# Australian Office of Financial Management

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# Australian Office of Financial Management

## Section 1: Entity overview and resources

### 1.1 Strategic direction statement

The Australian Office of Financial Management (AOFM) is responsible for managing Australian Government debt and certain financial assets. It issues Treasury Bonds, Treasury Indexed Bonds and Treasury Notes (collectively called Australian Government Securities or AGS), manages the government’s cash balances and invests in financial assets as directed by government policy.

The government requires that AOFM finance Budget deficits and maturing debt in a cost‑effective manner subject to acceptable risk; ensure government outlays are met at all times; and conduct its financing operations in a way that supports a well‑functioning AGS market. The AOFM’s main financing instrument is Treasury Bonds but Treasury Indexed Bonds and Treasury Notes also play a role.

The AOFM’s influence on the cost structure of the debt portfolio is through its issuance activities, and primarily through the maturity profile of Treasury Bonds it issues. It issues according to an annual debt issuance strategy based on qualitative and quantitative factors. The aim of the strategy is to achieve an interest rate profile that appropriately balances cost and cost variability, the refinancing task (of maturing debt), and the promotion of financial market efficiency. The AOFM has lengthened the duration of its Treasury Bond portfolio over the last decade through longer term issuance, and by extending the yield curve. Most issuance is achieved using competitive tenders. Where appropriate, the AOFM also undertakes issuance through syndications (large volume point‑in‑time transactions using an ‘book building’ bid process conducted by a panel of banks appointed by the AOFM).

Between mid‑2016 and early 2020 the AOFM conducted regular buy‑backs of short‑dated Treasury Bonds. This program aimed to reduce the size of bond lines ahead of their maturity dates; it was suspended in March 2020 as the RBA commenced its own large bond buying operations. The AOFM will review relevant market and financial system considerations each year to determine the appropriateness of restarting this program.

Issuing Treasury Indexed Bonds facilitates diversification of the investor base. It has a heavy domestic (Australian based) investor focus and at times can be useful in facilitating an extension of the Treasury Bonds yield curve. Demand for this asset class is contingent on inflationary expectations.

The AOFM manages the government’s cash balances to ensure it can meet all financial obligations when they fall due; and minimising the net cost of funding is an additional consideration. Treasury Bonds and Treasury Indexed Bonds issuance tends to be at a steady rate throughout the year. Therefore, fluctuations in the cash balances through the year are managed using deposits with RBA and issuance of Treasury Notes. Cash balance fluctuations arise from the difference in timing of revenue collections and outlays. The AOFM also maintains a ‘cash buffer’ to counter the risks associated with forecasting accuracy (revenue and outlays) and volatility in financial market conditions that could impact the ability to issue AGS at any time.

In April 2019 the Government established the Australian Business Securitisation Fund (ABSF). The Structured Finance Support Fund (SFSF) was established as part of the *Structured Finance Support (Coronavirus Economic Response Package) Bill 2020,* in response to the COVID‑19 pandemic. The AOFM is responsible for the administration of both funds.

**Australian Business Securitisation Fund**

The ABSF is a $2 billion investment fund established by the *Australian Business Securitisation Fund Act 2019*. The policy aim is to enhance access to finance for small and medium‑sized enterprises (SMEs) through targeted securitisation market investments. This will promote more competition between smaller lenders and the major banks and other lenders; and fill niche gaps in the lending market that are otherwise underserved in Australia.

While the securitisation market for residential mortgages in Australia is well developed, the Australian SME securitisation market is constrained by a lack of scale. Low volumes of capital raisings tend to deter potential investors from committing to the task of due diligence needed to enter the market. The ABSF is used to invest in SME loan securitisations and over time this will help to establish a track record in lending against the type of collateral new to the securitisation market. It will also help SME lenders to obtain credit ratings and in turn promote broader investor interest.

**Structured Finance Support Fund**

This Fund provides for up to $15 billion to facilitate continued access to funding markets by SME lenders impacted by the economic effects of the COVID‑19 pandemic. In particular, smaller lenders were assessed as vulnerable to loss of access to funding from markets during the period of pandemic disruption. These smaller lenders did not have access to the RBA’s term funding facility. The policy aim of the SFSF has been achieved through targeted government investments in structured finance markets.

There are three key elements to the SFSF implementation strategy:

1. support new issuance of public securitisations sponsored by smaller lenders. This has included the AOFM purchasing existing securities through the secondary market, with the proceeds used by investors to facilitate participation in new primary transactions;
2. invest in revolving warehouse facilities of small lenders (primarily to fill the gaps in existing facilities arising from investors exiting these arrangements; and/or being unable to meet additional funding calls; and/or being required to elevate the level of credit enhancement within the facilities they finance ostensibly to meet prudential regulation requirements); and
3. establish a ‘forbearance trust’ to enable the SFSF to invest in trust‑issued securities, the proceeds of which are advanced to existing warehouses and public securitisation vehicles of eligible small lenders against capitalised interest on loans that were in COVID‑19 related hardship from April 2020 and March 2021, to provide liquidity support during the pandemic.

### 1.2 Entity resource statement

Table 1.1 shows total funding from all sources available to the entity for its operations and for delivery of programs and services on behalf of the government.

The table summarises how resources will be applied by outcome (government policy objectives), and by administered (on behalf of the government or the public) and departmental (for the entity’s operations) classifications.

For more detailed information on special accounts and special appropriations, refer to *Budget Paper No. 4 – Agency Resourcing*.

