in accordance with Part 4 of the *Work Health and Safety Act 2011* (WHS Act).

Finance recognises that, as part of its aspiration to be a leader in the public sector, it must exemplify good WHS practices. This includes having responsive and flexible safety and rehabilitation management systems.

Work health and safety initiatives within Finance

In 2018–19, to meet its obligations under the WHS Act, the Department:

- provided WHS training and information to all staff, with a continued focus on mental health awareness training for managers and staff
- continued to promote flexible by default working arrangements including part-time, working from home, job sharing and flexible start and end times
- conducted hazard inspections and implementation of a corrective action plan to address findings
- conducted workstation assessments with a strengthened approach to reasonable adjustment
- provided a confidential counselling service through the employee assistance program
- continued to promote a healthy lifestyle including influenza vaccinations, September and a health market day.

Results of work health and safety initiatives

Finance's 2018–19 WHS initiatives resulted in:

- an increased staff satisfaction rating for wellbeing in the APS Employee Census
- an increase in the uptake of flexible work arrangements
- a strengthened Rehabilitation Management System (RMS) by implementing activities identified in the 2017–18 RMS audit corrective action plan
- a reduction in the Comcare compensation premium for Finance from 0.75 per cent in 2017–18 to 0.65 per cent in 2018–19
- increased staff awareness in identifying and managing mental health in the workplace
- increased support for employees that require reasonable adjustment.

Notifiable incidents

In 2018–19 Finance reported one notifiable dangerous incident involving Finance staff to Comcare under section 38 of the WHS Act.

Work health and safety investigations

Under the WHS Act, Finance is required to provide statistics for any investigations or notices given at the workplace it manages. No investigations were conducted and no notices were given during 2018–19.

MOP(S) Act employees

Work health and safety initiatives

Finance and parliamentarians share duties under the WHS Act for health and safety in parliamentarians' workplaces. This includes duties to staff employed under the *Members of Parliament (Staff) Act 1984* (MOP(S) Act). Other Commonwealth entities may also have duties in relation to the health and safety of MOP(S) Act employees.

In 2018–19, Finance's key WHS activities for MOP(S) Act employees were:

- consulting with health and safety representatives through the Work Health and Safety Committee
- organising face-to-face training sessions delivered by Comcare
- implementing a new Emergency Management Services process with a new contracted provider
- providing a confidential counselling service through the employee assistance program
- conducting workstation and worksite assessments
- administering a WHS site officer program to support hazard and incident notification and access to first aid in parliamentarians' workplaces
- implementing mandatory annual refresher training for WHS site officers
- administering a Staff Assistance Officer program to support MOP(S) Act employees experiencing bullying and/or harassment.

Notifiable incidents


In 2018–19, Finance reported 20 incidents involving MOP(S) Act employees to Comcare under section 38 of the WHS Act. Seventeen of the reported incidents were classified as dangerous incidents under the WHS Act. Three involved a serious injury.

Investigations and notices

No investigations were conducted in relation to incidents involving MOP(S) Act employees during 2018–19. One notice was issued under section 155 of the WHS Act.

The Comcare premium

Finance's 2018–19 workers compensation premium accounted for 0.65 per cent of its payroll (for both Finance and MOP(S) Act employees), a decrease from the figure of 0.75 per cent of its payroll in the previous year.



Part 5: Financial statements

Independent
auditor's report

Financial statements



Auditor-General for Australia



INDEPENDENT AUDITOR'S REPORT

To the Minister for Finance

Opinion

In my opinion, the financial statements of the Department of Finance (Finance) for the year ended 30 June 2019:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of Finance as at 30 June 2019 and its financial performance and cash flows for the year then ended.

The financial statements of Finance, which I have audited, comprise the following statements as at 30 June 2019 and for the year then ended:

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

Basis for opinion

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

Key audit matters

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

Key Audit Matter	How the audit addressed the matter
Valuation of the liability for outstanding insurance claims <i>Refer to Note C1 'General insurance activities'</i> Finance provides insurance to Australian	To address the key audit matter, I: <ul style="list-style-type: none"> • evaluated Finance's actuarial methodologies for reasonableness;

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<p>Government entities. The estimation of outstanding insurance claims liability involves significant judgement given the inherent uncertainty in estimating the expected future payments for claims incurred.</p> <p>The estimation of the outstanding insurance claims liability is a key audit matter due to:</p> <ul style="list-style-type: none"> the balance being significant relative to Finance's Statement of Financial Position (\$473.7 million outstanding insurance claims liability as at 30 June 2019); and the valuation involves assumptions about future events, both internal and external to the business, for which small changes in assumptions can result in large fluctuations in the estimate. 	<ul style="list-style-type: none"> assessed whether Finance's actuarial methodologies were consistent with those used in the industry and with prior periods; and assessed the reasonableness of key assumptions (claim ratios, expected frequency of claims, severity of claims and discount rates) by comparing to current and historical trends.
<p>Key audit matter</p> <p>Valuation of superannuation provisions</p> <p><i>Refer to Note C3 'Superannuation'</i></p> <p>Finance administers defined benefit schemes that entitle Australian Government employees to retirement benefits based on past service.</p> <p>The measurement of the superannuation provisions is a key audit matter due to:</p> <ul style="list-style-type: none"> the balance being significant relative to Finance's Administered Schedule of Assets and Liabilities (\$233.1 billion as at 30 June 2019); and the measurement of the provision being complex, requiring significant professional judgement and estimation in the selection of long-term assumptions (including such matters as salary growth and discount rates), to which the valuation of the schemes is highly sensitive. <p>In addition, the Australian Accounting Standards include detailed requirements for the presentation and disclosure of defined benefit plans.</p>	<p>How the audit addressed the matter</p> <p>To address the key audit matter I:</p> <ul style="list-style-type: none"> assessed the design and effectiveness of control processes over the management of defined benefit schemes including management of members' data used in the valuation model; evaluated the reasonableness of the review performed by management's actuary to confirm the integrity of the data used for estimating the defined benefit provision; evaluated the appropriateness of the methodology and reasonableness of the key assumptions applied in estimating the superannuation provision; assessed the reasonableness of the results of the valuation including the explanations for the changes in the valuation; and evaluated the appropriateness of the disclosure of the significant assumptions applied, including sensitivity analysis.
<p>Key audit matter</p> <p>Valuation of Properties</p> <p><i>Refer to Note D3 'Non-financial assets'</i></p> <p>Finance is responsible for the management of the Australian Government's domestic non-defence property portfolio, including delivery of major capital works projects as directed by the Government.</p> <p>Finance has determined the fair value of non-financial assets to be \$431.2 million for land, \$685.7 million for buildings and \$829.0 million for investment properties as at 30 June 2019.</p> <p>The valuation of Finance's land, buildings and investment properties is a key audit matter due to</p>	<p>How the audit addressed the matter</p> <p>To address the key audit matter I:</p> <ul style="list-style-type: none"> evaluated the appropriateness of Finance's methodologies and the reasonableness of its key assumptions utilised in the valuation models. This included rental income and capital expenditure for investment properties and market value comparisons for land and building valuations; and evaluated the competence, capabilities and objectivity of management's valuers.

the valuations being dependent on assumptions that require significant management judgement about capitalisation rates, fair market rents, discount rates and conditions of the use of the properties. Where observable market data is not available, the valuation is subject to a higher level of judgement.

Accountable Authority's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Australian National Audit Office



Grant Hehir
Auditor-General

Canberra

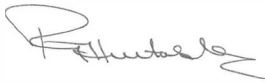
30 August 2019

Department of Finance

Statement by the Secretary and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2019 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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



Rosemary Huxtable PSM
Secretary
Department of Finance
30 August 2019



Grant Stevens
Chief Financial Officer
Department of Finance
30 August 2019

TABLE OF CONTENTS**Departmental Primary Statements**

Statement of Comprehensive Income	118
Statement of Financial Position	119
Statement of Changes In Equity	120
Cash Flow Statement	121

Administered Primary Schedules

Administered Schedule of Comprehensive Income	122
Administered Schedule of Assets and Liabilities	123
Administered Reconciliation Schedule	124
Administered Cash Flow Statement	125

Notes to the financial statements

A. About This Report	127	B. Budgetary Variance Reporting	129
C. General Business Disclosures	131	D. Operating Resources	154
C1 General insurance activities		D1 Financial instruments	
C2 Investment funds		D2 Managing financial risk	
C3 Superannuation		D3 Non-financial assets	
		D4 Other provisions	
		D5 Restructuring	
F. Funding	169	G. Managing Other Uncertainties	176
F1 Annual appropriations		G1 Commitments	
F2 Special appropriations		G2 Contingencies	
F3 Special accounts		G3 Subsequent events	
		E. Our People	166
		E1 Employee benefits	
		E2 Key management personnel remuneration	
		E3 Related parties	
		H. Other Information	178
		H1 Aggregate assets and liabilities	
		H2 Other policy and disclosures	

**Department of Finance
Statement of Comprehensive Income
for the period ended 30 June 2019**

Departmental Primary Statements

	Note ref	Actuals		Budget
		30 June	30 June	30 June
		2019	2018	2019
		\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	E1.1	164,745	168,477	162,753
Supplier expenses				
Consultants and contractors		44,995	47,647	54,902
Domestic property portfolio expenses	B1	30,048	31,138	45,470
Communication and information technology		52,158	49,072	44,785
Other goods and services		24,080	23,365	20,788
Operating lease rentals		13,014	13,730	12,781
Insurance claims	C1.1 B2	180,191	97,246	138,016
Competitive neutrality		3,216	3,638	2,662
Notional reinsurance expense	C1.1	5,000	5,000	5,000
Depreciation and amortisation	D3.1	45,602	44,266	33,979
Non-financial asset write-downs and impairments	D3.1 B1	1,720	2,129	26,469
Impairment of financial assets	D1.3	31	66	-
Other expenses		5,127	1,120	-
Total expenses		569,927	486,894	547,605
Own-source income				
Own-source revenue				
Premium revenue	C1.1 B2	128,452	138,344	144,364
Reinsurance and other recoveries revenue	C1.1	1,142	299	-
Rental income		79,301	75,279	73,221
Resources received free of charge	H2	1,355	1,442	1,385
Rendering of services		73,472	77,757	76,940
Interest revenue	D1.3	-	3	-
Other revenue		126	64	-
Total own-source revenue		283,848	293,188	295,910
Gains				
Gains	B1	47,674	60,202	30,401
Total gains		47,674	60,202	30,401
Total own-source income		331,522	353,390	326,311
Net cost of services				
		(238,405)	(133,504)	(221,294)
Revenue from Government	F1.1	258,962	262,577	257,670
Surplus before income tax on continuing operations		20,557	129,073	36,376
Income tax equivalent		4,086	2,152	2,797
Surplus after income tax on continuing operations		16,471	126,921	33,579
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserves relating to				
Land, building and leasehold improvements	D3.1 B1	162,345	38,758	-
Total comprehensive income		178,816	165,679	33,579

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

Department of Finance
Statement of Financial Position
as at 30 June 2019

Departmental Primary Statements

	Note ref	Actuals		Budget
		30 June	30 June	30 June
		2019	2018	2019
		\$'000	\$'000	\$'000
Assets				
Financial assets				
Cash and cash equivalents				
	D1.1	15,423	16,824	5,000
	F3.1	706,038	755,470	599,017
	D1.1	22,002	4,064	73,756
	D1.1	5,305	5,889	11,770
Appropriations receivable				
	F3.1	47,296	62,589	-
	F1.2	128,399	156,954	164,096
	C1.3	2,258	3,034	6,221
		3,642	3,994	7,365
		2,371	2,771	5,997
Total financial assets		932,734	1,011,589	873,222
Non-financial assets				
	D3.1 B1	431,194	376,014	381,686
	D3.1 B1	685,733	595,221	419,320
	D3.1	23,904	25,312	-
	D3.1 B1	828,988	783,282	870,706
	D3.1	18,609	26,415	91,290
	D3.1	101,466	89,251	142,075
		11,100	7,989	9,442
	D3.2	38,160	28,154	4,318
Total non-financial assets		2,139,154	1,931,638	1,918,837
Total Assets		3,071,888	2,943,227	2,792,059
Liabilities				
	D1.1	35,749	36,241	52,867
		20,770	16,968	18,361
	B1	82,138	189,823	57,145
	C1.4 B2	473,735	381,912	438,663
	E1.2	64,104	62,301	63,384
	D1.1	1,022	3,736	6,475
		32,782	35,236	37,691
	D4	19,141	20,648	8,817
		2,121	2,668	7,008
Total liabilities		731,562	749,533	690,411
Net assets		2,340,326	2,193,694	2,101,648
Equity				
		551,328	534,857	398,424
	B1	400,244	237,899	199,141
		1,388,754	1,420,938	1,504,083
Total equity		2,340,326	2,193,694	2,101,648

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

Department of Finance
Statement of Changes in Equity
for the period ended 30 June 2019

Departmental Primary Statements

	Actuals							
	30 June 2019			30 June 2018				
	Retained earnings	Asset revaluation reserves	Contributed equity/capital	Total	Retained earnings	Asset revaluation reserves	Contributed equity/capital	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Opening balance	534,857	237,899	1,420,938	2,193,694	407,936	199,141	1,638,593	2,245,670
Balance carried forward	534,857	237,899	1,420,938	2,193,694	407,936	199,141	1,638,593	2,245,670
Adjusted opening balance								
Comprehensive income	16,471	-	-	16,471	126,921	-	-	126,921
Surplus for the period	-	162,345	-	162,345	-	38,758	-	38,758
Other comprehensive income	-	162,345	-	162,345	-	38,758	-	38,758
Total comprehensive income	16,471	162,345	-	178,816	126,921	38,758	-	165,679
Transactions with owners								
Distributions to owners			(2,900)	(2,900)				
Transfer of assets	-	-	(2,900)	(2,900)	-	-	-	-
Return of equity - special accounts	-	-	(79,903)	(79,903)	-	-	(183,077)	(183,077)
Return of equity - other	-	-	(80)	(80)	-	-	(931)	(931)
Contributions by owners			8,488	8,488			6,480	6,480
Departmental capital budget	-	-	8,488	8,488	-	-	6,480	6,480
Equity injection - appropriations	-	-	42,211	42,211	-	-	34,852	34,852
Restructuring	-	-	-	-	-	-	(74,979)	(74,979)
Total transactions with owners	-	-	(32,184)	(32,184)	-	-	(217,655)	(217,655)
Closing balance	551,328	400,244	1,388,754	2,340,326	534,857	237,899	1,420,938	2,193,694
<i>Budget 30 June 2019</i>								
<i>Opening balance</i>	469,150	199,141	1,473,038	2,141,329	379,286	177,262	1,695,121	2,251,669
<i>Total comprehensive income</i>	33,579	-	-	33,579	47,106	-	-	47,106
<i>Total transactions with owners</i>	(104,305)	-	31,045	(73,260)	(57,439)	-	9,233	(48,206)
<i>Closing balance</i>	398,424	199,141	1,504,083	2,101,648	368,953	177,262	1,704,354	2,250,569

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

Department of Finance
Cash Flow Statement
for the period ended 30 June 2019

Departmental Primary Statements

	Actuals		Budget
	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000
	Note ref		
OPERATING ACTIVITIES			
Cash received			
Rendering of services		82,418	150,433
Revenue from Government		296,680	295,989
Insurance premiums		128,452	144,364
Reinsurance and other recoveries		1,917	-
Interest and dividends		-	3
Rent received		79,301	75,279
Net GST received		-	2,386
Other		1,445	1,058
Total cash received		567,127	590,786
Cash used			
Employees		162,905	165,193
Suppliers		179,163	174,811
Insurance claims		87,585	153,583
Net GST paid		2,182	-
Other		13,343	9,758
Total cash used		445,178	585,006
Net cash received/(used) for operating activities		121,949	5,780
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of land and buildings		46,941	4,853
Proceeds from sale of investment property		-	127,553
Proceeds from sale of financial investments		2,672	1,035
Total cash received		49,613	60,512
Cash used			
Purchase of land and buildings		36,187	19,678
Purchase of leasehold improvements		207	313
Purchase of investment property		18,731	17,414
Purchase of plant and equipment		1,133	3,866
Purchase of intangibles		35,298	17,866
Total cash used		91,556	114,980
Net cash received/(used) for investing activities		(41,943)	(54,468)
FINANCING ACTIVITIES			
Cash received			
Contributed equity		56,779	37,300
Total cash received		56,779	48,688
Cash used			
Return of contributed equity		187,618	51,330
Restructuring		-	96,063
Total cash used		187,618	147,393
Net cash received/(used) for financing activities		(130,839)	48,688
Net increase/(decrease) in cash held		(50,833)	22,496
Cash and cash equivalents at the beginning of the reporting period		772,294	749,798
Cash and cash equivalents at the end of the reporting period	D1.1	721,461	604,017

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

Department of Finance
Administered Schedule of Comprehensive Income
for the period ended 30 June 2019

Administered Primary Schedules

	Note ref	Actuals		Budget
		30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	E1.1 B3	439,546	298,736	323,961
Superannuation expense	C3.1 B4	8,435,190	8,459,462	8,157,944
Supplier expenses				
Office expenses		45,609	43,742	39,849
Operating lease rentals		40,426	38,526	42,741
Communication and information technology		27,358	22,396	24,689
Property operating expenses		12,619	12,585	12,717
Other goods and services		32,655	33,410	37,432
Investment funds	C2.1 B5	304,125	252,436	43,232
Investment funds distributions	C2.1 B5	2,294,618	129,897	3,599,634
Depreciation and amortisation	D3.1	15,057	17,196	20,691
Non-financial asset write-downs	D3.1	266	218	-
Impairment of financial assets	D1.3	4	1	-
Grants		3,198	2,935	2,957
Other expenses		3,036	768	3,439
Total expenses		11,653,707	9,312,308	12,309,286
Income				
Non- taxation revenue				
Interest	D1.3	29,151	29,841	13,987
Dividends	D1.3	26,900	16,100	11,799
Investment funds	C2.1 B5	443,200	177,601	415,186
Rendering of services		3,061	3,815	3,904
Superannuation contributions	C3.1	1,193,004	1,214,038	1,148,576
Resources received free of charge	H2	4,581	4,455	4,455
Other revenue		2,572	9,604	9,310
Total revenues		1,702,469	1,455,454	1,607,217
Gains				
Investment funds	C2.1 B5	897,361	763,532	45,649
Other gains		257	427	-
Total gains		897,618	763,959	45,649
Total income		2,600,087	2,219,413	1,652,866
Net cost of services		(9,053,620)	(7,092,895)	(10,656,420)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Movement in carrying amount of superannuation	C3.1 B4	(46,132,390)	(6,787,862)	-
Changes in asset revaluation reserves relating to Infrastructure, plant and equipment	D3.1	4,038	2,797	-
Items subject to subsequent reclassification to net cost of services				
Gains/(losses) in carrying amount of Commonwealth entities and companies	D1.3	(18,309)	51,951	-
Total other comprehensive loss		(46,146,661)	(6,733,114)	-
Total comprehensive loss		(55,200,281)	(13,826,009)	(10,656,420)

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

Department of Finance
Administered Schedule of Assets and Liabilities
as at 30 June 2019

Administered Primary Schedules

	Note ref	Actuals		Budget
		30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000
Assets				
Financial assets				
Cash and cash equivalents	D1.1	2,407,972	1,731,032	-
Trade receivables	D1.1	909	1,826	721
Investment funds	C2.2 B5	37,109,160	29,823,803	11,254,851
State and territory government loans	D1.1	126,152	133,121	126,702
Accrued revenue	D1.1	1,291	9,583	2,210
Commonwealth entities and companies	D1.1	1,188,009	904,868	1,210,416
Other financial assets		43,809	17,286	49,317
Total financial assets		40,877,302	32,621,519	12,644,217
Non-financial assets				
Leasehold improvements	D3.1	23,694	26,025	17,599
Infrastructure	D3.1	73,166	69,716	63,231
Plant and equipment	D3.1	11,336	6,655	-
Intangibles	D3.1	214	668	1,070
Prepayments		4,552	3,297	3,549
Total non-financial assets		112,962	106,361	85,449
Total assets		40,990,264	32,727,880	12,729,666
Liabilities				
Trade creditors and accruals	D1.1	12,707	12,141	11,171
Investment funds	C2.2 B5	215,296	248,359	-
OPA overnight cash payable	D1.1	1,803,516	1,326,409	-
Employee provisions	E1.2 B3	325,692	235,829	237,009
Superannuation provisions	C3.1 B4	233,052,709	183,067,033	134,259,196
Other provisions	D4	17,984	17,350	15,192
Other payables		38,074	49,027	11,895
Total liabilities		235,465,978	184,956,148	134,534,463
Net assets/(liabilities)		(194,475,714)	(152,228,268)	(121,804,797)

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

Department of Finance
Administered Reconciliation Schedule
for the period ended 30 June 2019

Administered Primary Schedules

	Note ref	Actuals	
		30 June 2019 \$'000	30 June 2018 \$'000
Opening assets less liabilities		(152,228,268)	(149,756,634)
Net cost of services		(9,053,620)	(7,092,895)
Other comprehensive income/(loss)		(46,146,661)	(6,733,114)
Transfers (to)/from the Australian Government			
Appropriation transfers from OPA			
Annual appropriations		296,455	269,966
Administered assets and liabilities appropriations		312,826	301,354
Special appropriations	F2.1	7,268,563	6,757,598
Restructuring		-	2,769
Contributions from Government to the investment funds	F3.2	8,576,602	6,437,661
Appropriation transfers to OPA			
Transfers to OPA		(3,683,996)	(3,289,054)
OPA transfers with other Commonwealth entities			
Transfers to other Commonwealth entities	H2	(671,497,125)	(687,440,499)
Transfers from other Commonwealth entities	H2	671,679,510	688,314,580
Closing assets less liabilities		(194,475,714)	(152,228,268)

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

Department of Finance
Administered Cash Flow Statement
for the period ended 30 June 2019

Administered Primary Schedules

	Actuals		Budget
	30 June	30 June	30 June
	2019	2018	2019
Note ref	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Rendering of services	3,974	2,710	3,902
Superannuation contributions - employers	1,174,734	1,204,374	1,127,144
Superannuation contributions - members	2,433,550	2,028,753	1,894,747
Net gains from sale of financial instruments	498,413	327,848	-
Interest and dividends	495,462	218,112	435,356
Realised exchange gains	-	31,194	-
Other	2,872	10,032	2,810
Total cash received	4,609,005	3,823,023	3,463,959
Cash used			
Employees	349,690	297,132	270,696
Suppliers	185,192	179,499	196,119
Investment fund distributions	2,294,618	129,897	3,175,150
Superannuation payments	7,015,454	6,561,312	6,821,753
Realised exchange losses	271,078	6,614	-
Grants	3,198	2,935	2,957
Net GST paid	261	419	-
Other	488	730	3,465
Total cash used	10,119,979	7,178,538	10,470,140
Net cash received/(used) for operating activities	(5,510,974)	(3,355,515)	(7,006,181)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of financial investments	49,605,723	32,682,672	10,078,311
Repayments of advances and loans	12,178	11,945	12,180
Matured government securities	-	1,472	-
Total cash received	49,617,901	32,696,089	10,090,491
Cash used			
Purchase of financial investments	56,530,848	39,495,417	7,228,162
Equity injections - CECs	312,450	290,500	311,000
Purchase of leasehold improvements	8,296	12,929	-
Purchase of infrastructure	1,692	1,224	-
Purchase of plant and equipment	6,501	3,257	12,200
Purchase of intangibles	142	157	-
Total cash used	56,859,929	39,803,484	7,551,362
Net cash received/(used) for investing activities	(7,242,028)	(7,107,395)	2,539,129

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

Department of Finance
Administered Cash Flow Statement
for the period ended 30 June 2019

Administered Primary Schedules

	Actuals		Budget
	30 June	30 June	30 June
	2019	2018	2019
Note ref	\$'000	\$'000	\$'000
FINANCING ACTIVITIES			
Cash received			
Contributions to investment funds	8,576,602	6,437,661	6,761,750
Total cash received	8,576,602	6,437,661	6,761,750
Cash used			
Investment fund distributions	-	-	6,547,066
Total cash used	-	-	6,547,066
Net cash received/(used) for financing activities	8,576,602	6,437,661	214,684
Net increase/(decrease) in cash held	(4,176,400)	(4,025,249)	(4,252,368)
Cash and cash equivalents at the beginning of the reporting period	1,731,032	937,956	-
OPA transfers with other Commonwealth entities			
Transfers to other Commonwealth entities	(671,020,018)	(687,536,119)	-
Transfers from other Commonwealth entities	671,679,510	688,314,580	-
Total cash from/(to) OPA	659,492	778,461	-
Finance administered transfers			
Appropriation transfers from OPA	7,877,844	7,328,918	7,307,451
Appropriation transfers to OPA	(3,683,996)	(3,289,054)	(3,055,083)
Total cash from/(to) OPA	4,193,848	4,039,864	4,252,368
Cash and cash equivalents at the end of the reporting period	2,407,972	1,731,032	-
	D1.1		

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

A. About This Report

The Department of Finance (Finance) is an Australian Government controlled not-for-profit entity, its purpose being: to assist the Australian Government to achieve its fiscal and policy objectives by advising on expenditure, managing sustainable public sector resourcing, driving public sector transformation and delivering efficient, cost-effective services to, and for, the government.

