

## DEPARTMENT OF TREASURY

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### Objectives

The Department of Treasury (Treasury) provides strategic financial and economic policy advice to the Government with the aim of promoting the Territory's financial position and economic management.

Treasury plays a leading role in promoting accountability and transparency in the delivery of services to the community. This is achieved through sound financial policies, management practices and analysis.

### 2008-09 Priorities

Strategic and operational issues to be pursued in 2008-09 include:

- assisting the Government to maintain the Territory's AAA credit rating through sound and sustainable economic and financial management;
- managing the ACT's input into the Commonwealth Grants Commission's (CGC) reporting on State Revenue Sharing Relativities 2009 and updating the CGC's 2010 Methodology Review;
- implementing Whole of Government reporting changes required by the harmonisation of Generally Accepted Accounting Principles (GAAP) and Government Finance Statistics (GFS), which will be reported on for the first time from 30 June 2009;
- coordinating the preparation of the Government's budget and reporting on financial outcomes;
- presenting a pre-election budget update at least 30 days before the polling day;
- continuing to improve the Territory's financial management framework;
- finalising the Government's revised Asset Management Framework and establishing a rolling program to develop/review agency Strategic Asset Management Plans;
- implementing the Government's policy agenda with respect to compulsory third party insurance, and its other insurance related initiatives;
- implementing the Government's policy priorities related to the Affordable Housing Action Plan;
- upgrading the Territory's revenue collection computer system;
- undertaking specific reviews of government programs to advise if resources are efficiently and effectively allocated;
- representing the ACT in the development of the Council of Australian Governments (COAG) reform agenda and implementing the Territory's commitments to national competition policy;
- strengthening the Territory's Regulatory Impact Statement processes consistent with the COAG agreement; and

- finalising a review of the investment strategy with respect to funds held in the Territory Banking Account and Superannuation Provision Account and implementing any changes.

## **Business and Corporate Strategies**

Treasury will assist the Government to implement financially and economically sustainable policies and programs.

In accordance with its business, risk management and human resource plans, Treasury will:

- identify the most effective and efficient use of available resources through analysing programs and expenditure proposals;
- strengthen collaborative relationships with Government departments, external organisations and other agencies through negotiation, consultation, best practice governance arrangements and effective service delivery; and
- build Treasury's capabilities through effective leadership, staff retention, recruitment policies, and personal and professional development practices.

## **Estimated Employment Levels**

<b>2007-08 Budget</b>		<b>2007-08 Est. Outcome</b>	<b>2008-09 Budget</b>
181	<b>Staffing (FTE)<sup>1</sup></b>	176	184

**Note:**

1. Excludes the Superannuation Provision Account.

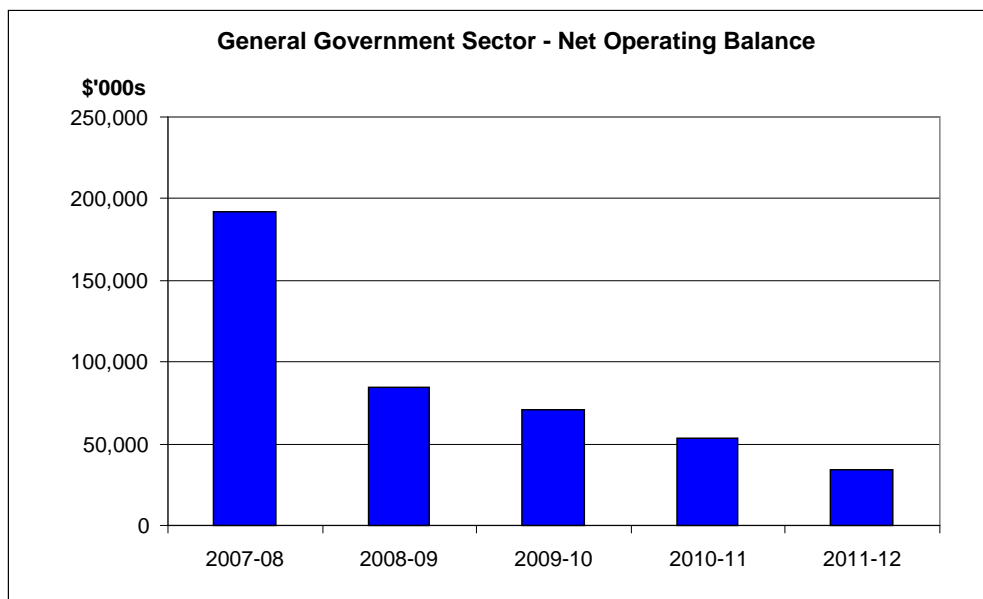
## Strategic Indicators

### Strategic Indicator 1

Achieving a budget operating surplus

The Government's objective is to achieve an operating surplus: temporary deficits must only occur if they are offset by surpluses at other times. An ongoing element of the Government's strategy in the 2008-09 Budget is to maintain a surplus net operating balance without the traditional reliance on land sales revenue.

Detailed information for this indicator is included in Budget Paper No. 3.



### Strategic Indicator 2

Maintaining a AAA credit rating

Standard and Poor's assess the Territory's credit rating each year. The Territory currently has the highest possible credit rating - a AAA credit rating.

