

AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT

ANNUAL REPORT 2024–25

ABOUT THIS REPORT

This report outlines the operations and performance of the Australian Office of Financial Management (AOFM) for the financial year ending 30 June 2025. It has been prepared in accordance with the provisions of section 46 of the *Public Governance, Performance and Accountability Act 2013*, the Public Governance, Performance and Accountability Rule 2015 and the Department of Finance Resource Management Guide No. 135.

The AOFM is an administrative entity within the Commonwealth of Australia.

This annual report can be found on the AOFM website aofm.gov.au

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LETTER OF TRANSMITTAL

29 August 2025

The Hon Dr Jim Chalmers MP
Treasurer
Parliament House
CANBERRA, ACT 2600

Dear Treasurer

I am pleased to present the annual report of the Australian Office of Financial Management (AOFM) for the year ended 30 June 2025.

The report has been prepared in accordance with all applicable obligations of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) including section 46, which requires that you, as the relevant Minister, table the report in Parliament.

The annual performance statement in Part 2 of this report is prepared in accordance with section 39 of the PGPA Act and accurately reflects the AOFM's performance for 2024–25.

The report includes the AOFM's audited financial statements, prepared in accordance with the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015.

I confirm the AOFM has in place appropriate fraud prevention, detection, investigation and reporting mechanisms, including fraud risk assessments and a fraud control plan. The AOFM has taken all reasonable measures to appropriately deal with fraud.

Yours sincerely



Anna Hughes

Chief Executive Officer

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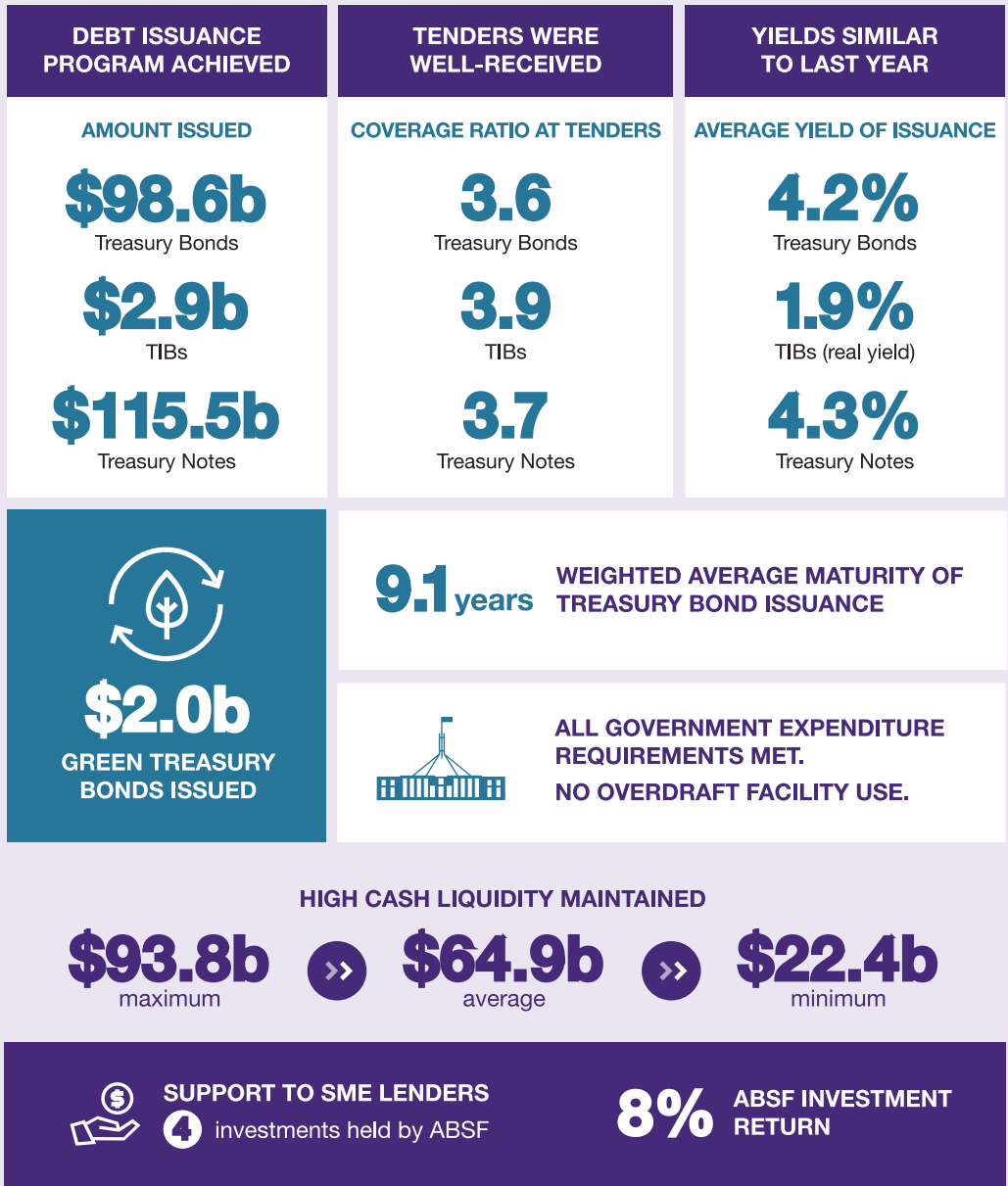
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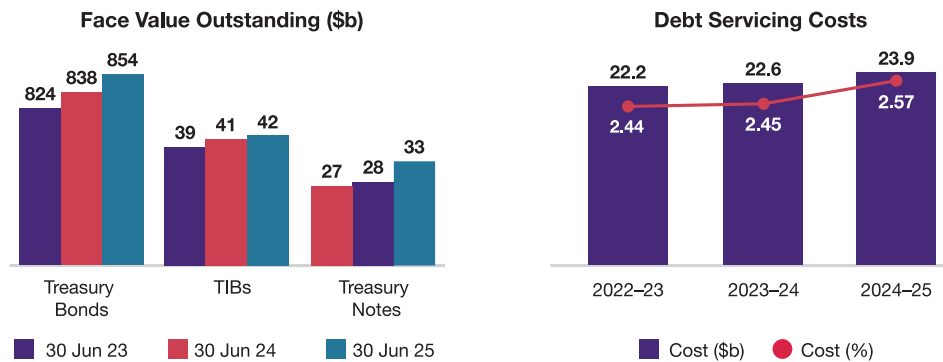
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2024–25 ACTIVITIES

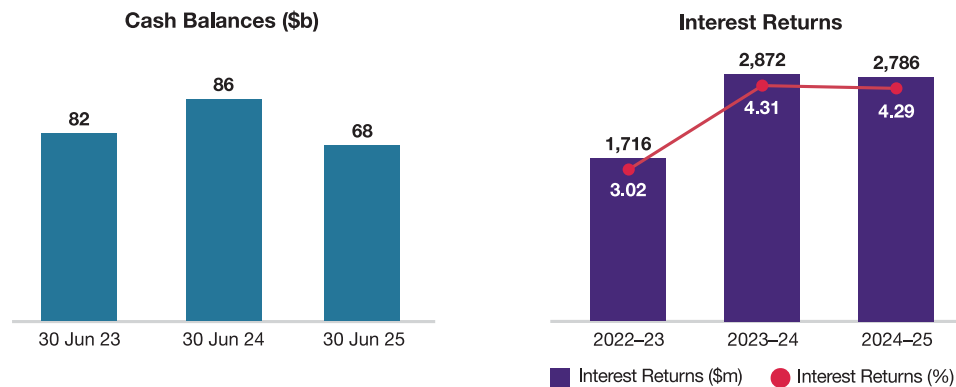


OUR PORTFOLIO

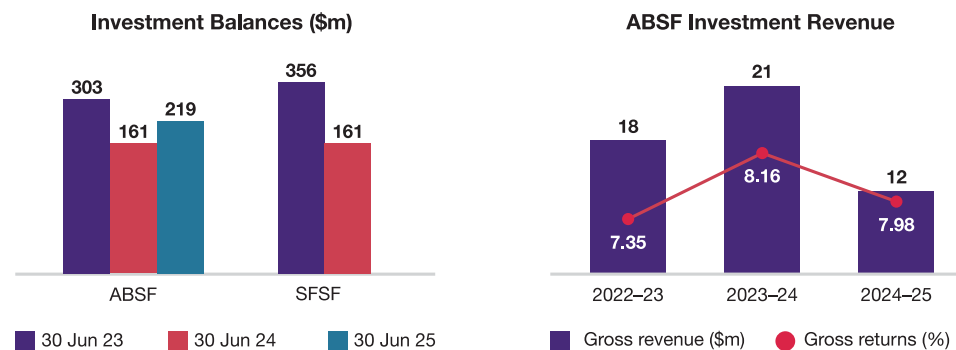
AUSTRALIAN GOVERNMENT SECURITIES



CASH



ABSF AND SFSF INVESTMENTS



PART 1: OVERVIEW

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A. CHIEF EXECUTIVE OFFICER'S REVIEW



Global uncertainty remained a theme throughout 2024–25, with events in April 2025 widely regarded as marking the onset of the most uncertain times since the COVID-19 pandemic. Amid these challenging conditions, the AOFM's well-established bond issuance framework proved to be robust and effective in maintaining market confidence and ensuring the continuity of funding operations. Our Funding, Strategy and Research (FSR) team demonstrated strong leadership and expertise in navigating the heightened

market volatility, earning broad recognition and appreciation from market participants.

Overall, 2024–25 presented the AOFM with its biggest refinancing task and our biggest issuance task since the high of 2020. In summary, we issued \$98.6 billion in Treasury Bonds with an issuance weighted average maturity of 9.15 years, which was well within our target range. We held two Treasury Bond syndications, establishing 2 new 11-year bonds and raising \$26.5 billion. The syndication of the March 2036 line saw the largest ever order book for an Australian dollar-denominated bond. With the Australian Bureau of Statistics announcing it will begin publishing a full monthly Consumer Price Index (CPI) series from late 2025, work commenced on developing a new inflation-linked security referencing monthly CPI. While first issuance isn't expected until 2026–27 (at the earliest), the AOFM worked closely with the Australian Financial Markets Association and market participants on the key design elements of the new security throughout the year.

The first Australian Government Green Treasury Bond Allocation and Impact Report was released in February 2025. Seventy-eight per cent of proceeds were allocated towards climate change mitigation projects, with the balance allocated towards improved environmental outcomes and climate change adaptation projects. The report was well received by investors and other stakeholders, who appreciated the quality, depth and timeliness of information provided. The green bond continues to perform well in the market, with the AOFM issuing \$2 billion in 2024–25. This has seen the total size of the program grow to \$9 billion.

In January, the AOFM exited the last of the investments made through the Structured Finance Support Fund (SFSF). The enabling legislation for the SFSF provided up to \$15 billion of investment, and total investment and commitments peaked near \$4 billion

through early 2021. Investments by the AOFM covered public securities, private warehouses and the forbearance Special Purpose Vehicle. As financial market conditions improved following the COVID-19 pandemic, the AOFM's SFSF investments were steadily repaid. This was through a mix of amortisation, redemption, replacement and asset sales, the latter of which occurred in January 2025. Through the SFSF, the AOFM provided funding to a wide range of consumer and business lenders impacted by the COVID-19 pandemic; met its core key performance indicator for the SFSF; delivered a positive return after expenses; and exited investments in an orderly manner that was not disruptive to the market.

In June, the AOFM held its sixth Australian Government Fixed Income Forum, in Tokyo. The forum was a valuable opportunity for the AOFM and semi-government issuers to engage with Japanese institutional investors. Discussions focused on broader economic issues, with a presentation from former Reserve Bank of Australia Governor, Dr Philip Lowe. His insights were well received by issuers and investors alike.

This financial year also saw the first major organisational change to the AOFM since the early 2000s, with the expansion of the executive leadership team through the creation of two new Senior Executive Service positions: Chief Operating Officer and Deputy Chief Executive Officer. These positions report directly to the Chief Executive Officer, enhancing strategic oversight, operational resilience and stakeholder engagement, and ensuring the AOFM is well positioned to meet future challenges.

In addition to enhancing our leadership profile, the AOFM has made significant progress in strengthening our people and performance frameworks. We undertook a comprehensive refresh of our performance framework with a focus on supporting a high-performance culture. We also introduced a Remuneration Committee to bring greater rigour and equity to pay decisions, reinforcing our commitment to fairness and transparency. There has also been a major focus on uplifting the suite of employment-related policies under our Enterprise Agreement. This substantial effort has delivered a clearer, more coherent policy framework, providing staff with a well-defined understanding of their working conditions and entitlements.

The AOFM's risk management and assurance practices continue to mature, as highlighted by our results for the Comcover Risk Management Benchmarking Program. We achieved all our maturity targets, attaining an 'Advanced' maturity rating across all 5 areas of focus. Throughout the year we also completed a significant body of work to uplift our approach to risk and assurance, focused on identifying and designing critical controls and measuring their effectiveness.

Investment in technology continued to be a focus for the AOFM. During the year, we upgraded our Treasury Management System, Quantum, and implemented the

automated records management product, Castlepoint – both key steps in continuing to modernise our information management practices.

While we've had another successful year, our issuance task for the next financial year is significant. The AOFM will remain focused on preserving our strong fundamentals: maintaining a deep and diverse investor base and protecting our strong relationships with market participants. In the face of ongoing global uncertainty, we are committed to transparency and predictability as we continue the work to futureproof our organisation.



Anna Hughes
Chief Executive Officer

B. ROLE AND ACTIVITIES

The Australian Office of Financial Management (AOFM) is Australia's sovereign debt manager. Our role requires us to finance the operations of the Australian Government. To do this we issue debt securities on behalf of the government and manage its cash. The AOFM also implements government initiatives that relate to the Australian securitisation market.

The AOFM borrows in wholesale funding markets by issuing Australian Government Securities (AGS). We have 2 main responsibilities: ensuring the government can always meet its financial obligations (known as 'cash management'), and managing the government's debt portfolio by prudently balancing risks and costs over time (known as 'debt management').

We are aware of our potential to impact sectors of the capital markets through our actions as an issuer of government debt and as an investor on behalf of the government, specifically in the Australian securitisation market.

The AOFM's core responsibilities were unchanged during 2024–25. We remained focused on funding the government's expenditure needs, raising debt from financial markets, supporting the functioning of Australia's sovereign debt market, and fulfilling the Australian Business Securitisation Fund (ABSF) and the Structured Finance Support Fund (SFSF) mandates.

Our own operations are funded by Australian Government budget appropriations.

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 purposes



The AOFM needs to fulfil 4 key purposes:

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) and Structured Finance Support Fund (SFSF).

The AOFM outcome

The AOFM has one outcome in the Treasury Portfolio Budget Statement: the advancement of macroeconomic growth and stability, and the effective operation of financial markets, through issuing debt, and through investing in financial assets and managing debt, investments and cash for the Australian Government.

The AOFM's role in financing the Budget

The Australian Government Budget is usually released in May each year for the financial year starting on 1 July and the 3 following years (the 'forward' years). The Budget sets out the government's fiscal outlook and budget position, reflecting government policy decisions and assumptions about the performance of the domestic and global economies.

During the Budget process, the AOFM is given an estimate of the financing task for the forward years. The financing task for the forward years, together with an AOFM-formulated annual debt management strategy, is central to determining the size and nature of the annual issuance program.

The government typically publishes a Budget update around December each year, known as the Mid-Year Economic and Fiscal Outlook. At this point, we update our issuance program for the Budget year.

The AOFM's debt management strategy

As part of the AOFM's annual planning, we establish a new debt management strategy each year. This strategy sets out how we plan to achieve the financing task after considering market conditions, investor demand, costs and risks.

AGS play a key role in the domestic financial market, as they:

- are a low-risk asset with a regular income stream
- are used as collateral for certain financial market transactions
- provide a risk-free pricing benchmark.

Accordingly, our debt management strategy seeks to foster an efficient and liquid secondary market in AGS.

How the AOFM finances the Budget

Most issuance occurs via competitive tender. Registered bidders can buy AGS directly from the AOFM at regular tenders (usually held several times a week). The cost of borrowing is driven by the interest rates (or yields) demanded at each tender.

From time to time, the AOFM may issue bonds via syndication as a way to mitigate increased execution risk for a high-volume transaction. In a syndication, we appoint a panel of banks to support and promote the transaction through their investor networks. The bonds are then placed directly with investors.

C. ORGANISATIONAL STRUCTURE

The accountable authority of the Australian Office of Financial Management (AOFM) is our Chief Executive Officer (CEO), Anna Hughes, who occupied the position for the full 2024–25 reporting period. In 2024–25, the AOFM senior leadership team was expanded to include the Deputy CEO and Chief Operating Officer (COO) roles. This is the first major change to the AOFM leadership structure since the early 2000s, and reflects the changing internal and external operating environment. These positions provide additional executive support to the CEO and managerial support to the broader organisation, increasing the AOFM’s capacity and capability.

The AOFM organisational structure is based on financial industry best practice, and we develop our teams to align with different stages of our business processes. Our structure specifically recognises the separation of duties related to financial transactions. Core operational activities form the following 3 broad areas, reporting to our Deputy CEO and COO as appropriate.

Front office

The front office is responsible for funding operations, debt strategy, investor relations, policy-driven investment and sustainable finance. Activities include conducting tenders and syndications for the issuance of AGS; liaising and engaging with AGS investors and other market participants; managing government cash balances; administering and executing the investment program for the Australian Business Securitisation Fund; and managing the Green Treasury Bond program.

Middle office

The middle office supports enterprise risk management; undertakes second-line risk assurance; manages business continuity, business systems and data; safeguards security and privacy; and measures portfolio performance. Risk and compliance monitoring facilitates the AOFM’s management of risk, including adherence to the separation of back office and front office functions. The middle office maintains business databases that facilitate monitoring and reporting of our business activities. It also manages information and communications technology projects and service delivery.

Operations group

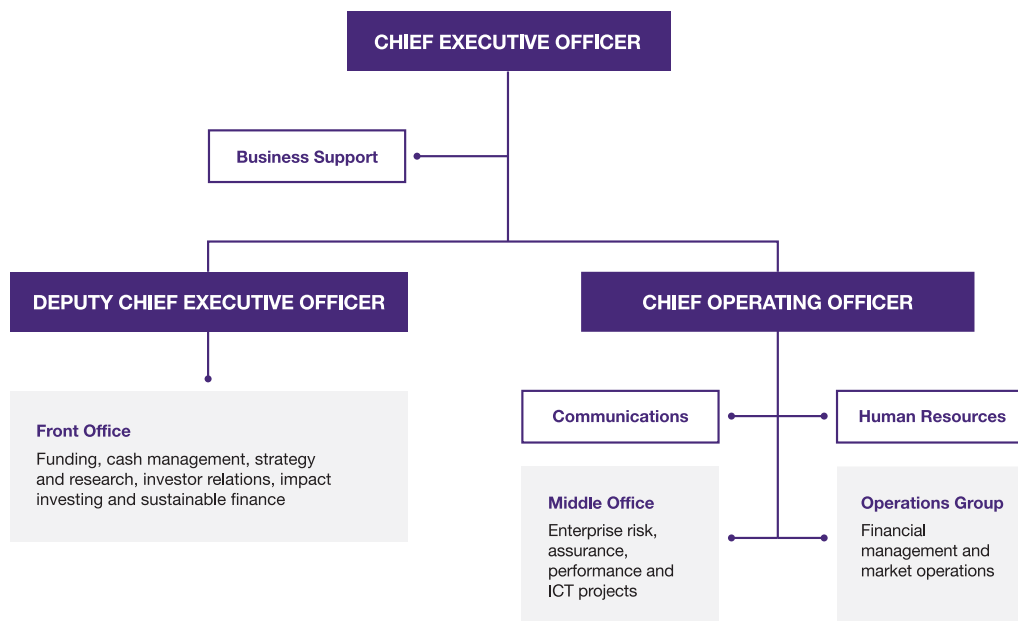
The Operations group is responsible for accounting, budgeting and financial management services. This work area also manages debt financing and investment transaction settlements; ensures debt payment obligations are always met; and manages procurement and vendor risk and outsourced debt registry services.

Other functions

Communications and human resources functions report directly to the COO.

Administrative and executive support functions for the broader agency report directly to the CEO.

Figure 1: AOFM organisational structure as at 30 June 2025



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A. STATEMENT OF PREPARATION

As the accountable authority of the Australian Office of Financial Management (AOFM), I present the 2024–25 annual performance statement of the AOFM, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In my opinion, the annual performance statement is based on properly maintained records, accurately reflects the performance of the agency, and complies with subsection 39(2) of the PGPA Act.



Anna Hughes
Chief Executive Officer

29 August 2025

B. FINANCIAL RISK MANAGEMENT

Sovereign debt management requires us to manage a range of risks and other considerations

Sovereign debt issuance and cash management entails assessing interest rate, liquidity, forecasting and operational risks. Given the size of the government's financial requirements, these risks are material to its overall fiscal position, and balancing them requires careful judgement. These risks are influenced by a range of factors, primarily global market forces that are constantly changing.

The Australian Office of Financial Management (AOFM) financial risk management framework supports decision-making around how the agency engages with and mitigates risk. The framework also underpins our risk-aware culture.

An efficient sovereign debt market improves the financial system's resilience to economic and financial market shocks. Through our debt financing activities, the AOFM also supports the domestic financial system in which the issuance and trading of Australian Government Securities (AGS) plays a central role. The AGS market provides key reference points on which to base the price of other capital market instruments, and market participants use it to manage interest rate risk.

The AOFM issues Treasury Bonds, Treasury Indexed Bonds and Treasury Notes

The AOFM issues 3 AGS debt instruments.

Treasury Bonds are medium- to long-term securities that pay a fixed annual rate of interest, and are the main instrument used to meet the Budget funding task.

Treasury Indexed Bonds (TIBs) are medium- to long-term securities that are linked to inflation.

Treasury Notes (T-Notes) are short-term debt securities used for within-year financing purposes and to provide ready access to large volumes of financing in times of unanticipated need. This can be especially important during times of general market stress.

What are the characteristics of securities issued by the AOFM?

Treasury Bonds are interest bearing securities with maturities up to around 30 years. A fixed interest payment (coupon) is made twice each year for the life of the bond. At maturity, holders receive the bond's face value.

Green Treasury Bonds are a subset of Treasury Bonds. Issuance proceeds are used to finance climate and environmental projects.

TIBs have maturities up to around 30 years. The face value of TIBs is adjusted for changes to the Consumer Price Index (CPI). Interest is paid quarterly, at a fixed rate, on the bond's inflation-adjusted value. At maturity, the holders receive the inflation-adjusted value of the bond.

T-Notes are instruments with maturities up to one year. They do not pay coupons and are redeemed at face value at maturity.

The AOFM manages its assets and liabilities in separate portfolios

For risk management and reporting purposes, AOFM-managed assets and liabilities are split into multiple portfolios. Long-term financing is managed through the Long-Term Debt Portfolio (LTDP). Short-term debt and assets are in the Cash Management Portfolio (CMP). Assets managed by the AOFM for policy purposes – including the Australian Business Securitisation Fund (ABSF), and loans to state and territory governments – are held in separate portfolios specific to each activity.

The LTDP comprises Treasury Bonds and TIBs

The AOFM influences the cost and risk profile of the LTDP through the maturity structure of bonds issued and the mix between nominal and inflation-linked bonds.

Balancing cost and risk considerations while avoiding adverse impacts on market functioning requires judgement. Issuing longer-term bonds typically involves higher debt servicing costs, but this is compensated by reduced volatility in future debt servicing costs and lower annual refinancing tasks.¹ Shorter-term borrowing will

¹ Refinancing risk, also referred to as 'rollover risk' or 'repricing risk', is the risk that borrowing to replace maturing debt occurs on unfavourable terms (or is not possible at all).

typically incur lower costs but exposes the government to higher annual refinancing requirements and higher variability in debt servicing costs.

We develop a medium- to long-term view on appropriate portfolio management and translate it into annual issuance strategies based on research and close monitoring of financial market conditions. The research explores the cost and risk characteristics of alternative portfolio structures and issuance strategies under a range of scenarios.

The CMP comprises T-Notes and deposits with the Reserve Bank of Australia

The CMP is primarily used to manage within-year timing mismatches between government receipts (mostly taxation) and payments. It is a fluctuating portfolio of short-term investments (deposits with the Reserve Bank of Australia) and short-term liabilities (T-Notes). The AOFM manages the portfolio to achieve an appropriate balance between cost, refinancing risk and liquidity risk.

Assets managed for policy purposes

In November 2018, the government announced plans to establish the ABSF to promote the development of – and increase competition within – the small to medium enterprise (SME) lending market. The ABSF aims to improve access to securitisation funding for smaller lenders that provide credit to the SME sector. Enabling legislation was enacted in April 2019.

In March 2020, the Australian Parliament passed a series of economic response measures to support the Australian economy through the COVID-19 pandemic. The *Structured Finance Support (Coronavirus Economic Response Package) Act 2020* (SFS Act) established the \$15 billion SFSF to support the wholesale structured finance market, which was disrupted by the economic uncertainty arising from the pandemic. The SFS Act aimed to ensure smaller lenders continued to have access to wholesale funding markets, in turn supporting the ongoing flow of lending to households and small business.

SFSF assets under management peaked around early 2021, with asset balances subsequently steadily falling through time. The remaining assets held by the SFSF were sold in January 2025. The SFSF currently does not hold any investments and has no commitments to invest.

Our primary cost measure is accrual debt servicing cost

AOFM cost and risk measures reflect considerations faced by all sovereign debt managers. The primary cost measure is accrual debt servicing cost, which includes interest payments made on AGS; realised market value gains and losses on repurchases; capital indexation of TIBs; and amortisation of issuance premiums and discounts. Accrual debt servicing cost excludes unrealised market value gains and losses. The effective yield of the portfolio is the total accrual debt servicing cost expressed as a percentage of total debt outstanding.

An alternative measure is fair value. Fair value measures of cost (which take into account unrealised gains and losses) are less relevant because the AOFM only repurchases outstanding bonds when they are close to maturity – at which point their prices are not very sensitive to changes in interest rates.

How is interest cost for AGS determined?

The interest cost on AGS is set by the market at issuance, at competitive tenders run by the AOFM and in some cases at syndications. The interest rates (or yields) bid at tenders or syndications depend on the maturity and coupon rate of the specific security being issued, and on prevailing market conditions.

For Treasury Bonds and T-Notes, the full life interest cost is locked in at the time of each issue. For TIBs, the interest cost depends on changes to the CPI over the life of the bond, so the full life interest cost is not known at the time the bond is issued.

C. APPROACH TO ASSESSING PERFORMANCE

Our Executive Leadership Group monitors progress towards meeting performance targets

The AOFM's annual performance planning cycle begins with the Corporate Plan. Our preparation includes reviewing our purposes, key activities and performance measures. The AOFM Executive Leadership Group monitors performance measures on a quarterly basis, and reports progress to the AOFM Audit and Risk Committee. Our 2024–25 Corporate Plan is available on the AOFM website (www.aofm.gov.au).

Our purposes are linked to key activities, which in turn are mapped to measures of performance. Overall agency performance is assessed through performance outcomes as reported below.

