

DEPARTMENT OF TREASURY

2000 – 2001

2001
ANNUAL REPORT VOLUME ONE



Australian
Capital
Territory
Government

DEPARTMENT OF TREASURY

2000–2001

ANNUAL REPORT VOLUME ONE

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TABLE OF CONTENTS

Transmittal Certificate	3
Chief Executive's Summary	4
Organisational Chart 1	7
The Department's Structure	8
Corporate Governance	10
The Department's Contribution to Government Outcomes	12
Organisational Chart 2 (Output Structure)	14
2000-2001 Key Achievements	15
• Output 1.1: Economic Management	15
• Output 1.2: Financial Management	26
• Output 1.3: Revenue Management	31
• Output 3.1: Central Financing Unit	35
• Output EBT 1: Superannuation Unit	37
Other Key Government Policy Objectives	40
Customer Focus	40
Royal Commission into Aboriginal Deaths in Custody	40
Fraud Prevention	41
Equity and Diversity	41
Resources	43
Staffing Profile	43
Australian Workplace Agreements	45
Certified Agreements	47
Workers' Compensation	47
Training and Staff Development	47
ACT Graduate Program	48
Studybank	48
Consultancy and Contractor Services	49
Capital Works Management	52
Asset Management Strategy	52
Passenger Vehicles	52

2000 - 2001

Statutory Requirements	53
Occupational Health and Safety	53
Commissioner for the Environment	53
Public Interest Disclosure	53
<i>Government Contractual Debts (Interest) Act 1994</i>	54
Freedom of Information	54
Ecologically Sustainable Development	58
Appendices	59
Reports by the Auditor-General	59
Inquiries by Legislative Assembly Committees	59
Legislation Enacted for which Department of Treasury had carriage	60
Regulatory Activities	61
Advisory and Consultative Boards and Committees	63
Service Purchasing Arrangements and Community Grants	64
Community Consultation	64
Annexed Reports	66
Registrar of Co-operative Societies	66
ACT Insurance Authority	69
Glossary of Acronyms	73
Index	74
Compliance Index	80



AUSTRALIAN
CAPITAL TERRITORY

DEPARTMENT OF TREASURY

Mr Gary Humphries MLA
Chief Minister and Treasurer
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2601

Dear Treasurer

I am pleased to present to you the Annual Report of the Department of Treasury for the year ended 30 June 2001 as required under subsection 7(1) of the *Annual Reports (Government Agencies) Act 1995* and in accordance with the requirements referred to in the Chief Minister's Annual Report Directions. The Report has been prepared in conformity with other legislation applicable to the preparation of the Annual Report by the Department of Treasury.

I hereby certify that the attached Annual Report is an honest and accurate account of the operations of the Department of Treasury during the period 1 July 2000 to 30 June 2001.

I draw your attention to the draft status of the full financial statements (including the Statement of Performance). The ACT Audit Office has issued audit opinions with respect to the Superannuation Provision Unit, the ACT Insurance Management Department and ACT Insurance Authority. While the audit opinions with respect to the Central Finance Unit and the Department of Treasury (due to the Statement of Performance) remain outstanding, the Auditor-General has advised that an unqualified audit opinion will be expressed in relation to the financial statements.

The audited financial and performance statements will be presented to you under a separate letter of transmittal as soon as the remaining audit opinions are available.

Section 14 of the *Annual Reports (Government Agencies) Act 1995* requires a copy of the Report to be laid before the Legislative Assembly within six sitting days of receiving the Report.

Yours sincerely

A handwritten signature in black ink, appearing to read 'H. Ronaldson'.

Howard Ronaldson
Chief Executive

7 September 2001

CHIEF EXECUTIVE'S SUMMARY

It is pleasing to report that the ACT economy has shown signs of good growth throughout the year, comparing well with all other Australian jurisdictions. In line with national trends, economic growth, as measured by Gross State Product, is estimated to moderate to 4.3 per cent in 2000-01. While this growth is slower than the growth of the 4.9 per cent experienced in 1999-00 it will remain one of the faster rates of growth of all States and Territories if this forecast is achieved. In comparison, the Commonwealth Treasury estimates that national GDP grew by 2 per cent in 2000-01.

The economy has generated another sound revenue total. This revenue strength has allowed revenue reform to be pursued on a number of fronts:

- (i) pursuant to the Inter-Governmental Agreement on Tax, from 1 July 2001, Financial Institutions Duty (FID) and stamp duty on quoted marketable securities has been abolished;
- (ii) the insurance levy was abolished on 1 July 2001, the tax free threshold for payroll tax was raised from \$900,000 to \$1.25 million from 1 July 2001, and the registration fee for motor vehicles was reduced by \$58 on average as part of the revenue initiatives in the 2001-02 Budget; and
- (iii) many taxes, fees and fines can now be managed more efficiently by households in an e-commerce environment.

Commonwealth GST collections have broadly met projections. The States and Territories are working with the Commonwealth to refine aspects of the new tax's administration as the system of collection and distribution is bedded down. The GST has been portrayed as a "States' tax" and as such the States and Territories, quite properly in my view, are continuing to press the Commonwealth for a greater say in how the tax is administered, as well as seeking a more direct role in determining key questions of policy. GST revenue, which now constitutes 23 per cent of the Territory's revenue, rising to 29 per cent by 2004-05, represents too large a proportion of total revenue for the Territory not to be involved in key aspects of policy and administration.

The delivery of the 2001-02 Budget was a challenging task. The budget process in the ACT is relatively lengthy due to the unprecedented level of consultation prior to finalising the budget. The fact that the budget documents are technically sound and of such high quality is testament to the hard work of many Treasury officers.

At the time of writing, final audited figures for the year were not available. However, there are enough data to conclude that the Territory will again achieve a healthy surplus, above the level quoted in the 2000-01 Budget papers. This surplus has allowed the Government to properly fund longer term liabilities, while at the same time increasing the size of the Territory's physical asset base. The AAA credit rating has been maintained against a background of minimal borrowings and reliable expenditure patterns. While departments have, on the whole, performed well in terms of meeting financial targets, other Government related entities have experienced some difficulties. Treasury is working to establish improved systems of monitoring arrangements in an attempt to anticipate the potential for such problems and, therefore, its ability to respond accordingly at an earlier stage.

Arguably, the ACT Treasury has one of the most advanced financial management systems in Australia. The ACT implemented full accrual accounting for reporting and budgetary purposes in 1995-96, years before any other jurisdiction. With the benefit of hindsight, it is now time to fully assess the impact of this major change in terms of the benefits and/or the shortcomings of the way in which the present accrual framework is used, particularly the degree to which the results being generated are appropriately explained and therefore understood.

Of major concern is the quantum of performance measures reported on in the Budget papers, Annual Reports, Purchase Agreements and other reports. The Government and the Auditor-General have accepted that there are too many performance measures, with such measures sometimes being misused or misinterpreted. As a result, Treasury, in conjunction with the Auditor-General and other departments, is pursuing a system of reporting whereby the number of performance measures may be reduced, reporting made much more relevant to the primary stakeholders (community groups), and the overall quality of the reports enhanced.

Treasury is also placing a high priority on a review of the *Financial Management Act 1996 (FMA)*. I am pleased to report that the Treasurer and Auditor-General have agreed to a first wave of reforms to the FMA, due to be placed before the Assembly in August 2001. These reforms will go some way towards eliminating ambiguities and inconsistencies, refining definitions and allowing for the improvement of financial management and processes. Further, more fundamental, reforms will be pursued over the next twelve months.

Another important set of reforms which were introduced in the past year affect the way in which the public sector purchases goods and services from the private sector. Following the establishment of the Interim Government Procurement Board, work commenced on the development of whole-of-government procurement policies and guidelines, the development and implementation of the procurement accreditation system and the dissemination of relevant information to agencies. Substantial progress has been made on implementing measures which will ensure that procurement decisions made by Government entities are made by officers with appropriate skills and competencies and in accordance with approved procurement processes.

The cost of superannuation for the public sector represents the largest long term liability facing the ACT. The amount of funds under investment to meet future superannuation payments is significant. During the year, an additional injection of funds totalling \$154 million was provided for the Superannuation Provision Account. Oversight of the funds under investment was strengthened by the formation of the Finance and Investment Advisory Board on 1 September 2000. Under the guidance of the Board a comprehensive review of all aspects of investment activities was commenced and will be completed in the forthcoming year.

Treasury continued to manage the Territory's insurable risks through a combination of self-insurance and catastrophe cover purchased in the market. On 1 April 2001 the ACT Insurance Authority was established to manage the insurance fund and to promote improved risk management practices throughout the public sector.

2000 - 2001

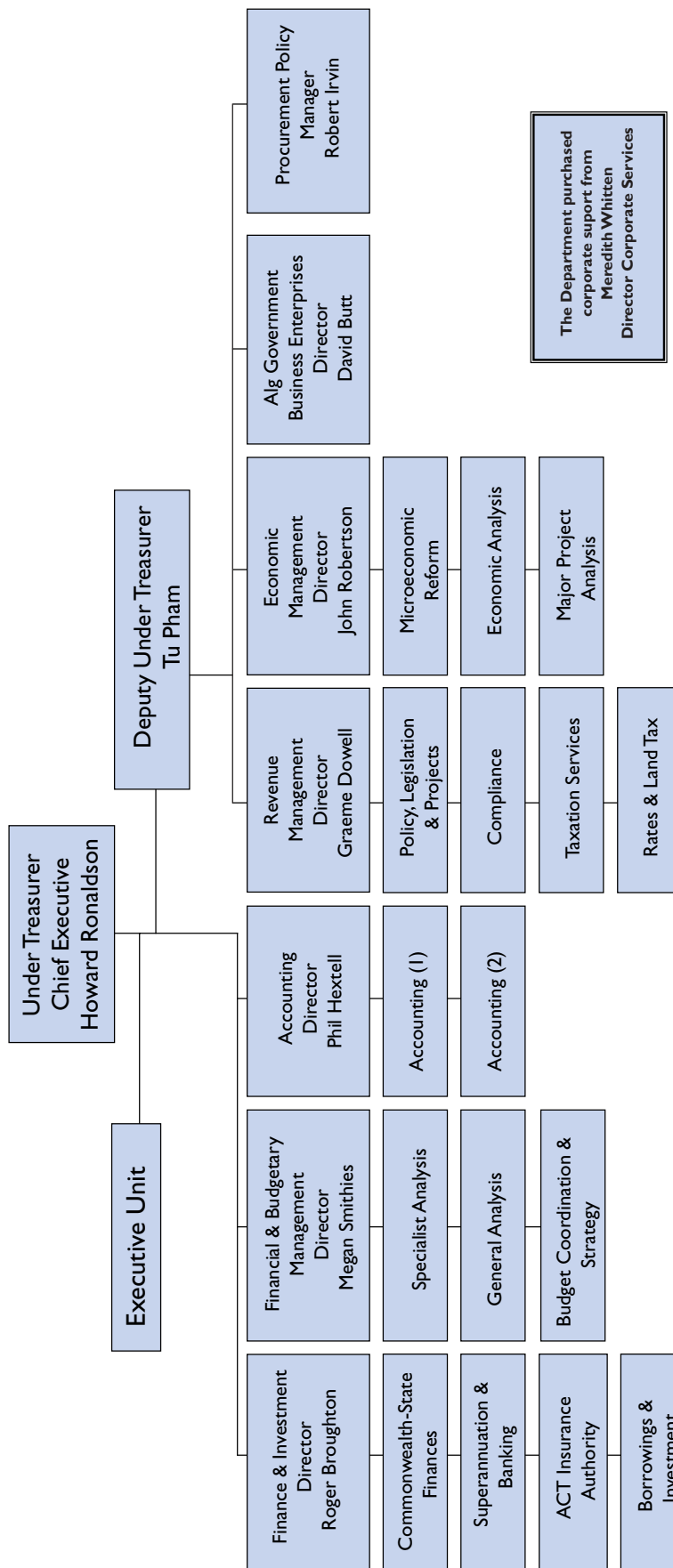
During the year a great deal of consideration was given to the role of Treasury and the appropriate balance of priorities. To this end, a rearrangement of resources was undertaken following recruitment of a number of senior staff to fill gaps identified in the Department's skill base. These initiatives will better position the Department to manage fiscal strategies over the next few years. I am confident that the current team will be more than capable of responding to challenges and opportunities that may present as the Territory moves forward.

I thank Treasury officers for their support and for performing their duties so well throughout the year. In some areas resources were stretched thinly, with many officers working long hours over sustained periods. This is a relatively small Treasury which is asked to preside over, by and large, the same set of transactions as faced by much larger Treasuries in other States.

The commitment by Treasury officers to produce quality outputs in a professional manner is enduring.

Howard Ronaldson
Chief Executive

DEPARTMENT OF TREASURY Organisation Chart (I)



THE DEPARTMENT'S STRUCTURE

The Administrative Arrangement Orders of 20 October 2000 resulted in the transfer of the Infrastructure and Asset Management function to the Department of Urban Services; and the renaming of the *Department of Treasury and Infrastructure* to the *Department of Treasury*.

On 8 June 2001, in line with the Government's "Moving Forward: Service and Renewal" strategy, the Department underwent an internal restructure. Along with a clarification of roles, this restructure resulted in the Finance and Investment Branch becoming responsible for Risk Management and Intergovernmental Financial Policy (now known as Commonwealth-State Finances), while Gambling and Racing Policy was transferred to the Economic Management Branch. It is also proposed that a new function, Major Project Analysis, be incorporated into the Economic Management Branch.

As of 30 June 2001, the Department consisted of the following Branches:

Financial and Budgetary Management (Output 1.2):

Responsible for developing the Territory's annual budget; preparing monthly and annual financial statements; monitoring, analysing and reporting to the Government on the ACT's financial position; developing and monitoring the annual capital works program; advising Government and agencies on financial management issues, resource allocation and agency budget development issues; developing and analysing purchase and ownership agreements; and benchmarking and service level comparisons for purchasing analysis.

Accounting (Output 1.2):

Responsible for the improvement of the Territory's financial management framework; and the provision of accounting expertise and strategic financial advice. The Branch also has responsibility for undertaking significant amendments to the *Financial Management Act 1996*; the provision of financial training to agencies; and the issuing of sources of relevant financial instructions for the whole-of-government.

Finance and Investment (Output 1.1: EBT 1: and CFU 3.1):

This Branch was established on 1 July 2000 as a result of the Fraser Review into the operations of the Central Financing Unit and the Superannuation Provision Account. These areas are primarily responsible for the management of the Territory's financial assets and liabilities including borrowings and investments of general government, the superannuation liabilities and investments of the Superannuation Provision Account and managing the whole-of-government banking arrangements.

As a result of the internal restructure of 8 June 2001, the Branch is also now responsible for Insurance and Risk Management Policy, which includes the overseeing of the operations of the ACT Insurance Authority; and the Commonwealth-State Finances Section, which is responsible for undertaking negotiations and monitoring arrangements in relation to Commonwealth-State financial relations.

Revenue Management (Output 1.3):

Responsible for providing advice on revenue and taxation policy; management of the Territory's taxation base including the development of revenue and taxation legislation; compliance activities; debt management; administering the Territory's rates and land tax including valuations, remissions and rebates (pensioners); and assessing applications for First Home Owner Grants.

Economic Management (Output 1.1):

Responsible for ensuring Government compliance with national competition policy; managing and implementing micro-economic reforms; contributing to the achievement of a contestable public sector; providing economic analysis and advice on major projects; and providing analysis and forecasts of economic conditions for budgetary purposes.

