

DEPARTMENT OF TREASURY

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.

2007-08 Priorities

Strategic and operational issues to be pursued in 2007-08 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 2008 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 effective from 1 July 2008;
- coordinating the preparation of the Government's budget and reporting on financial outcomes;
- continuing to improve the Territory's financial management framework;
- implementing arrangements to strengthen Whole of Government capital planning and asset management processes;
- implementing the Government's policy agenda with respect to motor vehicle fleet compulsory third party insurance, and its other insurance related initiatives;
- implementing the Government's policy priorities related to the Affordable Housing Action Plan;
- undertaking specific reviews of government programs to advise if resources are efficiently and effectively allocated;
- representing the ACT in the development of Council of Australian Governments (COAG) National Reform Agenda and implementing the Territory's commitments to national competition policy;
- managing gambling and racing policy in the ACT, with a focus on the long-term viability of the racing codes in the ACT;
- strengthening the Territory's Regulatory Impact Statement processes consistent with COAG agreement; and
- implementing the COAG Regulatory Reform Plan to improve regulatory practices in the ACT.

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 and recruitment policies, and personal and professional development practices.

Estimated Employment Levels

	2006-07 Est. Outcome	2007-08 Budget
Staffing (FTE) ¹	172	181

Note:

1. Excludes the Superannuation Unit

Output Classes

	Total Cost ¹		Government Payment for Outputs	
	2006-07 Est. Outcome \$'000	2007-08 Budget \$'000	2006-07 Est. Outcome \$'000	2007-08 Budget \$'000
Output Class:				
Financial and Economic Management	38,925	50,659	34,678	49,205
Output 1.1: Economic Management	4,947	5,219	4,874	5,060

Note:

1. Total cost includes depreciation and amortisation of \$1.023 million in 2006-07 and \$0.116 million in 2007-08.

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 2007-08 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 including reviewing the application of competitive neutrality and enhancing gate-keeping arrangements to ensure that the regulatory impact of all policy proposals is identified and considered by the Government before being progressed;
- implementing reforms to ACT compulsory third party scheme; and
- reviewing superannuation arrangements for Members of the Legislative Assembly and implementing subsequent changes.

Output Classes cont.

	Total Cost		Government Payment for Outputs	
	2006-07 Est. Outcome \$'000	2007-08 Budget \$'000	2006-07 Est. Outcome \$'000	2007-08 Budget \$'000
Output 1.2: Financial Management	21,625	32,715	19,016	32,228

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 2007-08 include:

- the preparation and presentation of the Government's annual budget and annual financial statements;
- quarterly Whole of Government consolidated management reports;
- improvements to the management of the Government's Capital Works Program;
- reports 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 GAAP and GFS, which will be effective from 1 July 2008;
- reviews of government programs and functions; and
- advice on the structure and operation of Government Business Enterprises.

	Total Cost		Government Payment for Outputs	
	2006-07 Est. Outcome \$'000	2007-08 Budget \$'000	2006-07 Est. Outcome \$'000	2007-08 Budget \$'000
Output 1.3: Revenue Management	12,353	12,725	10,788	11,917

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 2007-08 include:

- collecting an estimated \$820 million in taxation revenue;
- providing high quality and timely advice to assist taxpayers meet their obligations;
- processing 220 objections and reviews of decision;
- processing 1,500 Stamp Duty Homebuyer Concessions; and
- processing 2,800 First Home Owner Grant applications.

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 2007-08 Budget is to move the ACT away from its traditional reliance on land sales revenue to finance the operating budget.

In the short term, land sales will continue to be important in balancing the budget, and the Government's intermediate objective is therefore to achieve an operating budget surplus after land sales receipts have been included. However, the Government's ultimate objective is to achieve an operating surplus without land sales receipts.

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 - AAA.

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.

