

# 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 the management of Australian Government debt and certain financial assets. It issues Treasury Bonds, Treasury Indexed Bonds and Treasury Notes, manages the government's cash balances and invests from time to time in high quality financial assets including term deposits and investment grade fixed interest investments.

The AOFM aims to meet the government's financing needs in a cost effective manner subject to acceptable risk and to meet the government's policy objectives of maintaining liquid and efficient Bond and Bond futures markets. Treasury Bonds are the main issuance instrument used by the AOFM. The use of Treasury Indexed Bonds facilitates diversification of the investor base by tapping into additional sources of investor demand. The development of this market has also, at times, been used to facilitate development of the Treasury Bond market through yield curve extensions.

In managing the government's cash balances, the AOFM aims to ensure that the government is able to meet its financial obligations when they fall due, while seeking to minimise the net cost of funding. The issue of Treasury Notes is used to manage cash flow variability arising from the government's within year financing task, while investment in financial assets helps to defray the cost of this task.

The AOFM manages the government's holdings of highly-rated residential mortgage backed securities acquired between 2008 and 2013 in accordance with the Treasurer's directions. In accordance with the current direction, the AOFM will seek to divest its portfolio through a competitive process.

### 1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver 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 in this table is presented on a resourcing (i.e. appropriations/cash available) basis, whilst the 'Budgeted expenses for Outcome 1' table 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 2016-17 as at Budget May 2016**

	2015-16 <i>Estimated actual</i> \$'000	2016-17 Estimate \$'000
<b>OUTCOME 1</b>		
<b>Departmental</b>		
Annual appropriations - ordinary annual services		
Prior year appropriations available	28,738	29,286
Departmental appropriation (a)	11,184	11,198
s74 retained revenue receipts (b)	811	811
Departmental capital budget (a)(c)	720	720
Annual appropriations - other services - non-operating (d)		
Equity injection	-	150
<b>Total departmental resourcing</b>	<b>41,453</b>	<b>42,165</b>
<b>Administered</b>		
Annual appropriations - ordinary annual services		
Prior year appropriations available	-	-
Administered appropriation (a)	10	10
<b>Total administered annual appropriations</b>	<b>10</b>	<b>10</b>
Special appropriations		
Commonwealth Inscribed Stock Act 1911	15,375,089	16,643,781
Financial Agreement Act 1994	20	20
Loans Securities Act 1919	998	658
<b>Total administered special appropriations (e)</b>	<b>15,376,107</b>	<b>16,644,459</b>
Special capital appropriations (e)		
Commonwealth Inscribed Stock Act 1911	63,524,593	92,474,443
Loans Securities Act 1919	-	6,910
Public Governance, Performance and Accountability Act 2013	573,843,820	448,011,922
<b>Total administered special capital appropriations</b>	<b>637,368,413</b>	<b>540,493,275</b>
Special accounts (e)		
Debt Retirement Reserve Trust Account	943	943
<b>Total special account receipts</b>	<b>943</b>	<b>943</b>
<b>Total administered resourcing</b>	<b>652,745,473</b>	<b>557,138,687</b>
<b>Total resourcing for the AOFM</b>	<b>652,786,926</b>	<b>557,180,852</b>
	2015-16	2016-17
<b>Average staffing level (number)</b>	<b>36</b>	<b>40</b>

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive.

(a) Appropriation Bill (No.1) 2016-17.

(b) Estimated retained revenue receipts under section 74 of the PGPA Act 2013.

(c) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

(d) Appropriation Bill (No.2) 2016-17.

(e) Excludes 'Special Public Money' held in accounts like Other Trust Monies accounts (OTM), Services for Other Government and Non-agency Bodies accounts (SOG) or Services for Other Entities and Trust Monies accounts (SOETM). For further information on special appropriations and special accounts, please refer to *Budget Paper No. 4 - Agency Resourcing*. Please also see Table 2.1 for further information on outcome and program expenses broken down by various funding sources, e.g. annual appropriations, special appropriations and special accounts.