As a result of the internal restructure of 8 June 2001, the Branch will also be responsible for the new function of Major Project Analysis and Gambling and Racing Policy.

The Economic Management Branch has within its role the Office of the Registrar of Cooperatives Societies. The Registrar's Annual Report is an annexure to this report.

Procurement Policy (Output 1.1):

The Procurement Policy Unit was transferred from the Department of Urban Services (DUS) to the Department of Treasury on 20 October 2000.

The Unit, which reports to the Deputy Chief Executive, provides advice and support in regard to whole-of-government procurement policy issues; implements the procurement accreditation system; supports the Government Procurement Board; coordinates procurement training for ACT Government staff; disseminates relevant information; and monitors the implementation of policies and guidelines issued by the Board across ACT agencies.

Government Business Enterprise Management (Output 1.1):

Responsible for providing policy advice to the Government on the structure and operations of a broad range of Government Business Enterprises (GBEs) and Territory Owned Corporations (TOCs); monitoring and overseeing the financial performance of the GBEs; and facilitating compliance by the GBEs with statutory and regulatory requirements and governance arrangements.

Corporate Services:

The Department of Treasury purchases a range of corporate services from the Chief Minister's Department. These include the management of Corporate Finance, Human Resource Management, IT Support, Accommodation and Corporate Reporting.

CORPORATE GOVERNANCE

Executive Direction and Support

The Department's Executive Management Group met weekly, and as at 30 June 2001, comprised:

- Mr Howard Ronaldson, Chief Executive and Under Treasurer;
- Mrs Tu Pham, Deputy Chief Executive and Deputy Under Treasurer;
- Mr Roger Broughton, Director, Finance and Investment;
- Ms Megan Smithies, Director, Financial and Budgetary Management;
- Mr Phil Hextell, Director, Accounting;
- Mr Graeme Dowell, Director, Revenue Management and Commissioner for ACT Revenue;
- Mr John Robertson, Director, Economic Management;
- Mr David Butt, A/g Director, Government Business Enterprises Management; and
- Ms Meredith Whitten, Director, Corporate Services.

Internal Audit

A joint Internal Audit Committee was established in December 2000 to manage audit responsibilities jointly with the Chief Minister's Department. In addition to executives from both departments, the Committee includes an independent member with extensive chartered accounting experience and a representative from the ACT Auditor-General's Office. The Committee has met four times since its establishment.

The internal audit function has been contracted out for the last four years. This arrangement expired on 30 June 2001. On 2 April 2001 an internal auditor was engaged to provide an "in-house" service. Action has commenced to engage a panel of external providers, securing a range of expertise to meet the Department's requirements.

The Chief Executive has endorsed an Internal Audit Charter. A three year internal audit program has been developed and implementation is in progress.

Internal audit reviews completed during the year included a review of entities performing services on behalf of Infrastructure and Asset Management. A number of management based reviews were also conducted, and additional reviews were commenced by the ACT Auditor-General's Office, as specified in the Appendices.

Ministerial Services

During the year the Department received and responded to approximately 1,060 items of ministerial correspondence.

Corporate Initiatives

In accordance with shared services arrangements established in 1999, Corporate Services continued to provide a broad range of human resource management and corporate service functions to both the Department of Treasury and the Chief Minister's Department.

Further to a review of Corporate Services in the previous year, and consistent with the delivery of improved services and efficiencies for the Department of Treasury, the Corporate Services area demonstrated a strong commitment to ensuring services met the Department's business needs. This was achieved through a number of initiatives including:

- a restructure of the Corporate Services area to improve workflow structures and to strengthen communication channels through the allocation of dedicated and skilled staff resources to work on major corporate projects for the Department (for example, the implementation of new Australian Workplace Agreements and the development of a revised Performance Management framework);
- the continual updating and refinement of services available through the Business Portal (the on-line corporate information and e-transactions source), which allows for immediate information updates and improves accessibility to departmental information and resources; and
- increased representation by Corporate Services staff in the management of key business functions and strategic initiatives including Internal Audit, Procurement and Purchasing services, and Information Technology support and strategy.

A key strategic initiative of the year was the implementation of the *Australian Workplace Agreement (AWA) 2001 - 2003* offered as an option for Managers. The Agreement is designed to foster a stronger, healthier performance management culture and incorporates a robust performance management scheme which rewards managers for superior performance. It also facilitates effective dialogue between managers and staff and encourages individual and team performance against specific responsibilities.

The Agreement also provides for the payment of Attraction and Retention bonuses of 20 per cent and 10 per cent respectively in circumstances where there is a critical requirement for a particular skill or experience. This provision for market competitive remuneration has facilitated the process of attracting suitably qualified and experienced staff to positions within the Department. These provisions have also assisted in retaining those people within the organisation who have specialist skills and knowledge.

The year also saw a significant improvement in the delivery of corporate finance functions to the Department of Treasury. In response to a need for particular services to be provided, and to address identified skills gaps, the corporate finance team was supported and strengthened through the recruitment of highly qualified personnel.

The Department remained committed to the consolidation of accommodation for the Treasury portfolio, in an effort to achieve a further reduction in accommodation expenses. Consultation is continuing regarding improved office layouts to maximise the use of allocated floorspace.

Further information and points of contact relating to the Department may be obtained from the Department of Treasury website at <http://www.act.gov.au/ti/>.

THE DEPARTMENT'S CONTRIBUTION TO GOVERNMENT OUTCOMES

The Department contributes to the Government's vision of a Clever, Caring Capital and achieves Government outcomes by:

- managing the Territory's financial services for the benefit of the community;
- providing policy and strategic advice to the Treasurer and Government; and
- implementing a number of Government initiatives including the procurement reform agenda, taxation exemptions and the First Home Owner Grant Scheme for the ACT.

The Department achieves these outcomes under the direction of the Chief Executive, Deputy Chief Executive and Senior Executive Management, and consistent with the outputs defined in the 2000-2001 Purchase Agreement. These include:

- the development of initiatives which ensure that the economic interests of the ACT and its residents are protected and maximised;
- ensuring an efficient regulatory and business environment, appropriate returns on assets and appropriate intergovernmental financial relations;
- the provision and maintenance of a financial management framework conducive to the analysis, monitoring and reporting on performance;
- effective collection of tax revenue concurrent with achieving a simple, equitable and efficient tax system;
- management of the investment and borrowing activities of the ACT Government;
- management of the superannuation liabilities and investments; and
- the provision of advice and support to the Treasurer.

Our Contributions to the Key Result Areas

Eliminate the operating loss by the 2004-2005 Budget

The Territory's operating loss was eliminated during 1999-2000, five years earlier than the Government's original target. This has been achieved largely due to an overall improvement in the ACT economy, responsible fiscal restraints, increased general revenue assistance and increased taxation revenues, assisted by one-off GST related factors.

The 2001-02 Budget, passed by the Assembly on 21 June 2001, also aims to maintain an operating surplus in 2001-02, in line with the overall improvements in the ACT economy and responsible fiscal restraint. It has also been developed to maintain the Territory's AAA credit rating, while keeping taxation competitive with other jurisdictions and enhancing the Government's social program and services to the ACT Community.

Provide for the unfunded superannuation liability by the 2001-2002 Budget

Addressing the unfunded superannuation liability remains a key area of focus for the Government for this and future Budgets.

The 2001-02 Budget continues the strategy announced in May 2000 for meeting the objective of a 90 per cent funding level of the superannuation liability by 2039-2040. Integral to this strategy, the Government continues to review its investment strategy to optimise returns to the Superannuation Provision Account.

The budget for 2001-02 provides for an additional amount of \$50 million above emerging costs in 2001-02; \$50 million in 2002-03 and \$50 million in 2003-04 into the Superannuation Provision Account.

Provision of most Government transactions on line by 2001

The ACT Revenue Office has contributed towards the achievement of this Key Result Area through the introduction of BPay and Direct Debit facilities for the payment of rates and land tax. These processes provide for greater flexibility in payment options for taxpayers. In addition to this, the Revenue Office has implemented on-line lodgement of tax returns for five business taxes.

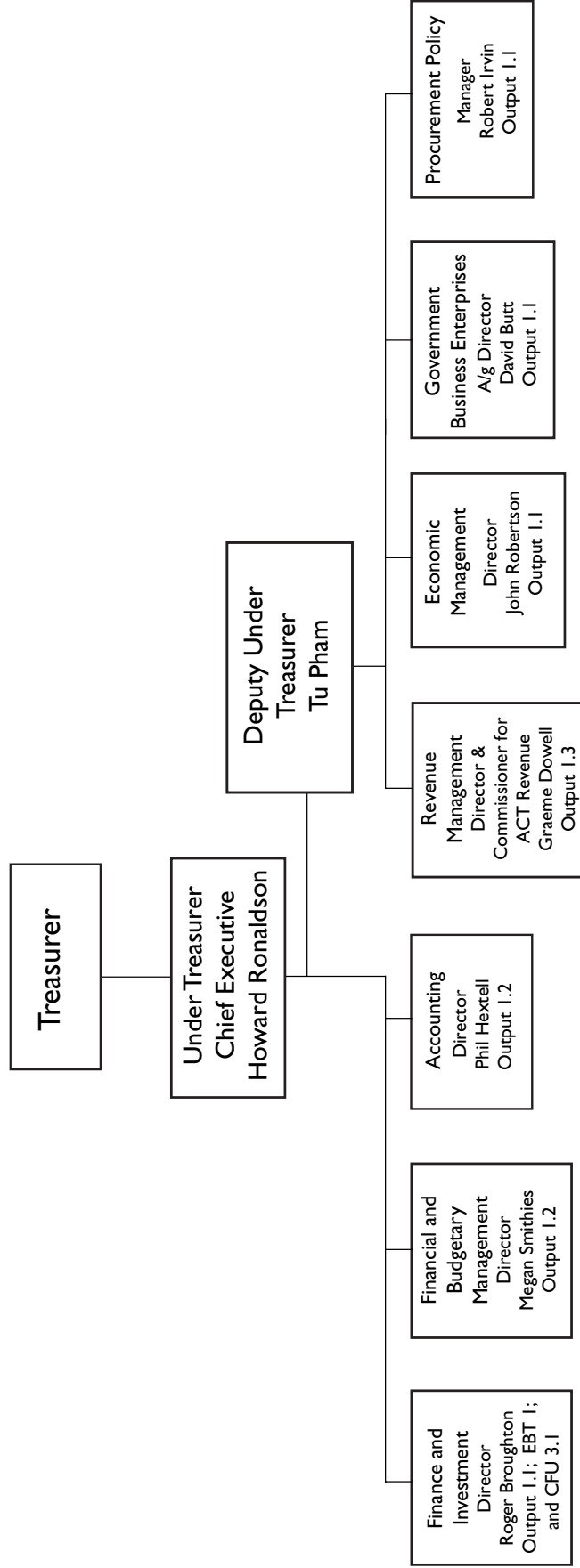
Continue the redevelopment of the city centre and increase public participation in the city heart

During the year the Department, in conjunction with other agencies, continued to implement the Government's Civic Revitalisation Policy (CRP). This policy supports the Government's "Our City" and "Creating Our City" initiatives.

The CRP provides a range of financial incentives to developers and owners to upgrade office accommodation space, or to convert to wider land use policies such as residential development.

To date, the incentive program has applied to approximately ten sites across Civic and along Northbourne Avenue.

DEPARTMENT OF TREASURY Organisation Chart (2) (Output Structure)



2000-01 KEY ACHIEVEMENTS

OUTPUT CLASS I: FINANCIAL AND ECONOMIC MANAGEMENT

Output I.1 Economic Management

Description:

Develop and pursue initiatives to ensure the economic interests of the ACT and its residents are protected and maximised, including ensuring an efficient regulatory and business environment, providing analysis of cost and benefits on major proposals, and achieving effective intergovernmental financial relations.

Key Results

- Completed the ACT Government's 3rd Tranche Progress Report to the National Competition Council (NCC) on implementing National Competition Policy and Related Reforms;
- Received in full the 2nd tranche competition payment of \$7.5 million following completion of the NCC's assessment of the ACT's progress in implementing National Competition Policy reforms;
- Published Agency Regulatory Plans in relation to all ACT Government agencies;
- Developed a communication strategy for the Regulatory Impact Statement (RIS) process and worked with agencies to enhance their policy development processes;
- Continued active participation in national reform forums;
- Provision of economic analysis to inform the development of significant Government initiatives and projects, including the ACT Prison project and proposed Canberra Medical School;
- Undertook economic assessments for proposals to attract investment and assist business development in the ACT;
- Managed the credit rating agency review undertaken by Standard & Poors which maintained the ACT's AAA credit rating;
- ACT achieved an increase of 7.7 per cent or \$55.5 million in total Commonwealth funding to the ACT for 2001-02;
- Transitional funding for ACT policing now considered a more permanent feature of on-going Commonwealth-ACT financial arrangements;
- Progress on reform of tied funding arrangements;
- Establishment of an enhanced regulatory framework for providing utility services in the ACT; and
- Provision of strategic advice on the formation of the joint venture partnership between ACTEW and AGL.

Microeconomic Reform

Microeconomic Reform Section advises on and implements microeconomic reforms to achieve greater efficiency and competitiveness in ACT markets; ensures that ACT Government businesses compete fairly in markets; and coordinates the systematic and comprehensive reviews of legislation to identify and address restrictions to competition.

The section is the main point of contact for the ACT with the National Competition Council and reports annually to the Council on the ACT Government's progress in implementing the National Competition Policy Agreements. The section also has responsibility for advice on compliance with Part IV of the *Trade Practices Act 1974*.

More comprehensive information regarding the operations of the section including publications, frequently asked questions and contact details can be obtained from the Section's website at www.competition.act.gov.au.

- **National Competition Policy Report**

During the year, the ACT received a positive assessment by the NCC on its progress in implementing NCP reforms during the previous assessment period. Accordingly, the Territory was granted the full 2nd tranche payment of \$7.5 million.

The ACT Government's 3rd Tranche Progress Report to the National Competition Council (NCC) on implementing National Competition Policy (NCP) and Related Reforms was completed during March 2001. The report detailed the Government's progress from 1 January to 31 December 2000 on the implementation of the following reforms:

- the extent to which the ACT has complied with the competition policy principles in the Competition Principles Agreement, including the progress made in reviewing, and where appropriate, reforming legislation that restricts competition;
- whether the ACT has remained a fully participating jurisdiction as defined in the Competition Policy Reform Bill; and
- continued effective observance of reforms in electricity, gas, water and road transport.

A positive assessment by the NCC of the ACT's progress will result in the payment of an efficiency dividend by the Commonwealth to the Territory. For the period of 2000-01, this payment is expected to be \$11.5 million.

- **Agency Regulatory Plans**

During the year, Agency Regulatory Plans were published which provide the Government and the community with advance notice of regulatory proposals that are assessed as having an impact on business.

A new best-practice format implemented for the year 2000-01 provided information on new regulatory proposals, amendments to existing legislation and achievements against objectives contained in previous year's plans. In keeping with openness and accountability principles, the plans are available to the public in electronic form at www.competition.act.gov.au. The benefits of developing and publicising the plans include improved coordination and integration of regulatory policy within Government agencies and early facilitation of consultation with both community and business.

- **Communication Strategy For Regulatory Impact Statement (RIS) Process**

During the year, a communication program was developed to assist agencies understand why Regulatory Impact Statements (RIS) are prepared and how they contribute to the policy development, implementation and review process. All policy proposals will continue to be assessed through the RIS process. The RIS process is creating a new regulatory mindset of questioning the impact of regulatory proposals and seeking to minimise them while also seeking alternative, non-regulatory means to realise targeted outcomes.

