



Part 4:

Financial Statements

Wamba Wamba Country
Sea Lake, Lake Tyrrell
Victoria

Reserve Bank of Australia Financial Statements

For the year ended 30 June 2024

Statement of Assurance

In the opinion of the Governor, as the accountable authority of the Reserve Bank of Australia (RBA), and the Acting Chief Financial Officer, the financial statements for the year ended 30 June 2024 present fairly the Reserve Bank's financial position, financial performance and cash flows, comply with the accounting standards and any other requirements prescribed by the rules made under section 42 of the *Public Governance, Performance and Accountability Act 2013* and have been prepared from properly maintained financial records. These financial statements were approved by a resolution of the Reserve Bank Board on 24 September 2024.



Michele Bullock

Governor and Chair, Reserve Bank Board



Sam Tomaras

Acting Chief Financial Officer

25 September 2024

Statement of Financial Position

as at 30 June 2024

Reserve Bank of Australia and Controlled Entity

	Note	2024 \$M	2023 \$M
Assets			
Cash and cash equivalents	6	439	664
Australian dollar investments	1(b), 15	312,813	504,363
Foreign currency investments	1(b), 15	89,536	83,705
Gold	1(d), 15	9,035	7,406
Property, plant and equipment	1(e), 8	597	619
Other assets	7	1,320	1,345
Total assets		413,740	598,102
Liabilities			
Deposits	1(b), 9	318,229	497,790
Distribution payable to the Commonwealth	1(h), 3	–	–
Australian banknotes on issue	1(b)	100,765	101,285
Other liabilities	10	15,139	16,755
Total liabilities		434,133	615,830
Net (Liabilities)/Assets		(20,393)	(17,728)
Equity			
Reserves:			
– Unrealised profits reserve	1(g)	3,015	–
– Asset revaluation reserves	1(g), 5	9,648	8,045
– Superannuation reserve	1(g)	860	975
– Reserve Bank Reserve Fund	1(g)	–	–
Accumulated Losses	1(g)	(33,956)	(26,788)
Capital	1(g)	40	40
Total Equity		(20,393)	(17,728)

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

Statement of Comprehensive Income

for the year ended 30 June 2024

Reserve Bank of Australia and Controlled Entity

	Note	2024 \$M	2023 \$M
Net interest income	2	(7,772)	(4,252)
Fees and commission income	2	213	225
Other income	2	162	168
Net gains/(losses) on securities and foreign exchange	2	4,166	(1,321)
General administrative expenses	2	(584)	(516)
Other expenses	2	(338)	(256)
Net Profit/(Loss)		(4,153)	(5,952)
<i>Gains/(losses) on items that may be reclassified to profit or loss:</i>			
– Gold		1,629	634
		1,629	634
<i>Gains/(losses) on items that will not be reclassified to profit or loss:</i>			
– Property		(50)	(141)
– Superannuation		(115)	147
– Shares in international and other institutions		24	27
		(141)	33
Other Comprehensive Income		1,488	667
Total Comprehensive Income		(2,665)	(5,285)

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

Statement of Distribution

for the year ended 30 June 2024

Reserve Bank of Australia and Controlled Entity

	Note	2024 \$M	2023 \$M
Net profit/(loss)		(4,153)	(5,952)
Transfer (to)/from unrealised profits reserve		(3,015)	–
Transfer from asset revaluation reserves		0	–
Earnings available for distribution		(7,168)	(5,952)
<i>Distributed as follows:</i>			
Transfer to Reserve Bank Reserve Fund		–	–
Transfer to accumulated losses		(7,168)	(5,952)
Payable to the Commonwealth	3	–	–
		(7,168)	(5,952)

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

Statement of Changes in Equity

for the year ended 30 June 2024

Reserve Bank of Australia and Controlled Entity

	Note	Earnings available for distribution \$M	Unrealised profits reserve \$M	Asset revaluation reserves \$M	Superannuation reserve \$M	Reserve Bank Reserve Fund \$M	Accumulated losses \$M	Capital \$M	Total equity \$M
Balance as at 30 June 2022		–	–	7,525	828	–	(20,836)	40	(12,443)
Net Profit/(Loss)	1(h)	(5,952)	–						(5,952)
Gains/(losses) on:									
– Gold	1(d), 5			634					634
– Shares in international and other institutions	1(b), 5			27					27
– Property	1(e), 5			(141)					(141)
– Superannuation	1(j)				147				147
Other comprehensive income				520	147				667
Total comprehensive income for 2022/23									(5,285)
Transfer from asset revaluation reserves	1(g), 3	–		–					–
Transfer from Reserve Bank Reserve Fund		–				–			–
Transfer to accumulated losses		5,952					(5,952)		–
Transfer to distribution payable to the Commonwealth	1(h), 3	–							–
Balance as at 30 June 2023		–	–	8,045	975	–	(26,788)	40	(17,728)
Net Profit/(Loss)	1(h)	(7,168)	3,015						(4,153)
Gains/(losses) on:									
– Gold	1(d), 5			1,629					1,629
– Shares in international and other institutions	1(b), 5			24					24

Statement of Changes in Equity *(continued)*

for the year ended 30 June 2024

Reserve Bank of Australia and Controlled Entity

	Note	Earnings available for distribution \$M	Unrealised profits reserve \$M	Asset revaluation reserves \$M	Superannuation reserve \$M	Reserve Bank Reserve Fund \$M	Accumulated losses \$M	Capital \$M	Total equity \$M
– Property	1(e), 5			(50)					(50)
– Superannuation	1(j)				(115)				(115)
Other comprehensive income				1,603	(115)				1,488
Total comprehensive income for 2023/24									(2,665)
Transfer from asset revaluation reserves	1(g), 3	0		(0)					–
Transfer from Reserve Bank Reserve Fund		–				–			–
Transfer to accumulated losses		7,168					(7,168)		–
Transfer to distribution payable to the Commonwealth	1(h), 3	–							–
Balance as at 30 June 2024		–	3,015	9,648	860	–	(33,956)	40	(20,393)

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

Cash Flow Statement

for the year ended 30 June 2024

For the purposes of this statement, cash includes overnight settlement balances due from other banks.

Reserve Bank of Australia and Controlled Entity

	Note	2024 Inflow/(outflow) \$M	2023 Inflow/(outflow) \$M
Cash flows from operating activities			
Interest received		11,246	10,364
Interest paid		(18,629)	(13,317)
Net fee income received		68	93
Net payments for investments		185,190	20,250
Net cash collateral received		2,636	309
Net movement in deposit liabilities		(179,561)	(15,967)
Net movement in banknotes on issue		(520)	(1,060)
Other		(611)	(407)
Net cash from operating activities	6	(181)	265
Cash flows from investment activities			
Net payments for property, plant and equipment		(16)	(67)
Net payments for computer software		(9)	(10)
Other		0	0
Net cash from investment activities		(25)	(77)
Cash flows from financing activities			
Distribution to the Commonwealth	3	–	–
Other		(19)	(6)
Net cash from financing activities		(19)	(6)
Net increase/(decrease) in cash		(225)	182
Cash at beginning of financial year		664	482
Cash at end of financial year	6	439	664

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

'Net movement in deposit liabilities' and 'Net movement in banknotes on issue' have been reclassified as 'Cash flows from operating activities' to better reflect their nature. Previously, these balances were reported as part of 'Cash flow from financing activities'. Corresponding changes have also been made in Note 6.

Notes to and Forming Part of the Financial Statements

Reserve Bank of Australia and Controlled Entity

Note 1 – Accounting Policies

The RBA reports its consolidated financial statements in accordance with the *Reserve Bank Act 1959* and the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). These financial statements for the year ended 30 June 2024 are a general purpose financial report prepared under Australian Accounting Standards (AAS) and accounting interpretations issued by the Australian Accounting Standards Board, in accordance with the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*, which is issued pursuant to the PGPA Act. The RBA is classified as a for-profit public sector entity for the purposes of financial disclosure. These financial statements comply with International Financial Reporting Standards. Unless otherwise stated in Note 1(p), the RBA has not 'early adopted' any new accounting standards or amendments to current standards that apply from 1 July 2024 in preparing these financial statements.

All amounts in these financial statements are expressed in Australian dollars, the functional and presentational currency of the RBA. All revenues and expenses are brought to account on an accruals basis.

Management has used judgement and assumptions in the application of the RBA's accounting policies and in determining accounting estimates. Information on key assumptions is provided in the relevant notes to these financial statements, including provisions for employee benefits (Note 1(i)), the defined benefit superannuation obligation (Note 14), valuation of the RBA's property (Note 8), and its assessment of expected credit losses on its financial instruments (Note 15). Management do not consider that the current uncertainty around these estimates and assumptions has had a material impact on the RBA's overall financial position and performance at 30 June 2024.

Going concern

These financial statements are prepared on a going concern basis.

