

# **Australian Office of Financial Management**

## **Entity resources and planned performance**



# 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 cash outlay requirements are always met; 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 influences the cost structure of the debt portfolio chiefly through the maturity profile of Treasury Bonds that are issued. Issuance is undertaken according to an annual debt management strategy that aims to balance portfolio risks (such as future interest rate volatility and funding risks) and borrowing costs. Through its issuance and associated activities, the AOFM also aims to support domestic financial market integrity, stability and liquidity. 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 a 'book building' 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 when 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. The AOFM aims to issue sufficient volumes to meet demand, and to support the liquidity and functioning of the market.

The AOFM manages the government’s cash balances to ensure it can meet all financial obligations when they fall due. Treasury Bonds and Treasury Indexed Bonds issuance tends to be at a relatively steady rate throughout the year. Therefore, fluctuations in the cash balances through the year are managed using deposits with the RBA and the 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 cover unforeseen circumstances, such as a large unanticipated change to forecasts or a temporary deterioration in financial market conditions that could impact the ability to issue AGS at any time.

In April 2019 the then 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 Australian Business Securitisation Fund (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 Structured Finance Support Fund (SFSF) has been achieved through targeted government investments in structured finance markets.

There are three key elements to the SFSF implementation strategy:

- 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
- 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)
- 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 strategic policy objectives), and by administered (on behalf of the government or the public) and departmental (for the entity's operations) classification.

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

Information is presented on a resourcing basis (that is, appropriations/cash available) basis, 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: Australian Office of Financial Management resource statement – Budget estimates for 2022–23 as at October Budget 2022**

	2021-22 Estimated actual \$'000	2022-23 Estimate \$'000
<b>Departmental</b>		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available	28,672	32,646
Departmental appropriation (b)	16,513	16,379
s74 External Revenue (c)	181	25
Departmental capital budget (d)	368	377
Total departmental annual appropriations	45,734	49,427
<b>Total departmental resourcing</b>	<b>45,734</b>	<b>49,427</b>
<b>Administered</b>		
Total administered special appropriations (e)	143,967,515	420,337,532
Special accounts (f)		
Opening balance	13,703,985	15,289,647
Appropriation receipts (g)	500,000	500,000
Non-appropriation receipts	1,449,385	444,374
Total special account receipts	15,653,370	16,234,021
<b>Total administered resourcing</b>	<b>159,620,885</b>	<b>436,571,553</b>
<b>Total resourcing for AOFM</b>	<b>159,666,619</b>	<b>436,620,980</b>
	2021-22	2022-23
<b>Average staffing level (number)</b>	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.

- a) Appropriation Bill (No. 1) 2022–23, Supply Bill (No. 3) 2022-23 and *Supply Act (No. 1) 2022–23*.
- b) Excludes departmental capital budget (DCB).
- c) Estimated External Revenue receipts under section 74 of the PGPA Act.
- d) 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'.
- e) 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.
- f) The AOFM administers three special accounts – the Debt Retirement Reserve Trust Account (DRRTA), the ABSF Special Account and the SFSF Special Account. Figures include the ABSF and SFSF special accounts only. 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.
- g) Comprises amounts credited to the ABSF Special Account under section 14 of the *Australian Business Securitisation Fund Act 2019*.



### 1.3 Budget measures

Budget measures in Part 1 relating to the AOFM are detailed in the October Budget Paper No. 2 and are summarised below.

**Table 1.2: AOFM October 2022–23 Budget measures**  
**Part 1: Measures announced since the 2022–23 March Budget**

	Program	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000
<b>Payment measures</b>					
An Ambitious and Enduring APS Reform Plan (a)	1.2				
Departmental payments		(6)	(17)	(17)	-
Savings from External Labour and Savings from Advertising, Travel and Legal Expenses (b)	1.2				
Departmental payments		(352)	-	-	-
<b>Total</b>		<b>(358)</b>	<b>(17)</b>	<b>(17)</b>	<b>-</b>
<b>Total payment measures</b>					
Departmental		(358)	(17)	(17)	-
<b>Total</b>		<b>(358)</b>	<b>(17)</b>	<b>(17)</b>	<b>-</b>