Under a process of continual review and improvement, updated RIS templates and information are placed on the Government's relevant webpage (www.competition.act.gov.au) to allow for easy and timely access by agencies and the wider public.

- **National Reform Forums**

During the year, staff of the Microeconomic Reform Section represented the ACT at a number of intergovernmental fora to advance the economic and financial interests of the Territory and to contribute to a national approach to reform. These fora included:

- the Committee on Regulatory Reform, which is involved with discussion and preparation of papers on regulatory reform issues; and
- the Energy Market Group, which deals with the national implementation of electricity and gas reforms.

Future Directions

In 2001-02 the Microeconomic Reform Section will work towards:

- achieving a favourable assessment from the National Competition Council and the full tranche payments in line with National Competition Policy; and
- reviewing the Regulatory Impact Statement process in agencies to ensure regulatory impacts to business and the community in general are minimised, including educating and assisting agencies in RIS development.

Economic Analysis

Economic advice was provided to the Government and various agencies, emphasising key trends of the ACT economy. This advice included forecasting of economic parameters for the ACT Budget. The section continued to monitor and advise on movements in economic indicators during 2000-01, and the impact on revenue and budget outcomes.

The section was involved in providing economic and financial analysis and assessing projects such as the proposed ACT Prison and the Canberra Medical School and the assessment of proposals for financial assistance through the ACT Business Incentive Scheme.

Another key task was to manage the preparation of the report to credit rating agencies Standard & Poors, on the financial position of the ACT Government. This led to the maintenance of the ACT's AAA credit rating.

Future Directions

In 2001-02 the Economic Analysis Section will work towards:

- strengthening the advice provided on economic issues. This will include reviewing economic analysis and models underpinning forecasts of economic parameters and budget revenues;
- establishing a capacity, through recruitment of an officer with the appropriate skills, for high quality analysis of major proposals thereby improving the advice provided to Ministers on the economic and financial impact of proposals; and
- providing training services to agencies to improve their capacity to evaluate and design proposals to maximise the net benefits flowing from their initiatives.

Gambling and Racing Policy

The gambling and racing policy function was transferred from Revenue Management to Economic Management on 8 June 2001. The Section has provided policy advice to the Government, the Department and the ACT Gambling and Racing Commission throughout the year. It assisted in the implementation of policy decisions in relation to gambling and racing taxes, fees and charges. The section also participated in the revision and amendment of relevant legislation to ensure accurate and cost effective collection of ACT taxes in order to, as far as possible, minimise compliance costs to Government and the industry. The Section also administered the ACT's Racing Development Fund including the funding arrangements of the new ACT Racing Appeals Tribunal.

Future Directions

In 2001-02 the Gambling and Racing Policy Section, in consultation with the ACT Gambling and Racing Commission (the Commission) and other stakeholders, will continue to review gaming laws to ensure their continued relevance and appropriateness, particularly relating to taxation and revenue matters.

Legislative review will be ongoing as it is an integral part of the Department of Treasury and the Commission's work in responding to policy directions by Government (for example, harm minimisation strategies for problem gamblers). Reviews will also be undertaken to accommodate developments in the industry, including the increased use of technology by providers of gambling products and services.

In particular, the Section will continue to participate in major reviews of the *Gaming Machine Act 1987*, the *Lotteries Act 1964* and the *Pool Betting Act 1964*. Following the public consultation stages on these reviews, the Department will assist the Commission to develop recommendations for the Government in response to input received from the industry and the community.

During 2001-02, further work will also be carried out on the GST credit and refund scheme for small clubs. The current scheme is intended as a transitional arrangement, designed to support small clubs and give them time to fully adapt to the GST. It will be reviewed at the end of 2001-02. The Section will continue to monitor the scheme's operation and effect on clubs in preparation for that review.

Further information is available from:

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Director, Economic Management

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Mr Les Andrews

Manager, Economic Analysis

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Mr Chris O'Rourke

Senior Policy Adviser, Gambling and Racing Policy

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Commonwealth-State Finances

The 2000-01 financial year was another successful year for Commonwealth-ACT financial relations, with the Territory achieving increased grant funding from the Commonwealth with projected major flow-on effects for future years. The gains arose from:

- an increase in the ACT's share of the 2001-02 GST pool arising from the recommendations of the Commonwealth Grants Commission in its Report on State Revenue Sharing Relativities 2001 Update;
- the Commonwealth meeting its commitment that no State or Territory's financial position would be worse off as a result of the changes arising from National Tax Reform and the introduction of the GST as stipulated in the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations; and
- the Commonwealth meeting its commitment that Specific Purpose Payment (SPPs) grant funding aggregates would not fall below pre-GST levels, again, as required by the Intergovernmental Agreement.

These factors are expected to translate into a gross increase in total Commonwealth funding to the ACT of approximately \$92.9 million or 10.8 per cent from 2000-01 to 2001-02. However, when the effects of other tax reform measures are taken into account, such as the abolition of a number of State taxes, the net increase in total Commonwealth funding is approximately \$55.5 million or 7.7 per cent in nominal terms.

A further notable outcome in the Commonwealth Grants Commission's 2001 Update Report was the recommended increased funding to the ACT for special fiscal needs. This funding is provided by the Commonwealth in addition to the GST revenue pool. It takes account of differences in financial arrangements between the Commonwealth and the ACT and the Commonwealth and the States for a number of services including family law matters and corporate affairs compensation.

The increase in funding arises predominantly from the recognition that the previous 'transitional' allowance, reflecting the higher cost of policing in the ACT, should be accepted as a permanent part of the ACT's cost structure. As such, the compensation for these additional outlays estimated at over \$10 million per annum is now 'locked in' for the Territory and will no longer be reviewed annually.

State and Territory Treasuries, in conjunction with the Federal Treasury and Department of Finance and Administration, made some notable progress regarding the future reform of tied grant funding arrangements between the Commonwealth and the States and Territories.

The push for reform is on two fronts, seeking the Commonwealth to:

- improve the quality and timeliness of SPP data; and
- reform SPP conditions and restrictions.

The major reforms include:

- the development of a national SPP database, the first run of which was compiled in February 2001; and
- identification of “best practice” principles and guidelines for effective SPP agreements which the ACT Government has since endorsed for all negotiations with the Commonwealth.

Finally, a whole-of-government strategy for responding to the next review of the Commonwealth Grants Commission’s methodology which is due to come into effect in 2004-05 was finalised by the Treasury in conjunction with all ACT Departments. The implementation of this strategy will be a major focus for 2001-02 and beyond.

Future Directions

In 2001-02 the Commonwealth-State Finances Section will work towards:

- managing ACT Government dealings with the Commonwealth Grants Commission (CGC) in relation to:
 - the report on *State Revenue Sharing Relativities 2002 Update*;
 - 2004 Review of Methodology; and
 - CGC Jervis Bay Inquiry;
- monitoring GST estimates and SPPs to ensure the Commonwealth complies with its undertakings to the States and Territories as part of the national tax reform arrangements; and
- managing Heads of Treasury SPP reforms including further development of the SPP national database.

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Procurement Policy Unit

The Procurement Policy Unit provides policy advice on whole-of-government issues, implements the Procurement accreditation system, and supports the Government Procurement Board.

The Unit also coordinates procurement training for ACT Government staff, disseminates relevant information, and monitors the implementation of policies and guidelines issued by the Board, across ACT agencies.

Since the transfer of the function from the Department of Urban Services to the Department of Treasury in October 2000, major activities undertaken include:

- preparation of procurement reform legislation, the *Government Procurement Act 2001*, which was gazetted on 24 May 2001;
- appointment of an Interim Procurement Board in January 2001 to provide direction and guidance;
- development of a series of draft procurement guidelines for distribution to agencies in November 2000;
- development of a whole-of-government procurement accreditation system which is based on establishing Approved Procurement Units, comprising of officers with an appropriate mix of experience and competencies based on the National Training Authority and Public Service Education and Australian Training standards;
- facilitating the improvement of procurement competencies by undertaking a tender process for a whole-of-government procurement training provider; and
- management and implementation of the statutory requirements of the *Public Access to Government Contracts Act 2000* and provision of whole-of-government training on the operation of the Act.

Future Directions

In 2001-02, the Procurement Policy Unit will work towards enhancing Territory entities' ability to achieve improved procurement outcomes by:

- providing high quality support to the ACT Government Procurement Board;
- developing and implementing procurement guidelines and circulars that promote sound policy and best practice advice; and
- promoting an increase in the level of procurement competencies amongst Territory officers by both increasing the number of officers who have procurement competencies and increasing the level of procurement competencies held by officers.

The Unit will also monitor Territory entities' compliance with Government procurement legislation and guidelines and report the findings to the Government Procurement Board.

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Government Business Enterprises Management

The Government Business Enterprises (GBE) Management Branch was established in 1998 to monitor GBEs performance and to conduct strategic reviews of selected GBEs.

The ACT Government has a wide range of businesses providing goods and services in electricity, gas, water, sewerage, forestry, housing, urban transport, wagering and gaming, education, facilities and events management, and information technology. ACT GBEs exist in different corporate forms according to the appropriate level of commercial independence, financial position and the nature of services provided by each business.

Certain GBEs have their own enabling legislation, such as the Gungahlin Development Authority, Kingston Foreshore Development Authority and the Australian International Hotel School. Other GBEs operate as separate business units within government departments, for example, ACT Forests. ACTEW, Totalcare and ACTTAB are incorporated under Corporations Law and are subject to the *Territory Owned Corporations Act 1990*.

As the owner and ultimate bearer of the risks associated with the operational performance of GBEs, the Government has a responsibility to ensure each GBE is appropriately managed and strategically positioned to respond to market influences.

The initial focus of the Branch was directed to ensuring ACTEW was strategically placed to compete effectively in the national electricity market.

During 2000-01 the Branch monitored and facilitated various GBEs compliance with regulatory and statutory requirements including ACTEW, Totalcare, ACTTAB, Australian International Hotel School, Gungahlin Development Authority, Kingston Foreshore Development Authority, and Exhibition Park in Canberra.

During the year the Branch has also provided advice to the Chief Executive Steering Committee on the ActewAGL joint venture partnership, including the valuation of the respective businesses, financial distributions, risk management, legislative proposals and contractual agreements.

Advice has also been provided to Government on various major legal and financial issues including:

- the Government's land release program for the Gungahlin Development Authority;
- the proposed joint venture of Stage IA by the Kingston Development Authority;
- dividend policy applicable to ActewAGL Joint Venture arrangements;
- Totalcare's loss of the ACT Housing maintenance contract, the operations of the Williamsdale hard rock quarry and the newly established Stericorp incinerator management agreement;
- ACTTAB's proposal to relocate its head office; and
- the borrowing requirements and the terms of reference for the review of the operations of the AIHS.

The Branch has also assumed responsibility for providing advice to Government on governance arrangements including Board appointments. A total of 28 appointments were made to fill vacancies that arose on all the associated Boards.

In addition to major work on ActewAGL, other major highlights during 2000-01 included:

Utility Regulatory Reforms

A major task undertaken by the Branch was the development of the Government's regulatory reform package for the provision of electricity, gas, water and sewerage services. The new regulatory framework provides a comprehensive range of measures to protect the public interest to ensure the provision of high quality utility services in the ACT.

The legislative proposals began to take effect on 1 January 2001 after being passed in the ACT Legislative Assembly.

The legislation is the culmination of two years work that entailed detailed consultation with key stakeholders, business and community groups. As a result the ACT is the first jurisdiction to integrate the regulation of electricity, gas and water services.

The *Utilities Act 2000* and associated instruments replace eight separate Acts, amend seventeen others and subsume a complex range of regulations. Regulatory instruments associated with the package include the Consumer Protection Code, Utility Service Licence, Benchmark Customer Contracts and various codes of practice.

The legislation applies to all utilities operating in the ACT, whether publicly owned or operated, and establishes a licensing regime that allows the Government to authorise codes of practice governing consumer protection, safety and technical standards.

The *Utilities (Telecommunications Installations) Act 2001* is another important piece of legislation that was passed in the ACT Legislative Assembly on 13 June 2001 and is effective from 1 July 2001. The Act imposes rights and obligations on telecommunications carriers installing telecommunications facilities including the requirement to provide prior notification to landholders and to minimise disruption, damage and inconvenience whilst installing telecommunications facilities.

Future Directions

In 2001-02 the Government Business Enterprises Management Branch will extend the role of monitoring the financial status of GBEs to progressively conducting strategic reviews of selected GBEs on a regular basis. Financial performance, against the background of the competitive market environments in which ACT GBEs operate, will be monitored on a monthly basis. Reports will be issued on a quarterly basis unless specific issues are identified that require more regular reporting. In particular, the Branch will:

- develop an effective Governance framework to be applied to all GBEs;
- implement an enhanced performance monitoring framework for GBEs including:
 - determining appropriate and reliable performance measures;
 - analysing and evaluating performance relative to agreed targets on a quarterly basis and providing assessments of overall performance;
 - advising on strategic matters impacting on future performance including investment proposals and specific government undertakings; and
 - continuing to provide specific advice to Government on prudential requirements and governance arrangements.

This approach will enable the Government to be better informed on a continuous basis about the relative performance and activities of GBEs. The GBE Branch will also:

- assist with the review of the Australian International Hotel School;
- undertake the review of the Gungahlin Development Authority as required under the *Gungahlin Development Authority Act 1996*; and
- develop an enhanced Governance framework to be applied to all GBEs.

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OUTPUT 1.2: FINANCIAL MANAGEMENT

Description:

Provision and maintenance of a financial management framework conducive to the analysis, monitoring and reporting on performance to assist the Government to achieve its preferred outcomes.

Key Results

- 2001-02 Budget - Two Phase Consultation Process;
- Final 2001-02 Budget delivered on 1 May 2001;
- Significant progress on the review of the *Financial Management Act 1996*;
- Successful introduction of the GST across the ACT Government;
- Development of a plan for improved Territory financial reporting practices; and
- Implementation of the Supplementary Capital Works Program.

Financial and Budgetary Management

The Branch provides and maintains a financial management framework conducive to the analysis, monitoring and reporting on performance to assist the Government to achieve its preferred outcomes. The Branch is also responsible for the Territory's budget development, budget management and reporting against the budget.

- **Preparation and Delivery of the ACT Budget**

The 2001-02 Budget was delivered on 1 May 2001. As part of the Budget preparation, the Government undertook a two phase consultation process. This process was designed to assist with the facilitation of better outcomes for the ACT community with regard to the allocation of resources, providing the opportunity for the Assembly, community and business sectors to comment on the Government's key priorities and provide suggestions for alternative and additional measures.

The two phase consultative process first addressed the cross-portfolio issues through consideration of the broader parameters and principles underpinning the published forward estimates. Secondly, it provided a focus on specific service related issues, with the proposed draft budget initiatives and capital works program.

The final 2001-02 Budget incorporated initiatives under the Government's major themes of innovation, poverty, early intervention and service capacity, further progressing the policy framework of building on social capital. In addition to these initiatives, the 2001-02 Budget also provided the ACT with its second consecutive surplus, while incorporating additional funds to further assist in reducing the outstanding superannuation liability.

The 2001-02 Budget made the largest ever commitment to capital works since self-government, with a total value of \$214.3m. The Budget continues to provide the resources to build a cleaner and safer Canberra through the provision of improvements in street safety, traffic flow and the appearance of the city.

Other features and highlights of the 2001-02 Budget included the reconfirmation of the Government's commitment to the reduction of greenhouse gas emissions and waste. The Budget maintained the AAA credit rating provided by Standard and Poors credit rating agency. In addition, no new taxes were introduced, and no major asset sales or new borrowings were planned.