## 1.3 BUDGET MEASURES

Budget measures in Part 1 relating to Australian Office of Financial Management are detailed in *Budget Paper No. 2* and are summarised below.

**Table 1.2: Entity 2016-17 Budget measures**

**Part 1: Measures announced since the 2015-16 MYEFO**

	Program	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
<b>Capital measures</b>						
International Trade Agreements — Government Procurement Reforms						
	1.1	-	150	-	-	-
<b>Total capital measures</b>		-	<b>150</b>	-	-	-

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

**Part 2: Other measures not previously reported in a portfolio statement**

	Program	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
<b>Expense Measures</b>						
Public Sector Savings — Shared and Common Services Programme						
	1.1	-	(11)	(22)	(22)	-
<b>Total expense measures</b>		-	<b>(11)</b>	<b>(22)</b>	<b>(22)</b>	-

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

## 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 outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

From 1 July 2015, performance reporting requirements in the Portfolio Budget Statements sit alongside those required under the enhanced Commonwealth performance framework. 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 from October 2016 - to provide an entity's complete performance story.

### 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, 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**

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
<b>Program 1.1: Australian Office of Financial Management</b>					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)	10	10	10	10	10
Special appropriations <i>Commonwealth Inscribed Stock Act 1911</i>	15,375,089	16,643,781	17,626,436	18,345,438	18,683,444
<i>Financial Agreement Act 1994</i>	20	20	20	20	20
<i>Loans Securities Act 1919</i>	998	658	239	238	239
Special accounts					
Debt Retirement Reserve Trust Account	-	-	-	-	-
Expenses not requiring appropriation in the Budget year (b)	74,625	-	-	-	-
<b>Administered total</b>	<b>15,450,742</b>	<b>16,644,469</b>	<b>17,626,705</b>	<b>18,345,706</b>	<b>18,683,713</b>
Departmental expenses					
Departmental appropriation	11,184	11,198	11,110	11,210	11,344
s74 Retained revenue receipts (a)	811	811	811	811	811
Expenses not requiring appropriation in the Budget year (b)	820	820	820	820	820
<b>Departmental total</b>	<b>12,815</b>	<b>12,829</b>	<b>12,741</b>	<b>12,841</b>	<b>12,975</b>
<b>Total expenses for Outcome 1</b>	<b>15,463,557</b>	<b>16,657,298</b>	<b>17,639,446</b>	<b>18,358,547</b>	<b>18,696,688</b>
	2015-16	2016-17			
<b>Average staffing level (number)</b>	36	40			

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act 2013.

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, make good expenses and 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 below details the performance criteria for each program associated with Outcome 1.

<b>Outcome 1</b>		
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>Program 1.1 – Australian Office of Financial Management</b>		
<b>Delivery</b>	The AOFM is responsible for managing the Commonwealth debt, cash and other asset portfolios on behalf of the Australian Government. It aims to manage these portfolios at least cost over the medium term subject to acceptable risk. In carrying out these responsibilities, the AOFM supports the government in its advancement of macroeconomic growth and stability, and the effective operation of domestic financial markets.	
<b>Performance information</b>		
<b>Performance criteria</b>	<b>2015–16 targets</b>	<b>2016–17 and forward year targets</b>
<b>Meet the budget financing task in a cost-effective manner subject to acceptable risk</b>		
The financing task is met	Difference in volume (\$) between actual issuance and issuance necessary to fund the Budget <b>Target - Zero</b>	Difference in volume (\$) between actual issuance and issuance necessary to fund the Budget <b>Target - Zero</b>
Cost efficient debt portfolio	Monitoring the debt services costs of the debt portfolio <b>Target - Monitor trend</b>	Monitoring the debt services costs of the debt portfolio <b>Target - Monitor trend</b>
Cost efficient debt issuance	Difference between the yields at tender with yields in the secondary market <b>Target – Zero (aspirational)</b>	Difference between the yields at tender with yields in the secondary market <b>Target – Zero (aspirational)</b>
<b>Facilitate the government’s cash outlay requirements as and when they fall due</b>		
Efficient cash management	Number of business days usage of the overdraft facility <b>Target - Zero</b>	Number of business days usage of the overdraft facility <b>Target - Zero</b>
<b>A credible custodian of the AGS market and other portfolio responsibilities</b>		
Secondary market for Treasury Bonds and Treasury Indexed Bonds is liquid and efficient	Annual turnover in the secondary market of Treasury Bonds and Treasury Indexed Bonds as a proportion of the average volume of stock on issue <b>Target - Monitor trend</b>	Annual turnover in the secondary market of Treasury Bonds and Treasury Indexed Bonds as a proportion of the average volume of stock on issue <b>Target - Monitor trend</b>



