

TREASURY EXECUTIVE BOARD ORGANISATIONAL STRATEGY PAPER

13 May 2011

FINANCIAL MANAGEMENT REPORT – AS AT 31 JANUARY 2011

Distribution: Executive Board and General Managers

Reason for paper

To inform Board members of the Treasury's financial performance as at 31 January 2011.

Recommendations

The Board:













- (i) note the financial performance of the Treasury as at 31 January 2011.

Summary




The Treasury ended January 2011 with a surplus of \$6.5 million (the surplus last month was \$4.1 million). The main reason for the increase in surplus is due to staff being on Christmas leave and being paid from provisions rather than expenses. The surplus represents an underspend in expenses of \$8.2 million offset by less than expected revenue of \$1.7 million.

2. It should be noted that the areas with less than expected revenue are also underspent by roughly an equivalent amount in expenses.
3. The ASL to end January was 1,003 compared to a budget of 1,019. Details are at Attachment A1.
4. The Treasury's capital expenditure to 31 January 2011 was \$4.3 million, which is \$0.9 million under budget.
5. Further details on capital, and variances and revisions to internal budgets can be found in the 2010-11 Mid-Year Review Board paper.
6. Further information can be found in the following attachments:
 - Attachment A1 – Average Staffing Levels
 - Attachment A2 – Departmental Income Statement by Class
 - Attachment A3 – Departmental Income Statement by Group/Organisational Unit
 - Attachment A4 – The Treasury's appropriation from 2011-11 onwards
 - Attachment A5 – Administered Expense Statement
 - Attachment A6 – Budget Pressures and Budget Savings
 - Attachment A7 – Chart depicting actual versus budget for departmental expenses

Chief Financial Officer










Snapshot of expenses by class	2010-11 Jan YTD				2010-11
	Actual \$'000	Budget \$'000	Var \$'000	Var %	Full Year Budget \$'000
 Total Revenue	99,250	100,947	(1,697)	(2%)	170,905
 Employee expenses	69,088	73,783	4,695	6%	124,929
 Consultants and contractors	3,593	5,414	1,820	34%	9,026
 Travel	2,693	2,993	301	10%	5,125
 Conferences and training	1,642	1,704	63	4%	2,901
 Property operating expenses	5,645	5,933	288	5%	10,157
 Computers (non-asset)	2,694	2,822	128	5%	4,837
 Legal services	960	1,127	167	15%	1,858
 Grants expenses	1,378	1,343	(35)	(3%)	2,373
 Other	5,089	5,828	739	13%	9,699
 Total Expenses	92,782	100,947	8,165	8%	170,905
 Net Surplus/(Deficit)	6,468	-	6,468		-
Below the line - non-appropriated expenses					
Depreciation and amortisation	3,140	5,294	2,154		-

Traffic Light Key:




 Green – Materially within budget or of little concern at this stage  Orange – Need to monitor  Red – Consider action

Note: Depreciation is currently under budget as the Standard Business Reporting asset value has not yet been finalised. Once finalised, depreciation will be backdated to the beginning of the financial year.

Group/Divisional Financial Performance

Key results by Group (further detail available in Attachments A2, A3 and A4)	2010-11 Jan YTD				2010-11 Full Year Budget \$'000	Comments on key variances
	Actual \$'000	Budget \$'000	Var \$'000	Var %		
 Macroeconomic Group	13,183	14,700	1,518	10%	25,444	The AusAID underspend component is \$736k. There are general under and overspends across the Group, with no significant divisional variations of concern at this stage.
 Fiscal Group	10,080	9,963	(117)	(1%)	16,418	Fiscal Group is broadly in line with budget.
 Revenue Group	17,513	18,589	1,076	6%	31,330	The underspend is predominantly due to employee expenses (\$1,962k) as the Group is 28 ASL below budget. This is partially offset by an overspend in secondments (\$380k), reflecting secondees being used to fill vacant positions.
 Markets Group	18,158	20,634	2,476	12%	33,105	From January, Standard Business Reporting (SBR) has moved to core Markets Group. There are general under and overspends across the Group, with the majority of the underspend relating to SBR (\$2.2m).
 Corporate Services Group	12,005	12,895	890	7%	22,462	All divisions within the Group are underspent, with no significant variations of concern at this stage.
 Programs and Services (excludes depreciation)	13,277	13,858	581	4%	23,545	There are no significant variations of concern at this stage.
 Other (includes PCG, Executive, Ministers Offices and Overseas Posts)	5,444	5,964	520	9%	10,120	The majority of the underspend relates to overseas posts (\$744k), mainly due to delays for the India post (\$338k), and favourable exchange rates.
 Non Core areas (includes Board of Taxation, Financial Reporting Panel, Financial Reporting and Accounting Bodies, Takeovers Panel, MCCA and AGA)	3,122	4,343	1,221	28%	8,481	There are general underspends across all areas. SBR has moved to core Markets Group. Also refer to Attachment A3.
 Total Expenses	92,782	100,947	8,165	8%	170,905	