As at 30 June 2024, the RBA's liabilities exceeded its assets by \$20.4 billion (\$17.7 billion at 30 June 2023). The net liability position mainly reflects:

- valuation losses recorded on the RBA's holding of Australian dollar government bonds, which resulted from the significant rise in bond yields since 2021/22 (these bonds were purchased as part of the RBA's policy response to the COVID-19 pandemic, including under the Bond Purchase Program and as part of achieving a target for the yield on the three-year Australian Government bond)
- negative net interest income as increases in the domestic cash rate since 2022/23 resulted in the floating interest rate paid on most of the RBA's liabilities, namely Exchange Settlement balances, becoming higher than the fixed interest rate earned on the RBA's domestic assets.

The Governor and Reserve Bank Board are of the view that the RBA will continue to operate effectively, and in accordance with its functions and objectives set out in the Reserve Bank Act and in the *Statement on the Conduct of Monetary Policy*.

The RBA's liabilities are guaranteed by the Australian Government under section 77 of the Reserve Bank Act. As a central bank, the RBA also has the ability to create liquidity to meet its liabilities as and when they fall due and has substantial liabilities (in the form of banknotes on issue) that have a zero funding cost.

Additional information on the RBA's capital is provided in Part 3.4: Earnings, Distribution and Capital.

(a) Consolidation

The financial statements show information for the economic entity only; this reflects the consolidated results for the parent entity, the RBA, and its wholly owned subsidiary, Note Printing Australia Limited (NPA). The results of the parent entity do not differ materially from the economic entity and have therefore not been separately disclosed.

Note Printing Australia Limited Balance Sheet

	2024 \$M	2023 \$M
Assets	198.0	195.0
Liabilities	44.2	52.5
Equity	153.8	142.5

The assets, liabilities and results of NPA have been consolidated with the accounts of the parent entity in accordance with AASB 10 – *Consolidated Financial Statements*. All internal transactions and balances have been eliminated on consolidation. These transactions include items relating to the purchase of Australian banknotes, lease of premises and the provision of premises and security services.

(b) Financial instruments

A financial instrument is defined as any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. The RBA accounts for its financial instruments in accordance with AASB 9 – *Financial Instruments* and reports these instruments under AASB 7 – *Financial Instruments: Disclosures* and AASB 13 – *Fair Value Measurement*.

The RBA brings its securities, foreign exchange and derivative transactions to account on a trade date basis. Deposits, repurchase agreements and gold swaps are brought to account on settlement date.

Financial assets

Australian dollar securities

Australian dollar securities, except those held under reverse repurchase agreements, are measured at fair value through profit or loss, as they are held to implement monetary policy and may be sold or lent, typically for short terms, under repurchase agreements. The securities are valued at market bid prices on balance date; valuation gains or losses are taken to profit. Interest earned on securities is accrued as revenue.

Reverse repurchase agreements

In carrying out operations to manage domestic liquidity and foreign reserves, the RBA enters into reverse repurchase agreements in Australian dollar and foreign currency securities. Reverse repurchase agreements were also used to provide funding via the Term Funding Facility.

A reverse repurchase agreement involves the purchase of securities with an undertaking to reverse this transaction at an agreed price on an agreed future date. As a reverse repurchase agreement provides the RBA's counterparties with cash for the term of the agreement, the RBA treats it as an asset by recording a cash receivable. Reverse repurchase agreements are measured at amortised cost. Interest earned is accrued over the term of the agreement at either a fixed or floating rate and recognised as revenue.

RBA open repurchase agreements are available to assist eligible financial institutions manage their liquidity after normal business hours. An RBA open repurchase agreement is an Australian dollar reverse repurchase agreement without an agreed maturity date. Interest on open repurchase agreements is accrued daily and paid monthly.

Gold borrowed under gold swaps

Gold swaps are available to assist with domestic liquidity management and to enhance the return on the RBA's gold holdings.

Gold swaps involving the purchase of gold include an undertaking to reverse this transaction at an agreed price on an agreed future date. As these gold swaps provide the RBA's counterparty with cash for the term of the agreement, the RBA treats it as an asset by recording a cash receivable. Gold swaps are measured at amortised cost. The difference in agreed gold prices for the first and second legs is accrued over the term of the swap and recognised as interest income. Gold borrowed under a swap agreement is not recognised on the RBA's balance sheet, as the predominant risk and reward of ownership, including exposure to any movement in the market price of gold, remains with the counterparty.

Foreign government securities

Foreign government securities, except those held under reverse repurchase agreements, are measured at fair value through profit or loss, as they are available to be traded in managing the portfolio of foreign reserves. These securities are valued at market bid prices on balance date and valuation gains or losses are taken to profit. Interest earned on securities is accrued as revenue.

Foreign deposits

Some foreign currency reserves are invested in deposits with central banks and the Bank for International Settlements (BIS), while small working balances are also maintained with a small number of commercial banks. Deposits are measured at amortised cost. Interest is accrued over the term of deposits.

Foreign currency swaps

The RBA uses foreign exchange swaps in managing foreign reserve assets and Australia's foreign currency commitments as a member of the International Monetary Fund (IMF). These may also be used to assist with domestic liquidity management.

A foreign exchange swap is the simultaneous purchase and sale of one currency against another currency for a specified maturity. The cash flows are the same as borrowing one currency for a certain period and lending another currency for the same period. The pricing of the swap therefore reflects the interest rates applicable to these transactions. Interest rates are implicit in the swap contract but interest itself is not paid or received. Foreign exchange swaps are measured at fair value through profit or loss.

Foreign currency swaps are reported within 'Foreign currency investments'. Any gains or losses are reported within net gains/(losses) on securities and foreign exchange.

Bond futures

The RBA uses bond futures contracts on overseas exchanges to manage interest rate risk on its portfolio of foreign assets. Bond futures positions are measured at fair value through profit or loss with valuation gains or losses taken to net profit. Futures positions are reported within 'Foreign currency investments'.

Special Drawing Rights

Special Drawing Rights (SDR) are an international reserve asset created by the IMF to supplement the official foreign reserves of its member countries. It is a potential claim on the freely usable currencies of IMF members. The SDR is not a currency, but its value is based on a basket of five currencies – the US dollar, the euro, the Chinese renminbi, the Japanese yen, and the British pound sterling. The RBA's SDR holdings are translated into Australian dollar equivalents at the rate prevailing on balance date. Valuation gains or losses are taken to net profit. SDR holdings are reported within 'Foreign currency investments'.

Asian Bond Fund 2 (ABF2)

Through its participation in the Executives' Meeting of East Asia-Pacific Central Banks (EMEAP) Asian Bond Fund, the RBA invests in a number of non-Japan Asian debt markets. This investment comprises units in ABF2, which invests in local currency-denominated bonds issued by sovereign and quasi-sovereign issuers in EMEAP markets. ABF2 is measured at fair value through profit or loss and is valued on balance date at the relevant unit price of the fund, with valuation gains or losses taken to profit. ABF2 is reported within 'Foreign currency investments'.

Shareholding in the Bank for International Settlements (BIS)

Shares in the BIS are owned exclusively by the central banks and monetary authorities that are its members, including the RBA. The RBA has made an election to designate its shareholding in the BIS at fair value through other comprehensive income, as permitted under AASB 9. The shareholding is measured at fair value and valuation gains or losses are transferred directly to the revaluation reserve for 'Shares in international and other institutions' (Note 5). An uncalled portion of this shareholding is disclosed as a contingent liability in Note 11. Dividends are recognised as revenue in net profit, when declared.

Financial liabilities

Deposit liabilities

Deposits held with the RBA include Exchange Settlement balances, Australian and state government deposits and deposits from foreign official institutions and international organisations (Note 9). Deposit liabilities are measured at amortised cost. Interest is accrued over the term of deposits and is paid periodically or at maturity. Interest accrued on deposits not yet paid is included in Note 10.

Australian banknotes on issue

Banknotes on issue are recorded at face value.

The RBA pays interest on working balances of banknotes held by banks under cash distribution arrangements (see Note 4). Costs related to materials used in the production of banknotes are included in 'Other expenses' in Note 2.

Repurchase agreements

A repurchase agreement involves the sale of securities with an undertaking to repurchase them on an agreed future date at an agreed price. Securities sold and contracted for repurchase under repurchase agreements are retained on the balance sheet and reported within the relevant investment portfolio (see 'Australian dollar securities' and 'Foreign government securities', above). The counterpart obligation to repurchase the securities is reported in 'Other liabilities' (Note 10) and measured at amortised cost. The difference between the sale and purchase price is accrued over the term of the agreement and recognised as interest expense.

Gold loaned under gold swaps

Gold swaps involving the sale of gold include an undertaking to reverse this transaction at an agreed price on an agreed future date. Gold sold under gold swaps is retained on the balance sheet and reported within 'Gold holdings' (Note 1(d)). The counterpart obligation to repurchase the gold is reported in 'Other liabilities' (Note 10) and measured at amortised cost. The difference in agreed gold prices for each leg is accrued over the term of the swap and recognised as interest expense.

