

Northern Territory Treasury

EXPENSES AND APPROPRIATION SUMMARY

	2003-04 Estimate	2004-05 Budget
	\$000	\$000
Output Group		
Territory Revenue	17 593	18 204
Financial Management	6 218	6 732
Economic Services	51 896	59 709
Commercial Services	8 234	8 897
Gambling, Liquor and Other Regulation	15 249	14 327
Economic Regulation	818	665
Total Operating Expenses	100 008	108 534
<i>less</i>		
Depreciation and Amortisation	127	115
DCIS Services Free of Charge	2 604	2 616
Agency Revenue (a)	3 863	4 103
Use of Cash Balances	700	189
Other Accrual/Non-cash Items	- 2 246	- 2 390
<i>equals</i>		
Output Appropriation	94 960	103 901
Capital Expenditure	359	329
<i>less</i>		
Capital Receipts	62	
Use of Cash Balances	- 62	
<i>equals</i>		
Capital Appropriation	359	329

Total 2004-05 Staffing: 246

(a) Operating Revenue less Output Revenue, Goods and Services Received Free of Charge and Profit/Loss on Disposal of Assets

Agency Profile

Overview

Treasury assists the Government to deliver its economic, fiscal and social policies through analysis and advice on sustainable Government finances, improved and more efficient Government operations, strategic positioning and effective risk management of the Territory Government's economic and commercial interests, and effective regulation.

Strategic Issues

- Ongoing fiscal reforms and improved accountability in line with the *Working for Outcomes* framework and the *Fiscal Integrity and Transparency Act*.
- An effective and efficient tax and business environment that promotes economic development.
- Further development of appropriate and effective regulatory and harm minimisation frameworks.
- Improving the management of liabilities.

Budget Highlights

- Continued refinement of output structures under the *Working for Outcomes* framework, and improving financial management practices at agency and whole of government levels. Refining and monitoring governance arrangements for business divisions.
- Preparing for the introduction of international accounting standards, and revised public sector accounting standards.
- Participating in a joint Commonwealth-State work program on simplification of the Commonwealth Grants Commission's methodology that determines the distribution of GST revenue.
- Addressing population enumeration and estimation issues that affect the level of revenue flowing to the Territory and influence public policy development.
- Enhancing the taxation decision review process.
- Continued advice to Government on economic and commercial development activities.
- Implementation of racing and gaming reforms related to the Territory's National Competition Policy commitments.
- Consideration and implementation of the Alcohol Framework review recommendations.
- Continued reform of the Territory's public sector procurement policy and associated processes and practices.
- Further development and implementation of Treasury's eGovernment initiatives, particularly in the areas of tax collection and licensing.
- Reforming the Territory's parliamentary superannuation arrangements.

Outputs and Performance

OUTPUT COSTS

Output Group/Output	2003-04 Estimate	2004-05 Budget	Variation
	\$000	\$000	\$000
Territory Revenue	17 593	18 204	611
Territory Revenue	5 408	5 894	486
Tax-Related Subsidies	12 185	12 310	125
Financial Management	6 218	6 732	514
Financial Management	6 218	6 732	514
Economic Services	51 896	59 709	7 813
Economic Advice and Services	10 653	10 710	57
Community Service Obligations	41 243	48 999	7 756
Commercial Services	8 234	8 897	663
Commercial Services	8 234	8 897	663
Gambling, Liquor and Other Regulation	15 249	14 327	- 922
Gambling, Liquor and Other Regulation	6 866	6 803	- 63
Gambling-Related Grants	8 383	7 524	- 859
Economic Regulation	818	665	- 153
Economic Regulation	818	665	- 153
Total Operating Expenses	100 008	108 534	8 526

Key Variations

Treasury's budget for 2004-05 is an overall increase of \$8.53 million from 2003-04, largely associated with the full year effect of increased community service obligation (CSO) funding for electricity in 2004-05, offset by one-off items in 2003-04. Specific variations are:

- an increase in the Financial Management output to build greater skills and resources to meet requirements in an accrual environment;
- a \$7.7 million increase in the electricity CSO for the full year funding of subsidies for Tranche 4 customers and escalation factors in subsidies for franchise customers;
- an increase in the Commercial Services output for procurement reform and advice and assistance with major projects, such as the Darwin City Waterfront redevelopment, totalling around \$0.55 million;
- development of an internet-based payroll tax return system in 2004-05 at a cost of \$0.17 million in the Territory Revenue output; and
- additional costs of \$0.85 million in 2003-04 in the Gambling, Liquor and Other Regulation output group, largely related to the Alcohol Framework project, funding for health and safety related infrastructure improvements for the Darwin Greyhound Association, and the "Your Territory" grants program.