- **Government Financial Reporting, Monitoring and Analysis**

The Branch monitors, analyses and provides advice to the Government on agencies' performance against the Purchase and Ownership Agreements. Agencies are required to report quarterly on the achievement of agreed targets in the Purchase Agreement and monthly on the achievement of agreed financial targets in their Ownership Agreement, Statement of Intent or Statement of Corporate Intent.

Key achievements included:

- 2001-02 Capital Works Program development. The program cycle was completed with the presentation of the 2001-02 Budget on 1 May 2001. The program also included two significant roads programs to address traffic congestion, improve road safety and roads recovery for the next 5 years;
- the implementation of the supplementary capital works program to address unforeseen project delays and assist with the achievement of the Government's budgetary commitments towards investment;
- continued improvement of capital works management and reporting, including improved project acquittal and the introduction of expenditure forecasting for enhanced quarterly reporting to the Legislative Assembly;
- the provision of timely and accurate information to the Government on matters that impact on the budget or the financial and output performance of departments and agencies;
- commencement and preliminary development on the review of outputs and performance measures as part of the Territory's *Moving Forward: Service and Renewal Program*;
- improvement in the ability to meet reporting requirements by the Australian Bureau of Statistics through the development of automated reports which has considerably reduced the amount of resources required to be dedicated to the task;
- development and passage of three supplementary appropriations during 2000-01;
- refinement of the process for preparing the monthly report, developing a more automated process for the report compilation, allowing more time for scrutiny of agency financial statements and variance analysis; and
- continued development of improved processes in relation to the production of the Territory's annual consolidated statements, particularly given the commitment to enable the report to be publicly available prior to the October elections.

Future Directions

In 2001-02, the Financial and Budgetary Management Branch will work towards:

- maintaining the Territory's AAA credit rating through sound and sustainable financial management;
- managing the Territory's budget to maintain an ongoing surplus and continuing to implement a plan to provide for the unfunded superannuation liability;

2000 - 2001

- reviewing the output and performance measures;
- applying a strengthened financial analysis function; and
- moving towards an enhanced quarterly rather than monthly financial reporting framework.

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Accounting Branch

The Accounting Branch has responsibility for improvement of the Territory's financial management framework and provides a source of accounting expertise and strategic financial advice.

The Branch also has responsibility for undertaking significant amendments to the *Financial Management Act 1996*, the provision of financial training to agencies and maintenance of sources of relevant financial instructions.

The Accounting Branch has a strong focus on research into contemporary accounting issues that impact on the ACT's financial environment. This involves liaison and involvement not only within the ACT, but also across other jurisdictions and fora, such as professional accounting bodies, particularly to ensure the ACT's interests are addressed.

The Branch provides professional, and timely financial management policy advice, guidance and direction, and is responsible for improving the Territory's financial management framework.

Significant achievements have included:

- significant progress with the review of the *Financial Management Act 1996* to clarify ambiguities and more fully address changes in contemporary financial management practices;
- provision of significant input into development of financial reporting reforms included in the Territory's *Moving Forward: Service and Renewal* program;
- commencement of a training program across the ACT Government to ensure that officers responsible for financial management remain up-to-date with financial management improvement; and
- reissue of the ACT Accounting Policy Manual to reflect the significant changes in financial reporting practices occurring since the last release in 1999.

This year the Accounting Branch has continued to enhance the ACT's role within the Heads of Treasury Accounting Committee, which is an important mechanism for ensuring that public sector issues are considered in the development of accounting standards and associated issues.

The Accounting Branch completed its role in the successful implementation of the GST across the ACT Government. This was confirmed through the completion of an independent evaluation of the success of the implementation.

Future Directions

In 2001-02, the Accounting Branch will work towards:

- Completion of the review of the *Financial Management Act 1996*;
- Reviewing the financial reporting structure for the Territory;
- Reviewing the cash management structure of the Territory; and
- Development of a cohesive structure for the provision of financial policy within the Territory.

2000 - 2001

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OUTPUT 1.3: REVENUE MANAGEMENT

Description:

Effective collection of tax revenue concurrent with achieving a simple, equitable and efficient tax system; develop policy; and advise and assist clients to meet their obligations.

Note: Incorporates the subsumed report for the Commissioner for ACT Revenue.

Key Results:

- Revenue collected above Budget estimates;
- Successful implementation of the First Home Owners Grant for the ACT with the value of grants for 2000-01 above \$20 million;
- A number of legislation and administrative procedures were reviewed to provide equity and certainty to taxpayers and to optimise revenue collection;
- Implementation of electronic payment options for taxpayers; and
- Completion of the ACT taxation reforms to meet the requirements of the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations for measures effective from 1 July 2001.

Revenue Management

The ACT Revenue Office assisted the Government in developing a simple and equitable tax system. It also implemented efficient and cost effective administrative and/or regulatory processes for the assessment and collection of taxation related revenue, and for the management of various financial schemes. The ACT Revenue Office is the largest business unit in the Department of Treasury.

Management of Agreed Priority Projects Related to Revenue Policy and Legislation

Legislation passed during the year by the Legislative Assembly included the:

- *Rates and Land Rent (Relief) Amendment Tax Act 2000* to extend a rebate of rates to WWII veterans who are eligible to receive a Commonwealth Government Gold Card;
- *Insurance Levy Legislation Repeal Act 2001* to give effect to the cessation of the insurance levy from 1 July 2001;
- *Low-alcohol Liquor Subsidies Act 2000* to extend subsidies for low-alcohol beer and wine to 30 June 2001, following a renegotiation between the Commonwealth Government and the States and Territories;
- *Duties Amendment Act 2000 (No2) & (No3)* to provide concessional duty for hospitals, schools and charitable organisations in receipt of a dutiable transfer, and other technical amendments;
- *Taxation Administration Amendment Act 2000* to allow for the automatic review of interest rates on tax defaults, and a fairer and more moderate penalty regime;

2000 - 2001

- *Financial Relations Agreement Act 2000* and the *Financial Relations Agreement Consequential Amendments Act 2000* to give effect to the ACT's endorsement of the Intergovernmental Agreement on the reform of Commonwealth-State Financial Relations (IGA), and the cessation of Financial Institutions Duty and duty on quotable marketable securities from 1 July 2001; and
- *Treasury and Infrastructure Legislation Amendment Act 2000* - an omnibus package of technical amendments to existing legislation including First Home Owner Grant eligibility and the treatment of GST payments for ACT gambling tax liability.

Client Services

Revenue Management continued to work with key industry groups, the general community and other State and Territory revenue authorities to improve client services through, in particular:

- maintenance of the ACT Revenue Office website, which provides relevant and updated information to taxpayers. This complements information seminars and regular meetings held between the office, industry representatives and taxpayer groups. The website is accessible at <http://www.revenue.act.gov.au/>;
- streamlining the payroll tax end of year reconciliation process;
- introduction of BPay and Direct Debit for the payment of rates and land tax - providing greater flexibility in payment options for taxpayers;
- implementation of on-line lodgement of tax returns for five business taxes; and
- establishment of a call centre to speed up processing of tax inquiries.

Revenue Collections

Revenue collections for 2000-01 were above the original budget estimate. For 2000-01, total revenue collections is estimated to be in excess of \$530 million or approximately \$56 million above the original budget estimate of \$474 million.

This variation is primarily due to a higher level of receipts from conveyance duty arising from the unexpected continued strength in ACT property sales post 1 July 2000.

Taxation Changes

Taxation initiatives introduced during the year included:

- a progressive increase in the payroll tax-free threshold from 1 January 2001;
- abolition of the Insurance Levy from 1 July 2001;
- amendments to ACT revenue legislation to give effect to the cessation of Financial Institutions Duty and duty on quoted marketable securities from 1 July 2001; and
- an increase of the fixed component for general rates by \$20 for 2000-01 to meet the Government's policy of gradually increasing the fixed component to about 40 per cent of total annual general rates revenue.

Compliance, Objections & Review of Decisions

Compliance activities are carried out under the *Tax Administration Act 1999* and the *Rates & Land Tax Act 1926*. These activities include monitoring and enforcing compliance with taxation and rating legislation.

During 2000-01, two hundred and fifty one objections and appeals were processed. This exceeded the full year target of two hundred and twenty and was due to a higher volume of objections processed by the Australian Valuation Office arising from increased property valuations for rates and land tax purposes.

Future Directions

In line with government policy, access to electronically delivered services will be enhanced and promoted. For example, since March 2001 it has been possible to lodge and make payment for payroll tax. This service needs to be reviewed and promoted to encourage a greater take-up by taxpayers.

In an ongoing review of legislation to protect the revenue base, the following key factors will be addressed:

- impact of recent court and administrative appeal tribunal decisions;
- maintenance of tax competitiveness with NSW;
- consistency of legislation with other jurisdictions where appropriate;
- impact of changes in business practices;
- changes in Commonwealth and other States legislation; and
- clarity for taxpayers in the interpretation of legislation in a self assessment environment.

It is forecast that legislative reviews of duties and payroll tax will be required to respond to further changes by the Commonwealth Government to its regulatory legislation such as the corporations law and to accommodate the increased use of e-commerce by businesses.

As part of the development of the new tax computer system over the next two years an internal review of practices and procedures will be carried out. This review will identify ways of improving response time to customer queries and transactions, as well as the quality of advice provided.

In 2001-02, the Branch will also review revenue forecasting techniques to update methods and data where appropriate.

2000 - 2001

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OUTPUT 3.1: CENTRAL FINANCING UNIT

Description:

Management of the investment and borrowing activities of the ACT Government.

Key Results:

- ACT maintained its AAA credit rating;
- Establishment of the Finance and Investment Advisory Board; and
- Appointment of an investment adviser for the general government financial assets.

Central Financing Unit (CFU)

The Central Financing Unit (CFU) acts as a central investment and borrowing entity for the ACT Government. The CFU pools the surplus funds of ACT Government agencies to achieve rates of return above those which would be available to individual agencies, while continuing to provide an at-call investment facility for agencies. The CFU undertakes all ACT Government borrowings and manages the associated debt liabilities.

By maximising the return on investments on behalf of the ACT Government and its Departments, and minimising the cost of debt (assisted by the ACT's AAA credit rating), the Central Financing Unit contributed to the Government's Key Result Area (KRA) of eliminating the operating loss by the 2004-05 Budget.

Central Financing Unit manages funds on behalf of the Central Government Territory account, public trading entities, and the general government sector entities of the ACT Government. The Unit utilises two external fund managers to assist with the management of investment funds - Alliance Capital and National Asset Management Limited (a member of the National Australia Bank Group). Alliance Capital manages an allocation of the ACT's investment funds in a cash enhanced fund comprising of cash, bank bills, promissory notes and a small percentage invested in government and semi-government bonds. National Asset Management Limited manages an allocation of the ACT's investment funds in an Australian fixed interest fund with a view to maximising returns on funds for which liquidity is of less concern.

The investment returns achieved for 2000-01 are as follows:

- Cash Enhanced Fund: an overall investment return of 6.2 per cent was achieved against a benchmark of 6.1 per cent; and
- Fixed Interest Fund: an overall investment return of 6.8 per cent was achieved against a benchmark of 6.9 per cent, reflecting a conservative investment strategy which failed to capitalise on interest rate falls in the second half of the year.

The formation of the Finance and Investment Advisory Board was announced by the Treasurer on 1 September 2000 with the broad objective to assist and guide the Treasury in achieving efficient and effective funds management. The Board has met on four occasions and has guided the commencement of the review of all investment processes.

2000 - 2001

As part of the program is to thoroughly review all aspects of the investment activities of the government, on 18 June 2001 the Treasurer announced the appointment of Frontier Investment and Consulting Pty Ltd to provide specialist advice for the investment of funds held by the Territory. The announcement foreshadowed the immediate commencement of a process to select a Master Custodian for the Territory's investment funds and the future review of the Territory's current fund managers.

Standard & Poor's affirmed the 'AAA' long-term and 'A-I+' short-term local currency ratings and rating outlook of stable on the Australian Capital Territory in April 2001. The foreign currency ratings of 'AA' long-term and 'A-I+' short-term were also affirmed. The affirmed credit rating for the ACT reflects the ACT's low level of financial liabilities, a history of responsible fiscal management, and improving economic conditions. The low level of liabilities comprises low debt levels but relatively large unfunded superannuation liabilities.

During 2000-01 the outstanding balance of General Purpose Capital Advances provided to the ACT by the Commonwealth in 1988-89 (\$22.450m) and 1989-90 (\$23.179m) was fully repaid. Overall, the Territory's debt was reduced by \$20.874m.

Future Directions

In 2001-02 the Central Financing Unit will focus on improving investment returns and developing a more strategic approach to debt management.

The current investment strategy for surplus cash is heavily weighted towards 'at call' cash. It is considered that there may be an opportunity to make better use of the Government's liquidity position by investing a larger proportion of the surplus cash in fixed term instruments and less in cash. Such a strategy would result in a better return on investments. It is proposed to undertake a review of cash and liquidity requirements to establish an appropriate investment strategy and target rates of return. This will be followed by establishing a panel of fund managers to manage the investment.

The Branch will also commission a review of its liability management. The review will examine the appropriate level of exposure to interest rate movements taking into account the structure of the Territory's balance sheet. It will also advise on a target rate of borrowing costs, having regard to other market participants, especially other State and Territory borrowing authorities. This will confirm that the Territory is borrowing at a competitive rate in relation to its credit rating and the market liquidity of its debt issues.

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OUTPUT EBT 1: SUPERANNUATION UNIT

Description:

Management of superannuation provision and administration of the superannuation scheme for Members of the Legislative Assembly.

Key Results:

- Injection of additional \$154 million funding into the Superannuation Provision Account;
- Establishment of the Finance and Investment Advisory Board;
- Appointment of an investment adviser for the assets of the Superannuation Provision Account;
- Commencement of the ACT Insurance Authority from 1 April 2001;
- Enhancement of web-based insurance management system; and
- Policy renewals for all classes of insurance covered externally.

Superannuation Unit

The Superannuation Unit has responsibility for management of the superannuation provision, the insurance provision and administration of the superannuation scheme for Members of the Legislative Assembly.

The Government's KRA in respect of superannuation is to provide for the superannuation liability by the 2001-02 Budget. The superannuation liability was provided for in the strategy announced in May 2000 and continued in the 2001-02 Budget in May 2001. This strategy involves ongoing injection of funds capped at \$50 million per annum until 2019-20, supported by long-term target investment earnings of 5 per cent real. Under this plan, the superannuation liabilities will be 90 per cent covered by invested funds by 2039-40. Funds under management during 2000-01 were allocated to external funds managers in a conservative and defensive manner, pending a review to commence in July 2001 of all investment arrangements. During 2000-01 \$154 million was injected into the Superannuation Provision Account.

The Superannuation Provision Account investment return achieved for 2000-01 was 5.0 per cent compared with a benchmark return of 4.2 per cent. The over performance was primarily the result of above average returns from the Territory's specialist fund managers, particularly those managing equity investments. Returns, however, were below the long-term investment target due to the poor performance of the equities market in general.

The formation of the Finance and Investment Advisory Board was announced by the Treasurer on 1 September 2000 with the broad objective to assist and guide the Treasury in achieving efficient and effective funds management. The Board has met on four occasions and has guided the commencement of the review of all investment processes.

2000 - 2001

On 18 June 2001, as part of the program to thoroughly review all aspects of the investment activities, the Treasurer announced the appointment of Frontier Investment and Consulting Pty Ltd to provide specialist advice for the investment of funds held by the Territory.

