AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT

Section 1: Overview, variations and measures

OVERVIEW

There has been no change to the overview included in the *2003-04 Portfolio Budget Statements* (page 93).

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency outputs of $1.624 million for the Australian Office of Financial Management (AOFM).

Measures

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

	2003-04 $'000	2004-05 $'000	2005-06 $'000	2006-07 $'000
Outcome 1				
Budget estimates - enhanced quality and timeliness	88	90	93	95
Budget estimates - enhanced quality and timeliness *(Related capital)*	23	-	-	-

Budget estimates — enhanced quality and timeliness

The Government will provide additional funding to agencies of $88.5 million over five years (including $0.1 million in 2007-08) to implement the Budget Estimates and Framework Review (BEFR) recommendations. This funding includes capital of $7.4 million over four years.

In the 2003-04 Budget the Government made provision for $78 million over five years to improve the accuracy, responsiveness and effectiveness of agencies' contribution to the Commonwealth's budget estimates and framework system and to assist agencies to drive improved financial management and reporting within their organisations. The Government has provided an extra $10.5 million over five years to fund agencies to implement the BEFR recommendations.

Other variations to appropriations

The AOFM is seeking additional price of outputs funding of $1.525 million to fund the administrative costs associated with the management of the Commonwealth government securities portfolio and $0.011 million supplementation for increases in Comcover premiums.

The AOFM will be returning an administered saving of $2.782 million which represents funding no longer required for the administrative costs associated with the management of the Commonwealth government securities portfolio.

MEASURES — AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT SUMMARY

Table 1.1: Summary of measures since the 2003-04 Budget

Measure	Outcome	Output Groups affected	2003-04 appropriations budget $'000			2004-05 appropriations forward estimate $'000			2005-06 appropriations forward estimate $'000			2006-07 appropriations forward estimate $'000		
			Admin items	Agency outputs	Total	Admin items	Agency outputs	Total	Admin items	Agency outputs	Total	Admin items	Agency outputs	Total
Budget estimates - enhanced quality and timeliness	1	1.1	-	88	88	-	90	90	-	93	93	-	95	95
Budget estimates - enhanced quality and timeliness *(Related capital)*	1	1.1	-	23	23	-	-	-	-	-	-	-	-	-

Map 2: Outcomes and output groups for the agency

Australian Office of Financial Management

Chief Executive Officer: Neil Hyden

Overall 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: $8.1 million
Total administered expenses: $5,489.1 million

Output Group 1.1

Australian Office of Financial Management

Output 1.1.1

Debt management

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.2: Appropriation Bill (No. 3) 2003-04

	2002-03 available $'000	2003-04 budget $'000	2003-04 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	2,792	2,792	10	-	2,782
Total	2,792	2,792	10	-	2,782
AGENCY 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	7,094	6,511	8,135	1,624	-
Total	7,094	6,511	8,135	1,624	-
Total administered and agency	9,886	9,303	8,145	1,624	2,782

Table 1.3: Appropriation Bill (No. 4) 2003-04

	2002-03 available $'000	2003-04 budget $'000	2003-04 revised $'000	Additional estimates $'000	Reduced estimates $'000
Non-Operating					
Equity injection	-	-	23	23	-
Total capital	-	-	23	23	-
Total	-	-	23	23	-

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2003-04 budget	2003-04 revised	variation
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	37	38	1
Total	37	38	1

SUMMARY OF AGENCY SAVINGS

S	Savings from annual appropriations	$2.782 million
T	Transfer appropriation monies across outcomes	-
C	Carryover of funds to future years	-
A	Savings from capital appropriations	-
Total agency savings		$2.782 million

The saving of $2.782 million represents funding no longer required for the administrative costs associated with the management of the Commonwealth government securities portfolio.