Accountability Indicators

	2006-07 Targets	2006-07 Est. Outcome	2007-08 Targets
1.1: Economic Management			
a. Briefings on the ACT Economy	120	120	127
b. Submission to CGC Annual Update	1	1	1
c. Submissions to the CGC Major Review	3	3	3
d. Submission to credit rating agency	1	1	1
1.2: Financial Management			
a. Budget	1	1	1
b. Annual Financial Reports	1	1	1
c. Quarterly Reports	4	4	4
d. Policy/Service Area Reviews	1	1	1
1.3: Revenue Management			
a. Debt Management — level of outstanding debt as a percentage of Treasury tax revenue	2%	1.9%	2%
b. Compliance revenue per inspector	\$320,000	\$330,000	\$340,000

Changes To Appropriation

Changes to Appropriation - Departmental

	2006-07	2007-08	2008-09	2009-10	2010-11
Government Payment for Outputs	Est. Out.	Budget	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
2006-07 Budget	49,686	35,080	27,463	26,853	26,853
2007-08 Budget Policy Adjustments					
Wage Outcome	114	400	676	833	839
Upgrade Oracle Government Financial System	-	92	96	101	106
Integrated Document Management System	-	15	16	16	16
Affordable Housing Action Plan: Deferral of Stamp Duty	-	100	200	300	300
Continued Operation of Revenue Customer Service Centre	-	190	196	202	208
Whole of Government - Capital Improvements Program	-	3,000	-	-	-
Increased Compliance Activity	-	281	290	299	308
2007-08 Budget Technical Adjustments					
Revised Indexation Parameters	-	23	24	25	502
Rollover - Oracle Government Financials	(600)	(150)	-	-	-
Rollover - Restructure Fund	(14,000)	10,000	4,000	-	-
Rollover - Recruitment Cost	(150)	150	-	-	-
Shared Services Centre SLA Adjustment	6	89	126	147	148
Correct Transfer of Procurement Services to Shared Services	-	260	267	273	280
Decreased Notional Superannuation Contribution Rates	(378)	(325)	(281)	(253)	(209)
2007-08 Budget	34,678	49,205	33,073	28,796	29,351

Changes to Appropriation - Territorial

	2006-07	2007-08	2008-09	2009-10	2010-11
Payment for Expenses on Behalf of Territory	Est. Out.	Budget	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
2006-07 Budget	37,182	35,934	35,998	36,238	36,238
2007-08 Budget Policy Adjustments					
Racing Development Fund	51	(134)	64	(188)	70
2007-08 Budget	37,233	35,800	36,062	36,050	36,308

Changes to Appropriation - Departmental

	2006-07	2007-08	2008-09	2009-10	2010-11
Capital Injections	Est. Out.	Budget	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
2006-07 Budget	-	-	-	-	-
2007-08 Budget Policy Adjustments					
Upgrade Oracle Government Financial System	-	1,671	-	-	-
Community Housing Canberra (CHC) Loan Facility	-	12,000	8,000	13,000	10,000
Fleet Financing Facility	-	15,000	15,000	-	-
2007-08 Budget Technical Adjustments					
Transfer of Technology Costs from Shared Services	-	2,400	-	-	-
Rollover - Oracle Government Financials	-	750	-	-	-
Finalise Macquarie Bank Fleet Financing Facility	-	-	-	4,038	-
2007-08 Budget	-	31,821	23,000	17,038	10,000

2007-08 Capital Works Program

Departmental

	Estimated Total Cost \$'000	Estimated Expenditure Pre 2007-08 \$'000	2007-08 Financing \$'000	2008-09 Financing \$'000	2009-10 Financing \$'000	Expected Completion Date
New Capital Works						
Whole of Government – Capital Improvements ¹	3,000	-	3,000		-	
Total New Works	3,000	-	3,000		-	
Total Departmental Capital Works	3,000	-	3,000		-	

Note:

1. Funded as Government Payment for Outputs

Commonwealth Grants

The major Commonwealth grants for which Treasury has responsibility are:

Name of Grant	Activities Funded by Grant	2007-08 Estimate \$'000
Assistance for Water and Sewerage	Assistance in meeting the additional cost for water and sewerage arising from Canberra's role as the national capital.	9,643
Financial Assistance Grants for Local Government	Financial assistance in relation to the operation of local governing bodies.	36,813
ACT National Capital Influences	Compensation for the effect of national capital influences on the costs of providing municipal services.	23,980
GST Revenue Grants	GST revenue provided to the ACT by the Australian Government.	822,600
Total		893,036