The announcement foreshadowed the immediate commencement of a process to select a Master Custodian to manage the custody of the Territory's investment funds, and the future review of the Territory's current fund managers.

The Unit continued to manage the Government's insurance program to 31 March 2001. This recognised that provisions of the ACT *Insurance Authority Act 2000* were gazetted to commence from 1 April 2001. From that date, the ACT Insurance Authority assumed the assets and liabilities of the Insurance Management Account as well as the responsibility for the Territory's insurances (excluding workers' compensation). The Authority was able to continue with the work of the Unit without any interruption to the services required by agencies and the renewal of its own insurance arrangements.

The Authority, with the assistance of its insurance consultant, undertook negotiations with re-insurers for ongoing catastrophe cover. New policies were placed for all classes of insurance, with the exception of cross-class insurance. This may be placed in early 2001-02 if approved by the Board.

The Internet based claims management system (eMims) was subject to a major upgrade by the service providers during the year and this contributed to a shorter response and higher standard of reporting than previously available. A large amount of data on incidents recorded by agencies and more detailed information on the Territory's larger assets has been assembled in preparation for loading onto the system by electronic transfer. This data is expected to be loaded in the coming year, and will improve the level and quality of information available to agencies, the Authority and its insurers.

Future Directions

During 2001-02 the Superannuation Unit will:

- undertake a comprehensive review of its investment strategy in conjunction with the Finance and Investment Advisory Board and the investment consultant. The first stage will involve the development of investment targets, and an asset strategy. Subsequently, a master custodian will be appointed and a range of external fund managers will be employed to implement the strategy.

The Unit's actuary will:

- produce a major review of the superannuation liabilities based on data to 30 June 2001. This review will provide an updated estimate of the total employer liability, an estimate of the emerging costs for the three years commencing 2002-03 and a reconciliation of past employer payments and employer funded benefits.

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OTHER KEY GOVERNMENT POLICY OBJECTIVES

Customer Focus

The Department revised its Commitment to Service Statement for 2001, reflecting the changes in structure implemented during the year and the varying services offered within the agency.

The ACT Revenue Office conducts ongoing customer surveys as a means of assessing and improving the quality of service offered to customers. During the year the Revenue Office introduced the option of BPay and Direct Debit facilities for the payment of rates and specific taxes. The development of these services, along with the facility to conduct online lodgement of tax returns for five business taxes, provide greater flexibility with payment options for taxpayers.

Preparation for the 2001-02 Budget involved a two-phase consultation process, resulting in improved outcomes for the ACT community. The process involved community input into the allocation of resources focusing on specific service related issues regarding proposed draft budget initiatives and the capital works program. The consultation process allowed the community and business sectors, as well as members of the Legislative Assembly, the opportunity to comment and provide suggestions regarding the Government's key priorities.

During 1999 and 2000 the ACT Poverty Task Group, made up of representatives from the government including a senior Treasury officer, and the business and community services sectors, conducted an inquiry into the nature and extent of poverty in the ACT. The project was a joint initiative of the ACT Council of Social Service and the ACT Government with strong community involvement.

After undertaking a number of research activities, the Task Group developed recommendations on how to respond to the issue of poverty in the ACT. The Final Report of the Group titled 'Sharing the Benefits' was released in December 2000. The report outlined recommendations to the Government, community and individuals on directions for the significant reduction of poverty in the ACT.

Royal Commission into Aboriginal Deaths in Custody

One of the ACT's priorities in addressing the underlying issues of the *Aboriginal Deaths in Custody Report* is the development of an Aboriginal and Torres Strait Islander Policy Framework and associated strategic policies addressing health, housing, justice, employment, education and training. The Department of Treasury was represented on an Interdepartmental Committee which met to oversight the development and implementation of these strategies.

Fraud Prevention

The Department engaged a private firm to develop a Fraud Risk Assessment and a Fraud Control Plan for the Department relating to the period 1999-2001. The Fraud Risk Assessment identified areas of risk, and the Fraud Control Plan offered strategies to address all significant risks.

The Department considered the recommendations and sought further work on these reports. The final Fraud Risk Assessments and Fraud Control Plans were distributed to all Directors, who have been implementing the recommendations in their area of responsibility.

In accordance with the requirements of the Public Sector Management Standards for fraud and corruption risks to be assessed every two years, the Department is investigating options for the next round of assessments, to ensure that the most effective method of review is adopted to satisfy the Department's requirements.

The Department has also developed a portfolio of instructions and information concerning fraud awareness and prevention, which can be accessed by all staff through the Department's business portal. Suitable training courses for staff are being developed.

There were no instances of fraud reported or investigated in the Department during the year.

It should be noted that the Department has also improved building security at the Canberra Nara Centre. An electronic access system has been activated on all perimeter doors in the building, together with video and motion detectors to monitor all pedestrian movements on the Ground Floor, Plaza Level.

Equity and Diversity

During the year an Equity and Diversity Plan for the Department was developed and is being placed before the Executive. The Plan is to be implemented in line with the principles of the Equity and Diversity Framework for the ACT Public Service. This plan continues to recognise and address the particular needs of the designated work groups, whilst placing a further emphasis on the importance of recognising workplace flexibility for all staff and valuing workplace difference as good management practice. The Plan outlines obligations and rights for all staff in the Department and incorporates strategies to ensure that the key objectives of the plan are met.

In addition, the Department participated in a whole-of-government training session relating to EEO and Diversity reviews. It is anticipated that a review team will be established in the 2001-02 financial year to complete a review of EEO and Diversity in the Department in order to assess ways in which diversity is valued and managed and to identify initiatives contributing to improved diversity management.

2000 - 2001

The Department continues to support the principles of Anti Sexual Harassment and maintains a list of staff appointed as contact officers, for both sexual harassment and EEO. There were no EEO related grievances lodged during the year.

The Department also continued to support work-lifestyle balance initiatives through industrial agreements, to enable employees to find a balance in their work life and personal commitments. The new 2001-03 Australian Workplace Agreements maintain initiatives such as access to personal leave, half pay maternity leave, access to permanent part time work and home based work, and flexible working hours.

There are 133.11 full time equivalent staff in the Department, of which 48.4 per cent are women. The table below indicates the composition of staff by gender and classification, according to EEO group. These figures are based on full time equivalent staff as at 21 June 2001.

Staff by EEO Group

Classification	Indigenous Australians		People from Culturally and Linguistically Diverse Backgrounds		Persons with a Disability		Gender	
	Male	Female	Male	Female	Male	Female	Male	Female
Executive	0	0	0	1	0	0	7	2
CMD Manager/SOG A&B	0	0	2	0	0	0	18.63	5
CMD Senior Officer/SOG C	0	0	4	2	0	0	17	7
CMD Officer/ASO 1-6	0	0	5	18.8	0	0	26	47.48
Graduate Admin Assistant	0	0	0	1	0	0	0	3
Total	0	0	11	22.8	0	0	68.63	64.48

RESOURCES

Staffing Profile

All staff are employed under the provisions of the *Public Sector Management Act 1994*.
The Department had a total staffing figure of 133.11 full time equivalent as at 21 June 2001.
Of these, nine Executive staff were employed under Executive Contract arrangements.

Agency Profile by Organisational Unit

Business Unit	Female	Male	Total
Executive Unit (includes Graduates)	7	3	10
Procurement Policy	0	3.63	3.63
Government Business Enterprises	3	3	6
Finance and Investment Group	4	3	7
Revenue Management	33	27	60
Economic Management	2	13	15
Financial and Budgetary Management	15.48	16	31.48
Total	64.48	68.63	133.11

Source: HRMS as at 21 June 2001, Full Time Equivalent

Staff by Classification and Gender

Classification	Female	Male	Total
Executive	2	7	9
Manager	5	18.63	23.63
Senior Officer/SOG C	7	17	24
Admin Officer/ASO 6	16	12	28
Admin Officer/ASO 5	11	7	18
Admin Officer/ASO 4	12	6	18
Admin Officer/ASO 3	5	1	6
Admin Officer/ASO 2	2.48	0	2.48
Admin Officer/ASO 1	1	0	1
Graduate Admin Assistant	3	0	3
Total	64.48	68.63	133.11

Source: HRMS as at 21 June 2001, Full Time Equivalent

2000 - 2001

Staff by Gender and Employment Category

Employment Category	Female	Male	Total
Permanent Full Time	54	59	113
Permanent Part Time	0	0	0
Temporary Full Time	9	8	17
Temporary Part Time	0	0	0
Casual	1.48	1.63	3.11
Total	64.48	68.63	133.11

Source: HRMS as at 21 June 2001, Full Time Equivalent

AUSTRALIAN WORKPLACE AGREEMENTS

Throughout the year, a total of 53 staff in the Department were covered by Australian Workplace Agreements (AWAs) approved by the Office of the Employment Advocate. Of these Agreements, a total of 28 have been terminated as a result of staff resignations, staff transferring to other Agencies or to Executive contract arrangements, and staff electing to revert to coverage under the Department's Certified Agreement.

An Australian Workplace Agreement Framework was introduced across the ACT Public Service during the year, providing revised parameters for the use and operation of AWAs. The Framework provides for salary progression linked to rigorous performance management processes and the payment of Attraction and Retention bonuses of 20 per cent and 10 per cent respectively in circumstances where there is a critical requirement for particular skills and experience.

The Department is currently in the process of offering Australian Workplace Agreements to Managers and Senior Officers in accordance with the Framework principles.

The following tables list the type and number of staff covered by AWAs in the Department for the reporting period.

Collective Staff AWA 1999-2000

Classification	Salary Range (\$)	Duration * (Nominal Expiry Date)	Total staff coverage 1 Jul 2000- 30 Jun 2001	Staff coverage as at 30 Jun 2001
Graduate Admin Assistant	24,744 - 32,430	31 March 2000	29	10
Admin Officer Class 1 (ASO 1)	15,200 - 28,559			
Admin Officer Class 2 (ASO 2)	28,672 - 32,430			
Admin Officer Class 3 (ASO 3)	32,657 - 35,950			
Admin Officer Class 4 (ASO 4, RO 2)	36,399 - 40,310			
Admin Officer Class 5 (ASO 5, SRO 1)	40,598 - 43,909			
Admin Officer Class 6 (ASO 6, SRO 2)	43,846 - 51,373			
Professional Officer Class 1	30,576 - 43,753			
Professional Officer Class 2	43,846 - 49,981			
Senior Officer (SOG C, SPO C)	55,514 - 61,791			
Manager (SOG B, SPO B, SITO B)	65,593 - 76,155			
Manager (SOG A, SPO A, SITO A)	76,179 - 78,439			

* AWAs continue to operate past the nominal expiry date until such time as the AWA is terminated or superseded by another Agreement.

Note: Duration and Total Staff figures relate to all Classifications.

2000 - 2001

Collective Managers' AWA 1998-2000

Classification	Salary Range (\$)	Duration * (Nominal Expiry Date)	Total staff coverage 1 Jul 2000- 30 Jun 2001	Staff coverage as at 30 Jun 2001
Manager (SOG B, SPO B, SITO B)	65,593 - 76,800	31 March 2000	21	12
Manager (SOG A, SPO A, SITO A)	76,179 - 79,208			

* AWAs continue to operate past the nominal expiry date until such time as the AWA is terminated or superseded by another Agreement.

Note: Duration and Total Staff figures relate to all Classifications.

Collective Managers' AWA 2001-2003

Classification	Salary Range (\$)	Duration * (Nominal Expiry Date)	Total staff coverage 1 Jul 2000- 30 Jun 2001	Staff coverage as at 30 Jun 2001
Manager 1 (SOG B, SPO B, SITO B)	62,963 - 85,278	30 Sep 2003	3	3
Manager 2 (SOG B, SPO B, SITO B)	66,182 - 89,639			
Manager 3 (SOG B, SPO B, SITO B)	70,794 - 95,885			
Manager 4 (SOG A, SPO A, SITO A)	73,014 - 108,061			

* AWAs continue to operate past the nominal expiry date until such time as the AWA is terminated or superseded by another Agreement.

Note: Duration and Total Staff figures relate to all Classifications.

Note: AWAs developed in accordance with the ACT Public Service AWA Framework. Staff covered by these AWAs are remunerated within the salary range identified for the relevant classifications.

CERTIFIED AGREEMENTS

During the year the Department received one employment-related grievance. There were no other appeals or grievances lodged with the Department during the reporting period.

WORKERS' COMPENSATION

During the compensation premium year ended February 2001, one new workers' compensation claim was accepted. This represents the Department's only open claim at the end of the premium year February 2001.

The services of an external rehabilitation and safety provider have been used regularly to assist in increasing awareness amongst staff of the importance of injury prevention. Workstation assessments and eyesight testing continue to be arranged for staff, in an effort to prevent injury associated with the constant use of screen based equipment in an office based environment.

TRAINING AND STAFF DEVELOPMENT

Under the provisions of the Australian Workplace Agreement framework, the Department's performance management scheme was developed to provide a focus on the identification of training and development needs. The improved Scheme provides for assessment of skills and abilities against a broad range of prescribed core competencies - to promote learning and development opportunities in relation to personal attributes and corporate requirements such as team building, ethics and values, governance and strategy, and influential communication.

During 2000-01, and prior to the implementation of the revised Scheme in May 2001, the participation rate for eligible staff in the performance management scheme was 12 per cent. It is envisaged that the improved Scheme, in the context of the AWA framework, will serve to markedly improve this participation rate in the new financial year.

In addition to formal training a range of internal and external development opportunities were accessed, including the Studybank Program, on-the-job training, and attendance at conferences and seminars.

Implementation of the Raytheon Training "Hub"

Raytheon Australia has been contracted as the Department's training broker. It was introduced to management during an initial educative phase in June 2001. Raytheon has contracted a broad range of training providers who offer a variety of training and development courses through the Raytheon Training "Hub", a website that allows for online training searches, bookings and invoicing. The Hub also provides reports and a personal training history record for staff.

Finance and Accounts Training

The Corporate Finance unit presented a series of information sessions for staff regarding the financial structure of the Department, and the function of the Corporate Finance section within the Department. The sessions included detailed training in financial and accounts processing for business units.

ACT GRADUATE PROGRAM

The ACT Graduate Program aims to attract and develop high quality graduates into the ACT Public Service. In support of the Government's commitment to recruit to thirty six graduate positions in 2001, the Department agreed to sponsor four agency-funded graduates and to offer permanent positions to these graduates on successful completion of the Program.

STUDYBANK

The Department continues to support staff in obtaining academic qualifications through the Studybank program which makes provision for paid leave and partial reimbursement of expenses associated with study. The following tables present details of staff who received study assistance during 2000-01 by classification and area of study:

Classification	Male	Female	Total
Executive	1	0	1
Manager	3	0	3
Senior Officer	1	1	2
ASO 5-6	1	3	4
ASO 1-4	0	3	3
Total	6	7	13

Area of Study	Total %
Accounting/Economics	84
Marketing	8
Arts	8
Total	100

Training Expenditure

Training expenditure for 2000-01, including expenditure on agency funded Graduate Administrative Assistants, totalled \$246,000. This expenditure comprised:

- the direct costs of training and development courses in respect of all staff, and including the salary equivalent of time away from the workplace by Graduate Administrative Assistants to meet training needs; and
- the salary equivalent of time away from the workplace in respect of staff who attended seminars/conferences and other training opportunities at no direct cost (ie free of charge).

Training courses/seminars attended at no direct cost included subject matters such as Risk Management, Contract Management, Fringe Benefits Tax, Procurement, and Ethics.

