

Under Treasurer's Review



Northern Territory Treasury was established at Self Government in 1978. Now, more than 30 years later, Treasury remains committed to promoting sustainable fiscal strength, economic development and improved social wellbeing for Territorians by providing the best

possible analysis, advice and services. In 2008-09 Treasury's continued commitment to the Territory and its development was demonstrated in the high quality outputs of staff in all areas, achievement of our strategic objectives and the maintenance of a well managed and flexible organisation.

The Annual Report satisfies our statutory reporting obligations under the *Public Sector Employment and Management Act*, *Financial Management Act* and *Information Act*, and also provides a detailed report on our performance and achievements in 2008-09 and highlights the nature of our organisation and our strategic priorities for 2009-10.

Financial Management

The 2009-10 Budget was handed down in May 2009. This proved to be a particularly challenging Budget to frame having regard to the economic and fiscal changes that occurred as a consequence of the global financial crisis. The focus for the 2009-10 Budget was to maintain confidence and protect Territory jobs. The centrepiece of the Budget was an increased commitment to infrastructure, with record infrastructure spending of \$1.3 billion on Territory housing, roads, schools and the community. The Infrastructure Program incorporates the Commonwealth's Stimulus Package, which will bring additional investment of \$350 million over four years to the Territory.

The *Financial Management Act* was amended to facilitate the new Commonwealth funding arrangements as set out in the Intergovernmental Agreement on Federal Financial Relations. Since January 2009, new payment arrangements have been in place for Specific Purpose Payments and National Partnership Agreements whereby payments are made by the Commonwealth Treasury to state and territory treasuries for distribution to relevant line agencies.

As part of the ongoing improvement to the Territory's financial management framework, work continued in 2008-09 on expanding the range of Treasurer's Directions and policy briefs to improve guidance for agencies on resource and infrastructure management, performance and governance practices.

The 2007-08 Treasurer's Annual Financial Report (TAFR), the 2008 Pre-Election Fiscal Outlook Report (PEFO), the 2008-09 Mid-Year Report and the Treasurer's quarterly financial reports were published during the financial year, meeting the Territory's reporting obligations under its own legislation and in line with relevant intergovernmental agreements.

Economic Management

Treasury provided advice to Government on appropriate regulatory reform measures to improve system reliability and performance following the power failures experienced in Darwin's northern suburbs in late 2008. A new tariff structure to support fiscal responsibility and an electricity reform program were developed to strengthen regulatory oversight.

During 2008-09, in consultation with the Territory Insurance Office (TIO), Treasury commenced a review of the *Territory Insurance Office Act* to streamline the administration of the Act and align existing provisions with those in the *Government Owned Corporations Act*.

Treasury also provided advice and assistance on government commercial projects including the development of Bellamack and Johnston, the proposal to develop the Jetstar Aviation Hub and the implementation of the barramundi licence buyback scheme.

In addition, in 2008-09 Treasury continued to provide advice to Government and agencies on the Territory's economic and social indicators as well as developing a model for population projections in conjunction with Charles Darwin University (CDU).

Intergovernmental Relations

The 2008-09 year was a watershed year for intergovernmental financial relations, with the agreement by the Council of Australian Governments (COAG) in November 2008 to a new Intergovernmental Agreement on Federal Financial Relations that established a new framework for national agreement in six key areas of health care, education, skills and workforce development, disability, affordable housing and Indigenous reform. The Territory's involvement was managed by Treasury and the Department of the Chief Minister in conjunction with relevant line agencies.

Treasury continued to be involved in the implementation of the COAG National Reform Agenda, to deliver a seamless national economy. Officers from Treasury assisted in the development and negotiation of National Agreements, National Partnership Agreements and Implementation Plans under the Intergovernmental Agreement on Federal Financial Relations.

Extensive submissions were provided to the Commonwealth Grants Commission (CGC) in early 2009 as part of the Commission's 2010 review of state relativities and the recommended distribution of GST revenue between states and territories.

The second Northern Territory Indigenous Expenditure Review was published in September 2008, covering expenditure in the 2006-07 financial year. The report examines the Government's Indigenous-related expenditure and revenue and is the only report of its kind among Australian jurisdictions.

Revenue Management

In 2008-09 Treasury administered and receipted \$690 million in own-source revenue.

During 2008-09 two new home ownership incentive schemes were implemented: the Commonwealth's temporary increase to the First Home Owner Grant (known as Boost); and Territory's Buildstart scheme. Both schemes will remain in effect until 31 December 2009.

A range of reforms to the Territory's tax systems was implemented by the Territory Revenue Office with changes made to systems, publications and processes. These include revenue measures announced in the 2009-10 Budget and the introduction of nationally harmonised payroll tax provisions including the introduction of the new *Payroll Tax Act*.

The new Act, which rewrites the previous *Pay-roll Tax Act* to harmonise it with the legislation of other states, simplifies payroll tax rules and provides significant compliance cost savings to businesses.

In 2008-09 further enhancements were made to the Territory's electronic payroll tax lodgement and payment system, which enables users to lodge payroll tax returns electronically and facilitates online payment.

Superannuation

During 2008-09, a cash investment option was introduced in addition to further enhancements to provide Northern Territory Government and Public Authorities' Superannuation Scheme (NTGPASS) members with greater investment choice and flexibility. As a result, system modifications were implemented, member education seminars were held across the Territory and several publications were updated to incorporate these changes.

The Commonwealth *Anti-Money Laundering and Counter-Terrorism Financing Act*, designed to combat the risk of money laundering and terrorism financing activities, was revised in 2008-09 to incorporate required obligations which came into effect in December 2008. Compliance will continue to be developed in the coming year with the second progress report submitted to Australian Transaction Reports and Analysis Centre (AUSTRAC) in March 2009.

The Commonwealth *Family Law Amendment (De Facto Financial Matters and Other Measures) Act* came into effect on 1 March 2009 and updates the *Family Law Act 1975*.

The amendments provide opposite sex and same sex de facto couples access to the Federal Family Law Courts on matters of property and maintenance, in addition to recognising financial agreements between de facto couples and superannuation splitting (where determined by court proceedings), which previously were only available to legally married couples.

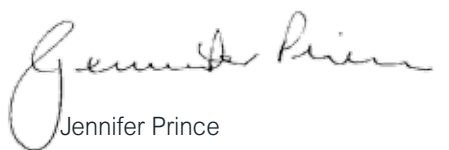
Each of the Government's superannuation schemes was reviewed to ensure it aligned with the changes.

Making It Happen

In 2008-09 much was achieved in managing the organisation to improve our capability, responsiveness and culture:

- Corporate governance arrangements were improved with a review of the internal control framework, launching Treasury's Conflict of Interest and Personal/Carers Leave policies, a review of information technology (IT) security and improvements to network monitoring and reporting, an Occupational Health and Safety (OH&S) Safety Week and identifying a number of strategies to reduce Treasury's carbon emissions.
- A two-year succession planning initiative, where opportunities are created from the Deputy Under Treasurer level down to middle management roles, commenced in January 2009.
- A continued strategic focus on developing managerial capabilities and leadership, and providing formal training and employment programs.

The credit for Treasury's achievements during 2008-09 is due to the ongoing professionalism and commitment of Treasury staff, whose contribution I acknowledge and thank unreservedly.



Jennifer Prince
30 September 2009