Prepared on a Government Finance Statistics (Underlying Cash) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

- The lead entity for measure An Ambitious and Enduring APS Reform Plan is the Department of Prime Minister and Cabinet. The full measure description and package details appear in Budget Paper No. 2, *Budget Measures 2022–23*, under the Prime Minister and Cabinet portfolio.
- The measure Savings from External Labour, and Savings from Advertising, Travel and Legal Expenses is a cross-portfolio measure. The full measure description and package details appear in Budget Paper No. 2, *Budget Measures 2022–23*, under Cross Portfolio measures.

## Section 2: Outcomes and planned performance

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

Each AOFM outcome is described below, together with related programs. The following provides detailed information on expenses for each outcome and program, 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 measure 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>).

## 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

This table 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 2.1.1: 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
<b>Program 1.1: Commonwealth Debt Management</b>					
Administered expenses					
Special appropriations					
<i>Commonwealth Inscribed Stock Act 1911</i>	18,516,788	22,420,864	24,164,854	27,700,984	31,993,112
<i>Financial Agreement Act 1994</i>	7	6	6	6	6
<i>Public Governance, Performance and Accountability Act 2013</i>	692	-	-	-	-
Expenses not requiring appropriation in the Budget year (b)	30,339	2,378	2,090	2,544	2,914
<b>Administered total</b>	<b>18,547,826</b>	<b>22,423,248</b>	<b>24,166,950</b>	<b>27,703,534</b>	<b>31,996,032</b>
<b>Total expenses for program 1.1</b>	<b>18,547,826</b>	<b>22,423,248</b>	<b>24,166,950</b>	<b>27,703,534</b>	<b>31,996,032</b>

**Table 2.1.1: 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
<b>Program 1.2: AOFM - Departmental - Outcome 1</b>					
Departmental expenses					
Ordinary annual services (Appropriation Bill No. 1)	12,583	15,238	15,415	14,584	14,757
s74 External Revenue (a)	51	25	25	25	25
Expenses not requiring appropriation in the Budget year (b)	834	813	813	813	813
<b>Departmental total</b>	<b>13,468</b>	<b>16,076</b>	<b>16,253</b>	<b>15,422</b>	<b>15,595</b>
<b>Total expenses for program 1.2</b>	<b>13,468</b>	<b>16,076</b>	<b>16,253</b>	<b>15,422</b>	<b>15,595</b>
<b>Total expenses for Outcome 1</b>	<b>18,561,294</b>	<b>22,439,324</b>	<b>24,183,203</b>	<b>27,718,956</b>	<b>32,011,627</b>

	2021-22	2022-23
<b>Average staffing level (number)</b>	44	50

- a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.
- b) Administered expenses not requiring appropriation comprises provision for bad and doubtful debts and accrual losses on repurchase of debt. Departmental expenses not requiring appropriation 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 2.1.2: Performance measure for Outcome 1**

Table 2.1.2 provides performance measures for each program associated with Outcome 1. It also provides the related key activities as expressed in the current Corporate Plan where further detail is provided about the delivery of the activities related to the program, the context in which these activities are delivered and how the performance of these activities will be measured. Where relevant, details of the October 2022–23 Budget measures that have created new programs or materially changed existing programs are provided.

<b>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.</b>		
<b>Program 1.1 – Australian Office of Financial Management</b> The AOFM issues AGS debt, makes investments and manages debt and investments in accordance with policy objectives.		
<b>Purpose 1.1.1: Meet the government’s annual financing task while managing the trade-offs between costs and risks.</b>		
<b>Key Activities</b>	Establish a debt management strategy; execute the debt issuance program; settle transactions and coupon and redemption payments; monitor the costs and risks of the portfolio of assets and liabilities.	
<b>Year</b>	<b>Performance measures</b>	<b>Expected performance results</b>
Current year, Budget year and forward years	Annual debt management strategy: formulate an annual debt management strategy and advise the Secretary to the Treasury 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, timely 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, timely 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

