

## DEPARTMENT OF TREASURY

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### Objectives

The Department of 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.

### 2006-07 Priorities

Strategic and operational issues to be pursued in 2006-07 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) Update of Revenue Sharing Relativities 2006 and the Commission's 2010 Methodology Review;
- analysing and implementing potential changes required by the proposed harmonisation of Generally Accepted Accounting Principles (GAAP) and Government Financial Statistics (GFS), which is likely to be adopted from 1 July 2007;
- coordinating the preparation of the Government's budget and reporting on financial outcomes;
- continuing to improve the Territory's financial management framework;
- implementing financing and managing options for the Government's vehicle fleet;
- implementing arrangements to strengthen whole of government capital planning and asset management processes;
- implementing the Government's revenue initiatives;
- undertaking efficiency reviews of government programs;
- representing the ACT in the development of Council of Australian Governments National Reform Agenda and implementing the Territory's commitments to national competition policy; and
- strengthening the Territory's Regulatory Impact Statement processes.

## 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

	2005-06 Est. Outcome	2006-07 Budget
Staffing (Headcount)	227 <sup>1</sup>	156

**Note:**

1. Excluding Procurement Solutions the staffing headcount for Treasury is estimated to be 149.

## Output Classes

	Total Cost <sup>1</sup>		Government Payment for Outputs	
	2005-06 Est. Outcome \$'000	2006-07 Budget \$'000	2005-06 Est. Outcome \$'000	2006-07 Budget \$'000
<b>Output Class:</b>				
<b>Financial and Economic Management</b>	43,134	53,013	28,965	49,686
<b>Output 1.1: Economic Management</b>	4,300	4,996	4,274	4,959

### Note:

1. Total cost includes depreciation of \$2.302 million in 2005-06 and \$1.014 million in 2006-07.

### 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 and oversight of the Territory's investments and debt.

The key outputs to be delivered in 2006-07 include:

- monitoring and advising on the state of the ACT economy;
- participating in national economic reform forums;
- coordinating ACT Government involvement with the Commonwealth Grants Commission comprising:
  - an annual submission to the CGC update of general revenue sharing relativities; and
  - on-going submissions, representations and participation in the CGC's major review of general revenue sharing relativities to apply from 2010-11 onwards.
- monitoring GST revenues and participation in the GST administration sub-groups;
- providing recommendations to the ACT Government outlining the financing options for the passenger and light commercial vehicle fleet from 1 July 2006;
- implementing financial and fleet management options for the passenger and light commercial vehicle fleet as determined by the ACT Government;
- liaising with credit rating agencies; and
- advising on major projects.

## Output Classes cont.

	Total Cost		Government Payment for Outputs	
	2005-06	2006-07	2005-06	2006-07
	Est. Outcome \$'000	Budget \$'000	Est. Outcome \$'000	Budget \$'000
<b>Output 1.2: Financial Management</b>	18,556	35,804	12,148	33,773

### *Output Description*

Provision of analysis, monitoring and reporting on financial performance to assist the Government to achieve its policy objectives. Financial Management will provide for:

- the preparation and presentation of the Government's annual budget and annual financial statements;
- quarterly whole of government consolidated management and capital works reports;
- reports to external agencies including the Loan Council, the Australian Bureau of Statistics and the Commonwealth Grants Commission;
- reviews of government programs and functions; and
- advice on the structure and operation of Government Business Enterprises.

	Total Cost		Government Payment for Outputs	
	2005-06	2006-07	2005-06	2006-07
	Est. Outcome \$'000	Budget \$'000	Est. Outcome \$'000	Budget \$'000
<b>Output 1.3: Revenue Management</b>	11,415	12,213	10,215	10,954

### *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 2006-07 include:

- collecting an estimated \$737 million in taxation revenue;
- providing high quality and timely advice to assist taxpayers meet their obligations;
- processing 220 objections and reviews of decision;
- processing 2,000 Stamp Duty Homebuyer Concessions; and
- processing 2,000 First Home Owner Grant applications.

<b>Output to cease after 2005-06</b>	<b>Total Cost</b>		<b>Government Payment for Outputs</b>	
	<b>2005-06 Est. Outcome \$'000</b>	<b>2006-07 Budget \$'000</b>	<b>2005-06 Est. Outcome \$'000</b>	<b>2006-07 Budget \$'000</b>
<b>Output: Procurement Support Services<sup>1</sup></b>	8,863	n/a	2,328	n/a

**Note:**

1. This output and associated accountability indicators has been transferred to the Shared Services Centre from 1 July 2006 and reported under Output 1.2 Procurement Support Services.

## **Strategic Indicators**

In the 2006-07 Budget the Government has decided to base its budget reporting on the Government Finance Statistics (GFS) standard. The strategic indicators for Treasury have been revised to take account of key measures reported in the GFS system.

### **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 important element of the Government's strategy in the 2006-07 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 - 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.