(c) Foreign exchange translation

Assets and liabilities denominated in foreign currency are converted to Australian dollar equivalents at the relevant market exchange rate on balance date in accordance with AASB 121 – *The Effects of Changes in Foreign Exchange Rates*. Valuation gains or losses on foreign currency are taken to net profit. Interest revenue and expenses and revaluation gains and losses on foreign currency investments are converted to Australian dollars using exchange rates on the date they are accrued or recognised.

(d) Gold

Gold holdings (including gold sold under gold swaps or on loan to other institutions) are valued at the Australian dollar equivalent of the 3:00 pm fix in the London gold market on balance date. Valuation gains or losses on gold are transferred to the asset revaluation reserve for gold.

In addition to gold swaps (Note 1(b)), the RBA also lends gold to institutions that participate in the gold market under gold loan agreements. Similar to gold swaps, gold provided under a loan is retained on the balance sheet. Interest is accrued over the term of the loan and is paid at maturity. The interest receivable on gold loans is accounted for in accordance with AASB 9.

(e) Property, plant and equipment

The RBA accounts for property, plant and equipment it owns in accordance with AASB 116 – *Property, Plant and Equipment* and AASB 13. Property, plant and equipment held under lease arrangements, including overseas and interstate representative offices and certain computer hardware, are accounted for under AASB 16 – *Leases*.

Expenditure, revaluation adjustments and depreciation of property, plant and equipment, including leased assets, are included in Note 8.

Property

The RBA measures its property at fair value. The RBA's Australian properties are formally valued biennially by an independent valuer, with the most recent valuation conducted in 2022/23; overseas properties are independently valued on a triennial basis, with the most recent valuation conducted in 2021/22. Between obtaining independent valuations, carrying values are reviewed by management to ensure that they remain appropriate. Reflecting their specialised nature, fair value for the RBA's Business Resumption Site and National Banknote Site is based on depreciated replacement cost. Valuation gains (losses) are generally transferred to (absorbed by) the asset revaluation reserve of each respective property. Any part of a valuation loss that exceeds the balance in the relevant asset revaluation reserve is expensed. Subsequent valuation gains that offset losses that were previously treated as an expense are recognised as income in net profit.

Annual depreciation is calculated on a straight-line basis using assessments of the remaining useful life of the relevant building.

Plant and equipment

Plant and equipment is valued at cost less accumulated depreciation. Annual depreciation is calculated on a straight-line basis using the RBA's assessment of the remaining useful life of individual assets.

Standard Useful Life for Each Class of Depreciable Asset

	Years
Buildings	15–50
Fit-out	5–10
Computer hardware	4
Motor vehicles	5
Plant and other equipment	4–20

Leased assets

Leased assets are measured at cost, which is equivalent to the lease liability (see Note 1(l)) adjusted by any initial direct costs, less accumulated depreciation. Annual depreciation is calculated on a straight-line basis using the length of the lease term.

(f) Computer software

Computer software is reported in accordance with AASB 138 – *Intangible Assets*. Computer software is recognised at cost less accumulated amortisation and impairment adjustments, if any (see Note 7). Amortisation of computer software is calculated on a straight-line basis over the estimated useful life of the relevant asset, usually for a period of between four and six years (see Note 7). The useful life of payments systems and core banking software may be for a period of between 10 and 15 years, reflecting the period over which future economic benefits are expected to be realised from these assets.

(g) Capital and reserves

The capital of the Reserve Bank is established by the Reserve Bank Act.

The Reserve Bank Reserve Fund (RBRF) is also established by the Reserve Bank Act and is regarded essentially as capital. The RBRF is a reserve maintained to provide for events that are contingent and not foreseeable, including to cover losses from falls in the market value of the RBA's holdings of Australian dollar

and foreign currency investments that cannot be absorbed by its other resources. The RBRF also provides for other risks such as operational risk. In accordance with the Reserve Bank Act, this reserve is funded only by transfers from net profits, as determined by the Treasurer, after consulting the Reserve Bank Board (see Note 1(h)). The Board assesses the adequacy of the balance of the RBRF each year (see Part 3.4: Earnings, Distribution and Capital).

The RBA's equity also includes a number of other reserves:

- Unrealised gains and losses on foreign exchange, foreign securities and Australian dollar securities are recognised in net profit. Such gains or losses are not available for distribution and are transferred to the unrealised profits reserve, where they remain available to absorb future unrealised losses or become available for distribution if gains are realised when assets are sold or mature.
- The balance of the superannuation reserve represents accumulated remeasurement gains or losses on the RBA's defined benefit superannuation obligations (Note 1(j)).
- Balances of asset revaluation reserves reflect differences between the fair value of non-traded assets and their cost. These assets are: gold; property held outright; and shares in international and other institutions. Valuation gains on these assets are not distributable unless an asset is sold and these gains are realised.

Accumulated losses represent losses, as calculated under section 30 of the Reserve Bank Act (see Note 1(h)), which could not be absorbed by the RBRF.

(h) Net profits

Net profits of the RBA are dealt with in the following terms by section 30 of the Reserve Bank Act:

1. Subject to subsection (2), the net profits of the Bank in each year shall be dealt with as follows:
 - (aa) such amount as the Treasurer, after consultation with the Reserve Bank Board, determines is to be set aside for contingencies; and
 - (a) such amount as the Treasurer, after consultation with the Reserve Bank Board, determines shall be placed to the credit of the Reserve Bank Reserve Fund; and
 - (b) the remainder shall be paid to the Commonwealth.

2. If the net profit of the Bank for a year is calculated on a basis that requires the inclusion of unrealised gains on assets during the year, the amount to which subsection (1) applies is to be worked out as follows:
- (a) deduct from the net profit an amount equal to the total of all amounts of unrealised gains included in the net profit; and
 - (b) if an asset in respect of which unrealised gains were included in the net profit for a previous year or years is realised during the year – add to the amount remaining after applying paragraph (a) the total amount of those unrealised gains.

Where the application of subsection (2) above results in an accumulated loss position within the unrealised profits reserve, such losses are first absorbed by other components of net profit and then by the Reserve Bank Reserve Fund, to the extent possible; remaining losses are reflected in accumulated losses (Note 1(g)).

(i) Provisions for employee benefits entitlements

In accordance with AASB 119 – *Employee Benefits*, the RBA records provisions for certain employee benefit entitlements, including accrued annual and long service leave and post-employment health insurance benefits. These provisions reflect the present value of the estimated future cost to meet those entitlements, including any applicable fringe benefit or payroll taxes and, in the case of leave entitlements, future leave accrual and superannuation contributions to the extent that any leave is assumed to be taken during service. The estimated future cost of these entitlements is discounted to its present value using yields on highly rated Australian dollar denominated corporate bonds. Leave provisions are calculated using assumptions for length of employee service, leave utilisation and future salary. The provision for post-employment health insurance benefits is estimated using assumptions about the length of employee service, longevity of retired employees and future movements in health insurance costs. This post-employment benefit ceased to be available for new employees appointed after 30 June 2013.

Further details on employee benefit provisions are included in Note 10.

(j) Superannuation fund

The RBA includes in its Statement of Financial Position an asset or liability representing the position of its defined benefit superannuation fund measured in accordance with AASB 119. Movements in the superannuation asset or liability are reflected in the Statement of Comprehensive Income. Remeasurement gains and losses are transferred to the superannuation reserve.

Details of the superannuation fund and superannuation expenses are included in Note 14.

(k) Committed Liquidity Facility

The RBA has at times made available a Committed Liquidity Facility (CLF) to eligible authorised deposit-taking institutions (ADIs). Any fees received from providing the CLF are recognised as fee income in net profit.

(l) Lease liabilities

Lease liabilities are measured at the present value of the remaining lease payments (see Note 10). The lease liability is subsequently remeasured where there is a change in the lease term or future lease payments. Lease payments in relation to new leases with a lease term of 12 months or less and leases for low-value assets are expensed on a straight-line basis over the lease term.

(m) Revenue from contracts with customers

In the course of its operations, the RBA enters into contracts for the provision of goods and services. These include: contracts for the provision of banking and payment services to the Australian Government, overseas central banks and official institutions; the provision of the CLF for participating ADIs (see Note 1(k)); and, in the case of the RBA's subsidiary, banknote and security products to overseas central banks.

Revenue is recognised on a gross basis at the point the contracted performance obligation is satisfied, as required by AASB 15 – *Revenue from Contracts with Customers*. In the case of banking and payment services, revenue is recognised upon the completion of the provision of service. Revenue from the sale of banknote and security products is recognised at the point at which the product is accepted, and CLF fee income is recognised over the period the facility is provided.

Where the right to consideration for the completion of the performance obligation under the contract becomes unconditional, a receivable is recognised in the Statement of Financial Position; a contract asset is recorded when this right remains conditional (see Note 7). Where a performance obligation under a contract remains unsatisfied, but consideration has been received, the RBA reports this as an unearned contract liability (see Note 10).

(n) Rounding

Amounts in the financial statements are rounded to the nearest million dollars unless otherwise stated.

(o) Comparative information

Certain comparative information may be reclassified where required for consistency with the current year presentation.

