

# 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 in high quality financial assets.

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 Treasury Bond and Treasury Bond futures markets. Treasury Bonds are the main issuance instrument used by the AOFM to meet the Australian Government's financing needs and to support bond markets.

The AOFM primarily manages the cost structure of the debt portfolio through the choice of Treasury Bond series when issuing debt. An annual debt issuance strategy is informed by qualitative and quantitative factors to achieve an interest rate profile that appropriately balances cost and cost variability, the refinancing task and the promotion of financial market efficiency. In recent years the AOFM has lengthened the duration of its Treasury Bond portfolio through longer term issuance and by extending the yield curve as a means of reducing risk. Where appropriate, the AOFM will continue to undertake issuance by way of syndication, in addition to its usual method of borrowing, to accelerate issuance volumes and to establish new maturities.

Since 2016, as a means of reducing refinancing risk the AOFM conducted regular buy-backs of short dated bonds. This program was suspended in March 2020 and continues to be suspended indefinitely so as not to increase the already elevated current and forecast financing needs.

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 the development of the Treasury Bond market. Demand conditions for this asset class is contingent on market inflationary expectations.

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 use of deposits and issuance of Treasury Notes is used to manage cash flow variability arising from the governments' within year financing task. The heightened liquidity risks due to the level of the financing task, potential further downside risks to the Budget position and the potential for market volatility, means that the AOFM will continue to closely monitor and manage liquidity

risk. An increased reliance on Treasury Notes to fund within year cash shortfalls will reduce the cost of holding the precautionary asset balances.

In 2018-19, the Government announced the establishment of the Australian Business Securitisation Fund (ABSF). In 2019-20, the Government announced the establishment of the Structured Finance Support Fund (SFSF). The AOFM is responsible for the administration of these funds.

### **Australian Business Securitisation Fund**

The ABSF is a \$2 billion investment fund established in April 2019 by the *Australian Business Securitisation Fund Act 2019*. The policy aims to enhance access to finance for Small to Medium Enterprises (SME) through targeted investments in the securitisation market. Investments from the ABSF will allow for smaller lenders to compete more effectively against the major banks, and to fill niche gaps in the lending market that are otherwise underserved in Australia.

The securitisation market for residential mortgages in Australia is considered to be well developed. However, at present, the Australian SME securitisation market is constrained by a lack of scale, while low issuance creates a situation whereby potential investors are unwilling to conduct the due diligence needed to enter the market. The AOFM is aiming for the ABSF to invest in SME loan securitisations that will help to establish a track record in lending against the type of collateral new to the securitisation market, and where the ability to obtain credit ratings and attract broad investor interest is severely limited.

In the first half of 2020-21 market conditions did not support a continuation of investment activity to progress the objectives of the ABSF programme. In January 2021 the AOFM recommenced the programme.

### **Structured Finance Support Fund**

Through the *Structured Finance Support (Coronavirus Economic Response Package) Bill 2020* the Government established the Structured Finance Support Fund (SFSF). It provides for up to \$15 billion to ensure continued access to funding markets by SME lenders impacted by the economic effects of the COVID-19 pandemic. In particular, the policy aim is to compensate for where smaller lenders lose access to funding from markets during the period of pandemic disruption. This is 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 are in COVID-19 related hardship, to provide liquidity support during the pandemic.

## **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 (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 2021-22 as at Budget May 2021**

	2020-21 <i>Estimated actual</i> \$'000	2021-22 Estimate \$'000
<b>Departmental</b>		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available	27,465	28,338
Departmental appropriation (b)	16,499	16,513
s74 External Revenue (c)	75	25
Departmental capital budget (d)	366	368
Total departmental annual appropriations	<u>44,405</u>	<u>45,244</u>
<b>Total departmental resourcing</b>	<b>44,405</b>	<b>45,244</b>
<b>Administered</b>		
Total administered special appropriations (e)	<u>754,301,385</u>	<u>592,977,758</u>
Special accounts (f)		
Opening balance	13,551,374	12,434,419
Appropriation receipts (g)	250,000	500,000
Non-appropriation receipts	1,077,436	1,557,292
Adjustments	-	-
Total special account receipts	<u>14,878,810</u>	<u>14,491,711</u>
<i>less administered appropriations drawn from annual/special appropriations and credited to special accounts</i>	-	-
<i>less payments to corporate entities from annual/special appropriations</i>	-	-
<b>Total administered resourcing</b>	<b>769,180,195</b>	<b>607,469,469</b>
<b>Total resourcing for AOFM</b>	<b>769,224,600</b>	<b>607,514,713</b>
	<u>2020-21</u>	<u>2021-22</u>
<b>Average staffing level (number)</b>	<b>46</b>	<b>50</b>

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) 2021-22.