## Accountability Indicators

	2005-06 Targets	2005-06 Est. Outcome	2006-07 Targets
<b>1.1: Economic Management</b>			
a. Briefings on the ACT Economy	120	120	120
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
<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. Expenditure Capacity Reviews <sup>2</sup>	3	1	1
<b>1.3: Revenue Management</b>			
a. Debt Management — level of outstanding debt as a percentage of Treasury tax revenue	2%	2%	2%
b. Compliance revenue per inspector	\$300,000	\$307,165	\$320,000
<b>1.4: Procurement Solutions<sup>1</sup></b>			
a. Proportion of Government funded annual Capital Works Program supported with project procurement services	60%	62%	n/a
b. Quality Management Systems Compliance with ISO 9001:2000 – number of category 1 non-compliance findings	<2	<2	n/a

**Note:**

1. This output and associated accountability indicators will be transferred to the Shared Services Centre from 1 July 2006 and repeated under Output 2.1 Procurement Support Services
2. The variance in the 2005-06 estimated outcome from the original target is a result of the Government undertaking the Strategic and Functional Review that superseded the planned expenditure capacity reviews.

## Changes to Appropriation

### Changes to Appropriation - Departmental

	2005-06	2006-07	2007-08	2008-09	2009-10
Government Payment for Outputs	Est. Outc.	Budget	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2005-06 Budget</b>	<b>40,116</b>	<b>31,500</b>	<b>25,954</b>	<b>26,417</b>	<b>26,417</b>
<b>2006-07 Budget Policy Adjustments</b>					
Return of Sustainable Infrastructure Fund	(1,685)	0	0	0	0
Return of Social Plan Evaluation Framework	(350)	0	0	0	0
Transfer of Procurement Solutions to the Shared Services Centre	0	(2,173)	(2,392)	(2,499)	(2,609)
Transfer of Gambling and Racing from the Department of Economic Development	0	116	117	119	121
Transfer of Compulsory Third Party Insurance from the Department of Territory and Municipal Services	0	136	139	141	144
Supporting Economic and Financial Policy Advice	0	1,000	1,025	1,051	1,077
Restructure Fund	0	14,500	4,500	1,500	500
Reducing General Procurement	0	(96)	(196)	(201)	(206)
Reducing Motor Vehicle Expenses	0	(24)	(33)	(43)	(44)
Consolidating Human Resources and Finance Functions	0	(27)	(64)	(65)	(66)
Consolidating Information Technology Services	0	(309)	(311)	(313)	(314)
Rationalising Boards and Committees	0	(65)	(130)	(130)	(130)
Streamlined Grants Administration	0	(23)	(29)	(29)	(29)
<b>2006-07 Budget Technical Adjustments</b>					
Revised Indexation Parameters	0	0	0	0	462
Increased Notional Superannuation Contribution Rates	0	1,551	1,603	1,620	1,638
Revised Commonwealth Specific Purpose Payments	(16)	(100)	(103)	(105)	(108)
Rollover - Restructure Fund	(8,200)	3,200	5,000	0	0
Rollover - Budget and Finance System Project	(500)	500	0	0	0
Rollover - Sustainable Infrastructure Fund	(400)		0	0	0
<b>2006-07 Budget</b>	<b>28,965</b>	<b>49,686</b>	<b>35,080</b>	<b>27,463</b>	<b>26,853</b>



**Changes to Appropriation - Territorial**

	2005-06	2006-07	2007-08	2008-09	2009-10
Payment for Expenses on Behalf of Territory	Est. Outc.	Budget	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2005-06 Budget</b>	<b>38,156</b>	<b>38,648</b>	<b>37,348</b>	<b>37,355</b>	<b>37,355</b>
<b>2006-07 Budget Policy Adjustments</b>					
Transfer of Gambling and Racing from the Department of Economic Development	0	8,262	8,514	8,578	8,818
Reclassification of Appropriation direct to Authority - EPIC	0	(321)	(328)	(335)	(335)
<b>2006-07 Budget Technical Adjustments</b>					
Reclassification of Appropriation direct to Authority - ACTEW	27	(9,407)	(9,600)	(9,600)	(9,600)
<b>2006-07 Budget</b>	<b>38,183</b>	<b>37,182</b>	<b>35,934</b>	<b>35,998</b>	<b>36,238</b>

**Changes to Appropriation - Departmental**

	2005-06	2006-07	2007-08	2008-09	2009-10
Capital Injections	Est. Outc.	Budget	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2005-06 Budget</b>	<b>24,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2006-07 Budget Technical Adjustments</b>					
General Savings	(700)				
Rollover - Rhodium Asset Solutions	(800)	800	0	0	0
Reclassification of Appropriation direct to Authority - Rhodium	0	(800)	0	0	0
<b>2006-07 Budget</b>	<b>23,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Changes to Appropriation - Territorial**