Department of Treasury Operating Statement

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
Income							
Revenue							
49,686	Government Payment for Outputs	34,678	49,205	42	33,073	28,796	29,351
56	User Charges - Non ACT Government	412	0	-100	0	0	0
0	Interest	0	926	#	1,975	2,608	3,332
500	Resources Received free of charge	500	500	-	500	500	500
50,242	Total Revenue	35,590	50,631	42	35,548	31,904	33,183
Gains							
0	Total Gains	0	0	-	0	0	0
50,242	Total Income	35,590	50,631	42	35,548	31,904	33,183
Expenses							
12,688	Employee Expenses	13,021	14,110	8	14,579	14,853	15,049
3,017	Superannuation Expenses	2,658	2,821	6	2,945	3,031	3,116
10,412	Supplies and Services	9,819	10,319	5	10,321	10,564	10,832
1,014	Depreciation and Amortisation	1,023	116	-89	1,764	1,664	1,664
0	Borrowing Costs	1	459	#	1,038	1,670	2,394
25,882	Grants and Purchased Services	12,403	22,834	84	5,843	857	863
53,013	Total Ordinary Expenses	38,925	50,659	30	36,490	32,639	33,918
-2,771	Operating Result	-3,335	-28	99	-942	-735	-735

Department of Treasury Balance Sheet

Budget as at 30/6/07 \$'000		Est.Outcome as at 30/6/07 \$'000	Planned as at 30/6/08 \$'000	Var %	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000
Current Assets							
1,572	Cash and Cash Equivalents	8,542	7,330	-14	6,964	6,909	6,855
835	Receivables	835	8,276	891	15,038	15,507	15,976
663	Other	710	710	-	710	710	710
3,070	Total Current Assets	10,087	16,316	62	22,712	23,126	23,541
Non Current Assets							
0	Receivables	0	18,985	#	34,204	47,673	58,142
0	Investments	0	1,500	#	3,000	3,000	3,000
242	Property, Plant and Equipment	239	123	-49	0	0	0
35	Intangibles	20	20	-	3,348	1,684	20
907	Capital Works in Progress	9	4,992	#	0	0	0
1,184	Total Non Current Assets	268	25,620	9,460	40,552	52,357	61,162
4,254	TOTAL ASSETS	10,355	41,936	305	63,264	75,483	84,703
Current Liabilities							
1,476	Payables	1,476	1,527	3	1,578	1,629	1,629
0	Interest Bearing Liabilities	0	457	#	0	0	0
0	Finance Leases	9	5	-44	0	0	0
1,761	Employee Benefits	4,290	4,483	4	4,651	4,721	4,792
0	Other	3,050	3,050	-	3,050	3,050	3,101
3,237	Total Current Liabilities	8,825	9,522	8	9,279	9,400	9,522
Non Current Liabilities							
0	Interest Bearing Liabilities	0	12,000	#	20,000	33,000	43,000
0	Finance Leases	27	22	-19	0	0	0
1,643	Employee Benefits	241	249	3	257	257	257
1,643	Total Non Current Liabilities	268	12,271	#	20,257	33,257	43,257
4,880	TOTAL LIABILITIES	9,093	21,793	140	29,536	42,657	52,779
-626	NET ASSETS	1,262	20,143	#	33,728	32,826	31,924
REPRESENTED BY FUNDS EMPLOYED							
-626	Accumulated Funds	1,262	20,143	#	33,728	32,826	31,924
-626	TOTAL FUNDS EMPLOYED	1,262	20,143	#	33,728	32,826	31,924

Department of Treasury Cash Flow Statement

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts							
49,686	Cash from Government for Outputs	34,678	49,205	42	33,073	28,796	29,351
56	User Charges	412	0	-100	0	0	0
0	Interest Received	0	469	#	2,432	2,608	3,332
1,321	Other Revenue	1,321	1,098	-17	1,070	1,068	1,068
51,063	Operating Receipts	36,411	50,772	39	36,575	32,472	33,751
Payments							
15,712	Related to Employees	15,551	16,708	7	17,327	17,792	18,072
9,746	Related to Supplies and Services	6,203	9,683	56	9,683	9,924	10,192
0	Borrowing Costs	1	2	100	1,495	1,670	2,394
25,882	Grants and Purchased Services	12,403	22,834	84	5,843	857	863
1,528	Other	1,528	15,174	893	15,616	6,155	2,117
52,868	Operating Payments	35,686	64,401	80	49,964	36,398	33,638
-1,805	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	725	-13,629	#	-13,389	-3,926	113
CASH FLOWS FROM INVESTING ACTIVITIES							
Payments							
0	Purchase of Property, Plant and Equipment	0	750	#	0	0	0
907	Purchase of Land and Intangibles	9	4,233	#	0	0	0
0	Purchase of Investments	0	1,500	#	1,500	0	0
0	Issue of Loan	0	12,000	#	8,000	13,000	10,000
907	Investing Payments	9	18,483	#	9,500	13,000	10,000
-907	NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	-9	-18,483	#	-9,500	-13,000	-10,000
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
0	Capital Injection from Government	0	31,821	#	23,000	17,038	10,000
0	Receipt of Transferred Cash Balances	1,850	0	-100	0	0	0
0	Financing Receipts	1,850	31,821	1,620	23,000	17,038	10,000
Payments							
6,670	Distributions to Government	8,520	912	-89	472	167	167
0	Repayment of Finance Lease	4	9	125	5	0	0
26,305	Payments of Transferred Cash Balances	26,305	0	-100	0	0	0
32,975	Financing Payments	34,829	921	-97	477	167	167