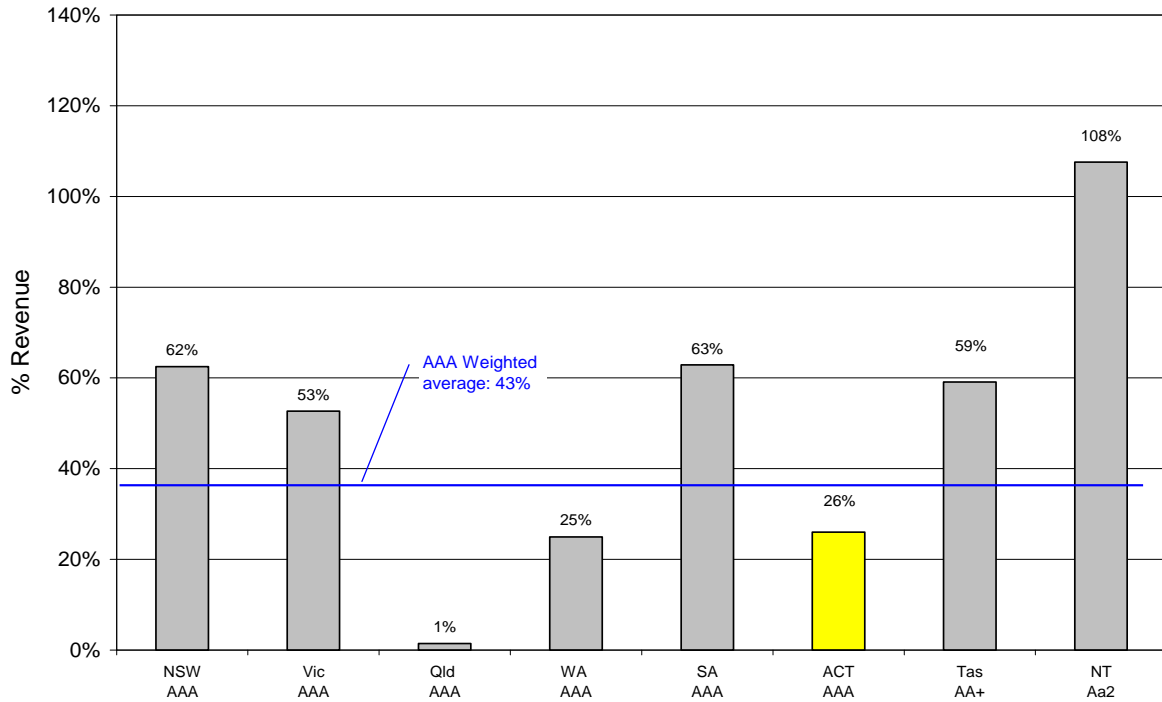
Treasury assists the Government to maintain this credit rating through the provision of sound policy advice.

### Strategic Indicator 3

Maintain net financial liabilities within the range of AAA rated jurisdictions

Net financial liabilities are a broad measure of general government sector liabilities, including net debt and superannuation liabilities. The ACT has a strong balance sheet, and the Government's objective is to maintain this position relative to AAA rated jurisdictions.

Detailed information for this indicator is included in Budget Paper No. 3.



## Output Classes

	Total Cost <sup>1</sup>		Government Payment for Outputs	
	2007-08	2008-09	2007-08	2008-09
	Est. Outcome \$'000	Budget \$'000	Est. Outcome \$'000	Budget \$'000
<b>Output Class 1:</b>				
<b>Financial and Economic Management</b>	43,800	53,609	40,636	49,623
<b>Output 1.1: Economic Management</b>	5,295	5,561	5,098	5,424

### Note:

1. Total cost includes depreciation and amortisation of \$0.2 million in 2007-08 and \$1.775 million in 2008-09.

### Output Description

This output covers a range of services including: economic policy advice, regulatory reform advice, analysis of major projects, intergovernmental financial relations, insurance policy advice, gambling and racing policy advice and oversight of the Territory's investments and debt.

The key outputs to be delivered in 2008-09 include:

- monitoring and advising on the state of the ACT economy;
- coordinating ACT Government involvement with the CGC comprising:
  - an annual submission to the CGC update of State Revenue Sharing Relativities; and
  - submissions, representations and participation in the CGC's major review of methodology underpinning the general revenue sharing relativities to apply from 2010-11 onwards.
- overseeing the implementation of the COAG regulatory reform program;
- implementing reforms to ACT compulsory third party scheme and policy review of other statutory classes of insurance; and
- implementation of a group insurance initiative for non-profit organisations in collaboration with Volunteering ACT.

	Total Cost		Government Payment for Outputs	
	2007-08	2008-09	2007-08	2008-09
	Est. Outcome \$'000	Budget \$'000	Est. Outcome \$'000	Budget \$'000
<b>Output 1.2: Financial Management</b>	26,314	35,139	23,848	31,690

### Output Description

Provision of analysis, monitoring and reporting on the financial performance of agencies to assist the Government to achieve its policy objectives.

The key outputs to be delivered in 2008-09 include:

- the preparation and presentation of the Government's annual budget and annual financial statements;

- preparing a pre-election budget update and providing it to the Parliamentary Counsel for notification at least 30 days before the polling day;
- quarterly Whole of Government consolidated management reports;
- finalising the Government's revised Asset Management Framework and establishing a rolling program to develop/review agency Strategic Asset Management Plans;
- reporting to external agencies including the Australian Loan Council, the Australian Bureau of Statistics and the CGC;
- implementing Whole of Government reporting changes required by the harmonisation of Generally Accepted Accounting Principles (GAAP) and Government Finance Statistics (GFS), which will be reported on for the first time 30 June 2009;
- reviews of government programs and functions; and
- advice on the structure and operation of Government Business Enterprises.

	Total Cost		Government Payment for Outputs	
	2007-08	2008-09	2007-08	2008-09
	Est. Outcome \$'000	Budget \$'000	Est. Outcome \$'000	Budget \$'000
<b>Output 1.3: Revenue Management</b>	12,191	12,909	11,690	12,509

#### *Output Description*

This output provides for the administration of the ACT Government's taxation revenue. It also includes the provision of policy advice on taxation matters.

The key outputs to be delivered in 2008-09 include:

- collecting an estimated \$950 million in taxation revenue;
- providing high quality and timely advice to assist taxpayers meet their obligations;
- processing 260 objections and reviews of decision (comprising 150 objections relating to unimproved land value and 110 other objections and reviews);
- processing 1,200 Home Buyer Concession Scheme transactions; and
- processing 2,700 First Home Owner Grant applications.