	2005-06	2006-07	2007-08	2008-09	2008-09
Capital Injections	Est. Outc.	Budget	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2005-06 Budget</b>	<b>450</b>	<b>450</b>	<b>450</b>	<b>450</b>	<b>450</b>
<b>2006-07 Budget Technical Adjustments</b>					
Reclassification of Appropriation direct to Authority - EPIC	-	(450)	(450)	(450)	(450)
<b>2006-07 Budget</b>	<b>450</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Commonwealth Grants

The major Commonwealth grants for which Treasury has responsibility are:

<b>Name of Grant</b>	<b>Activities Funded by Grant</b>	<b>2006-07 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.	9,444
Financial Assistance Grants for Local Government	Financial assistance in relation to the operation of local governing bodies.	35,045
ACT National Capital Influences	Compensation for the effect of national capital influences on the costs of providing municipal services.	23,486
GST Revenue Grants	GST revenue provided to the ACT by the Australian Government.	758,300
<b>Total</b>		<b>826,275</b>

## Department of Treasury Operating Statement

2005-06 Budget \$'000		2005-06 Est.Outcome \$'000	2006-07 Budget \$'000	Var %	2007-08 Estimate \$'000	2008-09 Estimate \$'000	2009-10 Estimate \$'000
<b>Income</b>							
<b>Revenue</b>							
40,116	Government Payment for Outputs	28,965	49,686	72	35,080	27,463	26,853
56	User Charges - Non ACT Government	56	56	-	56	56	56
4,284	User Charges - ACT Government	4,284	0	-100	0	0	0
706	Interest	1,250	0	-100	0	0	0
500	Resources Received free of charge	500	500	-	500	500	500
<b>45,662</b>	<b>Total Revenue</b>	<b>35,055</b>	<b>50,242</b>	<b>43</b>	<b>35,636</b>	<b>28,019</b>	<b>27,409</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>45,662</b>	<b>Total Income</b>	<b>35,055</b>	<b>50,242</b>	<b>43</b>	<b>35,636</b>	<b>28,019</b>	<b>27,409</b>
<b>Expenses</b>							
33,188	Employee Expenses	15,753	12,688	-19	12,875	13,017	13,146
2,223	Superannuation Expenses	2,194	3,017	38	3,061	3,095	3,127
11,795	Supplies and Services	11,521	10,412	-10	10,072	10,048	10,273
2,302	Depreciation and Amortisation	2,302	1,014	-56	267	217	217
2,912	Grants and Purchased Services	11,364	25,882	128	9,811	1,804	810
<b>52,420</b>	<b>Total Ordinary Expenses</b>	<b>43,134</b>	<b>53,013</b>	<b>23</b>	<b>36,086</b>	<b>28,181</b>	<b>27,573</b>
<b>-6,758</b>	<b>Operating Result</b>	<b>-8,079</b>	<b>-2,771</b>	<b>66</b>	<b>-450</b>	<b>-162</b>	<b>-164</b>

## Department of Treasury Balance Sheet

Budget as at 30/6/06 \$'000		Est.Outcome as at 30/6/06 \$'000	Planned as at 30/6/07 \$'000	Var %	Planned as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000
<b>Current Assets</b>							
1,406	Cash	2,928	1,572	-46	525	221	221
2,519	Receivables	4,928	835	-83	835	835	835
25,624	Investments	34,331	0	-100	0	0	0
773	Other	663	663	-	663	663	663
<b>30,322</b>	<b>Total Current Assets</b>	<b>42,850</b>	<b>3,070</b>	<b>-93</b>	<b>2,023</b>	<b>1,719</b>	<b>1,719</b>
<b>Non Current Assets</b>							
407	Property, Plant and Equipment	382	242	-37	135	135	135
874	Intangibles	909	35	-96	675	629	412
851	Capital Works in Progress	0	907	#	171	0	0
<b>2,132</b>	<b>Total Non Current Assets</b>	<b>1,291</b>	<b>1,184</b>	<b>-8</b>	<b>981</b>	<b>764</b>	<b>547</b>
<b>32,454</b>	<b>TOTAL ASSETS</b>	<b>44,141</b>	<b>4,254</b>	<b>-90</b>	<b>3,004</b>	<b>2,483</b>	<b>2,266</b>
<b>Current Liabilities</b>							
10,410	Payables	10,376	1,476	-86	1,527	1,578	1,629
2,392	Employee Benefits	2,411	1,761	-27	1,821	1,883	1,946
10,482	Other	20,107	0	-100	0	0	0
<b>23,284</b>	<b>Total Current Liabilities</b>	<b>32,894</b>	<b>3,237</b>	<b>-90</b>	<b>3,348</b>	<b>3,461</b>	<b>3,575</b>
<b>Non Current Liabilities</b>							
2,236	Employee Benefits	2,222	1,643	-26	1,644	1,644	1,644
<b>2,236</b>	<b>Total Non Current Liabilities</b>	<b>2,222</b>	<b>1,643</b>	<b>-26</b>	<b>1,644</b>	<b>1,644</b>	<b>1,644</b>
<b>25,520</b>	<b>TOTAL LIABILITIES</b>	<b>35,116</b>	<b>4,880</b>	<b>-86</b>	<b>4,992</b>	<b>5,105</b>	<b>5,219</b>
<b>6,934</b>	<b>NET ASSETS</b>	<b>9,025</b>	<b>-626</b>	<b>-107</b>	<b>-1,988</b>	<b>-2,622</b>	<b>-2,953</b>
<b>REPRESENTED BY FUNDS EMPLOYED</b>							
6,934	Accumulated Funds	9,025	-626	-107	-1,988	-2,622	-2,953
<b>6,934</b>	<b>TOTAL FUNDS EMPLOYED</b>	<b>9,025</b>	<b>-626</b>	<b>-107</b>	<b>-1,988</b>	<b>-2,622</b>	<b>-2,953</b>

