

Northern Territory Treasury

	2004-05 Estimate	2005-06 Budget
	\$000	\$000
Output Group		
Territory Revenue	18 734	19 330
Financial Management	7 413	8 404
Economic Services	60 871	62 325
Commercial Services	8 300	7 922
Gambling, Liquor and Other Regulation	15 014	16 130
Economic Regulation	471	476
Total Operating Expenses	110 803	114 587
Output Appropriation	106 162	108 775
Capital Appropriation	402	329

2005-06 Staffing: 269

Agency Profile

Treasury contributes to the achievement of the Government's 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 facing the agency in 2005-06 include:

- 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; and
- 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. Refinement and monitoring of governance arrangements for business divisions.
- Implementation of necessary elements of the International Financial Reporting Standards accounting standards and revised public sector accounting standards.
- Coordination of the Territory Government's efforts in support of the 2006 Census to enable increased reliability of the Territory's population estimates.
- Ongoing work to ensure that the Territory maximises the level of grants received from the Australian Government while not diminishing flexibility.
- Further reform of the Territory Insurance Office and the Motor Accidents Compensation Scheme, including legislative amendment to modernise their structures and governance frameworks.
- Continued advice to Government on economic and commercial development activities.

- As part of the response to the Alcohol Framework, establishment of the Office of Alcohol Policy with greater emphasis on community involvement in alcohol management activities, streamlining of Licensing Commission processes and a full review of the *Liquor Act*.
- Implementation of new racing industry funding arrangements.
- Continued reform of the Territory's public sector procurement policy and associated processes and practices.
- As part of Treasury's eGovernment initiatives, implement an internet-based returns and payment system for payroll tax and stamp duties during 2005-06.
- Development of processes required to implement death and invalidity cover and enhanced superannuation products agreed in the Northern Territory Public Sector 2004-2007 Certified Agreement of January 2005.

Outputs and Performance

Output Group/Output	2004-05	2005-06	Variation
	Estimate	Budget	
	\$000	\$000	\$000
Territory Revenue	18 734	19 330	596
Territory Revenue	5 634	5 880	246
Tax-Related Subsidies	13 100	13 450	350
Financial Management	7 413	8 404	991
Financial Management	7 413	8 404	991
Economic Services	60 871	62 325	1 454
Economic Services	11 905	11 861	- 44
Community Service Obligations	48 966	50 464	1 498
Commercial Services	8 300	7 922	- 378
Commercial Services	8 300	7 922	- 378
Gambling, Liquor and Other Regulation	15 014	16 130	1 116
Gambling, Liquor and Other Regulation	6 028	6 988	960
Gambling-Related Grants	8 986	9 142	156
Economic Regulation	471	476	5
Economic Regulation	471	476	5
Total Operating Expenses	110 803	114 587	3 784

Key Variations

- Output costs reflect resource variations for wages, inflation and productivity dividend.
- Increased revenue compliance resources in 2005-06 for the Territory Revenue output.
- Tax-Related Subsidies output increase in 2005-06 reflects higher first home owner purchase estimates.
- Financial Management output increase reflects greater budget and financial analysis capacity in 2005-06, in part associated with implementation of International Financial Reporting Standards
- Economic Services output included one-off legal and consultant expenses in 2004-05, offset by increased capacity in 2005-06 for demographic and social analysis research.

- Community Service Obligations output increase reflects inflation growth.
- High level of activity associated with implementing the Government procurement reform program is expected to level out to a monitoring role in 2005-06 (Commercial Services output).
- An increase in the Gambling, Liquor and Other Regulation output to implement Alcohol Framework recommendations includes establishment of the Office of Alcohol Policy.
- Increased racing industry funding in the Gambling-Related Grants output in 2005-06 is offset by one-off capital funding of \$1.05 million for the thoroughbred racing industry in 2004-05.

Output Group: 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 tax-related subsidy schemes.

The outcome is 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		2004-05 Estimate	2005-06 Estimate
<i>Quantity</i>	Territory revenue collected ¹	\$352.4M	\$357.4M
	Capacity to provide revenue management policy advice	\$0.94M	\$1.03M
	Capacity to collect Territory revenue	\$4.70M	\$4.85M
<i>Quality</i>	Territory revenue forecast accuracy	±5%	±5%
	Stakeholder satisfaction ²	≥5	≥5
	Assessment accuracy	≥99%	≥99%
<i>Timeliness</i>	Revenue received within agreed timeframes	>95%	>95%
	Services completed within agreed service standards	100%	100%

1 Includes taxes and mining royalties but does not include gambling revenue recorded in the Gambling, Liquor and Other Regulation output.

2 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		2004-05 Estimate	2005-06 Estimate
<i>Quantity</i>	Subsidy payments	\$12.8M	\$13.1M
	Subsidy administration	\$0.30M	\$0.31M
<i>Quality</i>	Accuracy of payments processed	>98%	>98%
<i>Timeliness</i>	Payments processed within agreed timeframes	100%	100%

Output Group: 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.