Information is presented on a resourcing basis (that is, appropriations/cash available), whilst the ‘Budgeted expenses by Outcome 1’ tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: AOFM resource statement – Budget estimates for 2022‑23 at Budget March 2022

|  |  |  |
| --- | --- | --- |
|  | *2021‑22 Estimated actual $’000* | 2022‑23 Estimate $’000 |
| **Departmental** |  |  |
| Annual appropriations – ordinary annual services (a) |  |  |
| Prior year appropriations available | *28,672* | 30,214 |
| Departmental appropriation (b) | *16,513* | 16,737 |
| s74 External Revenue (c) | *25* | 25 |
| Departmental capital budget (d) | *368* | 377 |
| Total departmental annual appropriations | *45,578* | 47,353 |
| ***Total departmental resourcing*** | ***45,578*** | **47,353** |
| **Administered** |  |  |
| Total administered special appropriations (e) | *191,010,808* | 561,580,435 |
| Special accounts (f) |  |  |
| Opening balance | *13,704,009* | 14,786,996 |
| Appropriation receipts (g) | *500,000* | 500,000 |
| Non‑appropriation receipts | *1,675,020* | 539,334 |
| Adjustments | *‑* | ‑ |
| Total special account receipts | *15,879,029* | 15,826,330 |
| *less administered appropriations drawn from annual/special  appropriations and credited to special accounts* | *‑* | ‑ |
| *less payments to corporate entities from annual/special  appropriations* | *‑* | ‑ |
| **Total administered resourcing** | ***206,889,837*** | **577,406,765** |
| **Total resourcing for AOFM** | ***206,935,415*** | **577,454,118** |
|  |  |  |
|  | *2021‑22* | 2022‑23 |
| **Average staffing level (number)** | *44* | 50 |

All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

Prepared on a resourcing (that is, appropriations available) basis.

1. Appropriation Bill (No. 1) 2022‑23.
2. Excludes departmental capital budget (DCB).
3. Estimated External Revenue receipts under section 74 of the PGPA Act.
4. Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Refer to Table 3.5 for details. For accounting purposes, this amount has been designated as a ‘contribution by owner’.
5. Special Appropriations comprise funding to meet estimated operating expenditures such as interest on Australian Government Securities (AGS), investing expenditures such as acquisition of financial assets, and financing expenditures such as maturity of AGS.
6. The AOFM administers three special accounts – the Debt Retirement Reserve Trust Account (DRRTA), the ABSF Special Account and the SFSF Special Account. Figures include all special accounts. For further information on special accounts refer to Budget Paper No. 4 – Agency Resourcing. Table 2.1 has further information on outcome and program expenses broken down by various funding sources, that is, annual appropriations, special appropriations and special accounts.
7. Comprises amounts credited to the ABSF Special Account under section 14 of the *Australian Business Securitisation Fund Act 2019*.

### 1.3 Budget measures

There are no 2022‑23 Budget measures for the AOFM.

## Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the government. Commonwealth programs are the primary vehicle by which government entities achieve intended outcome statement results. Entities are required to identify programs which contribute to government outcomes over the Budget and forward years.

Each AOFM outcome is described below, together with related programs. Detailed information on expenses for each outcome and program are further broken down by funding source.

|  |
| --- |
| **Note:**  Performance reporting requirements in the Portfolio Budget Statements are part of the Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity’s corporate plans and annual performance statements – included in Annual Reports – to provide a complete picture of an entity’s planned and actual performance.  The most recent corporate plan for AOFM can be found at: https://www.aofm.gov.au/publications/corporate‑plan  The most recent annual performance statement can be found at: https://www.aofm.gov.au/publications/annual‑reports/part‑2‑performance‑and‑outcome |

### 2.1 Budgeted expenses and performance for Outcome 1

|  |
| --- |
| Outcome 1: The advancement of macroeconomic growth and stability, and the effective operation of financial markets, through issuing debt, and investing in financial assets and managing debt, investments and cash for the Australian Government. |

##### **Budgeted expenses for Outcome 1**

Table 2.1 shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2021‑22 Estimated actual $’000 | 2022‑23 Budget  $’000 | 2023‑24 Forward estimate $’000 | 2024‑25 Forward estimate $’000 | 2025‑26 Forward estimate $’000 |
| **Program 1.1: Commonwealth Debt Management** | | | | | |
| **Administered expenses** |  |  |  |  |  |
| Ordinary annual services  (Appropriation Bill No. 1) | ‑ | ‑ | ‑ | ‑ | ‑ |
| Other services (Appropriation  Bill No. 2) | ‑ | ‑ | ‑ | ‑ | ‑ |
| **Special appropriations** |  |  |  |  |  |
| *Commonwealth Inscribed  Stock Act 1911* | 18,458,934 | 19,817,175 | 21,239,004 | 23,089,119 | 24,646,802 |
| *Financial Agreement Act 1994* | 7 | 6 | 6 | 6 | 6 |
| **Special accounts** |  |  |  |  |  |
| Special account – ABSF | ‑ | ‑ | ‑ | ‑ | ‑ |
| Special account – SFSF | ‑ | ‑ | ‑ | ‑ | ‑ |
| Special account – DRRTA | ‑ | ‑ | ‑ | ‑ | ‑ |
| **Expenses not requiring  appropriation   in the Budget year (b)** | 38,508 | 2,126 | 4,128 | 5,054 | 3,065 |
| **Administered total** | 18,497,449 | 19,819,307 | 21,243,138 | 23,094,179 | 24,649,873 |
| **Total expenses for   program 1.1** | **18,497,449** | **19,819,307** | **21,243,138** | **23,094,179** | **24,649,873** |