**Department of Treasury  
Cash Flow Statement**

2005-06 Budget \$'000		2005-06 Est.Outcome \$'000	2006-07 Budget \$'000	Var %	2007-08 Estimate \$'000	2008-09 Estimate \$'000	2009-10 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
40,116	Cash from Government for Outputs	28,965	49,686	72	35,080	27,463	26,853
87,583	User Charges	87,583	56	-100	56	56	56
706	Interest Received	1,250	0	-100	0	0	0
18,293	Other Revenue	18,205	1,321	-93	1,091	1,061	1,058
<b>146,698</b>	<b>Operating Receipts</b>	<b>136,003</b>	<b>51,063</b>	<b>-62</b>	<b>36,227</b>	<b>28,580</b>	<b>27,967</b>
<b>Payments</b>							
35,295	Related to Employees	17,950	15,712	-12	15,853	16,029	16,188
11,224	Related to Supplies and Services	12,113	9,746	-20	9,436	9,410	9,633
2,912	Grants and Purchased Services	11,364	25,882	128	9,811	1,804	810
101,640	Other	101,633	1,528	-98	1,198	1,169	1,169
<b>151,071</b>	<b>Operating Payments</b>	<b>143,060</b>	<b>52,868</b>	<b>-63</b>	<b>36,298</b>	<b>28,412</b>	<b>27,800</b>
<b>-4,373</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>-7,057</b>	<b>-1,805</b>	<b>74</b>	<b>-71</b>	<b>168</b>	<b>167</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
<b>Receipts</b>							
0	Proceeds from Sale of Property, Plant & Equipment	174	0	-100	0	0	0
<b>0</b>	<b>Investing Receipts</b>	<b>174</b>	<b>0</b>	<b>-100</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Payments</b>							
851	Purchase of Land and Intangibles	0	907	#	64	0	0
24,500	Capital Payments to Government Agencies	23,000	0	-100	0	0	0
<b>25,351</b>	<b>Investing Payments</b>	<b>23,000</b>	<b>907</b>	<b>-96</b>	<b>64</b>	<b>0</b>	<b>0</b>
<b>-25,351</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>	<b>-22,826</b>	<b>-907</b>	<b>96</b>	<b>-64</b>	<b>0</b>	<b>0</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
<b>Receipts</b>							
24,500	Capital Injection from Government	23,000	0	-100	0	0	0
0	Receipt of Transferred Cash Balances	662	0	-100	0	0	0

**Department of Treasury  
Cash Flow Statement**

<b>2005-06 Budget \$'000</b>		<b>2005-06 Est.Outcome \$'000</b>	<b>2006-07 Budget \$'000</b>	<b>Var %</b>	<b>2007-08 Estimate \$'000</b>	<b>2008-09 Estimate \$'000</b>	<b>2009-10 Estimate \$'000</b>
<b>24,500</b>	<b>Financing Receipts</b>	<b>23,662</b>	<b>0</b>	<b>-100</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Payments</b>						
0	Distributions to Government	0	6,670	#	912	472	167
0	Payments of Transferred Cash Balances	0	26,305	#	0	0	0
<b>0</b>	<b>Financing Payments</b>	<b>0</b>	<b>32,975</b>	<b>#</b>	<b>912</b>	<b>472</b>	<b>167</b>
<b>24,500</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>	<b>23,662</b>	<b>-32,975</b>	<b>-239</b>	<b>-912</b>	<b>-472</b>	<b>-167</b>
<b>-5,224</b>	<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>-6,221</b>	<b>-35,687</b>	<b>-474</b>	<b>-1,047</b>	<b>-304</b>	<b>0</b>
<b>32,254</b>	<b>CASH AT BEGINNING OF REPORTING PERIOD</b>	<b>43,480</b>	<b>37,259</b>	<b>-14</b>	<b>1,572</b>	<b>525</b>	<b>221</b>
<b>27,030</b>	<b>CASH AT THE END OF THE REPORTING PERIOD</b>	<b>37,259</b>	<b>1,572</b>	<b>-96</b>	<b>525</b>	<b>221</b>	<b>221</b>