(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. Please refer to Table 3.5 for further 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) and financing expenditures such as maturity of AGS.

(f) The AOFM administers three special accounts - the Debt Retirement Reserve Trust Account (DRRTA), the Australian Business Securitisation Fund (ABSF) Special Account and the Structured Finance Support Fund (SFSF) Special Account. Figures include all special accounts. For further information on 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.

(g) Includes amounts credited to the Australian Business Securitisation Fund Special Account under section 14 of the *Australian Business Securitisation Fund Act 2019*.

### 1.3 BUDGET MEASURES

The AOFM has no new budget 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.

The AOFM's 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:**

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-2020-2021>)

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, 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: Budgeted expenses for Outcome 1**

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
<b>Program 1.1: Commonwealth Debt Management</b>					
<b>Administered expenses</b>					
Ordinary annual services (Appropriation Bill No. 1)	-	-	-	-	-
Other services (Appropriation Bill No. 2)	-	-	-	-	-
<b>Special appropriations</b>	-	-	-	-	-
<i>Commonwealth Inscribed Stock Act 1911</i>	17,123,036	18,196,331	19,118,079	20,580,475	21,873,406
<i>Financial Agreement Act 1994</i>	8	7	7	7	7
<b>Special accounts</b>	-	-	-	-	-
Special account - ABSF	-	-	-	-	-
Special account - SFSF	-	-	-	-	-
Special account - DRRTA	-	-	-	-	-
<b>Expenses not requiring appropriation in the Budget year (b)</b>	2,365	5,932	6,918	8,270	9,010
<b>Administered total</b>	<b>17,125,409</b>	<b>18,202,270</b>	<b>19,125,004</b>	<b>20,588,752</b>	<b>21,882,423</b>
<b>Total expenses for program 1.1</b>	<b>17,125,409</b>	<b>18,202,270</b>	<b>19,125,004</b>	<b>20,588,752</b>	<b>21,882,423</b>

**Table 2.1: Budgeted expenses for Outcome 1 (continued)**

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
<b>Program 1.2: AOFM - Departmental - Outcome 1</b>					
Departmental expenses					
Ordinary annual services (Appropriation Bill No. 1)	15,446	16,281	16,349	16,417	13,797
s74 External Revenue (a)	75	25	25	25	25
Expenses not requiring appropriation in the Budget year (b)	880	880	880	880	880
<b>Departmental total</b>	<b>16,401</b>	<b>17,186</b>	<b>17,254</b>	<b>17,322</b>	<b>14,702</b>
<b>Total expenses for program 1.2</b>	<b>16,401</b>	<b>17,186</b>	<b>17,254</b>	<b>17,322</b>	<b>14,702</b>
<b>Total expenses for Outcome 1</b>	<b>17,141,810</b>	<b>18,219,456</b>	<b>19,142,258</b>	<b>20,606,074</b>	<b>21,897,125</b>

	2020-21	2021-22
<b>Average staffing level (number)</b>	46	50

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

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, provisions for bad and doubtful debts, 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 2.1.3 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2021-22 Budget measures have created new programs or materially changed existing programs.