Table 1 shows the AOFM's key activities, performance measures and associated targets, set out against an overarching purpose. Performance outcomes are reported below.

Table 1: Performance measures and targets

Performance measures				Target
PURPOSE 1		Meet the government's annual financing task while considering costs and risks		
1.1	Establish and execute a debt management strategy	1.1.1	Issuance strategy: Conduct annual issuance in accordance with the debt management strategy.	All approved elements are met
		1.1.2	New issuance yields: The weighted average issue yield at Treasury Bond and Treasury Indexed Bond tenders compared to prevailing mid-market secondary yields.	At or below mid-market yields
1.2	Settle Australian Government Securities (AGS) issuance, coupon and redemption payments	1.2.1	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.	Zero
PURPOSE 2		Ensure the government can always meet its cash outlay requirements		
2.1	Establish and execute a liquidity management strategy	2.1.1	Cash management strategy: Conduct annual cash management in accordance with the liquidity management strategy.	All approved elements are met
PURPOSE 3		Conduct market-facing activities in a manner that supports a well-functioning AGS market		
3.1	Conduct a market engagement program	3.1.1	Annual investor relations plan: Conduct investor outreach in accordance with the annual investor relations plan.	All elements met
3.2	Support financial market liquidity	3.2.1	Turnover ratio: Annual reported secondary market turnover for Treasury Bonds and Treasury Indexed Bonds as a proportion of debt on issue.	Greater than one
PURPOSE 4		Meet the priorities of the ABSF and the SFSF		
4.1	Manage the Australian Business Securitisation Fund (ABSF) program	4.1.1	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.	Greater than Bloomberg AusBond Treasury 0-1 Yr Index
4.2	Manage the Structured Finance Support Fund (SFSF) program	4.2.1	SFSF losses: Gross credit losses for a fiscal year divided by the average drawn (invested) amount in percentage point terms.	Zero

D. THE OPERATING ENVIRONMENT

Geopolitical tensions and changes in foreign trade policy contributed to a less stable economic environment in 2024–25. Inflation pressures eased throughout the year, which led most central banks to pivot towards more accommodative monetary policy settings. Some central banks have since paused interest rate cuts, preferring a wait-and-see approach due to increased uncertainty in the global economic outlook based on changes in foreign trade policy.

At the beginning of 2024–25, annualised consumer price inflation had reached 3.8 per cent after peaking at 7.8 per cent in December of 2022. Inflation has since subsided to 2.1 per cent – within the RBA’s target range – as of June 2025.

The RBA began its rate-cutting cycle in February 2025 with a cut of 25 basis points, followed by another in May 2025, bringing the cash rate to 3.85 per cent by the end of 2024–25. Yield curves have steepened globally as central bank rate cuts have driven short-term yields lower, and inflation and fiscal factors have driven the long end higher.

Bond markets have remained functional and liquid throughout the year despite heightened economic uncertainty. Uncertainty and financial market volatility peaked in early April, when announced tariffs caused equity markets to fall and the Australian Government Securities (AGS) market to experience higher volatility. Despite ending the year at a similar level, 10-year yields traded within an 80 basis point range throughout the year.

PERFORMANCE ASSESSMENT: PURPOSE 1

**Meet the government's annual financing task while
considering costs and risks**

HOW PURPOSE 1 IS ACHIEVED

The Australian Office of Financial Management (AOFM) achieves the financing task by issuing Australian Government Securities (AGS). This issuance is informed by a debt management strategy that balances portfolio risks and borrowing costs.

Debt management considerations include interest cost and interest cost variability over time; changes to investor demand; financial market conditions; the size of the financing task; and funding risk. Issuance decisions require making judgements to balance costs and risks.

Many risks are a product of market influences or events not within the control of the AOFM. Additionally, debt management decisions and fiscal outcomes in one period have flow-on effects into future periods, including on interest costs, annual financing and refinancing requirements, and overall debt levels. The AOFM also looks to ensure our actions support the integrity, liquidity, stability and functionality of the AGS market.

Effective debt management requires a long-term perspective on decision-making. Smooth operational outcomes require decision-making that considers prevailing market conditions.

We adjust the volume of AGS issuance in response to changing circumstances, such as changes to the financing requirement. The method of issuance balances considerations such as supporting AGS liquidity, managing execution risk and anticipating transaction costs. The majority of issuance is by competitive tender; syndicated issuance is generally reserved for executing higher-risk transactions due to large volumes, or to establish new bond lines.

Table 2: Summary of performance for Purpose 1

Performance measures		2024–25 Performance	
		Target	Results
Key Activity 1.1	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 cost and portfolio risks that includes delivering the Green Treasury Bond program through weekly issuance decisions that take prevailing conditions into account, support the market and reduce the risk of failed transactions. 		
1.1.1	Issuance strategy: Conduct annual issuance in accordance with the debt management strategy.	All approved elements met	Met
1.1.2	New issuance yields: The weighted average issue yield at Treasury Bond and Treasury Indexed Bond (TIB) tenders compared to prevailing mid-market secondary yields.	At or below mid-market yields	Met
Key Activity 1.2	Settle AGS issuance, coupon and redemption payments: <ul style="list-style-type: none"> in a complete, timely and accurate manner. 		
1.2.1	AGS settlements: 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.	Zero	Met

Key Activity 1.1: Establish and execute a debt management strategy

The annual debt management strategy sets out the parameters for the AOFM's Treasury Bond and TIB issuance activities. This includes the weighted average maturity (WAM) of issuance and the mix of funding instruments to be used. The AOFM Advisory Board is briefed on the strategy. The Secretary to the Treasury endorses the strategy each year.

The 2024–25 debt management strategy was formulated in an environment of steeper yield curves and increased issuance, and, as such, set a target issuance WAM of 9 to 10 years. This was deemed to provide an appropriate balance between cost and risk, given the increasing refinancing task and higher costs for longer-term issuance, driven by the shape of the yield curve. The debt management strategy also recommended issuance across the curve to facilitate liquidity, and the establishment of two new bond lines to support the 10-year Treasury Bond futures contract.

The AOFM makes weekly decisions on which securities to issue. These decisions take account of the debt management strategy; funding and cash requirements; market conditions; liaison with intermediaries and investors; relative value between different bond lines; and the size of existing bond lines. Issuance of AGS occurs through competitive tenders and occasionally by syndication. Better decision-making should lead to strong tender demand, which is indicated by high coverage ratios combined with bids at or below secondary market mid-market yields.

The debt management strategy focuses on the Long-Term Debt Portfolio

The effective yield of the Long-Term Debt Portfolio (LTDP) was 2.47 per cent for 2024–25, 8 basis points higher than in 2023–24. Total debt servicing costs were higher than 2023–24, due to the higher average volume of bonds on issue and the rotation between maturing debt (issued when yields were lower) and more recently issued higher-cost debt.

Table 3: Debt servicing costs¹

	Debt servicing costs		Book volume		Effective yield	
	2024–25	2023–24	2024–25	2023–24	2024–25	2023–24
	(\$m)		(\$m)		(% p.a.)	
Contribution by instrument						
Treasury Bonds	(20,455)	(18,414)	(852,291)	(841,908)	2.40	2.19
TIBs	(1,993)	(3,014)	(55,983)	(54,003)	3.56	5.57
Total	(22,448)	(21,428)	(908,274)	(895,911)	2.47	2.39
Represented by						
Interest costs	(22,426)	(21,346)	(908,274)	(895,911)	2.47	2.39
Cost of repurchases	(22)	(82)	(908,274)	(895,911)	0.00	0.00
Total	(22,448)	(21,428)	(908,274)	(895,911)	2.47	2.39

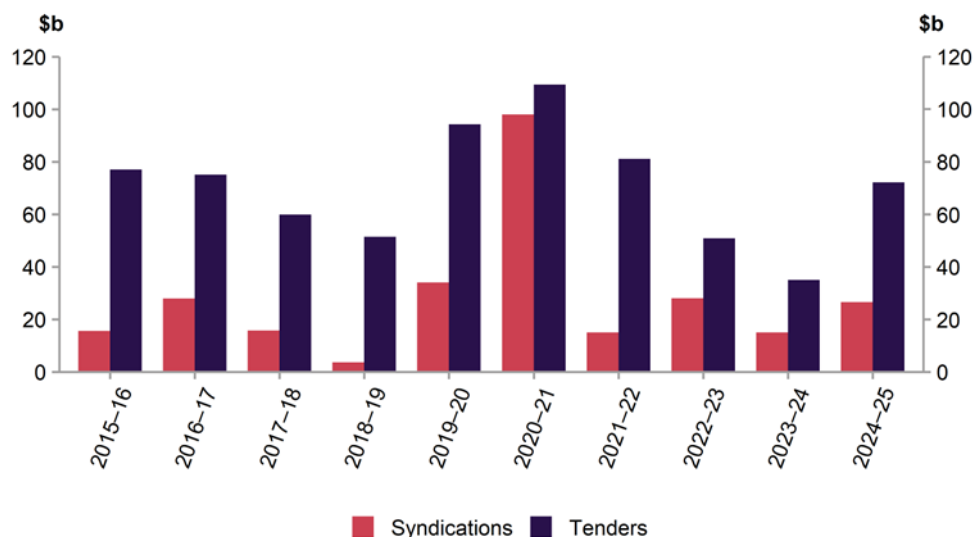
Treasury Bonds

Treasury Bonds are the main instrument the AOFM uses to meet the government's financing requirements.

In 2024–25, we issued \$98.6 billion of Treasury Bonds, with \$72.1 billion issued by tender and \$26.5 billion by syndication. Net issuance was \$17.2 billion. Issuance was higher in 2024–25 than in 2023–24, reflecting a greater need for refinancing (\$82.8 billion in 2024–25 compared with \$35.9 billion in 2023–24).

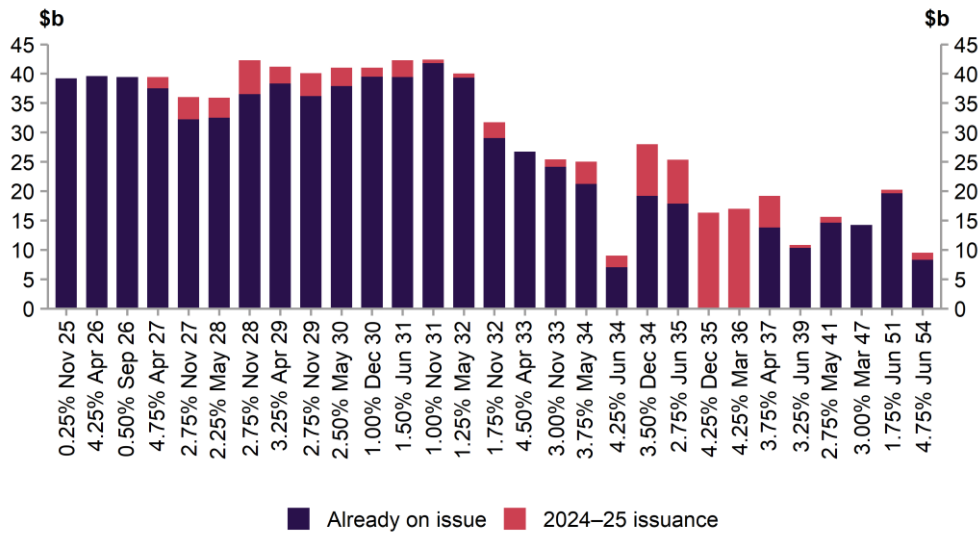
In accordance with the strategy, we established 2 new bond lines during the year: a December 2035 Treasury Bond and a March 2036 Treasury Bond. Both were launched by syndication, and 27 per cent of total Treasury Bond issuance for the year was into these 2 new lines. Chart 1 shows the AOFM's syndication and tender issuance of Treasury Bonds over the past decade.

Chart 1: Treasury Bonds – issuance by financial year



Treasury Bond tenders were held most weeks. Issuance by tender was concentrated in bonds that will mature in 9 to 12 years. At the end of 2024–25, 29 Treasury Bond lines were on issue; 8 lines had more than \$40 billion on issue and a further 7 had more than \$30 billion on issue. One Green Treasury Bond line was on issue. Chart 2 shows Treasury Bonds on issue as at 30 June 2025, and the allocation of issuance during the year.

Chart 2: Treasury Bonds outstanding as at 30 June 2025, and issuance during 2024–25



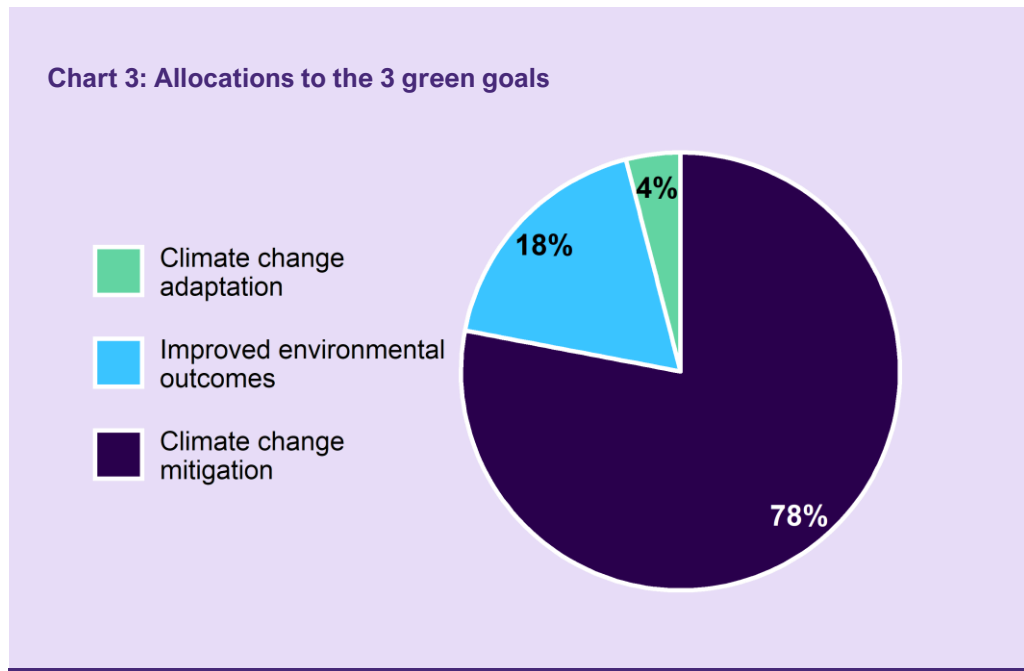
Green Treasury Bonds

Green Treasury Bonds are identical to standard Treasury Bonds, except that the proceeds of issuance are allocated to eligible ‘green’ expenditures. These must align strongly with one or more of the program’s 3 key green goals:

- climate change mitigation
- climate change adaptation
- improved environmental outcomes.

In 2024–25, the AOFM issued \$2 billion dollars of Green Treasury Bonds, all through tenders of the existing June 2034 line. The size of the line grew from \$7 billion to \$9 billion. Tender results were consistently positive, with bids for around 5 times the amount of bonds issued at each tender.

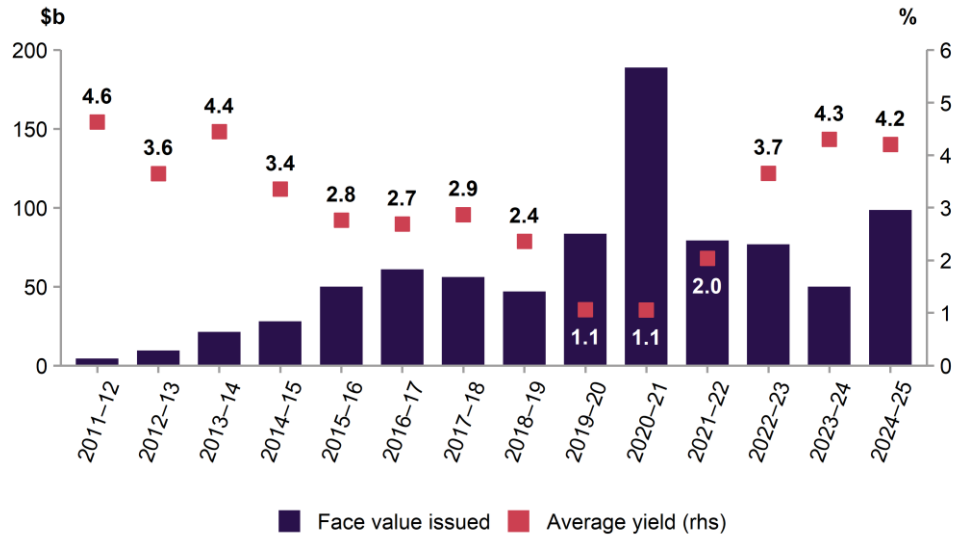
The first Australian Government Green Treasury Bond Allocation and Impact Report was published in February 2025. The report details how proceeds of the first Green Treasury Bond issue were allocated to eligible Australian Government expenditures (Chart 3). Climate and environmental impacts of the expenditures are also described. The ‘Report on a page’ provides a short summary of the report.



The debt servicing cost of Treasury Bonds was 2.40 per cent in 2024–25, 21 basis points (\$2.0 billion) higher than in 2023–24.

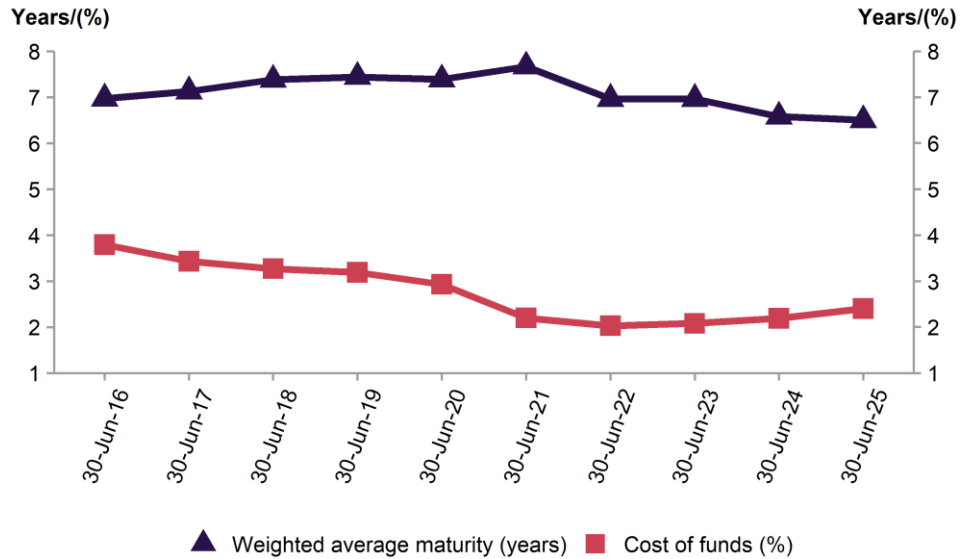
Chart 4 shows the Treasury Bond portfolio (as at 30 June 2025) by the financial year in which the bonds were issued, and the average issuance yield for each year. The average yield for Treasury Bond issuance has risen over recent years and was around 4.2 per cent in 2024–25.

Chart 4: Treasury Bond portfolio and average yield by issuance year



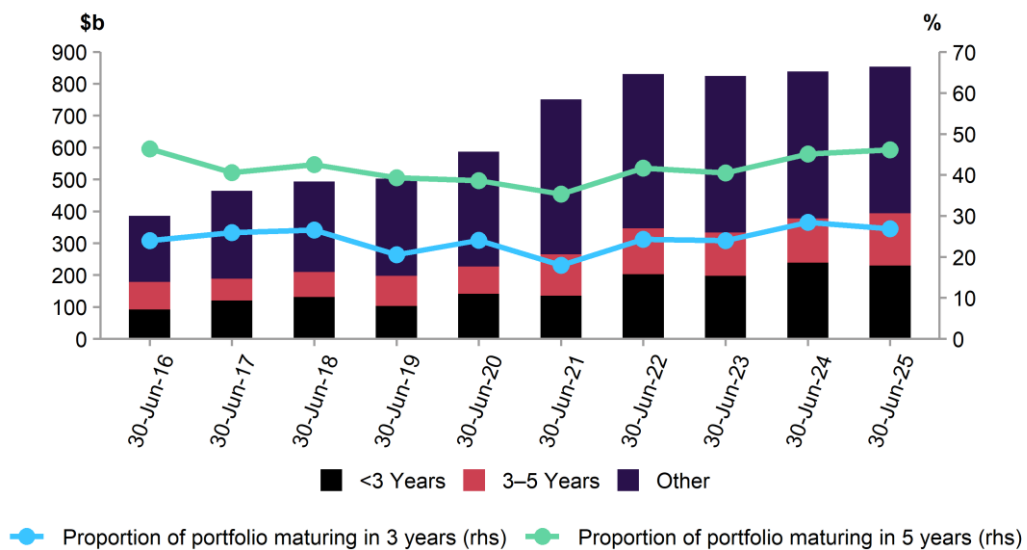
The average maturity of the Treasury Bond portfolio declined to 6.5 years in 2024–25 (see Chart 5, book value weighted).

Chart 5: Treasury Bond portfolio average maturity and cost of funds



The Treasury Bond portfolio's risk levels in terms of exposure to future refinancing are shown in Chart 6. As at 30 June 2025, the portfolio was structured with 27 per cent and 46 per cent of bonds needing to be refinanced over the next 3 and 5 years respectively.

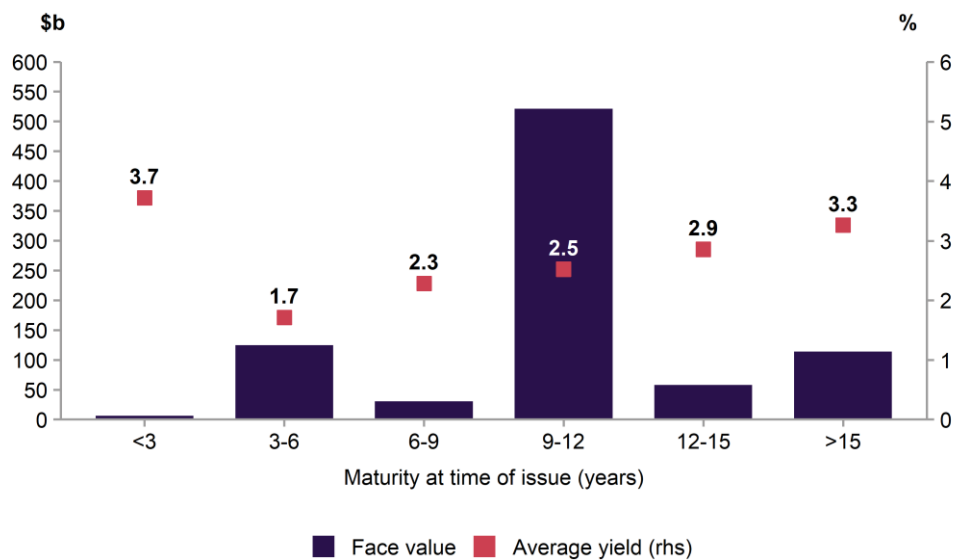
Chart 6: Treasury Bond portfolio – maturity profile



More than half of all outstanding Treasury Bonds were issued with an original maturity of 9 to 12 years (see Chart 7).

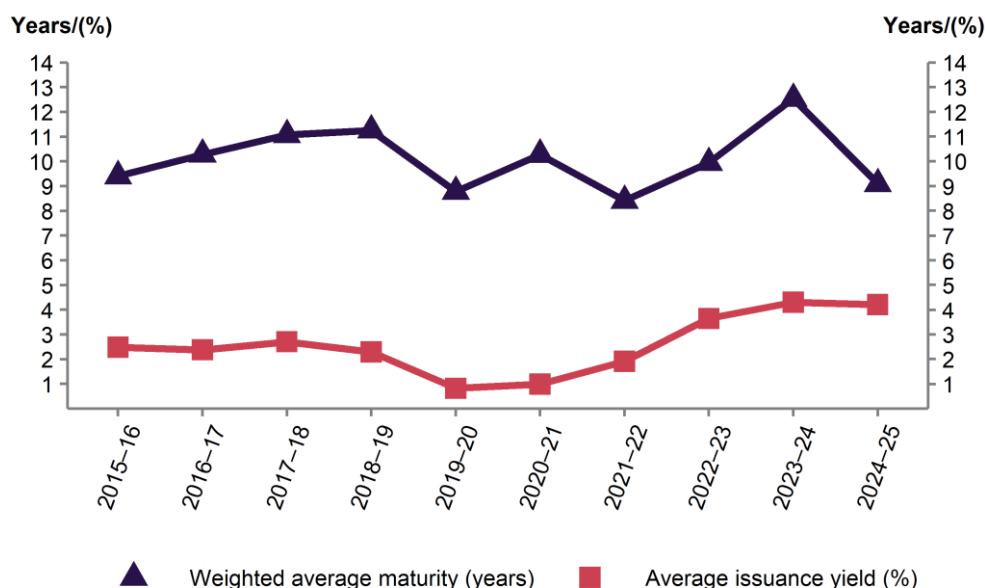
The concentration of issuance into longer-maturity bonds reflects the AOFM's issuance bias. This has contributed significantly to diversifying the investor base and reducing refinancing risks and potential variability in interest cost outcomes.

Chart 7: Treasury Bond portfolio composition by original maturity as at 30 June 2025



The WAM of Treasury Bond issuance in 2024–25 was 9.1 years, shorter than the 2023–24 issuance WAM of 12.5 years. The average issuance yield in 2024–25 was lower than in 2023–24, partly due to the shorter WAM (see Chart 8).

Chart 8: Treasury Bond issuance – average yield and maturity

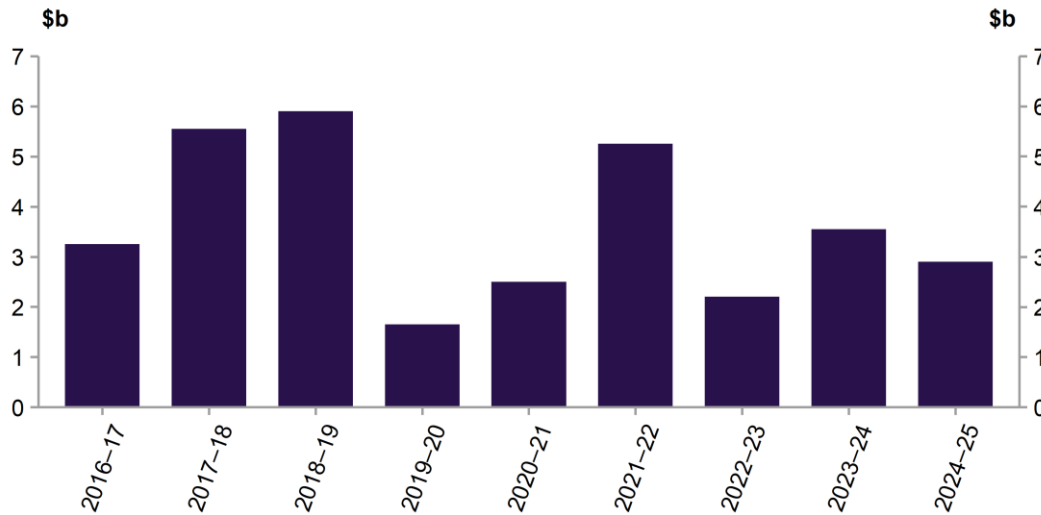


Treasury Indexed Bonds

The AOFM issues sufficient TIBs to meet investor demand and to support the functioning of the inflation market.