**Department of Treasury
Cash Flow Statement**

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
-32,975	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	-32,979	30,900	194	22,523	16,871	9,833
-35,687	NET INCREASE/(DECREASE) IN CASH HELD	-32,263	-1,212	96	-366	-55	-54
37,259	CASH AT BEGINNING OF REPORTING PERIOD	40,805	8,542	-79	7,330	6,964	6,909
1,572	CASH AT THE END OF THE REPORTING PERIOD	8,542	7,330	-14	6,964	6,909	6,855

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

Budget as at 30/6/07 \$'000		Est.Outcome as at 30/6/07 \$'000	Planned as at 30/6/08 \$'000	Var %	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000
9,025	Opening Balance	11,477	1,262	-89	20,143	33,728	32,826
	Accumulated Funds						
-2,771	Operating Result for the Period	-3,335	-28	99	-942	-735	-735
	Reserves						
-2,771	Total Income And Expense For The Period	-3,335	-28	99	-942	-735	-735
	Transactions Involving Equity Holders Affecting Accumulated Funds						
0	Capital Injections	0	19,821	#	15,000	4,038	0
-6,670	Capital (Distributions)	-8,520	-912	89	-472	-167	-167
-210	Inc/Dec in Net Assets due to Admin Restructure	1,640	0	-100	-1	-4,038	0
-626	Closing Balance	1,262	20,143	#	33,728	32,826	31,924

Notes to the Budget Statements

Significant variations are as follows:

Operating Statement

- government payment for outputs:
 - the decrease of \$15.008 million in the 2006-07 estimated outcome from the original budget is mainly due to:
 - the rollover of funding for the Restructure Fund (\$14 million), the Budget and Finance Systems project (\$0.6 million), recruitment costs (\$0.150 million) and wage increases (\$0.114 million);
 - partially offset by
 - decreased notional superannuation contribution rates (\$0.378 million).
 - the increase of \$14.527 million in the 2007-08 Budget from the 2006-07 estimated outcome is mainly due to:
 - increase in funding for the Restructure Fund (\$9.8 million);
 - new initiatives for 2007-08:
 - Capital Improvements Project (\$3 million);
 - Administer the Affordable Housing Action Plan (\$0.1 million); and
 - Compliance Activity (\$0.281 million).
 - indexation (\$0.457 million);

- wage increases (\$0.444 million);
- funding for the continued operation of the ACT Revenue Office customer service centre (\$0.190 million) which had been previously budgeted to cease operating; and
- rollover of prior year funding for recruitment costs (\$0.150 million).
- user charges – non ACT Government:
 - the increase of \$0.356 million in the 2006-07 estimated outcome from the original budget mainly reflects the one-off lump sum receipt of the Canberra Milk Licence; and
 - the decrease of \$0.412 million in the 2007-08 Budget from the 2006-07 estimated outcome mainly reflects the one-off lump sum receipt of the Canberra Milk Licence in 2006-07.
- interest received: the increase of \$0.926 million in the 2007-08 Budget from the 2006-07 estimated outcome reflects the interest received for two new finance facilities for the Government Fleet and Community Housing Canberra.
- employee expenses:
 - the increase of \$0.333 million in the 2006-07 estimated outcome from the original budget is mainly due to the part-year effect of wage increases; and
 - the increase of \$1.089 million in the 2007-08 Budget from the 2006-07 estimated outcome is mainly due to the full year effect of negotiated wage increases (\$0.391 million), increased revenue compliance activities (\$0.281 million), the continued operation of the ACT Revenue Office customer service centre (\$0.190 million), administering the Affordable Housing Action Plan (\$0.1 million) and increased employment of permanent staff rather than use of temporary contractors (\$0.150 million).
- superannuation expenses:
 - the decrease of \$0.359 million in the 2006-07 estimated outcome from the original budget is mainly due to decreases in the notional superannuation rates; and
 - the increase of \$0.163 million in the 2007-08 Budget from the 2006-07 estimated outcome is mainly due to wage increases.
- borrowing costs: the increase of \$0.458 million in the 2007-08 Budget from the 2006-07 estimated outcome reflects the interest charged on the new debt facility for Community Housing Canberra.
- supplies and services:
 - the decrease of \$0.593 million in the 2006-07 estimated outcome from the original budget is due to the rollover of the Oracle Financial System (\$0.6 million) and a recruitment contractor (\$0.150 million), partially offset by the expenses associated with the Online Revenue System which had been budgeted to be capitalised (\$0.157 million); and
 - the increase of \$0.5 million in the 2007-08 Budget from the 2006-07 estimated outcome is mainly due to increased expenses from indexation (\$0.338 million) and the rollover of expenses from prior years for recruitment costs (\$0.150 million).

