

# Northern Territory Treasury

	2005-06 Estimate	2006-07 Budget
	\$000	\$000
<b>Output Group</b>		
Financial Management	7 428	7 532
Economic	75 495	65 002
Commercial	6 444	6 362
Territory Revenue	20 386	20 507
Gambling, Liquor and Other Regulation	15 695	17 680
Economic Regulation	589	583
<b>Total Expenses</b>	<b>126 037</b>	<b>117 666</b>
<b>Output Appropriation</b>	<b>120 933</b>	<b>111 756</b>
<b>Capital Appropriation</b>	<b>390</b>	<b>329</b>

2006-07 Staffing: 255

## Agency Profile

Treasury contributes to the achievement of the Territory 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 Government's economic and commercial activities, and effective regulation.

Strategic issues facing the agency in 2006-07 include:

- ongoing fiscal reforms and improved accountability in line with the Territory's financial management framework;
- 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

- Continuous improvement in financial management practices at agency and whole of government levels.
- Continued implementation of new and revised International Financial Reporting Standards and revised public sector accounting standards.
- Refinement and monitoring of governance arrangements for business divisions.
- Continued enhancement of the Infrastructure Program framework and reporting.
- Implementation of Budget initiatives and the Territory's response to the review of state taxes, as detailed in the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations.
- \$0.13 million towards finalisation of the Territory Government's efforts in support of the 2006 Census to enable increased reliability of the Territory's population estimates.
- Participation in the development of the Council of Australian Governments' National Reform Agenda initiative.

- Continued work to strengthen the Territory Insurance Office's regulatory and governance frameworks.
- Ongoing facilitation to secure 25-year contracts for gas for public electricity supply from 2009, including continuing arrangements for use of the Amadeus Basin to Darwin pipeline.
- Continued advice to Government on economic and commercial development activities.
- \$0.16 million to develop plans and specifications for an internet-based returns and payment system for stamp duties during 2006-07, as part of Treasury's eGovernment initiatives.
- \$0.11 million to develop processes required to implement the Territory's death and disability benefits scheme and enhanced superannuation products agreed in the Northern Territory Public Sector 2004-2007 Certified Agreement of January 2005.
- As part of the response to alcohol issues, consolidation of the Office of Alcohol Policy and Coordination, with greater emphasis on community involvement in alcohol management activities, streamlining of Licensing Commission processes and finalising the rewrite and introduction of the new *Liquor Act*.
- Distribution of Community Benefit Fund monies totalling \$1.53 million for amelioration and research programs as part of the Territory's commitment to key focus areas in the National Framework on Problem Gambling.
- As part of the antisocial behaviour strategy, implement measures to enable the declaration of liquor restrictions on certain private premises.

## Outputs and Performance

<b>Output Group/Output</b>	2005-06 Estimate	2006-07 Budget	Variation
	\$000	\$000	\$000
<b>Financial Management</b>	<b>7 428</b>	<b>7 532</b>	<b>104</b>
Financial Management	7 428	7 532	104
<b>Economic</b>	<b>75 495</b>	<b>65 002</b>	<b>- 10 493</b>
Economic Services	25 028	13 418	- 11 610
Community Service Obligations	50 467	51 584	1 117
<b>Commercial</b>	<b>6 444</b>	<b>6 362</b>	<b>- 82</b>
Commercial Services	6 444	6 362	- 82
<b>Territory Revenue</b>	<b>20 386</b>	<b>20 507</b>	<b>121</b>
Territory Revenue	6 124	6 106	- 18
Tax-Related Subsidies	14 262	14 401	139
<b>Gambling, Liquor and Other Regulation</b>	<b>15 695</b>	<b>17 680</b>	<b>1 985</b>
Gambling, Liquor and Other Regulation	7 388	7 485	97
Gambling-Related Grants	8 307	10 195	1 888
<b>Economic Regulation</b>	<b>589</b>	<b>583</b>	<b>- 6</b>
Economic Regulation	589	583	- 6
<b>Total Expenses</b>	<b>126 037</b>	<b>117 666</b>	<b>- 8 371</b>

## Key Variations

- The Economic Services output includes a one-off legal settlement and consultant expenses in 2005-06.
- The Community Service Obligations output increase in 2006-07 reflects prices growth.
- The Tax-Related Subsidies output increase in 2006-07 reflects higher estimates for the petroleum subsidy.
- The Gambling, Liquor and Other Regulation output includes one-off costs in 2005-06 to implement Alcohol Framework recommendations and establish the Office of Alcohol Policy and Coordination.
- The Gambling-Related Grants output reflects the carrying forward of Community Benefit Fund gambling amelioration and research grants to 2006-07, and increased annual funding under the Racing Industry Funding Agreement.

