

# Northern Territory Treasury

	2007-08 Estimate	2008-09 Budget
	\$000	\$000
<b>Output Group</b>		
Financial Management	7 149	7 257
Economic	133 469	120 553
Territory Revenue	20 136	20 082
Superannuation	4 157	3 986
Economic Regulation	639	620
<b>Total Expenses</b>	<b>165 550</b>	<b>152 498</b>
<b>Output Appropriation</b>	<b>163 017</b>	<b>150 029</b>
<b>Capital Appropriation</b>	<b>53</b>	<b>24</b>

2008-09 Staffing: 177

## Agency Profile

Treasury contributes to the achievement of the Northern Territory Government's economic, fiscal and social policies through analysis and advice on sustainable Government finances, strategic positioning and effective risk management of the Government's economic, commercial and revenue activities.

Strategic issues in 2008-09 include:

- ongoing fiscal reforms and improved accountability in line with the Territory's financial management framework;
- ensuring adequate funds from the Commonwealth that recognise the high level of special needs in the Territory;
- an effective and efficient tax and business environment that promotes economic development;
- actively contributing to the Territory's participation in the Council of Australian Governments' (COAG) reform processes; and
- participation in the development of the Territory's climate change policies and initiatives including reducing the agency's carbon footprint and climate change impacts.

## Budget Highlights

- Presenting the Territory's position to the Commonwealth Grants Commission's 2010 Methodology Review of State Revenue Sharing Relativities.
- Continuous improvement in financial management practices at agency and whole of government levels.
- Further development and implementation of economic, commercial and regulatory frameworks which govern the operation of Territory Government businesses and the electricity market.

- Further development and dissemination of analysis, projections and forecasts of key Territory economic, social and demographic indicators.
- Ongoing review of Territory tax policies having regard to national tax reform initiatives, including harmonisation and deregulation.
- Following reform of superannuation at the national level, consideration of options for improving and streamlining the Territory public sector superannuation arrangements.

\$M

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**2008-09 Major Capital Grants**


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 Contribution to the Power and Water Corporation's infrastructure program 50.0
 

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## Outputs and Performance

<b>Output Group/Output</b>	2007-08 Estimate	2008-09 Budget	Variation
	\$000	\$000	\$000
<b>Financial Management</b>	<b>7 149</b>	<b>7 257</b>	<b>108</b>
Financial Management	7 149	7 257	108
<b>Economic</b>	<b>133 469</b>	<b>120 553</b>	<b>- 12 916</b>
Economic Services	7 990	8 191	201
Payments on Behalf of the Territory	125 479	112 362	- 13 117
<b>Territory Revenue</b>	<b>20 136</b>	<b>20 082</b>	<b>- 54</b>
Territory Revenue	7 379	7 175	- 204
Tax-Related Subsidies	12 757	12 907	150
<b>Superannuation</b>	<b>4 157</b>	<b>3 986</b>	<b>- 171</b>
Superannuation	4 157	3 986	- 171
<b>Economic Regulation</b>	<b>639</b>	<b>620</b>	<b>- 19</b>
Economic Regulation	639	620	- 19
<b>Total Expenses</b>	<b>165 550</b>	<b>152 498</b>	<b>- 13 052</b>

### Key Variations

- Economic Services output growth in 2008-09 is due to increased policy development and analysis requirements to represent the Territory's interests related to the COAG reform agenda and the 2010 major review of revenue sharing by the Commonwealth Grants Commission.
- The Payments on Behalf of the Territory output includes capital grants of \$50 million in 2007-08 and 2008-09 from the Territory Government to the Power and Water Corporation as a contribution towards its five-year major infrastructure program, and a \$16.6 million grant in 2007-08 to continue the undergrounding of powerlines project in Darwin's northern suburbs. This is partly offset by growth in community service obligation (CSO) payments in 2008-09 as a result of annual indexation arrangements.

- Both the Territory Revenue and Superannuation output groups incurred one-off legal costs in 2007-08 and system development costs associated with the introduction of new revenue and superannuation administration legislation.

