

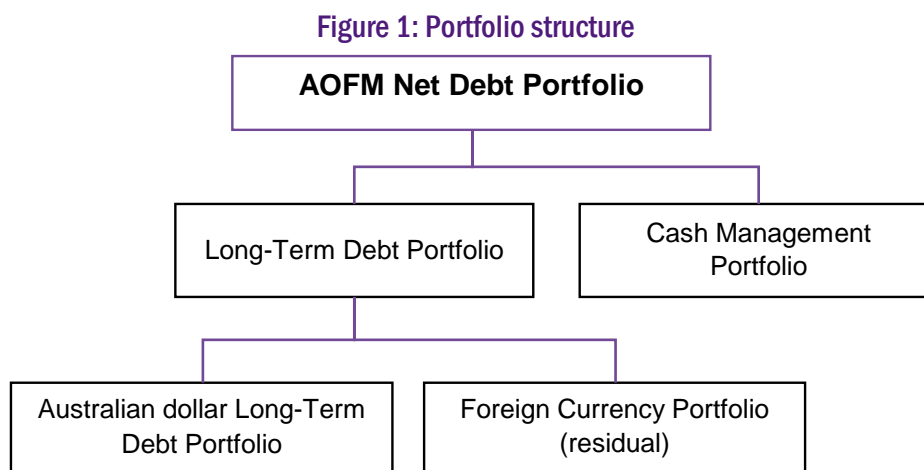
PART 5: OTHER INFORMATION

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OTHER INFORMATION

Structure of the AOFM's portfolio

The components of the Australian Government's balance sheet managed by the AOFM as at the end of June 2008 were Commonwealth Government Securities (Treasury Bonds, Treasury Indexed Bonds and other securities), term deposits placed with the Reserve Bank of Australia (RBA) and interest rate swaps.¹ Together they comprised the AOFM's net debt portfolio. The portfolio included a number of sub-portfolios, as shown in Figure 1.



The basic division of the portfolio has been between the Long-Term Debt Portfolio and the Cash Management Portfolio. This recognises the very different risks and management approach required for a relatively stable portfolio of long-term continuing debt compared to a portfolio of short-term assets and liabilities that is subject to significant volatility due to within-year mismatches in the timing of government receipts and outlays.

The Long-Term Debt Portfolio consisted of a Foreign Currency Portfolio and an Australian dollar Long-Term Debt Portfolio. The Government no longer undertakes borrowings in foreign currencies and the Foreign Currency Portfolio holds only a residual amount of debt from a single US dollar denominated loan.

¹ The AOFM also administers housing loans to the States under the Commonwealth-State Housing Agreements and invests monies belonging to the Communications Fund on behalf of the Department of Broadband, Communications and the Digital Economy.

The Australian dollar Long-Term Debt Portfolio consisted of Australian dollar Commonwealth Government Securities (CGS) debt, excluding any debt issued for cash management purposes. The volume of the portfolio was adjusted over the course of the financial year to smooth the impact of discontinuities that would otherwise be produced by large transactions in the issuance of Treasury Bonds and maturities. This was achieved through short-term internal transfers between the Australian dollar Long-Term Debt Portfolio and the Cash Management Portfolio.

All liabilities and assets not within the Long-Term Debt Portfolio were held in the Cash Management Portfolio. The Cash Management Portfolio manages the within-year variability in the Australian Government's financing requirement and any surplus assets that may accumulate from time to time.

Funding

Table 1 places the AOFM's debt and cash management activities in 2007-08 in the context of the overall flow of funds for the Australian Government General Government Sector. Flows managed by the AOFM are shown in purple.

Table 1: General Government Sector funding requirement and funding sources

| Source of funds | Actual 2007-08 (\$billion) | Use of funds | Actual 2007-08 (\$billion) |
|--|----------------------------------|--|----------------------------------|
| Headline budget balance | 28.2 | | |
| Debt issuance[a] | | Debt redemption[a] | |
| Treasury Bonds | 5.0 | Maturing CGS debt | 2.9 |
| Treasury Indexed Bonds | 0.0 | Early CGS debt repurchases | .. |
| Treasury Notes (net change in outstandings) | 0.0 | Other general government sector redemptions (net) | 0.2 |
| Total | 5.0 | Total | 3.1 |
| | | Other applications of funds | |
| | | Swap interest (net) | 0.1 |
| | | Other (net)[b] | .. |
| | | Total | 0.1 |
| | | Financial assets | |
| | | Change in Official Public Account balance at the RBA | 0.4 |
| | | Change in term deposits at the RBA | 8.7 |
| | | Change in other general government sector investments | 20.8 |
| | | Total | 30.0 |
| Total | 33.2 | Total | 33.2 |

(a) Cash flows rather than face value of securities.

