

Financial Performance

Treasury's Dual Role

Dual Role

Treasury has a unique role and set of responsibilities in the Northern Territory's financial management framework, which makes the Financial Performance section of the annual report different from every other agency.

First of all, Treasury manages two sets of accounts: one on behalf of the Territory (whole of government) – CHA; and the other for itself, as an agency. Both sets of financial statements are presented in this section.

Second, around three-quarters of the agency's financial activities are undertaken on behalf of the Territory rather than directed to Treasury's own operations. This contrasts with most other agencies where, aside from community service obligations, agency budgets are for the most part devoted to their service delivery responsibilities.

The Central Agency Role

Treasury is a central agency, whose primary function is providing advice to Government. Like all government agencies, Treasury's activities are mainly funded by appropriations, determined in the annual Budget.

Treasury undertakes certain responsibilities on behalf of the Territory, incurring Territory Government expenses through Treasury's Operating Statement. These expenses include the Territory's GST administration costs, and payment of community service obligations and capital grants on behalf of the Government. It is important, in reviewing Treasury's financial statements, to understand the impacts these whole of government expenses have on Treasury's accounts. This is described more fully in the overview to the financial statements.

The Parent Entity Role

Treasury has an important role in that it also manages the CHA for the Government. The CHA is the Territory's entity that holds the revenue, expenses, assets and liabilities of the Territory and has a similar function to that of a parent company. Revenue is collected by agencies on behalf of the CHA.

Appropriation is also transferred from the CHA to agencies.

In Treasury's case, Territory revenue such as payroll tax, conveyancing stamp duty and mineral royalties, are collected on behalf of the CHA. Following the new Intergovernmental Agreement on Federal Financial Relations, approved in November 2008, all National Partnership and Specific Purpose Payment funds are now received from the Commonwealth Treasury through Treasury into the CHA. These payments are then distributed to the relevant line agencies in the form of Commonwealth appropriation. The *Financial Management Act* was amended in 2008-09 to provide for this new arrangement.

Necessarily, Treasury's agency accounts and the CHA are closely interrelated and reflect whole of government responsibilities beyond Treasury's internal arrangements and operations. Figure 10 endeavours to illustrate the relationship and compare it to the CHA's relationship with other agencies.

Two Sets of Financial Statements

As a result of Treasury's dual financial role, this section presents the 2008-09 financial statements for both Treasury and the CHA. A brief overview is provided with each set of accounts and their accompanying notes to assist the reader in understanding the performance of each entity.

It is worth noting that the Northern Territory Treasury Corporation, as the Government's central financing authority, also has a unique financial relationship with the CHA in dealings on borrowings, investments and interest transactions. However, Treasury Corporation is a government business division and reports separately under its own legislation, even though it is part of Treasury for organisational purposes.

Figure 10: Relationship Between the Central Holding Authority, Treasury and Other Agencies