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

Budget as at 30/6/06 \$'000		Est.Outcome as at 30/6/06 \$'000	Planned as at 30/6/07 \$'000	Var %	Planned as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000
13,692	<b>Opening Balance</b>	17,489	9,025	-48	-626	-1,988	-2,622
	<b>Accumulated Funds</b>						
-6,758	Operating Result for the Period	-8,079	-2,771	66	-450	-162	-164
	<b>Reserves</b>						
-6,758	<b>Total Income And Expense For The Period</b>	-8,079	-2,771	66	-450	-162	-164
	<b>Transactions Involving Equity Holders Affecting Accumulated Funds</b>						
0	Capital (Distributions)	0	-6,670	#	-912	-472	-167
0	Inc/Dec in Net Assets due to Admin Restructure	-385	-210	45	0	0	0
6,934	<b>Closing Balance</b>	9,025	-626	-107	-1,988	-2,622	-2,953

**Notes to the Budget Statements**

Significant variations are as follows:

*Operating Statement*

- government payment for outputs:
  - the decrease of \$11.151 million in the 2005-06 estimated outcome from the original budget is mainly due to the rollover of the Restructure Fund (\$8.2 million), the Budget and Finance Systems project (\$0.5 million), Sustainable Infrastructure funding (\$0.4 million) and the return to budget of unused funding (\$2.035 million) of which \$1.685 million relates to the Sustainable Infrastructure Fund and \$0.350 million for the Social Plan Evaluation Framework;
  - the increase of \$20.721 million in the 2006-07 Budget from the 2005-06 estimated outcome is mainly due to increased funding for the Restructure Fund (\$19.6 million), increased notional superannuation contribution rates (\$1.551 million), additional funding for the supporting Economic and Financial Policy Advice Initiative (\$1 million), and the rollover of funding for the Budget and Finance Systems project (\$0.5 million), partially offset by the transfer of Procurement Solutions to the Shared Services Centre (\$2.173 million);
- user charges – ACT Government: the decrease of \$4.284 million in the 2006-07 Budget from the 2005-06 estimated outcome reflects the transfer of Procurement Solutions' contract services and project management fees to the Shared Services Centre;

- interest:
  - the increase of \$0.544 million in the 2005-06 estimated outcome from the original budget is mainly due to additional interest earned from higher levels of cash and investment holdings due to the unspent Restructure Fund and Sustainable Infrastructure Fund balances throughout 2005-06;
  - the decrease of \$1.250 million in the 2006-07 Budget from the 2005-06 estimated outcome is due to the implementation of cash management reforms;
- employee expenses:
  - the decrease of \$17.435 million in the 2005-06 estimated outcome from the original budget is mainly due to the reclassification of Restructure Fund payments from employee expenses to grants and purchased services;
  - the decrease of \$3.065 million in the 2006-07 Budget from the 2005-06 estimated outcome is mainly due to the transfer of Procurement Solutions (\$4.172 million), partially offset by increased employee expenses associated with strengthening Treasury's strategic capability (\$0.8 million);
- superannuation expenses: the increase of \$0.823 million in the 2006-07 Budget from the 2005-06 estimated outcome is mainly due to increased notional superannuation contribution rates (\$1.551 million) and costs associated with strengthening Treasury's strategic capability (\$0.176 million). These are partially offset by the transfer of Procurement Solutions to the Shared Services Centre (\$0.979 million);
- supplies and services:
  - the decrease of \$0.274 million in the 2005-06 estimated outcome from the original budget is due to the rollover of the Budget and Finance System project (\$0.740 million) and the return of the Social Plan Evaluation Framework funding (\$0.350 million). These are partially offset by increased administrative expenses incurred by Procurement Solutions (\$0.605 million), together with the reclassification of employee expenses to supplies and services as a result of consolidating information technology services (\$0.211 million);
  - the decrease of \$1.109 million in the 2006-07 Budget from the 2005-06 estimated outcome is mainly due to the impact of consolidating information technology services (\$0.309 million) and procurement services (\$1.107 million) in the Shared Services Centre. These are partially offset by the rollover of the Budget and Finance Systems project (\$0.5 million);
- depreciation: the decrease of \$1.288 million in the 2006-07 Budget from the 2005-06 estimated outcome is due to the Oracle system being fully depreciated in 2005-06; and
- grants and purchased services:
  - the increase of \$8.452 million in the 2005-06 estimated outcome from the original budget is primarily due to the Restructure Fund expenses (\$17.250 million) being reclassified from employee expenses to grants and purchased services, offset by the rollover of the Restructure Fund (\$8.2 million) and the Sustainable Infrastructure Fund (\$0.4 million); and
  - the increase of \$14.518 million in the 2006-07 Budget from the 2005-06 estimated outcome is largely related to expenditure associated with the Restructure Fund



(\$16.521 million), partially offset by one-off Sustainable Infrastructure expenditure occurring in 2005-06 (\$1.915 million).