Table 2.1: Budgeted expenses for Outcome 1 (continued)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2021‑22 Estimated actual $’000 | 2022‑23 Budget  $’000 | 2023‑24 Forward estimate $’000 | 2024‑25 Forward estimate $’000 | 2025‑26 Forward estimate $’000 |
| **Program 1.2: AOFM – Departmental – Outcome 1** | | | | | |
| Departmental expenses |  |  |  |  |  |
| Ordinary annual services  (Appropriation Bill No. 1) | 14,796 | 16,496 | 16,615 | 14,034 | 14,170 |
| s74 External Revenue (a) | 25 | 25 | 25 | 25 | 25 |
| Expenses not requiring  appropriation in the Budget  year (b) | 813 | 813 | 813 | 813 | 813 |
| **Departmental total** | 15,634 | 17,334 | 17,453 | 14,872 | 15,008 |
| **Total expenses for   program 1.2** | **15,634** | **17,334** | **17,453** | **14,872** | **15,008** |
| **Total expenses for Outcome 1** | **18,513,083** | **19,836,641** | **21,260,591** | **23,109,051** | **24,664,881** |
|  |  |  |  |  |  |
|  | 2021‑22 | 2022‑23 |  |  |  |
| **Average staffing level (number)** | 44 | 50 |  |  |  |

1. Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.
2. Administered expenses not requiring appropriation comprises provision for bad and doubtful debts and accrual losses on repurchase of debt. Departmental expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, make good expenses and ANAO audit fees.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

Table 2.2: Performance criteria for Outcome 1

Table 2.2 provides performance measures for each program associated with Outcome 1. It also provides related key activities as expressed in the current corporate plan. Further detail is also provided on: the delivery of the activities related to the program; the context in which these activities are delivered; and how activity performance will be measured.

| Outcome 1 – The advancement of macroeconomic growth and stability, and the effective operation of financial markets, through issuing debt, investing in financial assets and managing debt, investments and cash for the Australian Government. | | |
| --- | --- | --- |
| **Program 1.1 –** **Australian Office of Financial Management**  *The AOFM issue AGS debt, makes investments and manages debt and investments in accordance with policy objectives.* | | |
| **Purpose 1.1.1: Meeting the Budget financing task while maintaining the trade‑offs between cost and risks for the cash and debt portfolios over the medium‑long term** | | |
| **Key Activities** | Establish a debt management strategy; execute the debt issuance program; settle transactions ad coupon and redemption payments; monitor the costs and risks of the portfolio of assets and liabilities. | |
| **Year** | **Performance measures** | **Expected performance results** |
| Current year, Budget year and forward years | **Annual debt management strategy:** formulate an annual debt management strategy and advise the Secretary with supporting analysis. | Prior to start of fiscal year |
| **Term issuance:** the shortfall in volume in dollar terms for the fiscal year between actual Treasury Bond issuance and planned issuance announced at the most recent official Budget related update. | Zero |
| **New issuance yields:** the weighted average issue yield at Treasury Bond and Treasury Indexed Bond tenders compared to prevailing mid‑market secondary yields. | At or below mid‑market yields |
| **Tender coverage ratio:** the average tender coverage ratio across all tenders for the fiscal year. | Greater than 2.5 times |
| **Settlement of AGS transactions:** number of times AGS transactions fail to settle in a complete, timing and accurate manner where the AOFM is responsible for the failure. | Zero |
| **Settlement of AGS coupons and redemptions:** number of times AGS coupon and redemption payments fail to occur in a complete, timing and accurate manner where the AOFM is responsible for the failure. | Zero |
| **Financing costs – issuance**: the cost of Treasury Bond issuance in percentage terms over the past 12 months compared to the average 10‑year bond rate over the same period. | Lower |
| **Purpose 1.1.2: Enabling the government to meet its cash outlay requirements at all times** | | |
| **Key Activities** | **Establish a liquidity management strategy; conduct the cash management task.** | |
| **Year** | **Performance measures** | **Expected performance results** |
| Current year, Budget year and forward years | **Annual liquidity management strategy:** formulate an annual liquidity management strategy and advise the Secretary with supporting analysis. | Prior to start of fiscal year |
| **Use of overdraft facility**: the number of instances the RBA overdraft facility was utilised. | Zero |
| **Purpose 1.1.3: Conducting market facing operations in a manner which supports a well‑functioning AGS market** | | |
| **Key Activities** | **Communicate AOFM operations clearly and consistently to the market; conduct a market engagement program; support financial market liquidity.** | |
| **Year** | **Performance measures** | **Expected performance results** |
| Current year, Budget year and forward years | **Market commitments:** the number of times the AOFM failed to conduct issuance operations consistent with prior market announcements. | Zero |
| **Investor publications: number** of times investor targeted information publications are updated and made available on the AOFM website. | At least twice a year |
| **Secondary market turnover**: the annual turnover in dollar value terms in the secondary market for Treasury Bonds and Treasury Indexed Bonds in a fiscal year. | Greater than previous fiscal year |
| **Purpose 1.1.4: Efficiently and effectively implementing the ABSF and SFSF programs** | | |
| **Key Activities** | **Develop the SME lending market; manage the SFSF program** | |
| **Year** | **Performance measures** | **Expected performance results** |
| Current year, Budget year and forward years | **ABSF rate of return:** the accrual earnings (net of losses) for a fiscal year divided by the average drawn (invested) amount in percentage point terms. | Greater than Bloomberg AusBond Treasury 0‑1 year index |
| **SFSF losses:** gross credit losses for a fiscal year divided by the average drawn amount in percentage point terms. | Zero |

## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements. These provide a comprehensive snapshot of entity finances for the 2022‑23 budget year, including the impact of budget measures and resourcing on financial statements.