	Monitor usage of AOFM securities lending facility <b>Target</b> - Monitor trend	Monitor usage of AOFM securities lending facility <b>Target</b> - Monitor trend
<b>Performance criteria</b>	<b>2015–16 targets</b>	<b>2016–17 and forward year targets</b>
<b>Ensure the AOFM is a well-managed organisation</b>		
The AOFM financial management operations are efficient and cost effective	Compare the AOFM's (departmental and administrative) costs to the debt stock issued and managed <b>Target</b> - Monitor trend	Compare the AOFM's (departmental and administrative) costs to the debt stock issued and managed <b>Target</b> - Monitor trend
The AOFM is a risk mature organisation	Compare actual risk management capability with risk management capability targets <b>Target</b> – Capability target	Compare actual risk management capability with risk management capability targets <b>Target</b> – Capability target
The AOFM meets its legislative requirements	Number of reportable breaches of legislative requirements <b>Target</b> - Zero	Number of reportable breaches of legislative requirements <b>Target</b> - Zero
The AOFM is a financially strong organisation, operating within its financial constraints	Difference between actual departmental expenses and departmental revenue <b>Target</b> – Surplus $\geq 0$	Difference between actual departmental expenses and departmental revenue <b>Target</b> – Surplus $\geq 0$
	Difference between actual departmental capital expenditure and the approved same in the original Budget to Parliament <b>Target</b> – Unused capital $\geq 0$	Difference between actual departmental capital expenditure and the approved same in the original Budget to Parliament <b>Target</b> – Unused capital $\geq 0$
<b>Purposes</b>	The AOFM's purpose is articulated through its four objectives, which are to: <ul style="list-style-type: none"> <li>• meet the budget financing task in a cost-effective manner subject to acceptable risk;</li> <li>• facilitate the government's cash outlay requirements as and when they fall due;</li> <li>• be a credible custodian of the Australian Government Securities (AGS) market and other portfolio responsibilities; and</li> <li>• ensure the AOFM is a well-managed organisation.</li> </ul>	

## **Section 3: Budgeted financial statements**

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2016-17 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**

Sales of goods and services revenue as recorded in 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 AOFM's resource statement (Table 1.1) exclude the estimated value of these services received free of charge.

##### **Administered**

The AOFM receives administered appropriations for expenses and for capital expenditure arising from managing a portfolio of debt and assets. This is reflected in the AOFM's resource statement (Table 1.1). The administered financial statements identify expenses in the schedule of budgeted administered income and expenses (Table 3.7), and capital expenditure in the administered capital budget schedule (Table 3.10).

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

##### **Departmental**

The AOFM forecasts that during the forward estimates period it will need to make renewed capital investment in leasehold improvements and in specialist debt management systems.

##### **Administered**

The budget year and forward estimates reflect expected increases in debt issuance and debt levels to meet the government's funding needs. With the increased level of debt, total debt servicing costs will also rise.