- depreciation and amortisation: the decrease of \$0.907 million in the 2007-08 Budget from the 2006-07 estimated outcome reflects the Oracle Financial System being fully depreciated in 2006-07 and the removal of depreciation associated with the Online Revenue System which is no longer proceeding.
- grants and purchased services:
 - the decrease of \$13.479 million in the 2006-07 estimated outcome from the original budget is primarily due to the rollover of the Restructure Fund expenditure into future years (\$14 million), partially offset by Restructure Fund carried over from 2005-06 (\$0.515 million); and
 - the increase of \$10.431 million in the 2007-08 Budget from the 2006-07 estimated outcome is largely related to expenditure associated with the Restructure Fund (\$7.414 million) and the new capital improvement initiative (\$3 million).

Balance Sheet

- cash and cash equivalents:
 - the increase of \$6.970 million in the 2006-07 estimated outcome from the original budget is mainly due to unspent cash for the Restructure Fund (\$2.387 million), reassessment of cash at bank following the 2005-06 audited outcome (\$4.109 million), cash no longer required for the Online Revenue System (\$0.568 million) and increased revenue associated with the Canberra Milk Licence (\$0.356 million); and
 - the decrease of \$1.212 million in the 2007-08 Budget from the 2006-07 estimated outcome is primarily due to the cash distribution to Government (\$0.912 million).
- current and non current receivables: the increase of \$26.426 million in the 2007-08 Budget from the 2006-07 estimated outcome reflects the repayments of the new finance facilities for the Government Fleet (\$13.969 million) and Community Housing Canberra (\$12.457 million).
- non current investments: the increase of \$1.5 million in the 2007-08 Budget from the 2006-07 estimated outcome reflects working capital associated with the new finance facility for the Government Fleet.
- property, plant and equipment: the decrease of \$0.116 million in the 2007-08 Budget from the 2006-07 estimated outcome is due to accumulated depreciation.
- capital works in progress:
 - the decrease of \$0.898 million in the 2006-07 estimated outcome from the original budget relates to the cessation of the Online Revenue System project (\$0.8 million) and the delay in the completion of the Rating and Tax Compliance System (\$0.980 million); and
 - the increase of \$4.983 million in the 2007-08 Budget from the 2006-07 estimated outcome reflects updating and re-implementing the Oracle Financial System to achieve a single instance (\$4.821 million);
- current interest bearing liabilities: the increase of \$0.457 million in the 2007-08 Budget from the 2006-07 estimated outcome reflects interest payable on the finance facility for Community Housing Canberra.

- current employee benefits:
 - the increase of \$2.529 million in the 2006-07 estimated outcome from the original budget is largely due to wage increases (\$0.156 million) and the ACT Accounting Policy requirement to classify all annual leave and unconditional long service leave as current employee benefits (\$2.453 million). This change in policy is attributable to advice received regarding the interpretation of the Australian Accounting Standards; and
 - the increase of \$0.193 million in the 2007-08 Budget from the 2006-07 estimated outcome is primarily due to negotiated wage increases.
- other current liabilities: the increase of \$3.050 million in the 2006-07 estimated outcome from the original budget reflects the reassessment of revenue received in advance following the 2005-06 audited outcome.
- non current interest bearing liabilities: the increase of \$12 million in the 2007-08 Budget from the 2006-07 estimated outcome reflects the finance facility for Community Housing Canberra.
- non current employee benefits: the decrease of \$1.402 million in the 2006-07 estimated outcome from the original budget is largely due to an increase in entitlements reflected in 2005-06 audited outcome and the ACT Accounting Policy requirement to classify all annual leave and unconditional long service leave as current employee benefits. This change in policy is attributable to advice received regarding the interpretation of the Australian Accounting Standards.