## Accountability Indicators

	2007-08 Targets	2007-08 Est. Outcome	2008-09 Targets
<b>1.1: Economic Management</b>			
a. Briefings on the ACT Economy	127	125	125
b. Submission to CGC Annual Update	1	1	1
c. Submissions to the CGC Major Review	3	3	2
d. Submission to credit rating agency	1	1	1
<b>1.2: Financial Management</b>			
a. Budget	1	1	1
b. Annual Financial Reports	1	1	1
c. Quarterly Reports	4	4	4
d. Pre-election Budget Update <sup>1</sup>	n/a	n/a	1
e. Policy/Service Area Reviews	1	1	1
<b>1.3: Revenue Management</b>			
a. Debt Management - level of outstanding debt as a percentage of Treasury tax revenue	2%	2.1%	2%
b. Compliance revenue per inspector <sup>2</sup>	\$340,000	\$650,000	\$360,000

### Notes:

1. New measure.
2. There were large payroll tax assessments issued in July 2007 and November 2007 which increased the amount of revenue resulting from compliance activity. These were one off transactions and similar transactions are not expected to continue into 2008-09.

## Changes to Appropriation

### Changes to Appropriation - Departmental

	2007-08	2008-09	2009-10	2010-11	2011-12
Government Payment for Outputs	Est. Out.	Budget	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2007-08 Budget</b>	<b>49,205</b>	<b>33,073</b>	<b>28,796</b>	<b>29,351</b>	<b>29,351</b>
<b>FMA Section 16B Rollovers from 2006-07</b>					
Restructure Fund	1,288	-	-	-	-
Oracle Government Financials	67	-	-	-	-
<b>2nd Appropriation</b>					
Equine Influenza Assistance Package	150	-	-	-	-
<b>2008-09 Budget Policy Adjustments</b>					
Council of Australian Government Additional Resourcing	-	138	143	-	-
Government Office Building - Project Advice	-	800	800	350	350
National Tax Equivalent Regime Compliance Review	-	55	-	-	-
Administration of Compulsory Third Party Insurance Scheme	-	120	123	126	129
Administration of Pensioner Duty Exemption Initiative	-	120	125	130	-
Territory Revenue Systems Upgrade	-	250	250	250	250
Affordable Housing Action Plan - Land Rent Scheme System Upgrade	-	10	10	10	10
Whole of Government - Capital Contingency Fund	-	4,000	-	-	-
Whole of Government - Capital Improvement Program	-	3,000	-	-	-
Whole of Government - Asset Management and Capital Delivery Planning	-	2,000	1,500	1,000	500
<b>2008-09 Budget Technical Adjustments</b>					
Rollover - Capital Improvement Program	(1,172)	1,172	-	-	-
Rollover - Restructure Fund	(8,000)	5,000	1,500	1,500	500
Revised Indexation Parameters	-	51	52	53	470
Decreased Superannuation Contributions	(402)	(166)	(251)	(308)	(311)
Forecast Underspend	(500)	-	-	-	-
<b>2008-09 Budget</b>	<b>40,636</b>	<b>49,623</b>	<b>33,048</b>	<b>32,462</b>	<b>31,249</b>

**Changes to Appropriation - Territorial**

	2007-08	2008-09	2009-10	2010-11	2011-12
Payment for Expenses on Behalf of Territory	Est. Out. \$'000	Budget \$'000	Estimate \$'000	Estimate \$'000	Estimate \$'000
<b>2007-08 Budget</b>	<b>35,800</b>	<b>36,062</b>	<b>36,050</b>	<b>36,308</b>	<b>36,308</b>
<b>2008-09 Budget Technical Adjustments</b>					
Revised First Home Owners Grant	1,500	1,500	1,500	1,500	1,500
Revised GST Administration Costs	(366)	30	44	67	79
Revised Racing Development Fund	13	222	234	245	457
Correction of Prior Year Over Appropriation	(773)	(773)	(773)	(773)	(773)
<b>2008-09 Budget</b>	<b>36,174</b>	<b>37,041</b>	<b>37,055</b>	<b>37,347</b>	<b>37,571</b>

**Changes to Appropriation - Departmental**

	2007-08	2008-09	2009-10	2010-11	2011-12
Capital Injections	Est. Out. \$'000	Budget \$'000	Estimate \$'000	Estimate \$'000	Estimate \$'000
<b>2007-08 Budget</b>	<b>31,821</b>	<b>23,000</b>	<b>17,038</b>	<b>10,000</b>	<b>10,000</b>
<b>2008-09 Budget Policy Adjustments</b>					
Territory Revenue Systems Upgrade	-	200	-	-	-
<b>2008-09 Budget Technical Adjustments</b>					
Rollover - Oracle Government Financials	(850)	850	-	-	-
Community Housing Canberra (CHC) Loan Facility	-	5,000	(5,000)	-	(3,000)
Fleet Financing Facility	(15,000)	(15,000)	-	-	-
<b>2008-09 Budget</b>	<b>15,971</b>	<b>14,050</b>	<b>12,038</b>	<b>10,000</b>	<b>7,000</b>

**Changes to Appropriation - Territorial**

	2007-08	2008-09	2009-10	2010-11	2011-12
Capital Injections	Est. Out. \$'000	Budget \$'000	Estimate \$'000	Estimate \$'000	Estimate \$'000
<b>2007-08 Budget</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2008-09 Budget Policy Adjustments</b>					
Affordable Housing Action Plan - Land Rent Scheme	-	20,400	21,000	21,600	22,300
<b>2008-09 Budget</b>	<b>-</b>	<b>20,400</b>	<b>21,000</b>	<b>21,600</b>	<b>22,300</b>

## Commonwealth Government Grants

The major Commonwealth Government grants for which Treasury has responsibility are:

<b>Name of Grant</b>	<b>Activities Funded by Grant</b>	<b>2008-09 Estimate \$'000</b>
Assistance for Water and Sewerage	Assistance in meeting the additional cost for water and sewerage arising from Canberra's role as the national capital.	9,817
Financial Assistance Grants for Local Government	Financial assistance in relation to the operation of local governing bodies.	38,388
ACT National Capital Influences	Compensation for the effect of national capital influences on the costs of providing municipal services.	24,411
GST Revenue Grants	GST revenue provided to the ACT by the Australian Government.	907,400
<b>Total</b>		<b>980,016</b>