### 3.1.3 Budgeted financial statements tables

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	6,285	7,226	7,242	7,393	7,527
Suppliers	5,030	5,103	4,999	4,948	4,948
Depreciation and amortisation	500	500	500	500	500
<b>Total expenses</b>	<b>11,815</b>	<b>12,829</b>	<b>12,741</b>	<b>12,841</b>	<b>12,975</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
Sale of goods and rendering of services	811	811	811	811	811
Resource received free of charge	320	320	320	320	320
<b>Total own-source income</b>	<b>1,131</b>	<b>1,131</b>	<b>1,131</b>	<b>1,131</b>	<b>1,131</b>
<b>Net (cost of)/contribution by services</b>	<b>(10,684)</b>	<b>(11,698)</b>	<b>(11,610)</b>	<b>(11,710)</b>	<b>(11,844)</b>
Revenue from Government	11,184	11,198	11,110	11,210	11,344
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>500</b>	<b>(500)</b>	<b>(500)</b>	<b>(500)</b>	<b>(500)</b>
<b>Total comprehensive income/(loss)</b>	<b>500</b>	<b>(500)</b>	<b>(500)</b>	<b>(500)</b>	<b>(500)</b>
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>	<b>500</b>	<b>(500)</b>	<b>(500)</b>	<b>(500)</b>	<b>(500)</b>

**Note: Impact of net cash appropriation arrangements**

	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
<b>Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations</b>	<b>1,000</b>	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	500	500	500	500	500
<b>Total comprehensive income/(loss) - as per the statement of comprehensive income</b>	<b>500</b>	<b>(500)</b>	<b>(500)</b>	<b>(500)</b>	<b>(500)</b>

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5.

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	100	100	100	100	100
Trade and other receivables	29,261	29,311	29,366	29,366	29,366
<b>Total financial assets</b>	<b>29,361</b>	<b>29,411</b>	<b>29,466</b>	<b>29,466</b>	<b>29,466</b>
<b>Non-financial assets</b>					
Property, plant and equipment	1,093	1,379	1,674	1,975	2,283
Intangibles	1,388	1,472	1,406	1,340	1,274
Other non-financial assets	87	87	87	87	87
<b>Total non-financial assets</b>	<b>2,568</b>	<b>2,938</b>	<b>3,167</b>	<b>3,402</b>	<b>3,644</b>
<b>Total assets</b>	<b>31,929</b>	<b>32,349</b>	<b>32,633</b>	<b>32,868</b>	<b>33,110</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	163	163	163	163	163
<b>Total payables</b>	<b>163</b>	<b>163</b>	<b>163</b>	<b>163</b>	<b>163</b>
<b>Provisions</b>					
Employee provisions	2,367	2,417	2,472	2,472	2,472
Other provisions	157	157	157	157	157
<b>Total provisions</b>	<b>2,524</b>	<b>2,574</b>	<b>2,629</b>	<b>2,629</b>	<b>2,629</b>
<b>Total liabilities</b>	<b>2,687</b>	<b>2,737</b>	<b>2,792</b>	<b>2,792</b>	<b>2,792</b>
<b>Net assets</b>	<b>29,242</b>	<b>29,612</b>	<b>29,841</b>	<b>30,076</b>	<b>30,318</b>
<b>EQUITY*</b>					
Contributed equity	2,691	3,561	4,290	5,025	5,767
Retained surplus (accumulated deficit)	26,551	26,051	25,551	25,051	24,551
<b>Total equity</b>	<b>29,242</b>	<b>29,612</b>	<b>29,841</b>	<b>30,076</b>	<b>30,318</b>

\*'Equity' is the residual interest in assets after deduction of liabilities.  
Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2016-17)**

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2016</b>					
Balance carried forward from previous period	26,551	-	-	2,691	29,242
<b>Opening balance</b>	<b>26,551</b>	<b>-</b>	<b>-</b>	<b>2,691</b>	<b>29,242</b>
<b>Comprehensive income</b>					
Surplus/(deficit) for the period	(500)	-	-	-	(500)
<b>Total comprehensive income</b>	<b>(500)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(500)</b>
<b>Transactions with owners</b>					
<b>Contributions by owners</b>					
Equity injection - Appropriation	-	-	-	150	150
Departmental capital budget (DCB)	-	-	-	720	720
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>870</b>	<b>870</b>
<b>Estimated closing balance as at 30 June 2017</b>	<b>26,051</b>	<b>-</b>	<b>-</b>	<b>3,561</b>	<b>29,612</b>
<b>Closing balance attributable to the Australian Government</b>	<b>26,051</b>	<b>-</b>	<b>-</b>	<b>3,561</b>	<b>29,612</b>