Statement of Changes in Equity

- increase/decrease in net assets from administrative restructuring:
 - the increase of \$1.850 million in the 2006-07 estimated outcome from the original budget reflects the flow-on impact of the transfer of Procurement Solutions to the Shared Services Centre in 2006-07; and
 - the decrease of \$1.640 million in the 2007-08 Budget from the 2006-07 estimated outcome reflects the expectation of not having any administrative restructures in 2007-08;
- capital injections: the increase of \$19.821 million in the 2007-08 Budget from the 2006-07 estimated outcome reflects funding for the new finance facility for Government Fleet (\$15 million) and funding to update and re-implement the Oracle Financial System to achieve a single instance (\$4.821 million).
- capital distribution: the decrease in the distribution of \$7.608 million in 2007-08 Budget from the 2006-07 estimated outcome reflects that 2006-07 was the first year of the cash management reforms.

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

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
Income							
Revenue							
37,182	Payment for Expenses on behalf of Territory	37,233	35,800	-4	36,062	36,050	36,308
737,310	Taxes Fees and Fines	801,533	853,150	6	888,048	941,030	1,001,035
4,725	User Charges - Non ACT Government	0	0	-	0	0	0
17,270	User Charges - ACT Government	0	0	-	0	0	0
826,275	Grants from the Commonwealth	830,223	893,036	8	936,659	976,623	1,018,964
10	Interest	10	21	110	21	21	21
94,113	Dividend Revenue	105,012	144,318	37	106,162	105,301	106,600
7,776	Other Revenue	8,001	7,499	-6	7,680	7,866	8,058
1,724,661	Total Revenue	1,782,012	1,933,824	9	1,974,632	2,066,891	2,170,986
Gains							
0	Total Gains	0	0	-	0	0	0
1,724,661	Total Income	1,782,012	1,933,824	9	1,974,632	2,066,891	2,170,986
Expenses							
9,800	Supplies and Services	9,851	10,051	2	10,128	9,926	9,988
26,411	Grants and Purchased Services	26,411	24,756	-6	24,941	25,131	25,327
4,822	Other Expenses	7,814	5,238	-33	5,254	5,271	5,289
1,683,628	Transfer Expenses	1,737,936	1,893,779	9	1,934,309	2,026,563	2,130,382
1,724,661	Total Ordinary Expenses	1,782,012	1,933,824	9	1,974,632	2,066,891	2,170,986
0	Operating Result	0	0	-	0	0	0

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

Budget as at 30/6/07 \$'000		Est.Outcome as at 30/6/07 \$'000	Planned as at 30/6/08 \$'000	Var %	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000
Current Assets							
3,251	Cash and Cash Equivalents	4,967	4,985	0	4,985	4,985	4,985
64,089	Receivables	73,481	72,381	-1	72,585	73,316	73,499
67,340	Total Current Assets	78,448	77,366	-1	77,570	78,301	78,484
67,340	TOTAL ASSETS	78,448	77,366	-1	77,570	78,301	78,484
Current Liabilities							
58,033	Payables	65,054	64,101	-1	64,434	65,294	65,606
9,307	Other	13,394	13,265	-1	13,136	13,007	12,878
67,340	Total Current Liabilities	78,448	77,366	-1	77,570	78,301	78,484
67,340	TOTAL LIABILITIES	78,448	77,366	-1	77,570	78,301	78,484
0	NET ASSETS	0	0	-	0	0	0
REPRESENTED BY FUNDS EMPLOYED							
0	Accumulated Funds	0	0	-	0	0	0
0	TOTAL FUNDS EMPLOYED	0	0	-	0	0	0