TIB issuance for the year was \$2.9 billion (see Chart 9). Up to 2-tenders were held in most months, one of which was a ‘split’ tender, where two TIBs were issued at the same time to allow for more issuance of long-dated TIBs. The AOFM conducted an \$800 million syndicated issue of the August 2040 TIB, in conjunction with a \$2 billion buyback of the September 2025 TIB. This is intended to smooth the impact of the September 2025 maturity and improve the functionality of the TIB market.

Chart 9: TIB issuance by financial year (face value)



The effective yield on the TIB portfolio in 2024–25 was 3.56 per cent, down from 5.57 per cent in 2023–24. This was driven by lower inflation.

Performance for Key Activity 1.1

Indicator 1.1.1: Issuance strategy

The AOFM met the target to fulfil all approved targets related to our issuance strategy.

The issuance strategy indicator is used to measure consistency between the AOFM's operations and the debt management strategy.

The approved targets, indicators and results are listed in the following table.

Table 4: Key elements of the 2024–25 debt management strategy

Measure	Target	Indicator	Result
Annual Treasury Bond issuance (\$b)	Around 100	98.6	Met
Annual TIB issuance (\$b)	Around 3	2.9	Met
Number of new Treasury Bond lines	2	2	Met
WAM of Treasury Bond issuance	9–10 years	9.1 years	Met

Indicator 1.1.2: New issuance yields

The AOFM met the target to keep new issuance yields for tenders at or below secondary mid-market yields.

Average tender yields were 0.7 basis points (bps) below secondary mid-market yields for Treasury Bonds and 1.6 bps below for TIBs in 2024–25. This was marginally lower compared to the 1 bps below for Treasury Bonds and marginally higher than the 1.4 bps for TIBs in 2023–24.

Treasury Bonds

Treasury Bond tenders were competitive in 2024–25.

Tender strength was reflected in bond tender issuance yields relative to secondary market yields. At all Treasury Bond tenders during 2024–25, the weighted average issue yields were below prevailing secondary market yields – a favourable outcome relative to mid-market pricing.

Table 5 summarises the results of Treasury Bond tenders conducted during the year. These averages are grouped by time to maturity.

Table 5: Summary of Treasury Bond tender results

Maturity (years)	Face value amount allocated (\$m)	Average spread to secondary market yield (bps)	Average times covered
0–2	–	–	–
2–5	20,200	–1.1	4.11
5–9	13,000	–0.9	3.80
9–12	32,400	–0.4	3.37
12+	6,500	–0.4	3.18
Total/Average	72,100	–0.7	3.64

Treasury Indexed Bonds

TIB tenders were competitive in 2024–25.

The weighted average issue yield was 1.6 bps less than prevailing secondary market yields in 2024–25 (compared to 1.4 bps in 2023–24). Table 6 summarises the results of the TIB tenders conducted throughout the year.

Table 6: Summary of TIB tender results

Maturity (years)	Face value amount allocated (\$m)	Average spread to secondary market yield (bps)	Average times covered
0–5	200	–5.1	4.96
5–10	1,300	–1.6	4.07
10–20	450	–1.6	3.34
20+	150	–1.2	3.11
Total/Average	2,100	–1.6	3.93

Key Activity 1.2: Settle AGS issuance, coupon and redemption payments

Austraclear is an electronic securities settlement and depository system for Australian dollar-denominated debt market securities and is central to the settlement of AGS transactions.

It is important that these transactions settle on time. The system uses a real-time payment and delivery function for simultaneous gross settlement of transactions. The exchange of securities and cash only occurs when the buyer's funds are available in their Austraclear account and securities are also available in the seller's Austraclear account. If we buy securities back from the market, cash is delivered to successful counterparties in return for the securities. AGS bought back from the market are then cancelled.

The vast majority of AGS on issue are held in Austraclear. The AOFM uses the system to make coupon and redemption payments to the holders of those securities.

Computershare, the AOFM's debt registrar, is responsible for facilitating payments to the holders of securities held outside Austraclear.

Performance for Key Activity 1.2

Indicator 1.2.1: AGS settlements

The AOFM met the target for settlement of AGS transactions.

All tender and syndication issuance during 2024–25 was successfully settled in a complete, timely and accurate manner.

The following box shows settlement values.

In 2024–25, the AOFM settled:

- 99 Treasury Bond tenders, totalling \$67.7 billion
- 2 Treasury Bond syndications, totalling \$26.4 billion
- 19 TIB tenders, totalling \$2.5 billion
- 1 TIB syndication of \$0.9 billion
- 1 TIB buyback of \$3.0 billion
- 101 T-Note tenders, totalling \$114.1 billion.

It is critical for the AOFM to ensure the Australian Government is at all times assessed in financial markets as behaving in a manner fully consistent with its AAA sovereign credit rating. This means all financial (repayment) obligations are always met. All AGS coupon and redemption payments for Austraclear-held and non-Austraclear-held securities were successfully settled in a complete, timely and accurate manner in 2024–25.

In 2024–25, the AOFM made:

- 60 Treasury Bond coupon payments, totalling \$22.2 billion
- 2 Treasury Bond redemption payments of \$82.8 billion
- 28 TIB coupon payments, totalling \$867.0 million
- 20 T-Note redemption payments, totalling \$110.5 billion.

PERFORMANCE ASSESSMENT: PURPOSE 2

Ensure the government can always meet its cash outlay requirements

HOW PURPOSE 2 IS ACHIEVED

To ensure the government can always meet its cash outlay requirements, the Australian Office of Financial Management (AOFM) uses forecasts of payments and receipts to project the government's cash position, then implements strategies to manage short-term assets and liabilities to reduce liquidity risk.

The AOFM faces 2 sources of liquidity risk.

- Forecasting risk is the risk that the forecast asset balance is incorrect due to realised cash flows not matching forecasts.
- Funding risk is the risk of prevailing market conditions preventing the planned volume of funds from being raised. Funding risk includes refinancing risk.

The AOFM has minimal appetite for liquidity risk. The AOFM manages liquidity risk by:

- maintaining accurate cash flow forecasts informed by liaison with spending agencies, the Australian Taxation Office and the Reserve Bank of Australia (RBA)
- holding a precautionary liquidity buffer
- carefully planning the timing of AGS issuance and maturities
- maintaining access to the short-term money market by:
 - regularly issuing T-Notes
 - having a floor on the volume of T-Notes on issue (to maintain investor engagement).
- maintaining access to an overdraft facility at the RBA (considered a measure of last resort).

Table 7: Performance measures for Key Activity 2.1

Performance measures		2024–25 Performance	
		Target	Results
Key Activity 2.1	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 access to the Treasury Note market • to always meet government expenditure requirements • to meet minimum liquidity requirements. 		
2.1.1	Cash management: Conduct annual cash management in accordance with the liquidity management strategy.	All approved elements met	Met

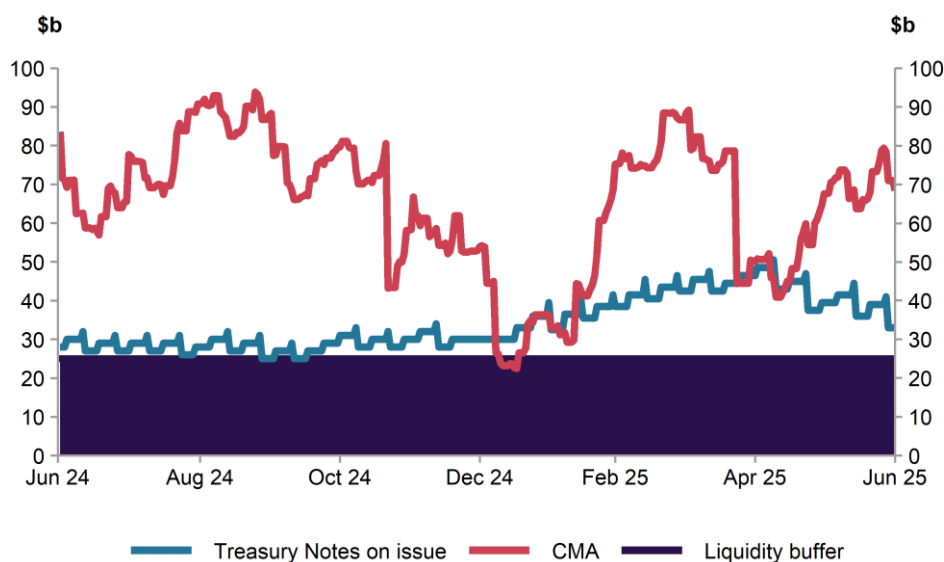
Key Activity 2.1: Establish and execute a liquidity management strategy

The liquidity management strategy describes the AOFM's approach to managing liquidity risk through the year. The AOFM Advisory Board is briefed on the strategy, and the Secretary to the Treasury endorses the strategy each year. The key elements of the 2024-25 strategy were:

- maintaining a \$25 billion liquidity buffer to manage the forecasting risk associated with large, unexpected cash requirements (or shortfalls in revenue collections) and the funding risk associated with sudden and severe market constraints on the AOFM's capacity to issue AGS
- making a commitment to maintain at least \$25 billion of T-Notes on issue throughout the year, to ensure the market remains relevant to a wide range of investors and is accessible and scalable to meet funding requirements
- not using the RBA overdraft facility, and holding all assets in the Cash Management Account (CMA) at the RBA.

Chart 10 shows the movement in cash balances managed by the AOFM, together with the volume of T-Notes on issue during 2024–25. The AOFM started 2024–25 with cash balances of \$85.5 billion and T-Notes on issue of \$28.0 billion, and ended 2024–25 with \$68.4 billion and \$33 billion respectively.

Chart 10: CMA balance and Treasury Notes on issue for 2024–25



Liquidity management focuses on the Cash Management Portfolio

The instruments used for liquidity purposes are captured in the Cash Management Portfolio (CMP). The CMP made a net return of 4.32 per cent for 2024–25.

All cash management investments were held in the CMA at the RBA. The CMA earns an interest rate equivalent to that earned by the RBA in its open-market operations. The volume of assets in the CMA ranged from a low of \$22.4 billion to a peak of \$93.8 billion in 2024–25.

The volume of T-Notes on issue during 2024–25 ranged from \$25 billion to \$50.5 billion.

Table 8: CMP returns (debt servicing costs)

Return (debt servicing costs)							Book volume		Effective yield	
	2024–25	2023–24	2024–25	2023–24	2024–25	2023–24				
	(\$m)		(\$m)		(%)					
Contribution by instrument										
Deposits with RBA	2,786	2,872	64,902	66,575	4.29	4.31				
T-Notes	(1,419)	(1,141)	(33,232)	(27,006)	4.27	4.23				
Total	1,367	1,731	31,670	39,569	4.32	4.37				

Performance for Key Activity 2.1

Indicator 2.1.1 Cash management strategy

The AOFM met the target to fulfil all approved targets related to our liquidity strategy.

The CMA balance briefly fell below the approved buffer level for a period of 6 business days in early January. The AOFM took corrective action, issuing T-Notes to restore the buffer. The liquidity buffer operated as intended, and we did not use the RBA overdraft facility in 2024–25.

Table 9: Key elements of the 2024–25 Liquidity Management Strategy

Measure	Target	Indicator	Result
Maintain a liquidity buffer	>=\$25 billion	\$22.4 billion	Partially met
Minimum Treasury Notes on issue	>=\$25 billion	\$25 billion	Met
Prescribed cash management asset type	RBA only	CMA	Met
Usage of overdraft facility	0	0	Met

PERFORMANCE ASSESSMENT: PURPOSE 3

**Conduct market-facing activities in a manner that
supports a well-functioning Australian Government
Securities market**

HOW PURPOSE 3 IS ACHIEVED

The Australian Office of Financial Management (AOFM) regularly engages with intermediaries and investors to ensure we have a comprehensive understanding of market-related issues. This helps us achieve our core goals. We monitor aspects including changing global circumstances, major government fiscal announcements, influences on global capital flows, changing investor preferences and the performance of intermediaries, particularly in the primary Australian Government Securities (AGS) market.

Table 10: Summary of performance for Purpose 3

Performance measures		2024–25 Performance	
		Target	Results
Key Activity 3.1	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) 		
3.1.1	Annual investor relations plan: Conduct investor outreach in accordance with the annual investor relations plan: <ul style="list-style-type: none"> One-on-one engagement with investors Presentations at investment forums Investor insight publications 	All elements met: 100 6–8 Up to 4	Met
Key Activity 3.2	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. 		
3.2.1	Turnover ratio: Annual reported secondary market turnover for Treasury Bonds and Treasury Indexed Bonds (TIBs) as a proportion of debt on issue.	Greater than 1	Met

Key Activity 3.1: Conduct a market engagement program

Why is market engagement important?

Regular market engagement provides valuable market insights that inform our decision-making and enhance our understanding of:

- investor sentiment and market perceptions
- demand for AGS, including emerging trends
- intermediaries' relationships with and knowledge of investors
- broader market dynamics and conditions.

A deeper understanding of our investor base allows us to identify key investors in the AGS market and assess their level of influence. These insights inform the development of a targeted investor engagement program, guide decisions around weekly bond issuance, and influence the scaling of investor bids when bond syndications are oversubscribed.

The AOFM engages with intermediaries and investors through direct interactions and indirect communication. This engagement – primarily conducted by the front office and our Chief Executive Officer (CEO) – includes regular dialogue with banks, investors and other market participants.

The AOFM's approach to investor engagement employs several methods. The main methods of engagement are investor meetings, and participation at industry forums that target our investor base. The market engagement program is underpinned by an overarching investor relations strategy and an annual investor relations plan. The timing of engagement can vary, but typically we begin a cycle of offshore meetings soon after the Australian Government releases its Budget updates.

Performance for Key Activity 3.1

Indicator 3.1: Annual investor relations plan

The AOFM met the target and conducted investor outreach in accordance with the annual investor relations plan.

Summary of 2024–25 investor engagement activities

The AOFM carried out its 2024–25 investor engagement activities consistent with our investor relations plan. Throughout the year, we met with investors both domestically and across several offshore regions including North America, North Asia, the United Kingdom, Europe, the Middle East and India.

A major highlight of the year was our organisation and delivery of the sixth Australian Government Fixed Income Forum, held in Tokyo in June 2025. The forum featured several senior Australian officials, including the Deputy Secretary of the Treasury, Head of Domestic Markets at the Reserve Bank of Australia (RBA), CEOs from the five largest state borrowing authorities, the CEO of the Australian Securitisation Forum and the CEO of the AOFM. The event attracted approximately 85 individual investors.

In addition to the forum, the AOFM participated in a range of industry events throughout the year. These included our CEO's annual address to the Australian Business Economists (ABE) luncheon; the Asian Development Bank (ADB) Regional Forum on Investment Management of Foreign Exchange Reserves; and several bank-hosted fixed income conferences, investor tours and roundtable discussions.

We also published 2 editions of the AOFM's 'Investor Insights' series during the year. These editions covered our inaugural Green Treasury Bond syndication and the role of joint lead managers in syndications, providing investors with deeper transparency and context around these topics. We have made these [publications available on the AOFM website](#).²

² AOFM Investor Insights are available at aofm.gov.au/investors/wholesale-investors/investor-insights

Table 11: Summary of investor relations activities in 2024–25

Activity	Details
Investor meetings (domestic and offshore)	153
Presentations: large engagements	8 presentations <ul style="list-style-type: none"> • ABE Luncheon • Environmental Finance Conference • ADB Regional Forum on Investment Management of Foreign Exchange Reserves • Australian Government Fixed Income Forum • 4 bank investor conferences
Presentations: small engagements	3 presentations <ul style="list-style-type: none"> • KangaNews Annual Sovereign Roundtable • 2 domestic investor presentations
AOFM staff participation in investor relations activities	<ul style="list-style-type: none"> • CEO • Head of Investor Relations • Head of Funding, Strategy and Research • Head of Sustainable Finance • Manager – Investor Relations • Senior Analyst – Investor Relations
Hosting banks: investor trips, conferences, roundtables, Tokyo Forum	<ul style="list-style-type: none"> • ANZ • Barrenjoey • CBA • Citi • Deutsche Bank • J.P. Morgan • National Australia Bank • Nomura • UBS • Westpac

What is the Australian Government Fixed Income Forum and why does the AOFM hold it?

The Australian Government Fixed Income Forum is a half-day event dedicated to Australian dollar fixed income markets, with a specific focus on Australia's government issuers. The forum is tailored for Japanese institutional investors, featuring presentations from senior government officials representing the AOFM, Treasury, RBA and state borrowing authorities. The forum provides an opportunity for Japanese investors to hear directly from Australia's government issuers and major economic departments about market developments and policy settings. Attendance has consistently been strong, reflecting a high level of interest among Japanese investors.

Tokyo is the chosen location for the forum due to the significant participation of Japanese investors in both AGS and state government bonds. Indeed, Japan represents the largest cohort of investors by country, and Japanese investors have historically been long-term holders of these securities. This strong interest includes a retail bid through fund managers and life insurance companies based in Japan.

Since its inception in December 2013, the AOFM has hosted 6 forums, the most recent on 12 June 2025.



Key Activity 3.2: Support financial market liquidity

Market liquidity is important to the AOFM, intermediaries and investors. Smooth functioning of the AGS market relies on strong liquidity. While there is no single definition of liquidity, it can be considered as the ability to buy and sell meaningful volumes of AGS as needed, without affecting the price.

Ample liquidity should be reflected in narrow bid–ask spreads, the confidence to take positions in AGS and high levels of turnover. The AOFM supports liquidity by monitoring market demand, which informs regular issuance across the yield curve.

We also encourage market liquidity by supporting Treasury Bond futures contracts. Regularly issuing and trading the underlying bonds enhances the liquidity of the futures contracts, which is important for managing interest rate risk in Australia.

Additionally, the AOFM offers a securities lending facility, which enables smooth intermediation and reduces the risk of failed settlements. The facility was used 18 times in 2024–25 (based on transaction end dates), with counterparties borrowing a total face value of around \$1.05 billion.

Performance for Key Activity 3.2

One indicator of market liquidity is the amount of secondary market turnover. The AOFM collects monthly survey turnover data for Treasury Bonds and TIBs from intermediaries.

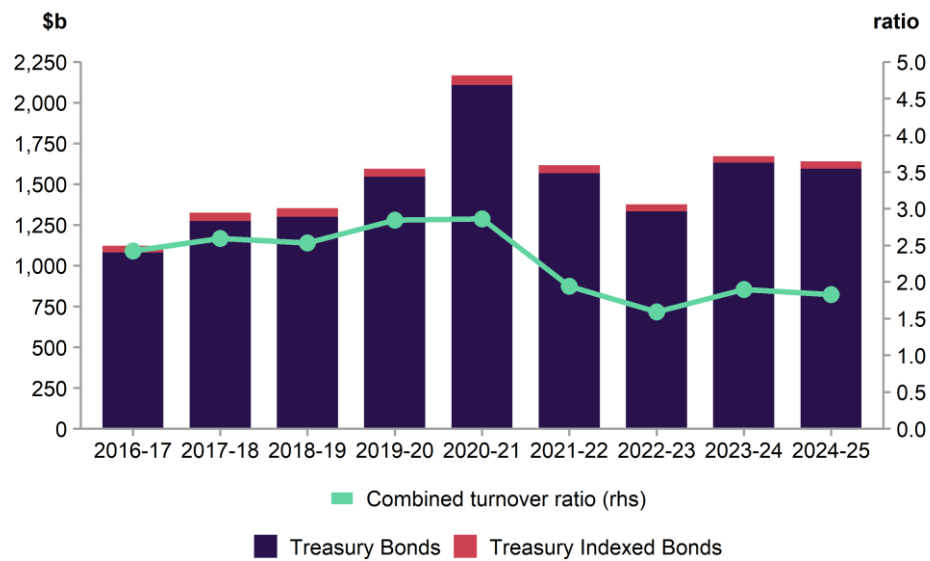
Indicator 3.2: Turnover ratio

The AOFM met the target for annual reported secondary market turnover for Treasury Bonds and TIBs to be larger than the volume of debt on issue.

Chart 11 shows secondary market turnover for Treasury Bonds and TIBs. The turnover ratio was 1.8 times, reflecting turnover adjusted for the volume of debt on issue. This indicates regular trading of AGS.

In absolute terms, Treasury Bond turnover in 2024–25 was \$1.6 trillion, very similar to 2023–24. TIB turnover was around \$45 billion in 2024–25, an increase of around \$7 billion from 2023–24.

Chart 11: Annual turnover for Treasury Bonds and Treasury Indexed Bonds



PERFORMANCE ASSESSMENT: PURPOSE 4

**Meet the priorities of the Australian Business
Securitisation Forum and Structured Finance
Support Fund**

AOFM

HOW PURPOSE 4 IS ACHIEVED

Australian Business Securitisation Fund

The Australian Business Securitisation Fund (ABSF) was established in 2019 to increase the availability – and reduce the cost – of credit provided to small and medium enterprises (SMEs).

The AOFM has used the ABSF to try and support the development of the Australian securitisation market, so the market can finance new and emerging types of lending – including unsecured lending – to SMEs.

A key part of our strategy has been to assist with establishing a track record for new types of SME lending. This has involved helping to standardise the format in which loan performance data is presented to rating agencies and investors, which should make the credit assessment process more efficient. In time, this is expected to attract new capital to the sector and support more competition in pricing.

The Australian Securitisation Forum (ASF), the securitisation industry’s peak body, has been leading work on the ASF SME loan data template. We contributed to the design and development of the template, the first version of which the ASF published in 2021, followed by a second version – more closely aligned with the European data standard – in July 2023. We continue to sponsor the adoption of the ASF’s template through the ABSF. ABSF proponents are asked to commit to implementing the template in a timely manner as a condition of ABSF investment. In return for this commitment, we are prepared to temporarily accept a below-market rate of return to subsidise implementation costs.

The AOFM has also supported the development of the market for public asset-backed securities (ABS) collateralised by underdeveloped types of SME lending. We do this by partially underwriting suitable ABS transactions to reduce execution risk.

Structured Finance Support Fund

The Structured Finance Support Fund (SFSF) was established in March 2020 to ensure continued access to funding markets impacted by the economic effects of the COVID-19 pandemic, and to mitigate their impacts on competition in consumer and business lending markets.

A total of \$15 billion was credited to the SFSF’s special account in 2020, with a peak of \$3.8 billion in approved commitments in 2020–21.

As proponents are required to demonstrate a loss of access to finance resulting from the COVID-19 pandemic as a precondition of support, the SFSF has made no new investments since 2021 and was effectively in runoff since then. In January 2025, the AOFM sold its remaining SFSF investments via a market auction process. The sale of these assets left the AOFM with no SFSF investments or commitments to invest.

Table 12: Summary of performance for Purpose 4

Performance Measures		2024–25 Performance	
		Target	Results
Key Activity 4.1	Manage the ABSF program by: <ul style="list-style-type: none"> seeking ABSF proposals from relevant market participants making investment in suitable proposals meeting subscription notices monitoring investment performance. 		
4.1.1	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.	Greater than Bloomberg AusBond Treasury 0-1 Yr Index	Met
Key Activity 4.2	Manage the SFSF program by: <ul style="list-style-type: none"> meeting subscription notices exiting warehouse financing facilities in an orderly fashion on expiry of arrangements monitoring investment performance. 		
4.2.1	SFSF losses: Gross credit losses for a fiscal year divided by the average drawn (invested) amount in percentage point terms.	Zero	Met

Key Activity 4.1: Manage the ABSF program

Why is managing the ABSF important?

The ABSF is an opportunity to build a performance track record for lenders to SMEs in less well-developed segments of the market³ in a systematic manner.

A track record is important, as it informs wholesale investors, rating agencies and other parties of the risks associated with SME lenders and their activities. A better understanding of these risks supports price formation when SME lenders approach capital markets for wholesale finance.

Such a track record could be reasonably expected to develop organically, but it may be slow to develop and/or evolve in a non-systematic fashion. The AOFM, working with the Australian Securitisation Forum (ASF), has supported the development of a standardised reporting format for SME lenders. In addition, the AOFM also has some capacity, through the ABSF, to offer a subsidy to SME lenders funded by ABSF investment. This subsidy offsets the costs incurred when an SME lender develops its reporting, encouraging the lender to report using the ASF SME loan data template.

Jointly, a standardised reporting format and investments that encourage reporting in that format should accelerate the development of a standardised track record for SME lenders. This should bring forward rating agency re-evaluation of rating methodologies for SME lenders who fund through securitisation. We also expect it to provide better information for investors considering investment in SME securitisations.

We anticipate that these types of market developments will sponsor greater investor competition for SME lender securitisation transactions. Increasing competition should, if all other conditions remain the same, result in lower interest rate loans to SMEs.

The Australian public securitisation market strengthened throughout the 2024–25 financial year but did suffer some short-term volatility around tariff day in early April 2025. This period is relevant, as the AOFM offered to partially underwrite a public ABS transaction backed by suitable SME loans in the second half of the financial year. This underwrite occurred in early April 2025 and the ABSF was partially filled on this underwrite. The ABSF commitment to the underwrite ensured that the SME lender conducting the issue was able to complete its funding task. A secondary and broader benefit to the market was that the transaction provided a public price point for other

3 Such as unsecured term loan, unsecured line-of-credit and overdraft products.

issuers, and may have alleviated some of the price uncertainty present in the market at that time.

As at 30 June 2025, the ABSF was party to 3 revolving warehouse facilities, with a total committed volume of \$377.5 million. Total commitments as at 30 June were \$407.5 million. The ABSF's first public ABS investment, which had a face value of \$95 million and had been amortising, was paid out by the issuer in December 2024. The ABSF's second public investment, with a face value of \$46.8 million, started amortising in June 2025 with a first principal repayment of just under \$1 million.

Performance for Key Activity 4.1

Indicator 4.1.1: ABSF rate of return

The AOFM exceeded the performance benchmark for the ABSF during 2024–25.

The ABSF's return benchmark is set out in the ABSF Investment Mandate Directions (2019). The ABSF achieved a gross return on average drawn funds of 7.98 per cent for the financial year ending 30 June 2025, compared to a benchmark return of 4.50 per cent.

The key driver of the ABSF's financial outperformance in 2024–25 was the roughly 3.5 percentage point average margin it was earning over the floating interest rate benchmark (1-month Bank Bill Swap Rate) for much of 2024–25. This margin had started declining through the first quarter of 2025. This was an intentional change, with the AOFM gradually managing out lower rated investments to improve the overall credit profile of the ABSF.⁴ As lower rated investments pay investors a higher margin than more highly rated investments, reducing exposure to lower rated investments will lead to a reduction in the overall margin earned by the ABSF.

A second driver for the ABSF return was short-term interest rates, which peaked in 2024–25, supporting higher returns both in absolute terms and relative to the benchmark.