## Department of Treasury Operating Statement

2007-08 Budget \$'000		2007-08 Est.Outcome \$'000	2008-09 Budget \$'000	Var %	2009-10 Estimate \$'000	2010-11 Estimate \$'000	2011-12 Estimate \$'000
<b>Income</b>							
<b>Revenue</b>							
49,205	Government Payment for Outputs	40,636	49,623	22	33,048	32,462	31,249
926	Interest	156	1,439	822	2,256	2,956	3,618
500	Resources Received free of charge	500	500	-	500	500	500
<b>50,631</b>	<b>Total Revenue</b>	<b>41,292</b>	<b>51,562</b>	<b>25</b>	<b>35,804</b>	<b>35,918</b>	<b>35,367</b>
<b>Gains</b>							
<b>0</b>	<b>Total Gains</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>50,631</b>	<b>Total Income</b>	<b>41,292</b>	<b>51,562</b>	<b>25</b>	<b>35,804</b>	<b>35,918</b>	<b>35,367</b>
<b>Expenses</b>							
14,110	Employee Expenses	14,160	15,078	6	15,368	15,463	15,550
2,821	Superannuation Expenses	2,419	2,802	16	2,804	2,820	2,841
10,319	Supplies and Services	9,886	13,509	37	13,044	12,342	12,014
116	Depreciation and Amortisation	200	1,775	788	1,894	1,896	153
459	Borrowing Costs	164	1,446	782	2,257	2,956	3,618
22,834	Grants and Purchased Services	16,971	18,999	12	2,341	2,346	1,353
<b>50,659</b>	<b>Total Ordinary Expenses</b>	<b>43,800</b>	<b>53,609</b>	<b>22</b>	<b>37,708</b>	<b>37,823</b>	<b>35,529</b>
<b>-28</b>	<b>Operating Result</b>	<b>-2,508</b>	<b>-2,047</b>	<b>18</b>	<b>-1,904</b>	<b>-1,905</b>	<b>-162</b>

**Department of Treasury  
Balance Sheet**

Budget as at 30/6/08 \$'000		Est.Outcome as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000	Var %	Planned as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000	Planned as at 30/6/12 \$'000
<b>Current Assets</b>							
7,330	Cash and Cash Equivalents	1,572	527	-66	468	414	360
8,276	Receivables	544	388	-29	388	388	388
710	Other	28	28	-	28	28	28
<b>16,316</b>	<b>Total Current Assets</b>	<b>2,144</b>	<b>943</b>	<b>-56</b>	<b>884</b>	<b>830</b>	<b>776</b>
<b>Non Current Assets</b>							
18,985	Receivables	12,000	25,000	108	33,000	43,000	50,000
1,500	Investments	0	0	-	0	0	0
123	Property, Plant and Equipment	114	21	-82	1	1	1
20	Intangibles	0	3,940	-	2,049	153	0
4,992	Capital Works in Progress	4,137	0	-100	0	0	0
<b>25,620</b>	<b>Total Non Current Assets</b>	<b>16,251</b>	<b>28,961</b>	<b>78</b>	<b>35,050</b>	<b>43,154</b>	<b>50,001</b>
<b>41,936</b>	<b>TOTAL ASSETS</b>	<b>18,395</b>	<b>29,904</b>	<b>63</b>	<b>35,934</b>	<b>43,984</b>	<b>50,777</b>
<b>Current Liabilities</b>							
1,527	Payables	1,335	1,386	4	1,437	1,437	1,437
457	Interest Bearing Liabilities	156	0	-100	0	0	0
5	Finance Leases	29	3	-90	0	0	0
4,483	Employee Benefits	4,300	4,468	4	4,538	4,609	4,680
3,050	Other	0	0	-	0	51	102
<b>9,522</b>	<b>Total Current Liabilities</b>	<b>5,820</b>	<b>5,857</b>	<b>..</b>	<b>5,975</b>	<b>6,097</b>	<b>6,219</b>
<b>Non Current Liabilities</b>							
12,000	Interest Bearing Liabilities	12,000	25,000	108	33,000	43,000	50,000
22	Finance Leases	84	17	-80	0	0	0
249	Employee Benefits	253	261	3	261	261	261
<b>12,271</b>	<b>Total Non Current Liabilities</b>	<b>12,337</b>	<b>25,278</b>	<b>105</b>	<b>33,261</b>	<b>43,261</b>	<b>50,261</b>
<b>21,793</b>	<b>TOTAL LIABILITIES</b>	<b>18,157</b>	<b>31,135</b>	<b>71</b>	<b>39,236</b>	<b>49,358</b>	<b>56,480</b>
<b>20,143</b>	<b>NET ASSETS</b>	<b>238</b>	<b>-1,231</b>	<b>-617</b>	<b>-3,302</b>	<b>-5,374</b>	<b>-5,703</b>
<b>REPRESENTED BY FUNDS EMPLOYED</b>							
20,143	Accumulated Funds	238	-1,231	-617	-3,302	-5,374	-5,703
<b>20,143</b>	<b>TOTAL FUNDS EMPLOYED</b>	<b>238</b>	<b>-1,231</b>	<b>-617</b>	<b>-3,302</b>	<b>-5,374</b>	<b>-5,703</b>

