

# PART 1: AOFM OVERVIEW

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## **AOFM OVERVIEW**

### **Role, function, outcome and output structure**

The Australian Office of Financial Management (AOFM) is a specialised agency responsible for the management of Australian Government debt. Its activities include the issue of Treasury Bonds, management of the Government's cash balances, and management of a portfolio of Government debt and short-term investments. It also manages the investment of monies for the Communications Fund on behalf of the Department of Broadband, Communications and the Digital Economy.

The AOFM forms part of the Treasury portfolio. It is accountable to the Secretary to the Treasury and to the Treasurer, and through the Treasurer to the Parliament and the public. However, its finances are separate from those of the Treasury as it is a prescribed agency under the *Financial Management and Accountability Act 1997* and maintains its own accounts. Its staff are employed under the *Public Service Act 1999*.

For budgetary purposes, the AOFM's activities comprise a single output – debt management – directed to one outcome. This is to enhance the Australian Government'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 Australian Government over time. Accordingly the AOFM aims to manage Australian Government net debt at least cost, subject to an acceptable level of risk, and to contribute to supporting financial market efficiency.

### **Organisational structure**

During 2007-08, the AOFM was organised as set out in Figure 1. It is structured in four groups that undertake treasury operations, financial risk management, compliance and reporting, and finance, settlement and corporate functions. There is also an information technology support unit and a human resources unit, while two staff members are seconded to the Papua New Guinea and Solomon Islands governments to support their debt management activities. Roles and responsibilities within the office are structured to ensure an appropriate segregation of duties and reporting lines.

Figure 1: AOFM organisational structure