When pricing investments, the AOFM seeks to do so at a market rate, less any subsidy applied to reduce the cost of adopting the ASF SME loan data template. In doing so,

⁴ The ABSF has experienced no credit losses since inception.

we seek to avoid distorting the competitive landscape in the SME lending market and crowding out private sector investment from this segment of the market.

Key Activity 4.2: Manage the SFSF program

At the start of the 2024–25 financial year the SFSF held one warehouse investment, comprising a \$50 million commitment. This was fully repaid in August 2024.

The public investments held by the SFSF also continued to amortise during the first half of the financial year and were subsequently sold, via a market auction process, in January 2025. This was the first and only sale of public investments from the SFSF.

Finally, the outstanding balance of investments held by the SFSF in the forbearance Special Purpose Vehicle (fSPV) – a facility established to allow non-bank lenders to provide ‘payment holidays’ to their clients during the pandemic – was fully repaid by the 2 remaining participating originators in December 2024.

Across the components of the SFSF, there were no investments outstanding as at 30 June 2025 and there were no commitments to invest in place.

Performance for Key Activity 4.2

Indicator 4.2.1: SFSF losses

The AOFM met the target for SFSF gross credit losses.

No credit losses were incurred over 2024–25, and no credit losses have been incurred on the SFSF program since its inception in March 2020.

The AOFM undertook due diligence and credit assessment prior to making each investment, and subsequently monitored the performance of the investments within the SFSF.

The SFSF’s total outstanding investments continued to fall throughout 2024–25. As at 30 June 2025, the SFSF held no investments, and no commitments to invest existed. The last of the SFSF’s investments – a portfolio of investment-grade securitisation notes – were sold via a market auction in January 2025. The residual fSPV investments, a riskier component of the SFSF, were fully repaid by the remaining fSPV borrowers in December 2024.

PART 3: MANAGEMENT AND ACCOUNTABILITY

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A. CORPORATE GOVERNANCE

Effective sovereign debt management requires a strong focus on corporate governance and risk management.

The Australian Office of Financial Management (AOFM) is a listed non-corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and is legally and financially part of the Commonwealth.

The AOFM's Chief Executive Officer (CEO) is responsible for directing the AOFM's operations and is accountable to the Treasurer and the Secretary to the Treasury. The Treasurer is responsible for administering the Commonwealth's borrowing legislation, and the Treasury is responsible for 'borrowing money on the public credit of the Commonwealth'.⁵

As such, the Secretary to the Treasury is accountable for debt management and advising the Treasurer on debt management policy, drawing on the resources of the AOFM and Treasury for this purpose. The AOFM's officials have been delegated powers and authorisations by the Treasurer for the purposes of debt management, including debt issuance.

The AOFM's corporate governance arrangements ensure that sound business practices underpin our decision-making. These arrangements are supported by a culture of risk awareness, accountability, transparency and integrity. The key components of our corporate governance framework are:

- corporate planning and performance monitoring
- oversight by the Audit and Risk Committee, which is composed of independent members, including the Chair
- internal committees to support decision-making on a range of significant or whole-of-agency matters
- a risk management framework that includes enterprise risk, business continuity, and assurance and compliance activities

⁵ As per Administrative Arrangement Orders issued by the Governor-General of the Commonwealth of Australia.

- approval of the financial risk management policy, and debt management and liquidity management strategies, by the Secretary to the Treasury
- legislative instruments governing the AOFM's activities.

Governing legislation

Our activities are governed by the legislative instruments shown in Table 13.

Table 13: List of legislative instruments

Legislation	Purpose
<i>PGPA Act</i>	To establish a system of governance and accountability for public resources, with an emphasis on planning, performance and reporting.
<i>Public Service Act 1999 (PS Act)</i>	To provide for the establishment and management of the Australian Public Service (APS), including matters arising from terms and conditions of employment; codes of conduct; and engagement, termination and retirement of APS employees. The AOFM's staff are employees of the Department of the Treasury under the PS Act, and the Secretary to the Treasury has delegated its powers under the Act to the AOFM CEO in relation to AOFM staff.
<i>Commonwealth Inscribed Stock Act 1911</i>	The Australian Government's primary vehicle for borrowing money denominated in Australian currency on behalf of the Commonwealth of Australia, through the creation and issuance of stock and securities. Under the Act, the Treasurer is required to set a direction as to the maximum total face value of stock and securities that may be on issue under the Act and other borrowing legislation. On 7 October 2020, the then Treasurer issued an amended direction permitting borrowings up to \$1.2 trillion.
<i>Loan Securities Act 1919</i>	To authorise the issue of securities in relation to loans and for other purposes. Under the Act, the Treasurer may from time to time enter into securities lending arrangements on behalf of the Commonwealth. The total face value of stock and securities on loan by the Treasurer at any time under securities lending arrangements entered into must not exceed \$5 billion.
<i>Australian Business Securitisation Fund Act 2019</i>	To provide for investments in authorised debt securities and other eligible expenditures to meet the purpose of the Act. Pursuant to the Act, on 10 April 2019 the then Treasurer issued rules setting out additional requirements for a debt security to constitute an authorised debt security and to prescribe those officials that may be eligible delegates under the Act.
<i>Structured Finance Support (Coronavirus Economic Response Package) Act 2020</i>	To provide for investments in authorised debt securities, and other investments and other eligible expenditures, to meet the purposes of the Act. Pursuant to the Act, on 25 March 2020 the then Treasurer issued rules that set out additional requirements for a debt security to constitute an authorised debt security and to prescribe those officials that may be eligible delegates under the Act.

Committees and oversight bodies

During 2024–25, the following committees and oversight bodies provided advice and support for decision-making.

Table 14: List of AOFM committees and oversight bodies

Committee/ oversight body name	Purpose and membership
Advisory Board (I)	A Treasury oversight body that assisted the Secretary to the Treasury (the Secretary) to assess the AOFM's proposed debt management, liquidity management and investment strategies, and advised the Secretary on matters relating to debt and investment markets. Membership comprised the Secretary (Chair), Deputy Secretary to the Treasury's Fiscal Group, the AOFM CEO and 4 external members. The accountability of the Advisory Board was to the Secretary to the Treasury, who was the Chair. The Advisory Board did not possess executive powers or decision-making authority and did not advise on governance matters.
Audit and Risk Committee (I)	Provided independent advice to the CEO on the appropriateness of the AOFM's governance, enterprise risk management, internal control, and financial and performance reporting arrangements. Membership comprised 3 external members, one of whom was Chair. Further detail on the committee composition and key activities is provided below.
Executive Leadership Group (ELG) (M)	Provided guidance and oversight on corporate-related matters. Oversaw development of annual strategic plans and tracked progress against performance targets. Reviewed the AOFM's risk profile, set the agency risk appetite, and monitored financial performance and compliance. Membership comprised the CEO (Chair), Deputy CEO, Chief Operating Officer (COO) and all business unit heads.
Operations Committee (M)	Provided advice to the CEO to ensure a coordinated and consistent approach to the administration of the AOFM. The remit incorporated information and communications technology, security (including cyber security) and corporate projects. Membership comprised the Chief Financial Officer (Chair); Chief Risk and Assurance Officer; Chief People Officer; and Head of Funding, Strategy and Research.
Cash Management Meeting (M)	Monitored liquidity risk, forecasting performance and other considerations in managing the government's cash portfolio. Membership comprised the CEO; Head of Funding Strategy and Research (Chair); and other front office staff.
Portfolio Strategy Meeting (M)	Advised on general issuance and portfolio management issues over the medium to long term (one year and longer). Other research or relevant issues were also discussed at the meeting. Membership comprised the CEO; Head of Funding Strategy and Research (Chair); Head of Sustainable Finance; Head of Investor Relations; and Head of Investments. Other staff holding relevant functional responsibilities were invited as contributors and observers.

Note: (I) Independent Committee; (M) Management Committee

Audit and Risk Committee

The AOFM Audit and Risk Committee provides independent advice to the CEO on the appropriateness of the AOFM's financial and performance reporting, risk oversight and management, internal control environment and governance arrangements. The committee's responsibilities and functions are outlined in the [Audit and Risk Committee Charter](#).⁶

The committee's key activities during 2024–25 included:

- advising on the preparation and review of the AOFM's financial statements and annual performance statement
- considering developments in the AOFM's risk profile and compliance performance, as reported through quarterly risk, assurance and internal audit reports
- reviewing the appropriateness of fraud and corruption control strategies and monitoring activities
- monitoring implementation of audit recommendations.

The Audit and Risk Committee met 4 times and conducted closed sessions with internal and external auditors during 2024–25. Table 15 provides information about committee membership.

⁶ The Audit and Risk Committee Charter is available at aofm.gov.au/about/compliance-reports/audit-and-risk-committee-charter

Table 15: Audit and Risk Committee for 2024–25

Members	Qualifications, skills and experience	Attendance	Remuneration (a)
Cath Ingram, independent member (Chair)	Bachelor of Arts, Fellow of Chartered Accountants Australia and New Zealand, Fellow of the Institute of Public Accountants and Certificate IV in Fraud Investigations. Registered company auditor for over 20 years and experienced internal auditor and risk management practitioner. Public and private sector experience in governance, risk and assurance over large IT-enabled programs.	4/4	\$24,816
Don Cross, independent member	Bachelor of Arts, Fellow of Chartered Accountants Australia and New Zealand, Certified Practising Accountant, Master of Business Administration. A background in financial statement audit, internal audit, management assurance, and performance and program management. Background, skills and experience leveraged as Chair or member of audit and risk committees for Australian Government departments and corporate Commonwealth entities, providing policy, regulatory and service delivery functions.	4/4	\$20,143
Honor McFadyen, independent member	Bachelor of Economics, GAICD. Over 30-year career in financial services in a variety of senior roles including Managing Director, Head of Debt Capital Markets at Deutsche Bank. Extensive experience across global capital markets, governance and stakeholder management. Chair of the E&P Financial Ltd Investment Committee and former Councillor and Vice-Chair of The Women's College, Sydney University.	3/3	\$15,107
Stephen Knight, independent member (Former Chair)	Bachelor of Arts, Fellow of the Australian Institute of Company Directors. 35-year executive career in the finance industry across private and public sectors in a variety of senior roles, including 10 years as CEO. Extensive experience across financial markets, government finance, investment banking, funds management and risk management. Non-executive director roles covering ASX-listed, non-listed and government entities.	1/1	\$6,593

(a) Remuneration includes superannuation and is GST exclusive.

Risk management

Risk management is integral to the AOFM's activities, and all staff demonstrate a strong risk-aware culture. This includes managing risks within the AOFM's risk appetite and tolerances, with an increased focus on opportunities and regular monitoring and oversight of identified risks and opportunities.

The AOFM Enterprise Risk Management (ERM) framework provides AOFM staff with guidance and tools to support ongoing improvements in risk management maturity such as the inclusion of climate risk and opportunity assessment, control criticality and key control indicators. The AOFM's ERM framework is consistent with the Commonwealth Risk Management Policy and the Climate Risk and Opportunity Management Program.

The AOFM ERM framework follows a 3 lines model.

- **Line 1:** All staff have a responsibility to manage risk; comply with regulations, standards and organisational policies; and employ the AOFM's risk management practices.
- **Line 2:** The Enterprise Risk and Assurance team manages our enterprise level risk policies and provided oversight of Line 1 activities.
- **Line 3:** The internal audit contracted service provider provides independent assessment of the effectiveness of specific internal controls and areas of risk management through completion of an annual audit work plan.

At the start of 2024–25, the AOFM collectively set risk appetite levels and the ELG endorsed a risk management strategy for the year. The strategy set out strategic risks and opportunities and the planned actions to manage them. The AOFM maintained oversight of our strategic, portfolio and operational risk profile through quarterly review of risks and opportunities, as well as incident and near-miss reporting. These reports were provided quarterly to the ELG and the Audit and Risk Committee.

Table 16 outlines the strategic risks and opportunities identified for 2024–25, together with the actions undertaken during the year to manage them.

Table 16: Our Strategic Risk and Opportunity Profile

Risk/Opportunity	Description
Building a future-ready workforce	<p>In 2024–25, the AOFM delivered and implemented a new Consultation and Change Framework with corresponding guidance and tools to improve the way change is managed and communicated. We reviewed and consulted our employment policies to reflect current entitlements, and developed our Census Action Plan to demonstrate how we would make continuous improvements in response to our Census results.</p> <p>The AOFM implemented a new performance framework and further enhanced our performance and development plans to provide a greater emphasis on behaviours and better connect employee deliverables with the AOFM's strategic direction.</p>
The market loses confidence in our ability to achieve our purpose	<p>The AOFM continued to deliver an investor relations program targeting new and potential global and domestic AGS investors.</p> <p>We conducted regular industry engagement in support of the AGS and securitisation markets, and maintained strong communication strategies to ensure market announcements and other products enhanced our credibility and transparency in AGS and securitisation markets.</p>
Compromise of one or more key suppliers severely impacts our ability to deliver our operational responsibilities	<p>The AOFM continued our strong and collaborative relationships with our key suppliers, including working with one supplier to ensure its transition to cloud data storage met the AOFM and Commonwealth requirements and it retained its authority to operate.</p> <p>We continue to receive annual assurance over our third-parties' business continuity and disaster recovery arrangements.</p>
A lack of knowledge management transfer mechanisms affects our future workforce capability	<p>In 2024–25, we began reviewing our policies and procedures to ensure we are accurately transferring knowledge and complying with our legislative obligations.</p> <p>We continued the cross-skilling of staff across functions through internal transfers, communities of practice and collaborative discussions, and by updating our intranet to make information more accessible.</p>

Fraud and corruption prevention and control

The AOFM has minimal appetite for fraud and corruption, and has taken comprehensive preventative steps to address these issues. These steps include following a fraud and corruption control plan, which includes processes and systems to ensure we regularly identify, assess and treat fraud risk vulnerabilities. Throughout 2024–25 the AOFM provided mandatory annual fraud and corruption awareness training to all staff, including new staff during their induction.

We report on fraud and corruption matters to the Treasurer and the Australian Institute of Criminology. We identified no instances of fraud or suspected fraud in 2024–25.

Business continuity

Business continuity management is integral to the AOFM's risk management arrangements because we are an operational agency with time-critical core activities.

Business continuity arrangements include multiple levels of redundancy that anticipate situations in which day-to-day business systems or our staff are not available to perform critical tasks. The most time-critical functions covered by business continuity arrangements relate to issuance tenders and settlements; AGS payment obligations (coupons and maturity redemptions); AOFM support for Budget preparation; and changes to documentation or transactions relating to the Australian Business Securitisation Fund.

In 2024–25, a secure business continuity environment independent of the corporate network continued to provide redundancy for time-critical business processes. We reviewed and updated the business continuity plan to ensure staff new to AOFM were aware of arrangements. These arrangements are supplemented by a crisis management framework to enhance business resiliency.

Assurance

The AOFM ERM framework is complemented by an assurance framework, which we use to monitor the operation and effectiveness of key internal controls. This framework is modelled on best practice industry standards.

Our compliance with external obligations and internal controls, and our policies and business procedures, were monitored through a co-sourced arrangement. This involved in-house Line 2 assurance and compliance activities supplemented by independent Line 3 internal audit services. In 2024–25, assurance and compliance activities provided structured assurance on the effectiveness of the AOFM's governance arrangements, risk management and internal controls. The Audit and Risk Committee endorsed assurance targets for the year as part of setting the annual assurance strategy.

Information and output from the ERM and assurance frameworks supported the CEO's obligations (under section 16 of the PGPA Act) to maintain appropriate systems of risk oversight and management of internal controls.

Internal audit

The AOFM internal audit service provider is Synergy. Internal audit coverage was determined according to professional internal audit standards, with due regard to the AOFM's business and risk contexts. The Audit and Risk Committee endorsed the 2024–25 internal audit strategy (and a subsequent revision) for CEO approval.

The internal auditor completed 4 reviews in 2024–25, which included an assessment of:

- the adequacy of controls in place to support an upgrade of the AOFM's Treasury Management System
- whether the update of the AOFM's Financial Risk Policy adequately addressed the Australian National Audit Office performance audit recommendations and was fit for purpose
- whether the AOFM's controls were adequate to detect and prevent fraudulent behaviour to comply with the new and amended legislations – including the *National Anti-Corruption Commission Act 2022* (NACC Act) and *Public Interest Disclosure Amendment (Review) Act 2023* (PID Act) – and the Commonwealth Fraud and Corruption Control Framework
- the effectiveness of the implementation of and compliance with AOFM's new procurement framework and associated legislative requirements.

Eight internal audit recommendations were implemented during the year, and at 30 June 2025, 14 recommendations remained outstanding but not overdue.

Integrity and ethical standards

As a public service entity, the AOFM expects the highest standard of behaviour and ethical conduct from our staff. We have policies and procedures in place that align with the Australian Public Service Code of Conduct and Values, to ensure ethical standards are upheld in accordance with the *Public Service Act 1999*.

We continue to strengthen and embed our pro-integrity culture and practices through a program of improvements guided by the APS Integrity Taskforce Action Plan and Integrity Good Practice Guide, and the Commonwealth Integrity Maturity Framework.

Significant non-compliance with finance law

No significant instances of non-compliance with the finance law were reported to the responsible minister in 2024–25.

External scrutiny

In 2024–25 there were no reports on the operations of the AOFM (other than the report on the financial statements) by the Auditor-General, a parliamentary committee or the Commonwealth Ombudsman.

B. OUR PEOPLE

The Australian Office of Financial Management (AOFM) is committed to fostering a workplace culture that values employee wellbeing, safety, inclusion, collaboration and continuous learning. This culture will ensure we attract and retain the expertise that is needed to deliver now and into the future.

Managing and developing employees

The AOFM makes continual improvements to managing and developing our employees, and the systems that support them, so we can continue to effectively meet our objectives.

In 2024–25 we continued to provide professional development opportunities to employees, including through studies assistance; professional memberships; coaching, and tailored courses and programs; secondment opportunities; and an allocated budget to support employee participation in professional development opportunities, such as conferences. The AOFM partnered with our portfolio agency to strengthen and automate compliance training, and to expand our online learning offerings to include those provided on APSLearn.

In addition, we introduced a Reward and Recognition Policy to enhance the recognition of employees, including through formal Chief Executive Officer (CEO) Awards and Values-Based Awards that recognise employees who demonstrate behaviours aligned with the Australian Public Service (APS) and AOFM values. We also established a wellbeing portal for sharing resources on wellbeing resilience.

The AOFM has harnessed the offerings of our portfolio agency's diversity networks, so our staff can now access and participate in these networks and their associated events. This is a great step forward in recognising and celebrating the value of diversity, and provides greater opportunities for our people to connect, learn and be supported.

Work health and safety

Wellbeing continued to be a priority in 2024–25 and was an area of focus for the Census Action Plan. We held focus groups to support the development of a Wellbeing Strategy, which was completed in 2024–25. We expect to begin implementing the strategy in 2025–26, and to update the actions in it as new datasets become available.

The AOFM offered flu vaccinations to all employees, 30 of whom accessed this service in 2024–25.

All employees had access to a confidential counselling service through an Employee Assistance Program, with 3 employees accessing this service. Employees also engaged with additional health and wellbeing resources, including monthly webinars.

No notifiable incidents were reported to Comcare, no work health and safety investigations were conducted, and no notices were given to the AOFM under Part 10 of the *Work Health and Safety Act 2011*.

Employment arrangements

The [AOFM Enterprise Agreement 2024–2027](#)⁷ (EA) sets out the terms and conditions of employment for non-SES employees.

In specific and limited circumstances, terms and conditions of the EA are supplemented by an individual flexibility arrangement. At 30 June 2025, 2 individual flexibility agreements were in place.

The terms and conditions of SES employees are set out in individual determinations made under section 24(1) of the *Public Service Act 1999*.

⁷ The AOFM Enterprise Agreement is available at aofm.gov.au/sites/default/files/2024-04-12/AOFM%20Enterprise%20Agreement%202024-2027.pdf

Table 17: APS employees employment arrangements (headcount) 2024–25

Employment arrangement	SES	Non-SES	Total
AOFM Enterprise Agreement 2024–2027	–	50	50
Section 24(1) determination	2	–	2
Total	3^(a)	50	52

(a) The AOFM CEO is under separate employment arrangements from other AOFM SES.

The AOFM workforce

At 30 June 2025, the AOFM employed 53 employees (headcount), including 5 non-ongoing employees, one on long-term maternity leave, one on long-term leave and one on secondment. The following tables provide detailed breakdowns for 2024–25 (as at 30 June 2025).

Table 18: APS ongoing employees by classification (headcount) 2024–25

	Man/Male			Woman/Female			Non-binary			Prefers not to answer			Uses a different term			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	–	–	–	1	–	1	–	–	–	–	–	–	–	–	–	1
SES 2	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
SES 1	–	–	–	2	–	2	–	–	–	–	–	–	–	–	–	2
EL 2	6	–	6	2	–	2	–	–	–	–	–	–	–	–	–	8
EL 1	8	–	8	6	2	8	–	–	–	–	–	–	–	–	–	16
APS 6	8	–	8	4	–	4	–	–	–	–	–	–	–	–	–	12
APS 5	5	–	5	1	2	3	–	–	–	–	–	–	–	–	–	8
APS 4	–	–	–	–	1	1	–	–	–	–	–	–	–	–	–	1
APS 3	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
APS 2	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
APS 1	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total	27	–	27	16	5	21	–	–	–	–	–	–	–	–	–	48

Table 19: APS non-ongoing employees by classification (headcount) 2024–25

	Man/Male			Woman/Female			Non-binary			Prefers not to answer			Uses a different term			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
SES 2	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
SES 1	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
EL 2	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
EL 1	–	–	–	2	–	2	–	–	–	–	–	–	–	–	–	2
APS 6	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
APS 5	–	–	–	2	–	2	–	–	–	–	–	–	–	–	–	2
APS 4	–	–	–	1	–	1	–	–	–	–	–	–	–	–	–	1
APS 3	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
APS 2	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
APS 1	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total	–	–	–	5	–	5	–	–	–	–	–	–	–	–	–	5

Table 20: APS ongoing and non-ongoing employees by full- and part-time status (headcount) 2024–25

	Ongoing			Non-Ongoing			Total
	Full time	Part time	Total Ongoing	Full time	Part time	Total Non-Ongoing	
SES 3	1	–	1	–	–	–	1
SES 2	–	–	–	–	–	–	–
SES 1	2	–	2	–	–	–	2
EL 2	8	–	8	–	–	–	8
EL 1	14	2	16	2	–	2	18
APS 6	12	–	12	–	–	–	12
APS 5	6	2	8	2	–	2	10
APS 4	–	1	1	1	–	1	2
APS 3	–	–	–	–	–	–	–
APS 2	–	–	–	–	–	–	–
APS 1	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–
Total	43	5	48	5	–	5	53

Table 21: APS ongoing and non-ongoing employees by location (headcount) 2024–25

Location	Ongoing	Non-Ongoing	Total
NSW	4	0	4
QLD	0	0	0
SA	0	0	0
TAS	0	0	0
VIC	0	1	1
WA	0	0	0
ACT	44	4	48
NT	0	0	0
External Territories	0	0	0
Overseas	0	0	0
Total	48	5	53

As a small workforce, the AOFM does not collect information about gender or level by state, as individuals may be readily identified.

Staffing changes

While 15 ongoing employees separated during 2024–25, reflecting an annualised turnover rate of 20 per cent, we retained 80 per cent of employees, including key staff. An additional 14 ongoing employees and 4 non-ongoing employees commenced during the year. Each of these employees brought with them supplementary skills and experience that ensured the AOFM could continue to deliver on its key objectives.

The AOFM did not employ any First Nations people in 2024–25.

Disability reporting mechanism

Australia's Disability Strategy 2021–2031 is the overarching framework for inclusive policies, programs and infrastructure to support people with disability to participate in all areas of Australian life. The strategy sets out where practical changes will be made to improve the lives of people with disability. It ensures the principles underpinning the

United Nations Convention on the Rights of Persons with Disabilities are incorporated into the policies and programs in Australia that affect people with disability, their families and their carers.

All levels of government have committed to delivering more comprehensive and visible reporting under the strategy. A range of reports on progress against the strategy’s actions and outcome areas will be published and available on the [Disability Gateway website](#)⁸.

Disability reporting is included the Australian Public Service Commission (APSC) State of the Service reports and the APS Statistical Bulletin. These reports are available on the [APSC website](#).⁹

Remuneration of employees

The salary rates for AOFM employees are outlined in Attachment A of the EA and are provided in Table 22.

Performance-linked bonuses are not available to AOFM employees.

Table 22: AOFM salary range by classification, 2024–25 (as at 30 June 2025)

Classification	Minimum salary	Maximum salary
SES 3	\$376,314	\$440,723
SES 1	\$279,751	\$327,434
EL 2	\$218,879	\$367,979
EL 1	\$150,210	\$187,762
APS 6	\$112,590	\$140,737
APS 5	\$92,118	\$115,148
APS 4	\$85,189	\$94,654
APS 3	\$75,723	\$82,822
APS 2	\$64,742	\$71,935
APS 1	\$57,548	\$62,943
<i>Minimum/Maximum range</i>	<i>\$57,548</i>	<i>\$440,723</i>

⁸ Visit disabilitygateway.gov.au/ads to find related reports.

⁹ APSC State of the Service Reports are available at apsc.gov.au.

Non-salary benefits

In addition to remuneration, the AOFM provides employees with non-salary benefits including superannuation; support for professional development including professional memberships; and wellbeing initiatives such as access to an employee assistance program and annual flu vaccinations. Flexible working arrangements are enabled through the EA, and we support this by providing laptops and other technology as required.

Remuneration of key management personnel and highly paid staff

Key management personnel (KMP) are those individuals with authority and responsibility for planning, directing and controlling the activities of the entity, whether directly or indirectly. The AOFM CEO, the Secretary to the Treasury and the Treasurer have been determined to be KMP for the AOFM. The AOFM CEO is appointed by the Secretary to the Treasury and is the only KMP remunerated by the AOFM.

In 2024–25, the AOFM created two new SES positions – Deputy CEO and Chief Operating Officer – which were filled in June 2025 and May 2025 respectively. Both positions have been determined as KMP; however, due to the short period in which these individuals occupied the KMP positions in 2025, their remuneration has been excluded from reporting in the 2025 financial year.

Remuneration for the AOFM CEO is governed by the APSC Executive Remuneration Management Policy and Treasury’s SES performance framework. Executive remuneration is reported in accordance with the Public Governance, Performance and Accountability Rule 2014 (the PGPA Rule).

Key Management Personnel

In accordance with the executive disclosure rules set out in the PGPA Rule, the AOFM is also required to report information about remuneration for other highly paid staff in addition to KMP. Remuneration for those staff is reported in accordance with Schedule 3 of the PGPA rule.

