

# Northern Territory Treasury Corporation

<b>Business Line</b>	2007-08 Estimate	2008-09 Budget
	\$000	\$000
<b>Income</b>	<b>174 044</b>	<b>168 726</b>
Government Loans and Investments	174 044	168 726
<b>Expenses</b>	<b>149 949</b>	<b>149 097</b>
Government Loans and Investments	149 949	149 097
<b>SURPLUS/DEFICIT BEFORE INCOME TAX</b>	<b>24 095</b>	<b>19 629</b>

2008-09 Staffing: 9

## Profile

The Northern Territory Treasury Corporation is the central financing authority for the Northern Territory Government. The corporation undertakes borrowing and investment activities on behalf of Government and provides cost-efficient loans to its clients.

Strategic issues in 2008-09 include:

- managing the Territory Government's investments efficiently;
- cost-effective refinancing of maturing debt and financing of new debt; and
- compliance with national anti-money laundering and counter-terrorism financing legislation.

## Budget Highlights

A borrowing program for financing purposes of approximately \$400 million in 2008-09.

## Performance

External influences, particularly interest rates, affect Treasury Corporation's financial performance. Since 1 July 2007, the official cash rate has increased by 1 per cent to 7.25 per cent, lifting the corporation's estimated cost of borrowing in 2007-08 by 0.25 percentage points above the original budget forecast to 6.75 per cent. Borrowing conditions are expected to remain challenging through 2008-09 as a result of volatility in financial markets flowing from the credit crisis and inflationary concerns.

The corporation's borrowing margin compared to industry peers has remained steady at 0.1 per cent, mainly reflecting good demand for government securities.

The corporation has maintained four major bond series throughout the year with a combined value greater than \$1 billion. An increase in the annual exposure limit range for maturing debt has been approved which should assist in the market liquidity of these bonds.

The borrowing program in 2008-09 will be approximately \$400 million, predominantly refinancing maturing debt. Borrowing will continue to focus on domestic sources, including retail and institutional investors.

## Business Line: Government Loans and Investments

Funding loans to Government using appropriate borrowing strategies and risk management principles.

Investment of the Government's surplus cash balances on behalf of the Central Holding Authority with the aim of optimising returns within approved guidelines and cash flow requirements.

The outcome is optimised investment revenue generation and loan funding for the Territory.

Performance Measures		2007-08 Estimate	2008-09 Estimate
<i>Quantity</i>	Weighted average cost of borrowing during year <sup>1</sup>	6.75%	7.25%
	Capacity to provide services	\$2.21M	\$2.21M
<i>Quality</i>	Borrowing rate margin compared to industry peers	+ 0.1%	≤ 0.2%
	Investment portfolio return above benchmark <sup>2</sup>	> indices	> indices
	Volatility of investment portfolio return against benchmark <sup>2</sup>	± 0.25%	± 0.25%
	Stakeholder satisfaction	≥ 5	≥ 5
<i>Timeliness</i>	Quotes issued within three days <sup>3</sup>	100%	100%
	Funding available within five working days	100%	100%

1 Borrowing cost forecasts are based on prevailing financial market expectations for interest rates.

2 The benchmark is measured against weighted relevant UBS Warburg Indices.

3 A quote is the response to a request for financial information relating to a loan by a government business division or a government owned corporation.

## Operating Statement

	2007-08 Estimate	2008-09 Budget
	\$000	\$000
<b>INCOME</b>		
Grants and subsidies revenue		
Current		
Capital		
Community service obligations		
Sales of goods and services	471	471
Interest revenue	173 573	168 255
Rent and dividends		
Gain(+)/loss(-) on disposal of assets		
Other revenue		
<b>TOTAL INCOME</b>	<b>174 044</b>	<b>168 726</b>
<b>EXPENSES</b>		
Employee expenses	754	754
Administrative expenses		
Purchases of goods and services	1 616	1 619
Repairs and maintenance		
Depreciation and amortisation		
Other administrative expenses		
Grants and subsidies expenses		
Current		
Capital		
Interest expense	147 579	146 724
<b>TOTAL EXPENSES</b>	<b>149 949</b>	<b>149 097</b>
<b>SURPLUS(+)/DEFICIT(-) BEFORE INCOME TAX</b>	<b>24 095</b>	<b>19 629</b>
Income tax expense	7 229	5 889
<b>NET SURPLUS(+)/DEFICIT(-)</b>	<b>16 866</b>	<b>13 740</b>

## Balance Sheet

	2007-08 Estimate	2008-09 Budget
	\$000	\$000
<b>ASSETS</b>		
Cash and deposits	35 138	19 076
Receivables	6 005	6 369
Prepayments	41	41
Inventories		
Advances and investments	2 347 410	2 458 381
Property, plant and equipment	10	10
Other assets		
<b>TOTAL ASSETS</b>	<b>2 388 604</b>	<b>2 483 877</b>
<b>LIABILITIES</b>		
Deposits held	3 710	3 710
Creditors and accruals	36 755	37 726
Borrowings and advances	2 301 470	2 400 239
Provisions	24 235	19 768
Other liabilities		
<b>TOTAL LIABILITIES</b>	<b>2 366 170</b>	<b>2 461 443</b>
<b>NET ASSETS</b>	<b>22 434</b>	<b>22 434</b>
<b>EQUITY</b>		
Capital		
Opening balance	18 714	18 714
Equity injections/withdrawals		
Reserves	3 720	3 720
Accumulated funds		
Opening balance		
Current year surplus(+)/deficit(-)	16 866	13 740
Dividends paid/payable	- 16 866	- 13 740
Accounting policy changes and corrections		
<b>TOTAL EQUITY</b>	<b>22 434</b>	<b>22 434</b>

## Cash Flow Statement

	2007-08 Estimate	2008-09 Budget
	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Operating receipts</b>		
Grants and subsidies received		
Current		
Capital		
Community service obligations		
Receipts from sales of goods and services	471	471
Interest received	172 676	167 691
<b>Total operating receipts</b>	<b>173 147</b>	<b>168 162</b>
<b>Operating payments</b>		
Payments to employees	754	754
Payments for goods and services	1 616	1 619
Grants and subsidies paid		
Current		
Capital		
Interest paid	145 899	144 553
Income tax paid	7 095	7 229
<b>Total operating payments</b>	<b>155 364</b>	<b>154 155</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>17 783</b>	<b>14 007</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Investing receipts</b>		
Proceeds from asset sales		
Repayment of advances	63 570	17 029
Sales of investments		
<b>Total investing receipts</b>	<b>63 570</b>	<b>17 029</b>
<b>Investing payments</b>		
Purchases of assets		
Advances and investing payments	88 844	128 000
<b>Total investing payments</b>	<b>88 844</b>	<b>128 000</b>
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>- 25 274</b>	<b>- 110 971</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Financing receipts</b>		
Proceeds of borrowings	867 926	375 189
Deposits received		
Equity injections		
<b>Total financing receipts</b>	<b>867 926</b>	<b>375 189</b>
<b>Financing payments</b>		
Repayment of borrowings	838 371	277 421
Finance lease payments		
Dividends paid	16 554	16 866
Equity withdrawals		
<b>Total financing payments</b>	<b>854 925</b>	<b>294 287</b>
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>13 001</b>	<b>80 902</b>
Net increase(+)/decrease(-) in cash held	5 510	- 16 062
Cash at beginning of financial year	29 628	35 138
<b>CASH AT END OF FINANCIAL YEAR</b>	<b>35 138</b>	<b>19 076</b>