Finance is structured to fulfil its purpose through three outcomes, as set out in the 2018-19 Portfolio Budget Statements (PBS), these are:

Outcome 1: Support sustainable Australian Government finances through providing high quality policy advice and operational support to the government and Commonwealth entities to maintain effective and efficient use of public resources.

Outcome 2: Support an efficient and high-performing public sector through providing leadership to Commonwealth entities in ongoing improvements to public sector governance, including through systems, frameworks, policy, advice, and service delivery.

Outcome 3: Support for Parliamentarians and others as required by the Australian Government through the delivery of and advice on, work expenses and allowances, entitlements and targeted programs.

Finance's activities are classified as either Departmental or Administered. Departmental activities involve the use of assets, liabilities, incomes and expenses controlled or incurred by Finance in its own right.

Administered items are controlled by the government and managed or overseen by Finance on behalf of the government. These items are distinguished from Departmental items using shading.

Administered items include:

- Superannuation schemes for current and former civilian Australian Government employees, Parliamentarians, current and former Governor-Generals, Federal Judges and Federal Circuit Court Judges
- Australian Government investment funds
- Entitlements, allowances and work expenses provided to current and former Members of Parliament and their staff
- Grants
- State and territory government loans and interest
- Investments in Commonwealth entities and companies.

In some areas of this financial report, Departmental and Administered items are included in the same section, this is for presentation purposes only and these balances should not be compared.

The continued existence of Finance in its present form and with its present programs is dependent on government policy and on continued funding by Parliament.

Basis of preparation

The financial statements are general purpose financial statements required by section 42 of the PGPA Act. They have been prepared in accordance with the *PGPA (Financial Reporting) Rule 2015* (FRR) and Australian Accounting Standards (AAS) and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period. Finance has applied the Reduced Disclosure Requirements issued by the AASB as a minimum and has included additional disclosures for financial instruments, fair value and superannuation as required under subsection 18(3) of the FRR.

Basis of accounting

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets and liabilities at fair value.

All assets have been assessed for impairment at the end of the reporting period and no impairment indicators exist unless otherwise stated.

Comparative reclassifications

Minor changes were made to the comparatives in both the Departmental and Administered financial statements as a result of the reclassification or merging of some line items. There was no change to the comparative operating surplus or net assets reported.

How to read this report

The following pages set out the notes to the financial statements, which include further information required to understand the financial statements. This has been assessed against materiality and relevance to the operations, financial position and performance of Finance. All amounts are presented in Australian dollars (AUD).

Key judgements and estimates

In applying Finance's accounting policies, management has made a number of judgements and applied estimates and assumptions to future events. Judgements and estimates that are material to the financial statements are found in the following notes:

- C1 General insurance activities
- C2 Investment funds
- C3 Superannuation
- D1 Financial instruments
- D3 Non-financial assets
- E1 Employee benefits

With the exception of judgements and estimates applied in the above notes, no allowance is made for the effect of changing prices on the results or the financial position.

New Australian Accounting Standards (AAS)

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

Notes to and forming part of the financial statements

B. Budgetary Variance Reporting

B. Budgetary Variance Reporting

The below table provides explanations for significant variances between Finance's original budget estimates, as published in the 2018-19 Portfolio Budget Statements and the actual financial performance and position for the year.

Note Reference	Affected line Items	Explanation
B1 Non-defence domestic property portfolio	Domestic property portfolio expenses Non-financial asset write-downs and impairments Gains Land Buildings Investment property Return of equity - special accounts Asset revaluation reserve	<p>Events that have impacted the financial performance associated with the Commonwealth's non-defence domestic property portfolio include:</p> <ul style="list-style-type: none"> Revaluation gains from independent valuations for land, buildings and investment property arising from strong market conditions particularly for the Commonwealth Law Courts (various states) and Post Entry Quarantine facilities Gains from the divestment of properties including Customs House (Sydney, NSW), with the proceeds payable to the Consolidated Revenue Fund as a 'Return of equity - special accounts' Reclassification of properties as held for sale resulting from the Commonwealth's continued divestment strategy Underspends for domestic property portfolio expenses on Commonwealth owned properties due primarily to reallocation of funding to high priority capital works.
B2 General insurance activities	Insurance claims expenses Outstanding insurance claims Premium revenue	<p>The outstanding insurance claims liability is independently valued each year and is subject to inherent uncertainty in the estimation process as the ultimate outcome of claims is subject to events that have not yet occurred.</p> <p>Claim expenses were impacted in 2018-19 due to the development of several large property claims arising from storm damage and other events. These movements were partially offset by a general decrease in the amount provisioned in the Liability portfolio where overall experience for very large claims had been more favourable than expected.</p> <p>A decrease in premium revenue collected was reflective of a review of risks applicable for offshore property assets.</p>
B3 Post-employment benefits	Employee benefits Employee provisions	The provision has been updated for post-employment benefits for certain entitlements for former Prime Ministers, including staff, office and vehicle costs, where future recurrent expenditure assumptions are set having regard to historical data and adjusted for inflation.
B4 Superannuation	Superannuation expense Superannuation provisions	<p>Budget variances are due to differences in the discount rates used for budgeting and financial reporting.</p> <p>The budgeted superannuation provision and expense use the discount rate in the Long Term Cost Reports to reduce volatility that would occur if the long-term government bond rate, which is required by AAS for financial reporting, was applied.</p> <p>Any change in the rates used for budget and financial reporting purposes significantly impacts on the superannuation provisions and superannuation expense.</p>

Note Reference	Affected line Items	Explanation
B5 Investment funds	Investment funds distributions Investment funds revenues, expenses and gains Investment funds assets and liabilities	<p>Due to the volatile nature of investment markets it is difficult to predict the final outcomes and values of some individual line items such as foreign exchange gains and losses. For budgeting of net asset balances, earnings and expenditure, Finance forecasts at an aggregated level.</p> <p>The net asset balance for the investment funds is higher than originally budgeted for due to:</p> <ul style="list-style-type: none"> • Cessation of the Building Australia Fund and Education Investment Fund not occurring due to delays in the passage of the enabling legislation through Parliament • Establishment of the Aboriginal and Torres Strait Islander Land and Sea Future Fund on 1 February 2019 • Ongoing negotiations on the National Partnership Agreement for the DisabilityCare Australia Fund. As a consequence, only partial reimbursements were provided to the states in 2018-19 and no reimbursement was provided to the Commonwealth • Better than expected financial performance of the funds.

C. General Business Disclosures

This section includes disclosures for operations which are significant in size and/or nature for Finance.

C1 General insurance activities

Finance provides insurance and risk management services to Australian General Government Sector entities. The classes of business cover include: Liability, Property, Motor Vehicle, and Personal Accident and Travel.

These services are funded from the Comcover Special Account, refer to Note F3.1.

Policy and measurement

Premium revenue

Premium revenue includes amounts charged excluding Goods and Services Tax (GST). Premiums are recognised as revenue over the period insured which is from 1 July to 30 June each year.

Notional reinsurance expense

A notional reinsurance charge of \$5.0 million is paid to the Official Public Account (OPA) each year.

Reinsurance and other recoveries

Reinsurance and other recoveries received or receivable in respect of gross claims paid and movements in reinsurance and other recovery assets are recognised as revenue in the year they occur.

Reinsurance and other recovery assets are actuarially assessed as the present value of the expected future receipts, calculated on the same basis as the outstanding claims liability.

Claims expense and outstanding claims liabilities

Claims expense represents claims payments and the movement in the gross outstanding claims liability.

The outstanding claims liability is actuarially assessed and measured at the central estimate of the present value of expected future payments of claims incurred at the reporting date with an additional risk margin to allow for inherent uncertainty in the central estimate. The expected future payments include those in relation to unpaid reported claims; claims incurred but not reported (IBNR); claims incurred but not enough reported (IBNER); and indirect expenses that are expected to be incurred in settling these claims. Changes in claims estimates are recognised in the surplus/(deficit) in the year in which the estimates are changed.

Assets backing general insurance liabilities

The balance of the Comcover Special Account and receivables from insurance activities are held to back general insurance liabilities. For further information in relation to the Comcover Special Account, refer to Note F3.1.

Key judgements and estimates

Finance takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. The claim estimates and judgements are regularly evaluated and updated based on historical experience and other factors. However, given the uncertainty in the estimation process, it is likely that the final outcome will prove to be different from the original liability established.

Finance's activities are classified into two main categories: **Property** (Property, Motor Vehicle and Personal Accident and Travel) and **Liability**. Different actuarial methods and assumptions are applied at a more granular level taking into account the characteristics of the class of business, claim type and the extent of the development of each past accident period.

The estimation of IBNR and IBNER are generally subject to a greater degree of uncertainty where claims notification and settlement may not happen for many years after the event giving rise to the claim. For this reason, Liability classes of business typically display greater variability between the initial estimates and final outcomes.

Key actuarial assumptions

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

	30 June 2019		30 June 2018	
	Property	Liability	Property	Liability
Average discount rate	1.0%	1.0%	2.0%	2.2%
Average inflation rate	2.2%	3.2%	2.4%	3.4%
Average weighted term to settlement (years)	1.7	2.6	1.6	2.7
Expense rate	1.0%	1.6%	1.4%	1.6%
Risk margin	19.1%	19.3%	16.0%	19.0%

Process used to determine actuarial assumptions

Discount rate	To allow for the time value of money, projected payments are discounted at a risk free rate derived from market yields on Australian Government securities at the reporting date.
Inflation rate	Claims inflation is incorporated into the resulting projected payments to allow for both expected levels of economic inflation and superimposed inflation. Economic inflation is based on economic indicators such as the Consumer Price Index (CPI) and/or increases in average weekly earnings. Superimposed inflation is past claims inflation in excess of wage inflation. A review of past claims reveals no evidence of superimposed inflation.
Average weighted term to settlement	The average weighted term to settlement is based on historic payment patterns.
Expense rate	Claims handling expenses are calculated by reference to Finance's claims handling remuneration agreements for direct expenses and internal costs for indirect expenses.
Risk Margin	The risk margin is assessed by examining the historical variability of the claims experience, considering industry studies and benchmarks and applying actuarial judgement, especially in respect of uncertainties not reflected in the claims data. This assessment is performed for each class of business. Diversification benefit is allowed for, with consideration given to industry studies and benchmarks.

Sensitivity analysis

Finance has conducted sensitivity analysis to quantify the impact of changes in the key underlying assumptions on the surplus/(deficit). The sensitivity analysis has been performed for each variable independently of all other changes and is net of reinsurance and other recoveries. The table below describes how a change in each assumption will affect the surplus/(deficit).

Assumption	Movement	30 June 2019		30 June 2018	
		Property \$'000	Liability \$'000	Property \$'000	Liability \$'000
Average discount rate	+1%	4,054	6,437	2,415	6,360
	-1%	(3,886)	(6,122)	(2,319)	(6,048)
Average inflation rate	+1%	(4,000)	(6,302)	(2,485)	(6,601)
	-1%	4,092	6,493	2,539	6,810
Average weighted term to settlement (years)	+1 year	(2,887)	(5,336)	(626)	(2,490)
	-1 year	3,482	5,634	261	2,078
Expense rate	+1%	(2,284)	(2,393)	(1,438)	(2,324)
	-1%	2,284	2,393	1,438	2,324
Risk margin	+1%	(1,936)	(2,039)	(1,257)	(1,984)
	-1%	1,936	2,039	1,257	1,984

The movements are the absolute movement in the assumption (e.g. +1% increase in the expense rate for Property from 1.0% to 2.0%).

Notes to and forming part of the financial statements

C. General Business Disclosures

Insurance risk management

Finance is exposed to insurance risk, which is discussed below.

Objectives, policies and processes for managing insurance risk

Finance provides insurance and risk management services to deliver a net benefit to the Australian Government over the longer term. The transfer of insurance risk from participating general government sector entities offers the most comprehensive and cost effective approach to the management of risk exposures. The provision of a captive fund focuses on improving risk identification and management in entities and increases in transparency and accountability to the Australian Government and the public.

Key processes to manage the insurable risk exposure of the Commonwealth include:

- Detailed risk exposure surveys
- Actuarial modelling of claims history, exposures and industry experience to provide an estimate of expected claims costs for the insured year and to determine the annual premium collection
- Claim management and investigation processes
- Appointment of an independent actuary for valuation services of the outstanding claims liability
- Whole of government policy development and risk management advisory and education services to improve risk awareness and capability of Fund Members.

Concentration of insurance risk

No reinsurance policies were placed in 2018-19 (2017-18: nil), reflecting the capacity of the Australian Government to cost-effectively self-insure against infrequent large claims.

C1.1 Underwriting result

	Departmental	
	30 June 2019 \$'000	30 June 2018 \$'000
Direct premium revenue		
Premium revenue	128,452	138,344
Premium revenue eliminated on consolidation	1,139	1,181
Total direct premium revenue	129,591	139,525
Notional reinsurance expense	(5,000)	(5,000)
Net premium revenue	124,591	134,525
Net incurred claims		
Insurance claims	(180,191)	(97,246)
Reinsurance and other recoveries revenue	1,142	299
Total net claims	(179,049)	(96,947)
Other underwriting expenses	(8,863)	(8,282)
Underwriting result	(63,321)	29,296
Revenue from Government	7,743	8,004
Operating surplus/(deficit)	(55,578)	37,300

C1.2 Net claims incurred

	30 June 2019			30 June 2018		
	Current	Prior	Total	Current	Prior	Total
	year	years		year	years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross claims incurred						
Undiscounted	142,295	24,128	166,423	110,459	(15,748)	94,711
Discount and discount movement	(3,748)	12,479	8,731	(6,262)	4,857	(1,405)
Gross claims incurred discounted	138,547	36,607	175,154	104,197	(10,891)	93,306
Reinsurance and other recoveries						
Undiscounted	(769)	(197)	(966)	(678)	454	(224)
Discount and discount movement	2	(178)	(176)	2	(77)	(75)
Reinsurance and other recoveries discounted	(767)	(375)	(1,142)	(676)	377	(299)
Net claims incurred	137,780	36,232	174,012	103,521	(10,514)	93,007
Claims handling expense			5,037			3,940
Total net claims			179,049			96,947

The \$36.2m increase in prior years net claims is due to changes in the expected cost for two property claims incurred in 2017-18. These movements were partially offset by valuation decreases in the liability portfolio for prior year claims where development in the very large class of claims has been more favourable than expected.

C1.3 Reinsurance and other recoveries receivable

	Departmental	
	30 June	30 June
	2019	2018
	\$'000	\$'000
Reinsurance and other recoveries		
Reinsurance and other recoveries	2,411	3,363
Discount to present value	(153)	(329)
Total reinsurance and other recoveries	2,258	3,034

C1.4 Outstanding claims liability

	Departmental	
	30 June	30 June
	2019	2018
	\$'000	\$'000
Gross claims liability - undiscounted	401,454	335,740
Discount to present value	(9,120)	(16,456)
Gross claims liability - discounted	392,334	319,284
Claims handling expense	5,130	4,860
Gross central estimate	397,464	324,144
Risk margin	76,271	57,768
Outstanding claims liability	473,735	381,912
Risk margin adopted	19.2%	17.8%
Probability of adequacy of the risk margin	75%	75%

Notes to and forming part of the financial statements

C. General Business Disclosures

Reconciliation of the movement in discounted outstanding claims liability

			30 June	30 June
	Property	Liability	2019	2018
	\$'000	\$'000	Total	Total
			\$'000	\$'000
Net outstanding claims liability at the beginning of the year	145,371	233,507	378,878	432,699
Incurred claims	68,345	69,435	137,780	103,521
Claims payments	(42,064)	(39,349)	(81,413)	(146,828)
Unwinding of discount	1,816	4,866	6,682	5,043
Risk margin release	(5,382)	(6,017)	(11,399)	(7,869)
Changes in assumptions and experience	61,968	(21,019)	40,949	(7,688)
Net outstanding claims liability at the end of the year	230,054	241,423	471,477	378,878
Reinsurance and other recoveries	491	1,767	2,258	3,034
Gross outstanding claims liability at the end of the year	230,545	243,190	473,735	381,912

Notes to and forming part of the financial statements

C. General Business Disclosures

C1.5 Claims development table

The following table shows the development of the estimated undiscounted outstanding claims relative to the ultimate expected claims for the 10 most recent accident years.

	Prior	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Estimate of net ultimate claims costs												
At end of accident year	50,778	121,801	61,550	66,779	114,162	102,138	91,686	86,286	93,055	117,798		
One year later	48,922	108,067	70,345	63,441	106,114	119,144	87,813	91,391	139,062			
Two years later	47,317	100,453	67,843	65,399	96,653	218,627	96,971	89,415				
Three years later	70,257	91,789	68,396	62,028	89,631	215,052	92,516					
Four years later	65,808	84,123	67,312	58,498	82,685	205,636						
Five years later	65,956	82,395	62,705	55,203	75,963							
Six years later	51,423	80,279	59,872	54,526								
Seven years later	49,163	80,399	61,182									
Eight years later	48,760	85,097										
Nine years later	49,230											
Estimate of net ultimate claims costs	49,230	85,097	61,182	54,526	75,963	205,636	92,516	89,415	139,062	117,798		
Cumulative payments	(48,782)	(79,188)	(53,694)	(48,868)	(56,227)	(165,809)	(53,812)	(36,291)	(22,828)	(9,607)		
Net claims liability - undiscounted	6,103	448	5,909	7,488	19,736	39,827	38,704	51,124	116,234	108,191		399,422
Discount to present value	(86)	(5)	(86)	(95)	(258)	(663)	(800)	(1,173)	(2,677)	(3,098)		(8,993)
Net claims liability - discounted	6,017	443	5,823	7,393	19,478	39,164	37,904	49,951	113,557	105,093		390,429
Claims handling expense												5,130
Net central estimate												395,559
Net risk margin												75,918
Total net outstanding claims liability												471,477
Reinsurance and other recoveries												2,258
Total gross outstanding claims liability												473,735

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

C2 Investment funds

Finance provides advice on the investment mandates and governance arrangements for the investment funds. This includes advice on the credit of amounts to and debits of amounts from the investment funds. The Future Fund Board of Guardians (the Board), supported by the Future Fund Management Agency (FFMA), is responsible for the management and investment of the assets of the investment funds. The investment funds consist of the respective special accounts and the investments of the:

- **Building Australia Fund (BAF)** – an investment fund established by the *Nation-building Funds Act 2008* to make payments in relation to the creation or development of transport, communication, eligible national broadband network, energy and water infrastructure. Legislation to close the BAF received Royal Assent on 30 July 2019 and is now subject to proclamation for the date of effect.
- **Education Investment Fund (EIF)** – an investment fund established by the *Nation-building Funds Act 2008* to make payments in relation to the creation or development of higher education, research, vocational education and training, and eligible education infrastructure and to make transitional Higher Education Endowment Fund payments. The EIF is expected to be closed during 2019-20, subject to the passage of legislation.
- **DisabilityCare Australia Fund (DCAF)** – an investment fund established by the *DisabilityCare Australia Fund Act 2013* to reimburse the Commonwealth, states and territories for costs incurred in relation to the *National Disability Insurance Scheme Act 2013*.
- **Medical Research Future Fund (MRFF)** – an investment fund established under the *Medical Research Future Fund Act 2015* to support medical research and innovation into the future.
- **Aboriginal and Torres Strait Islander Land and Sea Future Fund (ATSILSFF)** – an investment fund established under the *Aboriginal and Torres Strait Islander Land and Sea Future Fund Act 2018* to make annual and discretionary payments to the Indigenous Land and Sea Corporation.

Key judgements and estimates

In applying Finance's accounting policies, management has made a number of judgements and applied estimates and assumptions to future events. Judgements and estimates which are material to the financial statements are located throughout the investment funds disclosure.

Policy and measurement**Investment mandate**

Each fund has an investment mandate that is determined by the responsible Ministers under legislation. For the BAF, EIF and DCAF the investment mandates set a target benchmark return of the Australian three month bank bill swap rate + 0.3% per annum calculated on a rolling 12 month basis (net of fees). The investment mandates also require the Board to invest in such a way as to minimise the probability of capital losses over a 12 month horizon.

The investment mandate for the MRFF sets an average return of at least the Reserve Bank of Australia (RBA) Cash Rate target + 1.5% to 2.0% per annum, net of investment fees, over a rolling 10 year term as the benchmark return on the Fund. In targeting the benchmark return, the Board must determine an acceptable but not excessive level of risk measured in terms such as the probability of losses in a particular year.

The investment mandate for the ATSILSFF sets an average return over the long term of at least the CPI + 2.0% to 3.0% per annum, net of costs, as the benchmark return on the fund. In constructing the portfolio, the Board must determine an acceptable but not excessive level of risk for the fund.

Investments

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned. Investments are initially measured at fair value, net of transaction costs that are directly attributable to acquisition or issue of the investment.

Investments in collective investment vehicles are recorded at fair value on the date which consideration is provided to the contractual counterparty under the terms of the relevant subscription agreement. Any associated due diligence costs in relation to these investments are expensed when incurred.

The following methods are adopted by the investment funds in determining the fair value of investments:

- Listed securities, exchange traded futures and options and investments in listed managed investment schemes are recorded at the quoted market prices on relevant stock exchanges.
- Unlisted managed investment schemes and collective investment vehicles are re-measured based on the estimated fair value of the net assets of each scheme or vehicle at the reporting date. Collective investment vehicles are entities that enable investors to pool their money and invest the pooled funds, rather than buying securities directly. Collective investment vehicles are used to invest in private equity funds, hedge funds, debt funds, listed equity funds, infrastructure funds and property funds and are usually structured as interests in limited partnerships and limited liability companies.

In determining the fair value of the net assets of unlisted managed investment schemes and collective investment vehicles, reference is made to the underlying unit price provided by the manager (where available), capital account statements and the most recent audited financial statements of each scheme or vehicle.

Manager valuation reports are reviewed to ensure the underlying valuation principles are materially compliant with AAS and applicable industry standards including International Private Equity and Venture Capital Valuation Guidelines as endorsed by the Australian Private Equity and Venture Capital Association Limited.

- Derivative instruments including forward foreign exchange contracts, interest rate swaps, credit default swaps and futures are recorded at their fair value on the date the contract is entered into and are subsequently re-measured to their fair values at each reporting date. The investment funds have entered into derivative contracts to manage their exposure to foreign exchange risk, interest rate risk, equity market risk and credit risk. The investment funds also use derivatives to gain indirect exposure to market risks. Further disclosures regarding the use of derivatives by the investment funds are presented in Note C2.3.
- Asset backed securities, bank bills, negotiable certificates of deposit, mortgaged backed securities, government securities and corporate debt securities which are traded in active markets are valued at the quoted market prices. Securities for which no active market is observable are valued at current market rates using broker sourced market quotations and/or independent pricing services as at the reporting date.

MRFF Investment Companies (MRFFICs)

Whilst all investments are held by the Board in respect of the relevant investment fund, some investments are indirectly held through wholly owned investment holding companies, MRFFICs.

The MRFFICs are funded primarily via loan arrangements from the MRFF. These loans are designated as financial assets and measured at fair value with changes in their fair value recognised in the Administered Schedule of Comprehensive Income. Loan assets are repayable on demand. Interest rates are set on the loans having regard to the 10-year government bond rate in the market in which the underlying investment is made.

As the MRFFICs hold a material portion of the investments of the investment funds, these are recorded on a net assets basis in Finance's Administered primary schedules. Additional disclosures detailing the underlying investments held by the MRFFICs are provided in Notes C2.2 and C2.3 to provide users with additional information in relation to the investment portfolio and Finance's exposure.

Notes to and forming part of the financial statements

C. General Business Disclosures

Income

Interest income is interest earned on cash and cash equivalents. Dividends, franking credits and distribution income are recognised when the right to receive payment is established.

Net realised gains/losses on investments held at FVPL includes:

- Realised interest income including coupon payments received during the year
- Net realised gains/losses including realised gains and losses as compared to the original cost of the investment
- Net realised changes in the fair value including the current year unrealised gains/losses on investments held at reporting date.

Foreign currency

Items included in the financial statements of the investment funds are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the functional and presentation currency.

All foreign currency transactions during the period are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency items at reporting date are translated at the exchange rate existing at reporting date.

Exchange differences are recognised in profit and loss in the period in which they arise.