AGENCY AND ADMINISTERED REVENUES

Table 1.6: Agency and administered revenues

	2003-04 budget estimate $'000	2003-04 revised estimate $'000
ESTIMATED AGENCY REVENUES		
Non-appropriation agency revenues		
AOFM section 31 receipts	-	-
Total non-appropriation agency revenues	-	-
Appropriation revenue	6,511	8,135
Total estimated agency revenues	6,511	8,135
ESTIMATED ADMINISTERED REVENUES		
Non-appropriation administered revenues		
Financial Agreement Act 1994 - Loan management expenses (recoveries from the States and Northern Territory)	20	20
Financial Agreement Act 1994 - Interest paid by States and Northern Territory on other loans	19,009	19,009
Financial Management and Accountability Act 1997 - Interest on financial assets	153,120	412,911
Housing Agreements, Northern Territory Housing Agreement and Housing Assistance Acts - Advances to the States and Northern Territory (interest)	94,100	94,100
Loan Securities Act 1919 - Gain on foreign exchange(1)	4,546	19,550
Loan Securities Act 1919 - Swaps interest	1,857,998	1,854,670
States (Works and Housing Assistance) Acts - Advances to the States (interest)	68,449	68,449
War Service Lands Settlements Acts - Advances to the States (interest)	303	303
Total non-appropriation administered revenues	2,197,545	2,469,012
Total estimated agency and administered revenues	2,204,056	2,477,147

(1) Includes forward foreign exchange contracts.

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

Table 1.7: Estimates of expenses from special appropriations

	2003-04 budget estimate $'000	2003-04 revised estimate $'000
ESTIMATED AGENCY EXPENSES		
Special appropriations		
Airports (Transitional) Act 1996		
- Interest on former debts of the Federal Airports Commission	26,989	8,174
Commonwealth Inscribed Stock Act 1911 - Loan flotation expenses	422	422
Commonwealth Inscribed Stock Act 1911, *Loans Securities Act 1919*, *Loans Redemption and Conversion Act 1921* - Interest	4,095,362	3,962,477
Financial Agreement Act 1994 - Assistance for debt redemption	35,292	35,292
Financial Agreement Act 1994 - Commonwealth contributions to the Debt Retirement Reserve Trust Account	1,412	1,412
Loans Securities Act 1919 - Net repurchase premia	-	(25,557)
Loans Securities Act 1919 - Swaps interest	1,354,250	1,473,515
Snowy Hydro Corporatisation Act 1997 - Interest	18,377	33,359
Total special appropriations	5,532,104	5,489,094
Other appropriations	2,792	10
Total estimated agency expenses	5,534,896	5,489,104

ESTIMATED SPECIAL ACCOUNT FLOWS

Table 1.8: Estimated special account flows

		Opening balance $'000	Receipts $'000	Payments $'000	Closing balance $'000
	A[1]	**2003-04**	**2003-04**	**2003-04**	**2003-04**
	B[1]	2002-03	2002-03	2002-03	2002-03
SPECIAL ACCOUNTS[2]					
Debt Retirement Reserve Trust Account		**5,997**	**291,574**	**297,326**	**245**
		2,831	35,064	31,898	5,997
Total special accounts		**5,997**	**291,574**	**297,326**	**245**

(1) The revised Opening Balance for 2003-04 (reference A) is the same as the final actual closing balance for 2002-03 (reference B). This balance may have changed from that shown in the *2003-04 Portfolio Budget Statements* as the actual for 2002-03 will have been updated to reflect the final budget outcome for the year.

(2) The special account is administered in nature and is governed by the *Financial Agreement Act 1994.*

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

The Australian Office of Financial Management (AOFM) has not made any changes to its outcome or outputs since the *2003-04 Portfolio Budget Statements*.

Output cost attribution

The AOFM delivers a single output — debt management — therefore cost attribution between outputs is not required.

