AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT

Section 1: Overview, additional estimates and variations to outcomes

OVERVIEW

There has been no change to the overview included in the 2000-01 Portfolio Budget Statements.

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

Measures

The Australian Office of Financial Management (AOFM) has no additional measures since the 2000-01 Portfolio Budget Statements.

OTHER VARIATIONS TO APPROPRIATIONS

The AOFM will be returning a saving of $0.749 million. This saving is a result of the withdrawal of the AOFM's agency loan. The loan was to be repaid over seven years and was to be drawn on for the acquisition of leasehold improvements. Agency cash reserves will now be used to fund this acquisition. It should be noted that the change to the estimates will not affect the capacity of the AOFM to deliver its outcome and output.

The variation in the AOFM's net annotated appropriations (Section 31) receipts (see Table 1.5) is as a result of the review of offsetting arrangements under the Agency Banking Incentive Scheme. The new estimate of interest earnings for the AOFM is $20,000.

Chart 4: Australian Office of Financial Management outcomes and outputs

Australian Office of Financial Management

Chief Executive Officer: Michael Allen

Overall Government Outcome

Strong, sustainable economic growth and the improved wellbeing of Australians.

Outcome 1

To enhance the Commonwealth's capacity to manage its net debt portfolio, offering the prospect of savings in debt servicing costs and an improvement in the net worth of the Commonwealth over time.

Total Price of Outputs: $5.7 million
Total Administered Expenses: $9,442.5 million

Output 1.1

Debt Management

Total Price of Output 1: $5.7 million
Total Administered Expenses: $9,442.5 million

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.2: Appropriation Bill (No. 3) 2000-01

	1999-00 actual $'000	2000-01 budget $'000	2000-01 revised $'000	Additional estimates $'000	Reduced estimates $'000
ADMINISTERED ITEMS					
Outcome 1					
To enhance the Commonwealth's capacity to manage its net debt portfolio, offering the prospect of savings in debt servicing costs and an improvement in the net worth of the Commonwealth over time.	1,799	4,429	4,429	-	-
Total	1,799	4,429	4,429	-	-
AOFM OUTPUTS					
Outcome 1					
To enhance the Commonwealth's capacity to manage its net debt portfolio, offering the prospect of savings in debt servicing costs and an improvement in the net worth of the Commonwealth over time.	4,385	5,706	5,706	-	-
Total	4,385	5,706	5,706	-	-
Appropriation Bill No. 3	-	-	-	-	-
Total	-	-	-	-	-

Table 1.3: Appropriation Bill (No. 4) 2000-01

	1999-00 actual $'000	2000-01 budget $'000	2000-01 revised $'000	Additional estimates $'000	Reduced estimates $'000
Equity injections and loans					
Loans	-	749	-	-	**(749)**
Administered capital	-	3,400	3,400	-	**-**
Total	-	4,149	3,400	-	**(749)**
Appropriation Bill No. 4	-	-	-	-	**-**
Total	-	-	-	-	**-**

SUMMARY OF AGENCY SAVINGS

S	Savings from annual appropriations	$0.749 million
T	Transfer appropriation monies across outcomes	-
C	Carryover of funds to future years	-
Total agency savings		$0.749 million

The saving of $0.749 million represents the withdrawal of the AOFM's agency loan in 2000-01.

VARIATIONS TO REVENUE FROM OTHER SOURCES THROUGH NET ANNOTATED APPROPRIATIONS (SECTION 31) RECEIPTS

Table 1.5: Changes to net annotated appropriations (section 31) receipts

	Total approp 2000-01 budget	Total approp 2000-01 revised	Receipts from independent sources budget	Receipts from independent sources revised	Variation in non-govt revenue
	$'000	$'000	$'000	$'000	$'000
Outcome 1					
To enhance the Commonwealth's capacity to manage its net debt portfolio, offering the prospect of savings in debt servicing costs and an improvement in the net worth of the Commonwealth over time.	5,706	5,706	162	20	(142)
Total	5,706	5,706	162	20	(142)

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

The AOFM has not made any changes to its outcome or output since the 2000-01 Portfolio Budget Statements.

Revised performance information and level of achievement — 2000-01

The performance information for Outcome 1 is unchanged from the 2000-01 Portfolio Budget Statements.

Section 3: Budgeted financial statements

Budget statement of revenues and expenses

This statement provides a picture of the expected financial results for the AOFM by identifying full accrual expenses and revenues.

Budget statement of assets and liabilities

This statement shows the financial position of the AOFM. It enables decision-makers to track the management of the agency's assets and liabilities.

