



Australian Government

Australian Office of Financial Management

AO FM

CORPORATE
PLAN 2025–26

CONTENTS

Message from our CEO	2
Our values	3
Trust	3
Excellence	3
Diversity	3
Our operating environment	4
The global economy	4
Outlook for risks	4
Outlook for bond markets	4
Our capability	5
Purpose	5
People	5
Technology, information and data	6
Our risk oversight and management	7
Key risk profile	7
Our cooperation – relationships and stakeholders	10
Our subsidiaries	10
Our key activities	11
Our performance	12
Appendix A: Changes to performance measures from 2024–25 to 2025–26	16



MESSAGE FROM OUR CEO

**The Australian Office of Financial Management (AOFM)
is Australia's sovereign debt manager.**

**We issue debt securities on behalf of the Australian Government
and manage its cash and debt portfolios. We also implement
government initiatives relating to the Australian securitisation
market. Through our activities, we support a well-functioning
Australian Government Securities (AGS) market.**

This Corporate Plan outlines our strategic direction for the reporting period 2025–26 to 2028–29. It provides an overview of our operating environment, strategic priorities, key activities, risk management approach and performance measurement framework.

In an increasingly complex and uncertain global landscape – characterised by growing geopolitical tensions, unpredictable global policy and greater financial market volatility – it is important that we continue to focus on our strong fundamentals. This includes advancing our strategic priorities, managing key risks effectively, and strengthening our relationships with AGS market participants and government stakeholders. Maintaining a diverse and deep investor base remains a major factor in our approach to achieving our purpose.

Our effectiveness as an entity will always be underpinned by the capability of our staff, and our ability to respond quickly to changing market conditions while working within our risk appetite. To ensure the AOFM is well-positioned to support the performance of our staff members, we are undertaking an organisational restructure.

Our organisational values – Trust, Excellence and Diversity – guide how we work. We are committed to supporting staff members' development and wellbeing, and to cultivating a diverse and inclusive workplace culture. Attracting and retaining talent remains a key priority as we focus on maintaining our high-performing and agile team dynamic.

I am pleased to present our Corporate Plan, as required under paragraph 35(1) (b) of the *Public Governance, Performance and Accountability Act 2013*. I am also reporting on our progress in the AOFM's Annual Report.

Anna Hughes

Chief Executive Officer

Australian Office of Financial Management

OUR VALUES



TRUST

To act reliably with integrity and transparency.
To work respectfully and collaboratively.



EXCELLENCE

To continuously improve through curiosity and innovation. To adapt to changing circumstances and deliver as a prominent, respected authority.



DIVERSITY

To welcome all perspectives and embrace different ideas. To be valued as our authentic selves, and to respect and include everyone.



OUR OPERATING ENVIRONMENT

The AOFM's debt management strategy outlines how we intend to manage the government's debt portfolio. In formulating the borrowing strategy, we conduct qualitative assessments of costs and risks. We consider the external environment, including the global economy, potential risks and bond market conditions.

The global economy

Global growth is expected to remain subdued due to the interplay between ongoing geopolitical uncertainty, moderating inflation and loosening monetary policy settings. Trade related headwinds, including rising protectionism and increasing fragmentation of global supply chains, are key contributors to projected subdued growth. Advanced economies are expected to be more resilient than developing countries, but growth is still at its lowest levels since the pandemic.

Inflation is expected to continue its downward trajectory from its mid-2022 peak. Advanced economies have mostly reached inflation targets, allowing central banks to gradually reduce interest rates as the risk of renewed inflationary pressures abates. However, concerns about fiscal sustainability pose ongoing risks to the stability of this trajectory.

Economic growth among Australia's major trading partners remains healthy, despite softening in late 2024–25. In Australia, moderating inflation has seen a reduction in the cash rate.

Outlook for risks

Risks to the global economy remain elevated. Key risks include escalating trade tensions, particularly involving the United States, and rising policy uncertainty. Inflationary pressures are easing, but supply chain disruptions and geopolitical instability continue to weigh on sentiment. While concerns about inflation have diminished, trade policy changes have emerged as the pre-eminent risk to global growth.

Policymakers face challenges in striking a balance between maintaining fiscal discipline while fostering resilience and investment in an uncertain environment. Increasingly, long-term debt sustainability is being questioned for economies with higher debt burdens due to the COVID pandemic or to supporting inflation-hit consumers and producers facing trade uncertainty.

Overall, the outlook for global growth remains fragile, contingent on geopolitical developments and coordination of policy responses.

