

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 <i>Estimated actual</i> \$'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
<i>less administered appropriations drawn from annual/special</i>	-	-
<i>less payments to corporate entities from annual/special appropriations</i>	-	-
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.

(a) Appropriation Bill (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 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.

(g) 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					
<i>Commonwealth Inscribed Stock Act 1911</i>	18,458,934	19,817,175	21,239,004	23,089,119	24,646,802
<i>Financial Agreement Act 1994</i>	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

(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 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 <i>The AOFM issue AGS debt, makes investments and manages debt and investments in accordance with policy objectives.</i>		
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.

(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
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
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	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.

(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
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.

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No.1) 2022-23 for depreciation/amortisation expenses, DCBs 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
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.

(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 'investments'