The outcome is effective advice to Government on management of the Territory's financial resources.

Performance Measures		2004-05 Estimate	2005-06 Estimate
<i>Quantity</i>	Capacity to provide policy advice and analysis on: ¹		
	- budget proposals and estimates	\$4.27M	\$4.86M
	- agency payments and revenues	\$1.87M	\$2.09M
	- financial frameworks	\$1.27M	\$1.45M
<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 provide budget and financial analysis.

² Stakeholders are the Treasurer and Government agencies. Stakeholder satisfaction ratings are:

1: Extremely Dissatisfied, 2: Dissatisfied, 3: Somewhat Dissatisfied, 4: Somewhat Satisfied, 5: Satisfied, 6: Extremely Satisfied.

Output Group: 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.

The outcome is effective frameworks for the development of a strong, competitive economy and a maximised share of Australian Government funding for the Territory.

Economic Services

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

- 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		2004-05 Estimate	2005-06 Estimate
<i>Quantity</i>	Capacity to provide policy advice and analysis on:		
	- economic issues ¹	\$2.54M	\$1.91M
	- demographic, statistical and social issues ²	\$2.29M	\$2.73M
	- public finance issues	\$1.21M	\$1.23M
	Contribution to Australian Taxation Office for GST collection costs	\$5.86M	\$6.0M
<i>Quality</i>	Stakeholder satisfaction ³ with advice on:		
	- economic issues	≥5	≥5
	- demographic, statistical and social issues	≥5	≥5
	- public finance issues	≥5	≥5
	Stakeholder satisfaction ³ with economic publications	≥5	≥5
<i>Timeliness</i>	Timeframes met as agreed	≥5	≥5

1 2004-05 included one-off funding of \$0.7 million for consultant and legal expenses.

2 Increased capacity for demographic and social analysis research in 2005-06.

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 Power and Water Corporation) to supply non-contestable and Tranche 4 customers at subsidised tariffs as a community service obligation (CSO).

Performance Measures		2004-05 Estimate	2005-06 Estimate
<i>Quantity</i>	CSO payment for uniform tariff subsidy	\$48.97M	\$50.46M
<i>Quality</i>	Accuracy of payments processed	100%	100%
<i>Timeliness</i>	Payments processed within agreed timeframes	100%	100%

Output Group: 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 issues for Government and administration of the Government's superannuation schemes, and oversight of the Territory's tax payer obligations to the Australian Government.

The outcome is 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		2004-05 Estimate	2005-06 Estimate
<i>Quantity</i>	Capacity to provide policy advice and services on:		
	- commercial dealings ¹	\$1.68M	\$1.63M
	- procurement ²	\$1.94M	\$1.59M
	- superannuation	\$3.78M	\$3.80M
<i>Quality</i>	Stakeholder satisfaction ³ with policy advice and services on:	≥5	≥5
	- commercial dealings	≥5	≥5
	- procurement	≥5	≥5
	- superannuation	100%	100%
	Superannuation benefits paid accurately		
<i>Timeliness</i>	Timeframes met as agreed	≥5	≥5

1 Alice Springs Convention Centre Performance Incentive Grant not included.

2 High level of activity associated with implementing Government procurement reform program levelling out to a monitoring role in 2005-06.

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.

Output Group: 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.

The outcome is 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.

Includes the newly established Office of Alcohol Policy.

Performance Measures		2004-05 Estimate	2005-06 Estimate
<i>Quantity</i>	Gambling revenue collected ¹	\$39.16M	\$45.13M
	Capacity to provide racing, gaming and licensing services ²	\$5.02M	\$5.04M
	Inspections and audits undertaken ³	2 410	2 410
	Capacity to operate the Licensing Commission	\$0.72M	\$0.79M
	Capacity to provide alcohol policy development and coordination ⁴	\$0.29M	\$1.15M
<i>Quality</i>	Inspections and audits conducted in accordance with standard process	100%	100%
	Service standards achieved ⁵	≥5	≥5
	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 and regulatory requirements	>90%	>90%

1 Casino taxes increase in 2005-06 as the Community Gaming Rebate expires, and with growth in gaming machine revenue.

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

3 Inspections and audits include liquor, tobacco, kava, racing, community gaming machines and casino inspection and audit programs.

4 This is a new measure that reflects the establishment of the Office of Alcohol Policy with responsibility for implementation of the Government's response to the Alcohol Framework recommendations.

5 Includes a survey of key stakeholders, including the Minister, and assessment of 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 racing industry funding and the Community Benefit Fund.

Performance Measures		2004-05 Estimate	2005-06 Estimate
<i>Quantity</i>	Payments to racing industry ¹	\$7.3M	\$6.8M
	Payments from Community Benefit Fund ²	\$1.68M	\$2.34M
<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%

1 2004-05 includes a one-off capital payment of \$1.05 million to the thoroughbred racing industry, offset by increased annual funding from 2005-06.