## Output Group: Financial Management

Analysis and public policy advice on whole of government resource issues including financial management frameworks, fiscal policy and fiscal strategy through:

- whole of government budgeting and financial reporting;
- monitoring agency financial and output performance, including analysis of agency budget proposals;
- reporting and analysis of infrastructure budget requirements and coordination of the Infrastructure Program for Government; and
- management of financial accountabilities as prescribed in the *Financial Management Act* and the *Fiscal Integrity and Transparency Act*.

The outcome is effective financial management advice to Government to assist in making informed decisions that benefit the Territory community.

Performance Measures		2007-08 Estimate	2008-09 Estimate
<i>Quantity</i>	Capacity to provide policy advice and analysis on financial management issues	\$7.15M	\$7.26M
<i>Quality</i>	Stakeholder satisfaction <sup>1</sup> with:		
	– fiscal policy advice	≥ 5	≥ 5
	– key financial reports and publications	≥ 5	≥ 5
<i>Timeliness</i>	Timeframes met as agreed	> 85%	> 85%

<sup>1</sup> Stakeholders are the Treasurer and Government agencies. Measures range from a rating of 1 = extremely dissatisfied through to 6 = extremely satisfied.

## Output Group: Economic

Provision of analysis, policy advice and related support activities relevant to commercial, economic, demographic and public finance issues affecting the Territory, and various payments on behalf of Government.

The outcomes are:

- effective frameworks for the development of a strong, competitive economy;
- effective advice for Government on commercial, economic, demographic, statistical and social issues to assist in making informed decisions that benefit the Territory community; and
- an optimal share of Commonwealth funding for the Territory.

## Economic Services

Analysis and public policy advice on:

- financial and commercial matters including major projects, public-private partnerships and the government owned corporations framework;
- national and Territory economic, social, demographic policy and statistical issues including development and oversight of economic reforms and frameworks; and
- public finance issues including management of the Territory's participation in major intergovernmental financial arrangements and other public finance matters.

Performance Measures		2007-08 Estimate	2008-09 Estimate
<i>Quantity</i>	Capacity to provide policy advice and analysis on economic and related issues	\$7.99M	\$8.19M
<i>Quality</i>	Stakeholder satisfaction <sup>1</sup>		
	– advice on economic and related issues	≥ 5	≥ 5
	– economic publications	≥ 5	≥ 5
<i>Timeliness</i>	Timeframes met as agreed	≥ 5	≥ 5

<sup>1</sup> Stakeholders are the Treasurer, relevant Government agencies and users of Treasury's economic publications. Measures range from a rating of 1 = extremely dissatisfied through to 6 = extremely satisfied.

## Payments on Behalf of the Territory

Expenses incurred on behalf of Government as a result of either formal agreements or specified in legislation, including:

- the Territory Government's community service obligation (CSO) to supply electricity, water and sewerage customers at subsidised tariffs;
- capital assistance to the Power and Water Corporation associated with undergrounding of powerlines and the five-year electricity, water and sewerage infrastructure program; and
- goods and services tax (GST) collection costs paid to the Australian Taxation Office (ATO).

Performance Measures		2007-08 Estimate	2008-09 Estimate
<i>Quantity</i>	CSO payment for uniform tariff subsidy	\$52.71M	\$55.96M
	Capital assistance to Power and Water <sup>1</sup>	\$66.60M	\$50.00M
	Contribution to ATO for GST collection costs	\$6.16M	\$6.40M

<sup>1</sup> Includes additional funding in 2007-08 for the undergrounding of powerlines. Funding has been transferred from the Department of Planning and Infrastructure budget.

## Output Group: Territory Revenue

Analysis, public policy advice and management of the Territory's revenue framework encompassing:

- policy and legislative advice and services;
- administration systems;
- compliance activities;
- first home owner grant and fuel subsidy schemes; and
- community awareness and advisory services.

The outcome is an effective taxation regime that promotes economic development and supports Government service delivery.