C2.1 Investment funds operating results

	BAF \$'000	EIF \$'000	DCAF \$'000	MRFF \$'000	ATSILSFF \$'000	30 June 2019 Total \$'000	30 June 2018 Total \$'000
Revenue							
Interest	27,090	26,533	121,385	17,765	23	192,796	140,885
Dividends and distributions	-	-	-	250,404	-	250,404	36,716
Total revenue	27,090	26,533	121,385	268,169	23	443,200	177,601
Gains on financial investments	102,554	125,665	342,517	308,264	18,361	897,361	763,532
Total income	129,644	152,198	463,902	576,433	18,384	1,340,561	941,133
Expenses							
Supplier expenses	3,719	4,215	10,836	13,969	308	33,047	26,736
Foreign exchange losses	34,975	57,859	121,609	56,635	-	271,078	225,700
Total expenses	38,694	62,074	132,445	70,604	308	304,125	252,436
Net investment funds return	90,950	90,124	331,457	505,829	18,076	1,036,436	688,697
less Investment funds distributions	-	2,000	2,087,755	204,863	-	2,294,618	129,897
Net surplus/(deficit)	90,950	88,124	(1,756,298)	300,966	18,076	(1,258,182)	558,800

C2.2 Investment funds financial position						30 June 2019 Total	30 June 2018 Total
	BAF \$'000	EIF \$'000	DCAF \$'000	MRFF \$'000	ATSILSFF \$'000	\$'000	\$'000
Assets							
Financial assets measured at amortised cost							
Cash and cash equivalents	1,326,627	1,366,666	5,383,620	1,203,281	415	9,280,609	7,901,067
Cash held in OPA ¹	-	-	840,000	-	-	840,000	-
Other receivables	12,311	20,772	25,777	49,906	8	108,774	78,543
Total financial assets measured at amortised cost	1,338,938	1,387,438	6,249,397	1,253,187	423	10,229,383	7,979,610
Financial assets measured at FVPL							
Interest bearing securities	2,622,417	2,576,830	10,922,024	3,597,427	2,025,435	21,744,133	18,234,420
MRFFICs	-	-	-	1,796,135	-	1,796,135	914,188
Listed equities and managed investment schemes	-	-	-	1,638,076	-	1,638,076	1,099,917
Collective investment vehicles	-	-	57,401	1,475,696	-	1,533,097	1,412,778
Restricted cash	8,775	12,188	42,993	55,616	-	119,572	149,919
Derivatives	7,707	9,841	19,055	12,161	-	48,764	32,971
Total financial assets measured at FVPL	2,638,899	2,598,859	11,041,473	8,575,111	2,025,435	26,879,777	21,844,193
Total assets	3,977,837	3,986,297	17,290,870	9,828,298	2,025,858	37,109,160	29,823,803
Liabilities							
Financial liabilities measured at amortised cost							
Trade creditors and accruals	1,385	1,382	4,629	4,223	173	11,792	7,302
Unsettled purchases	11,863	21,003	49,985	35,263	-	118,114	83,730
Total financial liabilities measured at amortised cost	13,248	22,385	54,614	39,486	173	129,906	91,032
Financial liabilities measured at FVPL							
Derivatives	7,857	11,712	31,638	34,183	-	85,390	157,327
Total financial liabilities measured at FVPL	7,857	11,712	31,638	34,183	-	85,390	157,327
Total liabilities	21,105	34,097	86,252	73,669	173	215,296	248,359
Net assets	3,956,732	3,952,200	17,204,618	9,754,629	2,025,685	36,893,864	29,575,444

¹ Administered special accounts (Note F3.2).

Notes to and forming part of the financial statements

C. General Business Disclosures

Collective investment vehicles

The investment funds, directly and via the MRFFICs, have committed to provide capital to various collective investment vehicles. The total of these commitments at reporting date is \$1,303 million (2018: \$386 million). The investment fund's commitments, being capital calls, are set out in the various underlying subscription documents. While the actual timing of the capital calls to be made by the managers of these vehicles is uncertain, as it is dependent on the managers sourcing suitable investment opportunities, the investment funds have recorded the commitments as being current in accordance with the underlying legal documents. The investment funds have appropriate liquidity planning in place to ensure a suitable allocation of resources will be available to cover these future commitments of capital.

The table below provides more detailed information on the commitments and outstanding calls of collective investment vehicles held directly by the MRFF, DCAF and via MRFFICs at reporting date:

Description of underlying Strategy	Capital committed local currency	30 June 2019		Net capital cost AUD equivalent \$'000	Fair value AUD equivalent \$'000
		Outstanding commitments			
		AUD equivalent \$'000	AUD equivalent \$'000		
Directly held by MRFF and DCAF					
Alternatives	AUD	1,200,120	-	1,054,085	1,020,591
Debt	AUD	275,000	-	275,025	289,425
Debt	USD	40,000	17,100	36,774	37,624
Global infrastructure	USD	250,000	339,952	14,782	13,795
Listed equities	AUD	25,000	-	25,000	23,317
Property	USD	212,017	161,908	136,772	148,345
Total			518,960	1,542,438	1,533,097
Via MRFFICs					
Alternatives	AUD	568,217	143,352	425,195	416,121
Alternatives	USD	185,000	1,540	247,338	263,361
Debt	USD	40,000	42,724	13,987	15,123
Private equity	AUD	100,707	48,484	47,100	51,629
Private equity	EURO	52,682	15,178	23,963	41,768
Private equity	USD	601,194	511,188	263,060	362,346
Property	USD	22,983	21,575	10,120	11,781
Total			784,041	1,030,763	1,162,129

C2.3 Managing financial risk

The investment funds have entered into forward foreign exchange currency contracts to manage its exposure to foreign exchange risk. The investment funds also use interest rate futures and swaps to manage their exposure to interest rate risk and credit default swaps to manage their exposure to credit risk and/or gain indirect exposure to credit risk. The use of derivative financial instruments by the investment funds is governed by the *Nation-building Funds Act 2008*, the *DisabilityCare Australia Fund Act 2013*, the *Medical Research Future Fund Act 2015* and the *Aboriginal and Torres Strait Islander Land and Sea Future Fund Act 2018*.

C2.3.1 Market risk

Market risk is the risk of loss arising from movements in the prices of various assets flowing from changes in interest rates and foreign currency risk.

Interest rate risk*Interest rate risk exposure*

The investment funds are exposed to risk of loss arising from movement in the prices of various assets flowing through interest rate changes. The total exposure for each class of financial asset is set out below.

Financial assets exposed to interest rate risk	Variable interest rate	Fixed interest rate	Non-interest bearing	Total
30 June 2019	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	9,280,609	-	-	9,280,609
Cash held in OPA	-	-	840,000	840,000
Interest bearing securities	4,577,795	17,215,252	-	21,793,047
Other financial assets	-	-	5,195,504	5,195,504
Total investment	13,858,404	17,215,252	6,035,504	37,109,160
Total interest rate swaps (notional amount)				
Pay	(140,943)	(276,009)	-	
Receive	276,009	140,943	-	
30 June 2018				
Cash and cash equivalents	7,901,067	-	-	7,901,067
Interest bearing securities	5,680,397	12,603,583	-	18,283,980
Other financial assets	-	-	3,638,755	3,638,755
Total investment	13,581,464	12,603,583	3,638,755	29,823,802
Total interest rate swaps (notional amount)				
Pay	(310,252)	(213,668)	-	
Receive	213,668	310,252	-	

Interest rate derivative contracts

The investment funds had open positions in exchange traded interest rate futures contracts and interest rate swap agreements at the reporting date. Interest rate derivative contracts are used by the investment fund's managers to manage the exposure to interest rate risk and to ensure it remains within approved limits. The notional value of the open contracts and their fair value are set out below.

	30 June 2019		30 June 2018	
	Notional value	Fair market value	Notional value	Fair market value
	\$'000	\$'000	\$'000	\$'000
Open contracts				
Buy domestic interest rate futures contracts	92,347	393	379,080	2,625
Sell domestic interest rate futures contracts	(1,296,430)	(707)	(1,187,986)	(474)
Buy international interest rate futures contracts	391,724	7,444	531,321	3,219
Sell international interest rate futures contracts	(2,093,961)	(10,856)	(2,221,695)	(1,690)
Receiver (fixed) interest rate swap agreements	(127,497)	3,979	310,252	(1,642)
Payer (fixed) interest rate swap agreements	276,009	(2,351)	(213,668)	722
Buy forward contracts on mortgage backed securities	166,796	228	-	-
Sell forward contracts on mortgage backed securities	(32,369)	(47)	-	-
Total open contracts		(1,917)		2,760

Notes to and forming part of the financial statements

C. General Business Disclosures

Interest rate sensitivity analysis

The investment funds are exposed to interest rate risk in relation to their investments. The impact of a change in interest rates is disclosed in the table below, with all other variables held constant. The table demonstrates the impact on the operating result of a 20 basis point (2018: 20 basis point) change in bond yields with all other variables held constant. It is assumed that the 20 basis point change occurs as at the reporting date and there are concurrent movements in interest rates and parallel shifts in the yield curves. A 20 basis point movement would impact on the debt portfolios' (including derivatives) contribution to the investment funds operating result. The impact on the operating result includes the increase/(decrease) in interest income on variable rate securities from the basis point change.

Sensitivity by year	Risk variable	Change in risk variable	Net cost of services \$'000
2019	Discount rate	+0.2%	54,644
		-0.2%	(54,034)
2018	Discount rate	+0.2%	21,257
		-0.2%	(21,230)

Foreign currency risk

The investment funds undertake certain transactions denominated in foreign currencies and are therefore exposed to the effects of exchange rate fluctuations. Exposure to foreign currency risk is managed utilising forward foreign exchange contracts. The exposure in AUD equivalents to foreign currency risk at reporting date is as follows.

Financial assets exposed to currency risk 30 June 2019	USD \$'000	EURO \$'000	GBP \$'000	Other \$'000	Total \$'000
Cash and cash equivalents	204,175	73,277	20,671	7,069	305,192
Interest bearing securities	2,653,071	855,210	1,219,104	1,034,808	5,762,193
Listed equities	924,357	137,983	81,092	595,125	1,738,557
Collective investment vehicles	852,920	41,768	-	-	894,688
Other investments	21,510	14,820	831	7,195	44,356
Receivables	59,168	3,904	868	2,373	66,313
Payables	(84,548)	(10,848)	(7,698)	(13,106)	(116,200)
Total physical exposure	4,630,653	1,116,114	1,314,868	1,633,464	8,695,099
Forward exchange contracts					
Buy foreign currency	1,102,601	326,347	26,437	182,833	1,638,218
Sell foreign currency	(4,912,955)	(1,283,496)	(1,332,196)	(1,026,280)	(8,554,927)
Total derivative exposure	(3,810,354)	(957,149)	(1,305,759)	(843,447)	(6,916,709)
Net exposure	820,299	158,965	9,109	790,017	1,778,390

Financial assets exposed to currency risk
30 June 2018

Cash and cash equivalents	142,278	91,625	8,409	11,167	253,479
Interest bearing securities	2,705,853	869,000	1,114,505	828,299	5,517,657
Listed equities	447,992	62,082	31,704	286,987	828,765
Collective investment vehicles	420,209	52,569	-	-	472,778
Other investments	(6,971)	(305)	154	(1,025)	(8,147)
Receivables	52,820	2,733	163	1,184	56,900
Payables	(67,906)	(9,027)	-	(6,723)	(83,656)
Total physical exposure	3,694,275	1,068,677	1,154,935	1,119,889	7,037,776
Forward exchange contracts					
Buy foreign currency	968,692	296,923	236	19,556	1,285,407
Sell foreign currency	(3,844,478)	(1,379,591)	(1,160,985)	(740,684)	(7,125,738)
Total derivative exposure	(2,875,786)	(1,082,668)	(1,160,749)	(721,128)	(5,840,331)
Net exposure	818,489	(13,991)	(5,814)	398,761	1,197,445

Foreign currency sensitivity analysis

The sensitivity analysis table below demonstrates the impact on the operating result of a movement in the value of the AUD relative to the actual net exposures as at year end, with all other variables held constant.

Sensitivity by year	Risk variable	Change in risk variable	Net cost of services \$'000
2019	Exchange rate	+8.7%	291,826
		-8.7%	(291,826)
2018	Exchange rate	+9.2%	266,457
		-9.2%	(266,457)

Other price risk

The MRFF and MRFFICs are exposed to price risk arising from equity investments. The equity price risk is the risk that the value of the MRFF equity portfolio will decrease as a result of changes in the levels of equity indices and the price of individual stocks. The MRFF and MRFFICs are held at FVPL. The exposure to equity price risk at the reporting date was as follows:

30 June 2019	\$'000
Domestic equities and managed investment schemes	428,846
International equities and managed investment schemes	1,209,230
Total equity price risk exposure	1,638,076

Equity derivative contracts

Equity futures are used to manage the exposure to equity price risk. The notional value and fair value of the MRFF open positions at the reporting date are set out in the following table.

	Notional value \$'000	Fair market value \$'000
30 June 2019		
Buy domestic equity futures contracts	3,935	27
Sell domestic equity futures contracts	(138,395)	(760)
Buy international equity futures contracts	85,712	2,677
Sell international equity futures contracts	(115,336)	(1,071)
Total equity derivative contracts	(164,084)	873

Equity price sensitivity analysis

The analysis below demonstrates the impact of the following movements on the MRFF and MRFFIC's operating result.

- +/- 20% on Australian equities
- +/- 15% on International equities

The sensitivity analysis has been performed to assess the direct risk of holding equity instruments. The analysis is undertaken on the base currency values of the underlying exposures.

Impact on operating results 30 June 2019	\$'000
20% increase in Australian equities	79,520
15% increase in International equities	440,472
Total	519,992
20% decrease in Australian equities	(79,608)
15% decrease in International equities	(440,519)
Total	(520,127)

C2.3.2 Liquidity risk

Liquidity risk is the risk that the investment funds will not be able to meet their obligations as they fall due. The Nation-building funds, DCAF and ATSILSFF are currently invested in cash and cash like instruments under the investment mandate. Accordingly, the risk of these funds not being able to meet their obligations is low. The MRFF must be in a position to meet the distribution payments required of it up to the amount periodically declared as distributable by the Board, which is managed under the short-term liquidity risk policy. This includes a short-term crash test which is applied to the portfolio to ensure it is able to meet its immediate cash flow obligations under a plausible but very severe market dislocation.

C2.3.3 Credit risk management

Credit risk is the risk of loss that arises from a counterparty failing to meet their contractual commitments in full and on time, or from losses arising from the change in value of a traded financial instrument as a result of changes in credit risk on that instrument. The Board sets limits on the credit ratings of debt investments when appointing investment managers. These limits are reflected in the underlying investment mandates and are monitored by the FFMA with compliance reported to the Board. The investment funds maximum exposure to credit risk at reporting date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the investment funds financial position.

	30 June 2019 \$'000	30 June 2018 \$'000	
Interest bearing securities issued by			<i>As at 30 June 2019, the investment funds had an exposure of greater than 58% of its net assets to interest bearing securities issued by domestic banks and cash deposits held with banks. Exposures to individual counterparties greater than 5% of the net assets of the investment funds are identified in this table.</i>
Commonwealth Bank of Australia	8,525,941	7,397,106	
Westpac Banking Corporation	2,756,847	1,679,351	
National Australia Bank	4,110,034	3,228,698	
Australia and New Zealand Banking Group	5,723,329	4,824,166	
Total	21,116,151	17,129,321	

Credit exposure by credit rating

	30 June 2019 \$'000	30 June 2018 \$'000	
Long-term rated securities			<i>The investment funds use Moody's and Standard & Poors credit rating scales to report exposure to credit risk. The long term credit risk exposures range from 'AAA' (extremely strong capacity to meet financial commitments) to 'below investment grade/not rated'. The investments classified as below investment grade are held in debt mandates. This table provides information regarding the credit risk exposures of the debt instruments held by the investment funds at reporting date according to the credit ratings of the underlying debt instruments.</i>
AAA	3,017,691	3,578,802	
AA	10,191,578	8,165,458	
A	2,081,814	2,481,610	
BBB	238,683	161,697	
Below investment grade/not rated	711,778	588,923	
Short-term rated securities			
A-1+	13,614,394	10,988,986	
A-1	817,799	42,826	
A-2	92,918	-	
Other			
US Government Guaranteed	307,001	176,746	
Total debt securities held	31,073,656	26,185,048	
Other non-debt financial assets	6,035,504	3,638,755	
Total financial assets	37,109,160	29,823,803	

Credit risk derivatives

The investment funds managers utilise credit default swaps to gain exposure to, and to hedge, credit risk. The investment funds transact in credit default swaps in the form of centrally cleared over-the-counter contracts. Centrally cleared transactions are cash margined at least daily. Managers are required to fully cash back all sold credit protection positions. Outstanding positions are marked to market and collateralisation of out of the money positions is required by the central clearing exchange.

	Notional value	Fair market value	
	30 June	30 June	
	2019	2019	
	\$'000	\$'000	
Buy credit protection	104,150	(6,109)	<i>The notional value of the open credit default swap positions, the impact on increasing or reducing credit exposures and their fair value are set out in this table for the MRFF.</i>
Sell credit protection	(51,942)	2,311	
Total	52,208	(3,798)	

C3 Superannuation**C3.1 Overview of schemes**

Finance administers the following defined benefit superannuation schemes on behalf of the Australian Government:

- Commonwealth Superannuation Scheme (CSS), including the 1922 Scheme
- Public Sector Superannuation Scheme (PSS)
- Parliamentary Contributory Superannuation Scheme (PCSS)
- Governor-General Pension Scheme (G-GPS)
- Judges' Pensions Scheme (JPS)
- Federal Circuit Court Judges Death and Disability Scheme (FCCJDDS).

The CSS, PSS and PCSS are closed to new members.

Finance recognises an Administered liability for the present value of the Australian Government's expected future payments arising from the PCSS, JPS, G-GPS and FCCJDDS and the unfunded components of the CSS and PSS. These liabilities are based on an annual actuarial assessment. The funded components of these schemes are reported in the financial statements of the respective schemes. Finance also has the responsibility to record the Australian Government's transactions in relation to the above schemes.

Policy and measurement

Actuarial gains or losses are recognised in other comprehensive income (OCI) in the year in which they occur. Interest on the net defined benefit liability is recognised in the surplus/(deficit); the return on plan assets excluding the amount included in interest income is recognised in OCI.

Superannuation liabilities are calculated annually as the present value of future benefit obligations less the fair value of scheme assets. The rate used to discount future benefits is determined by reference to the government bond rate at the reporting date.

Amounts recognised in the Schedule of Comprehensive Income and Schedule of Assets and Liabilities

	CSS \$'000	PSS \$'000	Other				Total \$'000
			PCSS \$'000	G-GPS \$'000	JPS \$'000	FCCJDDS \$'000	
30 June 2019							
Revenues	70,520	1,121,948	536	-	-	-	1,193,004
Expenses	2,463,042	5,838,714	42,048	663	89,761	962	8,435,190
OCI	(13,766,260)	(31,832,327)	(223,591)	(1,918)	(309,215)	921	(46,132,390)
Liabilities	95,503,267	134,289,616	1,389,754	23,232	1,845,902	938	233,052,709
30 June 2018							
Revenues	87,592	1,125,818	628	-	-	-	1,214,038
Expenses	2,551,579	5,777,690	45,821	744	82,735	893	8,459,462
OCI	(1,379,037)	(5,248,775)	(25,436)	(957)	(134,461)	804	(6,787,862)
Liabilities	82,895,248	97,480,728	1,167,342	22,188	1,500,165	1,362	183,067,033

The expected employer productivity contributions for 2020 are: \$9.3 million for the CSS and \$150.5 million for the PSS (2019 actual: \$11.1 million for the CSS and \$167.2 million for the PSS).

C3.2 Scheme information**The funding arrangements for the various schemes:**

Scheme	Funding arrangements
1922 Scheme	Unfunded. There are no longer any members contributing under this Act. Benefits are paid to members from the Consolidated Revenue Fund (CRF).
CSS and PSS	Partially funded. Contributions generally comprise basic member contributions and employer productivity (up to 3%) contributions. Benefits are paid to members from the CRF.
PCSS	Unfunded. Member contributions are a fixed percentage of: parliamentary allowance; salary for Ministers of State; and allowance by way of salary for office holders, which is paid into the CRF. Benefits are paid to members from the CRF.
G-GPS, JPS and FCCJDDS	Unfunded. Members are not required to contribute towards the cost of their benefit during their term of appointment. Benefits are paid to members from the CRF.

The nature of the benefits provided under the schemes:

Scheme	Benefits Paid
1922 Scheme	The benefit payable is a lifetime indexed pension (indexed in January and July in line with changes in the CPI). The payments and liabilities in respect of these members are included in the CSS amounts.
CSS	<p>The types of benefits payable are a lifetime indexed pension (indexed in January and July in line with changes in the CPI), a lifetime non-indexed pension and a lump sum payment. The main retirement benefit is the employer-financed indexed pension that is calculated by a set formula based on a member's age, years of contributory service and final salary.</p> <p>Where a member has preserved their benefit in the scheme, when the benefit becomes payable the employer financed indexed pension is calculated by applying age-based factors to the amount of two and a half times the member's accumulated basic member contributions and interest.</p> <p>Member's basic contributions, employer productivity contributions and interest can be taken as a lump sum or an additional non-indexed lifetime pension. This benefit is determined by the value of contributions and investment returns, and in the case of the non-indexed pension by applying age-based factors.</p>
PSS	<p>The types of benefits payable are a lifetime indexed pension (indexed in January and July in line with changes in the CPI) and a lump sum payment. On retirement a lump sum benefit is payable which is calculated based on the member's length of contributory membership, their rate of member contributions and final average salary (average of a member's superannuation salary on their last three birthdays).</p> <p>Where a member preserves their benefit in the scheme, generally the member's lump sum benefit at that time is crystallised with the funded component of the benefit accumulating with interest and the unfunded component accumulating with changes in the CPI, until the benefit becomes payable.</p> <p>Generally members can convert 50% or more of their lump sum to a lifetime indexed pension. The indexed pension is calculated by applying age-based factors to the amount of the lump sum to be converted to a pension.</p>
PCSS	<p>The benefit payable is a lifetime pension or lump sum depending on length of service and additional offices held.</p> <p>Where a retiring member has sufficient parliamentary service to meet the pension qualification period for a lifetime pension (which is payable as set out in the Act), pension benefits are expressed as a percentage of the superannuation salary applicable for the PCSS and are indexed by movements in that superannuation salary.</p>

	A PCSS member who qualifies for a pension can also elect to convert up to half of their benefit to a lump sum. Lump sum benefits are payable to PCSS members who do not have sufficient parliamentary service to qualify for a lifetime pension.
G-GPS	The benefit payable is a lifetime pension equal to 60% of the salary of the Chief Justice of the High Court of Australia. There is no minimum qualification period.
JPS	The benefit payable is a lifetime pension equal to 60% of the judicial salary, payable where a judge has 10 or more years' service and is 60 years of age or older. Provisions are made for part pension (pro-rated based on length of service) where a judge retires on reaching the maximum retirement age with at least 6 years but less than 10 years service.
FCCJDDS	Federal Circuit Court Judges who retire due to permanent disability are provided with a pension equal to 60% of the salary the Judge would have received if they had not retired, and is payable until the earlier of the Judge attaining age 70, or his/her death. In addition, a Judge continues to receive employer superannuation contributions in respect of this pension until they reach age 65.

Generally, benefits may also be payable to any surviving eligible spouse and children on the death of a member or pensioner.

Regulatory Framework

The following table details the enabling legislation for each of the individually disclosed defined benefit schemes and whether the scheme must comply with the requirements of the *Superannuation Industry (Supervision) Act 1993*, as well as a number of other Acts.

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

Governance

The Commonwealth Superannuation Corporation (CSC) was established under the *Governance of Australian Government Superannuation Schemes Act 2011* and is the trustee for the CSS and PSS. CSC is responsible for:

- providing administration services for each scheme
- management and investment of scheme assets
- compliance with superannuation taxation and other applicable laws
- compliance with relevant legislation including the *Governance of Australian Government Superannuation Schemes Act 2011*.

CSC is supported by a custodian and other specialist providers.

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

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

C3.3 Risks and assumptions

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

Composition of scheme assets

The fair value of scheme assets for CSS and PSS at 30 June 2019 is \$21.8 billion (30 June 2018 was \$21.5 billion). The assets are diversified in the following sectors:

	CSS	PSS
Australian equities	24%	24%
International equities	26%	26%
Private capital	6%	6%
Property and infrastructure	11%	12%
Corporate bonds	4%	5%
Alternative strategies	15%	15%
Cash and sovereign bonds	14%	12%

This includes \$361.3 million (2018: \$345.3 million) of Australian Government bonds.

Key judgements and estimates

CSS, PSS, and PCSS

Assumptions have been made regarding rates of retirement, death (for active, preserved and pension members), mortality improvements, invalidity, resignation, retrenchment, retention and take up rates of pensions in the scheme. Assumptions have also been made for the ages of spouses and rates of member contributions. These assumptions are consistent to those used within the 2017 Long Term Cost Reports (LTCRs).

Membership data as at 30 June 2018 has been rolled forward to 30 June 2019 by making allowance for estimated investment earnings, contributions, salary increases, benefit payments and benefit accruals, using the actuarial assumptions from the LTCRs where other information is not available. The defined benefit obligation calculated is based on the rolled forward membership data that was then adjusted to reflect the difference between expected benefit payments and actual benefit payments to 30 June 2019.