## 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		2005-06 Estimate	2006-07 Estimate
<i>Quantity</i>	Capacity to provide policy advice and analysis on:		
	- budget proposals and estimates	\$4.29M	\$4.36M
	- agency expenses and revenues	\$1.85M	\$1.88M
	- financial frameworks	\$1.28M	\$1.29M
<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. Stakeholder satisfaction ratings are:

1: extremely dissatisfied, 2: dissatisfied, 3: somewhat dissatisfied, 4: somewhat satisfied, 5: satisfied, and 6: extremely satisfied.

## Output Group: Economic

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; economic, demographic, statistical and social information and analysis for informed decision making; 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		2005-06 Estimate	2006-07 Estimate
<i>Quantity</i>	Capacity to provide policy advice and analysis on:		
	- economic and regulatory framework issues <sup>1</sup>	\$1.89M	\$2.13M
	- economic, demographic, statistical and social issues	\$2.89M	\$2.61M
	- public finance issues	\$1.14M	\$1.10M
	Contribution to Australian Taxation Office for GST collection costs	\$6.0M	\$6.2M
<i>Quality</i>	Stakeholder satisfaction <sup>2</sup> with advice on:		
	- economic and regulatory framework issues	≥ 5	≥ 5
	- economic, demographic, statistical and social issues	≥ 5	≥ 5
	- public finance issues	≥ 5	≥ 5
	Stakeholder satisfaction <sup>2</sup> with economic publications	≥ 5	≥ 5
<i>Timeliness</i>	Timeframes met as agreed	≥ 5	≥ 5

1 2005-06 estimate excludes one-off legal expenses.

2 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, and 6: extremely satisfied.

### Community Service Obligations

Payment to electricity, water and sewerage service providers (currently the Power and Water Corporation) to supply customers at subsidised tariffs as a community service obligation (CSO).

Performance Measures		2005-06 Estimate	2006-07 Estimate
<i>Quantity</i>	CSO payment for uniform tariff subsidy <sup>1</sup>	\$50.46M	\$51.58M
<i>Quality</i>	Accuracy of payments processed	100%	100%
<i>Timeliness</i>	Payments processed within agreed timeframes	100%	100%

1 Increase in 2006-07 reflects prices growth.

## Output Group: Commercial

Provision of policy advice and related support activities on:

- management of Government's business assets and commercial activities, including project assistance with commercial initiatives and private sector involvement in Government activities;
- management of the Territory's commercial accountabilities and risks under the *Financial Management Act*; and
- superannuation issues for Government and administration of the Government's superannuation schemes.

The outcome is effective advice and services to Government for management of its commercial activities and accountabilities, and administration of legislatively compliant superannuation services for the Territory Government.

Performance Measures		2005-06 Estimate	2006-07 Estimate
<i>Quantity</i>	Capacity to provide policy advice and services on:		
	- commercial dealings <sup>1</sup>	\$1.99M	\$1.95M
	- superannuation	\$3.56M	\$3.53M
<i>Quality</i>	Stakeholder satisfaction <sup>2</sup> with policy advice and services on:		
	- commercial dealings	≥ 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 Stakeholders include the Treasurer, Government agencies, superannuation scheme members and associated boards. Stakeholder satisfaction ratings are: 1: extremely dissatisfied, 2: dissatisfied, 3: somewhat dissatisfied, 4: somewhat satisfied, 5: satisfied, and 6: extremely satisfied.

## 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.

<b>Performance Measures</b>		<b>2005-06 Estimate</b>	<b>2006-07 Estimate</b>
<i>Quantity</i>	Territory revenue collected <sup>1</sup>	\$432.4M	\$390.3M
	Capacity to provide revenue management policy advice	\$1.09M	\$1.11M
	Capacity to collect Territory revenue	\$5.04M	\$5.0M
<i>Quality</i>	Territory revenue forecast accuracy	± 5%	± 5%
	Stakeholder satisfaction <sup>2</sup>	≥ 5	≥ 5
	Assessment accuracy	≥ 99%	≥ 99%
<i>Timeliness</i>	Revenue received within agreed timeframes	> 95%	> 95%
	Services completed within agreed service standards	> 95%	> 95%

1 Includes taxes and mining royalties but does not include gambling revenue recorded in the Gambling, Liquor and Other Regulation output. A large one-off conveyance duty transaction was assessed in 2005-06.

2 Stakeholders include the Treasurer and taxpayers. Stakeholder satisfaction ratings are: 1: extremely dissatisfied, 2: dissatisfied, 3: somewhat dissatisfied, 4: somewhat satisfied, 5: satisfied, and 6: extremely satisfied.