**Table 2.1.2: Performance measure for Outcome 1 (continued)**

<b>Purpose 1.1.2: Ensure the government can always meet its cash outlay requirements.</b>		
<b>Key Activities</b>	Establish a liquidity management strategy; conduct the cash management task.	
<b>Year</b>	<b>Performance measures</b>	<b>Expected performance results</b>
Current year, Budget year and forward years	Annual liquidity management strategy: formulate an annual liquidity management strategy and advise the Secretary to the Treasury with supporting analysis.	Prior to start of fiscal year
	Use of overdraft facility: the number of instances the RBA overdraft facility was utilised.	Zero
<b>Purpose 1.1.3: Conducting market facing activities in a manner that supports a well-functioning AGS market.</b>		
<b>Key Activities</b>	Communicate AOFM operations clearly and consistently to the market; conduct a market engagement program; support financial market liquidity.	
<b>Year</b>	<b>Performance measures</b>	<b>Expected performance results</b>
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 per 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
<b>Purpose 1.1.4: Meet the priorities of the Australian Business Securitisation Fund (ABSF) and the Structured Finance Support Fund (SFSF).</b>		
<b>Key Activities</b>	Manage the ABSF program; manage the SFSF program.	
<b>Year</b>	<b>Performance measures</b>	<b>Expected performance results</b>
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 which 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
<b>EXPENSES</b>					
Employee benefits	7,618	9,614	9,812	9,358	9,673
Suppliers	5,215	5,852	5,834	5,461	5,323
Depreciation and amortisation (a)	574	553	553	553	553
Finance costs	61	57	54	50	46
<b>Total expenses</b>	<b>13,468</b>	<b>16,076</b>	<b>16,253</b>	<b>15,422</b>	<b>15,595</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Sale of goods and rendering of services	51	25	25	25	25
Other	260	260	260	260	260
<b>Total own-source revenue</b>	<b>311</b>	<b>285</b>	<b>285</b>	<b>285</b>	<b>285</b>
<b>Gains</b>					
Other	-	-	-	-	-
<b>Total gains</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total own-source income</b>	<b>311</b>	<b>285</b>	<b>285</b>	<b>285</b>	<b>285</b>
<b>Net (cost of)/contribution by services</b>	<b>(13,157)</b>	<b>(15,791)</b>	<b>(15,968)</b>	<b>(15,137)</b>	<b>(15,310)</b>
Revenue from Government	16,513	16,379	17,468	14,845	15,022
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>3,356</b>	<b>588</b>	<b>1,500</b>	<b>(292)</b>	<b>(288)</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Changes in asset revaluation surplus	(23)	-	-	-	-
<b>Total other comprehensive income</b>	<b>(23)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss)</b>	<b>3,333</b>	<b>588</b>	<b>1,500</b>	<b>(292)</b>	<b>(288)</b>
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>	<b>3,333</b>	<b>588</b>	<b>1,500</b>	<b>(292)</b>	<b>(288)</b>



**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
<b>Total comprehensive income/(loss) – as per statement of Comprehensive Income</b>	<b>3,333</b>	<b>588</b>	<b>1,500</b>	<b>(292)</b>	<b>(288)</b>
plus: depreciation/amortisation of assets funded through appropriations (departmental capital budget funding and/or equity injections) (a)	282	261	261	261	261
plus: depreciation/amortisation expenses for ROU assets (b)	292	292	292	292	292
less: lease principal repayments (b)	233	241	253	261	265
<b>Net Cash Operating Surplus/ (Deficit)</b>	<b>3,674</b>	<b>900</b>	<b>1,800</b>	<b>-</b>	<b>-</b>

Prepared on Australian Accounting Standards basis.