The fair value of scheme assets as at 30 June 2019 (CSS and PSS only) were estimated using the unaudited net scheme assets available to pay benefits at 31 May 2019 rolled forward to 30 June 2019 with cash flow items provided by the CSC. An estimate of the actual rate of investment return earned by the scheme during June 2019 was used in determining the fair value of scheme assets.

Other Schemes (G-GPS, JPS and FCCJDDS)

Membership data as at 31 May 2019 has been rolled forward to 30 June 2019. Other actuarial assumptions are consistent to those used within the LTCRs.

Notes to and forming part of the financial statements

C. General Business Disclosures

Key actuarial assumptions				
The key actuarial assumptions for the defined benefit obligation are set out in the table below:				
	CSS	PSS	Other	
Discount rate	1.7%	1.9%	1.9%	
Salary growth rate up to June 2023	2.0%	2.0%	4.0%	
Salary growth rate from July 2023	3.5%	3.5%	4.0%	
Expected pension increase rate	2.5%	2.5%	2.5%	
Maturity profile (years)	14.1 (CSS 1976)	22.4	16.7 (PCSS)	
	8.1 (CSS 1922)		9.0 (G-GPS)	
			15.7 (JPS)	
			1.0 (FCCJDDS)	
Process used to determine actuarial assumptions				
Discount rate	The relevant Australian Government Treasury Bond rates were used for the calculation of defined benefit obligation.			
Salary Growth rate	<p>For the CSS and PSS the short-term rate use is based on the government's current workplace bargaining policy plus assumed promotional increases. The long-term rate thereafter is determined by taking into consideration the duration of the salary linked liabilities, economy-wide wage growth, productivity growth and inflationary expectations plus assumed promotional increases.</p> <p>The assumed rate for future salary increases has been determined having regards to the average expected long-term outlook for the national wage inflation.</p> <p>The long-term rates are consistent with those used in the LTCRs for the schemes.</p>			
Expected pension increase rate	For the CSS and PSS pensions are increased in line with changes in the CPI. For Other Schemes the assumed rate for the pension increases has been determined having regards to the average expected long-term outlook for the national wage inflation.			
Maturity profile	This reflects the weighted average duration of each schemes defined benefit obligation as at 30 June.			
Sensitivity analysis for significant actuarial assumptions				
Finance has conducted a sensitivity analysis to quantify the impact of changes in the key underlying assumptions on the defined benefit obligation. The defined benefit obligation has been recalculated by changing the assumptions as outlined below, whilst retaining all other assumptions.				
Assumption	Movement	CSS \$'000	PSS \$'000	Other \$'000
Discount rate ¹	+ 0.5%	(6,385,445)	(15,283,379)	(244,276)
	- 0.5%	7,126,519	17,795,221	275,059
Salary growth rate	+ 0.5%	80,680	3,196,461	260,054
	- 0.5%	(108,933)	(3,000,098)	(234,031)
Pension increase rate	+ 0.5%	5,727,773	12,242,286	n/a
	- 0.5%	(5,215,984)	(10,924,528)	n/a
¹ An increase in the discount rate between financial years generates a decrease in the defined benefit obligation and a gain in OCI. Conversely, a decrease in the discount rate between financial years causes an increase in the defined benefit obligation and a loss to OCI.				

C3.4 Superannuation Schemes				
	CSS	PSS	Other	Total
30 June 2019	\$'000	\$'000	\$'000	\$'000
Reconciliation of the present value of the defined benefit obligation				
Value at beginning of the year	85,515,007	116,390,016	2,691,057	204,596,080
Current service cost	115,268	2,842,106	51,543	3,008,917
Interest expense	2,418,143	3,575,243	81,891	6,075,277
Contribution from scheme participants	36,719	524,331	-	561,050
Productivity contribution	11,131	167,236	-	178,367
Actuarial losses/(gains) in liabilities arising from:				
Changes in financial assumptions	13,862,530	31,875,054	540,946	46,278,530
Liability experience	(56,902)	726,046	(7,143)	662,001
Benefits paid	(4,125,905)	(2,237,026)	(98,468)	(6,461,399)
Taxes, premiums and expenses paid	(1,770)	(25,382)	-	(27,152)
Closing value of the defined benefit obligation	97,774,221	153,837,624	3,259,826	254,871,671
Reconciliation of the fair value of plan assets				
Value at beginning of the year	2,619,759	18,909,288	-	21,529,047
Interest income	70,369	578,635	-	649,004
Actual return on scheme assets less interest income	39,368	768,773	-	808,141
Contribution from scheme participants	36,719	524,331	-	561,050
Productivity contribution	11,131	167,236	-	178,367
Net appropriation from the CRF	3,621,283	862,153	98,468	4,581,904
Benefits paid	(4,125,905)	(2,237,026)	(98,468)	(6,461,399)
Taxes, premiums and expenses paid	(1,770)	(25,382)	-	(27,152)
Closing fair value of plan assets	2,270,954	19,548,008	-	21,818,962
Reconciliation of the defined benefit liability				
Value at beginning of the year	82,895,248	97,480,728	2,691,057	183,067,033
Current service cost	115,268	2,842,106	51,543	3,008,917
Net interest	2,347,774	2,996,608	81,891	5,426,273
Actual return on scheme assets less interest income	(39,368)	(768,773)	-	(808,141)
Actuarial losses/(gains) in liabilities arising from:				
Changes in financial assumptions	13,862,530	31,875,054	540,946	46,278,530
Liability experience	(56,902)	726,046	(7,143)	662,001
Net appropriation from the CRF	(3,621,283)	(862,153)	(98,468)	(4,581,904)
Closing value of the net defined benefit liability	95,503,267	134,289,616	3,259,826	233,052,709

The fair value of CSS and PSS scheme assets relates to investments in the Pooled Superannuation Trust (PST).

Notes to and forming part of the financial statements

C. General Business Disclosures

30 June 2018	CSS \$'000	PSS \$'000	Other \$'000	Total \$'000
Reconciliation of the present value of the defined benefit obligation				
Value at beginning of the year	85,330,627	104,949,301	2,495,412	192,775,340
Current service cost	137,970	2,746,886	44,516	2,929,372
Interest expense	2,490,486	3,639,645	85,678	6,215,809
Contribution from scheme participants	43,528	551,536	-	595,064
Productivity contribution	12,319	182,610	-	194,929
Actuarial losses/(gains) in liabilities arising from:				
Changes in demographic assumptions	161,056	(947,376)	16,165	(770,155)
Changes in financial assumptions	945,300	6,750,306	150,415	7,846,021
Liability experience	426,974	464,374	(6,530)	884,818
Benefits paid	(4,031,319)	(1,919,616)	(94,599)	(6,045,534)
Taxes, premiums and expenses paid	(1,934)	(27,650)	-	(29,584)
Closing value of the defined benefit obligation	85,515,007	116,390,016	2,691,057	204,596,080
Reconciliation of the fair value of plan assets				
Value at beginning of the year	2,791,270	17,631,802	-	20,423,072
Interest income	76,877	608,841	-	685,718
Actual return on scheme assets less interest income	154,293	1,018,529	-	1,172,822
Contribution from scheme participants	43,528	551,536	-	595,064
Productivity contribution	12,319	182,610	-	194,929
Net appropriation from the CRF	3,574,725	863,236	94,599	4,532,560
Benefits paid	(4,031,319)	(1,919,616)	(94,599)	(6,045,534)
Taxes, premiums and expenses paid	(1,934)	(27,650)	-	(29,584)
Closing fair value of plan assets	2,619,759	18,909,288	-	21,529,047
Reconciliation of the defined benefit liability				
Value at beginning of the year	82,539,357	87,317,499	2,495,412	172,352,268
Current service cost	137,970	2,746,886	44,516	2,929,372
Net interest	2,413,609	3,030,804	85,678	5,530,091
Actual return on scheme assets less interest income	(154,293)	(1,018,529)	-	(1,172,822)
Actuarial losses/(gains) in liabilities arising from:				
Changes in demographic assumptions	161,056	(947,376)	16,165	(770,155)
Changes in financial assumptions	945,300	6,750,306	150,415	7,846,021
Liability experience	426,974	464,374	(6,530)	884,818
Net appropriation from the CRF	(3,574,725)	(863,236)	(94,599)	(4,532,560)
Closing value of the net defined benefit liability	82,895,248	97,480,728	2,691,057	183,067,033

D. Operating Resources

This section provides further information about major assets and liabilities held or administered by Finance, significant estimates and judgements made and the management of risk in relation to these items.

D1 Financial instruments

Policy and measurement

Financial assets

With the implementation of *AASB 9 Financial Instruments* for the first time from 1 July 2018, Finance classifies its financial assets in the following categories:

- Financial assets measured at amortised cost
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at FVPL.

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

Financial assets at amortised cost

Includes cash and cash equivalents which are readily convertible to cash, trade receivables, loans and other receivables with fixed or determinable payments that are not quoted in an active market. Amortised cost is determined using the effective interest rate.

Impairment is assessed at the end of the reporting period using the simplified approach for trade and other receivables which measures the loss allowance as the amount equal to the lifetime credit losses.

Income is recognised on an effective rate basis.

Financial assets at FVOCI

Includes designated equity investments in Commonwealth entities and companies which are not held for trading. Any gains or losses as a result of a fair value measurement or recognition of an impairment loss allowance are recognised in other comprehensive income.

Financial assets at FVPL

Includes financial assets that are not classified as financial assets at amortised cost or at FVOCI (i.e. mandatorily held at FVPL) and is generally held for trading. Any gains or losses as a result of a fair value measurement are recognised through profit and loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVPL or at amortised cost. Financial liabilities are recognised and derecognised upon trade date.

Financial liabilities at amortised cost

Includes suppliers and other payables with a fixed or determinable amount to be paid that are not quoted in an active market. Financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at FVPL

Includes derivatives held by the investment funds. Financial liabilities are initially measured at fair value with subsequent adjustments recognised in profit and loss.

Notes to and forming part of the financial statements

D. Operating Resources

Classification of financial instruments

Changes from the original classification of financial assets and financial liabilities under AASB 139 *Financial Instruments: Recognition and Measurement* upon initial recognition was applicable to:

- Financial assets at amortised cost (AASB 139: Loans and receivables)
- Financial assets at FVOCI (AASB 139: Available-for-sale financial assets).

There were no changes to the measurement of financial assets or financial liabilities upon initial recognition of AASB 9.

D1.1 Categories of financial instruments

	Note ref	Departmental		Administered	
		30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
Financial Assets					
<i>Financial assets measured at amortised cost</i>					
Cash and cash equivalents					
OPA balance	H2	-	-	2,405,081	1,730,174
Special account cash held by Finance	F3.1	4,807	15,244	-	-
Operating cash balance		10,616	1,580	2,891	858
Special account cash held in OPA	F3.1	706,038	755,470	-	-
Trade receivables		22,002	4,064	909	1,826
Investment funds	C2.2	-	-	10,229,383	7,979,610
State and territory government loans		-	-	126,152	133,121
Accrued revenue		5,305	5,889	1,291	9,583
Total financial assets measured at amortised cost		748,768	782,247	12,765,707	9,855,172
<i>Financial assets designated at FVOCI</i>					
Commonwealth entities and companies		-	-	1,188,009	904,868
Total financial assets designated at FVOCI		-	-	1,188,009	904,868
<i>Financial assets measured at FVPL</i>					
Investment funds	C2.2	-	-	26,879,777	21,844,193
Total financial assets measured at FVPL		-	-	26,879,777	21,844,193
Total financial assets		748,768	782,247	40,833,493	32,604,233
Financial Liabilities					
<i>Financial liabilities measured at amortised cost</i>					
Trade creditors and accruals					
		35,749	36,241	12,707	12,141
Investment funds	C2.2	-	-	129,906	91,032
OPA overnight cash payable	H2	-	-	1,803,516	1,326,409
Finance leases		1,022	3,736	-	-
Total financial liabilities measured at amortised cost		36,771	39,977	1,946,129	1,429,582
<i>Financial liabilities measured at FVPL</i>					
Investment funds	C2.2	-	-	85,390	157,327
Total financial liabilities measured at FVPL		-	-	85,390	157,327
Total financial liabilities		36,771	39,977	2,031,519	1,586,909

D1.2 Fair value information by financial asset class

The following table sets out the fair value, valuation techniques and inputs used for Administered financial instruments. The techniques used to value financial instruments have not changed during the year.

Financial instruments have been valued using inputs under the following fair value hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that Finance can access at measurement date
- Level 2: observable inputs that are derived from prices in active markets
- Level 3: inputs that are not observable and involve significant judgement.

Fair value measurements at the end of the reporting period

	Level	Inputs used	Valuation technique	Administered	
				30 June 2019 \$'000	30 June 2018 \$'000
Financial assets					
State and territory government loans	2	N/A	Income approach	219,654	215,893
Investments in CECs	3	NET	Cost approach	901,201	597,405
Investments in CECs	3	WACC	Income approach	286,808	307,463
<i>Investment funds - financial assets at FVPL</i>					
Other investments	1	N/A	Market approach	2,316,674	1,248,694
Interest bearing securities	2	N/A	Price Index ¹	21,642,238	18,129,857
Derivative assets	2	N/A	Market approach	48,764	32,971
		Earnings			
Interest bearing securities	3	multiple	Market approach	150,809	154,124
Other investments	3	NET	Market approach	2,697,583	2,274,729
Total financial assets				28,263,731	22,961,136
Financial liabilities					
Investment funds - derivative liabilities	2	N/A	Market approach	85,390	157,327
Total financial liabilities				85,390	157,327

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

Key judgements and estimates***Loans to state and territory governments***

Concessional loan balances receivable from states and territories are measured at amortised cost and no security is held for these. Repayments are based on a reducing balance method. The amortised cost differs from the fair value disclosed in Note D1.2.

Investments in Commonwealth entities and companies (CECs)

CECs are wholly owned by the Commonwealth and managed by Finance on behalf of the Commonwealth. CECs are not controlled by Finance and have been reported as investments and measured at FVOCI. The following are details of Finance's CECs:

- CSC is a trustee and administrator of the Commonwealth superannuation schemes. The value of CSC has been measured using the net assets (NET) reported in its financial statements. A change in the net assets would result in an equal change in reported fair value.
- Australian Naval Infrastructure Pty Ltd (ANI) is a Commonwealth Company that is prescribed as a Government Business Enterprise (GBE). ANI's primary objective is to support the Commonwealth's naval shipbuilding program through acquiring, holding, managing and developing critical infrastructure and related facilities used in connection with this program. ANI is currently redeveloping the Osborne Naval Shipyard and will establish access arrangements with naval shipbuilding prime contractors in due course. The value of ANI has been measured using the net assets reported in its financial statements. A change in the net assets would result in an equal change in reported fair value.
- ASC Pty Ltd (ASC) is a Commonwealth Company that is prescribed as a GBE. ASC is responsible for the ongoing sustainment of the Collins Class submarine fleet and provides submariner-training services to the Royal Australian Navy. ASC is also responsible for the Hobart Class Air Warfare Destroyer (AWD) program – as part of the AWD Alliance – and delivery of the first two Arafura Class Offshore Patrol Vessels. The value of ASC has been measured using the estimated future cash flows of the company sourced from the 2019-24 Corporate Plan, discounted using a weighted average cost of capital (WACC). The WACC is calculated using inputs derived from either professional judgement or observable historical market data of comparable entities. The impact of WACC changes is included in the Market Risk analysis at Note D2.1.

ASC Shipbuilding Sovereign Share

In December 2018, ASC Shipbuilding (which was a wholly owned subsidiary of ASC) was transferred by the Commonwealth to BAE Systems Australia Limited (BAE Systems) to support delivery of the Hunter Class Frigate program and develop sovereign naval shipbuilding capability that will be capable of independently designing, developing and leading the construction of complex, large naval warships. The Commonwealth retains a sovereign share in ASC Shipbuilding that provides a number of protective rights, whilst ensuring that BAE Systems is fully responsible and accountable for the delivery of the frigates. The Commonwealth also has a call option to re-purchase the ordinary shares in ASC Shipbuilding from BAE Systems at the end of the contract for a nominal amount. Together, the sovereign share and call option ensure the retention in Australia of intellectual property, a highly skilled workforce and the associated equipment at the end of the program. For accounting purposes, the sovereign share and call option are recognised at nil fair value.

<i>Movements of recurring level 3 financial assets</i>			
	Administered		
	30 June 2019 \$'000	30 June 2018 \$'000	
Opening balance of investments in CECs	904,868	573,417	
Equity injections	301,450	279,500	
Total gains/(losses) recognised in other comprehensive income	(18,309)	51,951	
Closing balance of investments in CECs	1,188,009	904,868	
Opening balance of investment funds - financial assets at FVPL	2,428,853	1,321,396	
Purchase	839,906	1,274,101	
Sales	(457,605)	(206,253)	
Transfers into level 3	217	-	
Total gains/(losses) recognised in net cost of services	44,524	44,172	
Transfers out of level 3	(7,503)	(4,563)	
Closing balance of investment funds - financial assets at FVPL	2,848,392	2,428,853	

D1.3 Net gains or losses on financial assets

	Note ref	Departmental		Administered	
		30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
Financial assets at amortised cost					
Interest revenue earned on:					
OPA deposits		-	-	15,258	15,215
State and territory government loans		-	-	13,893	14,579
Government securities		-	-	-	47
Other		-	3	-	-
Impairment of financial assets		(31)	(66)	(4)	(1)
Net gains/(losses) on financial assets at amortised cost		(31)	(63)	29,147	29,840
Financial assets at FVOCI					
Dividends		-	-	26,900	16,100
Gains/(losses) on Commonwealth entities and companies	D1.2	-	-	(18,309)	51,951
Net gains/(losses) on financial assets at FVOCI		-	-	8,591	68,051
Financial assets measured as FVPL					
<i>Investment funds</i>					
Interest	C2.1	-	-	192,796	140,885
Dividends and distributions	C2.1	-	-	250,404	36,716
Gains on financial investments	C2.1	-	-	897,361	763,532
Foreign exchange losses	C2.1	-	-	(271,078)	(225,700)
Net gains/(losses) on financial assets at FVPL		-	-	1,069,483	715,433
Net gains/(losses) on financial assets		(31)	(63)	1,107,221	813,324

Finance is generally exposed to a low level of risk in relation to its financial instruments with the exception of the investment funds which are exposed to a moderate level of risk commensurate with the types of financial instruments held and the markets in which those instruments are traded. These risks are discussed as part of the investment funds (Note C2). Non-investment fund risks are discussed below.

Sensitivity analysis of interest rate risk exposure			
	Risk variable	Change in risk variable	Surplus/ (deficit)
30 June 2019		%	\$'000
Overnight cash deposits with the RBA	Deposit rate	+0.2%	2,481
		-0.2%	(2,481)
Investments in CECs	Discount rate	+0.2%	-
		-0.2%	-
30 June 2018		%	\$'000
Overnight cash deposits with the RBA	Deposit rate	+0.2%	2,435
		-0.2%	(2,435)
Investments in CECs	Discount rate	+0.2%	-
		-0.2%	-

D2.2 Liquidity risk

Liquidity risk is the risk that an entity will be unable to pay its debts when they fall due. As Finance is appropriation funded, the risk of not meeting its obligations associated with financial liabilities is highly remote. Internal policies and procedures are also in place to ensure there are appropriate resources available to meet obligations. Credit terms for goods and services are payment within 30 days. Disclosures in relation to the investment funds are included as part of Note C2.3.2.

D2.3 Credit risk

Credit risk is the risk that entities owing debts to Finance will not pay those debts as and when they fall due. Finance is exposed to a moderate level of credit risk in relation to the investment fund's assets; all other financial assets are considered to be low risk. Trade and other receivables (excluding state and territory government loans) have standard 30 days terms. Additional disclosures for the investment funds credit risk are included in Note C2.3.3.

D3 Non-financial assets**Non-defence domestic property portfolio**

Finance manages a diverse portfolio of approximately 70 non-defence Commonwealth-owned properties in Australia. The portfolio includes office buildings, law courts, special purpose facilities, heritage assets, vacant land, contaminated sites and major capital works projects under construction.

Properties held for investment purposes are predominately leased to other Commonwealth entities with rental income recognised systematically over the period of the lease. Where these properties operate in an active rental market, a competitive neutrality charge is applied to cover indirect taxes such as payroll tax, council rates, stamp duty, land tax and income tax which is paid to the OPA.

Surplus funds arising from property operations and divestment proceeds are paid to the OPA in the following financial year as a return of equity.

Policy and measurement

Non-financial assets (excluding assets held for sale) are not expected to be sold or realised within the next 12 months.

Asset recognition threshold

Purchases of property, plant and equipment and intangibles are recognised where they meet an individual asset recognition threshold of \$5,000. All purchases under this threshold are expensed in the year of acquisition, other than when they form part of a group of similar items which are significant in total in which case they are recognised on a group basis.

The recognition and measurement policy for each asset class is outlined below:

Asset class (includes work in progress)	Initial Recognition	Subsequent Recognition	Revaluation Frequency	Fair value measured at
Land	At cost	Fair value	Assessed annually by management to determine whether it is likely that the carrying amount is materially different from fair value. If likely, revaluations are conducted by independent valuers and revaluation adjustments are made on a class basis.	Market selling price or discounted cash flows
Buildings				Market selling price, discounted cash flows or current replacement cost
Leasehold improvements				Current replacement cost
Infrastructure, plant and equipment				Market selling price or current replacement cost
Investment property	At cost, except where acquired at nominal cost, then fair value	Fair value	Annually	Market selling price or discounted cash flows
Intangibles (including internally developed and externally acquired software)	At cost	Cost less accumulated amortisation and accumulated impairment losses	N/A	N/A

Revaluations

Revaluation adjustments are made on a class basis. For property, plant and equipment, revaluation increments are credited to equity under the heading of asset revaluation reserve except to the extent it reverses a previous revaluation decrement of the same asset class that was recognised in the surplus/(deficit). Revaluation decrements for a class of assets are recognised directly in the surplus/(deficit) except to the extent that they reversed a previous revaluation increment for that class.

Gains or losses arising from changes in the fair value of investment property are recognised in the surplus/(deficit) in the year in which they arise.

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.

Notes to and forming part of the financial statements

D. Operating Resources

Decontamination, restoration and decommissioning costs

Obligations relating to the dismantling, removal, remediation and restoration are recognised in the cost of property, plant and equipment where reliably estimated, with a corresponding provision for remediation costs.

There are also a small number of properties with potential remediation issues that are currently subject to further investigation. A provision is recognised for remediation of these properties only when there is agreement from government that Finance will meet the costs of the remediation, the liability can be reliably measured and the funding is legally available.

Depreciation/amortisation

Depreciable assets are written down to their estimated residual values over their estimated useful lives using the straight line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current and future reporting periods as appropriate.

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

Asset class	2019 & 2018 (no change)
Buildings on freehold land	3 to 100 years
Leasehold improvements	Lesser of useful life or lease term
Intangibles	3 to 7 years
Infrastructure, plant and equipment	1 to 45 years

Assets held for sale

Assets held for sale includes properties that have been fully prepared for sale, are being actively marketed at fair value and are likely to settle within the next 12 months. Also included are properties that are currently under offer or contract (contract issued or exchanged but not yet settled) as at the end of the reporting period. These properties are valued at the lower of carrying amount and fair value less costs to sell.

*Key judgements and estimates**Valuation of non-financial assets*

Independent valuations are obtained annually for land, buildings and investment property. Where possible, assets are valued based upon observable inputs to the extent available. Where this information is not available, valuation techniques rely on unobservable inputs.

For land and buildings, the valuations include calculations of estimated market cash flows which are adjusted to take into account physical, economic and external factors such as sale prices of comparable assets, replacement cost, expected useful life and adjustments for obsolescence.

For investment property, judgements include income and expenditure, as well as average vacancy periods and costs of establishing a new tenant, as leases become due for renewal and properties become vacant.

Some properties within the portfolio are subject to remediation or have heritage value and this is taken into account by the valuer in assessing the market value of the property.

There are a small number of properties where the highest and best use differs from the current use. While the fair values for these properties have been measured in the financial statements using the highest and best use for each, they are not being utilised at their highest and best use as Finance is not in the business of property development.

Leasehold improvements and plant and equipment is subject to a formal independent valuation at least once every three years dependent upon an annual risk assessment. In years where a formal valuation is not undertaken, assets are subject to a desktop review. An independent valuation in relation to leasehold improvements and plant and equipment was undertaken as at 30 June 2017.

Finance reviews all reports received from independent valuers to ensure valuations align with its own assumptions and understanding of the respective assets and their circumstances.