Outlook for bond markets

The AOFM is conscious of the complex macroeconomic and geopolitical environment in which we operate. We are committed to supporting the AGS market while managing our key risks, including those associated with debt refinancing, cash requirements, movements in interest rates and the ongoing development of the sustainable finance market.

Investor interest in AGS remains strong, driven by their relative safety and predictable income amid global uncertainty. Issuance in 2025–26 is expected to be higher than in 2024–25. Strong participation and a diverse investor base contribute to the resilience in demand for AGS.

Issuance of sovereign green bonds is growing steadily but will remain a small portion of total bond issuance. Green bond yields are expected to continue to closely track yields on non-labelled bonds.

OUR CAPABILITY

Purpose

1. Meet the government's annual financing task while considering costs and risks.
2. Ensure the government can always meet its cash outlay requirements.
3. Conduct market-facing activities in a manner that supports a well-functioning AGS market.
4. Meet the priorities of the Australian Business Securitisation Fund (ABSF).

People

AOFM is an agency of professional people with strong specialist and technical skills in financial management and debt capital markets. Our people are our most valuable and enduring asset. Their knowledge, capability and commitment are central to us delivering on our purpose and achieving our strategic goals. We recognise that it is through the passion, professionalism and integrity of our people that we can meet the needs of our stakeholders and the Australian Government.

We are committed to fostering a workplace culture that values employee wellbeing, safety, inclusion, collaboration and continuous learning. Supporting our people to grow in their roles not only strengthens our internal capability but also ensures we remain responsive, resilient and forward thinking.

We acknowledge that our future success depends on our ability to attract, develop and retain talented individuals who bring a range of perspectives and experiences. In 2025–26, we will develop and begin implementing our first strategic workforce plan, which will support us in:

- **Knowing our workforce:** strengthening our understanding of our workforce capability and capacity.
- **Retaining our workforce:** identifying our key people risks and providing career and development opportunities to retain talent.
- **Attracting our workforce:** promoting and enhancing our status as an employer of choice by demonstrating what sets us apart from other organisations.

We are focused on continually improving the structures, systems, and processes that enable our people to do their best work. Our APS Employee Census results are published online – in addition to making ongoing improvements to these results, we are committed to enhancing our people's experience at work.

In 2024-25, we invested in strengthening our senior leadership tier to provide greater strategic focus and support across the organisation. The expanded structure enhances our ability to deliver on key priorities by ensuring clearer accountability, improved coordination and stronger leadership presence across functions.

Consistent with the APS Strategic Commissioning Framework, we perform most of our core work inhouse, and use minimal outsourcing.

TECHNOLOGY, INFORMATION AND DATA

Our agency relies on information and data for conducting analysis, making decisions, executing transactions and managing resources.

Treasury provides the information and communications technology (ICT) that underpins our technology capability, data collection and storage. We leverage Treasury's scale, resources and expertise for greater efficiency.

We utilise several third party, finance sector-specific applications—such as Tradeweb, Quantum, and Austraclear—to support our core business functions. This operating framework necessitates a commitment to robust cyber security measures and governance, including assurance processes.

Going forward, we will continue to invest in modernising our work practices and tools to ensure our people have the skills and tools they need to meet emerging challenges.



OUR RISK OVERSIGHT AND MANAGEMENT

Our agency takes a considered approach to managing risk to ensure that we can deliver what the government needs. We foster a positive risk culture by encouraging our people to engage with risk while ensuring we make well-informed decisions when pursuing our vision and purposes.

The AOFM's risk governance framework consists of enterprise risk management policies supported by specific financial risk management and investment policies that are tailored to our debt and cash portfolio responsibilities. Our approach to risk management aligns with the Commonwealth Risk Management Policy and industry best practice.

Our CEO has overall responsibility for risk management, supported by the executive leadership, which oversees and champions risk management. Our Audit and Risk Committee advises the CEO on the appropriateness of the AOFM's risk and internal control frameworks.

The role of the AOFM Advisory Board is to assist the Secretary (Chair) in assessing the AOFM's proposed strategies and plans. The Board also advises the Secretary on issues relating to debt and investment markets.

We consider risk and opportunity across 3 broad categories: strategic, portfolio and operational. Our business units undertake quarterly reviews and annual environmental scans to identify emerging risks and opportunities to improve operational efficiency and effectiveness.

We actively manage shared risks with third parties in achieving our objectives. We have a program of iterative improvements to uplift our risk management maturity over the medium term. This includes climate risk assessments, controls monitoring and business continuity integration to inform our assurance program.

KEY RISK PROFILE

Our agency faces 6 main strategic risks and opportunities over the period of this plan.

