

Central Holding Authority

Overview

The Central Holding Authority (CHA) is a key element of the Territory's financial management framework. It records on behalf of the Territory:

- assets, which are not assigned to agencies, such as the Territory's investment portfolio. The CHA does not hold physical assets such as land and buildings;
- liabilities, where it is not practical or effective to assign them to individual agencies. The CHA has two major liabilities – Territory borrowings and unfunded employee liabilities. Territory borrowings comprise the stock of general government debt that has accumulated since Self-Government and has been used to fund the construction of major infrastructure in the Territory over this period. Unfunded employee liabilities are those which have accrued but are not yet due to be paid, such as superannuation and long service leave;
- revenue, collected by the CHA, is regarded as Territory revenue. The main categories are taxation, untied grants (predominantly GST revenue) and fines. Capital Specific Purpose Payments received from the Australian Government for the construction of new, or improvement of existing, Territory Government assets are also regarded as Territory revenue (excluding those received by the Department of Planning and Infrastructure); and
- expenses, where the main expense is the payment of output appropriation to agencies. Other significant expenses are interest on Territory borrowings, interest on cash balances of government business divisions and the government owned corporation, and the centrally-managed employee costs of superannuation and long service leave.

Appropriations from Central Holding Authority to Agencies

The *Appropriation Act* provides the CHA with the authority to pay appropriations for Purposes. The main Purposes are output and capital appropriations.

Output appropriation is the payment to each agency for the outputs they provide.

Capital appropriation is the payment for capital investment, which comprises capital items for most agencies. Capital works for general government is centrally managed by the Department of Planning and Infrastructure, with this agency receiving a capital appropriation comprising most of the total capital works budget. Government business divisions, such as Territory Housing, may receive a capital appropriation, although they would generally utilise commercial funding arrangements. For general government agencies, payments of advances also require a capital appropriation.

Other Purposes include appropriations paid by the CHA for employee entitlements, interest, taxes, other administrative payments and Treasurer's Advance.

Performance

The operating result deficit in 2006-07 predominantly relates to an upward revision to the Territory's superannuation liabilities as a result of a change in the actuarial assumptions arising from a triennial review of the Commonwealth Superannuation Scheme. These actuarial valuation-based changes have resulted in significantly higher superannuation expenses in 2006-07 compared with 2007-08. In addition, the volatility in the level of future superannuation expenses will continue to be affected due to the move to International Financial Reporting Standards.

Operating Statement

	2006-07 Estimate	2007-08 Budget
	\$000	\$000
INCOME		
Taxation revenue	444 383	444 783
Grants and subsidies revenue		
GST revenue	1 975 900	2 123 400
Current	6 792	6 463
Capital	4 579	5 998
Fees from regulatory services	11 845	11 068
Interest revenue	52 591	42 133
Royalties, rents and dividends	99 901	107 258
Superannuation contributions	47 242	44 974
Other revenue	6 540	10 002
TOTAL INCOME	2 649 773	2 796 079
EXPENSES		
Long service leave expense	25 629	27 375
Superannuation expense ¹	557 023	194 978
Other salary expenses	10 888	20 879
Administrative expenses	22 912	29 259
Interest expense	116 854	114 717
Government transfers		
Output expense	2 095 691	2 183 628
Treasurer's Advance		40 000
TOTAL EXPENSES	2 828 997	2 610 836
NET SURPLUS(+)/DEFICIT(-)	- 179 224	185 243

¹ \$363 million in 2006-07 relates to actuarial revaluation changes.

Balance Sheet

	2006-07 Estimate	2007-08 Budget
	\$000	\$000
ASSETS		
Cash and deposits	22 244	43 462
Receivables	64 674	73 667
Prepayments	243	243
Advances	696 453	636 908
Equity investments	4 342 881	4 554 571
Other assets		
TOTAL ASSETS	5 126 495	5 308 851
LIABILITIES		
Deposits held	230 936	161 661
Creditors and accruals	5 513	5 525
Borrowings and advances	1 599 155	1 598 112
Superannuation liability	2 225 280	2 288 346
Provision for long service leave	163 372	171 048
Provision for workers compensation	58 706	58 706
TOTAL LIABILITIES	4 282 962	4 283 398
NET ASSETS	843 533	1 025 453
EQUITY		
Capital	586 928	583 605
Reserves		
Accumulated funds		
Opening balance	435 829	256 605
Current year surplus(+)/deficit(-)	- 179 224	185 243
Accounting policy changes and corrections		
TOTAL EQUITY	843 533	1 025 453

Cash Flow Statement

	2006-07 Estimate	2007-08 Budget
	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating receipts		
Taxes received	446 308	445 420
Grants and subsidies received		
GST receipts	1 975 900	2 123 400
Current	6 792	6 463
Capital	4 579	5 998
Receipts from regulatory services	18 761	21 457
Interest received	31 510	23 233
Royalties, rents and dividends received	113 373	97 226
Superannuation contributions	47 242	44 974
Total operating receipts	2 644 465	2 768 171
Operating payments		
Long service leave payments	18 663	20 200
Superannuation benefits paid	104 939	131 912
Other salary payments	10 452	20 378
Payments for goods and services	22 897	29 244
Interest paid	116 862	114 705
Government transfer payments		
Output Appropriation payments	2 095 691	2 183 628
Treasurer's Advance		40 000
Total operating payments	2 369 504	2 540 067
NET CASH FROM OPERATING ACTIVITIES	274 961	228 104
CASH FLOWS FROM INVESTING ACTIVITIES		
Investing receipts		
Repayment of advances		
Equity withdrawals from agencies	23 836	
Total investing receipts	23 836	
Investing payments		
Advance payments	71 389	- 78 445
Capital Appropriation payments	179 625	215 014
Equity injections to agencies	2 051	
Total investing payments	253 065	136 569
NET CASH FROM INVESTING ACTIVITIES	- 229 229	- 136 569
CASH FLOWS FROM FINANCING ACTIVITIES		
Financing receipts		
Proceeds of borrowings	- 2 436	
Deposits received	- 58 509	- 69 275
Total financing receipts	- 60 945	- 69 275
Financing payments		
Repayment of borrowings	299	1 043
Total financing payments	299	1 043
NET CASH FROM FINANCING ACTIVITIES	- 61 244	- 70 318
Net increase(+)/decrease(-) in cash held	- 15 512	21 218
Cash at beginning of financial year	37 756	22 244
CASH AT END OF FINANCIAL YEAR	22 244	43 462