Table 2.1: Total resources for Outcome 1

	2003-04 budget estimate $'000	2003-04 revised estimate $'000
Administered appropriations		
Annual appropriations	2,792	10
Special appropriations	114,954,706	127,747,528
Total administered appropriations	114,957,498	127,747,538
Agency appropriations		
Output Group 1.1 - Australian Office of Financial Management		
Output 1.1.1 - Debt management	6,511	8,135
Total revenues from government (appropriations) contributing to price of agency outputs	6,511	8,135
Total price from agency outputs (Total revenues from government and from other sources)	6,511	8,135
Total estimated resourcing (Total price of outputs and administered appropriations)	114,964,009	127,755,673

	2003-04	2003-04
Average staffing level (number)	37	38

Revised performance information and level of achievement – 2003-04

The AOFM has not made any changes to its performance information since the *2003-04 Portfolio Budget Statements*.

Section 3: Budgeted financial statements

AGENCY FINANCIAL STATEMENTS

Budgeted agency and administered financial statements and related notes for the Australian Office of Financial Management (AOFM) are presented in this section. The financial statements are produced for 2002-03 (actual results), 2003-04 (revised Budget estimate) and three forward years. The financial statements should be read in conjunction with the accompanying notes.

Budgeted agency statement of financial performance

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

Budgeted agency statement of financial position

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

Budgeted agency statement of cash flows

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

Agency capital budget statement

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

Agency non-financial assets — summary of movement

This statement shows the budgeted movement in the AOFM's non-financial assets during the budget year 2003-04.

NOTE OF ADMINISTERED ACTIVITY

Details of transactions administered by the AOFM on behalf of the Commonwealth are shown in the following notes to the financial statements.

Note of budgeted administered financial performance

This note identifies the main revenues and expenses administered on behalf of the Government.

Note of budgeted administered financial position

This note shows the assets and liabilities administered on behalf of the Government.

Note of budgeted administered cash flows

This note shows cash flows administered on behalf of the Government.

Table 3.1: Budgeted Agency Statement of Financial Performance (for the period ended 30 June)

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
REVENUES					
Revenues from ordinary activities					
Revenues from government	7,269	8,135	8,100	8,072	8,145
Interest	15	-	-	-	-
Other	60	-	-	-	-
Total revenues from ordinary activities	7,344	8,135	8,100	8,072	8,145
EXPENSES					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	3,217	4,189	4,252	4,313	4,377
Suppliers	1,918	3,191	3,093	3,004	3,014
Depreciation and amortisation	310	755	755	755	754
Write-down of assets	77	-	-	-	-
Total expenses from ordinary activities (excluding borrowing costs expense)	5,522	8,135	8,100	8,072	8,145
Borrowing costs expense	-	-	-	-	-
Net surplus or deficit	1,822	-	-	-	-
Capital use charge	668	-	-	-	-
Net surplus or deficit attributable to Commonwealth	1,154	-	-	-	-

Table 3.2: Budgeted Agency Statement of Financial Position (as at 30 June)

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
ASSETS					
Financial assets					
Cash	454	1,365	2,307	3,252	4,186
Receivables	4,458	4,458	4,458	4,458	4,458
Total financial assets	4,912	5,823	6,765	7,710	8,644
Non-financial assets					
Infrastructure, plant and equipment	1,325	1,080	829	578	328
Intangibles	24	1,841	1,337	833	329
Other	2,335	31	31	31	31
Total non-financial assets	3,684	2,952	2,197	1,442	688
Total assets	8,596	8,775	8,962	9,152	9,332
LIABILITIES					
Provisions					
Employees	924	1,108	1,295	1,485	1,665
Other	100	100	100	100	100
Total provisions	1,024	1,208	1,395	1,585	1,765
Payables					
Suppliers	177	177	177	177	177
Other	28	-	-	-	-
Total payables	205	177	177	177	177
Total liabilities	1,229	1,385	1,572	1,762	1,942
EQUITY					
Parent equity interest					
Contributed equity	3,400	3,423	3,423	3,423	3,423
Reserves	138	138	138	138	138
Retained surpluses	3,829	3,829	3,829	3,829	3,829
Total parent equity interest	7,367	7,390	7,390	7,390	7,390
Total equity	7,367	7,390	7,390	7,390	7,390
Current liabilities	551	532	589	648	694
Non-current liabilities	678	853	983	1,114	1,248
Current assets	3,427	1,396	2,338	3,283	4,217
Non-current assets	5,169	7,379	6,624	5,869	5,115