(p) Application of new or revised Australian Accounting Standards

New Australian Accounting Standards and amendments made to existing standards that apply to the RBA's financial statements in the current and future financial years are not expected to have a material impact on the RBA. However, management is still in the process of assessing the impact of AASB 18 – *Presentation and Disclosure in Financial Statements*, which was issued in June 2024 and replaces AASB 101 – *Presentation of Financial Statements* (applicable to the RBA's financial statements from the 2027/28 reporting period).

Note 2 – Net Profit

Net Profit

	Note	2024 \$M	2023 \$M
Net interest income			
Interest income	1(b), 4	10,653	10,672
Interest expense	1(b), 4	(18,425)	(14,924)
		(7,772)	(4,252)
Fees and commissions income			
Committed Liquidity Facility	1(k), 1(m)	–	44
Banking services	1(m)	164	138
Payment services	1(m)	49	43
		213	225
Other income			
	1(b), 1(m)	162	168
Net gains/(losses) on securities and foreign exchange			
Foreign investments	1(b)	128	(73)
Australian dollar securities	1(b)	3,198	(4,360)
Foreign currency	1(b)	840	3,112
		4,166	(1,321)
General administrative expenses			
Salaries, wages and on-costs		(348)	(304)
Net gains/(losses) on employee provisions		4	1
Superannuation costs	1(j)	(19)	(28)
Depreciation of property, plant and equipment	1(e), 8	(46)	(53)
Amortisation of computer software	1(f), 7	(19)	(20)
Premises and equipment		(130)	(90)
Other		(26)	(22)
		(584)	(516)
Other expenses			
Banking service fees		(145)	(120)
Materials used in banknote and security products		(88)	(72)
Other		(105)	(64)
		(338)	(256)
Net Profit/(Loss)		(4,153)	(5,952)

Note 3 – Distribution Payable to the Commonwealth

Section 30 of the Reserve Bank Act requires that the net profits of the RBA, less amounts transferred to the RBRF as determined by the Treasurer, shall be paid to the Commonwealth (see Note 1(h)). Also under section 30, unrealised profits are not available for distribution. Instead, they are transferred to the unrealised profits reserve, where they remain available to absorb future valuation losses or are realised when relevant assets are sold or mature. Unrealised losses are, in the first instance, absorbed within the unrealised profits reserve, where they are offset against unrealised profits accumulated from previous years. If such losses exceed the balance of the unrealised profits reserve, the amount by which they do so is initially charged against other components of net profit and then the RBRF, to the extent of the available balance in this reserve. Any remaining loss is transferred to accumulated losses.

In 2023/24, the RBA recorded an accounting loss of \$4,153 million. Unrealised gains of \$3,015 million were transferred to the unrealised profits reserve, with the balance of the accounting loss transferred to accumulated losses, given the RBRF was fully depleted by prior year losses. No dividend was payable to the Commonwealth.

Distribution Payable to the Commonwealth

	2024 \$M	2023 \$M
Opening balance	–	–
Distribution to the Commonwealth	–	–
Transfer from Statement of Distribution	–	–
As at 30 June	–	–

Note 4 – Interest Income and Interest Expense

Analysis for the year ended 30 June 2024

	Average balance	Interest	Average annual interest rate
	\$M	\$M	Per cent
Interest income			
Foreign currency investments	75,940	1,899	2.5
Australian dollar investments	430,014	8,693	2.0
Overnight settlements	514	21	4.1
Cash collateral provided	95	4	4.1
Gold loans	34	0	0.1
Gold borrowed under gold swaps	613	33	5.3
Loans, advances and other	48	3	5.0
	507,258	10,653	2.1
Interest expense			
Exchange Settlement balances	351,869	14,651	4.2
Deposits from governments	78,355	3,364	4.3
Deposits from overseas institutions	1,539	41	2.7
Banknote holdings of banks	3,301	138	4.2
Foreign currency repurchase agreements	2,385	107	4.5
Australian dollar repurchase agreements	1,797	71	3.9
Gold loaned under gold swaps	321	(1)	(0.3)
Cash collateral received	1,250	54	4.3
	440,817	18,425	4.2
Net interest margin			(1.5)
Analysis for the year ended 30 June 2023			
Interest income	605,003	10,672	1.8
Interest expense	526,789	14,924	2.8
Net interest margin			(0.7)

Interest income for 2023/24 includes \$1,342 million calculated using the effective interest method for financial assets not at fair value through profit or loss (\$1,042 million in 2022/23). Interest expense for 2023/24 includes \$18,425 million calculated using the effective interest method for financial liabilities not at fair value through profit or loss (\$14,924 million in 2022/23).

Note 5 – Asset Revaluation Reserves

The composition of the RBA's asset revaluation reserves (Note 1(g)) is shown below.

Asset Revaluation Reserves

	Note	2024 \$M	2023 \$M
Gold	1(d)	8,907	7,278
Shares in international and other institutions	1(b), 7	542	518
Property	1(e), 8	199	249
As at 30 June		9,648	8,045

Note 6 – Cash and Cash Equivalents

Cash and Cash Equivalents

	2024 \$M	2023 \$M
Cash	32	54
Overnight settlements	407	610
As at 30 June	439	664

Cash and cash equivalents include net amounts of \$407 million owed to the RBA for overnight clearances of financial transactions through the payments system (\$610 million at 30 June 2023). Other cash and cash equivalents include NPA's bank deposits.

Cash and cash equivalents exclude Australian and foreign short-term investments held to implement monetary policy or as part of Australia's foreign reserve assets. These investments are disclosed as Australian dollar investments and foreign currency investments, respectively; further detail is disclosed in Note 15.

Reconciliation of Net Cash Used in Operating Activities to Net Profit

	Note	2024 \$M	2023 \$M
Net Profit		(4,153)	(5,952)
Net (gain)/loss on overseas investments	2	(128)	73
Net (gain)/loss on Australian dollar securities	2	(3,198)	4,360
Net (gain)/loss on foreign currency	2	(840)	(3,112)
Depreciation of property, plant and equipment	2	46	53
Amortisation of computer software	2	19	20
Net payments for investments		185,190	20,250
Net movement in interest receivable		770	(50)
Net movement in interest payable		(380)	1,349
Net movement in deposit liabilities		(179,562)	(15,967)
Net movement in banknotes on issue		(520)	(1,060)
Cash collateral received		2,636	309
Other		(61)	(8)
Net cash used in operating activities		(181)	265

Note 7 – Other Assets

Other Assets

	Note	2024 \$M	2023 \$M
Shareholding in Bank for International Settlements	1(b)	585	561
Superannuation asset	1(j), 14	496	592
Computer software	1(f)	63	73
Other		176	119
As at 30 June		1,320	1,345

At 30 June 2024, the gross book value of the RBA's computer software amounted to \$210.6 million and the accumulated amortisation on these assets was \$147.8 million (\$203.3 million and \$130.7 million, respectively, at 30 June 2023). During 2023/24, there were \$9.1 million in net additions to computer software (\$6.3 million in 2022/23) and \$18.9 million in amortisation expense (\$20.0 million in 2022/23).

The RBA had no material contractual commitments for the acquisition of computer software at 30 June 2024 or 30 June 2023.

Other assets include receivables of \$46.7 million at 30 June 2024 (\$34.6 million at 30 June 2023).

There were no contract assets at 30 June 2024 or 30 June 2023 (Note 1(m)).

Note 8 – Property, Plant and Equipment

Property, Plant and Equipment

	Land and buildings \$M	Plant and equipment \$M	Leased assets \$M	Total \$M
Gross Book Value as at 30 June 2023	488	375	32	895
Accumulated depreciation	(1)	(255)	(20)	(276)
Net Book Value	487	120	12	619
Additions	22	29	58	109
Disposals	–	(1)	(0)	(1)
Depreciation expense	(4)	(28)	(14)	(46)
Other transfers to Net Profit/(Loss)	(34)	–	–	(34)
Net gain/(loss) recognised in Net Profit/(Loss)	–	0	–	0
Net gain/(loss) recognised in Other Comprehensive Income	(50)	–	–	(50)
Net additions to net book value	(66)	0	44	(22)
Gross Book Value as at 30 June 2024	425	357	85	867
Accumulated depreciation	(4)	(237)	(29)	(270)
Net Book Value	421	120	56	597

The net book value of the RBA's property, plant and equipment includes \$86.7 million of work in progress (\$91.4 million at 30 June 2023). The net book value of leased assets at 30 June 2024 includes \$24.6 million in property and \$31.4 million in plant and equipment (\$9.9 million and \$2.3 million, respectively,

at 30 June 2023). Other transfers to net profit/(loss) relates to capital expenditure from prior periods that was transferred from work in progress to net profit/(loss) owing to a change in scope and approach for the RBA's Head Office renovation project.

As at 30 June 2024, the RBA had contractual commitments of \$15.1 million for acquisitions relating to its property, plant and equipment (\$167.4 million at 30 June 2023), of which \$14.5 million are due within one year (\$57.8 million at 30 June 2023). The decline since 30 June 2023 relates to a change in the scope and approach of the RBA's Head Office renovation

project following the identification of large amounts of hazardous material. As new contractual arrangements for the revised project were being procured as at 30 June 2024, the disclosed commitments relating to the renovation project amounted to a total of just \$1.3 million (\$156.9 million at 30 June 2023).