### 3.1 Budgeted financial statements

#### 3.1.1 Differences between entity resourcing and financial statements

##### **Departmental**

The comprehensive income statement (Table 3.1) includes resources received free of charge from the Australian National Audit Office for audit services. Departmental entity receipts as recorded in the entity resource statement (Table 1.1) exclude the estimated value of these services received free of charge.

The AOFM’s estimated departmental expenses as shown in Table 2.1 are itemised in the departmental comprehensive income statement (Table 3.1).

##### **Administered**

The AOFM receives administered appropriations to meet operating expenditures and for capital expenditure purposes arising from managing the debt and asset portfolios. These are reflected in the entity resource statement (Table 1.1). The schedule of budgeted administered cash flows (Table 3.9) itemises these expenditures and classifies them into operating, investing, and financing activities.

The AOFM’s estimated administered expenses as shown in Table 2.1 are itemised in the schedule of budgeted administered income and expenses (Table 3.7).

#### 3.1.2 Explanatory notes and analysis of budgeted financial statements

#### Administered

The AOFM produces budget estimates of Australian Government Securities (AGS) liabilities (debt) and certain financial assets. The projections of AGS debt are a consequence of forecasts arising from the expenditure, investment and revenue decisions incorporated in the Budget. Annual debt servicing costs on AGS debt are largely determined after considering changes in the volume of AGS debt over the projection period, yields on existing debt and technical assumptions about yields on new debt to be issued over the projection period.

Estimated budgeting impacts of the ABSF and the SFSF are incorporated in the administered budgeted financial statements.3.2. Budgeted financial statements tables

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2021‑22 Estimated actual $’000 | 2022‑23 Budget  $’000 | 2023‑24 Forward estimate $’000 | 2024‑25 Forward estimate $’000 | 2025‑26 Forward estimate $’000 |
| **EXPENSES** |  |  |  |  |  |
| Employee benefits | 8,344 | 9,014 | 9,412 | 9,107 | 9,222 |
| Suppliers | 6,676 | 7,710 | 7,434 | 5,162 | 5,187 |
| Depreciation and amortisation (a) | 553 | 553 | 553 | 553 | 553 |
| Finance costs | 61 | 57 | 54 | 50 | 46 |
| **Total expenses** | **15,634** | **17,334** | **17,453** | **14,872** | **15,008** |
| **LESS:** |  |  |  |  |  |
| **OWN‑SOURCE INCOME** |  |  |  |  |  |
| **Own‑source revenue** |  |  |  |  |  |
| Sale of goods and rendering of services | 25 | 25 | 25 | 25 | 25 |
| Other | 260 | 260 | 260 | 260 | 260 |
| **Total own‑source revenue** | **285** | **285** | **285** | **285** | **285** |
| **Gains** |  |  |  |  |  |
| Other | ‑ | ‑ | ‑ | ‑ | ‑ |
| **Total gains** | **‑** | **‑** | **‑** | **‑** | **‑** |
| **Total own‑source income** | **285** | **285** | **285** | **285** | **285** |
| **Net (cost of)/contribution by  services** | **(15,349)** | **(17,049)** | **(17,168)** | **(14,587)** | **(14,723)** |
| Revenue from Government | 16,513 | 16,737 | 16,868 | 14,296 | 14,436 |
| **Surplus/(deficit) attributable to the  Australian Government** | **1,164** | **(312)** | **(300)** | **(291)** | **(287)** |
| **OTHER COMPREHENSIVE INCOME** |  |  |  |  |  |
| Changes in asset revaluation surplus | ‑ | ‑ | ‑ | ‑ | ‑ |
| **Total other comprehensive income** | **‑** | **‑** | **‑** | **‑** | **‑** |
| **Total comprehensive income/(loss)** | **1,164** | **(312)** | **(300)** | **(291)** | **(287)** |
| **Total comprehensive income/(loss)  attributable to the Australian  Government** | **1,164** | **(312)** | **(300)** | **(291)** | **(287)** |

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June (continued)

Note: Impact of net cash appropriation arrangements

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2021‑22 Estimated actual $’000 | 2022‑23 Budget  $’000 | 2023‑24 Forward estimate $’000 | 2024‑25 Forward estimate $’000 | 2025‑26 Forward estimate $’000 |
| **Total comprehensive income/(loss)  excluding depreciation/  amortisation expenses previously  funded through revenue  appropriations, depreciation on   ROU, principal repayments on   leased assets** | **1,485** | **‑** | **‑** | **‑** | **‑** |
| less: Depreciation/amortisation  expenses previously funded through  revenue appropriations (a) | 261 | 261 | 261 | 261 | 261 |
| less: depreciation/amortisation expenses for ROU assets (b) | 292 | 292 | 292 | 292 | 292 |
| add: Principal repayments on leased   assets (b) | 232 | 241 | 253 | 261 | 265 |
| **Total comprehensive income/(loss)  – as per the statement of  comprehensive income** | **1,164** | **(312)** | **(300)** | **(291)** | **(287)** |

Prepared on Australian Accounting Standards basis.