<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>	
<b>Delivery</b>	The AOFM issues AGS debt and makes investments and manages the debt and investments in accordance with policy objectives.
<b>Performance information</b>	
<b>Performance criteria</b>	<b>Targets for 2020-21 and beyond</b>
<b>Meet the budget financing task in a cost-effective manner subject to acceptable risk</b>	
<u>Term issuance</u> - Shortfall in volume (\$) between actual Treasury Bond issuance and planned issuance announced at the Budget and subsequent releases.	Zero
<u>Financing cost (portfolio)</u> - The cost of the long-term debt portfolio compared to the 10-year average of the 10-year bond rate.	Lower
<u>Financing cost (issuance)</u> - The cost of Treasury Bond issuance over the past 12 months compared to the average 10-year bond rate over the same period.	Lower
<u>Tender issuance yields</u> - Weighted average issue yield at Treasury Bond and Treasury Indexed Bond tenders compared to prevailing mid-market secondary yields.	Issuance yields at or below the market rate
<b>Facilitate the government's cash outlay requirements as and when they fall due</b>	
<u>Use of the overdraft facility</u> - Number of instances the RBA overdraft facility was utilised.	Zero
<b>A credible custodian of the Australian Government Securities market and other portfolio responsibilities</b>	
<u>A liquid and efficient secondary market</u> - Annual turnover in the secondary market for Treasury Bonds and Treasury Indexed Bonds.	Greater than previous year
<u>Market commitments</u> - Number of times the AOFM failed to take actions consistent with public announcements.	Zero

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Performance criteria (continued)	Targets for 2020-21 and beyond
<b>Efficiently and effectively implement the ABSF and the SFSF programs</b>	
<u>ABSF rate of return</u> – Accrual earnings (net of losses) divided by average drawn (invested) amount.	Greater than or equal to the investment mandate benchmark (Bloomberg AusBond Treasury 0-1 year index)
<u>SME loan level data template in use for securitisation sector investment analysis</u> – SME loan level data template: (i) was agreed to by the industry body; and (ii) populated by sponsor of ABSF investment.	(i) Agreement by 31 March 2021; (ii) data collection commenced by 30 June 2021
<u>SFSF warehouse proposals processed</u> – Number of warehouse proposals from small lenders recommended to the delegate.	Up to 20 per quarter while there are, at any time, outstanding proposals with AOFM for consideration
<u>SFSF leverage ratio</u> – Private sector investment in primary transactions of small lenders, in which AOFM was engaged, divided by SFSF monies applied to public (primary plus secondary) investments.	> 4 for the year overall
<b>Purposes</b>	<p>The AOFM's purpose is articulated through its objectives, which are to:</p> <ul style="list-style-type: none"> <li>• meet the Budget financing task while managing the trade-offs between cost and risks for the cash and debt portfolios over the medium-long term;</li> <li>• enable the government to meet its cash outlay requirements at all times; and</li> <li>• be a credible custodian of the Australian Government Securities (AGS) market and other portfolio responsibilities, including the Australian Business Securitisation Fund (ABSF) and the Structured Finance Support Fund (SFSF).</li> </ul>

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

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2021-22 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 a portfolio of debt and assets. This is 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) debt and certain financial assets. The projections of AGS debt are a consequence of the expenditure, investment and revenue decisions and assumptions made by the government in producing its estimates. Annual debt servicing costs on AGS debt are largely determined after taking into account changes in the volume of AGS debt over the projection period, yields on existing debt and assumptions about yields on new debt issuance over the projection period.

The 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**

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	7,806	8,579	8,876	9,171	8,779
Suppliers	7,978	7,993	7,768	7,544	5,320
Depreciation and amortisation (a)	553	553	553	553	553
Finance costs	64	61	57	54	50
<b>Total expenses</b>	<b>16,401</b>	<b>17,186</b>	<b>17,254</b>	<b>17,322</b>	<b>14,702</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Sale of goods and rendering of services	75	25	25	25	25
Other	327	327	327	327	327
<b>Total own-source revenue</b>	<b>402</b>	<b>352</b>	<b>352</b>	<b>352</b>	<b>352</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>402</b>	<b>352</b>	<b>352</b>	<b>352</b>	<b>352</b>
<b>Net (cost of)/contribution by services</b>	<b>(15,999)</b>	<b>(16,834)</b>	<b>(16,902)</b>	<b>(16,970)</b>	<b>(14,350)</b>
Revenue from Government	16,499	16,513	16,590	16,670	14,059
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>500</b>	<b>(321)</b>	<b>(312)</b>	<b>(300)</b>	<b>(291)</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Changes in asset revaluation surplus	-	-	-	-	-
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss)</b>	<b>500</b>	<b>(321)</b>	<b>(312)</b>	<b>(300)</b>	<b>(291)</b>
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>	<b>500</b>	<b>(321)</b>	<b>(312)</b>	<b>(300)</b>	<b>(291)</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**

	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000
<b>Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations, depreciation on ROU, principal repayments on leased assets</b>	<b>828</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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)	225	232	241	253	262
<b>Total comprehensive income/(loss) - as per the statement of comprehensive income</b>	<b>500</b>	<b>(321)</b>	<b>(312)</b>	<b>(300)</b>	<b>(291)</b>

Prepared on Australian Accounting Standards basis.