Table 3.3: Budgeted Agency Statement of Cash Flows (for the period ended 30 June)

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	7,094	8,135	8,100	8,072	8,145
Interest	20	-	-	-	-
Other	80	-	-	-	-
Total cash received	7,194	8,135	8,100	8,072	8,145
Cash used					
Employees	3,154	4,005	4,065	4,123	4,197
Suppliers	1,795	3,219	3,093	3,004	3,014
Other	61	-	-	-	-
Cash to the Official Public Account	2,854	-	-	-	-
Total cash used	7,864	7,224	7,158	7,127	7,211
Net cash from/(used by) operating activities	(670)	911	942	945	934
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of financial instruments	1,500	-	-	-	-
Total cash received	1,500	-	-	-	-
Cash used					
Purchases of property, plant and equipment and intangibles	1,601	23	-	-	-
Total cash used	1,601	23	-	-	-
Net cash from/(used by) investing activities	(101)	(23)	-	-	-
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	3,062	23	-	-	-
Total cash received	3,062	23	-	-	-
Cash used					
Capital use charge paid	727	-	-	-	-
Cash to the Offical Public Account	1,604	-	-	-	-
Total cash used	2,331	-	-	-	-
Net cash from/(used by) financing activities	731	23	-	-	-
Net increase/(decrease) in cash held	(40)	911	942	945	934
Cash at the beginning of the reporting period	494	454	1,365	2,307	3,252
Cash at the end of the reporting period	454	1,365	2,307	3,252	4,186

Table 3.4: Agency Capital Budget Statement

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	-	23	-	-	-
Funded internally by agency resources	1,662	-	-	-	-
Total	1,662	23	-	-	-

Table 3.5: Agency Non-financial Assets — Summary of Movement (Budget year 2003-04)

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at the start of year	-	-	-	1,325	-	24	-	1,349
Additions	-	-	-	6	-	17	-	23
Disposals	-	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	(251)		(504)	-	(755)
Write-off of assets	-	-	-	-	-	-	-	-
Transfer from assets under construction	-	-	-	-	-	2,304	-	2,304
Carrying amount at the end of year	-	-	-	1,080	-	1,841	-	2,921
Total additions								
Self funded	-	-	-	-	-	-	-	-
Appropriations	-	-	-	6	-	17	-	23
Total	-	-	-	6	-	17	-	23

Table 3.6: Note of Budgeted Financial Performance Administered on behalf of the Government (for the period ended 30 June)

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
REVENUES					
Non-taxation					
Interest	2,807,087	2,449,442	2,674,573	2,952,988	3,484,543
Net foreign exchange gains	1,295,927	19,550	-	-	-
Other	469,049	20	20	20	20
Total non-taxation	4,572,063	2,469,012	2,674,593	2,953,008	3,484,563
Total revenues administered on behalf of the Government	4,572,063	2,469,012	2,674,593	2,953,008	3,484,563
EXPENSES					
Grants	31,309	36,704	54,340	195,690	-
Interest and financing costs	6,344,140	5,452,400	5,504,158	4,992,883	4,578,111
Total expenses administered on behalf of the Government	6,375,449	5,489,104	5,558,498	5,188,573	4,578,111

Table 3.7: Note of Budgeted Financial Position Administered on behalf of the Government (as at 30 June)