Note 9 – Deposits

Deposits

	2024 \$M	2023 \$M
Exchange Settlement balances	223,491	409,436
Australian Government	93,305	86,769
State governments	2	9
Foreign official institutions and international organisations	1,419	1,576
Other depositors	12	0
As at 30 June	318,229	497,790

Note 10 – Other Liabilities

Other Liabilities

	Note	2024 \$M	2023 \$M
Provisions			
Provision for annual and other leave	1(i)	31	32
Provision for long service leave	1(i)	60	57
Provision for post-employment benefits	1(i)	72	74
Other		4	3
		167	166
Other			
Securities sold under agreements to repurchase	1(b)	1,695	6,844
Payable for unsettled purchases of securities	1(b)	8,502	5,797
Gold loaned under gold swaps	1(b)	–	1,088
Foreign currency swap liabilities	1(b)	3,392	1,141
Interest accrued on deposits	1(b)	1,234	1,623
Other		149	96
		14,972	16,589
Total Other Liabilities as at 30 June		15,139	16,755

Other provisions include amounts for workers compensation, legal matters and redundancies.

Other liabilities include contract liabilities of \$52.3 million in lease liabilities (\$13.9 million at 30 June 2023). Interest on lease liabilities was \$1.0 million in 2023/24 (\$0.2 million in 2022/23). In addition, the RBA had \$3.3 million of leases that had been committed to but not yet commenced at 30 June 2024 (nil at 30 June 2023).

Note 11 – Contingent Assets and Liabilities

Bank for International Settlements

The RBA had a contingent liability for the uncalled portion of its shares held in the BIS amounting to \$71.4 million at 30 June 2024 (\$72.4 million at 30 June 2023).

Insurance

The RBA carries its own insurance risks except when external insurance cover is considered to be more cost effective or is required by legislation.

Performance guarantees

In the course of providing services to its customers, the RBA provides performance guarantees to third parties in relation to customer activities. Such exposure is not material and has not given rise to losses in the past.

The RBA has also provided a performance guarantee for pension payments to former defined benefit members of the Reserve Bank of Australia UK Pension Scheme in relation to a UK insurer. This scheme was wound up in September 2022. This exposure is not material.

Note 12 – Key Management Personnel

The key management personnel of the RBA are the Governor, Deputy Governor and Chief Operating Officer, non-executive members of the Reserve Bank Board, non-executive members of the Payments System Board and the Assistant Governors, who are the senior leaders responsible for planning, directing and controlling the activities of the RBA. There were 22 of these positions in 2023/24 (20 in 2022/23). A total of 25 individuals occupied these positions for all or part of the financial year (22 in 2022/23).

The positions of Governor and Deputy Governor are designated as Principal Executive Offices in terms of the *Remuneration Tribunal Act 1973*, which provides for the Remuneration Tribunal to determine the applicable remuneration for these positions. Within the parameters determined by the Remuneration Tribunal, the Reserve Bank Board Remuneration Committee, comprising three non-executive members, makes a recommendation on remuneration for these positions for the approval of the Board, which is the 'employing body' for the positions. In accordance with provisions of the Reserve Bank Act, neither the Governor nor the Deputy Governor takes part in decisions of the Reserve Bank Board relating to the determination or application of any terms or conditions on which either of them holds office. In August 2023, the Remuneration Tribunal determined that, effective 1 July 2023, an adjustment of 4 per cent would be made to the remuneration of offices in its jurisdiction, including those of the Governor and Deputy Governor. Consistent with this, the Board resolved on 5 September 2023 to set the remuneration rate for the position of Governor at \$1,134,020 and that for the Deputy Governor at \$850,520. No performance payments were made to any individual while occupying these positions in 2023/24.

Fees for non-executive members of the Reserve Bank Board and the Payments System Board are determined by the Remuneration Tribunal. The Governor determines the rates of remuneration of the Chief Operating Officer and Assistant Governors. Remuneration levels for employees are externally benchmarked, with remuneration aimed to be market competitive and designed to attract and retain appropriately skilled people.

The disclosure of key management personnel remuneration is based on AASB 124 – *Related Party Disclosures*, as shown below. The figures are disclosed on an accruals basis and show the full cost to the consolidated entity; they include all leave and fringe benefits tax charges.

Key Management Personnel Remuneration

	2024 \$	2023 \$
Short-term employee benefits	5,420,420	5,282,585
Post-employment benefits	608,540	785,893
Other long-term employee benefits	361,546	201,931
Termination benefits	–	–
Total compensation ^(a)	6,390,506	6,270,409

(a) Within the group of key management personnel, 22 individuals (20 in 2022/23) were remunerated and included in this table; the three key management personnel not remunerated are the individuals who held the position of Secretary to the Treasury, as a member of the Reserve Bank Board, and the Chair of APRA and the Chair of the Australian Competition and Consumer Commission, who are members of the Payments System Board.

Short-term benefits include salary and, for relevant executives, motor vehicle, car parking and health benefits (including any fringe benefits tax on these benefits).

Post-employment benefits include superannuation and, in the case of relevant executives, an estimate of the cost to provide health benefits in retirement. Other long-term employee benefits include long service leave and annual leave, as well as the effect of revaluing accrued leave entitlements in accordance with AASB 119 (see Note 10).

There were no loans to Board members or other key management personnel during 2023/24 and 2022/23. Transactions with entities related to or affiliated with key management personnel that occurred in the normal course of the RBA's operations were incidental and conducted on terms no more favourable than similar transactions with other employees or customers, and at arms-length; any vendor relationships with such entities complied with the RBA's procurement policy.

Note 13 – Auditor's Remuneration

Auditor's Remuneration

	2024 \$	2023 \$
Fees paid or payable to the statutory auditor (Australian National Audit Office) for audit services	586,000	540,000

KPMG has been contracted by the Australian National Audit Office (ANAO) to provide audit services for the external audit of the RBA and the RBA's subsidiary, NPA. During 2023/24, KPMG earned additional fees of \$110,012 for non-audit services that were separately contracted by the RBA (\$123,794 in 2022/23). These fees included professional services provided to the RBA.

Note 14 – Superannuation Funds

The RBA sponsors RB Super, which is a hybrid plan, with a mix of defined benefit members, defined contribution members and pensioners. Current and future benefits are funded by member and RBA contributions and the existing assets of the scheme. Defined benefit members receive a defined benefit in accordance with RB Super's plan rules. Most members have unitised accumulation balances, which comprise employer contributions and members' personal contributions plus earnings on these contributions. Defined benefit membership was closed to new RBA employees from 1 August 2014. The RBA does not have a role in directly operating or governing RB Super and has no involvement in the appointment of the RB Super Trustees.

Funding valuation

An independent actuarial valuation of the RB Super defined benefit plan is conducted every three years. The most recent review was completed for the financial position as at 30 June 2023 using the Attained Age Funding method. Accrued benefits were determined as the value of the future benefits payable to members (allowing for future salary increases), discounted by the expected rate of return on assets held to fund these benefits. At the time of this review, the surplus was \$659 million. On the same valuation basis, the RB Super defined benefit surplus as at 30 June 2024 amounted to \$731 million. Consistent with the actuary's recommendation, the RBA reduced its contribution rate to fund defined benefit obligations to nil in February 2024 (from 18.3 per cent of salaries).

Accounting valuation

Actuarial assumptions

Principal Actuarial Assumptions for the AASB 119 Valuation of RB Super

	2024 Per cent	2023 Per cent
Discount rate (gross of tax) ^(a)	5.7	5.8
Future salary growth	3.5	3.0
Future pension growth	3.5	3.0

(a) Based on highly rated Australian dollar-denominated corporate bond yields

Maturity analysis

The weighted average duration of the defined benefit obligation for RB Super is 18 years (16 years at 30 June 2023).

Expected Maturity Profile for Defined Benefit Obligations of RB Super

	2024 Per cent	2023 Per cent
Less than 5 years	17	20
Between 5 and 10 years	17	18
Between 10 and 20 years	29	29
Between 20 and 30 years	20	19
Over 30 years	17	14
Total	100	100

Risk exposures

Key risks from the RBA's sponsorship of the RB Super defined benefit plan include investment, interest rate, longevity, salary and pension risks.

Investment risk is the risk that the actual future return on plan assets will be lower than the assumed rate.

Interest rate risk is the exposure of the defined benefit obligations to adverse movements in interest rates. A decrease in interest rates will increase the present value of these obligations.

Longevity risk is the risk that RB Super members live longer, on average, than actuarial estimates of life expectancy.

Salary risk is the risk that higher-than-assumed salary growth will increase the cost of providing a salary-related pension.

Pension risk is the risk that pensions increase at a faster rate than assumed, thereby increasing the cost of providing them.