- (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 Departmental Capital Budget Statement.
- (b) Applies leases under the AASB 16 Leases.

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

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	100	100	100	100	100
Trade and other receivables	28,321	28,371	28,421	28,421	28,422
<b>Total financial assets</b>	<b>28,421</b>	<b>28,471</b>	<b>28,521</b>	<b>28,521</b>	<b>28,522</b>
<b>Non-financial assets</b>					
Property, plant and equipment	6,253	6,038	5,830	5,443	5,430
Intangibles	658	687	716	926	764
Other non-financial assets	152	152	152	152	152
<b>Total non-financial assets</b>	<b>7,063</b>	<b>6,877</b>	<b>6,698</b>	<b>6,521</b>	<b>6,346</b>
<b>Total assets</b>	<b>35,484</b>	<b>35,348</b>	<b>35,219</b>	<b>35,042</b>	<b>34,868</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	177	177	177	177	177
Personal benefits	118	118	118	118	118
<b>Total payables</b>	<b>295</b>	<b>295</b>	<b>295</b>	<b>295</b>	<b>295</b>
<b>Interest bearing liabilities</b>					
Leases	4,375	4,145	3,902	3,649	3,388
<b>Total interest bearing liabilities</b>	<b>4,375</b>	<b>4,145</b>	<b>3,902</b>	<b>3,649</b>	<b>3,388</b>
<b>Provisions</b>					
Employee provisions	2,601	2,650	2,701	2,701	2,701
Other provisions	460	460	460	460	460
<b>Total provisions</b>	<b>3,061</b>	<b>3,110</b>	<b>3,161</b>	<b>3,161</b>	<b>3,161</b>
<b>Total liabilities</b>	<b>7,731</b>	<b>7,550</b>	<b>7,358</b>	<b>7,105</b>	<b>6,844</b>
<b>Net assets</b>	<b>27,753</b>	<b>27,798</b>	<b>27,861</b>	<b>27,937</b>	<b>28,024</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	(8,190)	(7,824)	(7,449)	(7,073)	(6,695)
Reserves	338	338	338	338	338
Retained surplus (accumulated deficit)	35,605	35,284	34,972	34,672	34,381
<b>Total parent entity interest</b>	<b>27,753</b>	<b>27,798</b>	<b>27,861</b>	<b>27,937</b>	<b>28,024</b>
<b>Total equity</b>	<b>27,753</b>	<b>27,798</b>	<b>27,861</b>	<b>27,937</b>	<b>28,024</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 2021-22)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2021</b>					
Balance carried forward from previous period	35,605	338	-	(8,190)	27,753
<b>Adjusted opening balance</b>	<b>35,605</b>	<b>338</b>	<b>-</b>	<b>(8,190)</b>	<b>27,753</b>
<b>Comprehensive income</b>					
Surplus/(deficit) for the period	(321)	-	-	-	(321)
<b>Total comprehensive income</b>	<b>(321)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(321)</b>
of which:					
Attributable to the Australian Government	(321)	-	-	-	(321)
<b>Transactions with owners</b>					
<b>Contributions by owners</b>					
Departmental Capital Budget (DCB)	-	-	-	366	366
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>366</b>	<b>366</b>
<b>Estimated closing balance as at 30 June 2022</b>	<b>35,284</b>	<b>338</b>	<b>-</b>	<b>(7,824)</b>	<b>27,798</b>
<b>Closing balance attributable to the Australian Government</b>	<b>35,284</b>	<b>338</b>	<b>-</b>	<b>(7,824)</b>	<b>27,798</b>

Prepared on Australian Accounting Standards basis.