- a) 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.
- b) 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
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	100	100	100	100	100
Trade and other receivables	32,560	33,511	35,311	35,312	35,313
<b>Total financial assets</b>	<b>32,660</b>	<b>33,611</b>	<b>35,411</b>	<b>35,412</b>	<b>35,413</b>
<b>Non-financial assets</b>					
Property, plant and equipment	5,730	5,526	5,157	5,165	5,178
Intangibles	433	461	671	509	347
Other non-financial assets	280	280	280	280	280
<b>Total non-financial assets</b>	<b>6,443</b>	<b>6,267</b>	<b>6,108</b>	<b>5,954</b>	<b>5,805</b>
<b>Total assets</b>	<b>39,103</b>	<b>39,878</b>	<b>41,519</b>	<b>41,366</b>	<b>41,218</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	906	906	906	906	906
Personal benefits	540	545	545	545	545
<b>Total payables</b>	<b>1,446</b>	<b>1,451</b>	<b>1,451</b>	<b>1,451</b>	<b>1,451</b>
<b>Interest bearing liabilities</b>					
Leases	4,142	3,901	3,648	3,387	3,122
<b>Total interest bearing liabilities</b>	<b>4,142</b>	<b>3,901</b>	<b>3,648</b>	<b>3,387</b>	<b>3,122</b>
<b>Provisions</b>					
Employee provisions	2,311	2,357	2,357	2,357	2,357
Other provisions	483	483	483	483	483
<b>Total provisions</b>	<b>2,794</b>	<b>2,840</b>	<b>2,840</b>	<b>2,840</b>	<b>2,840</b>
<b>Total liabilities</b>	<b>8,382</b>	<b>8,192</b>	<b>7,939</b>	<b>7,678</b>	<b>7,413</b>
<b>Net assets</b>	<b>30,721</b>	<b>31,686</b>	<b>33,580</b>	<b>33,688</b>	<b>33,805</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	(8,664)	(8,287)	(7,893)	(7,494)	(7,090)
Reserves	315	315	315	315	315
Retained surplus (accumulated deficit)	39,070	39,658	41,158	40,867	40,580
<b>Total parent entity interest</b>	<b>30,721</b>	<b>31,686</b>	<b>33,580</b>	<b>33,688</b>	<b>33,805</b>
<b>Total equity</b>	<b>30,721</b>	<b>31,686</b>	<b>33,580</b>	<b>33,688</b>	<b>33,805</b>

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
<b>Opening balance as at 1 July 2022</b>					
Balance carried forward from previous period	39,070	315	-	(8,664)	30,721
<b>Adjusted opening balance</b>	<b>39,070</b>	<b>315</b>	<b>-</b>	<b>(8,664)</b>	<b>30,721</b>
<b>Comprehensive income</b>					
Surplus/(deficit) for the period	588				588
<b>Total comprehensive income</b>	<b>588</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>588</b>
of which:					
Attributable to the Australian Government	588	-	-	-	588
<b>Transactions with owners</b>					
<b>Contributions by owners</b>					
Departmental Capital Budget (DCB)	-	-	-	377	377
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>377</b>	<b>377</b>
<b>Estimated closing balance as at 30 June 2023</b>	<b>39,658</b>	<b>315</b>	<b>-</b>	<b>(8,287)</b>	<b>31,686</b>
<b>Closing balance attributable to the Australian Government</b>	<b>39,658</b>	<b>315</b>	<b>-</b>	<b>(8,287)</b>	<b>31,686</b>