1. In 2010‑11, the Government introduced net cash appropriation arrangements. This means Bill 1 revenue appropriations for the depreciation/amortisation expenses of non‑corporate Commonwealth entities (and select corporate Commonwealth entities) are replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, refer to Table 3.5 Departmental Capital Budget Statement.
2. Applies leases under AASB 16 Leases.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2021‑22 Estimated actual $’000 | 2022‑23 Budget  $’000 | 2023‑24 Forward estimate $’000 | 2024‑25 Forward estimate $’000 | 2025‑26 Forward estimate $’000 |
| **ASSETS** |  |  |  |  |  |
| **Financial assets** |  |  |  |  |  |
| Cash and cash equivalents | 100 | 100 | 100 | 100 | 100 |
| Trade and other receivables | 30,167 | 30,218 | 30,218 | 30,219 | 30,220 |
| ***Total financial assets*** | ***30,267*** | ***30,318*** | ***30,318*** | ***30,319*** | ***30,320*** |
| **Non‑financial assets** |  |  |  |  |  |
| Property, plant and equipment | 5,903 | 5,699 | 5,316 | 5,309 | 5,306 |
| Intangibles | 644 | 672 | 882 | 720 | 558 |
| Other non‑financial assets | 355 | 355 | 355 | 355 | 355 |
| ***Total non‑financial assets*** | ***6,902*** | ***6,726*** | ***6,553*** | ***6,384*** | ***6,219*** |
| Assets held for sale |  |  |  |  |  |
| **Total assets** | **37,169** | **37,044** | **36,871** | **36,703** | **36,539** |
| **LIABILITIES** |  |  |  |  |  |
| **Payables** |  |  |  |  |  |
| Suppliers | 750 | 750 | 750 | 750 | 750 |
| Personal benefits | 141 | 141 | 141 | 141 | 141 |
| ***Total payables*** | ***891*** | ***891*** | ***891*** | ***891*** | ***891*** |
| **Interest bearing liabilities** |  |  |  |  |  |
| Leases | 4,143 | 3,902 | 3,649 | 3,388 | 3,123 |
| ***Total interest bearing liabilities*** | ***4,143*** | ***3,902*** | ***3,649*** | ***3,388*** | ***3,123*** |
| **Provisions** |  |  |  |  |  |
| Employee provisions | 2,945 | 2,996 | 2,996 | 2,996 | 2,996 |
| Other provisions | 460 | 460 | 460 | 460 | 460 |
| ***Total provisions*** | ***3,405*** | ***3,456*** | ***3,456*** | ***3,456*** | ***3,456*** |
| **Total liabilities** | **8,439** | **8,249** | **7,996** | **7,735** | **7,470** |
| **Net assets** | **28,730** | **28,795** | **28,875** | **28,968** | **29,069** |
| **EQUITY\*** |  |  |  |  |  |
| **Parent entity interest** |  |  |  |  |  |
| Contributed equity | (8,486) | (8,109) | (7,729) | (7,345) | (6,957) |
| Reserves | 338 | 338 | 338 | 338 | 338 |
| Retained surplus (accumulated  deficit) | 36,878 | 36,566 | 36,266 | 35,975 | 35,688 |
| ***Total parent entity interest*** | ***28,730*** | ***28,795*** | ***28,875*** | ***28,968*** | ***29,069*** |
| **Total equity** | **28,730** | **28,795** | **28,875** | **28,968** | **29,069** |

Prepared on Australian Accounting Standards basis.

\*’Equity’ is the residual interest in assets after deduction of liabilities.

Table 3.3: Departmental statement of changes in equity: summary of movement (Budget year 2022‑23)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Retained earnings  $’000 | Asset revaluation reserve $’000 | Other reserves  $’000 | Contributed equity/ capital $’000 | Total equity   $’000 |
| **Opening balance as at 1 July 2021** |  |  |  |  |  |
| Balance carried forward from  previous period | 36,878 | 338 | ‑ | (8,486) | 28,730 |
| ***Adjusted opening balance*** | ***36,878*** | ***338*** | ***‑*** | ***(8,486)*** | ***28,730*** |
| **Comprehensive income** |  |  |  |  |  |
| Surplus/(deficit) for the period | (312) |  |  |  | (312) |
| ***Total comprehensive income*** | ***(312)*** | ***‑*** | ***‑*** | ***‑*** | ***(312)*** |
| of which: |  |  |  |  |  |
| Attributable to the Australian  Government | (312) | ‑ | ‑ | ‑ | (312) |
| **Transactions with owners** |  |  |  |  |  |
| ***Contributions by owners*** |  |  |  |  |  |
| Departmental Capital Budget (DCB) | ‑ | ‑ | ‑ | 377 | 377 |
| ***Sub‑total transactions with  owners*** | ***‑*** | ***‑*** | ***‑*** | ***377*** | ***377*** |
| **Estimated closing balance as at  30 June 2022** | **36,566** | **338** | **‑** | **(8,109)** | **28,795** |
| **Closing balance attributable to  the Australian Government** | **36,566** | **338** | **‑** | **(8,109)** | **28,795** |