D3.1 Property, infrastructure, plant and equipment and intangibles

	Departmental						Total \$'000
	Land \$'000	Buildings \$'000	Leasehold improve- ments \$'000	Invest- ment property \$'000	Plant and equip- ment \$'000	Intang- ibles \$'000	
As at 1 July 2018							
Gross book value	376,014	595,221	28,314	783,282	34,721	163,505	1,981,057
Accumulated depreciation, amortisation and impairment	-	-	(3,002)	-	(8,306)	(74,254)	(85,562)
Opening balance as at 1 July 2018	376,014	595,221	25,312	783,282	26,415	89,251	1,895,495
Additions	247	35,940	207	18,731	1,133	35,298	91,556
Revaluations recognised in OCI	94,088	68,257	-	-	-	-	162,345
Impairments recognised in NCOS	-	-	-	-	(58)	(1,567)	(1,625)
Revaluations recognised in NCOS	-	-	-	29,875	-	-	29,875
Depreciation and amortisation	-	(13,685)	(1,524)	-	(8,877)	(21,516)	(45,602)
Transfers to assets held for sale	(38,160)	-	-	-	-	-	(38,160)
<i>Disposals</i>							
Transfers to agencies	-	-	-	(2,900)	-	-	(2,900)
Write-downs	-	-	(91)	-	(4)	-	(95)
Other	(995)	-	-	-	-	-	(995)
Closing balance as at 30 June 2019	431,194	685,733	23,904	828,988	18,609	101,466	2,089,894
Total as at 30 June 2019 represented by							
Gross book value							
Fair value (gross)	431,194	629,075	28,120	815,786	34,920	-	1,939,095
Internally developed software	-	-	-	-	-	152,153	152,153
Purchased software	-	-	-	-	-	13,582	13,582
Work in progress - at fair value	-	56,658	-	13,202	870	-	70,730
Work in progress - at cost	-	-	-	-	-	30,594	30,594
Accumulated depreciation, amortisation and impairment	-	-	(4,216)	-	(17,181)	(94,863)	(116,260)
Total as at 30 June 2019	431,194	685,733	23,904	828,988	18,609	101,466	2,089,894

Notes to and forming part of the financial statements

D. Operating Resources

	Administered				
	Leasehold improve- ments \$'000	Infrastructure \$'000	Plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2018					
Gross book value	41,252	69,716	9,546	1,449	121,963
Accumulated depreciation, amortisation and impairment	(15,227)	-	(2,891)	(781)	(18,899)
Opening balance as at 1 July 2018	26,025	69,716	6,655	668	103,064
Additions	8,296	1,692	6,501	142	16,631
Revaluations recognised in OCI	-	4,038	-	-	4,038
Depreciation and amortisation	(10,504)	(2,280)	(1,757)	(516)	(15,057)
Disposals - Write-downs	(123)	-	(63)	(80)	(266)
Closing balance as at 30 June 2019	23,694	73,166	11,336	214	108,410
Total as at 30 June 2019 represented by					
Gross Book Value					
Fair value (gross)	46,731	73,166	7,569	-	127,466
Purchased software	-	-	-	276	276
Work in progress - at fair value	1,878	-	7,888	-	9,766
Work in progress - at cost	-	-	-	142	142
Accumulated depreciation, amortisation and impairment	(24,915)	-	(4,121)	(204)	(29,240)
Total as at 30 June 2019	23,694	73,166	11,336	214	108,410
Further information					
Non-financial assets include the Intra Government Communication Network (ICON), leasehold improvements and IT assets for electoral and state offices and other information technology assets to support Administered outcomes.					

D3.2 Fair value information by non-financial asset class

Fair value measurements

Finance only holds non-financial assets in the following two levels of the fair value hierarchy:

- Level 2: observable inputs (other than quoted prices in active markets) are used to calculate the fair value of the asset
- Level 3: inputs used to calculate the fair value are not observable.

The following tables set out (by asset class) the valuation technique, inputs used and the level of the fair value hierarchy per AASB 13 Fair Value Measurement.

Non-financial assets	Level	Inputs used	Valuation technique	Departmental		Administered	
				30 June 2019	30 June 2018	30 June 2019	30 June 2018
				\$'000	\$'000	\$'000	\$'000
Land	2	AMT	Market approach	132,491	135,910	-	-
Land	2	AMT	Income approach	298,703	240,104	-	-
Buildings	2	AMT	Market approach	25	18	-	-
Buildings	2	AMT	Income approach	323,751	297,799	-	-
Buildings	2	RCN	Cost approach	361,957	297,404	-	-
Leasehold improvements	3	RCN, CEB	Cost approach	23,904	25,312	23,694	26,025
Infrastructure	3	RCN, CEB	Cost approach	-	-	73,166	69,716
Investment property	2	AMT	Market approach	74,535	70,104	-	-
Investment property	2	AMT	Income approach	754,453	713,178	-	-
Plant and equipment	2	AMT	Market approach	11,436	13,049	2,767	3,713
Plant and equipment	3	RCN, CEB	Cost approach	7,173	13,366	8,569	2,942
Assets held for sale - land	2	AMT	Market approach	38,160	12,254	-	-
Assets held for sale - building	2	AMT	Income approach	-	15,900	-	-
Total fair value 30 June 2019				2,026,588	1,834,398	108,196	102,396

Inputs used

Adjusted Market Transactions (AMT): market transactions of comparable assets, adjusted to reflect differences in price sensitive characteristics.

Replacement Cost of New Assets (RCN): the amount a market participant would pay to acquire or construct a new substitute asset of comparable utility.

Consumed Economic Benefits (CEB): obsolescence of assets, physical deterioration, functional or technical obsolescence and conditions of the economic environment specific to the asset.

Notes to and forming part of the financial statements

D. Operating Resources

D4 Other provisions**Policy and measurement**

Finance recognises a provision when it has a legal or constructive obligation to make a payment, it is probable that payment will be made and the amount to be paid can be reliably measured.

	Departmental		Administered	
	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
Excess lease space	-	-	120	496
Remediation costs	19,141	20,648	6,421	6,310
Act of Grace	-	-	9,618	9,015
Same Sex Relationships Act	-	-	1,825	1,529
Total other provisions	19,141	20,648	17,984	17,350
Movements of other provisions				
Opening balance	20,648	8,815	17,350	18,314
Additional provisions made	-	13,773	2,501	1,916
Amounts used	(1,233)	(1,473)	(1,727)	(2,457)
Amounts reversed	(274)	(467)	(140)	(423)
Closing balance	19,141	20,648	17,984	17,350

Further information**Excess lease space**

A provision has been recognised for excess lease space which reflects the present value of future lease payments for unoccupied office space.

Act of Grace

The Act of Grace mechanism is a discretionary power found in section 65 of the PGPA Act, which allows payments to be made if it is appropriate and a decision maker considers there are special circumstances. In most cases these relate to pension payments to spouses of former members of the Commonwealth defined benefit superannuation schemes.

Same Sex Relationships Act

The *Same Sex Relationships (Equal Treatment in Commonwealth Laws – General Reform) Act 2008* removes discrimination against same-sex couples and their dependent children from a wide range of Commonwealth laws and programs. These relate to pension payments to partners of former members of the Commonwealth defined benefit superannuation schemes.

D5 Restructuring

There were no restructures in 2018-19. In 2017-18, Finance had the following restructures:

- Transfer of the whole of government Information and Communications Technology policy, procurement and strategy-related functions (net assets of \$25.2 million) to the Digital Transformation Agency
- Transfer of the ownership and property management of the Prime Minister's official establishments (net assets of \$49.8 million) to PM&C
- Transfer of the administration of the *Parliamentary Retirement Travel Act 2002* (liabilities of \$2.8 million) to the Independent Parliamentary Expenses Authority.

E. Our People

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

Finance provides salary and related benefits to:

- staff employed by current and former Members of Parliament under the *Members of Parliament (Staff) Act 1984* (MOP(S) Act)
- Parliamentarians' under the *Parliamentary Business Resources Act 2017* (PBR Act).

Finance provides post-employment benefits to former Prime Ministers under the PBR Act.

E1 Employee benefits

Policy and measurement

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

Other long-term employee benefits are measured at the present value of the defined benefit obligation at the end of the reporting period.

Leave

The liability for employee benefits includes provision for annual leave and long service leave.

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

Separation and redundancy

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

Superannuation

Finance employees are members of the CSS, PSS, PSS accumulation plan (PSSap) or other superannuation funds held outside the Australian Government.

The CSS and PSS are defined benefit schemes of the Australian Government. The PSSap is a defined contribution scheme. The liability for defined benefits is recognised in Finance's Administered statements and reported in Note C3. Finance makes employer contributions to the employees' defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the government. Finance accounts for the contributions as if they were contributions to defined contribution plans.

Notes to and forming part of the financial statements

E. Our People

Key judgements and estimates**Leave**

The liability for long service leave has been determined by reference to the shorthand method prescribed by Finance. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Leave liabilities for employees engaged under the MOP(S) Act are calculated with reference to an actuarial assessment. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and redundancy

A provision for severance payments is made for employees engaged under the MOP(S) Act in the event their employment is terminated, other than through resignation. These are measured as the defined benefit obligation adjusted for future salary increases discounted back to present value using yields on government bonds.

Post-employment benefits

Provision is made for certain entitlements for former Prime Ministers, including staff, office and vehicle costs. The liability is calculated with reference to an actuarial assessment for each former Prime Minister individually where future recurrent expenditure assumptions are set having regard to historical data adjusted for inflation.

E1.1 Employee benefit expenses

	Departmental		Administered	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$'000	\$'000	\$'000	\$'000
Wages and salaries	119,293	121,933	268,112	223,568
Superannuation expense				
Defined contribution plans	11,298	10,848	35,843	33,569
Defined benefit plans	11,636	12,575	5,878	5,677
Leave and other entitlements	22,263	15,580	22,156	20,021
Post-employment benefits	-	-	84,682	(3,934)
Separations and redundancies	-	7,312	7,055	5,315
Other employee expenses	255	229	15,820	14,520
Total employee benefit expenses	164,745	168,477	439,546	298,736

E1.2 Employee provisions

	Departmental		Administered	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$'000	\$'000	\$'000	\$'000
Leave	61,604	56,290	46,889	41,708
Separation and redundancies	2,500	6,011	30,256	23,475
Post-employment benefits	-	-	248,547	170,646
Total employee provisions	64,104	62,301	325,692	235,829

E2 Key management personnel remuneration

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of Finance. Finance has determined the KMP to be the Finance Minister, the Assistant Minister for Finance and the members of the Finance Executive Board which includes the Secretary, Deputy Secretaries and two SES on a rotational basis. KMP remuneration is reported in the table below.

	Departmental	
	30 June	30 June
	2019	2018
	\$'000	\$'000
Short-term employee benefits	2,693	2,670
Post-employment benefits	436	425
Other long-term benefits	141	104
Total key management personnel remuneration¹	3,270	3,199
Number of key management personnel included in the table above ²	9	10

¹ The above table excludes the remuneration and other benefits of the Finance Minister and the Assistant Minister for Finance whose remuneration and other benefits are set by the Remuneration Tribunal.

² Represents the total number of persons who held a KMP position during the year, or part thereof (Finance's Executive Board consists of seven positions at any one time).

E3 Related parties

Finance is an Australian Government controlled entity. Related parties to Finance are KMP, Cabinet Ministers and other Australian Government entities. KMP remuneration for members of the Executive Board is disclosed in Note E2.

Transactions with related parties

Finance undertakes a number of functions on behalf of the Australian Government, as detailed in the financial statements. In performing these functions, Finance transacts with other Australian Government controlled entities for normal day-to-day business operations provided under normal terms and conditions or on a cost recovery basis. This includes general insurance activities and the collection of rental income. Finance also administers payments for work expenses, allowances and entitlements of Parliamentarians (including Cabinet Ministers). These payments are made in the normal course of Administered operations and are paid in accordance with legislation and appropriate frameworks.

Giving consideration to the relationships with related parties and the transactions entered into during the year, it has been determined that there were no related party transactions to be separately disclosed.

Notes to and forming part of the financial statements

F. Funding

F. Funding

Departmental appropriations (adjusted for any formal additions and reductions) are recognised as revenue from government when Finance gains control. Appropriations receivable are recognised at the nominal amounts.

Administered appropriations are not recognised as revenue in the Schedule of Comprehensive Income. They are included in the Administered Reconciliation Schedule at the date they are drawn down to Finance's bank account for payment against the appropriation for annual and special appropriations, or the date stated in the determination for other Administered amounts.

F1 Annual appropriations**F1.1 Annual appropriations ('recoverable GST exclusive')**

	Departmental		Administered	
	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
Ordinary annual services				
Annual Appropriation				
Ordinary annual services	258,962	262,782	299,764	273,579
Capital budget	8,488	6,480	5,054	4,983
Section 74 receipts of PGPA Act	46,553	71,726	443	224
Section 75 transfers of PGPA Act ¹	-	(205)	-	-
Total	314,003	340,783	305,261	278,786
Appropriation applied ²	(352,702)	(334,338)	(295,309)	(266,148)
Variance	(38,699)	6,445	9,952	12,638
Other services				
Annual appropriation				
Equity injection	42,211	74,853	-	-
Assets and liabilities	-	-	231,500	512,546
Total	42,211	74,853	231,500	512,546
Appropriation applied ²	(47,189)	(27,991)	(312,826)	(292,338)
Variance	(4,978)	46,862	(81,326)	220,208

¹ An amount of \$0.2 million was transferred to PM&C under a section 75 determination following an Administrative Arrangements Order on 30 November 2017.

² Appropriation applied includes cash payments made from current and prior year appropriations.

CSC has spent money from the CRF on behalf of Finance. The money spent has been included in the table above.

Departmental and Administered capital budgets are appropriated through Appropriation Acts (No. 1, 3, 5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts.

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

	Departmental		Administered	
	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
Appropriation Act (No. 1) 2018-19 ¹	49,862	n/a	25,258	n/a
Appropriation Act (No. 1) 2018-19 - Capital	1,183	n/a	3,792	n/a
Appropriation Act (No. 2) 2018-19	39,217	n/a	100,285	n/a
Appropriation Act (No. 3) 2018-19	1,292	n/a	25,579	n/a
Appropriation Act (No. 3) 2018-19 - Capital	170	n/a	-	n/a
Appropriation Act (No. 4) 2018-19	-	n/a	40,476	n/a
Appropriation Act (No. 1) 2017-18	22,006	79,263	300	39,566
Appropriation Act (No. 1) 2017-18 - Capital	1,183	2,689	-	4,983
Appropriation Act (No. 2) 2017-18 ²	64,202	64,202	10	221,956
Appropriation Act (No. 3) 2017-18	4,107	4,107	-	-
Appropriation Act (No. 4) 2017-18	9,128	3,878	-	142
Appropriation Act (No. 1) 2016-17 ³	-	16,591	3,936	3,936
Appropriation Act (No. 1) 2016-17 - Capital	-	474	-	428
Appropriation Act (No. 2) 2016-17	-	32,254	-	-
Appropriation Act (No. 3) 2016-17	-	2,955	-	-
Supply Act (No. 1) 2016-17 - Capital	-	474	-	-
Supply Act (No. 2) 2016-17	-	17,190	-	-
Appropriation Act (No. 1) 2015-16	-	30	-	105
Appropriation Act (No. 1) 2015-16 - Capital	-	-	-	3,189
Appropriation Act (No. 2) 2015-16	-	-	-	218
Appropriation Act (No. 3) 2015-16	-	-	-	1,847
Appropriation Act (No. 4) 2015-16	-	-	-	153
Total unspent appropriations	192,350	224,107	199,636	276,523

Reconciliation to appropriations receivable (other departmental undrawn)

	Departmental	
	30 June 2019 \$'000	30 June 2018 \$'000
Total unspent appropriations	192,350	224,107
<i>Adjustments</i>		
Cash at bank - 30 June	(10,616)	(1,690)
Expected GST refund outstanding at year end	(1,334)	(1,283)
Recorded against special accounts receivable in ledger	(4,655)	(1,591)
Recorded against capital receivable for special account in ledger	(47,296)	(62,589)
PGPA s 51 quarantine - modernisation fund reprioritisation	(50)	-
Closing appropriations receivable balance	128,399	156,954

¹ The balance includes cash at bank as at 30 June 2019 of \$10.6 million plus expected GST refund of \$1.3 million (2018: cash at bank \$1.7 million, GST refund \$1.3 million).

² The balance includes a quarantine for modernisation fund reprioritisation.

³ The balance remaining in this appropriation has been withheld under section 51 of the PGPA Act as it is a 2016-17 Administered appropriation that is no longer required (the former section 11 process).

Notes to and forming part of the financial statements

F. Funding

F2 Special appropriations		
F2.1 Special appropriations ('recoverable GST exclusive')		
	Appropriations applied	
	30 June 2019 \$'000	30 June 2018 \$'000
Administered		
<i>Commonwealth of Australia Constitution Act s 66 (Ministers of State Act 1952 s 5)¹</i>	(5,077)	(5,032)
<i>Federal Circuit Court of Australia Act 1999</i>	(465)	(456)
<i>Governance of Australian Government Superannuation Schemes Act 2011</i>	(138)	(470)
<i>Governor-General Act 1974</i>	(1,537)	(1,549)
<i>Judges' Pensions Act 1968</i>	(53,267)	(50,216)
<i>Medibank Private Sale Act 2006</i>	(20)	(55)
<i>Parliamentary Business Resources Act 2017</i>	(234,813)	(94,497)
<i>Parliamentary Contributory Superannuation Act 1948</i>	(43,253)	(42,409)
<i>Parliamentary Entitlements Act 1990²</i>	(154)	(91,513)
<i>Parliamentary Retirement Travel Act 2002 formerly Members of Parliament (Life Gold Pass) Act 2002</i>	-	(240)
<i>Parliamentary Superannuation Act 2004</i>	(7,358)	(7,111)
<i>Public Governance, Performance and Accountability Act 2013 (PGPA Act) s 77</i>	(2,058)	(356)
<i>Same-Sex Relationships (Equal Treatment in Commonwealth Laws – Superannuation) Act 2008</i>	(62)	(61)
<i>Superannuation Act 1922</i>	(67,060)	(74,160)
<i>Superannuation Act 1976³</i>	(4,459,709)	(4,348,600)
<i>Superannuation Act 1990³</i>	(2,397,465)	(2,057,933)
Total special appropriations applied⁴	(7,272,436)	(6,774,658)

¹ For the 2018-19 reporting period this appropriation was limited to \$5.5 million.

² This Act was repealed on 1 January 2018, however the *Parliamentary Business Resources (Consequential and Transitional Provisions) Act 2017* allows for payments to be made for expenses incurred prior to the date of repeal.

³ Payments include amounts that are not an additional cost to the Australian Government and are funded from a return of superannuation benefit funded component associated with retirements of scheme members and reimbursements from the emerging cost entities.

⁴ The difference between 'total special appropriations applied' and the special appropriations reported in the Administered Reconciliation Schedule (ARS) is due to the inclusion of equity movements such as transfers for funded superannuation benefits in the ARS. 'Total appropriations applied' only reflects the appropriations used.

Third party drawing arrangements

Agency	Appropriations drawn on (amounts included in the table above)
CSC	<i>Superannuation Act 1922, Superannuation Act 1976, Superannuation Act 1990, Governance of Australian Government Superannuation Schemes Act 2011, PGPA Act, s 77, Same-Sex Relationships (Equal Treatment in Commonwealth Laws - Superannuation) Act 2008.</i>
Department of the House of Representatives and the Department of the Senate	<i>Parliamentary Superannuation Act 2004 Commonwealth of Australia Constitution Act s 66 (Ministers of State Act 1952) Parliamentary Business Resources Act 2017 (PBR Act)</i>
Attorney-General's Department, Department of Employment, Skills, Small and Family Business and the Department of Parliamentary Services	<i>Parliamentary Business Resources Act 2017 (PBR Act)</i>
Fair Work Commission	<i>Judges Pension Act 1968</i>

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

- *ACT Government Loan Act 2014*
- *Airports (Transitional) Act 1996*
- *Loans Securities Act 1919*
- *Parliamentary Retiring Allowances (Increases) Act 1967*
- *Public Accounts and Audit Committee Act 1951*
- *Public Governance, Performance and Accountability (Consequential and Transitional Provisions) Act 2014*
- *Transferred Officers' Allowances Act 1948*
- *AICD Sale Act 1997*
- *Lands Acquisition Act 1989*
- *Moomba-Sydney Pipeline System Sale Act 1994*
- *Parliamentary Retiring Allowances (Increases) Act 1971*
- *Public Works Committee Act 1969*
- *Superannuation Legislation (Consequential Amendments and Transitional Provisions) Act 2011*

Investments were made for the investment funds (under the *Nation-Building Funds Act 2008 s 32 & s 151*), the MRFF (under the *Medical Research Future Fund Act 2015 s 37*) and the DCAF (under the *DisabilityCare Australia Fund Act 2013 s 27*). Please refer to note C2 for further information.

F2.2 Disclosure by agent in relation to annual and special appropriations ('recoverable GST exclusive')

The following table discloses appropriations Finance drew on behalf of other agencies:

	Relationship	Appropriations applied	
		30 June 2019 \$'000	30 June 2018 \$'000
Attorney-General's Department			
Total receipts		460	451
Total payments	Solicitors-General pension payments	(460)	(451)

Notes to and forming part of the financial statements

F. Funding

F3 Special accounts

A special account is an appropriation mechanism that notionally sets aside an amount within the CRF to be expended for specific purposes. The type of appropriation provided by a special account is a special appropriation. The appropriation mechanism remains available until the special account is abolished. The amount of appropriation that may be drawn from the CRF, via a special account, is limited to the balance of the particular special account.

A special account can be established either by the Finance Minister making a determination under section 78 of the PGPA Act, or by legislation as recognised under section 80 of the PGPA Act.

F3.1 Departmental special accounts

	Comcover	Property	CPCSA	SDOSA	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2019					
Balance brought forward	480,467	315,943	36,893	-	833,303
Appropriations credited	7,743	78,689	1,201	-	87,633
Other receipts	131,507	114,491	24,579	2,560	273,137
Payments made	(101,453)	(311,426)	(23,053)	-	(435,932)
Balance carried forward	518,264	197,697	39,620	2,560	758,141
Balance represented by					
Cash held by Finance	1,793	315	229	2,470	4,807
Cash held in OPA	516,471	150,086	39,391	90	706,038
Capital appropriation receivable ¹	-	47,296	-	-	47,296
Special account balance	518,264	197,697	39,620	2,560	758,141
30 June 2018					
Balance brought forward	496,273	183,496	127,302	n/a	807,071
Appropriations credited	8,004	81,522	1,201	n/a	90,727
Other receipts	142,755	209,251	23,008	n/a	375,014
Payments made	(166,565)	(158,326)	(114,618)	n/a	(439,509)
Balance carried forward	480,467	315,943	36,893	n/a	833,303
Balance represented by					
Cash held by Finance	1,526	13,697	21	n/a	15,244
Cash held in OPA	478,941	239,657	36,872	n/a	755,470
Capital appropriation receivable ¹	-	62,589	-	n/a	62,589
Special account balance	480,467	315,943	36,893	n/a	833,303

¹ These amounts have been specifically appropriated for the purposes of the Property Special Account but remain undrawn against Appropriation Acts 2 and 4.

Comcover Special Account

Establishing instrument: *PGPA Act Determination (Comcover Special Account 2018)* commenced 5 December 2018 (Previously: *Financial Management and Accountability Determination 2009/05 — Comcover Special Account Establishment 2009* which sunset on 1 April 2019. A balance of \$578.6 million was transferred to the new special account on 5 December 2018). Purpose: For receipts and expenditure relating to the promotion of risk management to General Government Sector entities; to administer the Commonwealth's general insurance fund; and to make payments in respect of any uninsured superannuation liability claims against an insured Commonwealth entity. This account is non-interest bearing. The special account determination sunsets on 1 April 2029.

Property Special Account 2014

Establishing instrument: *PGPA Act (Property Special Account 2014 – Establishment) Determination 04*. Purpose: Facilitates the management of the Commonwealth's non-Defence domestic property portfolio. This account is non-interest bearing. The special account determination sunsets on 1 April 2025.

Coordinated Procurement Contracting Special Account (CPCSA)

Establishing instrument: *PGPA Act Determination (Coordinated Procurement Contracting Special Account 2018)* commenced on 20 September 2018 (Previously: *Financial Management and Accountability Determination 2008/08 — Coordinated Procurement Contracting Special Account Establishment 2008* which sunset on 20 September 2018 with

the balance of \$43.4 million transferred to the new special account). Purpose: For expenditure relating to the whole of government contract for providing fleet management and leasing services, centralised government advertising activities and other coordinated procurement contracts for the benefit of government entities. The account is non-interest bearing. The special account determination sunsets on 1 October 2028.

Service Delivery Office Special Account (SDOSA)

Establishing instrument: *PGPA Act Determination (SDO Special Account 2018)* commenced 5 December 2018.

Purpose: To enable the Department of Finance to facilitate the activities of the Service Delivery Office, a provider hub under the government's shared services program. The account is non-interest bearing. The special account determination sunsets on 1 April 2029.