Territory Revenue

Management of the Territory's revenue framework and a sustainable Territory revenue effort through a simple but fair taxation system, and management of certain tax-related subsidy schemes.

Outcome

Optimised taxation revenue and related assistance for the Territory.

Territory Revenue

Management of the Territory's revenue framework, encompassing:

- policy advice;
- developing and managing revenue legislation;
- revenue administration systems;
- revenue compliance activities; and
- community awareness and advisory services.

Performance Measures	2003-04 Estimate	2004-05 Estimate
<i>Quantity</i>		
Territory revenue collected ¹	\$317.2M	\$315.5M
Capacity to provide revenue management policy advice	\$0.93M	\$0.95M
Capacity to collect Territory revenue ²	\$4.48M	\$4.94M
<i>Quality</i>		
Territory revenue forecast accuracy	±5%	±5%
Stakeholder satisfaction ³	≥5	≥5
Assessment accuracy	≥99%	≥99%
<i>Timeliness</i>		
Revenue received within agreed timeframes	>95%	>95%
Services completed within agreed service standards	100%	100%
<i>Cost</i>		
Cost per \$100 of revenue collected	\$1.71	\$1.87

¹ Includes taxes and mining royalties but does not include gambling taxes which are part of the Gambling, Liquor and Other Regulation output.

² An increase in capacity, largely for the development of an internet-based payroll tax return system.

³ Stakeholders include the Treasurer and taxpayers. Stakeholder satisfaction ratings are: 1: Extremely Dissatisfied, 2: Dissatisfied, 3: Somewhat Dissatisfied, 4: Somewhat Satisfied, 5: Satisfied, 6: Extremely Satisfied.

Tax-Related Subsidies

Policy advice and management of the first home owner grant scheme and the fuel subsidy scheme.

Performance Measures	2003-04 Estimate	2004-05 Estimate
<i>Quantity</i>		
Subsidy payments	\$11.9M	\$12.0M
Subsidy administration	\$0.28M	\$0.31M
<i>Quality</i>		
Accuracy of payments processed	>98%	>98%
<i>Timeliness</i>		
Payments processed within agreed timeframes	100%	100%
<i>Cost</i>		
Cost per \$100 of subsidies paid ¹	\$2.39	\$2.58

¹ Represents the cost of processing subsidy payments (cost includes all aspects of administration, i.e. assessment, approval and payment processes).

Financial Management

Policy development, analysis and advice on whole of government resource allocation and reporting of the Territory's financial resources through:

- development and advice on the Northern Territory's financial management framework;
- analysis of agency-based resource allocation proposals and whole of government fiscal performance;
- provision of advice and support to agencies regarding fiscal management practices;
- regular monitoring and analysis of agency performance against budget projections;
- management of systems and processes to produce agency and whole of government financial reports and to facilitate public accountability; and
- provision of advice on and management of the Central Holding Authority.

Outcome

Effective advice to Government on management of the Territory's financial resources.

Performance Measures	2003-04 Estimate	2004-05 Estimate
<i>Quantity</i>		
Capacity to provide policy advice and analysis: ¹		
- Budget estimates	\$3.58M	\$3.91M
- actual payments and revenues	\$1.57M	\$1.66M
- financial frameworks	\$1.07M	\$1.16M
<i>Quality</i>		
Stakeholder satisfaction ² with:		
- fiscal policy advice	5	5
- key financial reports and publications	5	5
<i>Timeliness</i>		
Timeframes met as agreed	>85%	>85%

¹ Increased capacity to build greater skills and resources in an accrual environment.

² Stakeholder is the Treasurer. Stakeholder satisfaction ratings are: 1: Extremely Dissatisfied, 2: Dissatisfied, 3: Somewhat Dissatisfied, 4: Somewhat Satisfied, 5: Satisfied, 6: Extremely Satisfied.

Economic Services

Provision of policy advice and related support activities relevant to:

- economic, demographic and public finance issues affecting the Territory; and
- payment of community service obligations.

Outcome

Effective frameworks for the development of a strong, competitive economy and a maximised share of Commonwealth funding for the Territory.

Economic Services

Provision of economic analysis and policy advice to Government, and includes:

- development and oversight of economic reforms and frameworks;
- management of Territory involvement in national economic policy initiatives;
- analysis of the Territory economy;
- analysis of the Territory's demography and population estimates;
- evidence-based social statistical analysis and advice;

- coordination of Government statistical needs and priorities; and
- management of the Territory's participation in major intergovernmental financial arrangements and public finance matters, including policy advice on general and specific purpose payments.