Strategic risks – If realised, these would significantly affect our ability to achieve one or more of our purposes.

Strategic opportunities – If exploited, these would assist us in achieving our strategic priorities.

Table 1: Risks and opportunities, our risk appetite and key management actions

Strategic opportunities	
Description	Management action
Building a future-ready workforce	<ul style="list-style-type: none">• Deliver a new strategic workforce plan that safeguards against ongoing highly competitive labour market conditions, while prioritising talent attraction and retention and operational agility.• Improve our employee experience by implementing engagement initiatives, including opportunities to share thought leadership and expertise.

Strategic opportunities	
Description	Management action
Embed change management	<ul style="list-style-type: none"> • Embed the new Consultation and Change Framework. • Develop a communications plan for internal and external stakeholders to improve the effectiveness of communication, including establishing context and consistency.
Increase brand awareness	<ul style="list-style-type: none"> • Develop a communications plan for internal and external stakeholders to: <ul style="list-style-type: none"> » Increase engagement with other entities and Central Borrowing Authorities to share expertise and improve recognition. » Better articulate and communicate the AOFM brand including leveraging networks within Treasury and other policy agencies to raise our profile, share expertise and increase early involvement in relevant decision making. » Seek membership on interdepartmental committees, where relevant.

Strategic risks		
Description	Appetite	Management action
The market loses confidence in our ability to meet our purpose	<p>Cautious (Medium risk)</p> <p>The AOFM's strategic management and governance arrangements reflect that we carefully analyse and evaluate business priorities and appropriately engage with risk and apply standards of stewardship that ensure we continue to achieve our objectives.</p>	<ul style="list-style-type: none"> • Investor engagement continues to be a cornerstone in building confidence in the AOFM's operations in debt capital markets. The AOFM delivers an investor relations program that fosters open and cooperative engagement with a diverse investor base. • The AOFM conducts regular industry engagement in support of the AGS and securitisation markets. • Communications and Crisis Communication Strategies are in place to guide the development of statements and media briefings. • The AOFM ensures that market announcements and actions support our organisational credibility and transparency in AGS and securitisation markets.

Strategic risks		
Description	Appetite	Management action
Compromise of one or more key suppliers severely impacts our ability to meet our operational responsibilities	<p>Cautious (Medium risk)</p> <p>The AOFM recognises that we rely on relevant, strong, and well-maintained external relationships for our success. We will address adverse reputational impacts and associated risks through proactive management.</p>	<ul style="list-style-type: none"> The AOFM maintains strong relationships with our key suppliers, monitoring service levels and working with suppliers to enhance performance outcomes. The Operations Committee has oversight of Treasury services, key projects with suppliers and Cyber Security monitoring. A Procurement and Contract Management Framework is in place to ensure third party supplier risks are considered throughout the entire contract lifecycle. The agreed Memorandum of Understanding with Treasury is clear on AOFM's IT services requirements, Treasury also has an ongoing program to issue authorities to operate for AOFM key business applications. Business continuity (BC) plans and disaster recovery (DR) arrangements are in place to ensure core business operations can continue during a disruption. The AOFM also seeks assurance that third party BC and disaster recovery arrangements are in place and regularly tested.

Strategic risks		
Description	Appetite	Management action
Lack of knowledge management transfer mechanisms affects our future workforce capability	<p>Minimal to cautious (Low to medium risk)</p> <p>The AOFM is committed to ensuring that our information is reliable, accurate and available to facilitate informed decision-making. We have minimal appetite for mismanagement of (critical) information that affects our ability to meet the Budget financing task and support a functioning AGS market.</p>	<ul style="list-style-type: none"> Business Unit Heads support managers and staff in gaining exposure to integral functions. The AOFM workforce plan will identify critical roles, and the skills required to ensure integral functions can continue to be performed. Functions that are identified as integral to the AOFM's capability are documented through procedures and reviewed on a regular basis.

OUR COOPERATION – RELATIONSHIPS AND STAKEHOLDERS

The AOFM engages with a cross-section of external parties such as industry bodies, market participants and government agencies through roundtables, investor engagement, conferences, committees and working groups. We do this to share the insights we gain at the interface of government and financial markets with policymakers to support their deliberations. We also benefit from the experiences of issuers, investors and intermediaries to support our own deliberations.

We engage extensively with a wide range of stakeholders, including domestic and offshore investors, intermediaries, the Reserve Bank of Australia (RBA) and other sovereign debt issuers, to better understand trends and drivers of activity – such as buying and selling AGS – and make informed decisions about our funding operations. Our agency works closely with Treasury, advising on sovereign balance sheet risks, valuations and related matters, as well as to stay informed of potential changes to the financing task.