CONSULTANCY AND CONTRACTOR SERVICES

Consultants - total financial year cost greater than \$5,000
(GST exclusive)

Name	Description	Cost	Date consultancy let	Reason for use of Select Tender	Reason for use of non-qualified construction suppliers	Area managing consultancy
Access Economics	Review of revenue forecasting methods for Payroll, Gaming Machine Tax, & Conveyance Duty.	\$30,000	May 2001	n/a	n/a	Revenue Management
Adecco Aust Pty Ltd	Recruiting services re Director of Economic Management position.	\$15,150	Dec 2000	n/a	n/a	Treasury Executive
Cordiner King & Co	Recruiting services re the Chief Executive of Treasury position.	\$17,875	Mar 2000	n/a	n/a	Treasury Executive
Deloitte Touche Tohmatsu	Consultancy Services for the GST Project.	\$140,012	Dec 1999	n/a	n/a	Financial & Budgetary Management
Deloitte Touche Tohmatsu	GST Implementation review.	\$21,000	Jan 2001	n/a	n/a	Corporate Finance
Effective People	Payment for contractor to provide Stamp Duty advice.	\$17,013	May 2000	n/a	n/a	Revenue Management
Marsh Pty Ltd	Insurance Broking and Risk Management.	\$301,237	1998	n/a	n/a	ACT Insurance Authority
Mercer Cullen Egan Dell	Executive job-sizing.	\$10,130	Jul 2000	n/a	n/a	Treasury Executive
PriceWaterhouse Coopers	Strategic and transitional advice on NTER.	\$30,000	May 2001	n/a	n/a	Revenue Management
Procurement and Projects	Review of Capital Works Manual.	\$5,563	Jan 2001	n/a	n/a	Procurement Policy
Towers Perrin	Actuarial Services.	\$122,645	1992	n/a	n/a	SPU
Web Risk Systems	Provision of Internet based asset and claims system.	\$33,226	1998	n/a	n/a	ACT Insurance Authority

2000 - 2001

Contractors - total financial year cost greater than \$15,000 (GST exclusive)

Name	Description	Cost	Date consultancy let	Reason for use of Select Tender	Reason for use of non-prequalified construction suppliers	Area managing consultancy
ACTCOSS	Advice on equity issues of revenue collection.	\$30,000	May 2000	n/a	n/a	Revenue Management
Alliance Capital	Funds Manager.	\$423,043	Jan 1994	n/a	n/a	SPU
Assist Pty Ltd	Project implementation services (GST implementation).	\$276,515	Feb 2000	n/a	n/a	Financial & Budgetary Management
Australia Post	Receipting services.	\$234,864	Jul 1999	Part of banking contract.	n/a	Revenue Management
AUSTRAPAY	Mail payments.	\$35,494	Jul 1996	n/a	n/a	Revenue Management
AVO	Valuation services.	\$468,823	Sep 2000	n/a	n/a	Revenue Management
Bankers Trust	Funds Manager.	\$881,472	Nov 1993	n/a	n/a	SPU
CARDLINK	Mail payments.	\$18,653	1994	n/a	n/a	Revenue Management
Clay Finlay	Funds Manager.	\$1,242,631	Aug 1994	n/a	n/a	SPU
Ernst and Young	Accounting advice.	\$23,500	Jun 2001	n/a	n/a	Financial & Budgetary Management
Excelerated Consulting Pty Ltd	Finance System development.	\$45,159	Aug 2000	n/a	n/a	Financial & Budgetary Management
Hays Accounting	Contractor Services.	\$17,758	Feb 2001	n/a	n/a	SPU
Hays Personnel	Payment for contractors for providing accounting services.	\$407,907	Ongoing	n/a	n/a	Financial & Budgetary Management
ICRC	Motor Vehicle Fuel Inquiry.	\$40,000	Apr 2001	n/a	n/a	Microeconomic Reform Unit

Name	Description	Cost	Date consultancy let	Reason for use of Select Tender	Reason for use of non-prequalified construction suppliers	Area managing consultancy
Invesco	Funds Manager.	\$537,954	Aug 1993	n/a	n/a	SPU
Alliance Capital	Funds Manager.	\$530,541	Jan 1994	n/a	n/a	CFU
Lane Printing	Printing Rates & Land Tax forms.	\$133,193	May 2000	n/a	n/a	Revenue Management
Morgan and Banks Management Services Pty Ltd	Payment for contractors for providing accounting services.	\$56,209	Oct 1999	n/a	n/a	Financial & Budgetary Management
National Asset Management	Employment of Contractor.	\$116,016	April 2000	n/a	n/a	SPU
Paul Taylor and Associates	Services related to the reform of ACT Government Procurement Practices.	\$27,040	Mar 2001	n/a	n/a	Procurement Policy
Perpetual Trustee Co Ltd	Management Services Contract ACT Home Loan Portfolio.	\$599,146	Jan 1999	n/a	n/a	Revenue Management
Trust Company of Australia	Management and winding up fees Bruce Property Trust.	\$59,263	Jun 1998	Immediate availability.	n/a	Government Business Enterprise Management
DMV Consulting	Contractor services.	\$74,683	Jul 2000	n/a	n/a	Financial & Budgetary Management

CAPITAL WORKS MANAGEMENT

The Department has no Capital Works activities on which to report for the 2000-01 reporting period.

ASSET MANAGEMENT STRATEGY

The Department is currently in the process of undertaking improved design solution options for its Canberra Nara Centre accommodation; the objective being to ensure the best utilisation of space to progress towards meeting the Government's prescribed space standards of 15m² per employee (global). During the year the Department had a reduction of 33 staff, and a corresponding 480m² of floorspace through the transfer of Land and Property to the Department of Urban Services.

The current utilisation of floor space per employee is 20.8m².

(Note: building common areas (foyers etc) are excluded in this calculation as they are not categorised as office space.)

PASSENGER VEHICLES

The Department had 8 passenger vehicles as at 30 June 2001, consisting of 7 six cylinder vehicles and 1 four cylinder vehicle. This figure has decreased from the previous reporting year of 9 passenger vehicles.

STATUTORY REQUIREMENTS

OCCUPATIONAL HEALTH AND SAFETY

The Department managed its Occupational Health and Safety activities in accordance with the *Occupational Health and Safety Act 1989* (OH&S Act) (as modified by the *Public Sector Management Act 1994*), and the agency *Policy Statement and Injury Prevention and Management Agreement*, the latter of which was developed in consultation with the relevant staff organisation.

The Occupational Health and Safety Committee, comprising staff and management representatives, convened during the year. The Committee meetings are professionally facilitated, and standing agenda items include OH&S matters arising during the reporting period; the election, training and development of OH&S representatives; and the monitoring and trend analysis of workplace injury data.

An external provider was engaged to conduct workstation assessments for staff, as a pro-active measure to target high incident injury groups. General information sessions regarding safe working practices in an office environment were provided to staff groups.

There were no notices issued to the Department under section 76 or section 77 of the OH&S Act, no directions issued under section 78 of the OH&S Act, and no incidents causing the giving of notice under section 85 of the Act.

COMMISSIONER FOR THE ENVIRONMENT

The Department has had no involvement in any reports prepared by the Commissioner for the Environment during the 2000-01 reporting period.

PUBLIC INTEREST DISCLOSURE

The *Public Interest Disclosure Act 1994* provides the mechanism for people to report wrongdoing in the ACT Public Sector. This action is referred to as making a “public interest disclosure”, less formally known as “whistleblowing”. An agency leaflet is available for staff, which summarises the legislative provisions and describes the Department’s procedures for managing disclosures, including details of:

- Contact officers;
- Eligibility for making a disclosure;
- How to make a disclosure;
- Management of the investigation process;
- Decisions about outcomes;
- Formal advice back to informants; and
- Further options available, should the informant be dissatisfied with the outcome.

There were no disclosures made to the Department under the *Public Interest Disclosure Act 1994* during the year.

GOVERNMENT CONTRACTUAL DEBTS (INTEREST) ACT 1994

Under the *Government Contractual Debts (Interest) Act 1994*, agencies are required to pay interest on any invoices unpaid by the 25th day of the month following the date of the invoice. Generally payment is made within 30 days of the date of the invoice. All contracts over \$10,000 entered into by the Department are subject to the provisions of this Act.

FREEDOM OF INFORMATION

The ACT *Freedom of Information Act 1989* (the Act) provides a legally enforceable right of access by a citizen to all documents in the possession of the ACT Government, subject only to exemptions to protect the legitimate interest of the ACT Government, and of the third parties who deal with the ACT Government. The Act requires information about the operations of ACT agencies to be made publicly available, particularly rules and practices affecting citizens in their dealings with those agencies.

Section 7 of the ACT *Freedom of Information Act 1989* requires all agencies to prepare and publish a statement setting out the structure, operation and categories of documents.

Organisation Functions and Powers

The Department of Treasury is responsible for:

- providing policy and strategic advice to the Treasurer and Government;
- administration of the First Home Owner Grant Scheme;
- managing the Territory's finances; and
- the administration of ACT tax laws, including the collection of ACT taxes and general rates.

A list of legislation under which the Department or its officers exercise statutory powers is given below.

- *ACTEW/AGL Partnership Facilitation Act 2000*
- *Appropriation Acts*
- *Appropriation (ACT Forests Trust Account) Act 1993*
- *Appropriation (Bruce Stadium and CanDeliver Limited) Act 1999*
- *Appropriation (HIH) Act 2000-2001*
- *Australia and New Zealand Banking Group Limited (NMRB) Act 1991*
- *Bank Mergers Act 1997*
- *Canberra Advance Bank Limited (Merger) Act 1992*
- *Competition Policy Reform Act 1996*
- *Co-operative Societies Act 1939*
- *Debits Tax Act 1997*
- *Duties Act 1999*
- *Emergency Management Act 1999 - Part 6, Division 3*

- *Financial Agreement Act 1994*
- *Financial Institutions Duty Act 1987*
- *Financial Institutions Duty (Validation) Act 1994*
- *Financial Institutions (Removal of Discrimination) Act 1997*
- *Financial Management Act 1996*
- *Financial Management and Audit (Consequential and Transitional Provisions) Act 1996*
- *Financial Relations Agreement Act 2000*
- *Financial Sector Reform (ACT) Act 1999*
- *First Home Owner Grant Act 2000*
- *Goods and Services Tax (Temporary Transitional Provisions) Act 2000*
- *Government Contractual Debts (Interest) Act 1994*
- *Government Procurement Act 2001*
- *Independent Competition and Regulatory Commission Act 1997*
- *Independent Pricing and Regulatory Commission (Consequential Provisions) Act 1997*
- *Insurance Authority Act 2000*
- *Insurance Levy Act 1998*
- *Insurance Levy Legislation Repeal Act 2001*
- *Liquor Act 1975 - sub-sections 42E(2) and 42E(4)*
- *Low-alcohol Liquor Subsidies Act 2000*
- *Payroll Tax Act 1987*
- *Public Access to Government Contracts Act 2000*
- *Rates and Land Rent (Relief) Act 1970*
- *Rates and Land Tax Act 1926*
- *State Bank of South Australia (Transfer of Undertaking) Act 1994*
- *Statutory Authorities (Audit Arrangements) Act 1990*
- *Superannuation (Legislative Assembly Members) Act 1991*
- *Taxation Administration Act 1999*
- *Territory Owned Corporations Act 1990*
- *Territory Superannuation Provision Protection Act 2000*
- *Utilities Act 2000 (except Part 5)*
- *Utilities (Telecommunications Installations) Act 2001*

Public Participation in Decision-making

Arrangements for public participation in decision-making include public submissions to inquiries, customer feedback on policies, procedures and legislation, interaction with peak industry bodies, discussion at public meetings, consultative committees for specific purposes, access to records through FOI requests, comments on draft documents, comments on Bills before the Assembly and contact with the relevant Minister.

2000 - 2001

Categories of Documents

The Department holds several basic categories of documents:

- those that are freely available on request and without charge;
- those available for sale including those that are part of a public register; and
- all other kinds of documents that may be available under the FOI Act.

Documents available on request and without charge

Documents within this category include publications produced by the Department on various aspects of its activities. These are distributed from public counters and libraries throughout the Territory and may be available on the ACT Government's Internet Home Page at <http://www.act.gov.au/>.

Documents of other kinds that may be available under the FOI Act

- general files including internal, interdepartmental and public documents, minutes of meetings of management and other committees, agendas and background papers, policy statements, financial and staffing estimates;
- diaries, rosters, work sheets;
- program and policy files;
- records held on microfilm, computer or paper in connection with specialised functions;
- photographs, videos and films;
- financial and accounting records;
- files on applicants and clients;
- records of government including the machinery of government;
- leases and deeds of agreement; and
- brochures.

Facilities for Access

Those seeking information are encouraged to seek access by contacting the Department before resorting to the more formal FOI procedure. Physical access to the documents of the agencies is available at the listed address. In many cases it may be possible to access information far more quickly and efficiently through such an approach.

All FOI requests should be directed to:

The FOI Coordinator
Department of Treasury
GPO Box 158
CANBERRA ACT 2601

The physical location is:

Corporate Services
Level 3 Canberra Nara Centre
Corner Constitution Avenue & London Circuit
Canberra City ACT 2601

Summary of outcomes of requests (section 18)

Eleven requests were received during the year.

Two requests were still outstanding at 30 June 2001.

Total access requests remained static this year (11 in 1999-2000 and 11 in 2000-01).

Three requests were transferred to another department and zero requests were withdrawn.

One request from the previous financial year was actioned.

Full Release	Partial Access	Technical Refusal	Withdrawn
2	4	3	0

Response Times (section 19)

0-30 days	31-45 days	46-60 days	61-90 days	> 90 days
7	2	nil	nil	nil

Average response time for the Department was 24 days.

Appeal of decisions (section 59)

Requests for Internal Review	Affirmed	Partial Release	Overturned
1	1	nil	nil

Requests to amend records (section 48)

No applications were made to amend records.

Administrative Appeals Tribunal (AAT)

Requests to AAT	Affirmed	Overturned	Ongoing
nil	nil	nil	nil

One AAT application, ongoing from the previous financial year, was withdrawn during the reporting period.

Fees and charges

Request for personal affairs remission		Request for Financial Hardship remission		Request for public interest remission	
Accepted	Refused	Accepted	Refused	Accepted	Refused
2	nil	nil	nil	6	nil

No money was received in application fees or processing charges.

Applicant type

Member of public	Solicitor	Association/Organisation	Politician	Company
3	nil	1	7	nil

Further information may be obtained from:

The FOI Co-ordinator
 Department of Treasury
 GPO Box 158
 Canberra ACT 2601
 Telephone: (02) 620 50369 Fax: (02) 620 70167

ECOLOGICALLY SUSTAINABLE DEVELOPMENT

A. Office Based Activities

(The Department currently occupies a purely office-based environment.)

Item	Description	Environmental/Economic/Social Outcome
1. Energy		
• Electricity	Auto-shutdown	Air-conditioning systems in the Canberra Nara Centre are controlled by automatic timers, reducing wasted energy. Office-based IT equipment feature energy saving shutdown timers, designed to minimise electricity consumption.
• Fuel	Passenger vehicles	The Department has 8 passenger vehicles (7 six cylinder and 1 four cylinder). Executive vehicles are made available for use by departmental staff for work-related activities.
2. Water	Kitchen water and cleanliness	Staff kitchens on all floors feature purified and boiled water, enhancing cleanliness and reducing heating costs.
3. Consumables	Purchasing recycled paper, use of recycling bins	Effective use of recycled products, reduction in landfill waste.
4. Disposables	Paper, cardboard, food.	Garbage bins throughout the Department are clearly marked for the disposal of different types of waste. "Worm farm" bins are used in all staff kitchens as an environmentally friendly method of reducing waste products.