F3.2 Administered special accounts

	BAF	EIF	DCAF	MRFF	ATSILSFF	Total
30 June 2019	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance brought forward	-	-	-	-	-	-
Contributions from						
Government	-	-	4,280,443	2,288,550	2,007,609	8,576,602
Investments realised	5,268,165	5,468,869	22,463,934	15,557,300	4,121,770	52,880,038
Other receipts	64,908	55,813	256,810	136,000	18,383	531,914
Purchase of investments	(5,329,786)	(5,518,796)	(24,065,213)	(17,763,978)	(6,147,619)	(58,825,392)
Payments made	(3,287)	(5,886)	(2,095,974)	(217,872)	(143)	(2,323,162)
Balance carried forward	-	-	840,000	-	-	840,000
Balance represented by						
Cash held in the OPA	-	-	840,000	-	-	840,000
30 June 2018						
Balance brought forward	-	-	-	-	n/a	-
Contributions from						
Government	-	-	4,195,461	2,242,200	n/a	6,437,661
Investments realised	4,045,965	4,477,315	16,168,876	9,019,804	n/a	33,711,960
Other receipts	78,300	79,414	203,245	137,480	n/a	498,439
Purchase of investments	(4,120,536)	(4,552,665)	(20,431,354)	(11,388,410)	n/a	(40,492,965)
Payments made	(3,729)	(4,064)	(136,228)	(11,074)	n/a	(155,095)
Balance carried forward	-	-	-	-	n/a	-

Building Australia Fund (BAF) Special Account

Establishing instrument: *Nation-building Funds Act 2008*, s 13. Purpose: For making payments in relation to transport infrastructure, communications infrastructure (including the National Broadband Network), energy infrastructure and water infrastructure. The balance of the special account is invested by the Board. The Board may invest amounts standing to the credit of the special account in financial assets, although the special account itself is non-interest bearing.

Education Investment Fund (EIF) Special Account

Establishing instrument: *Nation-building Funds Act 2008*, s 132. Purpose: For making payments in relation to higher education infrastructure, research infrastructure, vocational education and training infrastructure and any other eligible education infrastructure. The balance of the special account is invested by the Board. The Board may invest amounts standing to the credit of the special account in financial assets, although the special account itself is non-interest bearing.

DisabilityCare Australia Fund (DCAF) Special Account

Establishing instrument: *DisabilityCare Australia Fund Act 2013*, s 11. Purpose: For making reimbursements to State, Territory and Commonwealth Governments in relation to expenditure incurred under the *National Disability Insurance Scheme Act 2013*. The balance of the special account is invested by the Board. The Board may invest amounts standing to the credit of the special account in financial assets, although the special account itself is non-interest bearing.

Notes to and forming part of the financial statements

F. Funding

Medical Research Future Fund (MRFF)

Establishing instrument: *Medical Research Future Fund Act 2015*, s 14. Purpose: For making payments in relation to medical research and medical innovation. The balance of the special account is invested by the Board. The Board invests amounts standing to the credit of the special account, although the special account itself is non-interest bearing.

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

Establishing instrument: *Aboriginal and Torres Strait Islander Land and Sea Future Fund Act 2019*, s 12. Purpose: For making payments to the Indigenous Land and Sea Corporation. The balance of the special account is invested by the Board. The Board may invest amounts standing to the credit of the special account in financial assets, although the special account itself is non-interest bearing. The ATSILSFF was established on 1 February 2019 with the balance of the Aboriginal and Torres Strait Islander Land Account transferred from the Department of Prime Minister and Cabinet to the ATSILSFF.

The following Special Accounts have not been used during the current and comparative years:**Lands Acquisition Special Account**

Establishing instrument: *Lands Acquisition Act 1989*, s 89A. Purpose: For holding amounts of compensation due to be paid to a person in respect of compulsory acquisition of land where the amount of compensation payable to the person has been determined under the *Lands Acquisition Act 1989*, but after three months the amount remains unpaid due to default or delay on the part of the claimant. To date there have been no transactions through this account.

Services for Other Entities and Trust Moneys (SOETM) Special Account – Department of Finance

Establishing instrument: *Financial Management and Accountability (Establishment of SOETM Special Account – Finance) Determination 2012/08*. Purpose: For the receipt of moneys temporarily held in trust for other persons other than the Commonwealth and for the payment to a person other than the Commonwealth, on behalf of the government, that are not PGPA Act agencies, or as permitted by an Act. The account is non-interest bearing. This special account was established on 26 June 2012 and the determination will sunset on 1 October 2022.

G. Managing Other Uncertainties

This section includes additional information about commitments and other events that may have an impact on future financials. These amounts have not been recorded elsewhere in the statements.

G1 Commitments

Commitments are defined as:

- Intentions to create liabilities or assets for the receiving entity, as evidenced by undertakings or agreements to make/obtain future payments to/from other entities; and
- Are executory contracts that are not recognised under AASB 137 Provisions, Contingent Liabilities and Contingent Assets (i.e. not onerous); but
- Do not include future appropriations.

Commitments are disclosed per requirements of AASB 117 Leases, AASB 138 Intangible Assets and AASB 116 Property, Plant and Equipment.

	Departmental		Administered	
	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
BY TYPE				
Commitments receivable				
Domestic property portfolio - rent receivable ¹	799,830	745,546	-	-
Subleasing - rent receivable ²	7,700	9,464	-	-
Net GST recoverable	37,162	37,529	12,309	12,699
Total commitments receivable	844,692	792,539	12,309	12,699
Commitments payable³				
Capital commitments				
Land and buildings ⁴	68,184	42,298	-	185
Intangible assets development	5,002	14,076	175	-
Infrastructure, plant & equipment	-	142	1,015	3,299
Total capital commitments	73,186	56,516	1,190	3,484
Other commitments				
Operating leases ⁵	334,250	351,129	151,159	152,137
Finance leases ⁶	1,344	5,481	-	-
Net GST payable	72,712	67,777	-	-
Total other commitments	408,306	424,387	151,159	152,137
Total commitments payable	481,492	480,903	152,349	155,621
Net commitments by type	363,200	311,636	(140,040)	(142,922)
BY MATURITY				
Commitments receivable				
Within 1 year	78,699	73,040	3,385	3,582
Between 1 to 5 years	299,637	277,465	7,596	6,838
More than 5 years	466,356	442,034	1,328	2,279
Total commitments receivable	844,692	792,539	12,309	12,699
Commitments payable				
Capital commitments				
Within 1 year	57,394	48,466	1,190	3,484
Between 1 to 5 years	15,792	8,050	-	-
Total capital commitments	73,186	56,516	1,190	3,484
Operating lease commitments				
Within 1 year	17,689	15,729	38,064	37,784
Between 1 to 5 years	68,354	67,752	92,263	82,637
More than 5 years	248,207	267,648	20,832	31,716
Total operating lease commitments	334,250	351,129	151,159	152,137
Finance lease commitments				
Within 1 year	1,344	3,245	-	-
Between 1 to 5 years	-	2,236	-	-
Total finance lease commitments	1,344	5,481	-	-

Notes to and forming part of the financial statements

G. Managing Other Uncertainties

	Departmental		Administered	
	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
Other commitments				
Within 1 year	6,357	5,925	-	-
Between 1 to 5 years	26,010	23,879	-	-
More than 5 years	40,345	37,973	-	-
Total other commitments	72,712	67,777	-	-
Total commitments payable	481,492	480,903	152,349	155,621
Net commitments by maturity	363,200	311,636	(140,040)	(142,922)

¹ Domestic property portfolio rent receivable includes rent to be received from the non-defence domestic property portfolio within Australia.

² Subleasing rent receivable arrangements exist with the Department of Human Services for One Canberra Avenue.

³ Commitments relating to goods and services contracts for current and prior years are not required to be disclosed.

⁴ Land and buildings mainly represent outstanding contractual commitments for construction projects.

⁵ Operating leases mainly comprise office accommodation for Finance business operations (Departmental) and electorate offices for parliamentarians, Commonwealth Parliament Offices and COMCAR depots (Administered). Implementation of *AASB 16 Leases* effective from 1 July 2019 will result in the recognition of a right-of-use asset and lease liability.

⁶ Finance leases represent outstanding contractual commitments relating to IT equipment and software.

G2 Contingencies

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

Finance does not have any significant quantifiable contingent assets or liabilities, nor does it have any unquantifiable contingent assets.

Unquantifiable contingent liabilities

In the normal course of business (including the non-defence domestic property portfolio and general insurance functions), Finance has a number of matters that are unquantifiable or subject to litigation. At the date of this report, Finance does not consider the outcome of any such matters likely to have a significant effect on its operations or financial position.

G3 Subsequent events

There were no subsequent events after the reporting period.

H. Other Information

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

H1 Aggregate assets and liabilities

	Departmental		Administered	
	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
Assets expected to be recovered in				
No more than 12 months	977,515	873,117	31,602,961	22,165,966
More than 12 months	2,094,373	2,070,110	9,387,303	10,561,914
Total assets	3,071,888	2,943,227	40,990,264	32,727,880
Liabilities expected to be settled in				
No more than 12 months	341,497	432,428	8,907,799	8,660,144
More than 12 months	390,065	317,105	226,558,179	176,296,004
Total liabilities	731,562	749,533	235,465,978	184,956,148

H2 Other policy and disclosures

This section of the report provides additional information in relation to line items in the primary statements that do not have specific disclosures in the preceding notes. They are additional disclosures directed at the interests of particular users and their needs.

Resources received free of charge

Resources free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would be purchased if they had not been donated. Use of the resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature. Resources received free of charge predominantly relate to Australian National Audit Office audit fees for Finance's financial statements and whole of government financial statements (2019: \$1.4 million).

Resources received free of charge includes rent for office space in the Ministerial Wing of Parliament House.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash held with outsiders, cash in special accounts and demand deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value. Cash is recognised at its nominal amount. Cash and cash equivalents held for investment purposes are classified as investments.

Official Public Account (OPA)

The OPA consists of the central bank accounts administered by Finance where the aggregate balance represents the government's daily cash position. Cash in bank accounts held by non-corporate Commonwealth entities (NCE) are consolidated in the OPA each night. The amounts to be returned to the NCEs before the next business day is reported in the Administered financial statements as OPA overnight cash payable. Transfers to and from the OPA with other Commonwealth entities represents receipts collected on behalf of the Commonwealth and the Commonwealth payments drawn from the Appropriation Acts.

Glossary

AAS	Australian Accounting Standards	IBNER	Incurred but not enough reported
AASB	Australian Accounting Standards Board	Investment funds	Administered investment funds managed by the Future Fund Board of Guardians
AMT	Adjusted Market Transactions	JPS	Judges' Pensions Scheme
ANI	Australian Naval Infrastructure Pty Ltd	LTCRs	2017 Long Term Cost Reports
ASC	ASC Pty Ltd	MOP(S) Act	<i>Members of Parliament (Staff) Act 1984</i>
ATSILSFF	Aboriginal and Torres Strait Islander Land and Sea Future Fund	MRFF	Medical Research Future Fund
AUD	Australian dollar	MRFFICs	Medical Research Future Fund Investment Companies
BAF	Building Australia Fund	NCEs	Non-corporate Commonwealth entities
CEB	Consumed Economic Benefits	NCOS	Net Cost of Services
CECs	Commonwealth entities and companies	NET	Net Assets
CRF	Consolidated Revenue Fund	OCI	Other comprehensive income
CPCSA	Coordinated Procurement Contracting Special Account	OPA	Official Public Account
CPI	Consumer Price Index	PBR Act	<i>Parliamentary Business Resources Act 2017</i>
CSC	Commonwealth Superannuation Corporation	PBS	Portfolio Budget Statements
CSS	Commonwealth Superannuation Scheme	PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
DCAF	DisabilityCare Australia Fund	PM&C	Department of the Prime Minister and Cabinet
EIF	Education Investment Fund	PCSS	Parliamentary Contributory Superannuation Scheme
FCCJDDS	Federal Circuit Court Judges Death and Disability Scheme	PSS	Public Sector Superannuation Scheme
FFMA	Future Fund Management Agency	PSSap	Public Sector Superannuation accumulation plan
FRR	<i>PGPA (Financial Reporting) Rule 2015</i>	RBA	Reserve Bank of Australia
FVOCI	Fair Value through Other Comprehensive Income	RCN	Replacement Cost of New Assets
FVPL	Fair value through profit or loss	SDO	Service Delivery Office
GBP	British pound	SDOSA	Service Delivery Office Special Account
G-GPS	Governor-General Pension Scheme	The Board	Future Fund Board of Guardians
GST	Goods and Services Tax	USD	United States dollar
IBNR	Incurred but not reported	WACC	Weighted average cost of capital



Part 6: Appendices

Appendix A: Entity resource statement and expenses by outcome

Appendix B: Other management matters

Appendix C: Information on recoverable payments

Appendix D: Staff achievements

Appendix E: Corrections to previous annual report

Appendix A: Entity resource statement and expenses by outcome

Table A1: Agency resource statement, 2018–19

	Actual available appropriations for 2018–19 \$'000 (A)	Payments made 2018–19 \$'000 (B)	Balance remaining 2018–19 \$'000 (A) – (B)
Ordinary annual services^a			
Departmental appropriation^b			
Departmental appropriation	417,613	352,702	64,911
Section 75 transfers	–	–	–
Total	417,613	352,702	64,911
Administered expenses			
Outcome 1	–	–	
Outcome 2 ^c	12,701	11,889	
Outcome 3 ^c	287,063	282,977	
Total	299,764	294,866	
Total ordinary annual services [A]	717,377	647,568	
Other services^d			
Departmental non-operating			
Equity injections	159,735	47,189	112,546
Total	159,735	47,189	112,546
Administered non-operating			
Administered assets and liabilities	453,969	312,826	
Total	453,969	312,826	
Total other services [B]	613,704	360,015	
Special appropriations			
Special appropriations limited by criteria/entitlement			
<i>Medibank Private Sale Act 2006</i>		20	
<i>Superannuation Act 1922</i>		67,060	
<i>Superannuation Act 1976</i>		4,459,709	
<i>Superannuation Act 1990</i>		2,397,465	
<i>Governance of Australian Government Superannuation Schemes Act 2011</i>		138	
<i>Parliamentary Contributory Superannuation Act 1948</i>		43,253	
<i>Parliamentary Superannuation Act 2004</i>		7,358	
<i>Parliamentary Entitlements Act 1990</i>		154	
<i>Parliamentary Business Resources Act 2017</i>		234,813	

	Actual available appropriations for 2018–19 \$'000 (A)	Payments made 2018–19 \$'000 (B)	Balance remaining 2018–19 \$'000 (A) – (B)
<i>Governor-General Act 1974</i>		1,537	
<i>Judges' Pensions Act 1968</i>		53,267	
<i>Federal Circuit Court of Australia Act 1999</i>		465	
<i>Public Governance, Performance and Accountability Act 2013</i>		2,058	
<i>Same-Sex Relationships (Equal Treatment in Commonwealth Laws— Superannuation) Act 2008</i>		62	
Special appropriations limited by amount			
<i>Commonwealth of Australia Constitution Act (s. 66)</i>		5,077	
Total special appropriations [C]		7,272,436	
Special accounts			
Opening balance	833,303		
Appropriation receipts ^a	87,633		
Non-appropriation receipts to Special Accounts	62,261,691		
Payments made		61,584,486	
Closing balance			1,598,141
Total special accounts [D]	63,182,627	61,584,486	
Total resourcing and payments [A+B+C+D]	64,513,708	69,864,505	
Less appropriations drawn from annual or special appropriations above and credited to special accounts	87,633		
Total net resourcing and payments for Department of Finance	64,426,075	69,864,505	

a *Appropriation Act (No.1) 2018–19 and Appropriation Act (No.3) 2018–19*. The amount includes prior year departmental appropriations and section 74 retained revenue receipts.

b Includes an amount of \$78.689 million that has been credited to the Property Special Account, \$7.743 million that has been credited to the Comcover Special Account and \$1.201 million that has been credited to the Co-ordinated Procurement Special Account.

c Includes an amount of \$5.054 million in 2018–19 for the administered capital budget. For accounting purposes, this amount has been designated as 'contributions by owners'.

d Appropriation receipts from *Appropriation Act (No. 1)* and *Appropriation Act (No. 2)* included above.

Outcome 1

Table A2: Expenses for Outcome 1, 2018–19

Outcome 1: Support sustainable Australian Government finances through providing high quality policy advice and operational support to the government and Commonwealth entities to maintain effective and efficient use of public resources.	Budget ^a 2018–19 \$'000 (A)	Actual expenses 2018–19 \$'000 (B)	Variation 2018–19 \$'000 (A) – (B)
Program 1.1: Budget and financial management			
Departmental expenses			
Departmental appropriation ^b			
Budget advice	54,199	55,525	(1,326)
Financial reporting	30,729	28,948	1,781
Expenses not requiring appropriation in the budget year ^c	23,876	19,750	4,126
Total for Program 1.1	108,804	104,223	4,581
Outcome 1 totals by appropriation type			
Departmental expenses			
Departmental appropriation ^b	84,928	84,473	455
Expenses not requiring appropriation in the budget year ^c	23,876	19,750	4,126
Total expenses for Outcome 1	108,804	104,223	4,581
	2017–18	2018–19	
Average staffing level (number) ^d	408	425	

a Full-year budget, including any subsequent adjustments made in the 2018–19 Portfolio Additional Estimates.

b Departmental appropriation combines ordinary annual services (Appropriation Act Nos. 1 and 3) and retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*.

c Expenses not requiring appropriation in the budget year is made up of depreciation and amortisation expenses, write-down and impairment of non-financial assets and resources received free of charge.

d Actual average staffing level (ASL) for 2017–18 and 2018–19.

Outcome 2

Table A3: Expenses for Outcome 2, 2018–19

Outcome 2: Support an efficient and high-performing public sector through providing leadership to Commonwealth entities in ongoing improvements to public sector governance, including through systems, frameworks, policy, advice and service delivery.	Budget ^a 2018–19 \$'000 (A)	Actual expenses 2018–19 \$'000 (B)	Variation 2018–19 \$'000 (A) – (B)
Program 2.1: Public Sector Governance			
Administered expenses			
Ordinary annual services (Appropriation Act nos. 1 and 3)			
Grant in Aid—Australian Institute of Policy and Science	38	38	–
Grant in Aid—Chifley Research Centre	237	238	(1)
Grant in Aid—Green Institute	89	89	–
Grant in Aid—Menzies Research Centre	237	238	(1)
Grant in Aid—Page Research Centre	89	115	(26)
Grant in aid—Royal Humane Society of Australasia ^b	27	27	–
Grant in aid—RSPCA Australia Inc	38	38	–
Departmental expenses			
Departmental appropriation ^c			
Financial framework	26,480	20,559	5,921
Government shareholder oversight	5,726	6,007	(281)
Special financial claims	3,871	4,291	(420)
Expenses not requiring appropriation in the budget year ^d	647	1,512	(865)
Total for Program 2.1	37,479	33,152	4,327
Program 2.2: Transforming government			
Departmental expenses			
Departmental appropriation ^c			
Transforming the public sector	26,810	27,734	(924)
Expenses not requiring appropriation in the budget year ^d	694	3,457	(2,763)
Total for Program 2.2	27,504	31,191	(3,687)
Program 2.3: Property and construction			
Departmental expenses			
Special accounts			
Property Special Account ^e	129,222	75,150	54,072
Total for Program 2.3	129,222	75,150	54,072

Table A3: Expenses for Outcome 2, 2018–19 (continued)

Outcome 2: Support an efficient and high-performing public sector through providing leadership to Commonwealth entities in ongoing improvements to public sector governance, including through systems, frameworks, policy, advice and service delivery.	Budget ^a 2018–19 \$'000 (A)	Actual expenses 2018–19 \$'000 (B)	Variation 2018–19 \$'000 (A) – (B)
Program 2.4: Insurance and risk management			
Departmental expenses			
Special accounts			
Comcover Special Account ^f	152,477	193,033	(40,556)
Total for Program 2.4	152,477	193,033	(40,556)
Program 2.5: Technology and procurement services			
Departmental expenses			
Departmental appropriation ^e			
Technology transformation	18,997	15,608	3,389
Procurement framework	11,300	11,469	(169)
Special accounts			
Coordinated Procurement Contracting Special Account	21,672	23,857	(2,185)
Expenses not requiring appropriation in the budget year ^d	3,500	3,836	(336)
Total for Program 2.5	55,469	54,770	699
Program 2.6: Service Delivery Office			
Departmental expenses			
Departmental appropriation ^e			
Service Delivery Office	32,638	32,006	632
Expenses not requiring appropriation in the budget year ^d	699	3,820	(3,121)
Total for Program 2.6	33,337	35,826	(2,489)
Program 2.7: Public Sector Superannuation			
Administered expenses			
Ordinary annual services (Appropriation Act Nos. 1 and 3)			
Act of Grace	2,401	2,747	(346)
Compensation and legal expenses	500	149	351
Superannuation administration costs	9,043	9,043	–
Special appropriations			
<i>Federal Circuit Court of Australia Act 1999</i>	961	962	(1)
<i>Governance of Australian Government Superannuation Schemes Act 2011</i>	1,000	138	862

Table A3: Expenses for Outcome 2, 2018–19 (continued)

Outcome 2: Support an efficient and high-performing public sector through providing leadership to Commonwealth entities in ongoing improvements to public sector governance, including through systems, frameworks, policy, advice and service delivery.	Budget^a 2018–19 \$'000 (A)	Actual expenses 2018–19 \$'000 (B)	Variation 2018–19 \$'000 (A) – (B)
<i>Governor-General Act 1974</i>	13,303	663	12,640
<i>Judges' Pensions Act 1968</i>	89,761	89,761	–
<i>Parliamentary Contributory Superannuation Act 1948</i>	42,049	42,048	1
<i>Parliamentary Superannuation Act 2004</i>	7,735	7,358	377
<i>Same-Sex Relationships (Equal Treatment in Commonwealth Laws—General Law Reform) Act 2008</i>	46	358	(312)
<i>Superannuation Act 1922</i>	16,622	16,622	–
<i>Superannuation Act 1976</i>	2,446,420	2,446,420	–
<i>Superannuation Act 1990</i>	5,838,714	5,838,714	–
Departmental expenses			
Departmental appropriation ^c			
Public Sector Superannuation	4,053	4,151	(98)
Expenses not requiring appropriation in the budget year ^d	115	175	(60)
Total for Program 2.7	8,472,723	8,459,309	13,414
Program 2.8: Australian Government Investment Funds			
Administered expenses			
Special Accounts			
DisabilityCare Australia Fund Special Account	3,016,703	2,220,199	796,504
Medical Research Future Fund Special Account	241,970	275,466	(33,496)
Building Australia Fund Special Account	2,861	38,694	(35,833)
Education Investment Fund Special Account	6,301	64,074	(57,773)
Aboriginal and Torres Strait Islander Land and Sea Future Fund Special Account	–	308	(308)
Total for Program 2.8	3,267,835	2,598,741	669,094

Table A3: Expenses for Outcome 2, 2018–19 (continued)

Outcome 2: Support an efficient and high-performing public sector through providing leadership to Commonwealth entities in ongoing improvements to public sector governance, including through systems, frameworks, policy, advice and service delivery.	Budget ^a 2018–19 \$'000 (A)	Actual expenses 2018–19 \$'000 (B)	Variation 2018–19 \$'000 (A) – (B)
Outcome 2 totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act nos. 1 and 3)	12,699	12,722	(23)
Special appropriations	8,456,611	8,443,044	13,567
Special accounts	3,267,835	2,598,741	669,094
Departmental expenses			
Departmental appropriation ^c	129,875	121,825	8,050
Special accounts	303,371	292,040	11,331
Expenses not requiring appropriation in the budget year ^d	5,655	12,800	(7,145)
Total expenses for Outcome 2	12,176,046	11,481,172	694,874
	2017-18	2018-19	
Average staffing level (number) ^g	655	615	

a Full-year budget, including any subsequent adjustments made in the 2018–19 Portfolio Additional Estimates.

b Amount paid from Departmental appropriation.

c Departmental appropriation combines ordinary annual services (Appropriation Act Nos. 1 and 3) and retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*.

d Expenses not requiring appropriation in the budget year is made up of depreciation and amortisation expenses, write-down and impairment of non-financial assets and resources received free of charge.

e Excludes income tax equivalent expenses.

f Excludes internal charging of insurance premiums paid by Finance.

g Actual average staffing level (ASL) for 2017–18 and 2018–19.