**Department of Treasury  
Cash Flow Statement**

2007-08 Budget \$'000		2007-08 Est.Outcome \$'000	2008-09 Budget \$'000	Var %	2009-10 Estimate \$'000	2010-11 Estimate \$'000	2011-12 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
49,205	Cash from Government for Outputs	40,636	49,623	22	33,048	32,462	31,249
469	Interest Received	0	1,595	#	2,256	2,956	3,618
1,098	Other Revenue	1,098	1,070	-3	1,068	1,068	1,068
<b>50,772</b>	<b>Operating Receipts</b>	<b>41,734</b>	<b>52,288</b>	<b>25</b>	<b>36,372</b>	<b>36,486</b>	<b>35,935</b>
<b>Payments</b>							
16,708	Related to Employees	16,156	17,683	9	18,080	18,190	18,298
9,683	Related to Supplies and Services	9,250	12,871	39	12,404	11,702	11,374
2	Borrowing Costs	8	1,602	#	2,257	2,956	3,618
22,834	Grants and Purchased Services	16,971	18,999	12	2,341	2,346	1,353
15,174	Other	1,205	1,178	-2	5,217	1,179	1,179
<b>64,401</b>	<b>Operating Payments</b>	<b>43,590</b>	<b>52,333</b>	<b>20</b>	<b>40,299</b>	<b>36,373</b>	<b>35,822</b>
<b>-13,629</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>-1,856</b>	<b>-45</b>	<b>98</b>	<b>-3,927</b>	<b>113</b>	<b>113</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
<b>Payments</b>							
750	Purchase of Property, Plant and Equipment	750	0	-100	0	0	0
4,233	Purchase of Land and Intangibles	3,383	1,550	-54	0	0	0
1,500	Purchase of Investments	0	0	-	0	0	0
12,000	Issue of Loan	12,000	13,000	8	8,000	10,000	7,000
<b>18,483</b>	<b>Investing Payments</b>	<b>16,133</b>	<b>14,550</b>	<b>-10</b>	<b>8,000</b>	<b>10,000</b>	<b>7,000</b>
<b>-18,483</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>	<b>-16,133</b>	<b>-14,550</b>	<b>10</b>	<b>-8,000</b>	<b>-10,000</b>	<b>-7,000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
<b>Receipts</b>							
31,821	Capital Injection from Government	15,971	14,050	-12	12,038	10,000	7,000
<b>31,821</b>	<b>Financing Receipts</b>	<b>15,971</b>	<b>14,050</b>	<b>-12</b>	<b>12,038</b>	<b>10,000</b>	<b>7,000</b>
<b>Payments</b>							
912	Distributions to Government	1,500	472	-69	167	167	167
9	Repayment of Finance Lease	28	28	-	3	0	0

**Department of Treasury  
Cash Flow Statement**

2007-08 Budget \$'000		2007-08 Est.Outcome \$'000	2008-09 Budget \$'000	Var %	2009-10 Estimate \$'000	2010-11 Estimate \$'000	2011-12 Estimate \$'000
921	Financing Payments	1,528	500	-67	170	167	167
30,900	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	14,443	13,550	-6	11,868	9,833	6,833
-1,212	NET INCREASE/(DECREASE) IN CASH HELD	-3,546	-1,045	71	-59	-54	-54
8,542	CASH AT BEGINNING OF REPORTING PERIOD	5,119	1,573	-69	528	469	415
7,330	CASH AT THE END OF THE REPORTING PERIOD	1,573	528	-66	469	415	361

**Department of Treasury  
Statement of Changes in Equity**

Budget as at 30/6/08 \$'000		Est.Outcome as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000	Var %	Planned as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000	Planned as at 30/6/12 \$'000
1,262	<b>Opening Balance</b>	275	238	-13	-1,231	-3,302	-5,374
	<b>Accumulated Funds</b>						
-28	Operating Result for the Period	-2,508	-2,047	18	-1,904	-1,905	-162
	<b>Reserves</b>						
-28	<b>Total Income And Expense For The Period</b>	-2,508	-2,047	18	-1,904	-1,905	-162
	<b>Transactions Involving Equity Holders Affecting Accumulated Funds</b>						
19,821	Capital Injections	3,971	1,050	-74	4,038	0	0
-912	Capital (Distributions)	-1,500	-472	69	-167	-167	-167
0	Inc/Dec in Net Assets due to Admin Restructure	0	0	-	-4,038	0	0
20,143	<b>Closing Balance</b>	238	-1,231	-617	-3,302	-5,374	-5,703

**Notes to the Budget Statements**

Significant variations are as follows:

*Operating Statement*

- government payment for outputs:
  - the decrease of \$8.569 million in the 2007-08 estimated outcome from the original budget is mainly due to:
    - the rollover of funding for the Restructure Fund (\$8 million) and rollover of the Capital Improvements Fund (\$1.172 million);
    - decreased superannuation contributions (\$0.402 million); and
    - decreased expenses (\$0.5 million) resulting from staff vacancies and supplies and services underspend;
  - partially offset by:
    - the rollover of funding via a section 16B instrument from 2006-07 for the Restructure Fund (\$1.288 million) and for the Oracle Financial System upgrade (\$0.067 million); and
    - the 2007-08 Budget Second Appropriation for equine influenza grants (\$0.150 million).
  - the increase of \$8.987 million in the 2008-09 Budget from the 2007-08 estimated outcome is mainly due to:
    - new initiatives for 2008-09 (\$7.428 million);

- indexation (\$0.240 million);
  - wage increases (\$0.547 million);
  - additional in funding for the Capital Improvements Program (\$2.344 million); and
  - full expenditure in 2008-09 compared to underspend in 2007-08 (\$0.736 million);
- partially offset by:
- re-profiling of funding for the Restructure Fund (\$2.288 million).
- interest received:
    - the decrease of \$0.770 million in the 2007-08 estimated outcome from the original budget reflects delays with the new finance facility to Community Housing Canberra and non-requirement of the finance facility for the Government Fleet; and
    - the increase of \$1.283 million in the 2008-09 Budget from the 2007-08 estimated outcome reflects the interest received for the new finance facility to Community Housing Canberra.
  - employee expenses: the increase of \$0.918 million in the 2008-09 Budget from the 2007-08 estimated outcome is mainly due to the effect of wage increases (\$0.437 million), full staff levels (\$0.150 million) and increased employment of permanent staff rather than use of temporary contractors (\$0.3 million).
  - superannuation expenses:
    - the decrease of \$0.402 million in the 2007-08 estimated outcome from the original budget is mainly due to staff vacancies and staff turnover resulting in movement to funds attracting lower superannuation rates; and
    - the increase of \$0.383 million in the 2008-09 Budget from the 2007-08 estimated outcome is mainly due to wage increases and full staff levels, partially offset by a decrease due to staff turnover resulting in movement to funds attracting lower superannuation rates.
  - supplies and services:
    - the decrease of \$0.433 million in the 2007-08 estimated outcome from the original budget is due to decreased administrative expenditure due to underspend (\$0.350 million) and the rollover of expenditure for the Whole of Government Financial Systems into 2008-09 (\$0.150 million); and
    - the increase of \$3.623 million in the 2008-09 Budget from the 2007-08 estimated outcome is mainly due to:
      - increased expenses from indexation (\$0.240 million);
      - costs associated with new initiatives (\$3.170 million);
      - increase in Whole of Government Financial System expenses (\$0.147 million); and
      - full expenditure in 2008-09 compared to underspend in 2007-08 (\$0.350 million);
- partially offset by:
- the decreased use of temporary contractors (\$0.3 million).