Performance Measures	2003-04 Estimate	2004-05 Estimate
<i>Quantity</i>		
Capacity to provide policy advice and analysis: ¹		
- economic issues	\$3.14M	\$2.20M
- demographic, statistical and social issues	\$1.22M	\$1.81M
- public finance issues	\$0.98M	\$0.97M
Contribution to Australian Taxation Office for GST collection costs ²	\$5.31M	\$5.73M
<i>Quality</i>		
Stakeholder satisfaction with advice on: ³		
- economic issues	5	5
- demographic, statistical and social issues	5	5
- public finance issues	5	5
Stakeholder satisfaction with economic publications	≥5	≥5
<i>Timeliness</i>		
Timeframes met as agreed	≥5	≥5

¹ One-off legal costs in 2003-04 offset by increased capacity for statistical analysis in 2004-05.

² Refund of GST administration expenses in 2003-04.

³ Stakeholders are the Treasurer, relevant Government agencies and users of Treasury's economic publications. Stakeholder satisfaction ratings are: 1: Extremely Dissatisfied, 2: Dissatisfied, 3: Somewhat Dissatisfied, 4: Somewhat Satisfied, 5: Satisfied, 6: Extremely Satisfied.

Community Service Obligations

Payment to electricity, water and sewerage service providers (currently PowerWater) to supply non-contestable customers at the uniform tariff as a community service obligation (CSO).

Performance Measures	2003-04 Estimate	2004-05 Estimate
<i>Quantity</i>		
CSO payment for uniform tariff subsidy ¹	\$41.19M	\$48.94M
<i>Quality</i>		
Accuracy of payments processed	100%	100%
<i>Timeliness</i>		
Payments processed within agreed timeframes	100%	100%

¹ Increase in the electricity CSO for the full year funding of subsidies for Tranche 4 customers and escalation factors in subsidies for franchise customers.

Commercial Services

Provision of policy advice and related support activities:

- on projects associated with the treatment of Government's business assets and commercial activities including project assistance with commercial initiatives, advice on private sector involvement in Government activities, and management of the Territory's commercial accountabilities and risks under the *Financial Management Act*;
- to ensure that procurement activity across Government is undertaken in accordance with Government procurement policy and associated legal frameworks; and

- on superannuation policy for Government and administration of the Government's superannuation schemes, and oversight of the Territory's tax obligations to the Commonwealth.

Outcome

Effective advice and services to Government for management of its commercial dealings and procurement policy, and administration of legislatively-compliant superannuation services for the Territory Government.

Performance Measures	2003-04 Estimate	2004-05 Estimate
<i>Quantity</i>		
Capacity to provide policy advice and services		
on Government:		
- commercial dealings ^{1,2}	\$1.82M	\$2.19M
- procurement ²	\$1.87M	\$2.06M
- superannuation	\$3.29M	\$3.40M
<i>Quality</i>		
Stakeholder satisfaction ³ with policy advice and services		
on Government:		
- commercial dealings	≥5	≥5
- procurement	≥5	≥5
- superannuation	≥5	≥5
Superannuation benefits paid accurately	100%	100%
<i>Timeliness</i>		
Timeframes met as agreed	≥5	≥5

¹ Alice Springs Convention Centre Performance Incentive Grant not included.

² Increase in capacity to enable ongoing advice and assistance with major projects such as the Darwin City Waterfront redevelopment and continued implementation of procurement reform.

³ Stakeholders include the Treasurer, agencies, industry, superannuation scheme members and associated boards. Stakeholder satisfaction ratings are: 1: Extremely Dissatisfied, 2: Dissatisfied, 3: Somewhat Dissatisfied, 4: Somewhat Satisfied, 5: Satisfied, 6: Extremely Satisfied.

Gambling, Liquor and Other Regulation

Management and monitoring of the Territory's regulatory regime for gambling, liquor and related areas, and administration of gambling-related grants.

Outcome

Social cost and harm to the community from gambling, liquor and related activities are minimised through appropriate and effective regulation of those activities.

Gambling, Liquor and Other Regulation

Management and promotion of the Territory's regulatory regimes for gaming, wagering, liquor, kava, tobacco, private security and escort agency activities through:

- policy advice;
- development and implementation of the various regulatory regimes' management processes for licensing, monitoring, compliance and revenue collection;
- ensuring the Territory's regulatory regimes are responsive to industry changes; and
- activities of the Northern Territory Licensing Commission.