Prepared on Australian Accounting Standards basis

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2021‑22 Estimated actual $’000 | 2022‑23 Budget  $’000 | 2023‑24 Forward estimate $’000 | 2024‑25 Forward estimate $’000 | 2025‑26 Forward estimate $’000 |
| **OPERATING ACTIVITIES** |  |  |  |  |  |
| **Cash received** |  |  |  |  |  |
| Appropriations | 15,004 | 16,711 | 16,893 | 14,320 | 14,460 |
| Sale of goods and rendering of  services | 25 | 25 | 25 | 25 | 25 |
| ***Total cash received*** | ***15,029*** | ***16,736*** | ***16,918*** | ***14,345*** | ***14,485*** |
| **Cash used** |  |  |  |  |  |
| Employees | 8,295 | 8,963 | 9,412 | 9,107 | 9,222 |
| Suppliers | 6,416 | 7,450 | 7,174 | 4,902 | 4,927 |
| Interest payments on lease liability | 61 | 57 | 54 | 50 | 46 |
| s74 External Revenue  transferred to the OPA | 25 | 25 | 25 | 25 | 25 |
| ***Total cash used*** | ***14,797*** | ***16,495*** | ***16,665*** | ***14,084*** | ***14,220*** |
| **Net cash from/(used by)  operating activities** | **232** | **241** | **253** | **261** | **265** |
| **INVESTING ACTIVITIES** |  |  |  |  |  |
| **Cash received** |  |  |  |  |  |
| Proceeds from sales of property,  plant and equipment | ‑ | ‑ | ‑ | ‑ | ‑ |
| ***Total cash received*** | ***‑*** | ***‑*** | ***‑*** | ***‑*** | ***‑*** |
| **Cash used** |  |  |  |  |  |
| Purchase of property, plant and  equipment and intangibles | 368 | 377 | 380 | 384 | 388 |
| ***Total cash used*** | ***368*** | ***377*** | ***380*** | ***384*** | ***388*** |
| **Net cash from/(used by)  investing activities** | **(368)** | **(377)** | **(380)** | **(384)** | **(388)** |
| **FINANCING ACTIVITIES** |  |  |  |  |  |
| **Cash received** |  |  |  |  |  |
| Contributed equity | 368 | 377 | 380 | 384 | 388 |
| ***Total cash received*** | ***368*** | ***377*** | ***380*** | ***384*** | ***388*** |
| **Cash used** |  |  |  |  |  |
| Principal payments on lease liability | 232 | 241 | 253 | 261 | 265 |
| ***Total cash used*** | ***232*** | ***241*** | ***253*** | ***261*** | ***265*** |
| **Net cash from/(used by)  financing activities** | **136** | **136** | **127** | **123** | **123** |
| **Net increase/(decrease) in   cash held** | **‑** | **‑** | **‑** | **‑** | **‑** |
| Cash and cash equivalents at the  beginning of the reporting period | 100 | 100 | 100 | 100 | 100 |
| **Cash and cash equivalents at  the end of the reporting period** | 100 | 100 | 100 | 100 | 100 |

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2021‑22 Estimated actual $’000 | 2022‑23 Budget  $’000 | 2023‑24 Forward estimate $’000 | 2024‑25 Forward estimate $’000 | 2025‑26 Forward estimate $’000 |
| **NEW CAPITAL APPROPRIATIONS** |  |  |  |  |  |
| Capital budget – Bill 1 (DCB) | 368 | 377 | 380 | 384 | 388 |
| **Total new capital appropriations** | **368** | **377** | **380** | **384** | **388** |
| ***Provided for:*** |  |  |  |  |  |
| *Purchase of non‑financial assets* | *368* | *377* | *380* | *384* | *388* |
| ***Total items*** | ***368*** | ***377*** | ***380*** | ***384*** | ***388*** |
| **PURCHASE OF NON‑FINANCIAL  ASSETS** |  |  |  |  |  |
| Funded by capital appropriation ‑  DCB (a) | 368 | 377 | 380 | 384 | 388 |
| **TOTAL** | **368** | **377** | **380** | **384** | **388** |
| **RECONCILIATION OF CASH USED  TO ACQUIRE ASSETS TO ASSET  MOVEMENT TABLE** |  |  |  |  |  |
| Total purchases | 368 | 377 | 380 | 384 | 388 |
| **Total cash used to acquire assets** | **368** | **377** | **380** | **384** | **388** |

Prepared on Australian Accounting Standards basis.

1. Does not include annual finance lease costs. Includes purchases from current and previous years’ Departmental Capital Budgets (DCBs).

Table 3.6: Statement of departmental asset movements (Budget year 2022‑23)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Other property, plant and equipment $’000 | Computer software and intangibles $’000 | Total    $’000 |
| **As at 1 July 2022** |  |  |  |
| Gross book value | 2,514 | 1,889 | 4,403 |
| Gross book value – ROU assets | 4,820 | ‑ | 4,820 |
| Accumulated depreciation/ amortisation and impairment | (554) | (1,245) | (1,799) |
| Accumulated depreciation/amortisation and impairment – ROU assets | (877) | ‑ | (877) |
| **Opening net book balance** | **5,903** | **644** | **6,547** |
| **Capital asset additions** |  |  |  |
| **Estimated expenditure on new  or replacement assets** |  |  |  |
| By purchase – appropriation  ordinary annual services (a) | 187 | 190 | 377 |
| By purchase – appropriation ordinary  annual services – ROU assets | ‑ | ‑ | ‑ |
| From acquisition of entities or  operations (including restructuring) | ‑ | ‑ | ‑ |
| **Total additions** | **187** | **190** | **377** |
| **Other movements** |  |  |  |
| Depreciation/amortisation expense | (99) | (162) | (261) |
| Depreciation/amortisation on   ROU assets | (292) | ‑ | (292) |
| **Total other movements** | **(391)** | **(162)** | **(553)** |
| **As at 30 June 2023** |  |  |  |
| Gross book value | 2,701 | 2,079 | 4,780 |
| Gross book value – ROU assets | 4,820 | ‑ | 4,820 |
| Accumulated depreciation/  amortisation and impairment | (653) | (1,407) | (2,060) |
| Accumulated depreciation/amortisation and impairment – ROU assets | (1,169) | ‑ | (1,169) |
| **Closing net book balance** | **5,699** | **672** | **6,371** |

Prepared on Australian Accounting Standards basis.