Table 23: Remuneration for KMP

Name	Position	Short-term benefits (\$)			Post-employment (\$)	Other long-term benefits (\$)		Termination benefits (\$)	Total (\$)
		Base salary and annual leave	Bonus	Other benefits	Super	Long service leave	Other	Termination benefits	Total
Anna Hughes	CEO	324,386	–	–	67,885	9,896	–	–	403,344

Other highly-paid staff

Table 24: Remuneration for highly paid staff

Remuneration band	Number	Short-term benefits (\$)			Post-employment (\$)	Other long-term benefits (\$)	Termination benefits (\$)		Total (\$)
		Average base salary and annual leave	Average bonus	Average other benefits	Average super	Average long service leave	Average other benefits	Average termination benefits	Total
270,001 to 295,000	1	228,805	–	–	37,217	12,610	–	–	278,632
295,001 to 320,000	1	239,000	–	–	50,091	13,976	–	–	303,067
320,001 to 345,000	2	279,549	–	–	41,781	10,231	–	–	331,561
345,001 to 370,000	1	299,990	–	–	40,429	7,925	–	–	348,344
Above 495,001	2	400,223	–	–	40,599	-174,112	–	316,818	583,528

C. PURCHASING AND PROCUREMENT

Under the *Public Governance, Performance and Accountability Act 2023* (PGPA Act), the Chief Executive Officer (CEO) of the Australian Office of Financial Management (AOFM) is responsible for the AOFM's proper use of public resources. This responsibility includes developing policies, procedures and systems for conducting procurements.

During 2024–25, the AOFM's purchasing activities were consistent with and reflected the principles of the Commonwealth Procurement Rules (CPRs). We applied these to the AOFM's activities through the Accountable Authority Instructions and supporting internal policies and procedures.

We reported data on AusTender for contracts awarded with a value of \$10,000 or higher. We also published on the [AusTender website](#) the AOFM Procurement Plan, which is designed to provide suppliers with early attention to potential procurement opportunities.¹⁰ We updated this plan as needed during the year.

Reportable consultancy

During 2024–25, the AOFM entered into 5 new reportable consultancy contracts, with total actual expenditure amounting to \$110,300. No reportable consultancy contracts remained active during the reporting period. A summary is provided in the table below.

This annual report contains information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the [AusTender website](#).¹¹

The AOFM engages consultants where it requires specialist expertise, or independent research, review or assessment.

Before engaging consultants, we consider the skills, experience and resources required for the task, the skills available internally and the cost-effectiveness of engaging external expertise. Decisions to engage consultants are made in accordance with the PGPA Act and related rules, including the CPRs and relevant internal policies.

¹⁰ The Procurement Plan is available at tenders.gov.au.

¹¹ Information on the value of reportable consultancy contracts is available at tenders.gov.au.

Contracts

Table 25: Reportable consultancy contracts 2024–25

Reportable consultancy contracts	Number	Expenditure \$'000
New contracts	5	110
Ongoing contracts	Nil	–
Total	5	110

Additional information

Below is the list of organisations that received payments from the AOFM under one or more consultancy contracts during 2024–25. The total amount for each organisation is reported in AusTender.

Table 26: Organisations receiving a share of reportable consultancy contract expenditure

Organisation	Expenditure \$'000
Australian Government Solicitor	10
Clayton Utz	46
Elm Communications	13
King & Wood Mallesons	20
Norton Rose Fulbright Australia	20
Total	110

Reportable non-consultancy

During 2024–25, the AOFM entered into 33 new reportable non-consultancy contracts, with total actual expenditure of \$25,719,935. Of these, 13 contracts were active and ongoing during the reporting period, accounting for \$1,268,715 in expenditure. A summary is provided in the following table.

This annual report includes details on actual expenditure for reportable contracts. Information on the total value of reportable contracts is available on the [AusTender website](#).¹²

Contracts

Table 27: Reportable non-consultancy contracts 2024–25

Reportable non-consultancy contracts	Number	Expenditure \$'000
New contracts	20	24,451
Ongoing contracts	13	1,269
Total	33	25,720

Additional information

Below is the list of organisations that received the 5 largest shares of the AOFM's total expenditure on non-consultancy contracts in 2024–25. This list also identifies all organisations that received one or more non-consultancy contract payments amounting to at least 5 per cent of AOFM's total non-consultancy expenditure, alongside the total amount they received.

All payments made to suppliers identified in Table 25 relate to the syndicated issuance of Australian Government Securities in 2024–25.

¹² Information on the value of reportable contracts is available at tenders.gov.au.

Table 28: Organisations receiving a share of reportable non-consultancy contract expenditure 2024–25

Organisation	Expenditure \$'000
Barrenjoey Markets Pty Limited	5,830
UBS AG, Australia Branch	5,830
Commonwealth Bank of Australia	3,300
National Australia Bank Limited	3,300
J.P. Morgan Securities Australia Limited	2,530
Westpac Institutional Bank	2,530
Total	23,320

Australian National Audit Office access clauses and exempt contracts

Of the contracts entered into during 2024–25 that were valued at \$100,000 or more, all gave the Auditor-General access to the contractor's premises.

No contract or standing arrangement was exempt from being published in AusTender on the basis that it would disclose exempt matters under the *Freedom of Information Act 1982* (FOI Act).

Exempt contracts

The PGPA Rule requires that if any contract in excess of \$10,000 (inclusive of GST) or any standing arrangement has been exempted by the accountable authority from being published on AusTender on the basis that it would disclose exempt matters under the FOI Act, the fact that the contract has been exempted and the value of the contract or standing arrangement must be reported, to the extent that doing so does not in itself disclose the exempt matters.

The exempt contracts provision addresses the requirement to document, in entities' annual reports, any contracts entered into during the reporting period, where the contract details were not published in AusTender. This requirement also covers standing arrangements.

An accountable authority may direct in writing that contract details are not to be reported on AusTender if they would be subject to an exemption under the FOI Act and the accountable authority considers that the information is genuinely sensitive, and harm is likely to be caused by its disclosure.

Procurement initiatives to support small business

The AOFM supports small business participation in the Australian Government procurement market. Small and medium enterprise (SME) participation statistics are available on the [Department of Finance website](#).¹³

Consistent with paragraph 5.5 of the CPRs, the AOFM's procurement practices provide appropriate opportunities for SMEs to compete. They also ensure that SMEs are not unfairly discriminated against.

We recognise the importance of small businesses being paid on time; see the Australian Government Pay On-Time Survey on the [Treasury website](#).¹⁴

Advertising campaigns and market research

During 2024–25, the AOFM did not conduct any advertising campaigns. We also did not conduct market research in relation to an advertising campaign.

Grants

Under the *Financial Agreement Act 1994* (FA Act), the Commonwealth is required to contribute to the Debt Retirement Reserve Trust Account to assist the New South Wales and Victorian governments to redeem maturing debt on allocation to them. Monies standing to the credit of this account are held for the purposes prescribed by the FA Act.

The Commonwealth paid a total of \$7,465 into the Debt Retirement Reserve Trust Account during 2024–25.

¹³ Procurement statistics for SMEs are available at finance.gov.au/government/procurement/statistics-australian-government-procurement-contracts

¹⁴ Pay On-Time survey results are available at treasury.gov.au

D. FREEDOM OF INFORMATION

Entities subject to the *Freedom of Information Act 1982* (FOI Act) must meet requirements as part of the Information Publication Scheme (IPS). Part II of the FOI Act requires each agency to display a plan on its website showing what information it publishes in accordance with the IPS requirements. AOFM's IPS plan is available on [our website](#)¹⁵.

¹⁵ See our IPS plan at aofm.gov.au/about/access-information/information-publication-scheme

E. FINANCIAL PERFORMANCE

Administered resourcing

In 2024–25, the AOFM managed \$237.64 billion in administered resourcing, including \$220.48 billion in special appropriations and \$17.16 billion in special accounts. The AOFM's administered resourcing is available for payments under the program administered by the AOFM on behalf of the Australian Government.

The AOFM's total administered net payments in 2024–25 were \$220.63 billion (2023–24: \$159.75 billion). Of this total, \$196.78 billion was for payments for Australian Government Securities (AGS) and \$23.85 billion was for interest payments on AGS.

The AOFM's total administered revenue in 2024–25 was \$2.87 billion (2023–24: \$2.98 billion), primarily from interest on cash and deposits.

Departmental resourcing

The AOFM received \$16.357 million in departmental operating appropriations and \$0.405 million in capital budget appropriations in 2024–25. The AOFM's departmental resourcing is controlled by the AOFM Chief Executive Officer and is provided for the day-to-day operations of the AOFM.

The AOFM reported a net cash operating surplus of \$0.083 million in 2024–25 (2023–24: \$4.359 million surplus). The AOFM has a sound financial position and can meet its debt obligations as and when they fall due.

Further details on the AOFM's financial resources and expenses are presented in Table 29 and Table 30.

Table 29: Agency resource statement and resources for outcomes

Outcome 1: The advancement of macroeconomic growth and stability, and effective operation of financial markets, through issuing debt; investing in financial assets; and managing debt, investments and cash for the Australian Government			
	Budget ^(a)	Actual expenses	Variation
	2024–25	2024–25	
	\$'000	\$'000	\$'000
Program 1.1: Australian Office of Financial Management			
Departmental expenses			
Departmental appropriation and other receipts	16,121	16,258	(137)
Expenses not requiring appropriation in the Budget year ^(b)	848	856	(8)
Administered expenses before remeasurements			
Expenses not requiring appropriation ^(c)	41,201	22,279	18,922
Special appropriations expenses			
<i>Commonwealth Inscribed Stock Act 1911</i>	24,107,257	23,867,126	240,131
<i>Australian Business Securitisation Fund Act 2019</i>	–	414	(414)
<i>Structured Finance Support (Coronavirus Economic Response Package) Act 2020</i>	–	3	(3)
<i>Financial Agreement Act 1994</i>	10	23	(13)
<i>Loans Securities Act 1919</i>	–	–	–
Total expenses for Program 1.1	24,165,437	23,906,959	258,478
Average staffing level (number)	52	51	1

(a) The Budget figure for 2024–25 is the original budget expense as presented in the 2024–25 Portfolio Budget Statements.

(b) Departmental 'Expenses not requiring appropriation' includes depreciation and amortisation, interest on make good and other resources received free of charge (Australian National Audit Office).

(c) Administered 'Expenses not requiring appropriation' represents expected credit loss expenses on investments in structured finance securities, and accrual losses on repurchase of debt prior to maturity. Note in the Budget papers: expected credit loss expenses are reported against expenses, while in the Annual Financial Statements they are reported as an offset to interest revenue.

Table 30: AOFM resource statement

	Note	Actual available appropriation	Net payments made	Appropriations extinguished	Balance
		2024–25 \$'000	2024–25 \$'000	2024–25 \$'000	2024–25 \$'000
Ordinary annual services					
Departmental appropriation ^{(a)(b)}		53,519	17,604	0	35,915
Receipts from other sources (s74) ^(c)		532	–	–	532
Total departmental		54,051	17,604	0	36,447
Administered expenses					
Total administered		–	–	–	–
Total ordinary annual services	A	54,051	17,604	0	36,447
Total other services	B	–	–	–	–
Total available annual appropriations (A+B)		54,051	17,604	0	36,447
Special appropriations – operating					
Commonwealth Inscribed Stock Act 1911		25,483,092	25,483,092	–	–
Financial Agreement Act 1994		12	12	–	–
Loans Securities Act 1919		158	158	0	–
Subtotal		25,483,262	25,483,262	0	0
Special appropriations – investing and financing					
Commonwealth Inscribed Stock Act 1911		194,039,739	194,039,739	–	–
Loans Securities Act 1919		901,209	901,209	–	–

	Note	Actual available appropriation	Net payments made	Appropriations extinguished	Balance
		2024–25 \$'000	2024–25 \$'000	2024–25 \$'000	2024–25 \$'000
Subtotal		194,940,948	194,940,948	–	–
Total special appropriations	C	220,424,210	220,424,210	–	0
Total appropriations excluding special accounts (A + B + C)		220,478,261	220,441,814	0	36,447
Debt Retirement Reserve Trust		178	–	–	178
Structured Finance Support Fund ^(d)		15,134,604	3	–	15,134,601
Australian Business Securitisation Fund ^(e)		2,022,947	189,295	–	1,833,652
Total special accounts	D	17,157,729	189,298	0	
Total net resourcing and payments for the AOFM (A + B + C + D)		237,635,990	220,631,112	0	17,004,878

- (a) Actual available appropriation comprises Ordinary Annual Services of the Government – Appropriation Act (No. 1) operating plus carried forward appropriation balances as at 1 July 2024.
- (b) Includes capital budget appropriation *Ordinary Annual Services of the Government – Appropriation Act (No. 1)* DCB for 2024–25 of \$0.405 million.
- (c) Receipts received under section 74 of the Public Governance, Performance and Accountability Act 2013.
- (d) The Structured Finance Support Fund Special Account was established in March 2020. The special account received statutory funding of \$15 billion on 25 March 2020.
- (e) The Australian Business Securitisation Fund Special Account was established in April 2019 and received \$2 billion of funding over 5 years.

F. AUSTRALIAN PUBLIC SERVICE NET ZERO 2030 GREENHOUSE GAS EMISSIONS INVENTORY

As part of the Net Zero in Government Operations Strategy, and the reporting requirements under section 516A of the *Environment Protection and Biodiversity Conservation Act 1999*, non-corporate Commonwealth entities are required to report on their operational greenhouse gas emissions.

The tables below present the greenhouse gas emissions for the Australian Office of Financial Management (AOFM) over the 2024–25 financial year. The greenhouse gas emissions reported are calculated on the basis of carbon dioxide equivalent (CO₂-e) and in line with the Emissions Reporting Framework. This is consistent with a whole-of-government approach, outlined in the Net Zero in Government Operations Strategy and in Commonwealth Climate Disclosure requirements.

Table 31: 2024–25 greenhouse gas emissions inventory – location-based method

Emissions source	Scope 1 (t CO ₂ -e)	Scope 2 (t CO ₂ -e)	Scope 3 (t CO ₂ -e)	Total (t CO ₂ -e)
Electricity ^(a)	N/A	–	–	–
Natural gas ^(b)	–	N/A	–	–
Solid waste ^(c)	N/A	N/A	–	–
Refrigerants ^(d)	–	N/A	N/A	–
Fleet and other vehicles ^(e)	–	N/A	–	–
Domestic commercial flights	–	N/A	13.12	13.12
Domestic hire car ^(f)	N/A	N/A	–	–
Domestic travel accommodation	N/A	N/A	4.47	4.47
Other energy ^(g)	–	N/A	–	–
Total	–	–	17.58	17.58

(a) The AOFM is wholly located within tenancies managed by Treasury. The AOFM's electricity emissions and emissions from the transmission and distribution of electricity are recorded as part of Treasury emissions figures and appear in the Treasury 2024–25 Annual Report.

(b) The AOFM's natural gas emissions are recorded as part of Treasury's emissions figures and appear in the Treasury 2024–25 Annual Report.

(c) The AOFM's solid waste emissions are recorded as part of Treasury's emissions figures and appear in the Treasury 2024–25 Annual Report.

(d) Optional for 2024–25. Not reported. See Emissions Reporting Framework for more details.

(e) The AOFM does not own or control fleet vehicles.

(f) None were used in 2024–25.

(g) The AOFM has measured the emissions from international travel undertaken during 2024–25. These figures do not form part of the net zero reporting requirements for the 2024–25 financial year and accordingly are not included in the above table. The Scope 3 emissions from international travel for 2024–25 were 189.88 t CO₂-e, including supply chain emission sources.

Visit the Department of Finance website for more information on [APS Net Zero](#).¹⁶

Table 32: 2024–25 electricity greenhouse gas emissions^(a)

Electricity emissions	Scope 2 (t CO ₂ -e)	Scope 3 (t CO ₂ -e)	Total (t CO ₂ -e)	Electricity (kWh)
Location-based electricity emissions	–	–	–	–
Market-based electricity emissions	–	–	–	–
Total renewable electricity consumed	–	–	–	–
Renewable power percentage	N/A	N/A	N/A	–
Jurisdictional renewable power percentage	N/A	N/A	N/A	–
Green power	N/A	N/A	N/A	–
Large-scale generation certificates	N/A	N/A	N/A	–
Behind-the-meter solar	N/A	N/A	N/A	–
Total renewable electricity produced	–	–	–	–
Large-scale generation certificates	N/A	N/A	N/A	–
Behind-the-meter solar	N/A	N/A	N/A	–
Total	–	–	–	–

(a) The AOFM is wholly located within tenancies managed by Treasury. Electricity emissions, total renewable electricity consumed and total renewable electricity produced are unable to be separated and are included in the Department of Treasury's emissions reporting tables. See the 2024–25 Treasury Annual Report for further details.

16 Read more about APS Net Zero at finance.gov.au/government/aps-net-zero-emissions-2030

Progress towards the APS Net Zero 2030 target

Table 33: Progress towards the APS Net Zero 2030 target

APS Net Zero 2030 target emission sources	2023–24* t CO ₂ -e	2024–25* t CO ₂ -e	Percentage change since 2023–24
Total Scope 1	–	–	–
Natural gas	–	–	–
Fleet and other vehicles	–	–	–
Refrigerants	–	–	–
Other energy	–	–	–
Total Scope 2	–	–	–
Electricity (market based)	–	–	–
Total Scope 1 and Scope 2	–	–	–

The AOFM is part of the APS Net Zero by 2030 target, as per the Net Zero in Government Operations Strategy.

AOFM's scope 1 and 2 emissions are included and aggregated in the Treasury's emissions tables. AOFM reports only Scope 3 emissions, which are the most challenging to identify and measure. Currently, the APS Net Zero by 2030 target does not include Scope 3 emissions.

Our strategy to reduce emissions is set out in our publicly available [Emissions Reduction Plan](#).¹⁷ The AOFM relies on Treasury to undertake actions in relation to electricity and buildings on our behalf. This year we made progress in line with the Emissions Reduction Plan, including:

- updating our travel policy to consider climate impacts
- supporting more staff to acquire electric vehicles through salary packaging arrangements.

These and other proposed actions in the Emissions Reduction Plan will support the APS Net Zero by 2030 target.

¹⁷ Read our Emissions Reduction Plan at aofm.gov.au/publications/emissions-reduction-plan

G. APPENDIX – 2024–25

COMMONWEALTH CLIMATE DISCLOSURE

Commonwealth Climate Disclosure is the Australian Government’s policy for Commonwealth entities to publicly disclose their exposure to climate risks and opportunities, as well as their actions to manage them, delivering transparent and consistent climate disclosures to the Australian public. The Australian Office of Financial Management (AOFM) has assessed our climate risks and opportunities in accordance with the [Climate Risk and Opportunity Management Program¹⁸ \(CROMP\)](#), and our climate disclosures have been prepared in accordance with the [Year 1 Reporting Provisions¹⁹](#) for Tranche 1 entities.

Table 34: AOFM material climate-related risks and opportunities

Risk or Opportunity Statement	Risk/ Opportunity	Timeframe	Risk type
The costs of transition and the physical impacts of climate change may increase the AOFM’s funding task and could affect Australia’s credit ratings and interest rates.	Risk	Long term	Physical/ Transition
The AOFM retains the confidence of the market in our ability to meet our purposes, despite increased uncertainty in global and domestic economic conditions caused by extreme weather events or changes in government policy.	Risk	Short– medium term	Physical/ Transition
The increased size of the Green Bond Program will assist in financing Australia’s transition to a net-zero emissions economy.	Opportunity	Short– medium term	Transition
Safe and reliable access to IT networks, systems, infrastructure and assets may be disrupted during a major business continuity event caused by extreme weather conditions, potentially impacting the effective functioning of the Australian Government Securities (AGS) market.	Risk	Short–long term	Physical
Improving the health and safety of staff will increase resilience to direct impacts of climate change, including extreme weather events and indirect impacts such as increased chronic and acute health effects.	Opportunity	Short–long term	Physical

¹⁸ Read more about CROMP at dceew.gov.au/climate-change/policy/adaptation/climate-risk-opportunity-management-program

¹⁹ Read more about Year 1 Reporting Provisions at finance.gov.au/government/climate-action-government-operations/commonwealth-climate-disclosure-requirements

Under the Commonwealth Climate Disclosure guidance, we have disclosed meaningful information about our climate-related risks and opportunities where they have, or may have, a significant impact on the AOFM as an organisation or our ability to deliver our mandate.

The scope of climate-related risks and opportunities to be disclosed in future reporting periods may include climate risks and opportunities identified along the entity's public policy delivery chain, procurement-related risks and opportunities, climate-related scenario analysis, financial effects and other more complex disclosure requirements. Reporting currently excludes the disclosure of qualitative and quantitative information on administered accounts and financed emissions.

Table 35: AOFM climate disclosures

Core Requirement	Overview	Description
G0	Governance objective	Achieved through G1
G1(a)	Identify Accountable Authority	The Chief Executive Officer (CEO) is the Accountable Authority of the AOFM under section 12 of the Public, Governance, Performance and Accountability Act 2013 (PGPA Act). See 'Organisational structure' in Part 1 of this annual report.
G1(a)i	Responsibilities of Accountable Authority	The CEO is ultimately accountable for the AOFM's management of risk, including climate-related risks and opportunities. See 'Corporate governance' in Part 3 of this annual report.
G1(a)ii	Skills and competencies	The CEO reviews and approves the AOFM Corporate Plan, which includes approaches to enhance human capital, and organisational and people capability. The Enterprise Risk and Assurance team has completed CROMP training and is actively engaged in the CROMP community of practice. We encourage all staff to complete CROMP training modules, and we provide tailored training and workshops for the AOFM in applying the CROMP in our context. We also encourage participation in the Net Zero in Government Operations GovTEAMS community. The Chief Risk and Assurance Officer (CRAO) provides reporting to the CEO, Executive Leadership and the Audit and Risk Committee (ARC) on AOFM's risk maturity roadmap. See 'Corporate governance' and 'Our people' in Part 3 of this annual report.
G1(a)iii	Informing accountable authority	The AOFM business units undertake quarterly risk reviews, which include a review of climate risks and opportunities. The outcomes are synthesised and analysed by the Enterprise Risk and Assurance Team and are discussed at the Executive Leadership Group meetings. These are then reported to the CEO and the ARC quarterly.

Core Requirement	Overview	Description
G1(a)iv	Strategy and risk management	<p>AOFM's climate governance is underpinned by our Enterprise Risk Management Framework, established in accordance with the CROMP, Commonwealth Risk Management Policy (2023) and the <i>Public, Governance, Performance and Accountability Act 2013</i> (PGPA Act). The CEO establishes and maintains internal systems for oversight and management of risk, including climate-related risks. The CEO oversees the agency's strategy and risk management processes, including making decisions in relation to climate-related risks and opportunities, overseeing the setting of targets, reviewing the Emissions Reduction Plan and reviewing our Emissions Reporting results in the Annual Report. We have integrated climate risks across a range of internal policies this year, relating to travel and accommodation, and are currently updating our procurement policy and guidelines to ensure climate risks and opportunities are considered in funding decisions. See 'Risk management' in Part 3 of this annual report.</p>
G1(a)v	Setting targets	<p>The AOFM Emissions Reduction Plan (ERP) outlines our interim and 2030 climate-related targets. We monitor and report progress to our CEO through our annual reporting process and annual update of our ERP, and as needed through our quarterly ARC meetings.</p>
G1(a)vi	Risk oversight	<p>The CEO is accountable for the AOFM's system of risk oversight and management. The CEO approves the AOFM's Enterprise Risk Management Framework, which includes monitoring of climate risks and opportunities, including their controls and actions; as well as the Financial Risk Management Strategy, which sets out how the AOFM manages financial risks related to debt management and cash management.</p> <p>The CRAO provides monthly reporting of incidents and issues to the CEO and the Executive Leadership Group (ELG). Quarterly risk reports are provided to the CEO, the ELG and the ARC.</p> <p>The ARC provides independent advice to the CEO on the appropriateness of AOFM's risk management arrangements. For 2025–26, the ARC will include climate-related risks as part of its overall assessment and advice.</p> <p>See 'Australian Public Service Net Zero 2030 Greenhouse Gas Emissions Inventory' in Part 3 of this annual report. See also 'Corporate governance' in Part 3 of this annual report.</p>
G1(b)	Controls and procedures	<p>Climate-related risks and opportunities are managed through existing AOFM policies and procedures. See 'Risk management' in Part 3 in this annual report.</p>

Core Requirement	Overview	Description
G2(a)	Regard to CROMP approach	The AOFM has embedded climate risk in existing frameworks to ensure we align to the Australian Government's Approach to Climate Risk and Opportunity Management in the Public Sector 2024–26. See 'Risk management' in Part 3 in this annual report.
G2(b)	Alignment with other policies	AOFM aligns with the Net Zero in Government Operations Strategy and Commonwealth Risk Management Policy.
S0	Strategy objective	Achieved through S1
S1(a)	Material information on climate risks and opportunities	Achieved through S2–3
S1(b)	Operational model effects	Achieved through S4
S2(a)	Progressive implementation schedule	In year 1, the scope covers our entity's organisational risks and opportunities.
S2(b)	Physical and transition risks	See Table 34: AOFM material climate-related risks and opportunities, in AOFM Climate Statement above.
S2(c)	Time horizon specification	The relevant timeframes include short-term (2030), mid-term (2050) and long term (2090). The physical and transition drivers of AOFM's risks and opportunities are already having an impact on our organisation and will continue to do so over the short to long term.
S2(d)	Time horizon definition	Time horizons align with the recommendations in the Climate Risk Management Guide: Organisation Application Guide ²⁰
S3(a)	Climate Risk and Opportunity Management Program or alternative methodology	In 2024–25, the AOFM embedded climate risk and opportunity management into our existing enterprise risk management procedures and business planning to ensure that they incorporate concepts outlined in the CROMP. The 2025–26 AOFM Corporate Plan now has specific reference to the CROMP and actions we will take to manage our climate risks and opportunities assessed through the CROMP.

²⁰ Read the Climate Risk Management guide at dcceew.gov.au/sites/default/files/documents/climate-risk-management-organisation-application-guide.pdf

Core Requirement	Overview	Description
S4(a)	Current and anticipated effects on operational model	Current and anticipated effects of climate-related risks predominantly include physical risks such as disruptions to business continuity procedures when conducting AGS market activities, and AOFM personnel health and safety. The AOFM will continue to work with Treasury to co-manage the Australian Green Bonds Program to provide funds for eligible green projects as well as understand the impact that climate change will have on government funding needs and the liquidity of the AGS market.
S4(b)	Concentration of effects	The AOFM relies on a number of key suppliers and external market participants to deliver the funding needs of government. Climate-related risks will predominantly affect AGS market activities though impacts on business continuity for the AOFM and our key suppliers in Canberra and Sydney.
R0	Risk management objective	Achieved through R1
R1(a)i	Risk assessment inputs and parameters	The AOFM climate-related risks and opportunities cover the full scope of our operations. The AOFM uses the CROMP for key inputs into the climate drivers, emissions scenarios and timeframes for our climate risk assessments. We have built on the CROMP Organisation Application Guide Figure 6 and Figure 8 summaries of climate changes for Australia across multiple scenarios and timeframes by using Australia's Long-Term Emissions Reduction Plan: Modelling and Analysis ²¹ to inform our debt and liquidity management strategies. This modelling specifically calls out a capital risk premium of between 100 and 150 basis points if Australia did not adopt a net zero by 2050 target. Other data providers ²² suggest that abatement costs could push Australia to higher default probability in some scenarios; however, forward-looking assessments are subject to risks and uncertainties and can be affected by various factors that may cause actual results to differ materially. See 'Risk management' in Part 3 of this annual report.