Effective cash portfolio management requires timely forecasts of government outlays and tax receipts, so we communicate frequently and closely with spending agencies, the Department of Finance, the RBA, and the Australian Taxation Office.

The Green Treasury Bond program requires cooperation and consultation with a range of stakeholders. Our agency jointly manages the program with Treasury, so an effective relationship with Treasury is vital to the smooth delivery of the program. We engage with sovereign and state government issuers to share learnings on operating labelled bond programs. Consultation with investors and sustainable finance experts helps inform settings for the program and set market expectations. Our CEO is a member of the Green Bond Committee – an interdepartmental oversight body.

To inform our decisions on the ABSF investment program, we maintain strong, productive relationships with intermediaries, investors, and the Australian Securitisation Forum.

We share our observations on conditions in the markets in which we operate with Treasury, the RBA and other Council of Financial Regulators members.

To further strengthen Australia's economic story to investors, the AOFM and semi-government issuers will look to work more closely and further develop a Team Australia narrative.

The AOFM participates in the Organisation for Economic Co-operation and Development (OECD) Working Party on Public Debt Management. Through this, we share our experiences and benefit from learning about the experiences of other leading sovereign debt management practitioners.

OUR SUBSIDIARIES

The AOFM has no subsidiaries.

OUR KEY ACTIVITIES

Our agency will achieve our purposes by delivering 7 key activities over a 4-year period.

Table 2: Key AOFM activities and strategies

KEY ACTIVITIES AND STRATEGIES	2025–26 to 2028–29
ESTABLISH AND EXECUTE A DEBT MANAGEMENT STRATEGY	✓
<ul style="list-style-type: none"> to meet the Budget financing task that is consistent with a prudent sovereign debt management approach that anticipates the broad market outlook and attendant risks that considers borrowing costs and portfolio risks through weekly issuance decisions that take prevailing conditions into account, support the market and reduce the risk of failed transactions. 	
SETTLE AGS ISSUANCE, COUPON AND REDEMPTION PAYMENTS	✓
<ul style="list-style-type: none"> in a complete, timely and accurate manner. 	
ESTABLISH AND EXECUTE A LIQUIDITY MANAGEMENT STRATEGY	✓
<ul style="list-style-type: none"> that considers the broad outlook for funding market conditions that defines an appropriate liquidity buffer designed to maintain ready access to the Treasury Note market to always meet government expenditure requirements to meet minimum liquidity requirements. 	
CONDUCT A MARKET ENGAGEMENT PROGRAM	✓
<ul style="list-style-type: none"> in accordance with an annually revised plan through periodic engagement with financial market intermediaries and key investors (domestic and offshore). 	
SUPPORT FINANCIAL MARKET LIQUIDITY	✓
<ul style="list-style-type: none"> by monitoring secondary market activity through regular weekly issuance, having considered market conditions by maintaining a securities lending facility. 	
MANAGE THE ABSF PROGRAM BY	✓
<ul style="list-style-type: none"> seeking ABSF proposals from relevant market participants making investments in suitable proposals meeting subscription notices monitoring investment performance. 	

OUR PERFORMANCE¹

Table 3: Performance in working to achieve our purposes

Purpose 1: Meet the government's annual financing task, considering costs and risks

KEY ACTIVITY 1.1	ESTABLISH AND EXECUTE A DEBT MANAGEMENT STRATEGY
PERFORMANCE MEASURE	Issuance strategy: conduct annual issuance in accordance with the debt management strategy
Type	Output
Methodology	The annual debt management strategy contains several elements: issuance volumes for Treasury Bonds and Treasury Indexed Bonds; new Treasury Bond lines; and a weighted average maturity of Treasury Bond issuance. Activity against each of these elements will be monitored across the year
Rationale	The debt management strategy is a key governance document that guides our operations and is approved by the Secretary to the Treasury
TARGETS	
2025–26 to 2028–29	All approved elements are met
Data sources	Treasury Management System
PERFORMANCE MEASURE	New issuance yields: the weighted average issue yield at Treasury Bond and Treasury Indexed Bond tenders compared to prevailing mid-market secondary yields
Type	Effectiveness
Methodology	Calculation that relies on inputs (yields and spreads) from the Treasury Management System
Rationale	We make weekly issuance decisions about which government securities to issue. Pricing issuance at lower yields than secondary market levels indicates decisions on the selection of securities to be issued were reasonable
TARGETS	
2025–26 to 2028–29	At or below mid-market yields
Data sources	Treasury Management System