The table below shows the estimated change in the defined benefit obligation resulting from movements in key actuarial assumptions. These estimates change each assumption individually, holding other factors constant; they do not incorporate any correlations among these factors.

Change in Defined Benefit Obligation

	2024 \$M	2023 \$M
Change in defined benefit obligation from an increase of 0.25 percentage points in:		
– Discount rate (gross of tax)	(66)	(51)
– Future salary growth	14	10
– Future pension growth	53	43
Change in defined benefit obligation from a decrease of 0.25 percentage points in:		
– Discount rate (gross of tax)	71	55
– Future salary growth	(13)	(9)
– Future pension growth	(51)	(41)
Change in defined benefit obligation from an increase in life expectancy of one year	37	30

Asset Distribution

Distribution of RB Super's assets used to fund members' defined benefits at 30 June

	Per cent of fund assets	
	2024	2023
Cash and short-term securities	1	1
Fixed interest and indexed securities	11	10
Australian equities	28	28
International equities	26	26
Property	10	10
Private equity	10	10
Infrastructure	10	10
Alternative strategies	4	5
Total	100	100

AASB 119 Reconciliation

The table below contains a reconciliation of the AASB 119 valuation of the RB Super defined benefit component only, as the RBA faces no actuarial risk on defined contribution balances.

AASB 119 Reconciliation

	2024 \$M	2023 \$M
<i>Opening balances:</i>		
Net market value of assets	1,702	1,571
Accrued benefits	(1,110)	(1,138)
Opening superannuation asset/(liability)	592	433
Change in net market value of assets	127	131
Change in accrued benefits	(223)	28
Change in superannuation asset/(liability)	(97)	159
<i>Closing balances:</i>		
Net market value of assets	1,829	1,702
Accrued benefits	(1,333)	(1,110)
Closing superannuation asset/(liability)	496	592
Interest income	97	85
Benefit payments	(51)	(54)
Return on plan assets	71	82
Contributions from RBA to defined benefit schemes	9	17
Change in net market value of assets	127	131
Current service cost	(19)	(24)
Interest cost	(69)	(66)
Benefit payments	51	54
Gains/(losses) from change in demographic assumptions	(26)	–
Gains/(losses) from change in financial assumptions	(146)	66
Gains/(losses) from change in other assumptions	(14)	(2)
Change in accrued benefits	(223)	28
Current service cost	(19)	(24)
Net interest (expense)/income	28	20
Superannuation (expense)/income included in profit or loss	9	(4)
Actuarial remeasurement gain/(loss)	(115)	147
Superannuation (expense)/income included in Statement of Comprehensive Income	(106)	143

The components of this table may not add due to rounding.

Note 15 – Financial Instruments and Risk

As the central bank of Australia, the RBA is responsible for implementing monetary policy, facilitating the smooth functioning of the payments system and managing Australia's foreign reserve assets. Consequently, the RBA holds a range of financial assets, including government securities, repurchase agreements and foreign currency swaps. With regard to financial liabilities, the RBA issues Australia's banknotes and takes deposits from its customers, mainly the Australian Government and eligible financial institutions. The RBA also provides banking services and operates Australia's high-value payments and interbank settlement systems.

Financial risk

The RBA is exposed to a range of financial risks that reflect its policy and operational responsibilities. These risks include market risk, liquidity risk and credit risk. See Part 2.2: Operations in Financial Markets and Part 3.3: Risk Management for information on the RBA's management of these financial risks. The RBA's approach to managing financial risk is set out in the Risk Management Policy available on the RBA website.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. In the RBA's case, market risk comprises foreign exchange risk and interest rate risk.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or cash flows of the RBA's foreign currency assets and liabilities will fluctuate because of movements in exchange rates. The RBA's net foreign currency exposure as at 30 June 2024 was \$58.1 billion (\$55.8 billion as at 30 June 2023). An appreciation in the Australian dollar would result in valuation losses, while a depreciation would lead to valuation gains. The overall level of foreign currency exposure is determined by policy considerations. Foreign currency risk can be mitigated to a limited extent by holding assets across a diversified portfolio of currencies. The RBA holds foreign reserves in seven currencies – the US dollar, euro, Japanese yen, Canadian dollar, Chinese renminbi, UK pound sterling and South Korean won.

The RBA also undertakes foreign currency swaps in managing foreign reserve assets and Australia's foreign currency commitments as a member of the IMF. These instruments carry no foreign exchange risk.

Concentration of foreign exchange

The RBA's net holdings of foreign exchange (excluding SDRs and Asian Bond Fund 2) were distributed as follows as at 30 June.

Concentration of Foreign Exchange

	Per cent of foreign exchange	
	2024	2023
US dollar	55	55
Euro	20	20
Japanese yen	5	5
Canadian dollar	5	5
Chinese renminbi	5	5
UK pound sterling	5	5
South Korean won	5	5
Total foreign exchange	100	100

Sensitivity to foreign exchange risk

The sensitivity of the RBA's profit and equity to a movement of +/-10 per cent in the value of the Australian dollar exchange rate as at 30 June is shown below. These figures are generally reflective of the RBA's exposure over the financial year.

Sensitivity to Foreign Exchange Risk

	2024 \$M	2023 \$M
Change in profit/equity due to a 10 per cent:		
– appreciation in the reserves-weighted value of the A\$	(5,353)	(5,149)
– depreciation in the reserves-weighted value of the A\$	6,542	6,294

Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of financial instruments will fluctuate because of movements in market interest rates. The RBA faces interest rate risk because most of its assets are financial assets that have a fixed income stream, such as Australian dollar and foreign currency securities. The price of such securities falls when market interest rates rise, and it rises if market rates fall. Interest rate risk increases with the maturity of a security. Interest rate risk on foreign assets is controlled through limits on the duration of these portfolios.

Sensitivity to interest rate risk

The figures below show the effect on the RBA's profit and equity of a movement of +/-1 percentage point in interest rates, given the level, composition and modified duration of the RBA's foreign currency and Australian dollar securities as at 30 June. The decrease in interest rate risk on Australian dollar securities is primarily due to the decline in the duration of the RBA's holdings of bonds issued by the Australian Government and the state and territory borrowing authorities. These bonds were largely acquired in prior years under the bond purchase program and are now one year closer to their maturity.

Sensitivity to Interest Rate Risk

	2024 \$M	2023 \$M
Change in profit/equity due to movements of +/-1 percentage point across yield curves:		
– Foreign currency securities	-/+344	-/+319
– Australian dollar securities	-/+10,566	-/+13,218

Liquidity risk

Liquidity risk is the risk that the RBA will not have the resources required at a particular time to meet its obligations to settle its financial liabilities. As the ultimate source of liquidity in Australian dollars, the RBA can create liquidity in unlimited amounts in Australian dollars at any time. A small component of the RBA's liabilities is in foreign currencies, namely foreign repurchase agreements and, at times, obligations to repurchase gold sold under gold swap agreements.

Liquidity risk may also be associated with the RBA, in extraordinary circumstances, being forced to sell a financial asset at a price less than its fair value.

The RBA manages this risk by holding a diversified portfolio of highly liquid Australian dollar and foreign currency assets.

The analysis of portfolio maturity in the table that follows is based on the RBA's contracted portfolio as reported in the RBA's Statement of Financial Position. All financial instruments are shown at their remaining term to maturity, which is equivalent to the repricing period. Other liabilities include amounts outstanding under repurchase agreements and obligations to repurchase gold sold under gold swap agreements. Foreign currency swaps reflect the gross contracted amount of the RBA's outstanding foreign exchange swap.

Maturity Analysis – as at 30 June 2024

	Balance sheet total \$M	Contracted maturity \$M				No specified maturity \$M	Weighted average effective rate Per cent
		0–3 months	3–12 months	1–5 years	5+ years		
Assets							
Cash and cash equivalents	439	438	–	–	–	1	4.19
Australian dollar investments							
Securities held outright	292,201	2,542	34,789	155,850	99,020	–	4.25
Securities purchased under repurchase agreements	19,200	17,088	–	–	–	2,112	4.30
Accrued interest	1,412	499	913	–	–	–	n/a
	312,813						
Foreign currency investments							
Balance with central banks	8,778	8,778	–	–	–	–	0.50
Securities held outright	70,684	21,330	22,288	16,558	219	10,289	2.49
Securities purchased under repurchase agreements	6,904	6,904	–	–	–	–	4.82
Deposits and cash collateral provided	1,209	1,209	–	–	–	–	2.91
Gold borrowed under gold swaps	1,799	1,799	–	–	–	–	5.01
Accrued interest	162	123	39	–	–	–	n/a
	89,536						
Gold holdings on loan	–	–	–	–	–	–	n/a
Gold holdings	9,035	–	–	–	–	9,035	n/a
Property, plant and equipment	597	–	–	–	–	597	n/a
Other assets	1,320	52	26	12	1	1,229	n/a
Total assets	413,740	60,762	58,055	172,420	99,240	23,263	3.75

Maturity Analysis – as at 30 June 2024 (continued)