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

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	15,701	16,489	16,564	16,695	14,083
Sale of goods and rendering of services	75	25	25	25	25
Other	-	-	-	-	-
<b>Total cash received</b>	<b>15,776</b>	<b>16,514</b>	<b>16,589</b>	<b>16,720</b>	<b>14,108</b>
<b>Cash used</b>					
Employees	7,761	8,530	8,825	9,171	8,779
Suppliers	7,651	7,666	7,441	7,217	4,993
Interest payments on lease liability	64	61	57	54	50
s74 External Revenue transferred to the OPA	75	25	25	25	25
<b>Total cash used</b>	<b>15,551</b>	<b>16,282</b>	<b>16,348</b>	<b>16,467</b>	<b>13,847</b>
<b>Net cash from/(used by) operating activities</b>	<b>225</b>	<b>232</b>	<b>241</b>	<b>253</b>	<b>261</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	-	-	-	-	-
<b>Total cash received</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	366	368	373	376	378
<b>Total cash used</b>	<b>366</b>	<b>368</b>	<b>373</b>	<b>376</b>	<b>378</b>
<b>Net cash from/(used by) investing activities</b>	<b>(366)</b>	<b>(368)</b>	<b>(373)</b>	<b>(376)</b>	<b>(378)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	366	368	373	376	378
<b>Total cash received</b>	<b>366</b>	<b>368</b>	<b>373</b>	<b>376</b>	<b>378</b>
<b>Cash used</b>					
Principal payments on lease liability	225	232	241	253	261
<b>Total cash used</b>	<b>225</b>	<b>232</b>	<b>241</b>	<b>253</b>	<b>261</b>
<b>Net cash from/(used by) financing activities</b>	<b>141</b>	<b>136</b>	<b>132</b>	<b>123</b>	<b>117</b>
<b>Net increase/(decrease) in cash held</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)**

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 (DCB)	366	368	373	376	378
<b>Total new capital appropriations</b>	<b>366</b>	<b>368</b>	<b>373</b>	<b>376</b>	<b>378</b>
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	366	368	373	376	378
<b>Total items</b>	<b>366</b>	<b>368</b>	<b>373</b>	<b>376</b>	<b>378</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation - DCB (a)	366	368	373	376	378
<b>TOTAL</b>	<b>366</b>	<b>368</b>	<b>373</b>	<b>376</b>	<b>378</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	366	368	373	376	378
<b>Total cash used to acquire assets</b>	<b>366</b>	<b>368</b>	<b>373</b>	<b>376</b>	<b>378</b>

Prepared on Australian Accounting Standards basis.

(a) Does not include annual finance lease costs. Include purchases from current and previous years' Departmental Capital Budgets (DCBs).

**Table 3.6: Statement of departmental asset movements (Budget year 2021-22)**

	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
<b>As at 1 July 2021</b>			
Gross book value	2,475	1,721	4,196
Gross book value - ROU assets	4,820	-	4,820
Accumulated depreciation/ amortisation and impairment	(457)	(1,063)	(1,520)
Accumulated depreciation/amortisation and impairment - ROU assets	(585)	-	(585)
<b>Opening net book balance</b>	<b>6,253</b>	<b>658</b>	<b>6,911</b>
<b>Capital asset additions</b>			
<b>Estimated expenditure on new or replacement assets</b>			
By purchase - appropriation ordinary annual services (a)	176	192	368
By purchase - appropriation ordinary annual services - ROU assets	-	-	-
From acquisition of entities or operations (including restructuring)	-	-	-
<b>Total additions</b>	<b>176</b>	<b>192</b>	<b>368</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 2022</b>			
Gross book value	2,651	1,913	4,564
Gross book value - ROU assets	4,820	-	4,820
Accumulated depreciation/ amortisation and impairment	(556)	(1,226)	(1,782)
Accumulated depreciation/amortisation and impairment - ROU assets	(877)	-	(877)
<b>Closing net book balance</b>	<b>6,038</b>	<b>687</b>	<b>6,725</b>

Prepared on Australian Accounting Standards basis.