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
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	12,905	15,453	15,693	14,869	15,046
Sale of goods and rendering of services	181	25	25	25	25
<b>Total cash received</b>	<b>13,086</b>	<b>15,478</b>	<b>15,718</b>	<b>14,894</b>	<b>15,071</b>
<b>Cash used</b>					
Employees	7,757	9,563	9,812	9,357	9,672
Suppliers	4,854	5,592	5,574	5,201	5,063
Interest payments on lease liability	61	57	54	50	46
s74 External Revenue transferred to the OPA	181	25	25	25	25
<b>Total cash used</b>	<b>12,853</b>	<b>15,237</b>	<b>15,465</b>	<b>14,633</b>	<b>14,806</b>
<b>Net cash from/(used by) operating activities</b>	<b>233</b>	<b>241</b>	<b>253</b>	<b>261</b>	<b>265</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	6	377	394	399	404
<b>Total cash used</b>	<b>6</b>	<b>377</b>	<b>394</b>	<b>399</b>	<b>404</b>
<b>Net cash from/(used by) investing activities</b>	<b>(6)</b>	<b>(377)</b>	<b>(394)</b>	<b>(399)</b>	<b>(404)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	6	377	394	399	404
<b>Total cash received</b>	<b>6</b>	<b>377</b>	<b>394</b>	<b>399</b>	<b>404</b>
<b>Cash used</b>					
Principal payments on lease liability	233	241	253	261	265
<b>Total cash used</b>	<b>233</b>	<b>241</b>	<b>253</b>	<b>261</b>	<b>265</b>
<b>Net cash from/(used by) financing activities</b>	<b>(227)</b>	<b>136</b>	<b>141</b>	<b>138</b>	<b>139</b>
Cash and cash equivalents at the beginning of the reporting period	100	100	100	100	100
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

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
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 (DCB)	368	377	394	399	404
<b>Total new capital appropriations</b>	<b>368</b>	<b>377</b>	<b>394</b>	<b>399</b>	<b>404</b>
<i>Provided for:</i>					
Purchase of non-financial assets	6	377	394	399	404
<b>Total items</b>	<b>6</b>	<b>377</b>	<b>394</b>	<b>399</b>	<b>404</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations (a)	6	377	394	399	404
<b>TOTAL</b>	<b>6</b>	<b>377</b>	<b>394</b>	<b>399</b>	<b>404</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	6	377	394	399	404
<b>Total cash used to acquire assets</b>	<b>6</b>	<b>377</b>	<b>394</b>	<b>399</b>	<b>404</b>

Prepared on Australian Accounting Standards basis.

- a) 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
<b>As at 1 July 2022</b>			
Gross book value	2,314	1,696	4,010
Gross book value - ROU assets	4,820	-	4,820
Accumulated depreciation/ amortisation and impairment	(527)	(1,263)	(1,790)
Accumulated depreciation/amortisation and impairment - ROU assets	(877)	-	(877)
<b>Opening net book balance</b>	<b>5,730</b>	<b>433</b>	<b>6,163</b>
<b>Capital asset additions</b>			
<b>Estimated expenditure on new or replacement assets</b>			
By purchase - appropriation ordinary annual services (a)	187	190	377
<b>Total additions</b>	<b>187</b>	<b>190</b>	<b>377</b>
<b>Other movements</b>			
Depreciation/amortisation expense	(99)	(162)	(261)
Depreciation/amortisation on ROU assets	(292)	-	(292)
<b>Total other movements</b>	<b>(391)</b>	<b>(162)</b>	<b>(553)</b>
<b>As at 30 June 2023</b>			
Gross book value	2,501	1,886	4,387
Gross book value - ROU assets	4,820	-	4,820
Accumulated depreciation/ amortisation and impairment	(626)	(1,425)	(2,051)
Accumulated depreciation/amortisation and impairment - ROU assets	(1,169)	-	(1,169)
<b>Closing net book balance</b>	<b>5,526</b>	<b>461</b>	<b>5,987</b>

Prepared on Australian Accounting Standards basis.

- a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No.1) 2022-23 for depreciation/amortisation expenses, Departmental Capital Budget or other operational expenses..