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	11,447	11,959	11,866	12,021	12,155
Sale of goods and rendering of services	811	811	811	811	811
<b>Total cash received</b>	<b>12,258</b>	<b>12,770</b>	<b>12,677</b>	<b>12,832</b>	<b>12,966</b>
<b>Cash used</b>					
Employees	6,237	7,176	7,187	7,393	7,527
Suppliers	4,710	4,783	4,679	4,628	4,628
s74 Retained revenue receipts transferred to OPA	811	811	811	811	811
<b>Total cash used</b>	<b>11,758</b>	<b>12,770</b>	<b>12,677</b>	<b>12,832</b>	<b>12,966</b>
<b>Net cash from/(used by) operating activities</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	1,220	870	729	735	742
<b>Total cash used</b>	<b>1,220</b>	<b>870</b>	<b>729</b>	<b>735</b>	<b>742</b>
<b>Net cash from/(used by) investing activities</b>	<b>(1,220)</b>	<b>(870)</b>	<b>(729)</b>	<b>(735)</b>	<b>(742)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	720	870	729	735	742
<b>Total cash received</b>	<b>720</b>	<b>870</b>	<b>729</b>	<b>735</b>	<b>742</b>
<b>Net cash from/(used by) financing activities</b>	<b>720</b>	<b>870</b>	<b>729</b>	<b>735</b>	<b>742</b>
<b>Net increase/(decrease) in cash held</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</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)**

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 (DCB)	720	720	729	735	742
Equity injections - Bill 2	-	150	-	-	-
<b>Total new capital appropriations</b>	<b>720</b>	<b>870</b>	<b>729</b>	<b>735</b>	<b>742</b>
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	720	870	729	735	742
<b>Total items</b>	<b>720</b>	<b>870</b>	<b>729</b>	<b>735</b>	<b>742</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations (a)	-	150	-	-	-
Funded by capital appropriation - DCB (b)	1,220	720	729	735	742
<b>TOTAL</b>	<b>1,220</b>	<b>870</b>	<b>729</b>	<b>735</b>	<b>742</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	1,220	870	729	735	742
<b>Total cash used to acquire assets</b>	<b>1,220</b>	<b>870</b>	<b>729</b>	<b>735</b>	<b>742</b>

(a) Includes both current Bill 2 and prior Act 2/4/6 appropriations and special capital appropriations.

(b) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental capital budgets (DCBs).

Prepared on Australian Accounting Standards basis.

**Table 3.6: Statement of asset movements (Budget year 2016-17)**

	Property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
<b>As at 1 July 2016</b>			
Gross book value	2,766	5,096	7,862
Accumulated depreciation/amortisation and impairment	(1,673)	(3,708)	(5,381)
<b>Opening net book balance</b>	<b>1,093</b>	<b>1,388</b>	<b>2,481</b>
<b>Capital asset additions</b>			
<b>Estimated expenditure on new or replacement assets</b>			
By purchase - appropriation equity (a)	-	150	150
By purchase - appropriation ordinary annual services (b)	486	234	720
<b>Total additions</b>	<b>486</b>	<b>384</b>	<b>870</b>
<b>Other movements</b>			
Depreciation/amortisation expense	(200)	(300)	(500)
<b>Total other movements</b>	<b>(200)</b>	<b>(300)</b>	<b>(500)</b>
<b>As at 30 June 2017</b>			
Gross book value	3,252	5,480	8,732
Accumulated depreciation/ amortisation and impairment	(1,873)	(4,008)	(5,881)
<b>Closing net book balance</b>	<b>1,379</b>	<b>1,472</b>	<b>2,851</b>

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2016-17, including Collection Development Acquisition Budget.

(b) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2016-17 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.