Budget cash flow statement

This statement provides information on the extent and nature of budgeted cash flows, categorised into expected cash flows from operating activities, investing activities and financing activities.

Capital budget statement

This statement shows all proposed capital expenditure on non-financial assets, whether funded either through capital appropriations (equity or borrowings) or from internally sourced funds.

Table 3.1: Budget statement of revenues and expenses

	Actual 1999-00 $'000	Revised budget 2000-01 $'000	Estimated 2001-02 $'000	2002-03 $'000	2003-04 $'000
AGENCY REVENUE AND EXPENSES					
Revenues					
Revenue from government					
Ordinary annual appropriations	4,512	5,706	5,869	5,984	5,966
Revenue from other sources					
Sales of goods and services	20	-	-	-	-
Other revenue	43	20	20	20	20
Total revenue	4,575	5,726	5,889	6,004	5,986
Expenses					
Employees	1,628	3,395	3,480	3,560	3,543
Depreciation and amortisation	235	70	110	110	110
Other costs of providing goods and services	905	2,088	2,126	2,161	2,160
Total expenses	2,768	5,553	5,716	5,831	5,813
Operating result before capital use charge	1,807	173	173	173	173
Capital use charge	(166)	(173)	(173)	(173)	(173)
Dividends proposed or paid	(98)	-	-	-	-
Restructuring of administrative arrangements	(100)	-	-	-	-
Opening Accumulated results	-	1,443	1,443	1,443	1,443
Accumulated results at year end	1,443	1,443	1,443	1,443	1,443
ADMINISTERED REVENUE AND EXPENSES					
Revenues					
Interest	2,541,508	2,992,894	3,700,862	4,752,832	5,779,307
Other sources of non-taxation revenue	30	856	851	847	849
Appropriations	55,785,716	52,667,198	58,910,350	86,469,941	90,019,088
Total revenue	58,327,254	55,660,948	62,612,063	91,223,620	95,799,244
Expenses					
Grants	64,635	56,644	45,556	29,916	35,337
Net foreign exchange losses	1,110,529	810,251	-	-	-
Interest and financing costs	8,384,221	8,574,761	7,947,395	7,842,642	7,364,382
Other	121,589	829	829	829	829
Total expenses	9,680,974	9,442,485	7,993,780	7,873,387	7,400,548
Net contribution to government	48,646,280	46,218,463	54,618,283	83,350,233	88,398,696
Extraordinary items	2,730,000	-	-	-	-
Cash transfers to/from DoFA	(40,190,360)	(27,606,822)	(40,988,449)	(59,547,561)	(68,626,032)
Restructuring of administrative arrangements	(84,097,275)	-	-	-	-
Opening Accumulated results	-	(72,911,355)	(54,299,714)	(40,669,880)	(16,867,208)
Accumulated results after transfer	(72,911,355)	(54,299,714)	(40,669,880)	(16,867,208)	2,905,456

Table 3.2: Budget statement of assets and liabilities (Agency)

	Actual 1999-00 $'000	Revised Budget 2000-01 $'000	Estimated 2001-02 $'000	2002-03 $'000	2003-04 $'000
AGENCY ASSETS AND LIABILITIES					
Provisions and payables					
Employees	548	709	927	1,157	1,351
Suppliers	37	29	30	30	29
Other	1,150	-	-	-	-
Total provisions and payables	1,735	738	957	1,187	1,380
Equity					
Accumulated results	1,443	1,443	1,443	1,443	1,443
Total equity	1,443	1,443	1,443	1,443	1,443
Total liabilities and equity	3,178	2,181	2,400	2,630	2,823
Financial assets					
Cash	2,344	1,151	1,480	1,820	2,123
Receivables	63	-	-	-	-
Investments	750	-	-	-	-
Accrued revenue	12	-	-	-	-
Total financial assets	3,169	1,151	1,480	1,820	2,123
Non-financial assets					
Infrastructure, plant and equipment	8	1,030	920	810	700
Other	1	-	-	-	-
Total non-financial assets	9	1,030	920	810	700
Total assets	3,178	2,181	2,400	2,630	2,823

Table 3.2: Budget statement of assets and liabilities (Administered)