**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
<b>EXPENSES</b>					
Grants	1	1	1	1	1
Finance costs (a)	18,536,344	22,395,869	24,154,859	27,690,989	31,983,117
Write-down and impairment of assets	(3,821)	2,378	2,090	2,544	2,914
Other expenses	15,302	25,000	10,000	10,000	10,000
<b>Total expenses administered on behalf of Government before re-measurement</b>	<b>18,547,826</b>	<b>22,423,248</b>	<b>24,166,950</b>	<b>27,703,534</b>	<b>31,996,032</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Non-taxation revenue</b>					
Interest	228,321	1,143,153	1,202,558	1,212,930	1,103,285
<b>Total non-taxation revenue</b>	<b>228,321</b>	<b>1,143,153</b>	<b>1,202,558</b>	<b>1,212,930</b>	<b>1,103,285</b>
<b>Total own-source revenue administered on behalf of Government before re-measurement</b>	<b>228,321</b>	<b>1,143,153</b>	<b>1,202,558</b>	<b>1,212,930</b>	<b>1,103,285</b>
<b>Total own-sourced income administered on behalf of Government</b>	<b>228,321</b>	<b>1,143,153</b>	<b>1,202,558</b>	<b>1,212,930</b>	<b>1,103,285</b>
<b>Net (cost of)/contribution by services</b>	<b>(18,319,505)</b>	<b>(21,280,095)</b>	<b>(22,964,392)</b>	<b>(26,490,604)</b>	<b>(30,892,747)</b>
<b>Surplus/(deficit) before income tax</b>	<b>(18,319,505)</b>	<b>(21,280,095)</b>	<b>(22,964,392)</b>	<b>(26,490,604)</b>	<b>(30,892,747)</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>Re-measurements</b>					
Net market revaluation gains/(losses)	115,931,023	(2,433,721)	(11,642,880)	(10,716,190)	(9,797,423)
<b>Total other comprehensive income</b>	<b>115,931,023</b>	<b>(2,433,721)</b>	<b>(11,642,880)</b>	<b>(10,716,190)</b>	<b>(9,797,423)</b>
<b>Total comprehensive income/(loss)</b>	<b>97,611,518</b>	<b>(23,713,816)</b>	<b>(34,607,272)</b>	<b>(37,206,794)</b>	<b>(40,690,170)</b>

Prepared on Australian Accounting Standards basis.

a) Includes \$34.2 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
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents (includes special accounts)	101,375,450	54,946,205	66,233,213	66,792,346	62,606,887
Loans to state and territory governments	1,333,393	1,251,623	1,169,842	1,089,300	1,004,018
Structured finance securities	803,174	925,648	896,075	1,060,816	1,244,714
Securities issued but not settled	2,490,549	-	-	-	-
Accrued interest on cash management account	53,308	57,645	70,000	70,940	65,264
<b>Total financial assets</b>	<b>106,055,874</b>	<b>57,181,121</b>	<b>68,369,130</b>	<b>69,013,402</b>	<b>64,920,883</b>
<b>Total assets administered on behalf of Government</b>	<b>106,055,874</b>	<b>57,181,121</b>	<b>68,369,130</b>	<b>69,013,402</b>	<b>64,920,883</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	50	50	50	50	50
<b>Total payables</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>
<b>Interest bearing liabilities</b>					
Australian Government securities (at fair value)					
Treasury Bonds	775,775,427	780,934,861	858,646,402	950,197,984	1,030,075,410
Treasury Indexed Bonds	45,223,825	50,030,026	56,745,878	61,036,778	53,400,586
Treasury Notes	27,450,825	46,976,788	47,473,511	44,974,905	43,975,464
Other government securities	5,392	5,358	5,358	5,358	5,358
<b>Total interest bearing liabilities</b>	<b>848,455,469</b>	<b>877,947,033</b>	<b>962,871,149</b>	<b>1,056,215,025</b>	<b>1,127,456,818</b>
<b>Provisions</b>					
Other provisions	628	628	628	628	628
<b>Total provisions</b>	<b>628</b>	<b>628</b>	<b>628</b>	<b>628</b>	<b>628</b>
<b>Total liabilities administered on behalf of Government</b>	<b>848,456,147</b>	<b>877,947,711</b>	<b>962,871,827</b>	<b>1,056,215,703</b>	<b>1,127,457,496</b>
<b>Net assets/(liabilities)</b>	<b>(742,400,273)</b>	<b>(820,766,590)</b>	<b>(894,502,697)</b>	<b>(987,202,301)</b>	<b>(1,062,536,613)</b>