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
ASSETS					
Financial assets					
Accrued interest revenues	204,550	122,291	136,180	178,382	240,171
Cash	181	181	181	181	181
Investments	12,200,000	-	-	-	-
Receivables	4,258,688	3,800,794	3,643,580	3,428,456	3,341,923
Total financial assets	16,663,419	3,923,266	3,779,941	3,607,019	3,582,275
Total assets administered on behalf of the Government	16,663,419	3,923,266	3,779,941	3,607,019	3,582,275
LIABILITIES					
Interest bearing liabilities					
Commonwealth securities	57,993,679	43,247,283	40,604,230	25,770,896	8,137,474
Other	567,386	-	-	-	-
Total interest bearing liabilities	58,561,065	43,247,283	40,604,230	25,770,896	8,137,474
Payables					
Interest	3,141,533	3,154,000	3,252,000	2,629,000	2,851,000
Suppliers	19	-	-	-	-
Total payables	3,141,552	3,154,000	3,252,000	2,629,000	2,851,000
Total liabilities administered on behalf of the Government	61,702,617	46,401,283	43,856,230	28,399,896	10,988,474

Table 3.8: Note of Budgeted Administered Cash Flows (for the period ended 30 June)

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
OPERATING ACTIVITIES					
Cash received					
Interest	1,018,414	2,539,948	2,623,966	2,981,494	3,438,024
Cash from Official Public Account	4,863,926	5,600,917	5,545,242	6,059,971	4,551,260
Other	149	20	20	20	20
Total cash received	5,882,489	8,140,885	8,169,228	9,041,485	7,989,304
Cash used					
Grant payments	31,462	36,704	54,340	195,690	-
Interest and financing payments	4,832,411	5,564,213	5,490,902	5,864,281	4,551,260
Cash to Official Public Account	1,018,496	2,539,968	2,623,986	2,981,514	3,438,044
Other	12	-	-	-	-
Total cash used	5,882,381	8,140,885	8,169,228	9,041,485	7,989,304
Net cash from operating activities	108	-	-	-	-
INVESTING ACTIVITIES					
Cash received					
Other - housing loan repayments	77,709	79,822	82,209	84,406	86,533
Total cash received	77,709	79,822	82,209	84,406	86,533
Cash used					
Cash to Official Public Account	77,709	79,822	82,209	84,406	86,533
Total cash used	77,709	79,822	82,209	84,406	86,533
Net cash from investing activities	-	-	-	-	-
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowing(1)	16,581,122	106,970,661	124,148,409	215,959,356	288,400,457
Cash from Official Public Account	23,625,136	122,152,373	126,594,995	230,484,282	305,854,000
Swap principal(2)	1,793,334	12,581,566	-	-	-
Other	33,402	-	-	-	-
Total cash received	42,032,994	241,704,600	250,743,404	446,443,638	594,254,457
Cash used					
Repayments of debt(1)	21,822,681	109,122,926	126,594,995	230,484,282	305,854,000
Cash to Official Public Account	18,407,858	119,552,227	124,148,409	215,959,356	288,400,457
Swap principal(2)	1,802,455	13,029,447	-	-	-
Total cash used	42,032,994	241,704,600	250,743,404	446,443,638	594,254,457
Net cash from financing activities	-	-	-	-	-
Net increase/(decrease) in cash held	108	-	-	-	-
Cash at beginning of reporting period	73	181	181	181	181
Cash at end of reporting period	181	181	181	181	181

(1) Includes investment activity.
(2) Includes forward foreign exchange contracts.

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention. No allowance is made for the effect of changing prices on the results or the financial position of the AOFM.

Administered internal transactions

Administered transactions between the AOFM and other agencies within the general government (administered internal transactions) are not reported in the note of budgeted administered financial performance or the note of administered financial position.

Cash flows in the note of budgeted administered cash flows are reported inclusive of administered internal transactions.

Goods and services tax (GST)

All supplies provided by the AOFM are input taxed under *A New Tax System (Goods and Services Tax) Act 1999*.