21 Australia's Long-term Emissions Reduction Plan is available at dceew.gov.au/sites/default/files/documents/australias-long-term-emissions-reduction-plan-modelling.pdf

22 Read article titled 'Anticipating the climate change risks for sovereign bonds' available at lseg.com/content/dam/ftse-russell/en_us/documents/research/sustainable-investment-anticipating-the-climate-change-risks-for-sovereign-bonds.pdf

Core Requirement	Overview	Description
R1(a)ii	Nature, likelihood and magnitude of effects	<p>The effects of our identified climate-related risks were assessed using the likelihood and consequence evaluation criteria from our existing Enterprise Risk Management Framework.</p> <p>AOFM has not completed a separate climate risk and opportunity assessment but has embedded climate risks as part of existing procedures for 2024–25. A separate formal climate risk and opportunity assessment is planned in the 2025–26 financial year, including workshops for staff.</p>
R1(a)iii	Prioritising climate-related risks	All risks to our organisation, including climate-related risks, were prioritised based on their residual risk rating against our Enterprise Risk Management Framework, including our risk appetite and tolerances statements.
R1(a)iv	Managing climate-related risks	<p>Climate risks and opportunities are managed using AOFM's existing governance structure and risk processes, policies and guidance. The AOFM has a mature business continuity management plan that is reviewed and tested annually. This includes oversight and assurance of our key supplier's business continuity arrangements.</p> <p>The AOFM manages funding risk by avoiding concentration of debt maturities and by conducting its market activities in a way that supports a well-functioning bond market. This increases the resilience of the market and reduces the risk that the market is constrained by climate risk drivers.</p>
R1(a)v	Monitoring climate-related risks	<p>Climate risks and opportunities are monitored through the AOFM's existing risk monitoring and assurance processes. Enterprise-level risks are monitored through key risk and control indicators and reported quarterly to executive leadership, the CEO and ARC.</p> <p>The AOFM's system of risk management includes a second-line assurance function that monitors controls and a third-line internal audit function.</p>
R1(a)vi	Changes to risk management processes	Compared with the previous reporting period, AOFM has now embedded CROMP concepts in our Enterprise Risk Management Framework and identifying climate risks and opportunities as part of our quarterly risk review process.
R1(b)	Risk management processes	The AOFM manages climate risks and opportunities using our Enterprise Risk Management Framework, which guides those actions taken in R1(a).
R1(c)	Integration of processes	AOFM's Enterprise Risk Management Framework embeds concepts from the CROMP, and climate risk and opportunities are identified, assessed, prioritised, managed and monitored in an integrated way.

Core Requirement	Overview	Description
R2	CROMP	The AOFM manages climate risks and opportunities using our existing governance structure and risk processes, policies and guidance for 2024–25. The 2025–26 Enterprise Risk Management Framework and guidance incorporates CROMP.
M0	Metrics and targets objective	Achieved through M1
M1	Information on greenhouse gases	b) Achieved through M3 c) Achieved through M5–9
M3	Climate-related metrics	See Table 30; Greenhouse gas emissions inventory – location-based method, 2024–25 (a). This summarises AOFM's emissions reporting for the period.
M5	Climate related targets	As per the <u>APS Net Zero 2030 Factsheet</u> ²³ . As per the AOFM Emissions Reduction Plan. AOFM is part of the APS Net Zero by 2030 target as per the Net Zero in Government Operations Strategy. Note: AOFM baseline emissions were already 0, as only Scope 3 emissions have been reported. Scope 3 emissions are currently not included in the APS Net Zero by 2030 target.
M6	Approach to reviewing and monitoring targets	As per the <u>APS Net Zero 2030 Factsheet</u> . As per the AOFM Emissions Reduction Plan.
M8	Target scope	As per the <u>APS Net Zero 2030 Factsheet</u> . As per the AOFM Emissions Reduction Plan.
M9	Voluntary and obligatory targets	As per the <u>APS Net Zero 2030 Factsheet</u> . As per the AOFM Emission Reduction Plan.

23 The APS Net Zero 2030 Factsheet is available at finance.gov.au/sites/default/files/2025-02/APS-Net-Zero-2030-Target-Factsheet.docx

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STATEMENT BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2025 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013*, and are based on properly maintained financial records as per subsection 41(2) of the *Public Governance, Performance and Accountability Act 2013*.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Australian Office of Financial Management will be able to pay its debts as and when they fall due.

Signed



A Hughes

Chief Executive Officer

1 September 2025

Signed



M Koh

Chief Financial Officer

1 September 2025

ADMINISTERED FINANCIAL STATEMENTS

Administered assets, liabilities, revenue, and expenses are those items that an entity does not control but for which it has management responsibility on behalf of the Government, and which are subject to prescriptive rules or conditions established by legislation, or Australian Government policy. These items include debt issued to finance the Government's fiscal requirements, investments for policy purposes and investments of funds surplus to the Government's immediate financing needs.

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Administered schedule of comprehensive income

For the period ended 30 June 2025

	Notes	2025 (\$million)	2024 (\$million)	Budget 2025 (\$million)
Expenses				
Interest expense:				
Treasury Bonds	2	20,455	18,414	20,306
Treasury Indexed Bonds	3	1,971	2,932	2,232
Treasury Notes	4	1,419	1,141	1,544
Total interest expense		23,845	22,487	24,082
Other expenses:				
Debt repurchases		22	82	38
Supplier expenses		23	15	28
Total other expenses		46	97	66
Total expenses		23,890	22,584	24,148
Interest:				
Loans to state and territory governments		69	74	69
Cash and deposits	5	2,786	2,872	1,886
Structured finance securities	6	16	36	45
Total income		2,871	2,982	2,000
(Deficit) before re-measurements		(21,019)	(19,602)	(22,149)
Re-measurements (net market revaluation)				
Treasury Bonds		(26,917)	(5,350)	(12,805)
Treasury Indexed Bonds		222	1,181	(245)
Treasury Notes		(8)	(9)	-
Total re-measurements		(26,703)	(4,178)	(13,050)
(Deficit)		(47,722)	(23,780)	(35,198)

The above schedule should be read in conjunction with the accompanying notes.

Note 10 explains significant variances between actuals and the original budget as presented in the 2024–25 Portfolio Budget Statements.

Interest expense and interest revenue are determined using the effective interest method.

‘Debt repurchases’ represents the total proceeds paid from repurchasing debt before maturity less the amortised cost carrying value of the debt using the effective interest method. The AOFM conducts these transactions at market rates.

‘Deficit before re measurements’ records a financial result that is consistent with an accrual (or amortised cost) basis of accounting under the historic cost accounting convention. This is most relevant to the AOFM’s role in managing the debt portfolio, which is predominantly issued and held to maturity, and where portfolio restructuring is performed for debt management purposes, rather than for profit making purposes.

‘Re-measurements’ provides information on the unrealised changes in the market valuation of the portfolio of administered financial assets and financial liabilities (which are carried at fair value through profit or loss) during the financial year. This is an implicit cost or revenue that is relevant for assessing changes in financial risk exposures and changes to the value of transactions managed from year to year. The revaluation effect will net to zero over the life of a financial instrument.

Administered schedule of assets and liabilities

As at 30 June 2025

	Notes	2025 (\$million)	2024 (\$million)	Budget 2025 (\$million)
Financial Assets				
Cash held in the Official Public Account (OPA)		1	1	1
Cash held in the cash management account (a)	5	68,379	85,552	50,394
Assets at amortised cost:				
Structured finance securities	6	219	323	775
Loans to state and territory governments	7	1,089	1,170	1,089
Accrued interest on cash management account	5	230	295	126
Total assets administered on behalf of Government		69,918	87,341	52,385
Liabilities				
Interest bearing liabilities at fair value:				
Treasury Bonds	2	801,142	764,649	786,175
Treasury Indexed Bonds	3	53,047	51,763	56,752
Treasury Notes	4	32,827	27,822	42,954
Interest bearing liabilities at amortised cost:				
Other debt		5	5	5
Total liabilities administered on behalf of Government		887,021	844,239	885,886
Net (liabilities)		(817,103)	(756,898)	(833,502)

The above schedule should be read in conjunction with the accompanying notes.

Note 10 explains significant variances between actuals and the original budget as presented in the 2024–25 Portfolio Budget Statements.

- (a) Cash held in the cash management account contains Debt Retirement Reserve Trust Account (DRRTA), Australian Business Securitisation Fund (ABSF) and Structured Finance Support Fund (SFSF) special account balances. Refer to Note 9: Appropriations for detailed disclosure.

The Treasurer issued the Commonwealth Inscribed Stock (Maximum Total Face Value of Stock and Securities) Direction 2020. The Direction permits the AOFM to borrow to \$1,200 billion in face value terms under the *Commonwealth Inscribed Stock Act 1911*.

As at 30 June 2025 the face value on issue was \$943 billion. The schedule above reports the carrying value of debt in fair value (synonymous with market value) terms, being \$887 billion. An increase in interest rates over the course of the past four years has led the fair value of the debt portfolio to be below its face value as at 30 June 2024 and 30 June 2025. This is due to increases in interest rates reducing the price of fixed income instruments.

Financial assets and financial liabilities denoted as being measured at amortised cost, are measured at fair value on initial recognition and at amortised cost on subsequent measurement using the effective interest method. Changes in carrying value, including amortisation of premiums or discounts, are recognised in interest revenue (for assets) and interest expense (for liabilities).

Financial assets and financial liabilities denoted as being measured at fair value, are measured at fair value on initial recognition and through profit or loss on subsequent measurement. Changes in carrying value are attributed between changes in amortised cost and other changes. Changes in carrying value attributable to amortised cost, including amortisation of premiums or discounts, are recognised in interest revenue (for assets) and interest expense (for liabilities). Other changes in carrying value (including unrealised changes in valuation due to a change in interest rates) are recognised in re-measurements.

Administered reconciliation schedule

For the period ended 30 June 2025

	Notes	2025 (\$million)	2024 (\$million)
Opening assets less liabilities as at 1 July		(756,898)	(741,136)
(Deficit)		(47,722)	(23,780)
Transfers from/(to) the Australian Government			
Appropriation transfers from Official Public Account			
Special appropriations (unlimited)	9	220,424	159,646
Cash management account transfers		(17,172)	3,345
Contributed equity – special accounts	9	-	500
Appropriation transfers to Official Public Account			
Transfers to OPA		(215,615)	(154,602)
Change in special account balances		(120)	(871)
Closing assets less liabilities as at 30 June		(817,103)	(756,898)

The above schedule should be read in conjunction with the accompanying notes.

Accounting policy

Administered Cash Transfers to and from the Official Public Account

Revenue collected by the AOFM for use by the Government rather than the AOFM is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the AOFM on behalf of the Government and reported as such in the administered cash flow statement and in the administered reconciliation schedule.

Administered cash flow statement

For the period ended 30 June 2025

	Notes	2025 (\$million)	2024 (\$million)	Budget 2025 (\$million)
Operating activities				
Cash received				
Interest receipts		2,960	2,996	2,056
Other receipts		-	1	-
GST refunds from ATO		2	1	-
Total cash received		2,962	2,998	2,056
Cash used				
Interest paid on Treasury Bonds	2	(21,328)	(19,925)	(21,105)
Interest paid on Treasury Indexed Bonds	3	(1,871)	(1,840)	(1,903)
Interest paid on Treasury Notes		(1,389)	(1,151)	(1,555)
Interest paid on other debt instruments		(35)	(27)	-
Other payments		(25)	(15)	(25)
Total cash used		(24,648)	(22,958)	(24,587)
Net cash used by operating activities	8	(21,686)	(19,960)	(22,532)
Investing activities				
Cash received				
Securities lending principal receipts		901	5,905	233
Capital proceeds from structured finance securities		293	426	-
State and territory loan repayments		92	94	92
Total cash received		1,286	6,425	325
Cash used				
Acquisition of structured finance securities		(189)	(89)	-
Securities lending principal payments		(901)	(5,905)	(593)
Total cash used		(1,090)	(5,994)	(593)
Net cash from investing activities		196	431	(267)

The above schedule should be read in conjunction with the accompanying notes.

Administered cash flow statement

For the period ended 30 June 2025 (continued)

	Notes	2025 (\$million)	2024 (\$million)	Budget 2025 (\$million)
Financing activities				
Cash received				
Proceeds from borrowings		210,732	145,172	527,745
Other receipts		106	86	128
Total cash received		210,838	145,258	527,873
Cash used				
Repayment of borrowings		(193,933)	(130,314)	(502,240)
Other payments		(105)	(86)	(128)
Total cash used		(194,038)	(130,400)	(502,368)
Net cash from financing activities		16,800	14,858	25,505
Cash from Official Public Account				
Cash management account transfers		-	3,345	-
Appropriations – unlimited special	9	220,424	159,646	527,811
Appropriations – special accounts		189	89	593
Total cash from Official Public Account		220,613	163,080	528,404
Cash to Official Public Account				
Cash management account transfers		(17,172)	-	(27,994)
Receipts to OPA – special accounts		(309)	(461)	(276)
Receipts to OPA – other		(215,615)	(154,602)	(530,834)
Total cash to Official Public Account		(233,096)	(155,063)	(559,104)
Net (decrease)/increase in cash held		(17,173)	3,345	(27,994)
Cash at the beginning of the reporting period		85,553	82,208	78,389
Cash held at the end of the reporting period		68,380	85,553	50,395

The above schedule should be read in conjunction with the accompanying notes.

Note 1: Financial risk management

The Government is exposed to financial risks arising from its portfolio of financial assets and liabilities – interest rate risk, inflation risk, credit risk, liquidity risk and refinancing risk. The AOFM – overseen by the CEO and senior management – manages these risks within a financial risk management framework. This framework comprises directions from the Treasurer, as well as policies and limits approved by the Secretary of the Treasury.

Interest rate risk

Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

In its ordinary course of business, the AOFM's primary measure of interest rate risk is the accrual basis of accounting under the historic cost accounting convention. Fair value measures of interest rate risk are considered to be secondary.

Financial instruments with a fixed interest rate expose the portfolio to changes in fair value with changes in interest rates, while financial instruments at floating interest rates expose the portfolio to changes in debt servicing costs with changes in interest rates. The extent to which the AOFM can match the repricing profile of financial liabilities with financial assets is limited due to the significant differences in the volumes and the need for assets to be available for cash management or other purposes. The interest rate exposure is predominately to fixed interest instruments.

The AOFM does not use financial derivatives such as interest rate swaps to manage interest rate risk.

Interest exposure of assets and liabilities

	2025 (\$million)	2024 (\$million)
Fixed interest rate exposures		
Assets	1,319	1,466
Liabilities	(887,016)	(844,234)
Floating interest rate or non-interest bearing exposures		
Assets	68,599	85,875
Liabilities	(5)	(5)

The following sensitivity analysis illustrates the interest rate risk sensitivity of administered financial instruments and the financial impact on profit or loss and equity to financial positions held as at period end.

A sensitivity of 132 basis points (136 basis points for 2023–24) has been used for domestic interest rates as per standard parameters mandated by the Department of Finance.

**Sensitivity of 30 June balances to a 132 basis points rise in interest rates
(2023–24: 136 basis points)**

	2025 (\$million)	2024 (\$million)
Financial Liabilities		
Changes in fair value:		
Treasury Bonds	52,337	51,639
Treasury Indexed Bonds	4,667	5,011
Treasury Notes	62	55
Financial Assets		
Changes in interest revenue:		
Structured finance securities	3	2

**Sensitivity of 30 June balances to a 132 basis points fall in interest rates
(2023–24: 136 basis points)**

	2025 (\$million)	2024 (\$million)
Financial Liabilities		
Changes in fair value:		
Treasury Bonds	(59,108)	(58,764)
Treasury Indexed Bonds	(5,517)	(6,006)
Treasury Notes	(63)	(55)
Financial Assets		
Changes in interest revenue:		
Structured finance securities	(3)	(2)

In undertaking the sensitivity analysis, a parallel shift in interest rates (real and nominal) is applied to instruments with all other variables held constant.

For fixed rate instruments, a shift in market interest rates on balances at 30 June only influences those instruments carried at fair value, by altering their fair value carrying amount. Fixed rate instruments carried at fair value include Treasury Bonds and Treasury Indexed Bonds.

For floating rate instruments, the impact on interest revenue or interest expense represents an annualised estimate calculated as if the positions as at 30 June were outstanding for the entire year.

Cash and cash equivalents are excluded from the analysis.

Interest rate benchmarks

Interest rate benchmarks are referenced in a wide range of financial products and are vital for supporting the smooth operation of financial markets.

In Australia, the bank bill swap rate (BBSW) is the major interest rate benchmark for Australian dollar (AUD) denominated debt instruments of tenors from one month to six months. In structured finance contracts the basis for determining contractual interest flows remains the 1-month BBSW. This has not changed as a result of the financial benchmark reforms. However, contractual fall-backs are in place should BBSW cease to be a suitable reference rate in the future.

Inflation risk

Treasury Indexed Bonds have their principal value indexed on a quarterly basis following the release of the 'All groups Australian Consumer Price Index' (CPI). Interest is paid quarterly at a fixed rate on the accreted principal value. Accordingly, these debt instruments expose the Government to inflation risk on interest payments, and on the value of principal payable on redemption. There is a six-month lag between the calculation period for the CPI and its impact on the value of interest and principal.

**Treasury Indexed Bonds index values for next interest payment as at 30 June
(Per \$100 of face value)**

	First issued	2025	2024	2023
20 Sep 25 – 3.00%	Sep 2009	151.78	148.17	142.66
21 Nov 27 – 0.75%	Aug 2017	127.24	124.22	119.60
20 Sep 30 – 2.50%	Sep 2010	148.06	144.55	139.17
21 Nov 32 – 0.25%	Aug 2021	119.30	116.47	112.14
21 Aug 35 – 2.00%	Sep 2013	137.25	133.99	129.00
21 Aug 40 – 1.25%	Aug 2015	131.70	128.57	123.78
21 Feb 50 – 1.00%	Sep 2018	124.82	121.86	117.33

Credit risk

Credit risk is the risk of non-performance (including partial performance) by a counterparty to a financial contract, leading to a financial loss for the creditor.

The AOFM's investment activity comprises balances used for cash management purposes and structured (securitisation) finance securities to support the purposes of the ABSF and SFSF.

Cash management investments are restricted to deposits with the RBA through a cash management account. Cash deposits with the RBA are considered to carry zero credit risk.

For current and proposed investments in structured finance securities, the AOFM uses credit rating assessments by a credit rating agency. Where a structured finance security is not rated by a credit rating agency, the AOFM will engage an advisor to conduct a credit risk assessment, and/or it will evaluate the credit risk internally using other available resources and information.

The AOFM also conducts post-trade performance monitoring, including defaults, prepayment rates, losses, profitability, and level of credit enhancement. The actual historical performance of loan pools may guide revisions to expected future performance. The AOFM uses this information to gauge whether credit risk has increased significantly since acquisition; and to provide an estimate as to expected future credit losses (either for the next 12 months or full life to maturity, depending on the circumstances).

The maximum credit exposure of structured (securitisation) finance securities acquired is the principal outstanding, plus the total amount of undrawn commitments remaining over the life of the respective facilities. However, the likely amount of loss arising from undrawn commitments may be less than the total amount committed, as the commitments are contingent on the maintenance of specific standards.

The table below shows the credit exposure to structured (securitisation) finance facilities as at period end:

Credit exposure to structured (securitisation) finance facilities as at 30 June 2025

Exposure by fund	Current exposure (\$million)	Undrawn commitments (\$million)	Total credit committed (\$million)
Australian Business Securitisation Fund (ABSF)			
Public term transactions (a)	46	-	46
Private warehouse transactions (b)	173	174	347
Sub-total	219	174	393
Structured Finance Support Fund (SFSF)			
Sub-total	-	-	-
Total	219	174	393

Credit exposure to structured (securitisation) finance facilities as at 30 June 2024

Exposure by fund	Current exposure (\$million)	Undrawn commitments (\$million)	Total credit committed (\$million)
Australian Business Securitisation Fund (ABSF)			
Public term transactions (a)	48	-	48
Private warehouse transactions (b)	113	295	408
Sub-total	161	295	456
Structured Finance Support Fund (SFSF)			
Public term transactions (a)	104	-	104
Private warehouse transactions (b)	50	-	50
Forbearance SPV	8	-	8
Sub-total	162	-	162
Total	323	295	618

- (a) Debt securities (backed by underlying collateral) issued by way of public offer by special purpose vehicles for the purposes of funding their lending activities.
- (b) Temporary lines of credit (backed by underlying collateral) provided to special purpose vehicles for the purposes of funding their lending activities.

Under Commonwealth-State financing arrangements between 1945 and 1989, the Australian Government made concessional loans (not evidenced by the issuance of debt securities) to State and Northern Territory governments for specific purposes. As at 30 June 2025, the principal outstanding on these loans was \$1,179 million.

Composition of loans to state and territory governments as at 30 June 2025

Principal outstanding	2025 (\$million)	2024 (\$million)
New South Wales	515	562
Western Australia	236	254
Queensland	172	186
South Australia	139	146
Northern Territory	117	123
Total	1,179	1,271

The maximum exposure to credit risk is the principal value of loans outstanding.

Credit exposure to state and territory governments by credit rating

Principal value	2025 (\$million)	2024 (\$million)
Aaa / AAA	236	254
Aa1 / AA+	826	894
Aa3 / AA-	117	123
Total	1,179	1,271

Where a counterparty has a split rating between the rating agencies (S&P and Moody's), the AOFM's exposure is allocated to the lower credit rating.

To protect the Australian Government's financial position with respect to securities lending arrangements (which allows market participants to borrow Treasury Bonds and Treasury Indexed Bonds not readily available from other sources), the market value of the collateral taken from counterparties is greater than the market value of the securities lent. There is a right to seek additional collateral if there is a decline in the relative values. As at 30 June 2025 there were no open securities lending transactions.

Liquidity risk and refinancing risk

The AOFM manages liquidity risk by maintaining a cash buffer and by maintaining access to the Treasury Note market.

The Government also has access to an overdraft facility held by the Department of Finance with the RBA which can be called on at any time. The overdraft facility is to cover temporary, unexpected shortfalls of cash and has a limit of \$10 billion. The overdraft facility is undrawn at the reporting date.

Refinancing risk is the risk that when maturing debt needs to be funded by debt issuance, it may have to be refinanced at a higher cost or market conditions may prevent sufficient funds from being raised in an orderly manner.

The AOFM seeks to manage refinancing risk by avoiding excessive short dated borrowing; spacing of maturity dates; avoiding overly large bond maturities in any one year; and maintaining access to the Treasury Note market.

The following table discloses the undiscounted value of the contractual maturities of financial liabilities as at the reporting date, including estimated future interest payments. Interest payments and the principal value on redemption of Treasury Indexed Bonds are based on capital values as at period end.

Future undiscounted cash outflows of liabilities as at 30 June 2025

	Treasury Bonds (\$million)	Treasury Indexed Bonds (\$million)	Treasury Notes & Other (\$million)	Total (\$million)
Principal payments:				
within 1 year	78,800	6,135	32,615	117,550
1 to 5 years	315,299	9,352	-	324,651
5 to 10 years	336,850	18,282	-	355,132
10 to 15 years	63,300	8,921	-	72,221
15 years+	59,500	13,450	-	72,950
Total Principal	853,749	56,140	32,615	942,504
Interest payments:				
within 1 year	21,858	740	391	22,989
1 to 5 years	66,475	2,602	-	69,077
5 to 10 years	44,039	1,776	-	45,815
10 to 15 years	12,212	814	-	13,026
15 years+	13,617	578	-	14,195
Total Interest	158,201	6,510	391	165,102

Future undiscounted cash outflows of liabilities as at 30 June 2024

	Treasury Bonds (\$million)	Treasury Indexed Bonds (\$million)	Treasury Notes & Other (\$million)	Total (\$million)
Principal payments:				
Within 1 year	82,800	-	27,647	110,447
1 to 5 years	295,199	17,835	-	313,034
5 to 10 years	342,100	16,236	-	358,336
10 to 15 years	61,150	8,240	-	69,390
15 years+	56,700	11,790	-	68,490
Total Principal	837,949	54,101	27,647	919,697
Interest payments:				
within 1 year	19,968	904	358	21,230
1 to 5 years	62,260	2,507	-	64,767
5 to 10 years	38,936	1,865	-	40,801
10 to 15 years	11,877	876	-	12,753
15 years+	14,241	677	-	14,918
Total Interest	147,282	6,829	358	154,469

Fair value reported

Fair value is the price that would be received to sell an asset or paid to transfer a liability, in an orderly transaction between market participants. This is the quoted market price if one is available.

AASB 13 Fair Value Measurement requires assets and liabilities measured at fair value to be disclosed according to their position in a fair value hierarchy. The hierarchy has 3 levels:

- **Level 1** is based on quoted prices in active markets for identical instruments;
- **Level 2** is based on quoted prices or other observable market data not included in Level 1;
- **Level 3** is based on significant inputs to valuation other than observable market data.

Fair value hierarchy for assets and liabilities as at 30 June 2025

	Carried at fair value (\$million)			Carried at amortised cost (\$million)
	Level 1	Level 2	Level 3	
Liabilities	(887,016)	-	-	(5)
Assets	-	-	-	69,918

Fair value hierarchy for assets and liabilities as at 30 June 2024

	Carried at fair value (\$million)			Carried at amortised cost (\$million)
	Level 1	Level 2	Level 3	
Liabilities	(844,234)	-	-	(5)
Assets	-	-	-	87,341

Note 2: Treasury Bonds

Treasury Bonds are denominated in Australian dollars and pay a fixed coupon semi-annually in arrears. Treasury Bonds are redeemable at face value on maturity. There are no options available to either the Australian Government or the holders of the securities to exchange or convert Treasury Bonds. There are also no options available to either party for early redemption.

The AOFM issues Treasury Bonds primarily through a competitive auction process to registered bidders. Based on market conditions, the AOFM may consider syndicated issuance to reduce the execution risk in meeting Government financing needs.

The AOFM's buyback activities are based on a transaction entered by the AOFM and the bondholder. If the AOFM buys back bonds, it does so at prevailing market prices and then cancels them.

For details of Green Treasury Bonds see the annual report.

Accounting policy

The AOFM monitors the cost and risk of Treasury Bonds on issue primarily on an accrual basis, but also on a fair value basis. The AOFM has designated Treasury Bonds to be carried at fair value through profit or loss under AASB 9 Financial Instruments.

The fair value of Treasury Bonds is determined by reference to observable market rates for these instruments. As such, they are included as Level 1 financial instruments in the fair value hierarchy.

Key aggregates

Interest expense

	2025 (\$million)	2024 (\$million)
Treasury Bonds		
Interest paid / payable	21,459	19,861
Amortisation of net premiums	(1,004)	(1,447)
Total interest expense	20,455	18,414

The interest expense on the Treasury Bond portfolio has risen over time due to higher borrowing levels, and more recently due to the higher interest rate environment. The accrual yield for 2024–25 was 2.40 per cent, 21 basis points higher than the 2023–24 accrual yield of 2.19 per cent.