### *Balance Sheet*

- cash and current investments:
  - the increase of \$10.229 million in the 2005-06 estimated outcome from the original budget is mainly due to unspent cash for the Restructure Fund and prepayments for capital works managed by Procurement Solutions;
  - the decrease of \$35.687 million in the 2006-07 Budget from the 2005-06 estimated outcome is primarily due to the transfer of Procurement Solutions to the Shared Services Centre (\$26.305 million), the introduction of cash management reforms (\$6.670 million), which take effect from 1 July 2006, and the budgeted Restructure Fund expenditure (\$1.871 million);
- capital works in progress: the decrease of \$0.851 million in the 2005-06 estimated outcome from the original budget and the increase of \$0.907 million in the 2006-07 Budget from the 2005-06 estimated outcome is mainly related to delays in the development of the Rating and Tax Compliance and Online Revenue Systems; and
- total liabilities:
  - the increase of \$9.596 million in the 2005-06 estimated outcome from the original budget is largely due to revised estimates of project revenue paid in advance by agencies to Procurement Solutions;
  - the decrease of \$30.236 million in the 2006-07 Budget from the 2005-06 estimated outcome is primarily due to the transfer of Procurement Solutions to the Shared Services Centre.

### *Statement of Changes in Equity*

- increase/decrease in net assets from administrative restructuring: the decrease in 2006-07 Budget from the 2005-06 estimated outcome is primarily due to the transfer of Procurement Solutions to the Shared Services Centre; and
- capital distribution: the distribution of \$6.670 million in 2006-07 Budget from the 2005-06 estimated outcome reflects the implementation of cash management reforms effective from 1 July 2006.

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

2005-06 Budget \$'000		2005-06 Est.Outcome \$'000	2006-07 Budget \$'000	Var %	2007-08 Estimate \$'000	2008-09 Estimate \$'000	2009-10 Estimate \$'000
<b>Income</b>							
<b>Revenue</b>							
38,156	Payment for Expenses on behalf of Territory	38,183	37,182	-3	35,934	35,998	36,238
685,174	Taxes Fees and Fines	671,475	737,310	10	785,087	846,204	905,239
0	User Charges - Non ACT Government	0	4,725	#	9,801	10,163	10,539
0	User Charges - ACT Government	0	17,270	#	20,916	21,284	21,542
800,196	Grants from the Commonwealth	797,075	826,275	4	866,322	906,538	946,870
0	Interest	0	10	#	21	21	21
182,648	Dividend Revenue	144,869	94,113	-35	94,458	114,511	121,778
230	Other Revenue	230	7,776	3,281	8,002	8,236	8,476
<b>1,706,404</b>	<b>Total Revenue</b>	<b>1,651,832</b>	<b>1,724,661</b>	<b>4</b>	<b>1,820,541</b>	<b>1,942,955</b>	<b>2,050,703</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>1,706,404</b>	<b>Total Income</b>	<b>1,651,832</b>	<b>1,724,661</b>	<b>4</b>	<b>1,820,541</b>	<b>1,942,955</b>	<b>2,050,703</b>
<b>Expenses</b>							
9,600	Supplies and Services	9,600	9,800	2	9,800	9,800	9,800
28,363	Grants and Purchased Services	28,363	26,411	-7	25,141	25,205	25,445
5,307	Other Expenses	5,307	4,822	-9	4,838	4,855	4,872
1,663,134	Transfer Expenses	1,608,562	1,683,628	5	1,780,762	1,903,095	2,010,586
<b>1,706,404</b>	<b>Total Ordinary Expenses</b>	<b>1,651,832</b>	<b>1,724,661</b>	<b>4</b>	<b>1,820,541</b>	<b>1,942,955</b>	<b>2,050,703</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 30/6/06 \$'000		Est.Outcome as at 30/6/06 \$'000	Planned as at 30/6/07 \$'000	Var %	Planned as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000
<b>Current Assets</b>							
3,273	Cash	2,954	3,058	4	3,076	3,076	3,076
76,109	Receivables	62,265	64,089	3	65,418	66,458	67,301
0	Investments	0	193	#	193	193	193
<b>79,382</b>	<b>Total Current Assets</b>	<b>65,219</b>	<b>67,340</b>	<b>3</b>	<b>68,687</b>	<b>69,727</b>	<b>70,570</b>
<b>Non Current Assets</b>							
2,000	Investments	0	0	-	0	0	0
<b>2,000</b>	<b>Total Non Current Assets</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>81,382</b>	<b>TOTAL ASSETS</b>	<b>65,219</b>	<b>67,340</b>	<b>3</b>	<b>68,687</b>	<b>69,727</b>	<b>70,570</b>
<b>Current Liabilities</b>							
72,955	Payables	55,912	58,033	4	59,509	60,678	61,650
7,770	Other	9,307	9,307	-	9,178	9,049	8,920
<b>80,725</b>	<b>Total Current Liabilities</b>	<b>65,219</b>	<b>67,340</b>	<b>3</b>	<b>68,687</b>	<b>69,727</b>	<b>70,570</b>
<b>80,725</b>	<b>TOTAL LIABILITIES</b>	<b>65,219</b>	<b>67,340</b>	<b>3</b>	<b>68,687</b>	<b>69,727</b>	<b>70,570</b>
<b>657</b>	<b>NET ASSETS</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>REPRESENTED BY FUNDS EMPLOYED</b>							
657	Accumulated Funds	0	0	-	0	0	0
<b>657</b>	<b>TOTAL FUNDS EMPLOYED</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