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2021-22 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)**

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
<b>EXPENSES</b>					
Grants	1	1	1	1	1
Finance costs	17,041,350	18,163,537	19,085,285	20,547,681	21,840,612
Write-down and impairment of assets	2,365	5,932	6,918	8,270	9,010
Other expenses	81,693	32,800	32,800	32,800	32,800
<b>Total expenses administered on behalf of Government before re-measurement</b>	<b>17,125,409</b>	<b>18,202,270</b>	<b>19,125,004</b>	<b>20,588,752</b>	<b>21,882,423</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Non-taxation revenue</b>					
Interest	233,208	199,926	201,607	201,837	203,166
<b>Total non-taxation revenue</b>	<b>233,208</b>	<b>199,926</b>	<b>201,607</b>	<b>201,837</b>	<b>203,166</b>
<b>Total own-source revenue administered on behalf of Government before re-measurement</b>	<b>233,208</b>	<b>199,926</b>	<b>201,607</b>	<b>201,837</b>	<b>203,166</b>
<b>Total own-sourced income administered on behalf of Government</b>	<b>233,208</b>	<b>199,926</b>	<b>201,607</b>	<b>201,837</b>	<b>203,166</b>
<b>Net (cost of)/contribution by services</b>	<b>(16,892,201)</b>	<b>(18,002,344)</b>	<b>(18,923,397)</b>	<b>(20,386,915)</b>	<b>(21,679,257)</b>
<b>Surplus/(deficit) before income tax</b>	<b>(16,892,201)</b>	<b>(18,002,344)</b>	<b>(18,923,397)</b>	<b>(20,386,915)</b>	<b>(21,679,257)</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>Re-measurements</b>					
Net market revaluation gains/(losses)	37,493,938	259,692	(1,050,666)	(1,283,718)	(1,361,354)
<b>Total other comprehensive income</b>	<b>37,493,938</b>	<b>259,692</b>	<b>(1,050,666)</b>	<b>(1,283,718)</b>	<b>(1,361,354)</b>
<b>Total comprehensive income/(loss)</b>	<b>20,601,737</b>	<b>(17,742,652)</b>	<b>(19,974,063)</b>	<b>(21,670,633)</b>	<b>(23,040,611)</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)**

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents (includes special accounts)	48,328,154	66,854,518	47,434,348	48,221,209	47,831,353
Loans to state and territory governments	1,413,975	1,333,794	1,252,024	1,170,243	1,089,701
Term deposits with RBA	-	-	-	-	-
Structured finance securities	3,242,430	4,741,647	4,991,968	5,491,670	5,991,224
<b>Total financial assets</b>	<b>52,984,559</b>	<b>72,929,959</b>	<b>53,678,340</b>	<b>54,883,122</b>	<b>54,912,278</b>
<b>Total assets administered on behalf of Government</b>	<b>52,984,559</b>	<b>72,929,959</b>	<b>53,678,340</b>	<b>54,883,122</b>	<b>54,912,278</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	50	50	50	50	50
Other payables	120,701	120,701	120,701	120,701	120,701
<b>Total payables</b>	<b>120,751</b>	<b>120,751</b>	<b>120,751</b>	<b>120,751</b>	<b>120,751</b>
<b>Interest bearing liabilities</b>					
Australian Government securities (at fair value)					
Treasury Bonds	801,622,355	917,613,241	999,099,621	1,104,357,028	1,170,472,905
Treasury Indexed Bonds	53,183,152	53,472,300	57,172,186	62,882,744	66,573,892
Treasury Notes	36,999,191	56,999,406	69,999,352	39,999,584	36,999,614
Other government securities	5,808	5,808	5,808	5,808	5,808
<b>Total interest bearing liabilities</b>	<b>891,810,506</b>	<b>1,028,090,755</b>	<b>1,126,276,967</b>	<b>1,207,245,164</b>	<b>1,274,052,219</b>
<b>Provisions</b>					
Other provisions	965	965	965	965	965
<b>Total provisions</b>	<b>965</b>	<b>965</b>	<b>965</b>	<b>965</b>	<b>965</b>
<b>Total liabilities administered on behalf of Government</b>	<b>891,932,222</b>	<b>1,028,212,471</b>	<b>1,126,398,683</b>	<b>1,207,366,880</b>	<b>1,274,173,935</b>
<b>Net assets/(liabilities)</b>	<b>(838,947,663)</b>	<b>(955,282,512)</b>	<b>(1,072,720,343)</b>	<b>(1,152,483,758)</b>	<b>(1,219,261,657)</b>

Prepared on Australian Accounting Standards basis.