Carrying values – administered liabilities

	2025 (\$million)	2024 (\$million)
Treasury Bonds		
Face value	853,749	837,949
Accrued interest	2,809	2,679
Unamortised net premiums	(5,529)	826
Market value adjustment	(49,887)	(76,805)
Carrying value	801,142	764,649

At 30 June 2025, the weighted average market yield on Treasury Bonds was 3.67 per cent (30 June 2024: 4.20 per cent).

At 30 June 2025, the weighted average (nominal) issuance yield on Treasury Bonds was 2.54 per cent (30 June 2024: 2.24 per cent).

These figures are weighted by aggregate (total) value.

Changes in principal value (face value) for the period

	2025 (\$million)	2024 (\$million)
Treasury Bonds		
Issuance	98,600	50,000
Maturities	(82,800)	(35,900)
Total change in principal value	15,800	14,100

Interest paid –cash flow statement

	2025 (\$million)	2024 (\$million)
Treasury Bonds		
Coupons paid	22,162	20,301
Interest received on issuance	(834)	(376)
Treasury Bonds interest paid sub-total	21,328	19,925

Note 3: Treasury Indexed Bonds

Treasury Indexed Bonds are denominated in Australian dollars and are capital indexed with the principal value of the bond adjusted by reference to movements in the CPI.

Interest payments are made quarterly in arrears, at a fixed rate, on the adjusted capital value. At maturity, investors receive the adjusted capital value of the security.

The AOFM issues Treasury Indexed Bonds primarily through a competitive auction process. Based on market conditions, the AOFM may consider a syndicated issuance to reduce the execution risk in meeting Government financing needs.

Accounting policy

The AOFM monitors the cost and risk on Treasury Indexed Bonds primarily on an accrual basis, but also on a fair value basis. The AOFM has designated Treasury Indexed Bonds to be carried at fair value through profit or loss under AASB 9 Financial Instruments.

The fair value of Treasury Indexed Bonds is determined by reference to observable market rates for these instruments. As such, they are included as Level 1 financial instruments in the fair value hierarchy.

Capital accretion is recognised in interest expense over time with each quarterly release of the CPI.

As future inflation rates are uncertain and it is not appropriate for the AOFM to express a view on the inflation outlook, an estimate of the adjusted capital value on maturity of each series of Treasury Indexed Bonds is not disclosed in the financial statements.

Key aggregates

Interest expense

	2025 (\$million)	2024 (\$million)
Interest paid / payable	885	911
Capital accretion and amortisation of net premiums	1,086	2,021
Interest expense	1,971	2,932

The interest expense on the Treasury Indexed Bond portfolio has fallen more recently due to the lower inflationary environment. The accrual yield for 2024–25 was 3.56 per cent, 201 basis points lower than the 2023–24 accrual yield of 5.57 per cent.

Carrying values – administered liabilities

	2025 (\$million)	2024 (\$million)
Principal (adjusted capital value):		
Face value	41,885	40,985
Capital accretion (to next coupon)	14,256	13,117
Principal value	56,141	54,102
Accrued interest	61	58
Unamortised net premiums	632	1,167
Market value adjustment	(3,787)	(3,564)
Carrying value	53,047	51,763

At 30 June 2025, the weighted average market (real) yield on Treasury Indexed Bonds was 1.71 per cent (30 June 2024: 1.80 per cent). At 30 June 2025, the weighted average (real) issuance yield on Treasury Indexed Bonds was 0.99 per cent (30 June 2024: 1.02 per cent).

These figures are weighted by aggregate (total) value.

Changes in principal value for the period

	2025 (\$million)	2024 (\$million)
Changes in face value due to:		
Issuance	2,900	3,550
Debt repurchased	(2,000)	(2,000)
Changes in capital accretion due to:		
Issuance	823	958
Debt repurchased	(993)	(941)
Accretion for the period	1,309	1,996
Change in principal value	2,039	3,563

Interest paid – cash flow statement

	2025 (\$million)	2024 (\$million)
Coupons paid	867	908
Interest received on issuance	(3)	(6)
Interest paid on repurchase	19	4
Accretion since issuance (paid on redemption)	988	934
Interest paid	1,871	1,840

Note 4: Treasury Notes

Treasury Notes are short term discount instruments, denominated in Australian dollars and repayable at face value on maturity.

Treasury Notes are used to accommodate within-year cash requirements. The AOFM conducts issuance of Treasury Notes via competitive tenders.

Accounting policy

The AOFM monitors the cost and risk on Treasury Notes primarily on an accrual basis, but also on a fair value basis. The AOFM has designated Treasury Notes to be carried at fair value through profit or loss under AASB 9 Financial Instruments.

The fair value of Treasury Notes is determined by reference to observable market rates for these instruments. As such, they are included as Level 1 financial instruments in the fair value hierarchy.

Key aggregates

Interest expense

	2025 (\$million)	2024 (\$million)
Interest paid / payable	1,419	1,141
Interest expense	1,419	1,141

The accrual yield on the Treasury Note portfolio was 4.27 per cent for 2024–25, 5 basis points higher than the 2023–24 accrual yield of 4.22 per cent. This increase was due to the higher interest rate environment.

Carrying values – administered liabilities

	2025 (\$million)	2024 (\$million)
Face value	33,000	28,000
Unexpired interest discount	(181)	(178)
Market value adjustment	8	-
Carrying value	32,827	27,822

Changes in principal value (face value) for the period

	2025 (\$million)	2024 (\$million)
Issuance	115,500	95,000
Maturities	(110,500)	(93,500)
Change in principal value	5,000	1,500

Note 5: Cash held in the cash management account (CMA)

The CMA was created under the authority of section 53 of the *Public Governance, Performance and Accountability Act 2013*. The CMA resides outside the OPA and earns a market rate of interest. The agreement is structured so that excess OPA balances (above an agreed minimum threshold) are swept to the CMA at the end of each day and returned to the OPA at the start of the next day. The cash balance of the OPA is reported by the Department of Finance.

Accounting policy

The balances held in the cash management account are effectively 'at call' and classified as 'cash' in the administered schedule of assets and liabilities.

Key aggregates

Interest revenue

	2025 (\$million)	2024 (\$million)
Interest received / receivable	2,786	2,872
Interest revenue	2,786	2,872

Carrying values – administered assets

	2025 (\$million)	2024 (\$million)
Face value	68,379	85,552
Accrued interest (a)	230	295
Carrying value	68,608	85,847

(a) The accrued interest on the cash management account is reported separately to the principal value of the cash balance on the administered schedule of assets and liabilities.

Note 6: Investments in structured finance securities

Investments acquired by the AOFM through the ABSF and SFSF represent debt securities in structured finance vehicles, and are either public term securitisations, private warehouse financing facilities, or the debt securities issued by the Forbearance SPV. The contractual cash flows received on these debt securities represent payments of principal and interest on outstanding principal. This is consistent with a basic lending arrangement.

During 2024–25, the SFSF exited its remaining warehouse commitments, remaining Forbearance SPV amounts were repaid and remaining public market investments were sold. The SFSF does not hold any public market investments, warehouse commitments or outstanding Forbearance SPV balances as at 30 June 2025.

Accounting policy

The AOFM recognises these investments at fair value on initial recognition. The AOFM's business model is to hold these investments primarily to collect the contractual cash flows, and as such they are carried at amortised cost on subsequent measurement using the effective interest method.

Periodically, actual historical performance of each investment is used to revise expected future performance. This information is used to gauge whether credit risk has increased significantly since acquisition, and to provide a revised estimate as to the expected future credit losses. Where relevant, the impairment provision is revised accordingly.

Impairments on these investments are required to be measured on an expected credit loss (ECL) basis under AASB 9. The process of calculating the forward-looking loss allowance for both the 12-month ECL and lifetime ECL categories requires the use of significant estimates and judgements of the probability of default, loss given default, exposure at default, and economic conditions.

Key aggregates

Interest revenue

	2025 (\$million)	2024 (\$million)
Australian Business Securitisation Fund (ABSF):		
Interest and fees received / receivable	12	21
ABSF Sub-total	12	21
Structured Finance Securitisation Fund:		
Interest and fees received / receivable (a)	4	14
Amortisation of discounts	-	1
SFSF Sub-total	4	15
Total interest revenue	16	36

(a) Includes earnings from debt securities issued by the Forbearance SPV.

Carrying values – administered assets

	2025 (\$million)	2024 (\$million)
Australian Business Securitisation Fund (ABSF)		
Face value	219	161
Accrued interest	1	-
Expected credit loss provision	(1)	-
ABSF Sub-total	219	161
Structured Finance Support Fund (SFSF) (a)		
Face value	-	161
Accrued Interest	-	1
SFSF Sub-total	-	162
Total carrying value	219	323
Expected to be received (b):		
Within one year	64	251
In one to five years	65	72
In more than five years	90	-
Carrying value by expected recovery	219	323
Ageing:		
Not overdue	219	323
Carrying value by ageing	219	323

(a) Includes debt securities issued by the Forbearance SPV.

(b) The maturity profile is based on the weighted average life of each investment and disregarding estimated principal repayments (the timing and quantum of which are uncertain) prior to that time.

Change in principal value (face value) of investments for the period

	2025 (\$million)	2024 (\$million)
Australian Business Securitisation Fund (ABSF)		
Acquisitions	189	89
Redemptions	(132)	(231)
Total change in principal value for ABSF	58	(142)
Structured Finance Support Fund (SFSF) (a)		
Redemptions	(161)	(194)
Total change in principal value for SFSF	(161)	(194)

(a) Includes debt securities issued by the Forbearance SPV.

The Forbearance SPV

The AOFM forbearance SPV is a single special purpose vehicle funded by AOFM through the Structured Finance Support Fund. The provision of liquidity funding to participating trust vehicles ceased on 31 March 2021.

The value of interest revenue earned, and investments identified in the above tables for the Structured Finance Support Fund are inclusive of the Forbearance SPV.

The AOFM acquired variable funding notes issued by the Forbearance SPV to fund the making of liquidity payment loans to participating trust vehicles. As the Participation Unitholder of the Forbearance SPV, the Commonwealth is entitled to any residual income generated by the Forbearance SPV.

In accordance with the requirements of clause 32 of the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* the Forbearance SPV has not been consolidated in accordance with AASB 10 Consolidated Financial Statements, or in accordance with AASB 128 Investments in Associates and Joint Ventures. The AOFM has applied AASB 9 Financial Instruments to its debt security investments in the Forbearance SPV.

Interest revenue earned from the Forbearance SPV in 2024–25 was \$0.1 million (2023–24: \$0.6 million). As at the end of the financial year the carrying value of debt securities held in the Forbearance SPV was as follows:

Carrying value of debt securities held in the Forbearance SPV at 30 June 2025

	2025 (\$million)	2024 (\$million)
Forbearance SPV		
Face value of securities	-	8
Total Carrying Value	-	8

Change in principal value (face value) of investments for the period

	2025 (\$million)	2024 (\$million)
Forbearance SPV		
Redemptions	(8)	(8)
Total change in principal value	(8)	(8)

Note 7: Loans to state and territory governments

Loans to state and territory governments predominantly comprise concessional housing advances and specific purpose capital advances made between 1945 and 1989 under Commonwealth – State financing arrangements. These loans are structured with annual repayments, which incorporate principal and interest.

Accounting policy

Loans to state and territory governments are measured at fair value on initial recognition and at amortised cost on subsequent measurement using the effective interest method. The expected credit loss is estimated to be nil on these loans due to the federal financial relations system between the Commonwealth and the states and the territories.

Key aggregates

Carrying values – administered assets

	2025 (\$million)	2024 (\$million)
Face value	1,179	1,271
Unamortised net discounts	(90)	(101)
Carrying value	1,089	1,170
Expected to be received:		
Within one year	85	81
In one to five years	347	351
In more than five years	657	738
Carrying value by expected recovery	1,089	1,170
Ageing:		
Not overdue	1,089	1,170
Carrying value by ageing	1,089	1,170

The fair value of these loans was \$1,211 million at 30 June 2025 (2023–24: \$1,282 million). Data from Treasury Bonds is used in estimating fair value.

Note 8: Cash flow reconciliation

The following table reconciles the deficit reported in the Schedule of Comprehensive Income to net cash flows from operating activities reported in the Cash Flow Statement.

Reconciliation of net cash from operating activities

	2025 (\$million)	2024 (\$million)
(Deficit)	(47,722)	(23,780)
Adjustments for non-cash items:		
Amortisation and capital accretion of debt instruments	82	575
Amortisation of financial assets	(12)	(13)
Re-measurements	26,703	4,178
Adjustments for cash items:		
Capital accretion costs on redemption of debt	(988)	(934)
Debt repurchases	22	82
Accrual adjustments:		
Interest accruals on debt	163	(68)
Interest accruals on assets	66	-
Net cash from operating activities	(21,686)	(19,960)

Note 9: Appropriations

Administered special appropriations – unlimited

	2025 (\$'000)	2024 (\$'000)
<i>Commonwealth Inscribed Stock Act 1911</i>		
s13AA – payment of principal and interest on money raised by Stock issued under the Act and payments on depository interests in Stock issued under the Act	216,471,364	150,720,507
s13A – payment of costs and expenses incurred in relation to issuing and managing debt and depository interests	24,984	15,199
s13B – payment of costs and expenses incurred in repurchasing debt prior to maturity	3,026,482	3,003,501
<i>Financial Agreement Act 1994</i>		
s5 – debt redemption assistance and payment of interest to bond holders on behalf of the State and Northern Territory governments on public debt under the Act (a)	12	11
<i>Loan Securities Act 1919</i>		
s5BA – payment of money to enter into securities lending arrangements	901,368	5,907,176
Total	220,424,209	159,646,394

(a) The 2024–25 amount includes \$7,465 paid into the Debt Retirement Reserve Trust Account (2023–24: \$7,215).

The following administered special appropriations were not drawn upon in the current or prior year:

- *Australian National Railways Commission Sale Act 1997*, ss 67AH(4), 67AW
- *Loans Redemption and Conversion Act 1921*, s5
- *Loans Securities Act 1919*, ss4, 5B(2)
- *Moomba-Sydney Pipeline System Sale Act 1994*, s19(3)
- *Public Governance, Performance and Accountability Act 2013*, ss58(7), 77
- *Treasury Bills Act 1914*, s6

Special account – Australian Business Securitisation Fund (ABSF)

	2025 (\$'000)	2024 (\$'000)
Opening balance	1,880,005	1,216,421
Statutory credit to the special account	-	500,000
Investments made	(189,295)	(89,119)
Management expenses	(414)	-
Capital proceeds received from investments	131,505	231,284
Interest and commitment fees received	11,851	21,419
Closing balance	1,833,651	1,880,005
Balance represented by:		
Cash – held in the CMA	1,833,651	1,880,005

The purpose of the ABSF is to increase the availability and reduce the cost of credit provided to small and medium enterprises. This is achieved by the Commonwealth investing in debt securities in accordance with the *Australian Business Securitisation Fund Act 2019*. The ABSF was established under the *Australian Business Securitisation Fund Act 2019* and has received total funding of \$2 billion.

Special account – Structured Finance Support Fund (SFSF)

	2025 (\$'000)	2024 (\$'000)
Opening balance	14,968,674	14,759,997
Other payments	(3)	-
Capital proceeds received from investments	161,692	194,272
Interest and commitment fees received	4,238	14,405
Closing balance	15,134,601	14,968,674
Balance represented by:		
Cash – held in the Official Public Account (CMA)	15,134,601	14,968,674

Receipts and payments reported above are inclusive of receipts from and payments to the Forbearance SPV.

Receipts from and payments to the Forbearance SPV are as follows:

Forbearance SPV – receipts and payments

	2025 (\$'000)	2024 (\$'000)
Capital proceeds received from investments	8,176	7,599
Interest received	163	570
Other receipts	78	-
Net cash inflows (outflows) for the Forbearance SPV	8,417	8,169

The purpose of the SFSF was to ensure smaller lenders have continued access to funding markets during the COVID-19 pandemic. The SFSF was established under the *Structured Finance Support (Coronavirus Economic Response Package) Act 2020*.

The SFSF Special Account received a statutory funding credit of \$15 billion on 25 March 2020.

Special account – Debt Retirement Reserve Trust Account (DRRTA)

	2025 (\$'000)	2024 (\$'000)
Opening balance	171	163
Commonwealth contributions and interest paid	7	7
State contributions	-	1
Closing balance	178	171
Balance represented by:		
Cash – held in the Official Public Account	178	171

The purpose of the DRRTA is to fund the redemption of the state and territory debt governed by the *Financial Agreement Act 1994*. Monies standing to the credit of the DRRTA are held on behalf of New South Wales and Victoria. These monies are held for the purposes prescribed by the *Financial Agreement Act 1994*. The account was established under the *Public Governance, Performance and Accountability Act 2013*.

Note 10: Administered budget variances

The projections of debt issuance and asset holdings are a consequence of the expenditure, investment and revenue decisions and assumptions made by the Government in producing its Budget together with estimates of debt to mature during the period. As part of the Budget process, the AOFM receives an estimate of the aggregated annual financing task for the Budget year and forward years from the Treasury. The annual financing task, plus the volume of maturing AGS and planned early repurchases of AGS (that would otherwise mature in a future year), are central to determining the size of the planned issuance program in each year.

The volume of AGS that needs to be issued in face value terms to generate the required level of financing will depend on the level of AGS yields and the chosen maturities and mix of debt to be issued. These decisions are based on the debt management strategy, which takes into account longer term portfolio considerations.

It is assumed that the future AGS yields for different tenors will be the same as the prevailing market rates at the time the Budget estimates are prepared.

The following provides explanations for significant variances between AOFM's original Budget estimates, as published in the 2024–25 Portfolio Budget Statements, and the actual financial performance and position for the year.

Explanations of major variances	Affected line items
Interest expense for Treasury Indexed Bonds was \$261 million lower than forecast at the 2024–25 Budget due to lower capital accretion (indexation) recognised based on lower inflation rates.	Interest Expense: Treasury Indexed Bonds – Administered schedule of comprehensive income
Interest income from cash and deposits was \$900 million higher than forecast at the 2024–25 Budget due to higher than expected balances held in the cash management account during the year. The cash held in the cash management account was \$18 billion higher at year end than forecast at the 2024–25 Budget.	Interest income: Cash and deposits – Administered schedule of comprehensive income Financial assets: Cash held in the cash management account – Administered schedule of assets and liabilities
The net re-measurement loss on Treasury Bonds was \$14 billion higher than forecast at the 2024–25 Budget due to lower market rates at year end increasing the valuation. The fair value of Treasury Bonds at 30 June 2025 was \$15 billion higher than forecast at the 2024–25 Budget	Re-measurements: Treasury Bonds – Administered schedule of comprehensive income Interest bearing liabilities at fair value: Treasury Bonds – Administered schedule of assets and liabilities

Note 11: Securities lending facility

The AOFM has a securities lending facility for Treasury Bonds and Treasury Indexed Bonds, which is operated by the RBA.

The purpose of the facility is to enhance the efficiency of the bond markets by allowing market participants to borrow Treasury Bonds and Treasury Indexed Bonds when they are not readily available. Bonds are lent on an intra-day or overnight basis.

Counterparties borrowing bonds through the facility must provide collateral in the form of cash or acceptable securities.

Transactions completed during the period

	Number		Face value	
	2025	2024	2025 (\$million)	2024 (\$million)
Overnight:				
Treasury Bonds	16	239	767	9,595
Treasury Indexed Bonds	2	12	284	298
Total	18	251	1,051	9,893

No transactions were open as at 30 June 2025.

Separate to the securities lending facility, bond market participants can borrow Treasury Bonds and Treasury Indexed Bonds from the RBA's holdings.

Other information

Current/non-current distinction for assets and liabilities

	2025 (\$million)	2024 (\$million)
Assets expected to be recovered in:		
No more than 12 months		
Cash held in the OPA	1	1
Cash held in the cash management account	68,379	85,552
Structured finance securities	64	251
Loans to State and Territory governments	85	81
Accrued interest on cash management account	230	295
Total no more than 12 months	68,759	86,180
More than 12 months		
Structured finance securities	155	72
Loans to State and Territory governments	1,004	1,089
Total more than 12 months	1,159	1,161
Total assets	69,918	87,341
Liabilities expected to be recovered in:		
No more than 12 months		
Treasury Bonds	78,926	82,040
Treasury Indexed Bonds	6,130	-
Treasury Notes	32,827	27,822
Other debt	5	5
Total no more than 12 months	117,888	109,867
More than 12 months		
Treasury Bonds	722,216	682,609
Treasury Indexed Bonds	46,917	51,763
Total more than 12 months	769,133	734,372
Total liabilities	887,021	844,239

DEPARTMENTAL FINANCIAL STATEMENTS

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Departmental statement of comprehensive income

For the period ended 30 June 2025

	Notes	2025 \$'000	2024 \$'000	Budget 2025 \$'000
Net cost of services				
Expenses				
Employee benefits	A	10,808	9,256	9,996
Supplier expenses	A	5,650	5,533	6,304
Depreciation and amortisation	C	586	650	598
Interest on lease liabilities		50	54	71
Interest on makegood liability	F	20	20	-
Asset write-offs		-	8	-
Total expenses		17,114	15,521	16,969
Own-source income				
Other revenue		269	112	25
Resources received free of charge		250	250	250
Total own-source income		519	362	275
Net cost of services		(16,595)	(15,159)	(16,694)
Appropriation funding				
Revenue from Government		16,357	19,121	16,357
Total appropriation funding		16,357	19,121	16,357
(Deficit)/surplus		(238)	3,962	(337)
Total comprehensive (loss)/income		(238)	3,962	(337)

The above statement should be read in conjunction with the accompanying notes.

Note I explains significant variances between actuals and the original budget as presented in the 2024–25 Portfolio Budget Statements.

Departmental statement of financial position

As at 30 June 2025

	Notes	2025 \$'000	2024 \$'000	Budget 2025 \$'000
Assets				
Financial assets:				
Cash and cash equivalents		207	100	100
Receivables	B	36,256	36,578	36,582
Non-financial assets:				
Property, plant, and equipment ¹	C	5,046	5,345	5,464
Software	C	235	72	213
Supplier prepayments		230	494	344
Total assets		41,974	42,589	42,703
Liabilities				
Payables:				
Supplier payables		778	869	883
Salary and superannuation		292	264	864
Provisions:				
Employee provisions	D	2,667	3,275	2,400
Lease liabilities	E	3,519	3,649	3,388
Other provisions	F	623	603	624
Total liabilities		7,879	8,660	8,159
Net assets		34,095	33,929	34,544
Equity				
Retained surplus		45,381	45,619	43,706
Asset revaluation reserve		715	715	715
Contributed equity		(12,001)	(12,406)	(9,877)
Total equity		34,095	33,929	34,544

The above statement should be read in conjunction with the accompanying notes.

Note I explains significant variances between actuals and the original budget as presented in the 2024–25 Portfolio Budget Statements.

1 Right-of-use assets are included in property, plant and equipment.

Departmental statement of changes in equity

For the period ended 30 June 2025

	Notes	2025 \$'000	2024 \$'000	Budget 2025 \$'000
Retained earnings				
Opening balance		45,619	41,658	44,043
(Deficit)/surplus for the period		(238)	3,962	(337)
Closing balance as at 30 June		45,381	45,620	43,706
Asset revaluation reserve				
Opening balance		715	715	715
Closing balance as at 30 June		715	715	715
Contributed equity				
Opening balance as at 1 July		(12,406)	(10,677)	(10,282)
Departmental capital budget		405	395	405
Appropriations extinguished	H	-	(2,124)	-
Closing balance as at 30 June		(12,001)	(12,406)	(9,877)
Total equity		34,095	33,929	34,544

The above statement should be read in conjunction with the accompanying notes.

Note I explains significant variances between actuals and the original budget as presented in the 2024–25 Portfolio Budget Statements.

Accounting Policy

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCB) are recognised directly in contributed equity in that year.

Departmental cash flow statement

For the period ended 30 June 2025

	Notes	2025 \$'000	2024 \$'000	Budget 2025 \$'000
Operating activities				
Appropriations		17,285	14,936	16,357
GST received		11	6	-
Services and other		981	267	25
Employees		(11,081)	(9,108)	(9,996)
Suppliers		(6,240)	(5,522)	(6,050)
Interest paid on leases		(52)	(54)	(50)
Section 74 receipts transferred to OPA		(532)	(272)	(25)
Net cash from operating activities	G	372	253	261
Investing activities				
Purchase of assets		(318)	(2)	(405)
Net cash (used by) investing activities		(318)	(2)	(405)
Financing activities				
Contributed equity		318	2	405
Principal payments of lease liabilities		(265)	(253)	(261)
Net cash from/(used by) financing activities		53	(251)	144
Net increase/(decrease) in cash held		107	-	-
Cash at the beginning of the reporting period		100	100	100
Cash at the end of the reporting period		207	100	100

The above statement should be read in conjunction with the accompanying notes.

Note I explains significant variances between actuals and the original budget as presented in the 2024–25 Portfolio Budget Statements.

FINANCIAL PERFORMANCE

Note A: Expenses

Employee benefits

	2025 \$'000	2024 \$'000
Wages and salaries	7,494	7,683
Superannuation	1,339	1,294
Leave	886	198
Separation and redundancies	764	-
Other	325	81
Total	10,808	9,256

Accounting Policy

Accounting policies for employee related expenses are at Note D Employee Provisions.

Supplier expenses

	2025 \$'000	2024 \$'000
Corporate support services	1,352	1,268
Internal and external audit services	440	286
Investment management services for ABSF and SFSF	-	621
Legal	112	135
Market data services	707	674
Travel	509	501
Treasury management system	740	636
Website and software	395	131
Recruitment	237	-
Trust management expenses ¹	66	91
Other	1,092	1,190
Total	5,650	5,533

¹ These expenses are wholly attributable to the operation of the Forbearance SPV.

The AOFM has no short-term lease commitments as at 30 June 2025 (2024: nil).

Remuneration for the financial statements audit is \$250,000 in 2024–25 (2024: \$250,000).

Note B: Receivables

Receivables

	2025 \$'000	2024 \$'000
Goods and services	15	27
Appropriations receivables	36,240	36,550
Other	1	1
Total	36,256	36,578

Credit terms for goods and services were within 28 days (2024: 28 days)

Accounting policy

Receivables are measured at fair value on initial recognition and at amortised cost on subsequent measurement.

Appropriation receivables are recognised at their nominal amounts. Appropriation receivables are appropriations controlled by the AOFM but held in the OPA under the Government's 'just in time' drawdown arrangements.