(b) Includes other general government sector flows not elsewhere classified.

(c) Not all totals may sum exactly due to rounding.

(d) .. not zero but less than \$0.05 billion.

Appropriations and other sources of funding

Table 2 summarises the gross resources applied by the AOFM in 2007-08 and budgeted for 2008-09, both from appropriations and other sources and for recurrent and capital purposes.

Agency recurrent funding is used to meet operating expenses such as employee remuneration and supplier payments.

Administered recurrent funding is used to meet operating expenses such as interest on Australian Government debt and swap interest payments.

Capital funding is used to meet the cost of maturing Australian Government debt and to make investments for the purposes of debt management.

Table 2: AOFM gross appropriations and other funding

| | Budget(a) 2007-08 (\$'000) | Actual 2007-08 (\$'000) | Budget 2008-09 (\$'000) |
|---|----------------------------------|-------------------------------|-------------------------------|
| FUNDING FOR CURRENT PURPOSES | | | |
| ADMINISTERED EXPENSES | | | |
| Annual appropriations | 10 | - | 10 |
| Special appropriations | 6,004,712 | 5,468,650 | 5,019,539 |
| Total administered appropriations | 6,004,722 | 5,468,650 | 5,019,549 |
| DEPARTMENTAL | | | |
| Annual appropriations | 8,489 | 8,489 | 8,467 |
| Total revenue from government (appropriations) contributing to price of agency outputs | 8,489 | 8,489 | 8,467 |
| Percentage of total price of outputs | 87.6% | 83.0% | 90.7% |
| Revenue from other sources | | | |
| Other sources | 1,201 | 1,733 | 867 |
| Total revenue from other sources | 1,201 | 1,733 | 867 |
| Total price of agency outputs | 9,690 | 10,222 | 9,334 |
| Total resourcing - recurrent purposes | 6,014,412 | 5,478,872 | 5,028,883 |
| FUNDING FOR CAPITAL PURPOSES(b) | | | |
| ADMINISTERED | | | |
| Special appropriations | 295,095,978 | 321,672,516 | 297,264,000 |
| Total administered appropriations | 295,095,978 | 321,672,516 | 297,264,000 |
| AGENCY | | | |
| Agency equity injections(c) | - | - | - |
| Total resourcing - capital purposes | 295,095,978 | 321,672,516 | 297,264,000 |
| Total resourcing for AOFM Outcome(d) | 301,110,390 | 327,151,388 | 302,292,883 |
| Administered | 301,100,700 | 327,141,166 | 302,283,549 |
| Departmental | 9,690 | 10,222 | 9,334 |
| | Budget(a) 2007-08 | Actual 2007-08 | Budget 2008-09 |
| Average staffing level (number) | 33 | 29 | 33 |

(a) The Budget figure for 2007-08 is the 'estimated actual 2007-08 balance' reported in the *Portfolio Budget Statements 2008-09*.

(b) Excludes repayments of debt made on behalf of the State and Territory governments through the Debt Retirement Reserve Trust Account, a special account governed by the *Financial Agreement Act 1994*.

(c) During 2007-08 the AOFM did not use any agency equity injections.

(d) Refer to Part 1: AOFM overview for discussion on AOFM's outcome.

Advertising and market research

During the 2007-08 financial year, total payments of \$36,652 were made by the AOFM to advertising agencies, market research organisations, polling organisations, direct mail organisations or media advertising organisations. The payments were made to media advertising organisations for recruitment advertising.

Discretionary grants

No discretionary grants are administered by the AOFM.

Freedom of information

Section 8 of the *Freedom of Information Act 1982* requires agencies to publish information about:

- their organisation and decision making powers;
- what arrangements they make for public involvement in their work;
- what types of documents they hold; and
- how the public can access these documents.

Freedom of information matters in respect of the AOFM are handled by the Treasury and the statement required under section 8 of the *Freedom of Information Act 1982* appears in the Treasury Annual Report. In this material, references to 'Department' encompass the AOFM. Additional details that relate specifically to the AOFM are provided below.

Organisation and decision-making

Details of the AOFM's organisational structure are provided in Figure 1 in Part 1 of this report. Its functions and decision-making are outlined in the section on AOFM role, functions, outcome and output structure in Part 1 of this report and the section on senior management committees in Part 3. The Treasurer has delegated the powers to AOFM officials under the following legislation:

- *Commonwealth Inscribed Stock Act 1911* and the Commonwealth Inscribed Stock Regulations;
- *Loans Securities Act 1919*;
- *Financial Management and Accountability Act 1997*; and

Part 5: Other information

- other Acts with regard to appropriations as set out in Note 26C of the financial statements included in this report.