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

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Sales of goods and services	-	-	-	-	-
Interest	212,513	183,583	187,338	188,426	190,559
<b>Total cash received</b>	<b>212,513</b>	<b>183,583</b>	<b>187,338</b>	<b>188,426</b>	<b>190,559</b>
<b>Cash used</b>					
Grant	1	1	1	1	1
Suppliers	81,693	32,800	32,800	32,800	32,800
Borrowing costs	21,049,378	21,832,537	22,843,634	23,273,297	25,270,127
Other	-	-	-	-	-
<b>Total cash used</b>	<b>21,131,072</b>	<b>21,865,338</b>	<b>22,876,435</b>	<b>23,306,098</b>	<b>25,302,928</b>
<b>Net cash from/(used by) operating activities</b>	<b>(20,918,559)</b>	<b>(21,681,755)</b>	<b>(22,689,097)</b>	<b>(23,117,672)</b>	<b>(25,112,369)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from deposits with RBA	604,950,000	-	-	-	-
Repayments of advances and loans	92,462	93,672	94,784	94,284	92,482
Structured finance securities	1,023,358	1,463,715	3,202,546	3,628,299	3,997,401
<b>Total cash received</b>	<b>606,065,820</b>	<b>1,557,387</b>	<b>3,297,330</b>	<b>3,722,583</b>	<b>4,089,883</b>
<b>Cash used</b>					
Purchases of deposits from RBA	535,000,000	-	-	-	-
Structured finance securities	2,444,391	2,966,012	3,458,530	4,135,364	4,505,298
<b>Total cash used</b>	<b>537,444,391</b>	<b>2,966,012</b>	<b>3,458,530</b>	<b>4,135,364</b>	<b>4,505,298</b>
<b>Net cash from/(used by) investing activities</b>	<b>68,621,429</b>	<b>(1,408,625)</b>	<b>(161,200)</b>	<b>(412,781)</b>	<b>(415,415)</b>

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

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from borrowing	345,861,135	710,491,116	942,068,469	790,703,685	605,076,586
Other	77,611	51,530	68,154	12,586	15,014
<b>Total cash received</b>	<b>345,938,746</b>	<b>710,542,646</b>	<b>942,136,623</b>	<b>790,716,271</b>	<b>605,091,600</b>
<b>Cash used</b>					
Net repayments of borrowing	197,521,370	570,282,174	841,174,574	708,293,591	536,201,369
Other	77,611	51,530	68,154	12,586	15,014
<b>Total cash used</b>	<b>197,598,981</b>	<b>570,333,704</b>	<b>841,242,728</b>	<b>708,306,177</b>	<b>536,216,383</b>
<b>Net cash from/(used by) financing activities</b>	<b>148,339,765</b>	<b>140,208,942</b>	<b>100,893,895</b>	<b>82,410,094</b>	<b>68,875,217</b>
<b>Net increase/(decrease) in cash held</b>	<b>196,042,635</b>	<b>117,118,562</b>	<b>78,043,598</b>	<b>58,879,641</b>	<b>43,347,433</b>
Cash at beginning of reporting period	13,551,953	48,328,154	66,854,518	47,434,348	48,221,209
Cash from Official Public Account for:					
- Appropriations	790,443,629	612,912,349	865,568,056	733,612,609	562,272,156
- Special accounts	-	-	-	-	-
<b>Total cash from Official Public Account</b>	<b>790,443,629</b>	<b>612,912,349</b>	<b>865,568,056</b>	<b>733,612,609</b>	<b>562,272,156</b>
Cash to Official Public Account for:					
- Appropriations	(951,710,063)	(711,504,547)	(963,031,824)	(791,705,389)	(606,009,445)
- Special accounts	-	-	-	-	-
<b>Total cash to Official Public Account</b>	<b>(951,710,063)</b>	<b>(711,504,547)</b>	<b>(963,031,824)</b>	<b>(791,705,389)</b>	<b>(606,009,445)</b>
<b>Cash at end of reporting period (a)</b>	<b>48,328,154</b>	<b>66,854,518</b>	<b>47,434,348</b>	<b>48,221,209</b>	<b>47,831,353</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 management 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'.