Outcome 3

Table A4: Expenses for Outcome 3, 2018–19

Outcome 3: Support for Parliamentarians and others as required by the Australian Government through the delivery of, and advice on, work expenses and allowances, entitlements and targeted programs.	Budget ^a 2018–19 \$'000 (A)	Actual expenses 2018–19 \$'000 (B)	Variation 2018–19 \$'000 (A) – (B)
Program 3.1: Ministerial and Parliamentary Services			
Administered expenses			
Ordinary annual services (Appropriation Act nos. 1 and 3)			
Electorate and ministerial support costs	291,472	281,167	10,305
Australian Political Exchange Program	927	306	621
Australian Political Parties for Democracy Program	2,200	2,443	(243)
Special appropriations			
<i>Commonwealth of Australia Constitution Act (s. 66)</i>	5,230	5,087	143
<i>Parliamentary Entitlements Act 1990</i>	–	228	(228)
<i>Parliamentary Business Resources Act 2017</i>	221,253	290,093	(68,840)
Expenses not requiring appropriation in the budget year ^b	1,514	19,903	(18,389)
Departmental expenses			
Departmental appropriation ^c			
Services to Senators, Members and their staff	30,127	36,050	(5,923)
Car-with-driver and associated transport services	478	578	(100)
Expenses not requiring appropriation in the budget year ^b	1,492	2,384	(892)
Total for Program 3.1	554,693	638,239	(83,546)
Outcome 3 totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act nos. 1 and 3)	294,599	283,916	10,683
Special appropriations	226,483	295,408	(68,925)
Expenses not requiring appropriation in the budget year ^b	1,514	19,903	(18,389)

Table A4: Expenses for Outcome 3, 2018–19 (continued)

Outcome 3: Support for Parliamentarians and others as required by the Australian Government through the delivery of, and advice on, work expenses and allowances, entitlements and targeted programs.	Budget ^a 2018–19 \$'000 (A)	Actual expenses 2018–19 \$'000 (B)	Variation 2018–19 \$'000 (A) – (B)
Departmental expenses			
Departmental appropriation ^c	30,605	36,628	(6,023)
Expenses not requiring appropriation in the budget year ^e	1,492	2,384	(892)
Total expenses for Outcome 3	554,693	638,239	(83,546)
	2017–18	2018–19	
Average staffing level (number) ^d	173	173	

a Full-year budget, including any subsequent adjustments made in the 2018–19 Portfolio Additional Estimates.

b Expenses not requiring appropriation in the budget year is made up of depreciation and amortisation expenses, write-down and impairment of non-financial assets and resources received free of charge.

c Departmental appropriation combines ordinary annual services (Appropriation Act Nos. 1 and 3) and retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*.

d Actual average staffing level (ASL) for 2017–18 and 2018–19.

Appendix B: Other management matters

Grants

Information on grants awarded by the Department of Finance during the period 1 July 2018 to 30 June 2019 is available on our website, finance.gov.au.

Disability reporting

The National Disability Strategy 2010–2020 set out a 10-year national policy framework for improving the lives of people with disability, promoting participation and creating a more inclusive society. A key initiative of the Strategy is the introduction of a periodic high-level report tracking progress against each of the six outcome areas in the Strategy. The report uses trend data based on the six outcome areas. The report is available on the Department of Social Services website.

Freedom of information

Entities subject to the *Freedom of Information Act 1982* are required to publish information to the public as part of the Information Publication Scheme. This requirement is in Part II of the Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the Scheme's requirements. The Department's plan is available on the Finance website at finance.gov.au/about-us/freedom-information.

Members of the public can provide comments on the Department's information publication plan to the Freedom of Information Team.

Advertising and market research

Under section 311A of the *Commonwealth Electoral Act 1918*, Finance is required to disclose payments for advertising and market research that are over the reportable threshold of \$13,800 (GST inclusive).

During 2018–19, Finance’s total reportable expenditure for advertising and market research was \$242,672.68 (see Table B1).

While Finance also manages whole-of-government campaign and non-campaign advertising contracts, the lead agency responsible for specific advertising or market research contracts reports the relevant expenditure.

Table B1: Advertising and market research expenditure, 2018–19

Organisation	Purpose	Expenditure (\$, GST inclusive)
Market research organisations		
Australian Market Research Pty Ltd	Customer Survey and Analysis Services	115,770.00
Ebiquity Pty Ltd	Advertising and Media Industry Advisory Services	82,500.00
Media advertising organisations		
Dentsu Mitchell Media Australia	Advertising in relation to electorate offices	15,422.20
Universal McCann	Advertising in relation to electorate offices and property sales	28,980.48
Total reportable payments over \$13,800 (incl GST)		242,672.68

Executive remuneration

Executive remuneration disclosure

Introduction

The categories of officials covered by the disclosure are:

- Key management personnel
- Senior executives
- Other highly paid staff, whose total remuneration exceeds the threshold remuneration amount for the reporting period.

Remuneration policy and practices

The Secretary's remuneration is set by the Remuneration Tribunal under section 13 of the *Remuneration Tribunal Act 1973*.

Remuneration for the Department's senior executive employees is established through individual determinations made under section 24(1) of the *Public Service Act 1999*.

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

The Finance Enterprise Agreement 2019 (Finance Agreement), provides remuneration and conditions for all non-SES employees.

- The Finance Agreement also allows individual flexibility arrangements (IFAs) for remuneration arrangements, superannuation, working hours, leave, allowance, overtime rates and penalty rates.

Remuneration governance arrangements

The Leadership and Remuneration Subcommittee is a subcommittee of the Executive Board.

- The Subcommittee is responsible for overseeing the Department's remuneration (all staff), staff development and SES recruitment.

The Subcommittee comprises members from across the Department as follows:

- Chair (Secretary)
- Deputy Chair (Deputy Secretary)—nominated by the Chair when needed
- The Deputy Secretaries (position-based members)
- Assistant Secretary, HR Branch (ex-officio member, position-based).

Key management personnel

The key management personnel (KMP) for Finance include the Finance Minister, the Assistant Minister for Finance, Charities and Electoral Matters and the members of the Finance Executive Board. Finance's Executive Board consists of seven positions at any one time, the Secretary and the four Deputy Secretaries. In addition, membership of the Board is offered for a period of nine months on a rotating basis to a First Assistant Secretary and Assistant Secretary. The rotations occurred in March 2019 for the First Assistant Secretaries and June 2019 for the Assistant Secretaries. Remuneration paid to members of the Finance Executive Board is disclosed in the information about remuneration for key management personnel table below.

Information about remuneration for senior executives

Table B2: Information about remuneration for senior executives

Total remuneration bands	Number of senior executives	Short-term benefits		Post-employment benefits	Other long-term benefits	Termination benefits	Total remuneration
		Average base salary	Average other benefits and allowances				
\$0 - \$220,000	18	70,237	10,137	14,279	(1,691)	14,522	107,485
\$220,001 - \$245,000	17	171,511	24,324	30,556	8,549	-	234,940
\$245,001 - \$270,000	20	182,076	24,285	32,908	8,026	8,656	255,950
\$270,001 - \$295,000	4	206,379	24,920	38,044	11,661	-	281,004
\$295,001 - \$320,000	4	227,927	27,906	36,555	16,176	-	308,564
\$320,001 - \$345,000	4	241,009	26,399	46,055	15,135	-	328,598
\$345,001 - \$370,000	2	255,465	27,910	46,647	15,504	-	345,526
\$370,001 - \$395,000	1	273,367	27,910	46,333	32,702	-	380,312
\$420,001 - \$445,000	1	147,247	17,329	26,554	(6,952)	248,353	432,530

The table includes all substantive senior executives who received remuneration during the reporting period, including those who have been promoted, transferred or ceased during the reporting period. Therefore more than one individual may have filled a single position over the course of the year.

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

Information about remuneration for other highly paid staff

Table B3: Information about remuneration for other highly paid staff

Total remuneration bands	Number of other highly paid staff	Short-term benefits		Average other benefits and allowances	Post-employment benefits	Other long-term benefits	Termination benefits	Total remuneration
		Average base salary	Average superannuation contributions					
\$220,001 - \$245,000	6	132,963	24,597	7,848	24,597	4,649	58,511	228,567
\$270,001 - \$295,000	3	116,710	23,261	-	23,261	2,436	139,460	281,867
\$295,001 - \$320,000	1	134,705	25,461	-	25,461	(3,475)	143,542	300,233

The table includes other highly paid staff who received remuneration during the reporting period, including those who have been promoted, transferred or ceased during the reporting period. Three individuals included were acting as SES for a portion of the year. Seven others received a voluntary redundancy payment. Long service leave on separation may create a negative leave expense for amounts accrued but not yet vested.

Information about remuneration for key management personnel

Table B4: Information about remuneration for key management personnel

Name	Position title	Term as KMP	Short-term benefits		Post-employment benefits	Other long-term benefits	Termination benefits	Total remuneration ^e
			Base salary ^a	Other benefits & allowances ^b	Superannuation contributions ^c	Long service leave ^d	Termination benefits	
Rosemary Huxtable	Secretary	1 July 2018 – 30 June 2019	686,563	2,797	106,002	26,076	–	821,438
David Fredericks	Deputy Secretary	1 July 2018 – 30 June 2019	371,878	27,987	65,680	16,103	–	481,648
Stein Helgeby	Deputy Secretary	1 July 2018 – 30 June 2019	324,210	28,059	65,649	7,180	–	425,098
Andrew Jagers	Deputy Secretary	1 July 2018 – 30 June 2019	311,742	27,987	56,509	13,487	–	409,726
Katherine Jones	Deputy Secretary	1 July 2018 – 30 June 2019	393,498	27,987	67,829	15,371	–	504,685
Nicholas Hunt	First Assistant Secretary	1 July 2018 – 1 March 2019	169,696	19,629	31,756	10,418	–	231,499
Tracey Carroll	First Assistant Secretary	13 March 2019 – 30 June 2019	80,904	8,434	12,417	1,946	–	103,701
Dana Sutton	Assistant Secretary	1 July 2018 – 12 June 2019	168,729	23,756	28,991	7,170	–	228,646
Scott Austin	Assistant Secretary	12 June 2019 – 30 June 2019	13,721	1,301	1,646	303	–	16,971
Total			2,520,941	167,937	436,479	98,054	–	3,223,412

(a) Base salary includes salary paid and accrued, salary paid while on annual leave, salary paid while on personal leave, annual leave accrued and higher duties allowances.

(b) Other benefits and allowances include monetary benefits such as car allowances and non-monetary benefits such as provision of a carpark.

(c) For individuals in a defined contribution scheme (for example PSSap and super choice), superannuation includes superannuation contribution amounts. For individuals in a defined benefit scheme (for example CSS and PSS), superannuation includes the relevant Notional Employer Contribution Rate and Employer Productivity Superannuation Contribution.

(d) Long service leave comprises the amount of leave accrued and taken for the period.

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

Appendix C: Information on recoverable payments

The Department of Finance is responsible for administering:

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

The legislation for these schemes requires reporting of recoverable payments that may arise on the inadvertent overpayment of benefits (see Table C1).

Such overpayments most often are a consequence of Finance receiving notification of an event that has a retrospective impact on the amount of a pension payment that had previously been made in good faith. In general, recoverable payments arise where:

- regular pension payments are paid, but Finance is later informed of the death of a member
- in the case of the PCSS, regular pension payments are paid, but Finance is later informed that the member undertook work in a recognised 'office of profit', which would have the effect of reducing the amount of pension entitlement in that earlier period
- there is payment of incorrectly calculated benefits due to system or human error. Note that, for 2018–19, there were no overpayments due to incorrectly calculated benefits.

All amounts are recovered, although annual amounts paid and amounts recovered in a financial year may not align where recovery of amounts is undertaken over consecutive financial years.

The number of recoverable payments and the amounts of those payments can vary significantly between financial years, particularly depending on the number of 'office of profit' positions held by retired parliamentarians in a relevant year.

Information for the three schemes for 2016–17 and 2017–18 were reported in the Finance Annual Report 2017–18. The Commonwealth Superannuation Corporation has administrative responsibility for the Commonwealth civilian and military superannuation schemes and the reporting of recoverable payments for these schemes.

Table C1: Recoverable superannuation scheme payments—parliamentarians, judges and governors-general, 2017–18 and 2018–19

	2018–19			2017–18		
	Number of payments	Amount paid \$'000	Amount recovered \$'000	Number of payments	Amount paid \$'000	Amount recovered \$'000
Legislation						
<i>Parliamentary Contributory Superannuation Act 1948</i>						
• Death payments	28	58	67	23 ^a	45 ^a	47
• Other payments	96	94	69	145	144	140 ^b
Total	124	152	136	168	190	187
<i>Judges' Pensions Act 1968</i>						
• Death payments	6	90	95	3	24	20
• Other payments	–	–	–	–	–	–
Total	6	90	95	3	24	20
<i>Governor-General Act 1974</i>						
• Death payments	–	–	–	1	0	0
• Other payments	–	–	–	–	–	–
Total	–	–	–	1	0	0

a The previously reported number of payments was 22 and the amount previously paid was \$41,000. However, this did not include one death of a pensioner with a recoverable payment of \$4,000 that was notified after the relevant financial year.

b The previously reported amount recovered was \$130,000. However, this did not include \$10,000 that was attributable to June 2018.

Appendix D: Staff achievements

Secretary's Awards 2018

The following individuals and teams received Secretary's Awards in 2018.

Amkar Das. *For building the Department's organisation capability by developing the Government Network Services (GNSB) Network Design Team, through the tireless mentoring and development of its team members.*

Karen Incher, Gareth Bollen, Carmen Richardson, Maria Mammoliti, Paramjit Kaur and Michael Navaratnam. *For the provision of invaluable support and advice on accounting and budget management within BFR and across the APS.*

Dean Fitzsimmons, Gary Tobin and Brett Thistleton. *For excellence in collaboration, communication and engagement with stakeholders to ensure the successful delivery of COMCAR's ground transport services during the ASEAN–Australia Special Summit 2018.*

Heather Millard, Doug Rutherford, Calandra Colman, Stephanie Streatfeild, Jacob Hermes, Diane Pirret, Brenda Turner, Belinda Apps, Natasha Clark, Brianna Cayirylys, Jade Power and Chrysanthe Psychogios. *For outstanding collaboration in establishing and supporting the operation of the Secretaries APS Reform Committee.*

Elizabeth Eaton. *For outstanding dedication and sustained contribution to the Indigenous community inside and outside of Finance; and promoting the importance of identity, community and shared knowledge.*

Ben Riley. *For exemplifying APS leadership qualities through his role in the acquisition of Snowy Hydro Limited and the successful transitioning of the company to Commonwealth ownership.*

Radovan Dragojlovic. *For sustained excellence over many years in the development and effective delivery of the National Disability Insurance Scheme.*

Tom Gladwin. *A picture is worth a thousand words: infographics as briefing material in PCD.*

Louise O'Rance. *For demonstrating excellence in building the Government Business Analytic Unit, providing high-quality data analysis and enhancing the Department's reputation for collaboration.*

Damien Pratley, Max McConchie, Alif Rahman, Mitchel Boeg and Rajat Grover. *For building a consistent, well-governed approach to process automation across government.*

Lucelle Veneros. *For leadership pivotal to transforming the Service Delivery Office, unlocking capacity, and achieving innovative initiatives to deliver better outcomes, experience and savings for government.*

Australia Day Awards 2019

The following individuals and teams received an Australia Day Award in 2019.

Chi Tran. *For transforming the way Finance engages with Chief Financial Officer (CFO) areas across the APS in relation to monthly financial reporting.*

Jessica Wilson, Ashlee Livingstone, Kathleen Clisby, James Caesar and Priscilla Phommaly. *For outstanding APS leadership and policy stewardship in the development of the GBE Intergovernmental Community of Practice, Company Secretaries Forum and Customised Education Program.*

Hew Atkin. *For outstanding leadership and support in developing innovative financing solutions for the Inland Rail project and Snowy Hydro.*

Cleo Boutzios, Demo Bonu, Bianca Wu, Joseph Parisi, Jurgen Parsons and Lisa King. *For their ongoing commitment to excellence in business continuity planning.*

Steven Blazevski. *For developing strong collaborative working relationships in the coordination of Finance's Freedom of Information (FOI) requests.*

Kate Charlton, Angela di Pauli, Alistair O'Neill, Jade Power, Calan McKay, Eric Robson, Aaron McCreddie, Josh French, Brett Thomson, Liam Madge, Brian Nedic, Su Hong and Meena Bainbridge. *For successful collaboration in preparing, producing and publishing Finance's 2017-18 Annual Report including piloting the Digital Annual Reporting Tool—a Finance led whole-of-government initiative.*

Richard Adams, Kelly Carn, Lucy Sheers, James Hague, Rach Lewis, Taylor McLeod and Ellena Buckman. *For working collaboratively with Budget and Financial Reporting (BFR) Group and central agency colleagues to deliver high-quality Green Briefs (expenditure briefs) under intense pressure.*

Cathryn Martin. *For exceptional management in delivering and supporting the new Commonwealth Budget Management System infrastructure and providing leadership to whole-of-government IT initiatives.*

Marcel Gabriel, Ellen Saunders, Michael Pronin and Joanne Ruysenaers. *For delivering an innovative whole-of-government digital collaboration service that enables new and improved ways of working together across the APS.*

Amelia Dang. *For ongoing commitment to excellence through the delivery of high-quality and timely contributions to the work of the Department, including the recent Policy Sprint.*

Jane Wagner, Robert Whild, Michelle Dymowski, Emma Mortimer and Elise Paine. *For continuously demonstrating stewardship and engaging constructively and collaboratively with key stakeholders, leading to the successful completion of significant Free Trade Agreements.*

External awards

2018 Australasian Evaluation Society Awards for Excellence in Evaluation
Brad Cook and Dave Morton

Awarded the Rosalind Hurworth prize for the paper Evaluators and the Enhanced Commonwealth Performance Framework.

2019 Australasian HR Institute Awards

Career Starter Program, Department of Finance

The Susan Ryan Age Diversity category recognising excellence in age diversity initiatives and programs in the workplace.

2019 Australasian Reporting Awards

Kate Charlton, Angela di Pauli and Jade Power

The Department of Finance Annual Report 2017–18 received a bronze award for the presentation, communication and navigation of the report website.

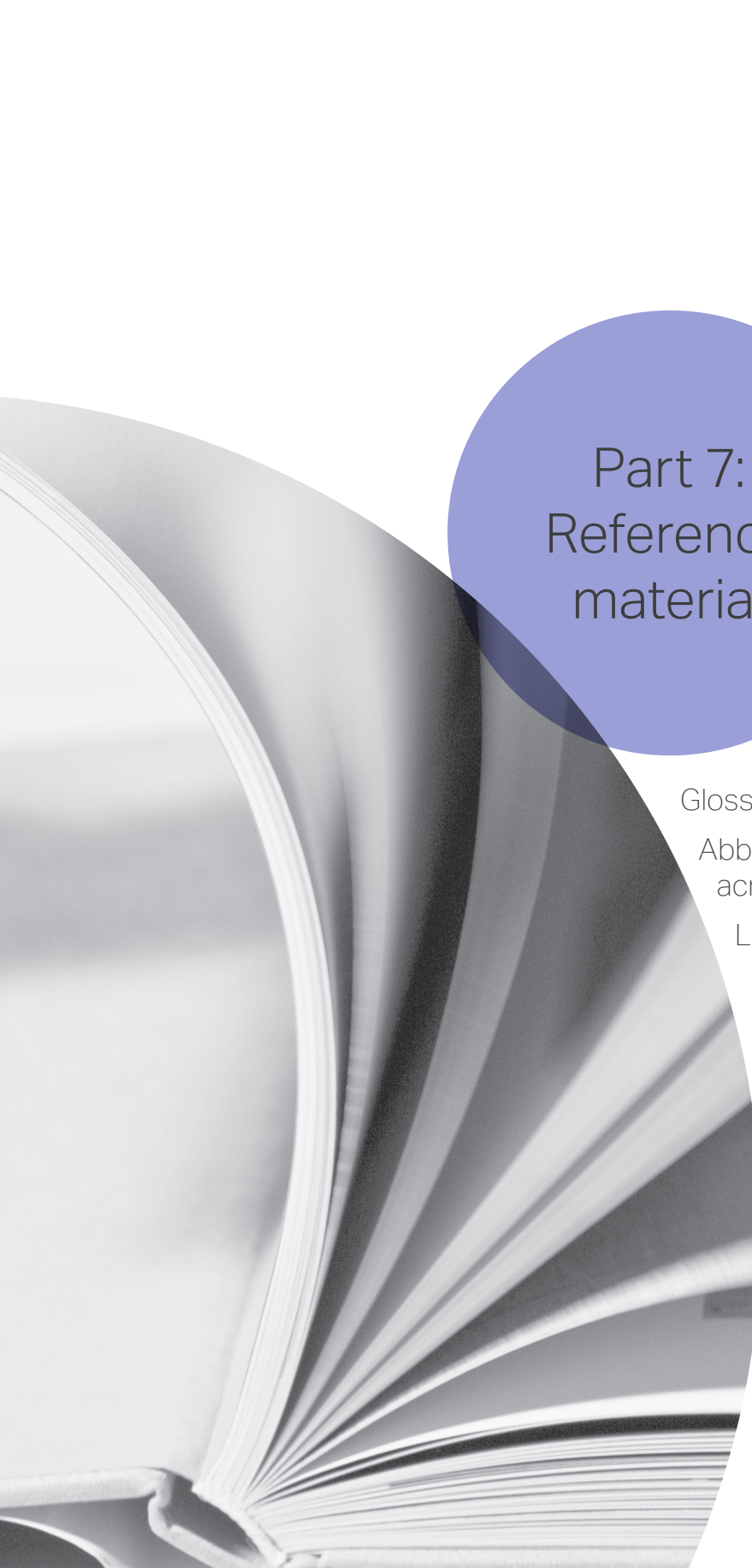
Appendix E: Corrections to previous annual report

Part 4—Our people

Page 84—2017 casual figures for Queensland, South Australia, Tasmania, Victoria and Western Australia listed in *Table E1: Employment type by location at 30 June 2017 and 2018* have been updated.

Table E1: Employment type by location, at 30 June 2017 and 2018

Location	Employment type							
	Ongoing		Non-ongoing		Casual		Total	
	2017	2018	2017	2018	2017	2018	2017	2018
ACT	1,359	1,345	31	28	167	142	1,557	1,515
NSW	12	12	–	–	49	47	61	59
NT	1	1	–	–	2	1	3	2
QLD	7	7	–	–	25	19	32	26
SA	4	4	–	–	11	9	15	13
TAS	1	1	1	1	3	1	5	3
VIC	10	8	–	1	33	31	43	40
WA	6	5	1	–	13	13	20	18
Total	1,400	1,383	33	30	303	263	1,736	1,676



Part 7: Reference material

Glossary

Abbreviations and
acronyms

List of requirements

Index

Glossary

Term	Meaning
accountable authority instructions	Instructions issued to manage the affairs of an entity to promote the efficient, effective, economical and ethical use of Commonwealth resources.
administered items	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 Australian Government to withdraw from the consolidated revenue fund for a specified purpose.
AusTender	The central web-based facility for the publication of Australian Government procurement information, including business opportunities, annual procurement plans and procurement contracts awarded.
Australian Government Office Occupancy Report	Covers office accommodation with 500 square metres or more, which is owned or leased by the Commonwealth. The report sets out the occupational density for entities against the current target of 14 square metres of office space per occupied work point.
Budget	Sets out the fiscal and economic outlook for Australia, and includes expenditure and revenue estimates for the current financial year, the budget year, and three forward financial years. It identifies the government's social and political priorities and how they will be achieved. The Budget is usually announced in May each year.
Budget Process Operational Rules	Standing rules endorsed annually by Cabinet that set out the major administrative and operational arrangements that underlie the management of the Australian Government budget process. The rules also identify the requirements that apply to all new policy proposals and other budget proposals, including those brought forward for consideration outside of the budget process.
carbon dioxide equivalent (CO ₂ -e)	One tonne of carbon dioxide equivalent would fill the average-sized three-bedroom house.

Term	Meaning
career starter	A person completing a Year 12 certificate or equivalent by the end of the relevant year, or who has completed a Year 12 certificate within the last 24 months.
Central Advertising System	Coordinated procurement arrangement that consolidates government advertising expenditure and buying power to secure optimal media discounts on Commonwealth-wide media rates.
Central Budget Management System	The IT system used to manage the flow of financial information between Finance and Commonwealth entities to facilitate cash and appropriations management, the preparation of budget documentation, and financial reporting.
<i>Charter of Budget Honesty Act 1998</i>	Provides a legislative framework for the conduct and reporting of fiscal policy, government decisions and Commonwealth financial statements. It aims to improve discipline, transparency and accountability in the conduct of fiscal policy.
COMCAR	An Australian Government agency that provides car-with-driver and other ground transport services to the Prime Minister, the Governor-General, members of parliament, judges and international guests of government.
Comcover	The Australian Government's self-managed general insurance fund.
co-mingled recycling	A process that allows for mixed recyclables to be disposed of in a single container. Recyclable materials include glass, plastic, metal and aluminium cans and containers.
Commonwealth entity	A department of state of the Commonwealth; a department of the Parliament; an executive agency, or statutory agency, within the meaning of the <i>Public Service Act 1999</i> .
consolidated financial statements	Statements that present the whole-of-government financial results inclusive of all Australian Government-controlled bodies, including bodies outside the general government sector, such as Australia Post and the Reserve Bank of Australia.
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 and expert advice or services. Typically the term is used to describe the application of expert skills to investigate or diagnose a defined issue or problem; carry out defined research, reviews or evaluations; or provide independent advice, information or creative solutions to assist an entity in management decision-making.