	Actual 1999-00 $'000	Revised budget 2000-01 $'000	Estimated 2001-02 $'000	2002-03 $'000	2003-04 $'000
ADMINISTERED ASSETS AND LIABILITIES					
Debt					
Government securities	76,496,582	56,721,994	43,635,835	20,206,438	636,948
Other	2,164,760	2,765,732	2,007,712	1,558,260	896,132
Total debt	78,661,342	59,487,726	45,643,547	21,764,698	1,533,080
Provisions and payables					
Suppliers	10	-	-	-	-
Other	11,926,274	2,837,972	2,885,983	3,001,014	2,987,598
Total provisions and payables	11,926,284	2,837,972	2,885,983	3,001,014	2,987,598
Equity					
Accumulated results	(72,911,355)	(54,299,714)	(40,669,880)	(16,867,208)	2,905,456
Reserves	-	3,400	3,400	3,400	3,400
Total equity	(72,911,355)	(54,296,314)	(40,666,480)	(16,863,808)	2,908,856
Total liabilities and equity	17,676,271	8,029,384	7,863,050	7,901,904	7,429,534
Financial assets					
Cash	347	347	347	347	347
Receivables	8,329,944	7,955,507	7,778,699	7,768,294	7,277,322
Investments	9,200,000	-	-	-	-
Accrued revenue	145,980	70,130	80,604	129,863	148,465
Total financial assets	17,676,271	8,025,984	7,859,650	7,898,504	7,426,134
Non-financial assets					
Infrastructure, plant and equipment	-	3,400	3,400	3,400	3,400
Total non-financial assets	-	3,400	3,400	3,400	3,400
Total assets	17,676,271	8,029,384	7,863,050	7,901,904	7,429,534

Table 3.3: Budget cash flow statement (Agency)

	Actual 1999-00 $'000	Revised budget 2000-01 $'000	2001-02 $'000	Estimated 2002-03 $'000	2003-04 $'000
AGENCY CASH FLOWS					
Operating activities					
Cash received					
Appropriations	5,535	5,706	5,869	5,984	5,966
Sales of goods and services	20	-	-	-	-
Interest	31	32	20	20	20
Total cash received	5,586	5,738	5,889	6,004	5,986
Cash used					
Employees	1,422	3,234	3,262	3,330	3,349
Suppliers	744	2,095	2,125	2,161	2,161
Total cash used	2,166	5,329	5,387	5,491	5,510
Net cash from operating activities	3,420	409	502	513	476
Investing activities					
Cash received					
Other	-	750	-	-	-
Total cash received	-	750	-	-	-
Cash used					
Purchase of property, plant and equipment	-	1,092	-	-	-
Other	750	-	-	-	-
Total cash used	750	1,092	-	-	-
Net cash from investing activities	(750)	(342)	-	-	-
Financing activities					
Cash received					
Other	-	63	-	-	-
Total cash received	-	63	-	-	-
Cash used					
Capital use charge paid	326	173	173	173	173
Other	-	1,150	-	-	-
Total cash used	326	1,323	173	173	173
Net cash from financing activities	(326)	(1,260)	(173)	(173)	(173)
Net increase/(decrease) in cash held	2,344	(1,193)	329	340	303
Add cash as at 1 July	-	2,344	1,151	1,480	1,820
Cash as at 30 June	2,344	1,151	1,480	1,820	2,123

Table 3.3: Budget cash flow statement (Administered)

	Actual 1999-00 $'000	Revised budget 2000-01 $'000	2001-02 $'000	Estimated 2002-03 $'000	2003-04 $'000
ADMINISTERED CASH FLOWS					
Operating activities					
Cash received					
Interest	2,198,274	3,015,921	3,692,036	4,720,229	5,803,589
Appropriation receipts	55,711,816	52,512,835	58,861,985	86,368,561	90,075,388
Other	30	25	20	20	20
Total cash received	57,910,120	55,528,781	62,554,041	91,088,810	95,878,997
Cash used					
Grants	64,635	56,644	45,556	29,916	35,337
Interest	8,428,691	8,143,260	7,854,312	7,744,267	7,420,682
Cash to official public account	39,976,845	27,606,822	40,988,449	59,547,561	68,626,032
Other	543	829	829	829	829
Total cash used	48,470,714	35,807,555	48,889,146	67,322,573	76,082,880
Net cash from operating activities	9,439,406	19,721,226	13,664,895	23,766,237	19,796,117
Investing activities					
Cash received					
Repayment of advances	82,786	71,771	74,675	77,312	79,822
Other	1,417,857	1,032,440	1,742,718	1,410,000	2,433,601
Total cash received	1,500,643	1,104,211	1,817,393	1,487,312	2,513,423
Cash used					
Purchase of infrastructure, plant and equipment	-	3,400	-	-	-
Other	1,677,785	1,266,854	2,500,738	1,859,452	3,037,876
Total cash used	1,677,785	1,270,254	2,500,738	1,859,452	3,037,876
Net cash from investing activities	(177,142)	(166,043)	(683,345)	(372,140)	(524,453)
Financing activities					
Cash received					
Proceeds from borrowings	37,243,497	23,474,000	35,479,000	53,340,000	60,309,000
Other	-	486,395	151,329	35,300	297,826
Total cash received	37,243,497	23,960,395	35,630,329	53,375,300	60,606,826
Cash used					
Repayments of debt	46,505,414	43,515,578	48,611,879	76,769,397	79,878,490
Total cash used	46,505,414	43,515,578	48,611,879	76,769,397	79,878,490
Net cash from financing activities	(9,261,917)	(19,555,183)	(12,981,550)	(23,394,097)	(19,271,664)
Net increase/(decrease) in cash held	347	-	-	-	-
Add cash as at 1 July	-	347	347	347	347
Cash as at 30 June	347	347	347	347	347