- depreciation and amortisation: the increase of \$1.575 million in the 2008-09 Budget from the 2007-08 estimated outcome mainly reflects depreciation associated with the upgrade of the Oracle Financial System.
- borrowing costs: the decrease of \$0.295 million in the 2007-08 estimated outcome from the original budget and the increase of \$1.282 million in the 2008-09 Budget from the 2007-08 estimated outcome reflects the delays associated with the new finance facility to Community Housing Canberra.
- grants and purchased services:
  - the decrease of \$5.863 million in the 2007-08 estimated outcome from the original budget is primarily due to:
    - the rollover of Restructure Fund expenditure into future years (\$8 million); and
    - the rollover of Capital Improvements Program expenditure into future years (\$1.172 million);
 partially offset by:
    - the rollover of funding via a section 16B instrument from 2006-07 for the Restructure Fund (\$1.288 million);
    - Restructure Fund expenses in 2007-08 funded from cash unspent in 2006-07 (\$1.871 million); and
    - the 2007-08 Budget Second Appropriation for equine influenza grants (\$0.150 million).
  - the increase of \$2.028 million in the 2008-09 Budget from the 2007-08 estimated outcome is largely related to the new capital contingency fund initiative (\$4 million), increased funding for the Capital Improvements Program (\$2.344 million), partially offset by a decrease in expenditure associated with the Restructure Fund (\$4.159 million) and cessation of equine influenza grants in 2007-08 (\$0.150 million).

#### *Balance Sheet*

- cash and cash equivalents:
  - the decrease of \$5.758 million in the 2007-08 estimated outcome from the original budget is mainly due to:
    - the reassessment of cash at bank following the 2006-07 audited outcome (\$3.425 million);
    - expenditure of unspent cash from 2006-07 for the Restructure Fund (\$1.871 million); and
    - return of additional excess cash to Government (\$0.588 million);
 partially offset by:
    - the rollover of Oracle Financial System's unspent cash from 2006-07 (\$0.150 million).
  - the decrease of \$1.045 million in the 2008-09 Budget from the 2007-08 estimated outcome is due to expenditure on the Land Rent Scheme IT Upgrade (\$0.5 million) and a cash distribution to Government (\$0.472 million).

- current and non current receivables:
  - the decrease of \$14.717 million in the 2007-08 estimated outcome from the original budget is mainly due to non-requirement of the finance facility for the Government Fleet (\$13.969 million); and
  - the increase of \$12.844 million in the 2008-09 Budget from the 2007-08 estimated outcome reflects the amount drawn under the finance facility for Community Housing Canberra.
- other current assets: the decrease of \$0.682 million in the 2007-08 estimated outcome from the original budget is due to reassessment of other current prepayments following the 2006-07 audited outcome.
- non current investments: the decrease of \$1.5 million in the 2007-08 estimated outcome from the original budget reflects non-requirement of new finance facilities for the Government Fleet.
- intangibles: the increase of \$3.940 million in the 2008-09 Budget from the 2007-08 estimated outcome is due to the upgrade of the Oracle Financial System (\$3.214 million), the Land Rent Scheme IT upgrade (\$0.5 million) and the TRS upgrade (\$0.2 million).
- capital works in progress:
  - the decrease of \$0.855 million in the 2007-08 estimated outcome from the original budget is mainly due to rollover of expenditure relating to the upgrade of the Oracle Financial System to 2008-09; and
  - the decrease of \$4.137 million in the 2008-09 Budget from the 2007-08 estimated outcome reflects the completion of all capital works in progress.
- payables: the decrease of \$0.192 million in the 2007-08 estimated outcome from the original budget reflects the reassessment of payables following the 2006-07 audited outcome.
- current interest bearing liabilities:
  - the decrease of \$0.301 million in the 2007-08 estimated outcome from the original budget and the decrease of \$0.156 million in the 2008-09 Budget from the 2007-08 estimated outcome is due to delays with financing required for the finance facility for Community Housing Canberra in 2008-09.
- other current liabilities: the decrease of \$3.050 million in the 2007-08 estimated outcome from the original budget reflects the reassessment of revenue received in advance following the 2006-07 audited outcome.
- non current interest bearing liabilities: the increase of \$13 million in the 2008-09 Budget from the 2007-08 estimated outcome reflects the amount drawn under the finance facility for Community Housing Canberra.

#### *Statement of Changes in Equity*

- capital injections:
  - the decrease of \$15.850 million in the 2007-08 estimated outcome from the original budget is due to the non-requirement of finance facility for the Government Fleet (\$15 million) and the rollover of funding to update and re-implement the Oracle Financial System to achieve a single instance (\$0.850 million); and

- the decrease of \$2.921 million in the 2008-09 Budget from the 2007-08 estimated outcome is due to the upgrade of the Oracle Financial System which occurred in 2007-08 (\$3.121 million), partially offset by the increase due to the Territory Revenue System upgrade initiative (\$0.2 million).
- capital distribution:
  - the decrease of \$0.588 million in the 2007-08 estimated outcome from the original budget is due to the return of surplus cash to Government during 2007-08; and
  - the increase in the distribution of \$1.028 million in 2008-09 Budget from the 2007-08 estimated outcome reflects improved cash management.