2 Payments from Community Benefit Fund include small grants, policy research, administration and gambling amelioration grants. The higher estimate in 2005-06 reflects timing issues associated with grant payments.

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.

Output Group: 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.

The outcome is economic efficiency in essential services delivery.

Performance Measures		2004-05 Estimate	2005-06 Estimate
<i>Quantity</i>	Capacity to administer regulatory regime	\$0.37M	\$0.38M
	Capacity to advise the Regulatory Minister	\$0.09M	\$0.1M
<i>Quality</i>	Stakeholder satisfaction ¹	≥5	≥5
<i>Timeliness</i>	Determinations and approvals issued within statutory timeframes ²	100%	100%

1 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.

2 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

	2004-05 Estimate	2005-06 Budget
	\$000	\$000
OPERATING REVENUE		
Taxation revenue	1 448	1 505
Grants and subsidies		
Current		
Capital		
Sales of goods and services		
Output revenue	106 162	108 775
Other agency revenue	208	222
Interest revenue	1 916	1 733
Miscellaneous revenue	150	150
Goods and services received free of charge	2 531	2 531
Profit/loss on disposal of assets		
TOTAL OPERATING REVENUE	112 415	114 916
OPERATING EXPENSES		
Employee expenses	20 182	21 899
Administrative expenses		
Purchases of goods and services	9 816	9 513
Repairs and maintenance	14	120
Depreciation and amortisation	115	76
DCIS services free of charge	2 531	2 531
Other administrative expenses	5 861	6 004
Grants and subsidies		
Current	22 229	23 605
Capital	1 050	350
Community service obligations	48 939	50 437
Interest expense	66	52
TOTAL OPERATING EXPENSES	110 803	114 587
NET OPERATING SURPLUS	1 612	329

Revenue Administered for Central Holding Authority

OPERATING REVENUE		
Taxation revenue	348 587	352 965
Grants and subsidies		
GST revenue	1 739 100	1 829 300
Current	12 152	21 029
Capital		
Sales of goods and services		
Fees from regulatory services	1 498	1 534
Interest revenue		
Royalties and rents	41 500	48 100
Other revenue		
TOTAL OPERATING REVENUE	2 142 837	2 252 928

Statement of Financial Position

	2004-05 Estimate	2005-06 Budget
	\$000	\$000
ASSETS		
Cash and deposits	1 615	287
Receivables	737	737
Prepayments	605	605
Inventories		
Advances and investments	29 097	30 830
Land and improvements		
Plant and equipment	838	762
Other assets		
TOTAL ASSETS	32 892	33 221
LIABILITIES		
Deposits held	287	287
Creditors and accruals	835	835
Borrowings and advances	739	410
Provisions	2 929	2 929
Other liabilities		
TOTAL LIABILITIES	4 790	4 461
NET ASSETS	28 102	28 760
EQUITY		
Capital		
Opening balance	29 401	18 344
Equity injections/withdrawals	-11 057	329
Reserves		
Accumulated funds		
Opening balance	8 146	9 758
Current year surplus(+)/deficit(-)	1 612	329
TOTAL EQUITY	28 102	28 760

Assets and Liabilities Administered for Central Holding Authority

ASSETS		
Taxes receivable	36 989	37 662
Grants and subsidies receivable		
Royalties and rent receivable		
Other receivables	1 055	1 055
TOTAL ASSETS	38 044	38 717
LIABILITIES		
Central Holding Authority revenue payable	37 680	38 353
Unearned Central Holding Authority revenue	364	364
TOTAL LIABILITIES	38 044	38 717
NET ASSETS		

Statement of Cash Flows

	2004-05 Estimate	2005-06 Budget
	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating receipts		
Taxes received	1 448	1 505
Grants and subsidies received		
Current		
Capital		
Receipts from sales of goods and services		
Output revenue received	106 162	108 775
Other agency receipts	358	372
Interest received	3 687	1 733
Total operating receipts	111 655	112 385
Operating payments		
Payments to employees	20 182	21 899
Payments for goods and services	18 291	15 637
Grants and subsidies paid		
Current	22 229	23 605
Capital	1 050	350
Community service obligations	48 939	50 437
Interest paid	66	52
Total operating payments	110 757	111 980
NET CASH FROM OPERATING ACTIVITIES	898	405
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	73	
Advances and investing payments	3 687	1 733
Total investing payments	3 760	1 733
NET CASH FROM INVESTING ACTIVITIES	-3 760	-1 733
CASH FLOWS FROM FINANCING ACTIVITIES		
Financing receipts		
Proceeds of borrowings		
Deposits received		
Equity injections		
Capital appropriation	402	329
Other equity injections		
Total financing receipts	402	329
Financing payments		
Repayment of borrowings	329	329
Finance lease payments		
Equity withdrawals	11 676	
Total financing payments	12 005	329
NET CASH FROM FINANCING ACTIVITIES	-11 603	
Net increase in cash held	-14 465	-1 328
Cash at beginning of financial year	16 080	1 615
CASH AT END OF FINANCIAL YEAR	1 615	287