Performance Measures		2007-08 Estimate	2008-09 Estimate
<i>Quantity</i>	Territory revenue collected <sup>1</sup>	\$561.12M	\$561.16M
	Capacity to provide revenue management policy advice	\$1.09M	\$1.09M
	Capacity to collect Territory revenue	\$5.95M	\$5.77M
	Subsidy payments	\$12.72M	\$12.87M
	Subsidy administration	\$0.37M	\$0.36M
<i>Quality</i>	Territory revenue forecast accuracy	± 5%	± 5%
	Stakeholder satisfaction <sup>2</sup>		
	– taxpayers <sup>3</sup>	≥ 85%	≥ 85%
	– Treasurer	≥ 5	≥ 5
	Assessment accuracy	≥ 99%	≥ 99%
Accuracy of subsidy payments	> 98%	> 98%	
<i>Timeliness</i>	Revenue received within agreed timeframes	> 95%	> 95%
	Services completed within agreed service standards	> 95%	> 95%

1 Includes taxes, gambling revenue and mining royalties.

2 Measures range from a rating of 1 = extremely dissatisfied through to 6 = extremely satisfied.

3 Taxpayers' satisfaction rating represents the percentage of respondents who indicate a score of ≥ 5.

## Output Group: Superannuation

Administration of, and public policy advice on, Territory Government superannuation arrangements, including investment, review boards and schemes, and managing the relationship between national and Territory legislation.

The outcome is effective and responsive superannuation arrangements for members.

Performance Measures		2007-08 Estimate	2008-09 Estimate
<i>Quantity</i>	Capacity to provide policy advice and services on superannuation	\$4.16M	\$3.99M
<i>Quality</i>	Stakeholder satisfaction <sup>1</sup> with policy advice and services on superannuation	≥ 5	≥ 5
	Superannuation benefits paid accurately	100%	100%
<i>Timeliness</i>	Timeframes met as agreed	≥ 5	≥ 5

<sup>1</sup> Stakeholders include the Treasurer, Government agencies, superannuation scheme members and associated boards. Measures range from a rating of 1 = extremely dissatisfied through to 6 = extremely satisfied.

## Output Group: Economic Regulation

Management of the Territory's economic regulatory regime in relation to the provision of essential services and, as necessary, promote competition or, in its absence, simulate competitive market conduct to prevent the misuse of monopoly power. Services include:

- development and implementation of licensing management processes;
- price regulation;
- conduct oversight and standards approval for defined essential services;
- provision of related consumer information;
- complaints handling; and
- advisory activities.

The outcome is an economic regulatory regime for the delivery of essential services that protects the long-term interests of Territory consumers.

Performance Measures		2007-08 Estimate	2008-09 Estimate
<i>Quantity</i>	Capacity to administer regulatory regime	\$0.13M	\$0.12M
	Capacity to advise the Regulatory Minister	\$0.51M	\$0.50M
<i>Quality</i>	Stakeholder satisfaction <sup>1</sup>	≥ 5	≥ 5
<i>Timeliness</i>	Determinations and approvals issued within statutory timeframes <sup>2</sup>	100%	100%

<sup>1</sup> Stakeholder is the Regulatory Minister. Measures range from a rating of 1 = extremely dissatisfied through to 6 = extremely satisfied.

<sup>2</sup> Covers determinations and approvals on monopoly pricing, minimum service standards and other activities as provided for under the *Utilities Commission Act* and other relevant industry regulation legislation.

## Operating Statement

	2007-08 Estimate	2008-09 Budget
	\$000	\$000
<b>INCOME</b>		
Taxation revenue		
Grants and subsidies revenue		
Current	14	14
Capital		
Output revenue	163 017	150 029
Sales of goods and services	378	381
Interest revenue	1 460	1 563
Goods and services received free of charge	1 930	1 930
Gain(+)/loss(-) on disposal of assets		
Other revenue	110	110
<b>TOTAL INCOME</b>	<b>166 909</b>	<b>154 027</b>
<b>EXPENSES</b>		
Employee expenses	16 617	16 788
Administrative expenses		
Purchases of goods and services	8 525	8 279
Repairs and maintenance	40	25
Depreciation and amortisation	189	207
DCIS services free of charge	1 930	1 930
Other administrative expenses	6 218	6 456
Grants and subsidies expenses		
Current	12 727	12 870
Capital	66 600	50 000
Community service obligations	52 662	55 903
Interest expense	42	40
<b>TOTAL EXPENSES</b>	<b>165 550</b>	<b>152 498</b>
<b>NET SURPLUS(+)/DEFICIT(-)</b>	<b>1 359</b>	<b>1 529</b>