The Minister for Finance and Deregulation has delegated certain powers under the *Financial Management and Accountability Act 1997* and the *Financial Management and Accountability Regulations* to the Chief Executive Officer of the AOFM.

The Minister for Broadband, Communications and the Digital Economy and the Minister for Finance and Deregulation have authorised the Chief Executive Officer of the AOFM to make and realise investments for the Communications Fund under the *Telecommunications (Consumer Protection and Service Standards) Act 1999*.

Arrangements for public involvement

The AOFM consults informally with financial market participants affected by its activities. It also obtains advice from the AOFM Advisory Board, described in Part 3 of this report, which includes three members from the financial sector. Information on the Agency can be found on its website www.aofm.gov.au and enquiries can be addressed to it by mail or email. The AOFM does not issue Commonwealth Government Securities directly to the public, but small parcels of these securities may be purchased or sold through the Reserve Bank of Australia. Larger volumes may be traded through professional financial institutions.

Documents held by the AOFM

The AOFM holds correspondence, contracts and agreements, records of transactions, analysis and advice, financial and statistical data, and drafts and internal working documents prepared by its staff and relating to its functions of issuing and managing debt, investment of public monies and cash management. It also holds personnel records, organisation and staffing records, financial and expenditure records, and office procedures and instructions.

The AOFM places an indexed list of its policy file titles on the AOFM website every six months.

Access to documents

Applicants seeking access under the *Freedom of Information Act 1982* to AOFM documents should apply in writing to:

The Secretary
The Treasury
Langton Crescent
PARKES ACT 2600
Attention: Freedom of Information Coordinator

If a member of the public requests a document and the Treasury approves access, the Treasury will provide copies of documents after the applicant pays any charges.

Alternatively, applicants may arrange to inspect documents at the Treasury, Langton Crescent, Parkes, ACT between 9.00 am and 5.00 pm, Monday to Friday (except public and public service holidays).

An application fee of \$30 or a written request, pursuant to subsection 30A(1) of the *Freedom of Information Act*, that the application fee be waived should accompany requests. Telephone enquiries should be directed to the Freedom of Information Coordinator, telephone 02 6263 2111, between 9.00 am and 5.00 pm Monday to Friday (except public or public service holidays).

Officers of the SES in Treasury can grant or refuse requests for access to documents under section 23 of the *Freedom of Information Act*. In accordance with section 54 of the Act, an applicant may, within 30 days of receiving notification of a decision under the Act, apply to the Secretary to the Treasury, seeking an internal review of a decision to refuse a request. The prescribed fee of \$40 should accompany the application. Executive Directors are authorised under section 23 to consider and make decisions on applications for internal review.

Freedom of information activity

The AOFM received no requests for access to documents under the *Freedom of Information Act* in 2007-08.

Ecologically sustainable development

The Treasury provides procurement and facilities management services for the AOFM under a Service Level Agreement. The following statement, prepared by Treasury, describes these services. References in it to Treasury or the Department include the AOFM.

The Treasury's operations continue to have an impact on the environment through the use of electricity, petrol, water, paper and other materials consumed, and through the generation of waste.

During the year, the Chief Executive Instructions governing Environmental Management were issued to reflect the Treasury's commitment to improving environmental practices in energy management, procurement, technology, work practices and staff activities. These instructions provide guidance to Treasury staff to improve the sustainability of the Treasury's operations.

Energy management

The general office lighting system is part of the building management system and lighting is programmed to operate only during normal working hours. The after hours lighting system has manually operated switches which run for two hours. Additionally, infrared motion detection devices control lighting in areas not in constant use, such as conference and meeting rooms.

Recycling

The Treasury recycles paper and cardboard products, which are collected by a local recycling firm. Classified waste paper is pulped and paper hand towels are recycled. Bins are provided in staff kitchens to separate recyclable items. During 2007-08, the Treasury recycled 196.7 cubic meters of used paper hand towels and 82.5 cubic meters of co-mingled glass and plastics from staff kitchens. Staff kitchens also have sealed compost waste containers. In 2007-08 the Treasury recycled over 2,991 kilograms of compostable waste. The Treasury participates in the recycling of toner cartridges and recycled around 744 kilos during 2007-08.

Water

The tenancies within the Treasury building are not metered separately for water consumption. The landlord has installed flow restrictors on taps and dual flushed toilets where the Treasury is the tenant.