The budgeted financial statements have been prepared in accordance with the goods and services tax (GST) accounting guidelines of the Urgent Issues Group (UIG) of the Australian Accounting Standards Board. The UIG consensus requires that expenses and assets be accounted for net of recoverable GST, revenues be accounted for net of GST payable, and that cash flows and accounts payable and receivable be reported gross. Appropriations are thus net of recoverable GST amounts.

Budgeted agency and administered financial statements

Under the Commonwealth's accrual budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies control (agency transactions) are separately budgeted for and reported from transactions agencies do not have control over (administered transactions). This ensures that agencies are only held fully accountable for the transactions over which they have control.

- Agency assets, liabilities, revenues and expenses are those which are controlled by the agency. Agency expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services.

- Administered assets, liabilities, revenues and expenses are those which are managed on behalf of the Government according to set government directions. Administered expenses include interest incurred on Commonwealth debt and administered revenues include interest earned on housing agreement loans and interest from swaps.

Appropriations in the accrual budgeting framework

Under the Commonwealth's accrual budgeting framework, separate annual appropriations are provided to the AOFM for:

- agency price of outputs appropriations: representing the Government's purchase of outputs; and
- administered expense appropriations: for the repayment of interest on lapsed coupons not supported by a Special Appropriation.

Special appropriations continue under the accrual budgeting framework and fund the majority of payments from the Official Public Account, including debt redemption, interest payments and financial investment activity.

Budgeted agency financial performance

Appropriations

Price of outputs appropriation estimates are not based on market price indicators. The agreed price of outputs appropriation is based on budgeted expenses.

The AOFM has prepared its estimates for the 2003-04 budget year and forward years to achieve a break-even operating result. Consequently appropriation revenues from Government represent the funding required to meet budgeted expenses.

Interest revenue

With the discontinuation of Agency Banking Incentive Scheme from 1 July 2003, the AOFM will not earn agency interest revenue for 2003-04 and onwards.

Budgeted agency financial position

Cash

The estimated cash reserves will be maintained to ensure that the AOFM is well placed to:

- settle employee liabilities as they fall due;
- make asset replacements (from depreciation funding); and
- repay liabilities.

Budgeted financial statements have been prepared on the assumption that unspent monies will not be withdrawn by the Department of Finance and Administration.

Administered notes of budgeted financial statements

Revenues and expenses

Non-taxation revenue — interest

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
Interest					
Interest on housing agreements	166,110	162,852	159,477	155,985	152,382
Interest on State and Northern Territory debt	26,692	19,009	10,847	633	-
Interest from other sources	2,614,285	2,267,581	2,504,249	2,796,370	3,332,161
Total interest	2,807,087	2,449,442	2,674,573	2,952,988	3,484,543

Interest from other sources includes interest from swaps and investments.

Expenses — grants

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
Grants					
Grants to State and Northern Territory Governments	31,309	36,704	54,340	195,690	-
Total grants	31,309	36,704	54,340	195,690	-

Expenses — interest and financing costs

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
Interest and financing costs					
Interest on Government securities	4,566,164	3,962,487	3,772,116	3,433,433	3,363,131
Interest on swaps	1,663,032	1,473,515	1,706,188	1,545,507	1,212,558
Interest on other debt	45,754	41,533	25,432	13,521	2,000
Net repurchase premia	67,872	(25,557)	-	-	-
Other financing costs	1,318	422	422	422	422
Total interest and financing costs	6,344,140	5,452,400	5,504,158	4,992,883	4,578,111

Assets and Liabilities

Debt — Commonwealth securities

Commonwealth securities represent the book value of government securities on issue, net of investments (except for 2002-03 where they are reported on a gross basis).

Financial assets — receivables

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
Receivables					
Loans to State and Northern Territory Governments	4,177,920	3,800,772	3,643,558	3,428,434	3,341,901
Other	80,768	22	22	22	22
Total receivables	4,258,688	3,800,794	3,643,580	3,428,456	3,341,923