Performance Measures	2003-04 Estimate	2004-05 Estimate
<i>Quantity</i>		
Gambling revenue collected ¹	\$34.97M	\$36.05M
Capacity to provide racing, gaming and licensing services ²	\$5.72M	\$5.96M
Inspections/audits undertaken	2 110	2 075
Capacity to operate the Licensing Commission	\$0.90M	\$0.84M
<i>Quality</i>		
Inspections/audits conducted in accordance with standard process	100%	100%
Service standards achieved ³	100%	100%
Licensing Commission hearings conducted in accordance with due process	100%	100%
<i>Timeliness</i>		
Licence applications finalised within established timeframes	>85%	>85%
Licensing Commission hearings completed in accordance with statutory/regulatory requirements	>90%	>90%

¹ Increase in gambling revenue, mainly in casino taxes as the community gaming allowance reduces, and in gaming machine revenue growth.

² Racing, gaming and licensing services comprise processing licence applications, conducting inspections, undertaking research and providing policy advice.

³ Includes a survey of key stakeholders, including the Minister, and performance against a range of other service standards. Stakeholder satisfaction ratings are: 1: Extremely Dissatisfied, 2: Dissatisfied, 3: Somewhat Dissatisfied, 4: Somewhat Satisfied, 5: Satisfied, 6: Extremely Satisfied.

Gambling-Related Grants

Policy advice on and administration of gambling-related grants programs, including the Community Benefit Fund and racing industry funding.

Performance Measures	2003-04 Estimate	2004-05 Estimate
<i>Quantity</i>		
Payments to racing industry ¹	\$6.16M	\$5.82M
Payments from Community Benefit Fund:		
- small grants	\$0.65M	\$0.70M
- policy, research and administration	\$0.28M	\$0.30M
- gambling amelioration program ²	\$0.25M	\$0.25M
<i>Quality</i>		
Accuracy of payments processed	>98%	>98%
Stakeholder satisfaction with service standards ³	5	5
<i>Timeliness</i>		
Payments processed within agreed timeframes	>90%	>90%
<i>Cost</i>		
Cost per \$100 of grants paid	\$3.44	\$3.35

¹ One-off capital grant provided to Darwin Greyhound Association in 2003-04.

² In 2003-04 *Budget Paper No. 3*, the gambling amelioration program was not separately identified from the grants program.

³ Stakeholders include grant applicants and the Community Benefit Committee. Stakeholder satisfaction ratings are: 1: Extremely Dissatisfied, 2: Dissatisfied, 3: Somewhat Dissatisfied, 4: Somewhat Satisfied, 5: Satisfied, 6: Extremely Satisfied.

Economic Regulation

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

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

Outcome

Economic efficiency in essential services delivery.

Performance Measures	2003-04 Estimate	2004-05 Estimate
<i>Quantity</i>		
Capacity to administer regulatory regime ¹	\$0.66M	\$0.53M
Capacity to advise Regulatory Minister ¹	\$0.16M	\$0.13M
<i>Quality</i>		
Stakeholder satisfaction ²	5	5
<i>Timeliness</i>		
Determinations and approvals issued within statutory timeframes ³	100%	100%

¹ Decrease in 2004-05 is due to the completion of major work to establish the regulation of Territory utilities and the move to an ongoing monitoring role.

² Stakeholder is the Regulatory Minister. Stakeholder satisfaction ratings are: 1: Extremely Dissatisfied, 2: Dissatisfied, 3: Somewhat Dissatisfied, 4: Somewhat Satisfied, 5: Satisfied, 6: Extremely Satisfied.

³ 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.

Statement of Financial Performance

	2003-04 Estimate	2004-05 Budget
	\$000	\$000
OPERATING REVENUE		
Taxation Revenue	1 317	1 383
<i>Grants and Subsidies</i>		
Current		
Capital		
<i>Sales of Goods and Services</i>		
Output Revenue	94 960	103 901
Other Agency Revenue	180	180
Interest Revenue	2 246	2 390
Miscellaneous Revenue	120	150
Goods and Services Received Free of Charge	2 604	2 616
Profit/Loss on Disposal of Assets		
TOTAL OPERATING REVENUE	101 427	110 620
OPERATING EXPENSES		
Employee Expenses	18 264	19 226
<i>Administrative Expenses</i>		
Purchases of Goods and Services	10 786	10 931
Repairs and Maintenance	14	14
Depreciation and Amortisation	127	115
DCIS Services Free of Charge	2 604	2 616
Other Administrative Expenses	5 350	5 725
<i>Grants and Subsidies</i>		
Current	21 536	20 902
Capital		
Community Service Obligations	41 189	48 939
Interest Expense	138	66
TOTAL OPERATING EXPENSES	100 008	108 534
NET OPERATING SURPLUS	1 419	2 086
AGENCY REVENUE FOR APPROPRIATION PURPOSES	3 863	4 103
(Operating Revenue less Output Revenue, Goods and Services Received Free of Charge and Profit/Loss on Disposal of Assets)		