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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
<b>EXPENSES</b>					
Grants	20	20	20	20	20
Finance costs	15,359,697	16,643,449	17,625,685	18,344,686	18,682,693
Other expenses	16,400	1,000	1,000	1,000	1,000
<b>Total expenses before re-measurement</b>	<b>15,376,117</b>	<b>16,644,469</b>	<b>17,626,705</b>	<b>18,345,706</b>	<b>18,683,713</b>
<b>LESS:</b>					
<b>INCOME</b>					
<b>Non-taxation revenue</b>					
Interest	791,717	928,760	814,234	964,023	877,267
<b>Total non-taxation revenue</b>	<b>791,717</b>	<b>928,760</b>	<b>814,234</b>	<b>964,023</b>	<b>877,267</b>
<b>Total revenue before re-measurement</b>	<b>791,717</b>	<b>928,760</b>	<b>814,234</b>	<b>964,023</b>	<b>877,267</b>
<b>Gains</b>					
Net (loss) on debt repurchase	(74,625)	-	-	-	-
Net gain on asset sale	1,707	-	-	-	-
<b>Total gains (losses) before re-measurement</b>	<b>(72,918)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operating result before re-measurements</b>	<b>(14,657,318)</b>	<b>(15,715,709)</b>	<b>(16,812,471)</b>	<b>(17,381,683)</b>	<b>(17,806,446)</b>
<b>Re-measurements</b>					
Net market revaluation gains (losses)	(4,709,089)	3,162,817	2,549,163	2,350,631	1,966,669
<b>Total re-measurements</b>	<b>(4,709,089)</b>	<b>3,162,817</b>	<b>2,549,163</b>	<b>2,350,631</b>	<b>1,966,669</b>
<b>Net cost of services</b>	<b>(19,366,407)</b>	<b>(12,552,892)</b>	<b>(14,263,308)</b>	<b>(15,031,052)</b>	<b>(15,839,777)</b>
<b>Surplus attributed to the Australian Government</b>	<b>(19,366,407)</b>	<b>(12,552,892)</b>	<b>(14,263,308)</b>	<b>(15,031,052)</b>	<b>(15,839,777)</b>

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	622	622	622	622	622
Receivables	1,958,049	1,880,908	1,801,429	1,719,696	1,636,146
Investments	37,052,938	48,472,636	51,127,213	49,033,235	37,570,969
<b>Total financial assets</b>	<b>39,011,609</b>	<b>50,354,166</b>	<b>52,929,264</b>	<b>50,753,553</b>	<b>39,207,737</b>
<b>Total assets administered on behalf of Government</b>	<b>39,011,609</b>	<b>50,354,166</b>	<b>52,929,264</b>	<b>50,753,553</b>	<b>39,207,737</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Treasury Bonds	429,856,739	498,263,352	537,908,093	557,887,564	566,364,340
Treasury Indexed Bonds	41,127,363	45,265,113	50,522,970	51,007,728	56,454,962
Treasury Notes	5,993,959	5,994,479	5,994,480	5,994,480	5,995,080
Other securities	21,344	13,909	13,909	13,908	13,908
Other	119	119	119	119	119
<b>Total interest bearing liabilities</b>	<b>476,999,524</b>	<b>549,536,972</b>	<b>594,439,571</b>	<b>614,903,799</b>	<b>628,828,409</b>
<b>Total liabilities administered on behalf of Government</b>	<b>476,999,524</b>	<b>549,536,972</b>	<b>594,439,571</b>	<b>614,903,799</b>	<b>628,828,409</b>
<b>Net liabilities</b>	<b>(437,987,915)</b>	<b>(499,182,806)</b>	<b>(541,510,307)</b>	<b>(564,150,246)</b>	<b>(589,620,672)</b>