**Department of Treasury**  
**Statement of Income and Expenses on Behalf of the Territory**

<b>2007-08 Budget \$'000</b>		<b>2007-08 Est.Outcome \$'000</b>	<b>2008-09 Budget \$'000</b>	<b>Var %</b>	<b>2009-10 Estimate \$'000</b>	<b>2010-11 Estimate \$'000</b>	<b>2011-12 Estimate \$'000</b>
<b>Income</b>							
<b>Revenue</b>							
35,800	Payment for Expenses on behalf of Territory	36,174	37,041	2	37,055	37,347	37,571
853,150	Taxes Fees and Fines	991,299	970,133	-2	1,006,282	1,047,323	1,094,566
893,036	Grants from the Commonwealth	913,474	980,016	7	1,026,878	1,074,682	1,124,770
21	Interest	21	21	-	21	21	21
144,318	Dividend Revenue	226,135	141,299	-38	131,235	124,230	124,408
7,499	Other Revenue	7,599	8,356	10	9,013	9,711	10,452
<b>1,933,824</b>	<b>Total Revenue</b>	<b>2,174,702</b>	<b>2,136,866</b>	<b>-2</b>	<b>2,210,484</b>	<b>2,293,314</b>	<b>2,391,788</b>
<b>Gains</b>							
<b>0</b>	<b>Total Gains</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>1,933,824</b>	<b>Total Income</b>	<b>2,174,702</b>	<b>2,136,866</b>	<b>-2</b>	<b>2,210,484</b>	<b>2,293,314</b>	<b>2,391,788</b>
<b>Expenses</b>							
10,051	Supplies and Services	9,685	10,158	5	9,970	10,055	10,067
24,756	Grants and Purchased Services	26,287	26,663	1	26,865	27,072	27,284
5,238	Other Expenses	5,238	5,254	..	5,271	5,289	5,307
1,893,779	Transfer Expenses	2,133,492	2,094,791	-2	2,168,378	2,250,898	2,349,130
<b>1,933,824</b>	<b>Total Ordinary Expenses</b>	<b>2,174,702</b>	<b>2,136,866</b>	<b>-2</b>	<b>2,210,484</b>	<b>2,293,314</b>	<b>2,391,788</b>
<b>0</b>	<b>Operating Result</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Department of Treasury**  
**Statement of Assets and Liabilities on Behalf of the Territory**

Budget as at 30/6/08 \$'000		Est.Outcome as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000	Var %	Planned as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000	Planned as at 30/6/12 \$'000
<b>Current Assets</b>							
4,985	Cash and Cash Equivalents	6,559	6,559	-	6,559	6,559	6,559
72,381	Receivables	147,534	111,391	-24	109,517	108,382	109,014
<b>77,366</b>	<b>Total Current Assets</b>	<b>154,093</b>	<b>117,950</b>	<b>-23</b>	<b>116,076</b>	<b>114,941</b>	<b>115,573</b>
<b>Non Current Assets</b>							
0	Property, Plant and Equipment	0	20,400	#	41,400	63,000	85,300
<b>0</b>	<b>Total Non Current Assets</b>	<b>0</b>	<b>20,400</b>	<b>#</b>	<b>41,400</b>	<b>63,000</b>	<b>85,300</b>
<b>77,366</b>	<b>TOTAL ASSETS</b>	<b>154,093</b>	<b>138,350</b>	<b>-10</b>	<b>157,476</b>	<b>177,941</b>	<b>200,873</b>
<b>Current Liabilities</b>							
64,101	Payables	136,980	100,966	-26	99,221	98,215	98,976
13,265	Other	11,313	11,184	-1	11,055	10,926	10,797
<b>77,366</b>	<b>Total Current Liabilities</b>	<b>148,293</b>	<b>112,150</b>	<b>-24</b>	<b>110,276</b>	<b>109,141</b>	<b>109,773</b>
<b>Non Current Liabilities</b>							
0	Payables	5,800	5,800	-	5,800	5,800	5,800
<b>0</b>	<b>Total Non Current Liabilities</b>	<b>5,800</b>	<b>5,800</b>	<b>-</b>	<b>5,800</b>	<b>5,800</b>	<b>5,800</b>
<b>77,366</b>	<b>TOTAL LIABILITIES</b>	<b>154,093</b>	<b>117,950</b>	<b>-23</b>	<b>116,076</b>	<b>114,941</b>	<b>115,573</b>
<b>0</b>	<b>NET ASSETS</b>	<b>0</b>	<b>20,400</b>	<b>#</b>	<b>41,400</b>	<b>63,000</b>	<b>85,300</b>
<b>REPRESENTED BY FUNDS EMPLOYED</b>							
0	Accumulated Funds	0	20,400	#	41,400	63,000	85,300
<b>0</b>	<b>TOTAL FUNDS EMPLOYED</b>	<b>0</b>	<b>20,400</b>	<b>#</b>	<b>41,400</b>	<b>63,000</b>	<b>85,300</b>

**Department of Treasury**  
**Budgeted Statement of Cashflows on Behalf of the Territory**

2007-08 Budget \$'000		2007-08 Est.Outcome \$'000	2008-09 Budget \$'000	Var %	2009-10 Estimate \$'000	2010-11 Estimate \$'000	2011-12 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
35,800	Cash from Government for EBT	36,174	37,041	2	37,055	37,347	37,571
818,886	Taxes, Fees and Fines	920,725	973,342	6	979,504	1,018,483	1,065,965
9,176	User Charges	0	0	-	0	0	0
21	Interest Received	21	21	-	21	21	21
893,036	Grants Received from the Commonwealth	913,474	980,016	7	1,026,878	1,074,682	1,124,770
14,583	Other Revenue	14,683	15,689	7	16,604	17,302	18,043
145,409	Dividends	229,037	140,209	-39	131,123	125,423	123,655
<b>1,916,911</b>	<b>Operating Receipts</b>	<b>2,114,114</b>	<b>2,146,318</b>	<b>2</b>	<b>2,191,185</b>	<b>2,273,258</b>	<b>2,370,025</b>
<b>Payments</b>							
10,051	Related to Supplies and Services	9,685	10,158	5	9,970	10,055	10,067
24,756	Grants and Purchased Services	26,287	26,663	1	26,865	27,072	27,284
580	Other	580	580	-	580	580	580
1,881,506	Territory Receipts to Government	2,077,562	2,108,917	2	2,153,770	2,235,551	2,332,094
<b>1,916,893</b>	<b>Operating Payments</b>	<b>2,114,114</b>	<b>2,146,318</b>	<b>2</b>	<b>2,191,185</b>	<b>2,273,258</b>	<b>2,370,025</b>
<b>18</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
<b>Payments</b>							
0	Purchase of Property, Plant and Equipment	0	20,400	#	21,000	21,600	22,300
<b>0</b>	<b>Investing Payments</b>	<b>0</b>	<b>20,400</b>	<b>#</b>	<b>21,000</b>	<b>21,600</b>	<b>22,300</b>
<b>0</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>	<b>0</b>	<b>-20,400</b>	<b>#</b>	<b>-21,000</b>	<b>-21,600</b>	<b>-22,300</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
<b>Receipts</b>							
0	Capital Injection from Government	0	20,400	#	21,000	21,600	22,300
<b>0</b>	<b>Financing Receipts</b>	<b>0</b>	<b>20,400</b>	<b>#</b>	<b>21,000</b>	<b>21,600</b>	<b>22,300</b>