Revenue Administered for Central Holding Authority

	2003-04 Estimate	2004-05 Budget
	\$000	\$000
OPERATING REVENUE		
Taxation Revenue	315 448	318 177
<i>Grants and Subsidies</i>		
GST Revenue	1 666 747	1 692 500
Current	9 514	11 152
Capital		
<i>Sales of Goods and Services</i>		
Fees from Regulatory Services	1 487	1 498
Interest Revenue		
Royalties and Rents	37 100	38 500
Other Revenue		
TOTAL OPERATING REVENUE	2 030 296	2 061 827

Statement of Financial Position

	2003-04 Estimate	2004-05 Budget
	\$000	\$000
ASSETS		
Cash and Deposits	12 851	12 662
Receivables	2 920	5 310
Prepayments	10	10
Inventories		
Advances and Investments	25 415	25 415
Land and Improvements	65	65
Plant and Equipment	325	210
Other Assets		
TOTAL ASSETS	41 586	43 672
LIABILITIES		
Deposits Held	187	187
Creditors and Accruals	2 416	2 416
Borrowings and Advances	1 068	739
Provisions	2 681	2 681
Other Liabilities		
TOTAL LIABILITIES	6 352	6 023
NET ASSETS	35 234	37 649
EQUITY		
<i>Capital</i>		
Opening Balance	45 178	29 102
Equity Injections/Withdrawals	- 16 076	329
<i>Reserves</i>		
<i>Accumulated Funds</i>		
Opening Balance	4 713	6 132
Current Year Surplus/(Deficit)	1 419	2 086
TOTAL EQUITY	35 234	37 649

Assets and Liabilities Administered for Central Holding Authority

	2003-04 Estimate	2004-05 Budget
	\$000	\$000
Assets		
Taxes Receivable	65 566	64 021
Grants and Subsidies Receivable		
Royalties and Rent Receivable		
Other Receivables	779	779
Total Assets	66 345	64 800
Liabilities		
Central Holding Authority Revenue Payable	66 013	64 468
Unearned Central Holding Authority Revenue	332	332
Total Liabilities	66 345	64 800
Net Assets		

Statement of Cash Flows

	2003-04 Estimate	2004-05 Budget
	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Receipts		
Taxes Received	1 317	1 383
<i>Grants and Subsidies Received</i>		
Current		
Capital		
<i>Receipts from Sales of Goods and Services</i>		
Output Revenue Received	94 960	103 901
Other Agency Receipts	261	330
Interest Received		
Total Operating Receipts	96 538	105 614
Operating Payments		
Payments to Employees	18 264	19 226
Payments for Goods and Services	16 111	16 670
<i>Grants and Subsidies Paid</i>		
Current	21 536	20 902
Capital		
Community Service Obligations	41 189	48 939
Interest Paid	138	66
Total Operating Payments	97 238	105 803
NET CASH FROM OPERATING ACTIVITIES	- 700	- 189
CASH FLOWS FROM INVESTING ACTIVITIES		
Investing Receipts		
Proceeds from Asset Sales		
Repayment of Advances		
Sales of Investments		
Total Investing Receipts		
Investing Payments		
Purchases of Assets	30	
Advances and Investing Payments		
Total Investing Payments	30	
NET CASH FROM INVESTING ACTIVITIES	- 30	
CASH FLOWS FROM FINANCING ACTIVITIES		
Financing Receipts		
Proceeds of Borrowings	62	
Deposits Received		
<i>Equity Injections</i>		
Capital Appropriation	359	329
Other Equity Injections		
Total Financing Receipts	421	329
Financing Payments		
Repayment of Borrowings	329	329
Finance Lease Payments		
Equity Withdrawals		
Total Financing Payments	329	329
NET CASH FROM FINANCING ACTIVITIES	92	
Net Increase in Cash Held	- 638	- 189
Cash at Beginning of Financial Year	13 489	12 851
CASH AT END OF FINANCIAL YEAR	12 851	12 662