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
Cash received					
Interest	766,941	903,134	795,595	955,820	866,078
<b>Total cash received</b>	<b>766,941</b>	<b>903,134</b>	<b>795,595</b>	<b>955,820</b>	<b>866,078</b>
Cash used					
Grant	20	20	20	20	20
Borrowing costs	16,915,757	18,658,665	19,958,494	21,093,783	20,794,479
<b>Total cash used</b>	<b>16,915,777</b>	<b>18,658,685</b>	<b>19,958,514</b>	<b>21,093,803</b>	<b>20,794,499</b>
<b>Net cash used by operating activities</b>	<b>(16,148,836)</b>	<b>(17,755,551)</b>	<b>(19,162,919)</b>	<b>(20,137,983)</b>	<b>(19,928,421)</b>
<b>INVESTING ACTIVITIES</b>					
Cash received					
Repayments of advances and loans	92,229	93,947	95,937	97,813	99,219
Investments	575,319,512	436,608,212	390,110,986	506,946,444	466,310,626
<b>Total cash received</b>	<b>575,411,741</b>	<b>436,702,159</b>	<b>390,206,923</b>	<b>507,044,257</b>	<b>466,409,845</b>
Cash used					
Investments	573,843,820	448,011,922	392,761,482	504,859,848	454,846,426
<b>Total cash used</b>	<b>573,843,820</b>	<b>448,011,922</b>	<b>392,761,482</b>	<b>504,859,848</b>	<b>454,846,426</b>
<b>Net cash from/(used by) investing activities</b>	<b>1,567,921</b>	<b>(11,309,763)</b>	<b>(2,554,559)</b>	<b>2,184,409</b>	<b>11,563,419</b>
<b>FINANCING ACTIVITIES</b>					
Cash received					
Proceeds from borrowing	127,359,822	170,188,666	161,062,830	146,682,997	146,874,193
<b>Total cash received</b>	<b>127,359,822</b>	<b>170,188,666</b>	<b>161,062,830</b>	<b>146,682,997</b>	<b>146,874,193</b>
Cash used					
Net repayment of borrowings	63,504,302	92,481,353	111,281,160	121,120,536	128,878,543
<b>Total cash used</b>	<b>63,504,302</b>	<b>92,481,353</b>	<b>111,281,160</b>	<b>121,120,536</b>	<b>128,878,543</b>
<b>Net cash from financing activities</b>	<b>63,855,520</b>	<b>77,707,313</b>	<b>49,781,670</b>	<b>25,562,461</b>	<b>17,995,650</b>

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
<b>Net increase in cash held</b>	<b>49,274,605</b>	<b>48,641,999</b>	<b>28,064,192</b>	<b>7,608,887</b>	<b>9,630,648</b>
Cash and cash equivalents at beginning of reporting period	622	622	622	622	622
Cash from Official Public Account for:					
- Appropriations	655,050,687	559,917,626	524,674,823	647,598,990	605,042,107
<b>Total cash from Official Public Account</b>	<b>655,050,687</b>	<b>559,917,626</b>	<b>524,674,823</b>	<b>647,598,990</b>	<b>605,042,107</b>
Cash to Official Public Account for:					
- Appropriations	(704,325,292)	(608,559,625)	(552,739,015)	(655,207,877)	(614,672,755)
<b>Total cash to Official Public Account</b>	<b>(704,325,292)</b>	<b>(608,559,625)</b>	<b>(552,739,015)</b>	<b>(655,207,877)</b>	<b>(614,672,755)</b>
<b>Cash and cash equivalents at end of reporting period</b>	<b>622</b>	<b>622</b>	<b>622</b>	<b>622</b>	<b>622</b>

Prepared on Australian Accounting Standards basis.

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**Table 3.10: Administered capital budget statement (for the period ended 30 June)**

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Administered capital - special appropriation (Admin only)	637,368,413	540,493,275	504,042,642	625,980,384	583,724,969
<b>Total new capital appropriations</b>	<b>637,368,413</b>	<b>540,493,275</b>	<b>504,042,642</b>	<b>625,980,384</b>	<b>583,724,969</b>
<b>Provided for:</b>					
Repayment of borrowings and purchases of investments	637,368,413	540,493,275	504,042,642	625,980,384	583,724,969
<b>Total items</b>	<b>637,368,413</b>	<b>540,493,275</b>	<b>504,042,642</b>	<b>625,980,384</b>	<b>583,724,969</b>

Prepared on Australian Accounting Standards basis.