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
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Interest	174,138	1,124,368	1,176,118	1,198,782	1,097,299
Net GST received	1,134	-	-	-	-
Other	1,570	-	-	-	-
<b>Total cash received</b>	<b>176,842</b>	<b>1,124,368</b>	<b>1,176,118</b>	<b>1,198,782</b>	<b>1,097,299</b>
<b>Cash used</b>					
Grant	-	1	1	1	1
Suppliers	17,435	25,000	10,000	10,000	10,000
Borrowing costs	21,431,860	22,568,959	23,607,102	26,742,775	33,983,338
<b>Total cash used</b>	<b>21,449,295</b>	<b>22,593,960</b>	<b>23,617,103</b>	<b>26,752,776</b>	<b>33,993,339</b>
<b>Net cash from/(used by) operating activities</b>	<b>(21,272,453)</b>	<b>(21,469,592)</b>	<b>(22,440,985)</b>	<b>(25,553,994)</b>	<b>(32,896,040)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Repayments of advances and loans	93,672	94,784	94,284	92,482	96,565
Structured finance securities	1,416,857	400,886	389,460	272,651	327,695
<b>Total cash received</b>	<b>1,510,529</b>	<b>495,670</b>	<b>483,744</b>	<b>365,133</b>	<b>424,260</b>
<b>Cash used</b>					
Structured finance securities	363,723	524,304	360,395	438,668	514,128
<b>Total cash used</b>	<b>363,723</b>	<b>524,304</b>	<b>360,395</b>	<b>438,668</b>	<b>514,128</b>
<b>Net cash from/(used by) investing activities</b>	<b>1,146,806</b>	<b>(28,634)</b>	<b>123,349</b>	<b>(73,535)</b>	<b>(89,868)</b>

**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
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from borrowing	198,264,155	426,496,542	674,028,196	718,708,907	685,309,162
Other	45,634	69,152	16,676	43,625	13,534
Contributed equity	500,000	500,000	500,000	-	-
<b>Total cash received</b>	<b>198,809,789</b>	<b>427,065,694</b>	<b>674,544,872</b>	<b>718,752,532</b>	<b>685,322,696</b>
<b>Cash used</b>					
Net repayments of borrowing	121,901,423	396,775,060	601,294,716	637,029,435	621,864,572
Other	45,349	69,152	16,676	43,625	13,534
<b>Total cash used</b>	<b>121,946,772</b>	<b>396,844,212</b>	<b>601,311,392</b>	<b>637,073,060</b>	<b>621,878,106</b>
<b>Net cash from/(used by) financing activities</b>	<b>76,863,017</b>	<b>30,221,482</b>	<b>73,233,480</b>	<b>81,679,472</b>	<b>63,444,590</b>
<b>Net increase/(decrease) in cash held</b>	<b>56,737,370</b>	<b>8,723,256</b>	<b>50,915,844</b>	<b>56,051,943</b>	<b>30,458,682</b>
Cash at beginning of reporting period	70,256,058	101,375,450	54,946,205	66,233,213	66,792,346
Cash from Official Public Account for:					
- Appropriations	143,967,515	420,337,532	625,844,677	665,366,218	657,219,893
- CMA transfers	29,533,564	-	10,709,252	672,174	-
<b>Total cash from Official Public Account</b>	<b>173,501,079</b>	<b>420,337,532</b>	<b>636,553,929</b>	<b>666,038,392</b>	<b>657,219,893</b>
Cash to Official Public Account for:					
- Appropriations	(199,119,057)	(428,640,474)	(676,182,765)	(721,531,202)	(687,803,554)
- CMA transfers	-	(46,849,559)	-	-	(4,060,480)
<b>Total cash to Official Public Account</b>	<b>(199,119,057)</b>	<b>(475,490,033)</b>	<b>(676,182,765)</b>	<b>(721,531,202)</b>	<b>(691,864,034)</b>
<b>Cash at end of reporting period (a)</b>	<b>101,375,450</b>	<b>54,946,205</b>	<b>66,233,213</b>	<b>66,792,346</b>	<b>62,606,887</b>

Prepared on Australian Accounting Standards basis.

- a) 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 'investment'.