### **Tax-Related Subsidies**

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

<b>Performance Measures</b>		<b>2005-06 Estimate</b>	<b>2006-07 Estimate</b>
<i>Quantity</i>	Subsidy payments	\$13.9M	\$14.1M
	Subsidy administration	\$0.32M	\$0.32M
<i>Quality</i>	Accuracy of payments processed	> 98%	> 98%
<i>Timeliness</i>	Payments processed within agreed timeframes	> 95%	> 95%

## **Output Group: Gambling, Liquor and Other Regulation**

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

The outcome is the minimisation of social cost and harm to the community from gambling, liquor and related activities 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.

<b>Performance Measures</b>		<b>2005-06 Estimate</b>	<b>2006-07 Estimate</b>
<i>Quantity</i>	Gambling revenue collected	\$50.53M	\$52.98M
	Capacity to provide racing, gaming and licensing services <sup>1</sup>	\$5.71M	\$5.82M
	Licences and permits administered <sup>2</sup>	5 600	5 600
	Capacity to operate the Licensing Commission	\$0.59M	\$0.59M
	Capacity to provide alcohol policy development and coordination <sup>3</sup>	\$1.09M	\$1.07M
<i>Quality</i>	Licences and permits processed in accordance with set guidelines	> 95%	> 95%
	Stakeholder satisfaction <sup>4</sup> with:		
	- Licensing Commission	≥ 5	≥ 5
	- licensing operations	≥ 5	≥ 5
- policy and community engagement <sup>5</sup> activities	≥ 5	≥ 5	
<i>Timeliness</i>	Licence applications finalised within established timeframes	> 85%	> 85%

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

2 Includes licences to sell liquor, tobacco and kava, licences to operate as a bookmaker, casino, internet gaming operator, mail order lottery business, community gaming machine venue, private security firm or officers and crowd controllers, as well as key employee licences of those premises and permits associated with greyhound racing, community gaming and restricted areas.

3 One-off funding in 2005-06 to implement the Alcohol Framework and establish the Office of Alcohol Policy and Coordination.

4 Stakeholders include the Minister, the Licensing Commission and licensees. Stakeholder satisfaction ratings are: 1: extremely dissatisfied, 2: dissatisfied, 3: somewhat dissatisfied, 4: somewhat satisfied, 5: satisfied, and 6: extremely satisfied.

5 Includes the Office of Alcohol Policy and Coordination.

## Gambling-Related Grants

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

<b>Performance Measures</b>		<b>2005-06 Estimate</b>	<b>2006-07 Estimate</b>
<i>Quantity</i>	Payments to racing industry <sup>1</sup>	\$6.79M	\$7.23M
	Payments from Community Benefit Fund <sup>2</sup>	\$1.51M	\$2.97M
<i>Quality</i>	Accuracy of payments processed	> 98%	> 98%
	Stakeholder satisfaction with service standards <sup>3</sup>	≥ 5	≥ 5
<i>Timeliness</i>	Payments processed within agreed timeframes	> 95%	> 95%

1 The higher estimate in 2006-07 reflects an increase in annual racing industry funding.

2 Payments from the Community Benefit Fund include small grants, policy, research and gambling amelioration grants. The higher estimate in 2006-07 mainly reflects the carrying forward of amelioration and research grants from 2005-06.

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, and 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 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 economic efficiency in essential services delivery.

Performance Measures		2005-06 Estimate	2006-07 Estimate
<i>Quantity</i>	Capacity to administer regulatory regime	\$0.47M	\$0.47M
	Capacity to advise the Regulatory Minister	\$0.12M	\$0.12M
<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%

1 Stakeholder is the Regulatory Minister. Stakeholder satisfaction ratings are: 1: extremely dissatisfied, 2: dissatisfied, 3: somewhat dissatisfied, 4: somewhat satisfied, 5: satisfied, and 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.

## Operating Statement

	2005-06 Estimate	2006-07 Budget
	\$000	\$000
<b>INCOME</b>		
Taxation revenue	1 693	1 862
Grants and subsidies revenue		
Current	42	42
Capital		
Output revenue	120 933	111 756
Sales of goods and services	220	220
Interest revenue	781	1 253
Goods and services received free of charge	2 531	2 531
Gain(+)/loss(-) on disposal of assets		
Other revenue	110	110
<b>TOTAL INCOME</b>	<b>126 310</b>	<b>117 774</b>
<b>EXPENSES</b>		
Employee expenses	20 298	21 151
Administrative expenses		
Purchases of goods and services	22 025	9 711
Repairs and maintenance	120	40
Depreciation and amortisation	200	125
DCIS services free of charge	2 531	2 531
Other administrative expenses	6 027	6 200
Grants and subsidies expenses		
Current	23 990	25 946
Capital	350	350
Community service obligations	50 437	51 556
Interest expense	59	56
<b>TOTAL EXPENSES</b>	<b>126 037</b>	<b>117 666</b>
<b>NET SURPLUS(+)/DEFICIT(-)</b>	<b>273</b>	<b>108</b>