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

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts							
37,182	Cash from Government for EBT	37,233	35,800	-4	36,062	36,050	36,308
698,829	Taxes, Fees and Fines	763,052	818,886	7	844,806	902,906	962,893
12,475	User Charges	4,508	9,176	104	9,227	9,369	9,369
10	Interest Received	10	21	110	21	21	21
826,275	Grants Received from the Commonwealth	830,223	893,036	8	936,659	976,623	1,018,964
25,406	Other Revenue	11,603	14,583	26	15,013	15,457	15,649
92,298	Dividends	104,724	145,409	39	105,949	104,561	106,408
1,692,475	Operating Receipts	1,751,353	1,916,911	9	1,947,737	2,044,987	2,149,612
Payments							
9,800	Related to Supplies and Services	9,851	10,051	2	10,128	9,926	9,988
26,411	Grants and Purchased Services	26,411	24,756	-6	24,941	25,131	25,327
580	Other	3,572	580	-84	580	580	580
1,655,625	Territory Receipts to Government	1,711,460	1,881,506	10	1,912,088	2,009,350	2,113,717
1,692,416	Operating Payments	1,751,294	1,916,893	9	1,947,737	2,044,987	2,149,612
59	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	59	18	-69	0	0	0
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
238	Receipt of Transferred Cash Balances	485	0	-100	0	0	0
238	Financing Receipts	485	0	-100	0	0	0
238	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	485	0	-100	0	0	0
297	NET INCREASE/(DECREASE) IN CASH HELD	544	18	-97	0	0	0
2,954	CASH AT BEGINNING OF REPORTING PERIOD	4,423	4,967	12	4,985	4,985	4,985
3,251	CASH AT THE END OF THE REPORTING PERIOD	4,967	4,985	0	4,985	4,985	4,985

Notes to the Budget Statements

The Department of 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 for 2006-07 is provided in *Budget Paper 3, Part 5.2 – Revenue 2006-07 and Forward Estimates*. An explanation of the movement from the original 2006-07 budget to the estimated outcome is detailed in *Budget Paper 3, Part 3 – 2006-07 Estimated Outcome*.

Significant variations are as follows:

Statement of Income and Expenses on Behalf of the Territory

- payment for expenses on behalf of the Territory: the decrease of \$1.433 million in the 2007-08 Budget from the 2006-07 estimated outcome is mainly due to the cessation of funding for the grant provided to the Australian International Hotel School (\$1.5 million) and a decrease in funding for the Racing Development Fund (\$0.155 million), partially offset by an increase in ATO GST administrative costs.
- taxes, fees and fines:
 - the increase of \$64.223 million in the 2006-07 estimated outcome from the original budget reflects several large transactions for commercial conveyances, the reclassification of the Utilities Network Facility Tax from user charges to taxes, leases and shares and marketable securities. There have also been a higher number of transactions and higher average values for residential conveyances;
 - the increase of \$51.617 million in the 2007-08 Budget from the 2006-07 estimated outcome reflects:
 - expected growth of the payroll tax base (\$18.995 million);
 - an increase in income tax equivalents (\$17.332 million) due to the improved performance of ACT owned agencies;
 - increases in residential conveyancing revenue (\$12.265 million);
 - increases in land tax (\$8.674 million) and utilities revenues (network facilities) (\$8.558 million) due to increases in Average Unimproved Values (AUV);
 - increases in general rates (\$7.387 million), ambulance levy (\$2.047 million) and fire and emergency services levy (\$1.257 million); and
 - the commencement of the City Centre Marketing and Improvements Levy (\$1.447 million);partially offset by:
 - reductions in commercial conveyancing revenue (\$16.952 million);
 - reduced duty on the transfer of shares and marketable securities (\$7.009 million); and
 - the abolition of hiring duty in 2007-08 (\$3.488 million).
- user charges – non ACT Government: the decrease of \$4.725 million in the 2006-07 estimated outcome from the original budget is due to the reclassification of the Utilities Network Facility Tax from user charges to taxes.