Term	Meaning
corporate plan	<p>The primary planning document of a Commonwealth entity that sets out the objectives and strategies the entity intends to pursue in achieving its purposes over at least four reporting periods. A corporate plan explains:</p> <ul style="list-style-type: none"> • what an entity's purposes are • what it will do to achieve its purposes • how it will know that it has achieved its purposes.
costings or cost estimates	<p>An assessment of the financial impact of a proposed policy change. Commonwealth entities are required to provide costings for any new policy proposals and seek Cabinet endorsement. Finance must agree to these costings before they can be incorporated in a submission for Cabinet.</p>
enhanced Commonwealth performance framework	<p>Meets the obligation under paragraph 5(b) of the <i>Public Governance, Performance and Accountability Act 2013</i> to establish a performance framework across Commonwealth entities. The framework aims to improve the line of sight between what was intended and what was delivered. Corporate plans (and portfolio budget statements) and annual reports (including annual performance statements) are the bookends of the performance framework.</p>
enterprise agreement	<p>An employment agreement made directly between an employer and employees.</p>
Expenditure Review Committee of Cabinet	<p>The ministerial committee responsible for examining all proposals against the government's overall fiscal strategy, advising Cabinet on budget spending priorities and initiating reviews of individual ongoing programs.</p>
Final Budget Outcome	<p>Encompasses Australian Government general government sector fiscal outcomes for the financial year and is based on external reporting standards. The <i>Charter of Budget Honesty Act 1998</i> requires that a Final Budget Outcome be released no later than three months after the end of the relevant financial year. The financial statements in the Final Budget Outcome are similar to those in the Budget but provide actual outcomes rather than estimates.</p>
fiscal policy	<p>The government's approach to taxation and spending, both of which can affect the economy.</p>
fraud	<p>Dishonestly obtaining a benefit, or causing a loss, by deception or other means. Accountable authorities of Commonwealth entities must take all reasonable measures to prevent, detect and deal with fraud in accordance with section 10 of the <i>Public Governance, Performance and Accountability Rule 2014</i>.</p>

Term	Meaning
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.
Future Fund	A government fund established for accumulating assets to offset future Australian Government superannuation liabilities.
GovCMS	An open source web content management and hosting service developed to help agencies create modern, affordable and responsive websites, making it easier to collaborate and innovate. GovCMS helps reduce the technology and compliance burden on Commonwealth entities.
GovTEAMS	A new generation platform to provide a single environment for both internal and external collaboration across government to improve public sector productivity.
government business enterprise	A Commonwealth entity or Commonwealth company that is prescribed as a government business enterprise by the rules of the <i>Public Governance, Performance and Accountability Act 2013</i> .
green brief	A summary of a proposal and the associated financial implications, and Finance and central agency views on a proposal to be considered by the Expenditure Review Committee of Cabinet.
Independent Parliamentary Expenses Authority	Audits and reports on parliamentarians' work expenses. Provides advice to parliamentarians and their staff on travel and work-related expenses to support them in undertaking their duties, requiring that taxpayer funds be spent appropriately and in compliance with the relevant principles and regulations.
Indigenous Procurement Policy	<p>A mandatory procurement-connected policy to leverage the Commonwealth's annual multibillion dollar procurement spend to drive demand for Indigenous goods and services, stimulate Indigenous economic development and grow the Indigenous business sector.</p> <p>The policy has three main parts:</p> <ul style="list-style-type: none"> • a target number of contracts that need to be awarded to Indigenous businesses • a mandatory amount set aside for remote contracts and contracts valued between \$80,000 and \$200,000 • minimum Indigenous participation requirements in contracts valued at or above \$7.5 million in certain industries.
measure	A policy or decision of the government that affects revenues, expenses or capital.

Term	Meaning
Mid-Year Economic and Fiscal Outlook	Provides an update of the government's budget estimates by examining expenses and revenues in the year to date, as well as provisions for new decisions taken since the Budget to allow assessment of the government's fiscal performance against the fiscal strategy statement. The Treasurer is required to publicly release and table in parliament a Mid-Year Economic and Fiscal Outlook report by the end of January each year, or within six months after the Budget, whichever is later.
National Property Efficiency Program	Capitalises on the Commonwealth's position as a major purchaser of leases and facilities management services in the Australian property market. The program is delivered through two key activities: <ul style="list-style-type: none"> • absorbing entities' lease requirements, where feasible, into existing vacant office accommodation (Operation Tetris) • ensuring that leases and other property services are delivered through coordinated procurements that will maximise the Commonwealth's substantial purchasing power.
non-ongoing staff member	A person engaged as an employee under paragraph 22(2)(b) or (c) of the <i>Public Service Act 1999</i> .
ongoing staff member	A person engaged as an ongoing employee under paragraph 22(2)(a) of the <i>Public Service Act 1999</i> .
Operation Tetris	Requires Commonwealth entities to fill vacant leased office space in the Australian Capital Territory rather than to enter into new leases or to renew expiring leases.
outcome	A government objective in a portfolio area. Outcomes are desired results, impacts or consequences for the Australian community influenced by the actions of the Australian Government. Actual outcomes are the results or impacts actually achieved.
performance information	Evidence about performance that is collected and used systematically. It relates to appropriateness, effectiveness and efficiency and the extent to which an outcome can be attributed to an intervention.
portfolio budget statements	Statements that inform parliamentarians and the public of the proposed allocation of resources to government outcomes. They also assist the Senate standing committees with their examination of the government's Budget. Portfolio budget statements are tabled in parliament on Budget night and published as Budget-related papers.
procurement	Encompasses the whole process of acquiring goods and services. The process begins when a need is identified and a decision made on the acquisition requirements. It continues through to risk assessment, awarding of a contract, delivery of and payment for the goods and services and, where relevant, the ongoing management of the contract and consideration of disposal.
program	Actions taken by the government to deliver stated outcomes.

Term	Meaning
Public Service Modernisation Fund	Identifies and recommends transformation initiatives across government for investment through the Modernisation Fund announced in the 2017–18 Budget, which provided \$500 million of projected savings to be reinvested in reforms 'such as automation of public services and business re-engineering'.
purpose	In the context of the <i>Public Governance, Performance and Accountability Act 2013</i> , purposes include the objectives, functions or role of a Commonwealth entity. Finance's purposes are described in the Corporate Plan 2018–19.
red tape	A colloquial term for unnecessary regulation.
resource management framework	Governs how the Commonwealth public sector uses and manages public resources. The <i>Public Governance, Performance and Accountability Act 2013</i> is the cornerstone of the framework.
risk management	The systematic application of policies, procedures and practices to clearly identify, analyse, evaluate, treat and monitor risks associated with identified opportunities. Risk is broadly defined as the effect of uncertainty on objectives or the impacts of unforeseen events or undesirable outcomes.
rule	<p>In the context of the <i>Public Governance, Performance and Accountability Act 2013</i> (PGPA Act), a legislative instrument made by the Finance Minister under sections 101 to 105 of the PGPA Act prescribing matters:</p> <ul style="list-style-type: none"> • required or permitted by the PGPA Act, or • necessary or convenient to be prescribed for carrying out or giving effect to the PGPA Act. <p>The <i>Public Governance, Performance and Accountability Rule 2014</i> supports the operation of the PGPA Act.</p>
Service Delivery Office	Provides corporate transactions services to other Australian Government agencies. The office is one of six hubs under the Shared Services Program, which is an APS-wide initiative that is transforming the way the public service operates by consolidating and standardising the delivery of corporate services through designated shared services hubs.
Shared Services Program	A whole of government initiative that is transforming the way the public service operates by consolidating and standardising the delivery of corporate services through designated shared services hubs.
transformation	Embedding a culture of continuous improvement in Finance to anticipate and respond to change, identify opportunities to do things better, build our capabilities and invest in our relationships.
transformation plan	Sets out the Department's internal approach to its transformation agenda with four focus areas: people, stewardship, making business better and integrated business planning.

Abbreviations and acronyms

ABS	Australian Bureau of Statistics
AEC	Australian Electoral Commission
AFM	Advance to the Finance Minister
ANAO	Australian National Audit Office
APS	Australian Public Service
ASEAN	Association of Southeast Asian Nations
ATO	Australian Taxation Office
CARS	COMCAR Automated Resource System
CBMS	Central Budget Management System
CBMS-R	redeveloped Central Budget Management System
CDN	Content Delivery Network
CFS	Consolidated Financial Statements
CoPE	Centre of Procurement Excellence
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
CSC	Commonwealth Superannuation Corporation
CSS	Commonwealth Superannuation Scheme
DART	Digital Annual Reporting Tool
DDoS	Distributed Denial of Service
EL	executive level
ERP	Enterprise Resource Planning
FBO	Final Budget Outcome
Finance	Department of Finance
FRSC	Financial Reporting Subcommittee
FTE	full-time equivalent
GBAU	Government Business Analytical Unit
GBE	government business enterprise
GovPDX	Government Protected Data Exchange
GST	goods and services tax
ICT	information and communications technology
IT	information technology
JCPAA	Joint Committee of Public Accounts and Audit
LGBTI	lesbian, gay, bisexual, transgender and intersex
MIE	Managed Information Environment
MOP(S) Act	<i>Members of Parliament (Staff) Act 1984</i>
MYEFO	Mid-Year Economic and Fiscal Outlook
NAIDOC	National Aborigines and Islanders Day Observance Committee
NBN	National Broadband Network

OECD	Organisation for Economic Co-operation and Development
PACE	Productivity Automation Centre of Excellence
PAYG	Pay As You Go
PEMS	Parliamentary Expenses Management System
PBS	Pharmaceutical Benefits Scheme
PCSS	Parliamentary Contributory Superannuation Scheme
PRSC	Performance Reporting Subcommittee
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PGPA Rule	<i>Public Governance, Performance and Accountability Rule 2014</i>
PSSAP	Public Sector Superannuation Accumulation Plan
PSS	Public Sector Superannuation Scheme
SaaS	Software as a Service
SBWS	Shared Budget Workflow System
SDO	Service Delivery Office
SES	Senior Executive Service
SGGA	Streamlining Government Grants Administration Program
SLC	Senior Leadership Committee
SMEs	Small to medium-sized enterprises
SSIP	Shared Services Implementation Project
STP	Single Touch Payroll
WHS	work health and safety
WHS Act	<i>Work Health and Safety Act 2011</i>

List of requirements

This list of annual report requirements is prepared in accordance with paragraph 17AJ(d) of the *Public Governance, Performance and Accountability Rule 2014*. Page references for Finance's compliance with these requirements are provided in the right-hand column of the table.

Description	Requirement	Page
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	iii
Aids to access		
Table of contents	Mandatory	iv
Alphabetical index	Mandatory	217
Glossary of abbreviations and acronyms	Mandatory	210
List of requirements	Mandatory	212
Details of contact officer	Mandatory	ii
Entity's website address	Mandatory	ii
Electronic address of report	Mandatory	ii
Review by accountable authority		
Review by departmental Secretary	Mandatory	vii
Overview of the entity		
A description of the role and functions of the entity	Mandatory	4
A description of the organisational structure of the entity	Mandatory	11
A description of the outcomes and programmes administered by the entity	Mandatory	5
A description of the purposes of the entity as included in corporate plan.	Mandatory	4
Name of the accountable authority or each member of the accountable authority.	Mandatory	8
Position title of the accountable authority or each member of the accountable authority.	Mandatory	8
Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory	8
An outline of the structure of the portfolio of the entity	Portfolio departments—mandatory	3

Description	Requirement	Page
Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory	N/A
Report on performance of the entity		
Annual performance statements		
Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory	33
Report on financial performance		
A discussion and analysis of the entity's financial performance.	Mandatory	70
A table summarising the total resources and total payments of the entity.	Mandatory	182
If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory.	N/A
Management and accountability		
Corporate governance		
Information on compliance with section 10 of the PGPA Rule (fraud systems).	Mandatory	79
A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared	Mandatory	iii
A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place	Mandatory	iii
A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity	Mandatory	iii
An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance	Mandatory	73
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	80
External scrutiny		
Information on the most significant developments in external scrutiny and the entity's response to the scrutiny	Mandatory	80
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	80

Description	Requirement	Page
Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman	If applicable, Mandatory	81
Information on any capability reviews on the entity that were released during the period	If applicable, Mandatory	N/A
Management of human resources		
An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives	Mandatory	98
Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: <ul style="list-style-type: none"> (a) statistics on full-time employees; (b) statistics on part-time employees; (c) statistics on gender; (d) statistics on staff location Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: <ul style="list-style-type: none"> • 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	102
Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i>	Mandatory	106
Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c)	Mandatory	106
The salary ranges available for APS employees by classification level	Mandatory	106
A description of non-salary benefits provided to employees	Mandatory	107
Information on the number of employees at each classification level who received performance pay	If applicable, Mandatory	N/A
Information on aggregate amounts of performance pay at each classification level	If applicable, Mandatory	N/A
Information on the average amount of performance payment, and range of such payments, at each classification level	If applicable, Mandatory	N/A
Information on aggregate amount of performance payments	If applicable, Mandatory	N/A
Asset management		
An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	If applicable, mandatory	84

Description	Requirement	Page
Purchasing		
An assessment of entity performance against the <i>Commonwealth Procurement Rules</i>	Mandatory	85
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	86
A statement that <i>"During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]"</i> .	Mandatory	86
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	86
A statement that <i>"Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website."</i>	Mandatory	85
Australian National Audit Office access clauses		
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	85
Exempt contracts		
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	85
Small business		
A statement that <i>"[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website."</i>	Mandatory	85

Description	Requirement	Page
An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	85
If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that <i>"[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website."</i>	If applicable, Mandatory	86
Financial statements		
Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	112
Executive Remuneration		
Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule.	Mandatory	193
Other mandatory information		
If the entity conducted advertising campaigns, a statement that <i>"During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website."</i>	If applicable, Mandatory	192
If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory	N/A
A statement that <i>"Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website]."</i>	If applicable, Mandatory	191
Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	191
Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory	191
Correction of material errors in previous annual report	If applicable, mandatory	202
Information required by other legislation	Mandatory	N/A

Index

A

abbreviations and acronyms, 210–11
 Aboriginal and Torres Strait Islander Land and Sea Future Fund, 50
 access clauses, 85
 accountable authorities, support for, 46
 achievements, 2018–19, viii–ix
 administered activities, financial management of, 70
 administrative tribunal decisions, 81
 advertising and market research, 192
 annual performance statements, 34–66
 annual reports, digitisation of, ix, 27–8
 Appropriation Bills, 34–6
 APS Employee Census, ix, x, xv, 93
 APS Reform Committee, 44, 39
 ASC Pty Ltd, 3, 57
 asset management, 84
 Audit Committee, 75–6
 Auditor-General reports, 81
 audits, ANAO, 47
 AusTender re-platform, 24, 52
 Australian Electoral Commission, vii, 3, 31
 Australian Government Contract Management Guide, 52
 Australian Government Investment Fund, 50
 Australian Government Property Register, 56
 Australian Information Commissioner decisions, 81
 Australian National Audit Office (ANAO), 47, 81, 85
 Australian Naval Infrastructure Pty Ltd, 3, 157
 Australian Privacy Commissioner decisions, 81
 Australian Public Service Commission, 31, 97
 Australian Rail Track Corporation, 57
 awards and recognition
 external, 201
 internal, 199–200

B

Budget, vii, xi, 4, 14, 17, 18, 34, 36, 68 *see also*
 Shared Budget Workflow System
 budget estimates, 34–5
 budget papers, preparation of, 17, 34, 36
 Budget Process Operational Rules, 17
 Budget repair strategy, 18
 Building Australia Fund, 50
 business continuity, 79
 business planning, 77–8
 BuyRight procurement tool, 25

C

Career Opportunities Register, 95
 Career Starter Program, 101
 case studies
 better practice, 29
 Modernising the Public Sector Expo, 28
 risk management, 54
 small and medium businesses, 29
 cash disbursement, 38
 Central Advertising System, 84
 Central Budget Management System, 17, 38
 Centre of Procurement Excellence, viii, 14, 28–9, 52
Charter of Budget Honesty Act 1998, 14, 18, 34
 Chief Financial Officer Survey, 46
 ClauseBank, 52
 COMCAR, 65, 70
 Automated Resource System (CARS), vii, 21, 66
 environmental performance, 88
 Comcare premium, 110
 Comcover, 53, 54
 Comcover Legal Seminar Series, 54
 Commonwealth ClauseBank, 25
 Commonwealth Contracting Suite Deed of Standing Offer, 25
Commonwealth Electoral Act 1918, 23, 192
 Commonwealth Ombudsman, 83
 Commonwealth Procurement Capability Roadmap, 29
 Commonwealth Procurement Rules, 52, 85
 Commonwealth Risk Management Policy, 54
 Commonwealth Superannuation Corporation, 3, 51
 Commonwealth Superannuation Scheme, 51
 Communities@Work, x
 Community and Business Grants Hubs, 42
 compensation payments, 4
 Comprehensive and Progressive Agreement for Trans-Pacific Partnership, 24
 consultancies, 86
 Contract Management Guide, 25
 corporate governance, 72–80
 Corporate Plan 2018–19, vii, 14 *see also*
 performance analysis
 corporate services, 72–3
 corrections to previous annual reports, 202
 customer surveys, shared services, 60

D

Data Integration Partnership for Australia, 43
 Department of Foreign Affairs and Trade, 24
 Department of Health, 18
 Department of the Environment and Energy, 15, 23–4
 Department of the Prime Minister and Cabinet, vii, 17, 31
 Department of the Treasury, vii, 17, 34

Departmental activities, financial management of, 70
digital and online capability developments, 20, 21, 26–9
 performance results, 39–59, 60–4
Digital Annual Reporting Tool, ix, 27–8
Digital Transformation Agency, 63
Digital Transformation and Public Sector
 Modernisation Committee, 45
disability reporting, 191
DisabilityCare Australia Fund, 50
diversity initiatives, 97
drought and flood affected communities, 18

E

Education Investment Fund, 50
election 2019 see federal election 2019
election commitments, costing of, 18
Electoral Integrity Taskforce, vii, 15, 31
electoral legislation, 23
electoral reforms, 23
electorate office relocations, 31
employees
 awards and recognition, 107
 diversity, 97
 learning and development, 98
 mobility opportunities, 95–6
 performance expectations, 98
 performance management, 107
 remuneration, 106, 193–6
 statistics, 102–5
employment programs, 100–1
Enterprise Agreement 2019, 106
Enterprise Resource Planning system, 20
entity resource statement, 182–3
environmental performance, 87–9
executive, 8–10
Executive Board, 73–4
executive remuneration, 193–6
exempt contracts, 85
Expenditure Review Committee, 4, 16, 17, 35
expenditure, advising on, vii, 4–5, 14
 performance results, 34–8
expenses for outcomes, 184–90
expenses, parliamentarian and staff, vii, 65–6
external scrutiny, 80–3

F

federal election 2019, vii, 31
Final Budget Outcome 2017–18, vii, 18, 34, 37
financial performance, x, 70
financial statements, 112–79
financial statements and reporting, Australian
 Government, 17–18, 37
flexible working arrangements, 100

foreign influence in elections, 23
fraud control, 79–80
Free Trade Agreements, 24–5, 52
freedom of information, 191
Future Fund, 50
Future Fund Management Agency, 3, 50

G

GBE Company Secretaries Forum, 59
glossary, 204–9
GovCMS platform, 63–4
governance committees, 75
Government Business Analytical Unit, ix, 43
Government Business Enterprise Professional
 Education Program, 15, 29
Government Business Enterprises, ix, 4, 15, 57–9
*Government Procurement (Judicial Review) Act
2018*, 25
Government Protected Data Exchange (GovPDX), 43
Governors-General Pension Scheme, 51
GovERP, 27, 41
GovLINK, 14
GovTEAMS platform, 28, 29, 45, 62–4
Grant Hubs, 42
grants, 191

H

Hunter Class Frigates, 57

I

ICON fibre optic network, 14
Independent Parliamentary Entitlements System
 review report, 66
Independent Parliamentary Expenses Authority, 3, 66
Indigenous businesses, support for, 85–6
individual flexibility arrangements, 106
information and communications technology, 4, 14, 72–3 see *also* digital and online capability developments
infrastructure projects, ix, 18, 57–8
Inland Rail, ix, 29, 57
insurable risks, 54
investment funds, 70

J

Joint Committee of Public Accounts and Audit, 47, 49, 82
Joint Standing Committee on Electoral Matters, 23
Judges Pension Scheme, 51
judicial and administrative decisions, 80–1

K

key management personnel, 193, 196

L

leadership development, 99
leases, Australian Accounting Standard AASB 16, ix
Leasing Strategy, 55–6

M

machinery-of-government changes, 108
 review, 31
management and accountability, 72–89
Medical Research Future Fund, 50
Members of Parliament (Staff) Act 1984 (MOP(S) Act), 15, 65
Mid-Year Economic and Fiscal Outlook 2018–19, vii, 17, 34
Minister for Finance, 2
mobile apps, 21
Modernisation Fund, vii, 4
 performance results, 39
Modernisation Fund projects, 27
Modernising the Public Sector Expo, 14, 27, 28
Modernising the Public Sector Roadmap, 44–5
Moorebank Intermodal, ix

N

National Broadband Network, ix
National Divestment Program, 15
National Property Efficiency Program, 15
Naval Shipbuilding, ix, 57
non-Defence property portfolio, management of, 56
non-salary benefits, 107
noncompliance with finance law, 80
Northern Australia Infrastructure Facility, 29
notifiable incidents, 109
 MOP(S) Act employees, 110

O

Office Occupancy Report, 56
office space, leased, 55–6
online capability developments see digital and
 online capability developments
operating environment, 5
organisational structure, 11
outcomes, 5–7
outlook, 2019–20, xi–xii
overview, 2–11

P

parliamentarians and their staff, services to, 4, 14, 31, 70
 performance results, 65–6
parliamentary committees, 82–3
Parliamentary Expenses Management System (PEMS), vii, 66
partnerships and collaboration, vii, 15, 17–18, 23–4, 31, 39
People Capability Framework, 98
performance analysis, 67–9
 expenditure, advice on, 34–7
 government service delivery, 60–6
 public sector resourcing and transformation, 38–59
Performance Framework review, 49
performance pay, 107
Pharmaceutical Benefits Scheme, revised modelling, 18
portfolio, 2–3
Portfolio Additional Estimates Statements 2018–19, 14
Portfolio Budget Statements 2018–19, 14
portfolio ministers, 2
Pre-Election Economic and Fiscal Outlook, 18, 34
priorities, 2018–19, 14–15
procurement, 85–6
 Centre of Procurement Excellence, 28–9
 leased office space, 55–6
 policy framework, 4, 52
 self-help tools, 25
Procurement Consultative Roundtable, 52
Productivity Automation Centre of Excellence, vii, 14, 61
Productivity Pilot, 43, 45
programs, 5–7
property portfolio, non-Defence, 56
Protected data management, 43
Public Governance, Performance and Accountability Act 2013, 14
 review, iii, 46, 48
Public Sector Superannuation Accumulation Plan, 51
Public Sector Superannuation Scheme, 51
public sector transformation, 26–9
 performance results, 39–59
publications and guidance, 28, 29, 31, 54
purpose, 4

Q

Qualification Checklist for electoral candidates, 23

R

recoverable payments reporting, 197–8
recruitment, 93–4
Referendum (Machinery Provisions) Act 1984, 23
Regional Investment Corporation, 29
resource management, 46–8
Resource Management Framework, 46
resource management model, 96
responsible Ministers, 2
risk management, 79
 services to Government agencies, 54
Risk Management Benchmarking Program, 54
role and functions, 4

S

secondment programs, 96
Secretaries APS Reform Committee, 39
Secretary, vii, xii, 8
Secretary's Procurement Roundtable, 29
Selling to Government website, 29
Service Delivery Office, 14, 60–1
Shared Budget Workflow System, ix, 14, 27
Shared Services Implementation Project, 20
Shared Services Program, viii, 14, 15, 20, 27, 60–1
 performance results, 40–1
Shared Services Roadmap, 41
Shared Services Taskforce, 27
Single Touch Payroll, 20–1
small and medium businesses, support for, 85–6
 case studies, 29
Snowy 2.0, ix, 15, 23–4, 57
staff *see* employees
Streamlining Government Grants Administration
 Program, 42
study leave, 98
superannuation schemes, 51, 70
Surge Readiness Management Model, 96

T

terms and conditions, procurement panel, 25
training
 financial analysis, 29
 *Public Governance, Performance and
 Accountability Act 2013*, 46
 risk management, 54
Transformation Plan, vii, 62, 92–3, 99
Transparency Portal, 14, 27–8

V

values, 5
vehicle booking system *see* COMCAR
voting processes reform, 23

W

websites, 63–4
Western Sydney Airport, ix, 57
whole-of-government coordination
 advertising campaigns, 14
 federal election 2019 integrity, 31
 grant administration, 15
 leased office space, 55–6
 procurement processes, 53
 property services procurement, 15
work health and safety, 108–10
workers compensation premium, 110
workforce planning, 93–4
World Trade Organization Agreement on
 Government Procurement, 25