Table 3.4: Capital budget statement

	Actual 1999-00 $'000	Revised budget 2000-01 $'000	Estimated 2001-02 $'000	2002-03 $'000	2003-04 $'000
AOFM					
Purchase of non-current assets					
Funded internally by agency resources	-	1,092	-	-	-
Total capital expenditure	-	1,092	-	-	-
Administered					
Total equity injections	-	3,400	-	-	-
Total capital appropriations	-	3,400	-	-	-
Represented by					
Purchase of non-current assets	-	3,400	-	-	-
Total items	-	3,400	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The budget statements are prepared in compliance with Australian Accounting Standards, Accounting Guidance Releases and having regard to Statements of Accounting Concepts.

Budget statement of revenues and expenses

Agency

Revenue from government

Price of outputs appropriation estimates are not based on market price indicators. Currently, the agreed price of outputs appropriation estimates are based on budgeted expenses.

The AOFM has prepared its estimates for the 2000-01 budget and forward years to achieve a break-even operating result. Consequently the appropriation revenue from Government represents the funding required to meet all expenses after deduction of revenue from other sources.

Revenue from other sources

As part of the review of the agency banking incentive scheme, the AOFM has estimated that it will earn interest on credit balances in its agency account and from term deposit investments of $20,000 in each of the budget years.

Administered

Interest

	Actual	Revised Budget		Estimated	
	1999-00	2000-01	2001-02	2002-03	2003-04
	$'000	$'000	$'000	$'000	$'000
Interest on housing agreements	175,152	172,262	169,249	166,110	162,852
Interest on state and territory debt	122,006	50,213	35,285	30,999	19,539
Interest from other sources	2,244,350	2,770,419	3,496,328	4,555,723	5,596,916
Total interest	2,541,508	2,992,894	3,700,862	4,752,832	5,779,307

Interest from other sources includes interest from swaps and investments.

Appropriations

This represents estimated appropriations, comprising annual and special appropriations, to:

- meet administered expenses relating to debt management outcome; and
- undertake redemption of Commonwealth government securities.

Cash transfers to/from DoFA

This represents estimated administered receipts, such as proceeds from debt raising, swap interest and principal and interest on housing agreement loans that are to be passed to the Commonwealth's Official Public Account.

Grants

	Actual	Revised Budget		Estimated	
	1999-00 $'000	2000-01 $'000	2001-02 $'000	2002-03 $'000	2003-04 $'000
Grants to State and Territory Governments	64,635	56,644	45,556	29,916	35,337
Total grants	64,635	56,644	45,556	29,916	35,337

Interest and financing costs

	Actual	Revised Budget		Estimated	
	1999-00 $'000	2000-01 $'000	2001-02 $'000	2002-03 $'000	2003-04 $'000
Interest on Government securities	6,391,697	5,682,038	5,140,781	4,980,070	4,553,030
Interest on swaps	1,834,338	2,553,804	2,702,501	2,824,136	2,794,749
Interest on other debt	56,234	66,787	53,380	34,523	12,690
Net repurchase premia	101,952	266,990	46,720	-	-
Other financing costs	-	5,142	4,013	3,913	3,913
Total interest and financing costs	8,384,221	8,574,761	7,947,395	7,842,642	7,364,382

Budget statement of assets and liabilities

Agency

The employee liabilities of the AOFM are expected to increase from the levels at 30 June 2000. The increased liability recognises that staff numbers are expected to grow significantly during the 2000-01 budget year and that a proportion of staff will be transferring liabilities from other Commonwealth agencies.

Estimated cash holdings and investments are expected to decrease significantly during the 2000-01 financial year from levels at 30 June 2000. The AOFM will undertake fit-out acquisition and will be returning, by way of dividend, $1.150 million of unspent appropriation moneys to the Official Public Account in 2000-01. Thereafter, the AOFM will be maintaining cash reserves for future settlement of employee liabilities and future asset replacement.