	Balance sheet total \$M	Contracted maturity \$M				No specified maturity \$M	Weighted average effective rate Per cent
		0–3 months	3–12 months	1–5 years	5+ years		
Liabilities							
Deposits	318,229	318,229	–	–	–	–	4.28
Australian banknotes on issue	100,765	–	–	–	–	100,765	0.13
Cash collateral received and other liabilities	15,139	14,924	13	36	1	165	1.38
Total liabilities	434,133	333,153	13	36	1	100,930	3.22
Equity	–20,393						
Total balance sheet	413,740						
Swaps							
Australian dollars							
– Contractual outflow	(85)	(85)	–	–	–	–	n/a
– Contractual inflow	21,572	2,706	8,871	9,995	–	–	n/a
	21,487	2,621	8,871	9,995	–	–	
Foreign currency							
– Contractual outflow	(38,639)	(19,139)	(9,505)	(9,995)	–	–	n/a
– Contractual inflow	17,152	16,518	634	–	–	–	n/a
	(21,487)	(2,621)	(8,871)	(9,995)	–	–	

Maturity Analysis – as at 30 June 2023

	Balance sheet total \$M	Contracted maturity \$M				No specified maturity \$M	Weighted average effective rate Per cent
		0–3 months	3–12 months	1–5 years	5+ years		
Assets							
Cash and cash equivalents	664	661	–	–	–	3	3.7
Australian dollar investments							
Securities held outright	311,897	229	22,191	151,968	137,509	–	4.1
Securities purchased under repurchase agreements	190,242	76,978	108,314	2,900	–	2,050	0.5
Accrued interest	2,224	944	1,274	6	–	–	n/a
	504,363						
Foreign currency investments							
Balance with central banks	12,288	12,288	–	–	–	–	0.3
Securities held outright	63,219	21,944	14,288	16,619	175	10,193	2.9

Maturity Analysis – as at 30 June 2023 *(continued)*

	Balance sheet total \$M	Contracted maturity \$M				No specified maturity \$M	Weighted average effective rate Per cent
		0–3 months	3–12 months	1–5 years	5+ years		
Securities purchased under repurchase agreements	7,143	7,143	–	–	–	–	4.7
Deposits and cash collateral provided	936	936	–	–	–	–	2.6
Accrued interest	119	96	23	–	–	–	n/a
	83,705						
Gold holdings on loan	279	279	–	–	–	–	0.1
Gold holdings	7,127	–	–	–	–	7,127	n/a
Property, plant & equipment	619	–	–	–	–	619	n/a
Other assets	1,345	41	11	8	–	1,285	n/a
Total assets	598,102	121,539	146,101	171,501	137,684	21,277	2.7
Liabilities							
Deposits	497,790	497,790	–	–	–	–	4.0
Australian banknotes on issue	101,285	–	–	–	–	101,285	0.1
Cash collateral received and other liabilities	16,755	16,499	85	6	1	164	1.7
Total liabilities	615,830	514,289	85	6	1	101,449	3.3
Equity	(17,728)						
Total balance sheet	598,102						
Swaps							
Australian dollars							
– Contractual outflow	(5)	(5)	–	–	–	–	n/a
– Contractual inflow	17,015	4,016	2,758	10,241	–	–	n/a
	17,010	4,011	2,758	10,241	–	–	
Foreign currency							
– Contractual outflow	(37,839)	(24,614)	(2,984)	(10,241)	–	–	n/a
– Contractual inflow	20,829	20,603	226	–	–	–	n/a
	(17,010)	(4,011)	(2,758)	(10,241)	–	–	

Credit risk

Credit risk is the potential for financial loss arising from an issuer or counterparty defaulting on its obligations to repay principal, make interest payments due on an asset, or settle a transaction. The RBA's credit exposure is managed under a framework designed to contain credit risk within its very low appetite for such risk. Credit risk is controlled by holding securities issued by a limited number of highly rated governments, government-guaranteed agencies and supranational organisations, and holding high-quality collateral under reverse repurchase agreements.

The RBA held no impaired assets at 30 June 2024 or 30 June 2023.

The RBA's maximum exposure to credit risk for each class of recognised financial assets, other than derivatives, is the carrying amount of those assets as indicated in the balance sheet.

The RBA's maximum credit risk exposure to derivative financial instruments is:

1. *Foreign currency swaps* – As at 30 June 2024, the RBA was under contract to purchase \$17.2 billion of foreign currency (\$20.8 billion at 30 June 2023) and sell \$38.6 billion of foreign currency (\$37.8 billion at 30 June 2023). As of that date, there was a net unrealised gain of \$3.6 billion on these swap positions included in net profit (\$0.9 billion unrealised gain at 30 June 2023).

The RBA has a credit exposure from foreign currency swaps because of the risk that a counterparty might fail to deliver future interest flows or the second leg of a swap, a sum that would then have to be replaced in the market, potentially at a loss. To manage credit risk on both foreign currency and gold swaps (see 'Gold exchanged under gold swap agreements', below), the RBA exchanges collateral with counterparties under terms specified in credit support annexes (CSAs), which cover the potential cost of replacing the swap position in the market if a counterparty fails to deliver. The RBA's CSAs specify that only Australian dollar cash is eligible as collateral. Under CSAs, either party to the agreement may be obliged to deliver collateral with interest paid or received on a monthly basis. At 30 June 2024, the RBA held \$3.4 billion of collateral (\$0.9 billion of collateral was held at 30 June 2023) and provided nil collateral (\$0.2 billion provided at 30 June 2023).

2. *Bond futures* – As at 30 June 2024, credit risk on margin accounts associated with bond futures contracts held by the RBA was \$0.9 million (\$3.2 million at 30 June 2023) with unrealised losses of \$0.2 million on those contracts (unrealised losses of \$2.6 million at 30 June 2023).

Assessment of expected credit loss under AASB 9

The RBA assesses its financial assets carried at amortised cost, mainly its reverse repurchase agreements, gold swaps and foreign currency-denominated balances held with other central banks, for any deterioration in credit quality that could result in losses being recorded. The RBA's assessment is done on an individual exposure basis and takes account of: the counterparties with which balances are held; the collateral, if any, held against exposures and the terms upon which collateral is margined; and the remaining terms to maturity of such exposures. Based on the assessment at 30 June 2024, the provision for expected credit losses was immaterial (immaterial at 30 June 2023).

Collateral held under reverse repurchase agreements

Cash invested under reverse repurchase agreements in overseas markets is secured against government securities or securities issued by US agencies; the RBA takes and maintains collateral to the value of 102 per cent of the cash invested.

Cash invested under Australian dollar reverse repurchase agreements is secured by securities issued by Australian governments, supranational organisations, banks, and various corporate and asset-backed securities. The RBA holds collateral equivalent to the amount invested plus a margin according to the risk profile of the collateral held. If the current value of collateral falls by more than a predetermined amount, the counterparty is required to provide additional collateral to restore this margin; the thresholds are specified in the legal agreement that governs these transactions. The management of collateral and cash associated with tri-party repurchase agreements is conducted through a third party, in this case the Australian Securities Exchange. The terms and requirements of tri-party repurchase agreements are broadly consistent with bilateral agreements and the RBA manages the risk in a similar way. The RBA does not sell or re-pledge securities held as collateral under reverse repurchase agreements.

Collateral provided under repurchase agreements

At 30 June 2024, the carrying amount of securities sold and contracted for purchase under repurchase agreements was \$1.7 billion (\$6.8 billion at 30 June 2023). Terms and conditions of repurchase agreements are consistent with those for reverse repurchase agreements disclosed above.

Gold exchanged under gold swap agreements

Credit exposure from gold swaps is managed under CSAs the RBA has established with its swap counterparties, which cover both gold swaps and foreign currency swaps. Australian dollar cash collateral is exchanged to cover the potential cost of replacing

swap positions in the market if a counterparty fails to meet their obligations. The potential cost is assessed as the net costs of replacing all outstanding swap positions covered by the CSA.

As at 30 June 2024, there was no gold sold and contracted for purchase under gold swap agreements (\$1.1 billion at 30 June 2023).

Concentration of credit risk

As noted, the RBA operates to minimise its credit risk exposure through comprehensive risk management policy guidelines. The following table indicates the concentration of credit risk in the RBA's investment portfolio at 30 June.