**Department of Treasury**  
**Budgeted Statement of Cashflows on Behalf of the Territory**

2007-08 Budget \$'000		2007-08 Est.Outcome \$'000	2008-09 Budget \$'000	Var %	2009-10 Estimate \$'000	2010-11 Estimate \$'000	2011-12 Estimate \$'000
0	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	0	20,400	#	21,000	21,600	22,300
18	NET INCREASE/(DECREASE) IN CASH HELD	0	0	-	0	0	0
4,967	CASH AT BEGINNING OF REPORTING PERIOD	6,559	6,559	-	6,559	6,559	6,559
4,985	CASH AT THE END OF THE REPORTING PERIOD	6,559	6,559	-	6,559	6,559	6,559

**Department of Treasury**  
**Statement of Changes in Equity on Behalf of the Territory**

Budget as at 30/6/08 \$'000		Est.Outcome as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000	Var %	Planned as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000	Planned as at 30/6/12 \$'000
0	<b>Opening Balance</b>	0	0	-	20,400	41,400	63,000
	<b>Accumulated Funds</b>						
0	Operating Result for the Period	0	0	-	0	0	0
	<b>Reserves</b>						
0	Capital Injections	0	20,400	#	21,000	21,600	22,300
0	<b>Closing Balance</b>	0	20,400	#	41,400	63,000	85,300

**Notes to the Budget Statements**

Treasury's territorial financial statements include taxes, fees and fines collected on behalf of the Territory. A detailed explanation of the movement in taxes, fees and fines is provided in *Budget Paper 3-Revenue and Forward Estimates*.

Significant variations are as follows:

*Statement of Income and Expenses on Behalf of the Territory*

- taxes, fees and fines:
  - the increase of \$138.149 million in the 2007-08 estimated outcome from the original budget reflects several large transactions for commercial conveyances and shares and marketable securities, as well as a greater volume of transactions and higher average values for residential conveyances. Higher revenue from income tax equivalent also contributed to this increase; and
  - the decrease of \$21.166 million in the 2008-09 Budget from the 2007-08 estimated outcome is a result of the following factors:
    - the decrease in income tax equivalent revenue (\$33.578 million) which is mainly due to a number of one-off significant land sales in 2007-08 which are not expected to be experienced in 2008-09; and
    - lower revenue forecast in 2008-09, following high levels in 2007-08 in commercial conveyances revenue (\$15.237 million), transfer of shares and marketable securities (\$14.091 million), and leases (\$2.462 million);

partially offset by:

- the expected growth of the payroll tax base (\$11.619 million);
- increases in general rates (\$10.416 million) and fire and emergency services levy (\$1.543 million);
- increases in land tax (\$10.977 million);
- increases in residential conveyance (\$3.858 million);
- increases in the revenue from the energy industry levy (\$1.862 million);

- increases in general insurances (\$1.493 million); and
- increases in transfers of motor vehicle registrations (\$1.133 million).
- grants from the Commonwealth:
  - the increase of \$20.438 million in the 2007-08 estimated outcome from the original budget is due to increases in the GST Revenue Grant (\$20.1 million) and the Finance Assistance to Local Government Functions Grant (\$0.372 million); and
  - the increase of \$66.542 million in the 2008-09 Budget from the 2007-08 estimated outcome is due to increases in the GST Revenue Grant (\$64.7 million), Finance Assistance to Local Government Functions Grant (\$1.203 million) and the ACT National Capital Influences Grant (\$0.455 million).
- dividend revenue:
  - the increase of \$81.817 million in the 2007-08 estimated outcome from the original budget is largely due to the increase in dividends from the Land Development Agency; and
  - the decrease of \$84.836 million in the 2008-09 Budget from the 2007-08 estimated outcome is due to lower dividend revenue from the Land Development Agency (\$91.841 million), partially offset by anticipated increases in dividend revenue from ACTEW (\$5.404 million) and General Government Sector (\$1.574 million).
- transfer expenses: the increase of \$239.713 million in the 2007-08 estimated outcome from the original budget and the decrease of \$38.701 million in the 2008-09 Budget from the 2007-08 estimated outcome results from transferring revenue received for taxes, fees and fines, Commonwealth grants, and dividends to the Territory Banking Account.

*Statement of Assets and Liabilities on Behalf of the Territory*

- cash and cash equivalents: the increase of \$1.574 million in the 2007-08 estimated outcome from the original budget is due to reassessment of cash following the 2006-07 audited outcome.
- current receivables: the increase of \$75.153 million in the 2007-08 estimated outcome from the original budget and the decrease of \$36.143 million in the 2008-09 Budget from the 2007-08 estimated outcome largely reflects changes to estimates at year end for dividends, income tax equivalents and tax accruals.
- property, plant and equipment: the increase of \$20.4 million in the 2008-09 Budget from the 2007-08 estimated outcome is due to land held under the 'Land for Rent Scheme' which commences in 2008-09.
- payables: the increase of \$72.879 million in the 2007-08 estimated outcome from the original budget and the decrease of \$36.014 million in the 2008-09 Budget from the 2007-08 estimated outcome mainly relates to the accrued transfer of revenue to the Territory Banking Account.
- other current liabilities: the decrease of \$1.952 million in the 2007-08 estimated outcome from the original budget is due to a reassessment of the provision for refund of taxes.
- non-current liabilities: the increase of \$5.8 million in the 2007-08 estimated outcome from the original budget relates to a repayment of GST deferral compensation owed to the Commonwealth Government.