The previously appropriated loan of $0.749 million to fund the acquisition of fit-out has been withdrawn. Cash holdings will now be used to fund the acquisition.

Administered

Debt — Government securities

Government securities debt represents the book value of Government securities liability, net of investments, with exception to 1999-2000, where they are reported separately.

Other debt

	Actual	Revised Budget		Estimated	
	1999-00	2000-01	2001-02	2002-03	2003-04
	$'000	$'000	$'000	$'000	$'000
Swap principal	2,164,760	2,765,732	2,007,712	1,558,260	896,132
Total other debt	2,164,760	2,765,732	2,007,712	1,558,260	896,132

Other provisions and payables

	Actual	Revised Budget		Estimated	
	1999-00	2000-01	2001-02	2002-03	2003-04
	$'000	$'000	$'000	$'000	$'000
Interest payable	2,726,274	2,837,972	2,885,983	3,001,014	2,987,598
Payable to DoFA	9,200,000	-	-	-	-
Total other provisions and payables	11,926,274	2,837,972	2,885,983	3,001,014	2,987,598

Receivables

	Actual	Revised Budget		Estimated	
	1999-00	2000-01	2001-02	2002-03	2003-04
	$'000	$'000	$'000	$'000	$'000
Loans to State and Territory Governments	5,074,441	4,517,106	4,291,933	4,180,148	3,803,329
Appropriations receivable	3,222,785	3,380,548	3,428,913	3,530,293	3,473,993
Swap principal	32,718	57,853	57,853	57,853	-
Total receivables	8,329,944	7,955,507	7,778,699	7,768,294	7,277,322

Appendix 1

Estimates of agency and administered revenue

	Budget estimate 2000-01 $'000	Revised estimate 2000-01 $'000
AOFM REVENUE		
AOFM section 31 receipts	162	20
Total non-appropriation agency revenue	162	20
Appropriations	5,706	5,706
Total agency revenue	5,868	5,726
ADMINISTERED REVENUE		
Advances to the Australian Capital Territory — Interest	823	71
Advances to the States under the Housing Agreements — Interest	99,615	99,615
Advances to the Northern Territory for housing — Interest	1,555	1,555
Advances to the States under the *Housing Assistance Act 1973* — Interest	148	148
Advances to the States under the *States (Works and Housing Assistance) Acts* — Interest	70,545	70,545
Advances to the States under the *War Service Lands Settlements Acts* — Interest	399	399
Interest paid by States and the Northern Territory on other loans	74,120	50,142
Interest on financial assets	378,000	381,680
Loan management expenses — recoveries from the States and the Northern Territory	25	25
Loans Securities Amendment Act 1998 (Swaps) — Interest	2,348,060	2,388,739
Other	831	831
Total non-appropriation administered revenue	2,974,121	2,993,750
Appropriations	60,907,476	52,667,198
Total administered revenue	63,881,597	55,660,948

Appendix 2

Estimates of administered expenses from annual and special appropriations

	Budget estimate 2000-01 $'000	Revised estimate 2000-01 $'000
Appropriation Bill No. 1 and 3		
Loan management expenses	4,419	4,419
Overseas bond issues - lapsed coupons	10	10
Total Appropriation Bill No. 1 and 3	4,429	4,429
Special Appropriations		
Airports (Transitional) Act 1996 — former debts of the Federal Airports Commission — Interest	37,550	49,586
Commonwealth Inscribed Stock Act 1911, Loans Securities Act 1919, Loans Redemption and Conversion Act 1921	5,990,390	5,682,028
Loans Securities Amendment Act 1988 (Swaps) — Interest	2,357,339	2,553,804
Financial Agreement Act 1994 — assistance for debt redemption	53,400	53,400
Loans Securities Amendment Act 1988 (Swaps) — Principal	-	810,251
Financial Agreement Act 1994 — Commonwealth contribution to the Debt Retirement Reserve Trust Account on State and Northern Territory debt	3,244	3,244
Financial Agreement Act 1994 — interest on Debt Retirement Reserve Trust Account balances	829	829
Commonwealth Inscribed Stock Act 1911, Treasury Bills Act 1914 — payment of special bond premiums on redemption	5	-
Qantas Sale Act 1992 — Qantas debt servicing	920	920
Australian National Railways Commission Act 1983 — debt servicing	10,426	16,582
Other		
Loan flotation expenses	422	422
Loans Redemption and Conversion Act 1921 — net repurchase premia	221,000	266,990
Total Special Appropriations	8,675,525	9,438,056
Total estimated expenses	8,679,954	9,442,485