Note C: Property, plant, and equipment

Reconciliation of the opening balances of property, plant and equipment for 2025

	Buildings	Leasehold improvements	Plant and equipment	Software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2024					
Gross book value	4,820	2,582	264	1,696	9,362
Accumulated depreciation, amortisation and impairment	(1,462)	(826)	(33)	(1,624)	(3,945)
Total as at 1 July 2024	3,358	1,756	231	72	5,417
Additions					
Purchase	-	-	46	272	318
Depreciation and amortisation	(299)	(152)	(26)	(109)	(586)
Revaluation of right-of-use asset due to rent review	132	-	-	-	132
Total as at 1 July 2025	3,191	1,604	251	235	5,281
Total as at 30 June 2025 represented by					
Gross book value	4,952	2,582	310	1,968	9,813
Accumulated depreciation, amortisation and impairment	(1,761)	(978)	(59)	(1,733)	(4,531)
Total as at 30 June 2025	3,191	1,604	251	235	5,281
Carrying amount of right of use assets	3,191	-	-	-	3,191

Reconciliation of the opening balances of property, plant and equipment for 2025

Reconciliation of the opening balances of property, plant and equipment for 2024					
	Buildings	Leasehold improvements	Plant and equipment	Software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2023					
Gross book value	4,820	2,582	273	1,696	9,371
Accumulated depreciation, amortisation and impairment	(1,170)	(673)	(11)	(1,444)	(3,298)
Total as at 1 July 2023	3,650	1,909	262	252	6,073
Additions					
Purchase	-	2	-	-	2
Depreciation and amortisation	(292)	(153)	(25)	(180)	(650)
Disposals	-	(2)	(6)	-	(8)
Total as at 1 July 2024	3,358	1,756	231	72	5,417
Total as at 30 June 2024 represented by					
Gross book value	4,820	2,582	264	1,696	9,362
Accumulated depreciation, amortisation and impairment	(1,462)	(826)	(33)	(1,624)	(3,945)
Total as at 30 June 2024	3,358	1,756	231	72	5,417
Carrying amount of right of use assets	3,358	-	-	-	3,358

Accounting policy

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they are recognised in the transferor's accounts immediately prior to the restructuring.

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially in the statement of financial position, except for purchases costing less than the threshold which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The asset thresholds are listed under 'Depreciation'.

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in leasehold improvements taken up by the AOFM where there exists an obligation to make good. These costs are included in the value of the AOFM's leasehold improvements with a corresponding provision for the 'make good' recognised.

Leased Right of Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for as separate asset classes to corresponding assets owned outright but included in the same column where the corresponding assets would be presented if they were owned.

On initial adoption of AASB 16 the AOFM adjusted the ROU assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease asset that is impaired. Leased ROU assets continue to be measured at cost after initial recognition.

Revaluations

Following initial recognition at cost, property, plant, and equipment (excluding ROU assets) are carried at fair value (or an amount not materially different from fair value) less subsequent depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not materially differ from the assets' fair value as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit.

Revaluation decrements for an asset class are recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Intangibles

Intangible assets comprise of software. Software assets are carried at cost less accumulated amortisation and accumulated impairment losses, except for assets costing less than the relevant asset recognition threshold. All software assets were assessed for indicators of impairment at 30 June 2025.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated useful lives to the AOFM using, in all cases, the straight-line method of depreciation. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvements and the unexpired period of the lease.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives and methods:

	Threshold		Useful lives	
	2025	2024	2025	2024
Leasehold improvements	\$10,000	\$10,000	Lease term	Lease term
Furniture and fittings	\$1,000	\$1,000	Lease term	Lease term
Artwork	\$1,000	\$1,000	100 years	100 years
ICT equipment	\$1,000	\$1,000	3-5 years	3-5 years
Software	\$10,000	\$10,000	3-10 years	3-10 years

Impairment

All assets have been assessed for impairment at 30 June 2025. Where indications of impairment exist, the asset recoverable amount is estimated and an impairment adjustment made if the asset recoverable amount is less than its carrying amount. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the AOFM were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Note D: Employee provisions

	2025 \$'000	2024 \$'000
Leave	2,602	3,275
Other	65	-
Total	2,667	3,275
Employee provisions expected to be settled		
No more than 12 months	1,018	974
More than 12 months	1,649	2,301
Total employee provisions	2,667	3,275

Accounting policy

Liabilities for short-term employee benefits and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts. Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the AOFM's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by the 'shorthand method' outlined in the Resource Management Guide No. 125 – Commonwealth Entities Financial Statements Guide and the recommended probability factors have been applied, along with a discount factor which is the combination of a salary growth rate and the Government 10-year bond rate. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Superannuation

The AOFM's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), or the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian Government.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The AOFM makes employer contributions to the employee's defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The AOFM accounts for the contributions as if they were contributions to defined contributions plans.

The liability for superannuation recognised at 30 June represents outstanding contributions.

Key Management Personnel Remuneration

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the AOFM, directly or indirectly. The Chief Executive Officer (CEO), the Secretary to the Treasury and the Treasurer have been determined to be key management personnel for the AOFM. The AOFM's CEO is appointed by the Secretary to the Treasury.

It is AOFM policy that employees acting in a KMP role are included if they hold the position continuously for more than three months.

In 2024–25 two new SES positions were created: Deputy CEO and Chief Operating Officer (COO). These new positions were filled from June 2025 and May 2025 respectively. Both positions have been determined as KMP however due to the positions being held for less than three months each, their remuneration has been excluded from reporting.

	2025 \$'000	2024 \$'000
Short-term employee benefits	326	371
Post employment benefits	68	66
Other long-term employee benefits	9	9
Total	403	446

The total number of key management personnel included in the above table is 1 (2024: 1).

Related Part Disclosures

Related party relationships:

The AOFM is an Australian Government controlled entity. The AOFM's related parties are Key Management Personnel (KMP) including the Secretary to the Treasury, the Treasurer and other Australian Government entities.

Transactions with related parties:

Given the breadth of Australian Government activities, related parties may transact with the Government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

There are no transactions with Key Management Personnel (KMP) besides remuneration disclosed above and travel allowances paid in the ordinary course of business.

The AOFM transacts with other Australian Government controlled entities consistent with normal day-to-day business operations provided under normal terms and conditions, including provision of advice and other services, payment of workers compensation, insurance premiums and superannuation. Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the AOFM, it has been determined that there are no related party transactions to be separately disclosed.

There are no related party transactions by Ministers requiring disclosure by the AOFM in 2025 (2024: nil).

Note E: Lease liabilities

Lease liabilities

	2025 \$'000	2024 \$'000
Lease liabilities	3,519	3,649
Total	3,519	3,649

Maturity analysis – contractual undiscounted cash flows

	2025 \$'000	2024 \$'000
Undiscounted cash flows:		
Less than 1 year	323	311
One to five years	1,373	1,288
More than five years	2,105	2,372
Total	3,801	3,971

Total cash outflow for leases for the year ended 30 June 2025 was \$0.317 million (2024: \$0.307 million).

The AOFM's significant leasing arrangement is for office accommodation at Parkes, ACT. This lease expires 22 December 2035 and rent payable has a 3% annual increase.

The above lease disclosures should be read in conjunction with Note C.

Accounting policy

Leases

A lease is defined as ‘a contract, or part of a contract. That conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’.

Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the AOFM's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right of use asset or profit and loss depending on the nature of the reassessment or modification.

Note F: Other provisions

Other provisions are for the restoration costs of the AOFM's leasehold premises on expiry of its lease. The AOFM lease for its office premises ends on 21 December 2030, there is one remaining 5-year extension option exercisable at the AOFM's discretion. The present value of the makegood provision was last assessed as at 31 March 2023 in accordance with advice from an independent expert.

Other provisions

	2025 \$'000	2024 \$'000
Makegood on leasehold premises	623	603
Total	623	603

Reconciliation of movements in other provisions (\$'000)

	2025 \$'000	2024 \$'000
Opening balance	603	583
Interest expense on makegood provision	20	20
Total	623	603

Note G: Cash flow reconciliation

The following table reconciles the AOFM's operating cash flows as presented in the Cash Flow Statement to its net cost of services presented in the Statement of Comprehensive Income.

Reconciliation of cash as per statement of financial position and cash flow statement

	2025 \$'000	2024 \$'000
Net cost of services	(16,595)	(15,159)
Revenue from Government	16,357	19,121
Adjustments for non-cash items:		
Depreciation and amortisation	586	650
Appropriations extinguished	-	(2,124)
Interest on makegood liability	20	20
Loss on disposal of assets	-	8
Change in receivables for capital budget	89	393
Movement in assets:		
Decrease/(Increase) in receivables	322	(2,726)
Decrease/(Increase) in supplier prepayments	264	(150)
Movement in liabilities:		
(Decrease)/Increase in supplier payables	(91)	(55)
Increase in salary and superannuation	28	31
(Decrease)/Increase in employee provisions	(608)	244
Net cash from operating activities	372	253

Note H: Appropriations

Annual appropriations ('recoverable GST exclusive')

Annual appropriations for 2025

Annual appropriations	Annual Appropriation \$'000	Adjustments to appropriation ¹ \$'000	Total appropriation \$'000	Appropriation applied in 2025 (current and prior years) \$'000	Variance ² \$'000
Ordinary annual services	16,357	532	16,889	17,285	(396)
Capital budget ³	405	-	405	318	87
Total	16,762	532	17,294	17,603	(309)

1 Current year annual appropriations adjustments include PGPA Act section 74 receipts.

2 The variances were due to higher than planned staff costs including redundancies and terminations.

3 Capital budgets are appropriated through Appropriation Act No. 1. They form part of ordinary annual services and are not separately identified in the Appropriation Acts.

Annual appropriations for 2024

Annual appropriations	Annual Appropriation \$'000	Adjustments to appropriation ¹ \$'000	Total appropriation \$'000	Appropriation applied in 2024 (current and prior years) \$'000	Variance ² \$'000
Ordinary annual services	19,121	272	19,393	15,113	4,280
Capital budget	395	-	395	2	393
Total	19,516	272	19,788	15,115	4,673

1 Current year annual appropriations adjustments include PGPA Act section 74 receipts.

2 The variances were due to lower than planned staff and supplier costs, including from the management of policy assets.

3 Capital budgets are appropriated through Appropriation Act No. 1. They form part of ordinary annual services and are not separately identified in the Appropriation Acts.

Unspent annual appropriations ('recoverable GST exclusive')

	2025 \$'000	2024 \$'000
Appropriation Act (No. 1) 2021–22 ¹	-	1,758
Appropriation Act (No. 1) 2021–22 – DCB ¹	-	366
Supply Act (No. 1) 2022–23	-	7,080
Supply Act (No. 1) 2022–23 – DCB	-	157
Supply Act (No. 3) 2022–23	-	9,405
Supply Act (No. 3) 2022–23 – DCB ²	58	220
Appropriation Act (No.1) 2023–24	18,493	19,393
Appropriation Act (No.1) 2023–24 – DCB	395	395
Appropriation Act (No. 1) 2024–25	16,889	-
Appropriation Act (No. 1) 2024–25 – DCB	405	-
Total	36,240	38,774

1 Appropriation Act (No. 1) 2021–22 lapsed on 1 July 2024 in accordance with the repeal clause of the Appropriation Act.

Net cash appropriation arrangements

	2025 \$'000	2024 \$'000
Total comprehensive income as per Statement of comprehensive income	(238)	3,962
Plus: depreciation/amortisation of assets funded through appropriations ¹	287	358
Plus: depreciation of right-of-use assets	299	292
Less: lease principal repayments	(265)	(253)
Net cash operating surplus	83	4,359

1 From 2010–11, the Australian Government introduced net cash appropriation arrangements where revenue appropriations for depreciation/amortisation expenses of non-corporate Commonwealth entities and selected corporate Commonwealth entities were replaced with a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

2 The inclusion of depreciation expenses related to ROU leased assets and the lease liability principal repayment amount reflects the impact of AASB16 Leases, which does not directly reflect a change in appropriation arrangements.

Note I: Departmental budget variances

The following table provides explanations for significant variances between the AOFM's original budget estimates, as published in the 2024–25 Portfolio Budget Statements, and the actual financial performance and position for the year. The budget is not audited.

Explanations of major variances	Affected line items
Employee expenses were \$0.8 million higher than forecast at the 2024–25 Budget due to higher than anticipated staff termination costs.	Employee benefits – Departmental statement of comprehensive income
Supplier expenses were \$0.7 million less than forecast at the 2024–25 Budget due to the reclassification of expenses related to the management of the ABSF and SFSF investments as administered expenses.	Supplier expenses – Departmental statement of comprehensive income Supplier prepayments – Departmental statement of financial position
Salary and superannuation liabilities were \$0.6 million less than forecast at the 2024–25 Budget due to payments being made closer to 30 June resulting in unpaid liabilities being lower than assumed in the budget.	Salary and superannuation liabilities – Departmental statement of financial position

OVERVIEW

The AOFM is an Australian Government controlled, not-for-profit entity. The AOFM is a listed entity under the *Public Governance, Performance and Accountability Rule 2014*.

The outcome of the AOFM is the advancement of macroeconomic growth and stability, and the effective operation of financial markets, through issuing debt, investing in financial assets and managing debt, investments and cash for the Australian Government. The AOFM is structured to achieve this outcome.

The continued existence of the AOFM in its present form and with its present program is dependent on Government policy and on continuing funding by Parliament for the AOFM's administration and activities.

Entity activities contributing toward the outcome are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the entity in its own right. Administered activities involve the management or oversight by the entity, on behalf of the Government, of items controlled or incurred by the Government.

Basis of preparation of the financial statements

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

1. Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR); and
2. Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value or on a discounted cash flow basis. Except, where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

New Australian Accounting Standards

During 2024–25 the AOFM adopted all applicable Australian Accounting Standards that became effective during the reporting period. These did not have a material impact on the AOFM's accounts.

Taxation

The AOFM is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

Reporting of administered activities

Administered revenue, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.

Except where otherwise stated, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Events after the reporting period

Departmental

There were no events occurring after 30 June 2025 that would have a material impact on the departmental financial statements.

Administered

There were no events occurring after 30 June 2025 that would have a material impact on the administered financial statements.

Managing uncertainties

Contingent assets and liabilities

At 30 June 2025, the AOFM had no departmental contingent assets or liabilities (2024: nil).

Accounting Policy

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

Litigation – Kathleen O'Donnell V Commonwealth of Australia and Others

On 22 July 2020 the Applicant lodged in the Federal Court of Australia (FCA) proceedings against the Commonwealth, the Secretary to the Treasury and the Chief Executive of the AOFM for failure of fiduciary duties, failure of duties of care, and breaches of the *Australian Securities and Investments Commission Act 2001* (ASIC Act), for not disclosing climate change risks in retail investor product disclosure documents for Australian Government Bonds. The Applicant lodged the pleadings as a class action. The Applicant was seeking injunctive relief only.

On 11 October 2023, the parties agreed that the Applicant would discontinue the proceedings with no order as to costs. As part of the non-monetary settlement, the parties agreed to make a public statement on the matter. The statement was published on the Treasury website on 16 October 2023. It was also published on the website of the Applicant's lawyers, Equity Generation Lawyers.

Financial instruments

	2025 \$'000	2024 \$'000
Financial assets		
Cash	207	100
Goods and services receivable	15	27
Total financial assets	222	127
Financial liabilities		
Trade creditors and accruals	778	869
Total financial liabilities	778	869

Accounting Policy

In accordance with AASB9 Financial Instruments, the AOFM classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) financial assets at fair value through other comprehensive income; and
- c) financial assets measured at amortised cost.

The classification depends on both the AOFM's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the AOFM becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'. Supplier payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or service have been received (and irrespective of having been invoiced).

Other information

Current/non-current distinction for assets and liabilities

	2025 \$'000	2024 \$'000
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	207	100
Receivables	18,962	16,890
Prepayments	230	494
Total no more than 12 months	19,399	17,484
More than 12 months		
Receivables	17,294	19,688
Property, plant, and equipment	5,281	5,417
Total more than 12 months	22,575	25,105
Total assets	41,974	42,589
Liabilities expected to be recovered in:		
No more than 12 months		
Supplier payables	778	869
Employee payables	292	264
Employee provisions	1,018	974
Lease liabilities	323	261
Total no more than 12 months	2,411	2,368
More than 12 months		
Employee provisions	1,649	2,301
Lease liabilities	3,196	3,388
Other provisions	623	603
Total more than 12 months	5,468	6,292
Total liabilities	7,879	8,660

ANAO AUDIT OPINION



INDEPENDENT AUDITOR'S REPORT

To the Treasurer

Opinion

In my opinion, the financial statements of the Australian Office of Financial Management (the Entity) for the year ended 30 June 2025:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2025 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2025 and for the year then ended:

- Statement by the Chief Executive Officer and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Statement of Cash Flows;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Schedule of Reconciliation;
- Administered Schedule of Cash Flows; and
- Notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted me. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

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Key audit matter	How the audit addressed the matter
<p>Valuation of Australian Government Securities</p> <p><i>Refer to Administered Notes 1 'Financial Risk Management', 2 'Treasury Bonds (including Green Treasury Bonds)', 3 'Treasury Indexed Bonds' and 4 'Treasury Notes'</i></p> <p>The Entity issues Australian Government Securities (AGS) on behalf of the Commonwealth Government. The securities primarily comprise treasury bonds, treasury indexed bonds and treasury notes. I consider the valuation of AGS to be a key audit matter due to:</p> <ul style="list-style-type: none"> • The significant value of AGS relative to the Entity's Administered Schedule of Assets and Liabilities (\$887,021 million at 30 June 2025). There is a range of AGS issued and measured at fair value; and • The variety of methodologies used to determine the fair value of financial instruments. These methodologies include the use of assumptions relating to forward yield curves, the consumer price index and discount rates. 	<p>The audit procedures that I applied to address the matter included:</p> <ul style="list-style-type: none"> • Testing the design, implementation and operating effectiveness of relevant controls related to the issuance of AGS. • Testing the design, implementation, and operating effectiveness of relevant controls in relation to the ongoing assessment and recalculation of market valuations of AGS; and • Assessing the valuation of AGS on 30 June 2025, using the following procedures: <ul style="list-style-type: none"> ◦ agreeing the face values and coupon rates of treasury bonds, treasury indexed bonds and treasury notes to independent third-party reports; and ◦ assessing the reasonableness of the yield to maturity assumption on securities, relative to market interest rates and performing a recalculation of the fair value of AGS for issued treasury bonds, treasury indexed bonds and treasury notes.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Chief Executive Officer is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under the Act. The Chief Executive Officer is also responsible for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Chief Executive Officer is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Accountable Authority, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office



Dr Caralee McLiesh PSM
Auditor General for Australia
Canberra
1 September 2025

PART 5: AIDS TO ACCESS

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GLOSSARY OF ABBREVIATIONS

AASB	Australian Accounting Standards Board
ABS	asset-backed securities
ABSF	Australian Business Securitisation Fund
ACT	Australian Capital Territory
ADB	Asian Development Bank
AGS	Australian Government Securities
ANAO	Australian National Audit Office
ANZ	Australia and New Zealand Banking Group Limited
AOFM	Australian Office of Financial Management
APS	Australian Public Service
ASF	Australian Securitisation Forum
ASX	Australian Securities Exchange
bps	basis points
CEO	Chief Executive Officer
CMA	cash management account
CMP	Cash Management Portfolio
COFO	Chief Operating and Finance Officer
CPA	Certified Public Accountant
CPI	Consumer Price Index
CPRs	Commonwealth Procurement Rules
CRAO	Chief Risk and Assurance Officer
Cth	Commonwealth
DFAT	Department of Foreign Affairs and Trade
ECL	expected credit losses
ELG	Executive Leadership Group
ESG	environmental, social and governance
FA Act	Financial Agreement Act 1994
FCA	Federal Court of Australia
FOI Act	Freedom of Information Act 1982

fSPV	forbearance Special Purpose Vehicle
FTE	full-time equivalent
FV	face value
GST	Goods and Services Tax
IMF	International Monetary Fund
IPS	Information Publication Scheme
IT	Information Technology
KMP	Key management personnel
LTDP	Long-Term Debt Portfolio
MYEFO	Mid-Year Economic and Fiscal Outlook
NAB	National Australia Bank
NSW	New South Wales
NT	Northern Territory
OIS	overnight indexed swap
OPA	Official Public Account
PGPA Act	Public Governance, Performance and Accountability Act 2013
PS Act	Public Service Act 1999
Qld	Queensland
RBA	Reserve Bank of Australia
SA	South Australia
SES	Senior Executive Service
SFSF	Structured Finance Support Fund
SMEs	small and medium enterprises
Tas	Tasmania
TIBs	Treasury Indexed Bonds
T-Notes	Treasury Notes
US	United States of America
Vic	Victoria
WA	Western Australia
WAM	weighted average maturity

COMPLIANCE WITH ANNUAL REPORT REQUIREMENTS

PGPA rule reference	Part of report	Description	Requirement
17AD(g)	Letter of transmittal		
17AI	Letter of transmittal	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
17AD(h)	Aids to access		
17AJ(a)	Table of contents	Table of contents (print only).	Mandatory
17AJ(b)	Part 5	Alphabetical index (print only).	Mandatory
17AJ(c)	Part 5	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	Part 5	List of requirements.	Mandatory
17AJ(e)	About this report	Details of contact officer.	Mandatory
17AJ(f)	About this report	Entity's website address.	Mandatory
17AJ(g)	About this report	Electronic address of report.	Mandatory
17AD(a)	Review by accountable authority		
17AD(a)	Part 1 (A)	A review by the accountable authority of the entity.	Mandatory
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	Part 1 (B)	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	Part 1 (C)	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	Part 1 (B)	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	Part 1 (B)	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(aa)(i)	Part 2 (A)	Name of the accountable authority or each member of the accountable authority	Mandatory
17AE(1)(aa)(ii)	Part 2 (A)	Position title of the accountable authority or each member of the accountable authority	Mandatory

PGPA rule reference	Part of report	Description	Requirement
17AE(1)(aa)(iii)	Part 1 (C)	Period as the accountable authority or member of the accountable authority within the reporting period	Mandatory
17AE(1)(b)	Not applicable	An outline of the structure of the portfolio of the entity.	Portfolio departments – mandatory
17AE(2)	Not applicable	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, mandatory
17AD(c) Report on the performance of the entity			
Annual performance statements			
17AD(c)(i); 16F	Part 2 (C)	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii)	Report on financial performance		
17AF(1)(a)	Part 2 – Performance assessment by purpose	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	Part 3 (E)	A table summarising the total resources and total payments of the entity.	Mandatory
17AF(2)	Not applicable	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, mandatory
17AD(d) Management and Accountability			
Corporate Governance			
17AG(2)(a)	Part 3 (A)	Information on compliance with section 10 (fraud systems)	Mandatory
17AG(2)(b)(i)	Letter of transmittal	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory

PGPA rule reference	Part of report	Description	Requirement
17AG(2)(b)(ii)	Letter of transmittal	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory
17AG(2)(b)(iii)	Letter of transmittal	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)	Part 3 (A)	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d) – (e)	Not applicable	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to noncompliance with Finance law and action taken to remedy non-compliance.	If applicable, mandatory
Audit Committee			
17AG(2A)(a)	Part 3 (A)	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory
17AG(2A)(b)	Part 3 (A)	The name of each member of the entity's audit committee.	Mandatory
17AG(2A)(c)	Part 3 (A)	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory
17AG(2A)(d)	Part 3 (A)	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory
17AG(2A)(e)	Part 3 (A)	The remuneration of each member of the entity's audit committee.	Mandatory
External scrutiny			
17AG(3)	Part 3 (A)	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	Not applicable	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, mandatory
17AG(3)(b)	Not applicable	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, mandatory
17AG(3)(c)	Not applicable	Information on any capability reviews on the entity that were released during the period.	If applicable, mandatory

PGPA rule reference	Part of report	Description	Requirement
Management of Human Resources			
17AG(4)(a)	Part 3 (B)	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)	Part 3 (B)	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (a) statistics on full-time employees (b) statistics on part-time employees (c) statistics on gender (d) statistics on staff location	Mandatory
17AG(4)(b)	Part 3 (B)	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: • statistics on staffing classification level • statistics on full-time employees • statistics on part-time employees • statistics on gender • statistics on staff location • statistics on employees who identify as Indigenous.	Mandatory
17AG(4)(c)	Part 3 (B)	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory
17AG(4)(c)(i)	Part 3 (B)	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory
17AG(4)(c)(ii)	Part 3 (B)	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	Part 3 (B)	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	Part 3 (B)	Information on the number of employees at each classification level who received performance pay.	If applicable, mandatory
17AG(4)(d)(ii)	Part 3 (B)	Information on aggregate amounts of performance pay at each classification level.	If applicable, mandatory
17AG(4)(d)(iii)	Part 3 (B)	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, mandatory
17AG(4)(d)(iv)	Part 3 (B)	Information on aggregate amount of performance payments.	If applicable, mandatory

PGPA rule reference	Part of report	Description	Requirement
Assets management			
17AG(5)	Not applicable	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory
Purchasing			
17AG(6)	Part 3 (C)	An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory
Reportable consultancy contracts			
17AG(7)(a)	Part 3 (C)	A summary statement detailing the number of new reportable consultancy contracts entered into during the period; the total actual expenditure on all such contracts (inclusive of GST); the number of ongoing reportable consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory
17AG(7)(b)	Part 3 (C)	A statement that 'During [reporting period], [specified number] new reportable consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing reportable consultancy contracts were active during the period, involving total actual expenditure of \$[specified million].'	Mandatory
17AG(7)(c)	Part 3 (C)	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory
17AG(7)(d)	Part 3 (C)	A statement that 'Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website.'	Mandatory

PGPA rule reference	Part of report	Description	Requirement
Reportable non-consultancy contracts			
17AG(7A)(a)	Part 3 (C)	A summary statement detailing the number of new reportable non-consultancy contracts entered into during the period; the total actual expenditure on such contracts (inclusive of GST); the number of ongoing reportable non-consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory
17AG(7A)(b)	Part 3 (C)	A statement that 'Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website.'	Mandatory
17AD(daa)	Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts		
17AGA	Part 3 (C)	Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.	Mandatory
Australian National Audit Office access clauses			
17AG(8)	Part 3 (C)	If an entity entered into a contract with a value of more than \$100,000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, mandatory
Exempt contracts			
17AG(9)	Part 3 (C)	If an entity entered into a contract or there is a standing offer with a value greater than \$10,000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, mandatory

PGPA rule reference	Part of report	Description	Requirement
Small business			
17AG(10)(a)	Part 3 (C)	A statement that '[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and medium enterprises (SME) and small enterprise participation statistics are available on the Department of Finance's website.'	Mandatory
17AG(10)(b)	Part 3 (C)	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	Part 3 (C)	If the entity is considered by the Department administered by the Finance Minister as material in nature – a statement that '[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website.'	If applicable, mandatory
Financial statements			
17AD(e)	Part 4	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
Executive remuneration			
17AD(da)	Part 3 (C)	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2–3 of the Rule.	Mandatory

PGPA rule reference	Part of report	Description	Requirement
17AD(f)	Other mandatory information		
17AH(1)(a)(i)	Part 3 (C)	If the entity conducted advertising campaigns, a statement that <i>'During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website.'</i>	If applicable, mandatory
17AH(1)(a)(ii)	Part 3 (C)	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, mandatory
17AH(1)(b)	Part 3 (C)	A statement that <i>'Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website].'</i>	If applicable, mandatory
17AH(1)(c)	Part 3 (B)	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	Part 3 (D)	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	Not applicable	Correction of material errors in previous annual report	If applicable, mandatory
17AH(2)	Part 3 (B and F)	Information required by other legislation	Mandatory

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