- user charges – ACT Government: the decrease of \$17.270 million in the 2006-07 estimated outcome from the original budget is due to the reclassification of the Utilities Network Facility Tax from user charges to taxes.
- grants from the Commonwealth:
 - the increase of \$3.948 million in the 2006-07 estimated outcome from the original budget is largely due to increases in the GST Revenue Grant (\$3.6 million) and the Finance Assistance to Local Government Functions Grant (\$0.380 million); and
 - the increase of \$62.813 million in the 2007-08 Budget from the 2006-07 estimated outcome is due to increases in the GST Revenue Grant (\$60.7 million), Finance Assistance to Local Government Functions Grant (\$1.388 million), the ACT National Capital Influences Grant (\$0.517 million), and Assistance for Water and Sewerage Grant (\$0.208 million).
- dividend revenue:
 - the increase of \$10.899 million in the 2006-07 estimated outcome from the original budget is largely due to the increase in dividends from the Land Development Agency; and
 - the increase of \$39.306 million in the 2007-08 Budget from the 2006-07 estimated outcome is due to expected increases in dividend revenue from the Land Development Agency (\$30.193 million) and ACTEW (\$10.049 million). These increases are partially offset by an anticipated decrease in dividend revenue from ACTTAB (\$1.566 million).
- other revenue:
 - the increase of \$0.225 million in the 2006-07 estimated outcome from the original budget is due to the contribution received for the Narrabundah Long-Stay Caravan Park (\$0.750 million), partially offset by the reduction in turnover tax received from ACTTAB (\$0.525 million); and
 - the decrease of \$0.502 million in the 2007-08 Budget from the 2006-07 estimated outcome is attributable to the expected reduction in turnover tax received from ACTTAB.
- supplies and services: the increase of \$0.2 million in the 2007-08 Budget from the 2006-07 estimated outcome is due to anticipated increases to ATO GST administrative costs.
- grants and purchased services: the decrease of \$1.655 million in the 2007-08 Budget from the 2006-07 estimated outcome is due to the cessation of the grant provided to the Australian International Hotel School (\$1.5 million) and the reduction in the Racing Development Fund payments (\$0.155 million).
- other expenses:
 - the increase of \$2.992 million in the 2006-07 estimated outcome from the original budget is largely due to the abnormal refund of income tax equivalents to ACTEW; and
 - the decrease of \$2.576 million in the 2007-08 Budget from the 2006-07 estimated outcome is due to the removal of the abnormal refund of income tax equivalents to ACTEW, partially offset by the increase in tax waivers (\$0.416 million).

- transfer expenses: the increase of \$54.308 million in the 2006-07 estimated outcome from the original budget and the increase of \$155.843 million in the 2007-08 Budget from the 2006-07 estimated outcome results from on-passing the increased revenue received for taxes, fees and fines, Commonwealth grants, and dividends, partially offset by reduced revenue from user charges. Funds received by the Territory are transferred to the Territory Banking Account.

Statement of Assets and Liabilities on Behalf of the Territory

- cash and cash equivalents: the increase of \$1.716 million in the 2006-07 estimated outcome from the original budget is due to reassessment of cash following the 2005-06 audited outcome.
- current receivables: the increase of \$9.392 million in the 2006-07 estimated outcome from the original budget and the decrease of \$1.1 million in the 2007-08 Budget from the 2006-07 estimated outcome largely reflects changes to estimates at year end for dividend and tax accruals.
- current liabilities: the increase of \$11.108 million in the 2006-07 estimated outcome from the original budget and the decrease of \$1.082 million in the 2007-08 Budget from the 2006-07 estimated outcome mainly relates to the accrued transfer of revenue to the Territory Banking Account.

Financial and Economic Management Operating Statement

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
Income							
Revenue							
49,686	Government Payment for Outputs	34,678	49,205	42	33,073	28,796	29,351
56	User Charges - Non ACT Government	412	0	-100	0	0	0
0	Interest	0	926	#	1,975	2,608	3,332
500	Resources Received free of charge	500	500	-	500	500	500
50,242	Total Revenue	35,590	50,631	42	35,548	31,904	33,183
Gains							
0	Total Gains	0	0	-	0	0	0
50,242	Total Income	35,590	50,631	42	35,548	31,904	33,183
Expenses							
12,688	Employee Expenses	13,021	14,110	8	14,579	14,853	15,049
3,017	Superannuation Expenses	2,658	2,821	6	2,945	3,031	3,116
10,412	Supplies and Services	9,819	10,319	5	10,321	10,564	10,832
1,014	Depreciation and Amortisation	1,023	116	-89	1,764	1,664	1,664
0	Borrowing Costs	1	459	#	1,038	1,670	2,394
25,882	Grants and Purchased Services	12,403	22,834	84	5,843	857	863
53,013	Total Ordinary Expenses	38,925	50,659	30	36,490	32,639	33,918
-2,771	Operating Result	-3,335	-28	99	-942	-735	-735