## Income Administered for the Central Holding Authority

<b>INCOME</b>		
Taxation revenue	430 942	383 150
Grants and subsidies revenue		
GST revenue	1 829 400	1 967 700
Current	21 663	3 140
Capital		
Fees from regulatory services	1 534	1 534
Interest revenue		
Royalties and rents	51 000	59 640
Other revenue	1 000	489
<b>TOTAL INCOME</b>	<b>2 335 539</b>	<b>2 415 653</b>

## Balance Sheet

	2005-06 Estimate	2006-07 Budget
	\$000	\$000
<b>ASSETS</b>		
Cash and deposits	12 641	11 621
Receivables	164	164
Prepayments	590	590
Inventories		
Advances and investments	18 922	20 175
Property, plant and equipment	807	682
Other assets		
<b>TOTAL ASSETS</b>	<b>33 124</b>	<b>33 232</b>
<b>LIABILITIES</b>		
Deposits held	508	508
Creditors and accruals	1 003	1 003
Borrowings and advances	411	82
Provisions	2 973	2 973
Other liabilities		
<b>TOTAL LIABILITIES</b>	<b>4 895</b>	<b>4 566</b>
<b>NET ASSETS</b>	<b>28 229</b>	<b>28 666</b>
<b>EQUITY</b>		
Capital		
Opening balance	18 352	17 150
Equity injections/withdrawals	- 1 202	329
Reserves		
Accumulated funds		
Opening balance	10 806	11 079
Current year surplus(+)/deficit(-)	273	108
Accounting policy changes and corrections		
<b>TOTAL EQUITY</b>	<b>28 229</b>	<b>28 666</b>

## Assets and Liabilities Administered for the Central Holding Authority

<b>ASSETS</b>		
Taxes receivable	41 228	45 445
Grants and subsidies receivable		
Royalties and rent receivable		
Other receivables	747	747
<b>TOTAL ASSETS</b>	<b>41 975</b>	<b>46 192</b>
<b>LIABILITIES</b>		
Central Holding Authority income payable	41 667	45 884
Unearned Central Holding Authority income	308	308
<b>TOTAL LIABILITIES</b>	<b>41 975</b>	<b>46 192</b>
<b>NET ASSETS</b>		

## Cash Flow Statement

	2005-06 Estimate	2006-07 Budget
	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Operating receipts</b>		
Taxes received	1 693	1 862
Grants and subsidies received		
Current	42	42
Capital		
Receipts from sales of goods and services		
Output revenue received	120 933	111 756
Other agency receipts	330	330
Interest received	781	1 253
<b>Total operating receipts</b>	<b>123 779</b>	<b>115 243</b>
<b>Operating payments</b>		
Payments to employees	20 393	21 151
Payments for goods and services	28 403	15 951
Grants and subsidies paid		
Current	23 990	25 946
Capital	350	350
Community service obligations	50 437	51 556
Interest paid	59	56
<b>Total operating payments</b>	<b>123 632</b>	<b>115 010</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>147</b>	<b>233</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Investing receipts</b>		
Proceeds from asset sales		
Repayment of advances	11 773	588
Sales of investments		
<b>Total investing receipts</b>	<b>11 773</b>	<b>588</b>
<b>Investing payments</b>		
Purchases of assets	61	
Advances and investing payments	1 446	1 841
<b>Total investing payments</b>	<b>1 507</b>	<b>1 841</b>
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>10 266</b>	<b>- 1 253</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Financing receipts</b>		
Proceeds of borrowings		
Deposits received		
Equity injections		
Capital Appropriation	390	329
Other equity injections	326	
<b>Total financing receipts</b>	<b>716</b>	<b>329</b>
<b>Financing payments</b>		
Repayment of borrowings	329	329
Finance lease payments		
Equity withdrawals	2 096	
<b>Total financing payments</b>	<b>2 425</b>	<b>329</b>
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>- 1 709</b>	
Net increase(+)/decrease(-) in cash held	8 704	- 1 020
Cash at beginning of financial year	3 937	12 641
<b>CASH AT END OF FINANCIAL YEAR</b>	<b>12 641</b>	<b>11 621</b>