APPENDICES

REPORTS BY THE AUDITOR-GENERAL

Report No 1 of 2001 - Financial Audits with Years Ending to 30 June 2000 dated 27 March 2001

(The Standing Committee on Finance and Public Administration (incorporating the Public Accounts Committee) has not presented its report on the Auditor-General's report listed above as at 30 June 2001.)

INQUIRIES BY LEGISLATIVE ASSEMBLY COMMITTEES

Reports presented by the Standing Committee on Finance and Public Administration (incorporating the Public Accounts Committee):

- Report No 8 - Proposed ACTEW/AGL Partnership Arrangement Report (tabled 30 August 2000)
- Report No 11 Appropriation Bill 2000-2001 (No 2) (incorporating a dissenting report) (tabled 1 May 2001)

Report presented by the Standing Committee on Finance and Public Administration (incorporating the Public Accounts Committee) in its role as the Public Accounts Committee:

- Public Accounts Committee Report No 24 - Review of Auditor-General's Report No 4 of 1999 - Financial Audits with Years ending to 30 June 1999 (tabled 29 June 2000)

Report presented by the Select Committee on Government Contracting and Procurement Processes:

- Government Contracting and Procurement Processes Report (tabled 29 August 2000)

Report presented by the Select Committee on Estimates 2001-2002:

- 2001-2002 Budget (incorporating a dissenting report) (tabled 13 June 2001)

Report presented by the Standing Committee on Planning and Urban Services:

- Report No. 51 - Utilities Bill 2000 and Utilities (Consequential Provisions) Bill 2000 (tabled 29 August 2000)

2000 - 2001

LEGISLATION ENACTED FOR WHICH DEPARTMENT OF TREASURY HAD CARRIAGE:

Legislation	Gazetted
<i>Appropriation Act 2000-2001 [recommitted]</i>	12 July 2000
<i>Appropriation Act 2000-2001 (No 2)</i>	3 April 2001
<i>Appropriation Act 2000-2001 (No 3)</i>	8 May 2001
<i>Appropriation Act 2001-2002</i>	29 June 2001
<i>Appropriation (HH) Act 2000-2001</i>	21 June 2001
<i>Duties Amendment Act 2000 (No 2)</i>	6 July 2000
<i>Duties Amendment Act 2000 (No 3)</i>	28 September 2000
<i>Duties Amendment Act 2001</i>	29 June 2001
<i>Financial Management (Amendment) Act 2001</i>	8 March 2001
<i>Financial Management Amendment Act 2001 (No 2)</i>	29 June 2001
<i>Financial Management Legislation Amendment Act 2001</i>	29 June 2001
<i>Financial Relations Agreement Act 2000</i>	6 July 2000
<i>Financial Relations Agreement Consequential Amendments Act 2000</i>	6 July 2000
<i>Gaming Machine Amendment Act 2000</i>	20 December 2000
<i>Gaming Machine Amendment Act 2001</i>	29 June 2001
<i>Goods and Services Tax (Temporary Transitional Provisions) Act 2000</i>	6 July 2000
<i>Goods and Services Tax (Temporary Transitional Provisions) Amendment Act 2001</i>	29 June 2001
<i>Government Procurement Act 2001</i>	24 May 2001
<i>Insurance Corporation Act 2000</i>	18 October 2000
<i>Insurance Levy Legislation Repeal Act 2001</i>	19 April 2001
<i>Liquor Amendment Act 2000</i>	28 September 2000
<i>Liquor Amendment Act 2000 (No 2)</i>	20 December 2000
<i>Low-alcohol Liquor Subsidies Act 2000</i>	5 October 2000
<i>Low-alcohol Liquor Subsidies Amendment Act 2001</i>	24 May 2001
<i>Public Access to Government Contracts Act 2000</i>	21 December 2000
<i>Rates and Land Rent (Relief) Amendment Act 2000</i>	21 December 2000
<i>Rates and Land Tax Amendment Act 2000 (No 2)</i>	6 July 2000
<i>Rates and Land Tax Amendment Act 2001</i>	29 June 2001
<i>Sale of Motor Vehicles Amendment Act 2001</i>	5 April 2001
<i>Taxation Administration Amendment Act 2000</i>	28 September 2000
<i>Territory Owned Corporations Amendment Act 2000</i>	4 September 2000
<i>Treasury and Infrastructure Legislation Amendment Act 2000</i>	21 December 2000
<i>Utilities Act 2000</i>	20 December 2000
<i>Utilities (Consequential Provisions) Act 2000</i>	20 December 2000
<i>Utilities (Telecommunications Installations) Act 2001</i>	29 June 2001

REGULATORY ACTIVITIES

The Revenue Management Branch is responsible for the administration and regulation of a number of Territory tax, grant and subsidy Acts. Compliance activities are carried out pursuant to the powers granted to the Commissioner for ACT Revenue under the *Tax Administration Act 1999* and the *Rates & Land Tax Act 1926*.

Regulatory functions include the issue of tax assessments, programmed audits and inspections, investigations into tax avoidance and evasion schemes, and the enforcement of lodgement of documents and returns. In 2000-01, an estimated 280,000 assessments were issued by Revenue Management.

The Branch also operates a customer service centre providing information and support to clients and for the collection of fees and taxes. A brief description of the legislation for which the Revenue Management Branch has regulatory responsibilities is provided below.

- *Debits Tax Act 1997*
The *Debits Tax Act 1997* provides for the imposition and collection of a tax in respect of certain debits made to accounts kept with financial institutions. Financial institutions are required to lodge monthly returns detailing all taxable debits made during the month. The account holder may apply to have the account exempted from debits tax in specific circumstances.
- *Duties Act 1999*
The *Duties Act 1999* imposes duty on a range of Territory related documents and transactions, including conveyances, marketable securities, acquisition of businesses, general and life insurance, and motor vehicle registration and transfer.
- *Emergency Management Act 1999*
In this Act, only Division 3 of Part 6, which relates to the Ambulance Service levy, is administered by the Commissioner for ACT Revenue. This Division imposes a liability on health benefits organisations conducting business in the ACT to pay a monthly Ambulance Service levy to provide ambulance cover for members. Taxpayers are liable to make monthly returns and payments of the levy.
- *Financial Institutions Duty Act 1987*
This Act provides for the imposition of Financial Institutions Duty (FID) on certain receipts by financial institutions in the ACT. The duty is payable by financial institutions which register under the Act and by depositors with those financial institutions which do not register. Financial Institutions Duty ceased from 1 July 2001.
- *Insurance Levy Act 1998*
This Act imposes a levy on general insurance companies as a revenue raising measure to assist the provision of emergency services. The Act requires general insurers to pay a levy each financial year, based on premiums due to the insurer in the previous year. A total fixed levy amount of \$10 million is raised annually. This levy was abolished from 1 July 2001.

2000 - 2001

- *Payroll Tax Act 1987*
The *Payroll Tax Act 1987* imposes payroll tax on Territory employers in respect of wages, with an average tax free threshold of \$850,000 per annum in 2000-01. It requires employers to be registered for payroll tax and to lodge annual or monthly returns with appropriate payments.
- *Rates and Land Rent (Relief) Act 1970*
The *Rates and Land Rent (Relief) Act 1970* provides for relief from land, water and sewerage rates in the form of rebates and/or deferral of the obligation to pay rates, to eligible pensioners, specified Social Security payment recipients and persons suffering hardship.
- *Rates and Land Tax Act 1926*
The Act imposes general rates and land tax on all rateable properties in the ACT, with a general exemption from land tax applying to land leased for residential purposes that is not rented on the quarterly liability dates.
- *Taxation Administration Act 1999*
The *Taxation Administration Act 1999* provides the administrative provisions for a number of tax laws relating to the imposition and collection of certain taxes, duties and fees.
- *Low-alcohol Liquor Subsidies Act 2000*
The *Low-alcohol Liquor Subsidies Act 2000* provides the administrative provisions for subsidy payments for low-alcohol liquor (beer and wine) supplies in the ACT.
- *First Home Owner Grant Act 2000*
The *First Home Owner Grant Act 2000* enables the provision of a \$7,000 grant to assist first home buyers purchase a new home from 1 July 2000 under the First Home Owners Scheme (FHOS). An additional \$7,000 is available for first home owners who enter into contracts between 9 March 2001 and 31 December 2001 inclusive to build or purchase new but previously unoccupied homes. Construction must be completed by 1 May 2003.

ADVISORY AND CONSULTATIVE BOARDS AND COMMITTEES

Name

Finance and Investment Advisory Board

Membership

Ms B Yeoh (Chair)

Mr K Searson

Mr R Taylor

Ms T Pham (ex-officio)

Description

The formation of the Finance and Investment Advisory Board was announced by the Treasurer on 1 September 2000 with the broad objective to assist and guide the Treasury in achieving efficient and effective funds management. The Board has met on four occasions during 2000-01 and has guided the commencement of the review of all investment processes.

Name

Interim Government Procurement Board

Membership

Ms T Pham (Chair)

Mr M Zissler

Ms G Beauchamp

Mr P Gordon

Ms L Zamprogno

Description

An Interim Procurement Board was appointed by the Government in January 2001 to progress the Government procurement reform agenda. This included the development of a whole-of-government procurement skills accreditation system and approved procurement guidelines. The Interim Board has met these objectives.

2000 - 2001

SERVICE PURCHASING ARRANGEMENTS AND COMMUNITY GRANTS

The Department has no Service Purchasing Arrangements or Community Grants on which to report for the 2000-01 reporting period.

COMMUNITY CONSULTATION

The Community Consultation Register is a record of community consultations conducted across ACT Government. The Register is a valuable tool for the ACT Government to refer to when planning to consult the community so as to coordinate the timing, minimise duplication and overburdening the community, and build on previous work.

The full Community Consultation Register may be accessed via the Internet at <http://www.act.gov.au/cmd/documents.cfm>. Placing the Register on the Internet makes it possible for members of the community to view the information on the range and scope of consultations conducted by the ACT Government.

A range of consultation methods is used including community and stakeholder meetings and interviews, reference and focus groups, written and phone surveys, policy discussion papers and exposure drafts, as well as workshops and fora. In the next financial year, the range of consultation tools will expand to include the use of information technology. The Register will be an interactive tool to place community consultation online, via the Canberra Connect homepage.

Project Title	Project Description	Consultation Objectives	Consultation Starting & Closing Date
Financial and Budgetary Management			
Budget 2001-02 Consultation	Budget 2001-02 outlines ACT Government priorities for expenditure and income.	To gain input from ACT Community on the 2001-02 Budget.	7 February 2001 to 14 March 2001
Government Business Enterprise and Territory Owned Corporations			
Utilities Act 2000	Regulatory reform of utilities operating in the ACT.	To adopt an open and consultative approach in developing a new regulatory framework. To achieve an appropriate balance between competing interests in order to establish an effective and efficient regulatory framework. To expose regulatory proposals for comment from all interested parties.	Legislation passed December 2000. Legislation commenced on 1 January 2001.

Project Title	Project Description	Consultation Objectives	Consultation Starting & Closing Date
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Revenue Management

Liaison and consultation with Motor Trades Association (MTA)	Liaison and consultation with Motor Trades Association & government representatives in respect of duty on registration of motor vehicles in the ACT.	Facilitate resolution of issues in a timely and efficient way	Meetings as required
Government Legislation (Taxation)	Consultation on proposed amendments to legislation, form design, Revenue Circulars, Revenue policy and tax administration with ACT Law Society and ACT CPAs.	To develop and implement tax legislation and improve form design	Ongoing
General Rates and Land Tax	Seeks feedback on land taxes in the ACT from Property Owners' Association representatives, and on conveyancing issues from Law Society representatives.	To discuss land tax and general rates issues.	Meetings as required Ongoing
Land Tax Liabilities and Inspections	Ongoing compliance activity (including education, data matching and inspections of real estate agents)	To develop and provide advice to representatives of landlords.	Ongoing
GST and adjustment to Gambling Tax	An adjustment to gambling taxes to take account of the effects of GST.	To establish a scheme to provide an equitable solution to problems created for small clubs by the introduction of the GST.	Completed

ANNEXED REPORT

REGISTRAR OF CO-OPERATIVE SOCIETIES

This report is submitted in accordance with section 12 of the *Co-operative Societies Act 1939* (the Act).

Functions

The Registrar of Co-operative Societies, the Deputy Registrar and inspectors are appointed to statutory positions under the Act.

In relation to co-operative societies in the ACT, the Registrar:

- registers new societies;
- monitors compliance by societies with the Act and their rules; and
- maintains a registry for the lodgement and inspection of relevant documents.

The societies covered by the Act are trading societies and housing societies.

Objective

The objective of the Registrar is to administer and maintain the Act as a means of providing an effective basis for registered organisations to carry on business in accordance with co-operative principles.

Evaluation

The key performance indicator is the extent of compliance with the Act by all registered co-operative societies. During 2000-01 there were no instances of significant non-compliance, however one co-operative society was late in submitting its annual return. This matter was brought to their attention.

Staffing

The Registrar's functions are undertaken on a part-time basis by staff of the Economic Management Branch of the Department of Treasury.

Mr Ian Keightley was the Registrar of Co-operative Societies up to November 2000. Mr Stewart Chapman was then appointed and has filled the position for the remainder of the period covered by this report. Mr David Scholes was Deputy Registrar and an Inspector.

Legislation

The legislation providing for the establishment, operation and regulation of co-operative societies has undergone major reform across all States and Territories of Australia. Through the initiatives of the Standing Committee of Attorneys General and the Ministerial Council for Corporations there has been substantial progress towards the implementation of a comprehensive set of consistent core provisions by each jurisdiction. With the exception of Western Australia the States have now enacted legislation reforming the supervision and administration of co-operatives. In March 2000 the *Co-operatives Bill 2000* was tabled in the Legislative Assembly. However, as a result of changes to Commonwealth Corporations legislation it is anticipated this bill will be withdrawn and a new Cooperatives Bill will be introduced and debated in the second half of 2001. The new Cooperatives legislation will also entail new regulations.

Registered Co-operatives in the ACT

No new co-operatives were registered in the ACT during 2000-01.

Active co-operatives on the register as at 30 June 2001 were as follows:

- Trading societies:
 - Aerial Taxi Cabs Co-operative Society Limited
 - Builders Trading Co-operative Limited
- Housing society:
 - Barton Co-operative Housing Society Limited

Societies incorporated interstate

Six interstate trading co-operatives were exempted from relevant provisions of the Act for the purposes of trading or carrying on business in the ACT as at 30 June 2001:

- Australian Co-operative Foods Limited;
- Leisureaction International Co-op Ltd;
- Travel Agents Co-operative (NSW) Ltd;
- University Co-operative Bookshop Limited;
- Australian Wine Consumers Co-operative Society Limited; and
- Primary Management and Training Concepts Co-operative Limited.

Investigations conducted by the Registrar

There were no investigations carried out by the Registrar during 2000-01.

Documents available for inspection

Under the *Co-operative Societies Act 1939* any person, on payment of a prescribed fee, may:

- inspect at the office of the Registrar (1st Floor, Canberra Nara Centre, ACT Government Offices, London Circuit, Canberra City) and obtain a copy of the registration certificate and rules of a society; and
- inspect and obtain a certified copy of any other registered document or part thereof.

Freedom of Information Act

Documents relating to co-operative societies which may be made available under the *Freedom of Information Act 1989* include:

- register of co-operatives (ACT) containing names and addresses of societies;
- annual reports of Registrar of Co-operative Societies;
- various application forms pursuant to the Co-operative Societies Regulations; and
- register of charges.