1. The AOFM changed some performance measures from 2024–25 to 2025–26. A reconciliation table is at Appendix A.

KEY ACTIVITY 1.2	SETTLE AGS ISSUANCE, COUPON AND REDEMPTION PAYMENTS
PERFORMANCE MEASURE	AGS settlements: the number of times AGS issuance, coupon and redemption payments fail to occur in a complete, timely and accurate manner, where the AOFM is responsible for the failure
Type	Output
Methodology	Austraclear and Treasury Management System settlement reports
Rationale	Failure to settle a transaction related to a government security impacts the financial system, (given the size of transactions), and reputation of the Commonwealth. This could lead to a potential loss of confidence in the AOFM, impacting our ability to meet the annual issuance task
TARGETS	
2025–26 to 2028–29	Zero
Data sources	Treasury Management System and Austraclear System

Purpose 2: Ensure the government can always meet its cash outlay requirements

KEY ACTIVITY 2.1	ESTABLISH AND EXECUTE A LIQUIDITY MANAGEMENT STRATEGY
PERFORMANCE MEASURE	Cash management strategy: conduct annual cash management in accordance with the liquidity management strategy
Type	Output
Methodology	The annual liquidity management strategy contains several elements: a liquidity buffer; type of cash management assets held; Treasury Notes on issue; and access to the RBA overdraft facility
Rationale	The liquidity management strategy is a key governance document that guides our cash management activities and is approved by the Secretary to the Treasury
TARGETS	
2025–26 to 2028–29	All approved elements met
Data sources	Treasury Management System and RBA notifications (overdraft use)

Purpose 3: Conduct market-facing activities in a manner that supports a well-functioning AGS market

KEY ACTIVITY 3.1 CONDUCT A MARKET ENGAGEMENT PROGRAM	
PERFORMANCE MEASURE	Annual investor relations plan: conduct investor outreach in accordance with the annual investor relations plan
Type	Output
Methodology	The annual investor relations plan contains several elements that are targeted: one-on-one engagements with investors; presentations at investment forums; and investor insight publications. Activity against each of these elements will be monitored across the year
Rationale	The delivery of the annual investor relations plan reflects active engagement with key investors and financial market intermediaries (domestic and offshore), and enables the gathering of market intelligence to inform our portfolio management decisions
TARGETS	
2025–26 to 2028–29	All elements met
Data sources	Investor Relations activities calendar
KEY ACTIVITY 3.2 SUPPORT FINANCIAL MARKET LIQUIDITY	
PERFORMANCE MEASURE	Turnover ratio: annual reported secondary market turnover for Treasury Bonds and Treasury Indexed Bonds as a proportion of debt on issue
Type	Effectiveness
Methodology	Calculation that relies on turnover data collected via monthly counterparty surveys and stock numbers recorded in the Treasury Management System
Rationale	The turnover ratio is an indicator for AGS market liquidity
TARGETS	
2025–26 to 2028–29	Greater than one
Data sources	Counterparty turnover surveys and Treasury Management System

Purpose 4: Meet the priorities of the ABSF

KEY ACTIVITY 4.1 MANAGE THE ABSF PROGRAM	
PERFORMANCE MEASURE	ABSF rate of return: the accrual earnings (net of losses) for a fiscal year divided by the average drawn (invested) amount in percentage point terms
Type	Effectiveness
Methodology	Calculation that relies on inputs (accrual earnings and average drawn amount) from the Treasury Management System. The calculated rate of return is compared to an independently published market index
Rationale	The Australian Business Securitisation Fund Investment Mandate Directions 2019 specifies a return benchmark for the ABSF. The performance measure defines the return calculation methodology to be applied to the ABSF such that both returns are calculated under broadly consistent methodologies
TARGETS	
2025–26 to 2028–29	Greater than Bloomberg AusBond Treasury 0–1 Yr Index
Data sources	Treasury Management System and Bloomberg



APPENDIX A: CHANGES TO PERFORMANCE MEASURES FROM 2024–25 TO 2025–26

Table 4. Summary of changes to performance information

Performance measures in AOFM Annual Report 2024–25	Performance measures in AOFM Corporate Plan 2025–26	Changes made	Rationale for change(s)
SFSF losses: gross credit losses for a fiscal year divided by the average drawn (invested) amount in percentage point terms.		Removed	The SFSF exited the remaining investments during 2024–25. No commitments are in place.



Australian Office of Financial Management

Treasury Building, Newlands Street, Parkes ACT 2600, Australia
T +61 2 6263 1111 | enquiries@aofm.gov.au | aofm.gov.au