2005-06 Budget \$'000		2005-06 Est.Outcome \$'000	2006-07 Budget \$'000	Var %	2007-08 Estimate \$'000	2008-09 Estimate \$'000	2009-10 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
37,843	Cash from Government for EBT	37,870	37,182	-2	35,934	35,998	36,238
313	Cash from Government - CSO Payments	313	0	-100	0	0	0
684,666	Taxes, Fees and Fines	665,538	712,857	5	765,415	817,672	881,825
0	User Charges	0	12,475	#	25,701	26,363	27,139
0	Interest Received	0	10	#	21	21	21
800,396	Grants Received from the Commonwealth	797,075	826,275	4	866,322	906,538	946,870
590	Other Revenue	590	11,378	#	15,086	15,569	16,067
<b>1,523,808</b>	<b>Operating Receipts</b>	<b>1,501,386</b>	<b>1,600,177</b>	<b>7</b>	<b>1,708,479</b>	<b>1,802,161</b>	<b>1,908,160</b>
<b>Payments</b>							
9,600	Related to Supplies and Services	9,600	9,800	2	9,800	9,800	9,800
28,363	Grants and Purchased Services	28,363	26,411	-7	25,141	25,205	25,445
580	Other	580	580	-	580	580	580
1,674,226	Territory Receipts to Government	1,618,782	1,655,625	2	1,766,060	1,880,038	1,993,261
<b>1,712,769</b>	<b>Operating Payments</b>	<b>1,657,325</b>	<b>1,692,416</b>	<b>2</b>	<b>1,801,581</b>	<b>1,915,623</b>	<b>2,029,086</b>
<b>-188,961</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>-155,939</b>	<b>-92,239</b>	<b>-41</b>	<b>-93,102</b>	<b>-113,462</b>	<b>-120,926</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
<b>Receipts</b>							
189,008	Dividends	155,986	92,298	-41	93,120	113,462	120,926
<b>189,008</b>	<b>Investing Receipts</b>	<b>155,986</b>	<b>92,298</b>	<b>-41</b>	<b>93,120</b>	<b>113,462</b>	<b>120,926</b>
<b>Payments</b>							
450	Capital Payments to Government Agencies	450	0	-100	0	0	0
<b>450</b>	<b>Investing Payments</b>	<b>450</b>	<b>0</b>	<b>-100</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>188,558</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>	<b>155,536</b>	<b>92,298</b>	<b>-41</b>	<b>93,120</b>	<b>113,462</b>	<b>120,926</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
<b>Receipts</b>							

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

2005-06 Budget \$'000		2005-06 Est.Outcome \$'000	2006-07 Budget \$'000	Var %	2007-08 Estimate \$'000	2008-09 Estimate \$'000	2009-10 Estimate \$'000
450	Capital Injection from Government	450	0	-100	0	0	0
0	Receipt of Transferred Cash Balances	0	238	#	0	0	0
<b>450</b>	<b>Financing Receipts</b>	<b>450</b>	<b>238</b>	<b>-47</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>450</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>	<b>450</b>	<b>238</b>	<b>-47</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>47</b>	<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>47</b>	<b>297</b>	<b>532</b>	<b>18</b>	<b>0</b>	<b>0</b>
<b>3,226</b>	<b>CASH AT BEGINNING OF REPORTING PERIOD</b>	<b>2,907</b>	<b>2,954</b>	<b>2</b>	<b>3,251</b>	<b>3,269</b>	<b>3,269</b>
<b>3,273</b>	<b>CASH AT THE END OF THE REPORTING PERIOD</b>	<b>2,954</b>	<b>3,251</b>	<b>10</b>	<b>3,269</b>	<b>3,269</b>	<b>3,269</b>

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

Budget as at 30/6/06 \$'000		Est.Outcome as at 30/6/06 \$'000	Planned as at 30/6/07 \$'000	Var %	Planned as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000
657	<b>Opening Balance</b>	0	0	-	0	0	0
	<b>Accumulated Funds</b>						
0	Operating Result for the Period	0	0	-	0	0	0
	<b>Reserves</b>						
657	<b>Closing Balance</b>	0	0	-	0	0	0