Concentration of Credit Risk

	Risk rating of security/issuer ^(a)	Risk rating of counterparties ^(a)	Per cent of investments ^(b)	
			2024	2023
Australian dollar investments				
Holdings of Australian Government Securities	Aaa	n/a	56.3	41.5
Holdings of semi-government securities	Aaa	n/a	4.9	2.7
	Aa	n/a	9.7	7.7
Securities purchased under reverse repurchase agreements	Aaa	Aa	0.7	22.0
	Aaa	A	1.6	5.1
	Aaa	Baa	0.1	1.3
	Aaa	Other ^(c)	0.0	0.2
	Aa	Aaa	0.5	0.3
	Aa	Aa	0.3	0.5
	Aa	A	0.8	0.9
	Aa	Baa	0.1	0.2
	A	Aaa	0.0	0.1
	A	Aa	0.1	0.2
	A	A	0.4	0.8
	A	Baa	0.1	0.2
Securities sold under repurchase agreements	Baa	A	0.0	0.1
	Aaa	Aa	0.0	0.3
	Aaa	A	0.0	0.2

Concentration of Credit Risk *(continued)*

	Risk rating of security/issuer ^(a)	Risk rating of counterparties ^(a)	Per cent of investments ^(b)	
			2024	2023
Foreign investments				
Holdings of securities	Aaa	n/a	1.3	4.8
	Aa	n/a	6.7	1.0
	A	n/a	7.2	3.6
Securities purchased under reverse repurchase agreements	Aaa	Aa	0.1	0.6
	Aaa	A	0.1	0.6
	Aa	Aa	1.0	–
	Aa	A	0.4	–
Securities sold under repurchase agreements	Aaa	Aa	0.1	0.3
	Aaa	A	0.2	0.2
	Aaa	Baa	–	0.1
Deposits	n/a	Aaa	0.1	0.2
	n/a	Aa	0.2	–
	n/a	A	1.8	1.9
	n/a	Other ^(c)	0.3	0.1
Other	Aa	Aa	0.3	–
	Aa	A	0.5	–
	n/a	Aa	0.7	0.3
	n/a	A	0.1	0.2
	n/a	Baa	–	0.1
Other assets			3.3	1.7
			100.0	100.0

(a) Average of the credit ratings of the three major rating agencies, where available.

(b) Exposures below 0.1 per cent are not shown.

(c) This category includes counterparties that are not rated.

Note 16 – Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. This is the quoted market price if one is available. The RBA's financial assets measured at fair value include its holdings of Australian dollar securities, foreign government securities, bond futures, foreign currency swaps and its shareholding in the BIS. Non-financial assets carried on the balance sheet at fair value include the RBA's property and gold holdings. Other than derivatives, there are no financial liabilities measured at fair value.

AASB 13 requires financial and non-financial assets and liabilities measured at fair value to be disclosed according to their position in the fair value hierarchy: valuation for Level 1 is based on quoted prices in active markets for identical assets; for Level 2, valuation is based on quoted prices or other observable market data not included in Level 1; Level 3 includes inputs to valuation other than observable market data.

The table below presents the RBA's assets and liabilities measured and recognised at fair value and their classification within the fair value hierarchy at 30 June 2024.

Fair Value Hierarchy – as at 30 June 2024

	Fair value			Amortised cost \$M	Total \$M
	Level 1 \$M	Level 2 \$M	Level 3 \$M		
As at 30 June 2024					
Financial assets					
At fair value through profit or loss					
– Australian dollar securities	290,480	3,095	–	n/a	293,575
– Foreign government securities	56,180	8,013	–	n/a	64,193
– Foreign currency swaps	93	3,494	–	n/a	3,587
At fair value through other comprehensive income					
– Shares in international and other institutions	–	–	585	n/a	585
At amortised cost	n/a	n/a	n/a	41,479	41,479
	346,753	14,602	585	41,479	403,419
Non-financial assets					
– Land and buildings	–	–	421	24	445
– Gold holdings	9,035	–	–	n/a	9,035
– Other	–	–	–	841	841
	9,035	–	421	865	10,321
Total assets	355,788	14,602	1,006	42,344	413,740
Financial liabilities					
At fair value through profit or loss					
– Foreign currency swaps	0	1	–	n/a	1
Not at fair value through profit or loss	n/a	n/a	n/a	433,906	433,906
	0	1	–	433,906	433,907
Non-financial liabilities	n/a	n/a	n/a	226	226
Total liabilities	–	1	–	434,132	434,133

Fair Value Hierarchy – as at 30 June 2023

	Fair value			Amortised cost \$M	Total \$M
	Level 1 \$M	Level 2 \$M	Level 3 \$M		
As at 30 June 2023					
Financial assets					
At fair value through profit or loss					
– Australian dollar securities	310,440	2,875	–	n/a	313,315
– Foreign government securities	51,439	7,722	–	n/a	59,161
– Foreign currency swaps	459	625	–	n/a	1,084
At fair value through other comprehensive income					
– Shares in international and other institutions	–	–	561	n/a	561
At amortised cost	n/a	n/a	n/a	215,208	215,208
	362,338	11,222	561	215,208	589,329
Non-financial assets					
– Land and buildings	–	–	487	10	497
– Gold holdings	7,406	–	–	n/a	7,406
– Other	–	–	–	870	870
	7,406	–	487	880	8,773
Total assets	369,744	11,222	1,048	216,088	598,102
Financial liabilities					
At fair value through profit or loss					
– Foreign currency swaps	0	231	–	n/a	231
Not at fair value through profit or loss	n/a	n/a	n/a	615,412	615,412
	0	231	–	615,412	615,643
Non-financial liabilities	n/a	n/a	n/a	187	187
Total liabilities	–	231	–	615,599	615,830

The RBA's Level 2 financial instruments include foreign exchange swaps priced with reference to an active market yield or rate, but which have been interpolated to reflect maturity dates. Prices for some Australian dollar and foreign currency denominated securities are derived from markets that are not considered active.

Level 3 assets include the RBA's shareholding in the BIS and its property (excluding leased property, which is recorded at amortised cost). The shareholding in the BIS is valued using the net asset value, as published in annual financial statements of the BIS, less a discount of 30 per cent. The discount applied is based on a Hague Arbitral Tribunal decision on compensation paid to former private shareholders in 2002, which remains the

latest repurchase conducted by the BIS. Fair values of the RBA's property incorporate factors such as net market income and capitalisation rates, for property valued using an income capitalisation or a discounted cash flow approach, and depreciation rates for property valued using a depreciable replacement cost methodology.

There were no transfers between levels within the fair value hierarchy during the financial year. Movements in the fair value of the RBA's property during the financial year are detailed in Note 8. Fair value changes in the RBA's shareholdings in international and other institutions reflect valuation movements recognised in Other Comprehensive Income.

Note 17 – Subsequent Events

Unless otherwise disclosed in these financial statements, there are no events subsequent to 30 June 2024 to be disclosed.

Independent Auditor's Report



Auditor-General for Australia



INDEPENDENT AUDITOR'S REPORT

To the Treasurer

Opinion

In my opinion, the financial statements of the Reserve Bank of Australia and its subsidiary (together the Consolidated Entity) for the year ended 30 June 2024:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Consolidated Entity as at 30 June 2024 and its financial performance and cash flows for the year then ended.

The financial statements of the Consolidated Entity, which I have audited, comprise the following as at 30 June 2024 and for the year then ended:

- Statement of Assurance;
- Statement of Financial Position;
- Statement of Comprehensive Income;
- Statement of Distribution;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to and forming part of the financial statements comprising material accounting policy information and other explanatory information.

Basis for opinion

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

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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

Valuation of Australian dollar and foreign currency investments

Refer to note 1 'Accounting Policies' and note 15 'Financial Instruments and Risk'

Valuation of Australian dollar and foreign currency investments is a key audit matter due to their significant size relative to the Reserve Bank of Australia's statement of financial position (\$402,349m as at 30 June 2024) and the complexity inherent in auditing a wide range of investments which use different valuation methodologies.

The portfolio of investments primarily comprises Australian dollar securities, foreign currency securities, repurchase agreements, deposits with other central banks, and foreign currency swap contracts. All investments are measured at fair value except for reverse repurchase agreements and deposits which are measured at amortised cost.

How the audit addressed the matter

To audit the valuation of Australian dollar and foreign currency investments, I performed the following audit procedures:

- tested the design, implementation and operating effectiveness of key controls over the accurate recording of the purchase and sale of investments, including Information Technology General Controls (ITGCs) on the Reserve Bank of Australia's investment trading system;
- tested the design, implementation and operating effectiveness of key controls over valuation of investments, including ITGCs on the Reserve Bank of Australia's securities valuation system;
- tested the design, implementation and operating effectiveness of key controls relevant to the ongoing monitoring of the collateralisation of repurchase agreements, including those established as part of the Term Funding Facility; and
- tested year end valuations of Australian dollar and foreign currency securities using the following procedures:
 - checked all year end valuations of Australian dollar and foreign government securities and foreign currency swaps against independent pricing sources;
 - tested the year-end valuations of all foreign currency swaps using independent publicly available information;
 - checked whether all reverse repurchase agreements were collateralised in line with the Reserve Bank of Australia's policy. As part of this, for a sample of securities held as collateral I agreed valuations to independent pricing sources; and
 - requested and obtained independent confirmation from other central banks regarding the value of deposits held with them

Other information

The Accountable Authority is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024 but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information, and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Consolidated Entity, the Governor 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 and the rules made under the Act. The Governor is also responsible for such internal control as the Governor 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 Governor is responsible for assessing the ability of the Consolidated Entity to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The Governor is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

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

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

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

My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern;

- 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; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Consolidated Entity audit. I remain solely responsible for my audit opinion.

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 report 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



Rona Mellor PSM
Acting Auditor-General

Canberra
25 September 2024