## Income Administered for the Central Holding Authority

<b>INCOME</b>		
Taxation revenue	472 725	473 155
Grants and subsidies revenue		
GST revenue	2 174 400	2 405 900
Current	11 327	9 182
Capital		
Fees from regulatory services	1 142	1 142
Interest revenue		
Royalties and rents	88 394	88 000
Other revenue		
<b>TOTAL INCOME</b>	<b>2 747 988</b>	<b>2 977 379</b>

## Balance Sheet

	2007-08 Estimate	2008-09 Budget
	\$000	\$000
<b>ASSETS</b>		
Cash and deposits	1 541	1 714
Receivables	438	438
Prepayments	727	727
Inventories		
Advances and investments	21 700	23 263
Property, plant and equipment	664	457
Other assets		
<b>TOTAL ASSETS</b>	<b>25 070</b>	<b>26 599</b>
<b>LIABILITIES</b>		
Deposits held		
Creditors and accruals	796	796
Borrowings and advances	102	78
Provisions	2 238	2 238
Other liabilities		
<b>TOTAL LIABILITIES</b>	<b>3 136</b>	<b>3 112</b>
<b>NET ASSETS</b>	<b>21 934</b>	<b>23 487</b>
<b>EQUITY</b>		
Capital		
Opening balance	6 020	6 250
Equity injections/withdrawals	230	24
Reserves		
Accumulated funds		
Opening balance	14 325	15 684
Current year surplus(+)/deficit(-)	1 359	1 529
Accounting policy changes and corrections		
<b>TOTAL EQUITY</b>	<b>21 934</b>	<b>23 487</b>

## Assets and Liabilities Administered for the Central Holding Authority

<b>ASSETS</b>		
Taxes receivable	53 302	44 093
Grants and subsidies receivable		
Royalties and rent receivable		
Other receivables	2 827	2 827
<b>TOTAL ASSETS</b>	<b>56 129</b>	<b>46 920</b>
<b>LIABILITIES</b>		
Central Holding Authority income payable	54 760	45 551
Unearned Central Holding Authority income	1 369	1 369
<b>TOTAL LIABILITIES</b>	<b>56 129</b>	<b>46 920</b>
<b>NET ASSETS</b>		

## Cash Flow Statement

	2007-08 Estimate	2008-09 Budget
	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Operating receipts</b>		
Taxes received		
Grants and subsidies received		
Current	14	14
Capital		
Receipts from sales of goods and services		
Output revenue received	163 017	150 029
Other agency receipts	481	491
Interest received	1 460	1 563
<b>Total operating receipts</b>	<b>164 972</b>	<b>152 097</b>
<b>Operating payments</b>		
Payments to employees	16 534	16 788
Payments for goods and services	14 776	14 760
Grants and subsidies paid		
Current	12 727	12 870
Capital	66 600	50 000
Community service obligations	52 662	55 903
Interest paid	42	40
<b>Total operating payments</b>	<b>163 341</b>	<b>150 361</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1 631</b>	<b>1 736</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Investing receipts</b>		
Proceeds from asset sales		
Repayment of advances	617	648
Sales of investments		
<b>Total investing receipts</b>	<b>617</b>	<b>648</b>
<b>Investing payments</b>		
Purchases of assets		
Advances and investing payments	2 077	2 211
<b>Total investing payments</b>	<b>2 077</b>	<b>2 211</b>
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>- 1 460</b>	<b>- 1 563</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Financing receipts</b>		
Proceeds of borrowings	72	
Deposits received		
Equity injections		
Capital Appropriation	53	24
Other equity injections		
<b>Total financing receipts</b>	<b>125</b>	<b>24</b>
<b>Financing payments</b>		
Repayment of borrowings	53	24
Finance lease payments		
Equity withdrawals		
<b>Total financing payments</b>	<b>53</b>	<b>24</b>
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>72</b>	
Net increase(+)/decrease(-) in cash held	243	173
Cash at beginning of financial year	1 298	1 541
<b>CASH AT END OF FINANCIAL YEAR</b>	<b>1 541</b>	<b>1 714</b>