### 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 2005-06 is provided in *Budget Paper 3, Part 5.2 – Revenue 2005-06 and Forward Estimates*. An explanation of the movement from the original 2004-05 budget to the estimated outcome is detailed in *Budget Paper 3, Part 3 – 2005-06 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 \$1.001 million in the 2006-07 Budget from the 2005-06 estimated outcome is mainly due to a decrease resulting from the removal of Water and Sewage funding (\$9.453 million), which will be directly appropriated to ACTEW as a result of changes made to the *Financial Management Act 1996* (FMA), partially offset by increases resulting from the transfer of the Racing and Development Fund (RDF) (\$7.231 million) from the Department of Economic Development as a result the July 2006 Administrative Arrangement Order (AAO), together with an increase in payments for the RDF (\$1.031 million);
- user charges: the increase of \$7.967 million in the 2006-07 Budget from the 2005-06 estimated outcome reflects new revenue initiative: rent for utility infrastructure (\$7.967 million);
- taxes, fees and fines:
  - the decrease of \$13.699 million in the 2005-06 estimated outcome from the original budget is mainly due to decreased revenue resulting from payroll tax being less than originally budgeted (\$12.178 million), although higher than 2004-05, fewer duties received from unlisted shares/marketable securities (\$5.516 million), and a decline in duties for motor vehicle transfers (\$1.671 million). These decreases are partially offset by revenue increases from an abnormally large receipt in 'duty on leases' (\$4.933 million) and conveyances (\$1.712 million).
  - the increase of \$79.863 million in the 2006-07 Budget from the 2005-06 estimated outcome reflects expected growth of the payroll tax base (\$18.106 million), budgeted increases in: general rates (\$16.573 million) resulting from new initiatives; land tax

(\$5.678 million) due to increases in Average Unimproved Values (AUV); the introduction of a Fire and Emergency Service levy (\$20.5 million); further revenue increases for the Ambulance Service Levy (\$2.492 million) resulting from new initiatives; water fee (\$14.028 million); and an increase in income tax equivalents (\$11.306 million) due to the improved performance of ACT owned agencies. These increases are partially offset by reductions in conveyancing revenue (\$5.416 million) and lease duties (\$4.863 million).

- grants from the Commonwealth: the decrease of \$3.121 million in the 2005-06 estimated outcome from the original budget is due to a decrease in the GST Revenue grant (\$3.4 million), slightly offset by the increase in competition payments (\$0.2 million). The increase of \$29.2 million in the 2006-07 Budget from the 2005-06 estimated outcome is mainly due to an increase in the GST Revenue grant (\$40.3 million) and Finance Assistance to Local Government Functions (\$1.129 million), partially offset by discontinued funding for Competition Payments (\$12.8 million);
- other revenue: the increase of \$7.546 million in the 2006-07 Budget from the 2005-06 estimated outcome is attributable to the turnover tax received from ACTTAB as a result of the July 2006 AAO;
- dividends: the decrease of \$37.779 million in the 2005-06 estimated outcome from the original budget is largely due to the decrease in the dividend from Land Development Agency (\$38 million). The decrease of \$50.756 million in the 2006-07 Budget from the 2005-06 estimated outcome is due to expected decreases in dividend revenue from the Land Development Agency (\$55.403 million) and ACTTAB (\$1.499 million). These decreases are partially offset by an anticipated increase in dividend revenue from ACTEW (\$6.147 million);
- supplies and services: the increase of \$0.2 million in the 2006-07 Budget from the 2005-06 estimated outcome is due to anticipated increases to ATO GST administrative costs;
- grants and purchased services: the decrease of \$1.952 million in the 2006-07 Budget from the 2005-06 estimated outcome is due to the removal of the Water and Sewage payment to ACTEW (\$9.453 million) and EPIC's CSO payment (\$0.321 million), which are to be directly appropriated to Statutory Authorities from 1 July 2006 as a result of change in *Financial Management Act 1996* (FMA). These decreases are largely offset by the inclusion of a Racing and Development Fund payment (\$6.480 million) as a result of the July 2006 AAO, together with ACTTAB (\$1.031 million); and
- transfer expenses: the decrease of \$54.572 million in the 2005-06 estimated outcome from the original budget results from decreased revenue received for dividends, taxes, fees and fines, and from the Commonwealth. The increase of \$75.066 million in the 2006-07 Budget from the 2005-06 estimated outcome relates to increased revenues from user charges, taxes, fees and fines, and also from the Commonwealth, partly offset by decreased dividends. Funds received by the Territory are transferred to the Central Financing Unit.

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

- cash and current investments: the decrease of \$2.319 million in the 2005-06 estimated outcome from the original budget is mainly due to the transfer of the investment with Canberra Business Development Fund to the Department of Economic Development as a

result of the 4 November 2004 AAO. The increase of \$0.297 million in the 2006-07 Budget from the 2005-06 estimated outcome largely relates to the transfer of the Racing and Development Fund from the Department of Economic Development to Treasury \$0.241 million as a result of the July 2006 AAO;

- current receivables: the decrease of \$13.844 million in the 2005-06 estimated outcome from the original budget and the increase of \$1.824 million in the 2006-07 Budget from the 2005-06 estimated outcome is mainly due to decreased estimates at year end for dividend and tax accruals; and
- current liabilities: the decrease of \$15.506 million in the 2005-06 estimated outcome from the original budget and the increase of \$2.121 million in the 2006-07 Budget from the 2005-06 estimated outcome mainly relates to the accrued transfer of revenue to the Central Financing Unit.