1. ‘Appropriation ordinary annual services’ refers to funding provided through Appropriation Bill (No.1) 2022‑23 for depreciation/amortisation expenses, DCBs or other operational expenses

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Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2021‑22 Estimated actual $’000 | 2022‑23 Budget  $’000 | 2023‑24 Forward estimate $’000 | 2024‑25 Forward estimate $’000 | 2025‑26 Forward estimate $’000 |
| **EXPENSES** |  |  |  |  |  |
| Grants | 1 | 1 | 1 | 1 | 1 |
| Finance costs (a) | 18,474,788 | 19,784,380 | 21,206,209 | 23,056,324 | 24,614,007 |
| Write‑down and impairment of assets | 3,660 | 2,126 | 4,128 | 5,054 | 3,065 |
| Other expenses | 19,000 | 32,800 | 32,800 | 32,800 | 32,800 |
| **Total expenses administered on behalf of Government   before re‑measurement** | **18,497,449** | **19,819,307** | **21,243,138** | **23,094,179** | **24,649,873** |
| **LESS:** |  |  |  |  |  |
| **OWN‑SOURCE INCOME** |  |  |  |  |  |
| **Non‑taxation revenue** |  |  |  |  |  |
| Interest | 134,010 | 127,517 | 127,934 | 129,853 | 128,567 |
| ***Total non‑taxation revenue*** | ***134,010*** | ***127,517*** | ***127,934*** | ***129,853*** | ***128,567*** |
| **Total own‑source revenue administered on behalf of Government   before re‑measurement** | **134,010** | **127,517** | **127,934** | **129,853** | **128,567** |
| **Total own‑sourced income administered on behalf of Government** | **134,010** | **127,517** | **127,934** | **129,853** | **128,567** |
| **Net (cost of)/contribution by services** | **(18,363,439)** | **(19,691,790)** | **(21,115,204)** | **(22,964,326)** | **(24,521,306)** |
| **Surplus/(deficit) before income tax** | **(18,363,439)** | **(19,691,790)** | **(21,115,204)** | **(22,964,326)** | **(24,521,306)** |
| **OTHER COMPREHENSIVE INCOME** |  |  |  |  |  |
| **Re‑measurements** |  |  |  |  |  |
| Net market revaluation gains/(losses) | 48,065,555 | (3,363,936) | (3,285,191) | (2,533,081) | (2,496,112) |
| **Total other comprehensive income** | **48,065,555** | **(3,363,936)** | **(3,285,191)** | **(2,533,081)** | **(2,496,112)** |
| **Total comprehensive income/(loss)** | **29,702,116** | **(23,055,726)** | **(24,400,395)** | **(25,497,407)** | **(27,017,418)** |

(a) Includes $34.8 million of accrual losses on repurchase of debt in 2021‑22.

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2021‑22 Estimated actual $’000 | 2022‑23 Budget $’000 | 2023‑24  Forward estimate $’000 | 2024‑25  Forward estimate $’000 | 2025‑26 Forward estimate $’000 |
| **ASSETS** |  |  |  |  |  |
| **Financial assets** |  |  |  |  |  |
| Cash and cash equivalents (includes special account) | 79,925,973 | 54,527,281 | 60,958,247 | 62,952,497 | 60,639,408 |
| Loans to state and territory governments | 1,333,592 | 1,251,822 | 1,170,041 | 1,089,499 | 1,004,217 |
| Structured finance securities | 1,280,820 | 1,131,439 | 1,491,631 | 1,988,878 | 1,988,781 |
| Accrued interest on cash management account | 5,212 | 5,212 | 5,212 | 5,212 | 5,212 |
| ***Total financial assets*** | ***82,545,597*** | ***56,915,754*** | ***63,625,131*** | ***66,036,086*** | ***63,637,618*** |
| **Total assets administered   on behalf of Government** | **82,545,597** | **56,915,754** | **63,625,131** | **66,036,086** | **63,637,618** |
| **LIABILITIES** |  |  |  |  |  |
| **Payables** |  |  |  |  |  |
| Suppliers | 45 | 45 | 45 | 45 | 45 |
| ***Total payables*** | ***45*** | ***45*** | ***45*** | ***45*** | ***45*** |
| **Interest bearing liabilities** |  |  |  |  |  |
| Australian Government securities (at fair value) |  |  |  |  |  |
| Treasury Bonds | 848,917,980 | 900,613,445 | 974,050,509 | 1,036,759,364 | 1,095,787,585 |
| Treasury Indexed Bonds | 51,167,114 | 55,668,889 | 61,698,140 | 65,781,404 | 58,733,087 |
| Treasury Notes | 28,999,612 | 47,999,460 | 51,999,338 | 49,999,364 | 51,999,338 |
| Other government securities | 6,375 | 6,375 | 6,375 | 6,375 | 6,375 |
| ***Total interest bearing liabilities*** | ***929,091,081*** | ***1,004,288,169*** | ***1,087,754,362*** | ***1,152,546,507*** | ***1,206,526,385*** |
| **Provisions** |  |  |  |  |  |
| Other provisions | 1,791 | 1,791 | 1,791 | 1,791 | 1,791 |
| ***Total provisions*** | ***1,791*** | ***1,791*** | ***1,791*** | ***1,791*** | ***1,791*** |
| **Total liabilities administered on behalf of Government** | **929,092,917** | **1,004,290,005** | **1,087,756,198** | **1,152,548,343** | **1,206,528,221** |
| **Net assets/(liabilities)** | **(846,547,320)** | ***(947,374,251)*** | **(1,024,131,067)** | **(1,086,512,257)** | **(1,142,890,603)** |

Prepared on Australian Accounting Standards basis.

Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2021‑22 Estimated actual $’000 | 2022‑23 Budget $’000 | 2023‑24  Forward estimate $’000 | 2024‑25  Forward estimate $’000 | 2025‑26 Forward estimate $’000 |
| **OPERATING ACTIVITIES** |  |  |  |  |  |
| **Cash received** |  |  |  |  |  |
| Sales of goods and services | ‑ | ‑ | ‑ | ‑ | ‑ |
| Interest | 118,674 | 112,415 | 113,163 | 117,632 | 117,298 |
| ***Total cash received*** | ***118,674*** | ***112,415*** | ***113,163*** | ***117,632*** | ***117,298*** |
| **Cash used** |  |  |  |  |  |
| Grant | 1 | 1 | 1 | 1 | 1 |
| Suppliers | 19,000 | 32,800 | 32,800 | 32,800 | 32,800 |
| Borrowing costs | 21,453,478 | 22,217,926 | 22,551,301 | 24,451,552 | 29,357,287 |
| Other | ‑ | ‑ | ‑ | ‑ | ‑ |
| ***Total cash used*** | ***21,472,479*** | ***22,250,727*** | ***22,584,102*** | ***24,484,353*** | ***29,390,088*** |
| **Net cash from/(used by) operating activities** | **(21,353,805)** | **(22,138,312)** | **(22,470,939)** | **(24,366,721)** | **(29,272,790)** |
| **INVESTING ACTIVITIES** |  |  |  |  |  |
| **Cash received** |  |  |  |  |  |
| Repayments of advances and loans | 93,672 | 94,784 | 94,284 | 92,482 | 96,565 |
| Structured finance securities | 1,662,734 | 515,888 | 368,674 | 369,510 | 525,461 |
| ***Total cash received*** | ***1,756,406*** | ***610,672*** | ***462,958*** | ***461,992*** | ***622,026*** |
| **Cash used** |  |  |  |  |  |
| Structured finance securities | 1,092,033 | 366,545 | 730,726 | 871,530 | 528,443 |
| ***Total cash used*** | ***1,092,033*** | ***366,545*** | ***730,726*** | ***871,530*** | ***528,443*** |
| **Net cash from (used by) investing activities** | **664,373** | **244,127** | **(267,768)** | **(409,538)** | **93,583** |

Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June) (continued)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2021‑22 Estimated actual $’000 | 2022‑23 Budget $’000 | 2023‑24  Forward estimate $’000 | 2024‑25  Forward estimate $’000 | 2025‑26 Forward estimate $’000 |
| **FINANCING ACTIVITIES** |  |  |  |  |  |
| **Cash received** |  |  |  |  |  |
| Proceeds from borrowing | 260,617,152 | 612,642,288 | 713,964,569 | 756,268,879 | 759,700,316 |
| Other | 42,595 | 64,818 | 13,803 | 23,616 | 45,107 |
| Contributed equity | 500,000 | 500,000 | 500,000 | ‑ | ‑ |
| ***Total cash received*** | ***261,159,747*** | ***613,207,106*** | ***714,478,372*** | ***756,292,495*** | ***759,745,423*** |
| **Cash used** |  |  |  |  |  |
| Net repayments of borrowing | 168,904,182 | 538,375,589 | 632,438,475 | 692,614,587 | 703,473,270 |
| Other | 42,595 | 64,818 | 13,803 | 23,616 | 45,107 |
| ***Total cash used*** | ***168,946,777*** | ***538,440,407*** | ***632,452,278*** | ***692,638,203*** | ***703,518,377*** |
| **Net cash from (used by) financing activities** | **92,212,970** | **74,766,699** | **82,026,094** | **63,654,292** | **56,227,046** |
| ***Net increase/(decrease) in cash held*** | ***71,523,538*** | ***52,872,514*** | ***59,287,387*** | ***38,878,033*** | ***27,047,839*** |
| Cash at beginning of reporting period | 70,256,058 | 79,925,973 | 54,527,281 | 60,958,247 | 62,952,497 |
| Cash from Official Public Account for: |  |  |  |  |  |
| ‑ Appropriations | 191,010,808 | 561,580,435 | 655,722,217 | 718,054,156 | 733,841,192 |
| ‑ Special accounts | ‑ | ‑ | ‑ | ‑ | ‑ |
| ‑ CMA transfers | 8,586,928 | ‑ | 6,266,892 | 2,461,018 | ‑ |
| *Total cash from Official Public Account* | *199,597,736* | *561,580,435* | *661,989,109* | *720,515,174* | *733,841,192* |
| Cash to Official Public Account for: |  |  |  |  |  |
| ‑ Appropriations | (261,451,359) | (613,780,160) | (714,845,530) | (757,398,957) | (760,851,634) |
| ‑ Special accounts | ‑ | ‑ | ‑ | ‑ | ‑ |
| ‑ CMA transfers | ‑ | (26,071,481) | ‑ | ‑ | (2,350,486) |
| *Total cash to Official Public Account* | *(261,451,359)* | *(639,851,641)* | *(714,845,530)* | *(757,398,957)* | *(763,202,120)* |
| **Cash at end of reporting period (a)** | **79,925,973** | **54,527,281** | **60,958,247** | **62,952,497** | **60,639,408** |

Prepared on Australian Accounting Standards basis.

1. Includes balances of special accounts and the cash management account (CMA) held with the RBA. In recent years, liquidity investments have been restricted to term deposits with the RBA. In November 2020 the AOFM established a new investment facility to replace term deposits – a cash management account – to more flexibly and more efficiently manage cash liquidity. The balance of the CMA is reported as ‘cash’ and not as ‘investments’