Further Information can be obtained from:

Stewart Chapman

Registrar of Co-operative Societies

(02) 620 70270

stewart.chapman@act.gov.au

ACT INSURANCE AUTHORITY

The Australian Capital Territory Insurance Authority was established under Section 8 of the *ACT Insurance Authority Act 2000* to replace the Insurance Management Account that was introduced from 1 July 1998. This account was implemented to meet the insurable claims and losses of ACT Government agencies from that date. The Authority commenced operations on 1 April 2001.

The Authority reports to the Treasurer and is financed through risk-based premiums that reflect the asset holdings and liability risks faced by each agency.

Board Membership

Section 18 of the Act establishes the ACT Insurance Authority Board, which is comprised of the following six positions:

- the Under Treasurer or nominee;
- two representatives from client agencies;
- two other persons with relevant qualifications or experience; and
- the General Manager of the Authority.

All Board members are appointed by the Minister except for the General Manager who is appointed by the Board.

The members of the Board are:

- Mr Roger Broughton (Treasury Representative and Chairperson)
- Dr Penny Gregory (Client Representative)
- Ms Julie McKinnon (Client Representative)
- Ms Sue Clark (Specialist Member)
- Mr Rex Spinley (Specialist Member)
- Mr Peter Matthews (General Manager).

Functions

The functions of the Authority are specified in section 9 of the Act and include:

- carrying on the business of insurer of Territory risks;
- insuring of Territory risks with other entities;
- managing claims in relation to Territory risks; and
- promoting good risk management practices.

Powers

The Authority has all the powers of an individual and may, among other things, enter into contracts, acquire, hold, deal and dispose of property and issue policies of insurance.

Objectives

The objectives of the Authority are to:

- enable the Territory to meet the cost of its insurable claims and losses in an orderly, timely and cost effective manner;
- ensure the costs are fully reflected in the Territory's accounts in accordance with accrual accounting principles;
- protect the Territory's budget from the risk of very large claims; and
- improve risk management practices in all agencies.

Main Operations

The Authority provides insurance cover to all General Government Sector agencies as well as a number of Government Public Trading Enterprises. It examines the type and levels of risks faced by the Government agencies for which it provides cover, and sets the annual insurance premiums to ensure that the cost of claims and losses incurred each year are covered by the premiums.

While the Authority meets most claims from these premiums, part will be set aside to purchase insurance to protect its funds against large claims or losses, or a series of such events, which would threaten its viability. The classes of insurance include Industrial and Special Risk (property and revenue cover), Public and Professional Liability, Directors' and Officers' Liability and Medical Negligence Insurance for its staff professionals. In addition, it provides agencies with access to volunteer liability and personal accident cover, public liability insurance for hirers of Government facilities and aviation insurance for agencies that charter small aircraft from time to time.

The Authority also:

- provides access to advice and training on insurance issues and risk management practices to its clients in order to reduce the cost of risk to the Territory;
- conducts regular reviews of existing claims to ensure that appropriate management is being applied to claims, that realistic estimates of costs are included in the accounts and that risk management measures are implemented to reduce the chance of similar claims occurring; and
- provides access to agencies to the electronic claims reporting and data analysis system as an integrated claims management process, to ensure that accurate claims information is available for the Authority's management, its clients and its insurers.

Directions by the Minister

Section 12 of the Act gives the Minister the power to give written directions to the Authority about the exercise of its functions. The Minister gave no directions to the Authority in the period of operations covered by this Report.

Chairperson's Review

Since the establishment of the Authority, the normal operations inherited from the Insurance Management Account continued successfully. The Board of the Authority met twice to consider and make decisions on the following important issues:

- the transfer of assets and liabilities of the Insurance Management Account to the Authority;
- the future financial impact on the Authority of a small number of significant medical incidents in ACT facilities;
- the appointment of the general manager;
- the medical negligence insurance arrangements of Visiting Medical Officers contracted to work in ACT Government facilities; and
- the renewal of the Authority's own insurance arrangements.

The last item was achieved satisfactorily in the climate of a hardening insurance market resulting from worldwide increases in the frequency and cost of claims as well as a contraction in the number of insurers in the market. The changes in the external market have been significant in the three year period since the previous insurance arrangements were written.

Other local factors leading to a major increase in premiums included poor medical malpractice claims experience and the failure of the HIH group which figured prominently on the Authority's insurance arrangements. Much of the increase has been off set by the authority accepting a higher level of self-insured retention.

In addition, the Authority has moved to develop a risk management policy and strategy for adoption at a whole-of-government level to guide each agency in the development of their own risk management policy and procedures. This initiative will be based on the Australian and New Zealand Standard 4360 relating to risk management.

Employment and Staffing Structure

Classification	Number
General Manager - Department of Treasury Manager equivalent	1
Risk Manager - Senior Officer Grade C	1
Accounts Manager - Senior Officer Grade C	1(a)
Finance Manager- Administrative Service Officer 6	1
Office Assistant- Administrative Service Officer 4	1
TOTAL	4(b)

(a) Currently unfilled

(b) The four positions filled as at 30 June were occupied by 1 female and 3 males.

2000 - 2001

Statement of Intent and Statement of Performance

Section 58 of the *Financial Management Act 1996* requires the Authority to provide the Treasurer with a Statement of Intent that covers managerial aspects of its operations. Section 59 of the Act requires the Authority to assess and report on its performance in achieving the objectives outlined in its Statement of Intent. The Statement of Performance is included in Volume 2 of this report.

Further information is available from:

Peter Matthews

General Manager

ACT Insurance Authority

(02) 6207 0268

peter.matthews@act.gov.au

GLOSSARY OF ACRONYMS

AAT	Administrative Appeals Tribunal
ACT	Australian Capital Territory
ACTEW	ACTEW Corporation Limited
ACTPS	ACT Public Service
ACTTAB	ACTTAB Limited
AGL	Australian Gas Light Company
AIHS	Australian International Hotel School
ASO	Administrative Service Officer
AWA	Australian Workplace Agreement
CFU	Central Financing Unit
CGC	Commonwealth Grants Commission
CMD	Chief Minister's Department
COAG	Council of Australian Governments
CPA	Certified Practising Accountant
CRP	Civic Revitalisation Policy
DTI	Department of Treasury and Infrastructure
DUS	Department of Urban Services
EEO	Equal Employment Opportunity
ESD	Ecologically Sustainable Development
FHOS	First Home Owners Scheme
FID	Financial Institution Duty
FMA	Financial Management Act 1996
FOI	Freedom of Information
FTE	Full Time Equivalent
GAA	Graduate Administrative Assistant
GBE	Government Business Enterprises
GST	Goods and Services Tax
KRA	Key Result Area
MTA	Motor Trades Association
NCC	National Competition Council
NCP	National Competition Policy
NTER	National Tax Equivalent Regime
NSW	New South Wales
OH&S	Occupational Health and Safety
RIS	Regulatory Impact Statement
SOG	Senior Officer Grade
SPP	Specific Purpose Payment
SPU	Superannuation Provision Unit
TOCs	Territory Owned Corporations

2000 - 2001

ALPHABETICAL INDEX

Section	Page Number
2000-01 Capital Works Program	27
2000-01 Key Achievements	15
Accounting	8
Accounting Branch	29
Acronyms	73
ACT Insurance Authority	69
<i>ACT Insurance Authority Act 2000</i>	38
ACT Budget	18,26
ACT Gambling and Racing Commission	19
ACT Revenue Office	31
ActewAGL	24
<i>ActewAGL Partnership Facilitation Act 2000</i>	54
Advisory and Consultative Boards and Committees	63
Aerial Taxi Cabs Co-operative Society Limited	67
Agency Regulatory Plans	16
Ambulance Service Levy	61
Annexed Report - ACT Insurance Authority	66
<i>Annual Reports (Government Agencies) Act 1995</i>	3
Appendices	59
<i>Appropriation (ACT Forests Trust Account) Act 1993</i>	54
<i>Appropriation (Bruce Stadium and CanDeliver Limited) Act 1999</i>	54
<i>Appropriation (HIH) Act 2000-2001</i>	54
Asset Management Strategy	52
<i>Australia and New Zealand Banking Group Limited (NMRB) Act 1991</i>	54
Australian Co-operative Foods Limited	67
Australian Wine Consumers Co-operative Society Limited	67
Australian Workplace Agreements	45
<i>Bank Mergers Act 1997</i>	54
Barton Co-operative Housing Society Limited	67
Builders Trading Co-operative Limited	67
<i>Canberra Advance Bank Limited (Merger) Act 1992</i>	54

Section	Page Number
Capital Works Management	52
Cash Enhanced Fund	35
Categories of Documents	56
Central Financing Unit	35
Certified Agreements	47
Chief Executive's summary	4
Client Services	32
Commissioner for ACT Revenue	10,61
Commissioner for the Environment	53
Commonwealth Grants Commission	20
Commonwealth-State Finances	20
Communication Strategy for Regulatory Impact Statement Process	17
Community Consultation	64
<i>Competition Policy Reform Act 1996</i>	54
Compliance, Objectives & Review of Decisions	33
Consultancy and Contractor Services	49
Continue Redevelopment of the City Centre	13
<i>Co-operative Societies Act 1939</i>	54
Corporate Initiatives	10
Corporate Services	9
Customer Focus	40
<i>Debits Tax Act 1997</i>	54
<i>Duties Act 1999</i>	54
<i>Duties Amendment Act 2000 (No2) & (No3)</i>	31
Ecologically Sustainable Development	58
Economic Analysis	18
Economic Management	9,15
Eliminate the Operating Loss	12
<i>Emergency Management Act 1999 - Part 6, Division 3</i>	54
Equity and Diversity	41
Executive Direction and Support	10
Finance and Accounts Training	47

2000 - 2001

Section	Page Number
Finance and Investment	8
Financial and Budgetary Management	8,26
<i>Financial Institutions Duty Act 1987</i>	55
<i>Financial Institutions Duty (Validation) Act 1994</i>	55
<i>Financial Institutions (Removal of Discrimination) Act 1997</i>	55
Fixed Interest Fund	35
Financial Management	26
<i>Financial Management Act 1996</i>	26
<i>Financial Management and Audit (Consequential and Transitional Provisions) Act 1996</i>	55
<i>Financial Relations Agreement Act 2000</i>	32
<i>Financial Sector Reform (ACT) Act 1999</i>	55
<i>First Home Owner Grant Act 2000</i>	55
Fraud Prevention	41
Freedom of Information	54
<i>Freedom of Information Act 1989</i>	54
Gambling and Racing Policy	19
<i>Gaming Machine Act 1987</i>	19
<i>Goods and Services Tax (Temporary Transitional Provisions) Act 2000</i>	55
Government Business Enterprise Management	9,23
<i>Government Contractual Debts (Interest) Act 1994</i>	55
Government Financial Reporting, Monitoring and Analysis	27
<i>Government Procurement Act 2001</i>	22
<i>Gungahlin Development Authority Act 1996</i>	25
Inquiries by Legislative Assembly Committees	59
Internal Audit	10
<i>Insurance Levy Act 1998</i>	55
<i>Insurance Levy Legislation Repeal Act 2001</i>	31
Legislation for Which Department of Treasury had Carriage	60
<i>Lotteries Act 1964</i>	19
<i>Low-alcohol Liquor Subsidies Act 2000</i>	31
Management of Agreed Priority Projects Related to Revenue Policy and Legislation	31
Microeconomic Reform	16

Section	Page Number
Ministerial Services	10
National Competition Council	16
National Competition Policy Report	16
National Reform Forums	17
National Tax Reform	20
Occupational Health and Safety	53
<i>Occupational Health and Safety Act 1989</i>	53
Organisation Chart 1	7
Organisation Chart 2	14
Organisation Functions and Powers	54
Output 1.1	15
Output 1.2	26
Output 1.3	31
Output 3.1	35
Output EBT 1	37
Passenger Vehicles	52
<i>Payroll Tax Act 1987</i>	55
<i>Pool Betting Act 1964</i>	19
Preparation and Delivery of the ACT Budget	26
Procurement Policy	9
Procurement Policy Unit	22
<i>Public Access to Government Contracts Act 2000</i>	22
Public Interest Disclosure	53
<i>Public Interest Disclosure Act 1994</i>	53
Public Participation in Decision Making	55
<i>Public Sector Management Act 1994</i>	43
Purchase Agreement	27
<i>Rates and Land Rent (Relief) Amendment Tax Act 2000</i>	31
<i>Rates & Land Tax Act 1926</i>	33
Raytheon Training “Hub”	47
Regulatory Activities	61
Registrar of Co-operative Societies	70

2000 - 2001

Section	Page Number
Reports by the Auditor-General	59
Revenue Collections	32
Revenue Management	9,31
Revenue Office	31,40
Royal Commission into Aboriginal Deaths in Custody	40
Service Purchasing Arrangements and Community Grants	63
Staff by EEO Group	42
Staffing Profile	43
<i>State Bank of South Australia (Transfer of Undertaking) Act 1994</i>	55
<i>Statutory Authorities (Audit Arrangements) Act 1990</i>	55
Statutory Requirements	53
Studybank	48
Summary of FOI Requests	54
<i>Superannuation (Legislative Assembly Members) Act 1991</i>	55
Superannuation Unit	37
<i>Tax Administration Act 1999</i>	33
<i>Taxation Administration Amendment Act 2000</i>	31
Taxation Changes	32
<i>Territory Owned Corporations Act 1990</i>	23
<i>Territory Superannuation Provision Protection Act 2000</i>	55
Training and Staff Development	47
Training Expenditure	48
Trading Societies	67
<i>Trade Practices Act 1974</i>	16
Transmittal Certificate	3
<i>Treasury and Infrastructure Legislation Amendment Act 2000</i>	32
<i>Utilities Act 2000</i>	24
Utility Regulatory Reforms	24
<i>Utilities (Telecommunications Installations) Act 2001</i>	24
Workers' Compensation	47

COMPLIANCE INDEX

TRANSMITTAL CERTIFICATE	3
-------------------------	---

ASSISTANCE TO READERS

Table of contents	1
Alphabetical index	74
Glossary of abbreviations and acronyms	73
Contact officer / internet site address	11

OVERVIEW AND MAJOR ACHIEVEMENTS	9
---------------------------------	---

FINANCIAL AND PERFORMANCE STATEMENTS	Volume Two
--------------------------------------	------------

WHOLE OF GOVERNMENT ISSUES

Key Issues

Customer Focused Public Service	40
Royal Commission into Aboriginal Deaths in Custody	40
Fraud Prevention	41
Equity and Diversity	41

Resources and Ownership Agreement Reporting

Staffing Profile	43
Workers' Compensation	47
Training and Staff Development	47
Certified Agreements	47
Consultancy and Contractor Services	49
Capital Works Management	52
Asset Management	52
Vehicles	52

Statutory Requirements

Occupational Health and Safety	53
Commissioner for the Environment	53
Public Interest Disclosure	53
<i>Government Contractual Debts (Interest) Act 1994</i>	54
Freedom of Information Statement	54
Ecologically Sustainable Development	58

2000 - 2001

APPENDICES	59
Reports by Auditor-General	59
Inquiries by Legislative Assembly Committees	59
Legislation enacted for which Department of Treasury had Carriage	60
Regulatory Activities	61
Advisory and Consultative Boards and Committees	63
Service Purchasing Arrangements and Community Grants	64
Community Consultation	64
SUBSUMED REPORTS	
Commissioner for ACT Revenue	31
ANNEXED REPORTS	66
Registrar of Co-operative Societies	66
ACT Insurance Authority	69

