

**4 June 2024**

Ms. Anna Hughes | Chief Executive Officer

Thank you for the opportunity to make an opening statement.

### **Green Treasury Bonds**

This afternoon, the AOFM finalised the issue of the inaugural June 2034 Green Treasury Bond. \$7 billion of the bond was issued at a yield of 4.295 per cent.

The issue was well-received by investors, 105 of whom were allocated bonds. \$22.89 billion of orders were received at the final issue price – over 3 times more than the issue size. 65 per cent of the bonds were allocated to domestic investors, with much of the remainder purchased by investors from the United Kingdom, Europe and Asia. Investors included fund managers, banks, central banks and hedge funds.

The AOFM's estimate of the 'greenium' for the issue is 2 basis points. This means that the yield we issued the bond at is 2 basis points lower than our estimate of the yield of a standard Treasury Bond. Greeniums fluctuate over time for all green bond issuers, and we do not know how pricing of the bond will evolve.

### **The AOFM's financing task**

This financial year the AOFM will issue around \$50 billion in Treasury Bonds (including the Green Treasury Bond) and around \$3.5 billion in Treasury Indexed Bonds. We have issued two new bond lines. In addition to the \$7 billion Green Treasury Bond (4.25% 21 June 2034) we issued today; we also issued an \$8 billion 30-year bond (4.75% 21 June 2054) in October 2023.

Next financial year's financing task will be larger which is in part due to the higher refinancing requirement. This financial year (2023-24) there is only one maturing bond line (the April 2024) of \$35.9 billion compared to two bond maturities totalling \$82.8 billion in 2024-25.

We have announced that our planned issuance for 2024-25 is around \$90 billion of Treasury Bonds and \$2.5 billion in Treasury Indexed Bonds. Planned term issuance is lower than Budget cash financing needs and debt maturities of \$140.5 billion. The difference will be made up from cash reserves and Treasury Notes

### **The ANAO audit**

The Australian National Audit Office (ANAO) conducted a performance audit of the AOFM. The objective of this audit was to assess the effectiveness of the AOFM's management of the Australian Government's debt. The AOFM welcomed the findings of the ANAO's report, which was tabled in February 2024.

The ANAO found that:

- the AOFM is largely effective at managing the Australian Government's debt.
- The AOFM and Treasury have largely effective governance arrangements to support operational activities to fund the Australian Government, and
- The AOFM is largely effective at managing costs and risks associated with Australian Government debt.

The ANAO made 5 recommendations. The AOFM agreed with the recommendations and has made considerable progress on the implementation of the recommendations.

Thank you for the opportunity to provide you with an update.