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FINANCIAL MANAGEMENT REPORT FOR JANUARY 2011

Average Staffing Levels (Year-to-date average)

	Jan YTD Actual	Jan YTD Budget	Jan YTD Var	Year Budget	FTE at Pay 15
CORE					
Macroeconomic Group	163.1	163.1	0.1	165.3	166.0
Fiscal Group	139.6	139.0	(0.6)	133.6	140.1
Revenue Group	216.0	243.7	27.7	241.1	224.8
Markets Group	194.5	189.7	(4.9)	186.7	189.2
Corporate Services Group	206.9	214.1	7.2	215.1	204.5
Policy Coordination and Governance	14.1	13.3	(0.8)	13.0	14.5
Overseas Posts	7.7	7.4	(0.3)	7.3	7.0
Executive	4.1	4.0	(0.1)	4.0	5.1
Total Core	946.1	974.3	28.2	966.0	951.2
NON CORE					
Board of Taxation	2.3	4.1	1.8	4.1	1.5
Financial Reporting Panel	-	0.5	0.5	0.5	-
Takeovers Panel	5.0	5.0	-	5.0	5.0
Ministerial Council on Consumer Affairs	1.3	1.8	0.5	1.8	1.3
Australian Government Actuary	8.8	8.8	(0.0)	8.8	8.3
Total Non Core	17.4	20.2	2.7	20.2	16.1
NATS					
DLO's / Other	9.9	6.0	(3.9)	6.0	8.0
Paid Inoperatives	29.5	19.0	(10.5)	19.0	26.3
Total NATS	39.5	25.0	(14.5)	25.0	34.3
Total Departmental	1,003.0	1,019.5	16.5	1,011.2	1,001.6

FINANCIAL MANAGEMENT REPORT FOR JANUARY 2011

Departmental Income Statement by Class

	Jan YTD Actual \$ '000	Jan YTD Budget \$ '000	Jan YTD Var \$ '000	Var %	Year Budget \$ '000
REVENUE					
Service Level Agreement revenue	579	543	37	(7%)	930
Revenue from Government	93,392	93,392	0	(0%)	158,295
Revenue - other	5,279	7,012	(1,734)	25%	11,680
Total revenue	99,250	100,947	(1,697)	2%	170,905
EXPENSES					
Employee expenses					
Salaries	50,111	53,462	3,351	6%	90,992
Employee superannuation	9,277	9,670	393	4%	16,427
Employee expenses - other	9,700	10,651	951	9%	17,510
Total employee expenses	69,088	73,783	4,695	6%	124,929
Operating expenses					
Supplier expenses					
Consultants and contractors	3,593	5,414	1,820	34%	9,026
Travel	2,693	2,993	301	10%	5,125
Conferences and training	1,642	1,704	63	4%	2,901
Property operating expenses	5,645	5,933	288	5%	10,157
Computers (non-asset)	2,694	2,822	128	5%	4,837
Legal services	960	1,127	167	15%	1,858
Grants expenses	1,378	1,343	(35)	(3%)	2,373
Total supplier expenses	18,604	21,335	2,731	13%	36,277
Other					
Office machines and furniture	6	65	59	91%	98
Photocopiers (non-asset)	238	268	30	11%	461
Freight and storage	198	288	90	31%	507
Security expenses	522	747	224	30%	1,310
Waste	39	50	11	23%	87
Medical costs	55	95	40	42%	166
Office supplies	212	292	80	27%	498
Advertising	78	159	81	51%	325
Printing	289	479	190	40%	816
Publications and subscriptions	872	843	(29)	(3%)	1,449
Insurance	144	149	5	3%	251
Overseas posts - miscellaneous	15	43	28	66%	73
Fees - audit, accounting, etc	962	1,006	44	4%	1,724
Asset write downs	53	-	(53)	-	-
Supplier expenses - other	1,348	1,344	(4)	(0%)	1,936
Interest and other financing costs	1	-	(1)	-	-
Borrowing costs	28	-	(28)	-	-
Total other expenses	5,089	5,828	739	13%	9,699
Total operating expenses	23,693	27,164	3,470	13%	45,976
Total expenses	92,782	100,947	8,165	8%	170,905
SURPLUS/(DEFICIT)	6,468	-	6,468	-	-

FINANCIAL MANAGEMENT REPORT FOR JANUARY 2011

Departmental Income Statement by Group / Organisational Unit

	Jan YTD Actual \$ '000	Jan YTD Budget \$ '000	Jan YTD Var \$ '000	Var %	Year Budget \$ '000
REVENUE					
Appropriation from Government	93,392	93,392	0	0%	158,295
AusAID Overseas Operations	2,075	2,723	(648)	(24%)	4,980
Service Level Agreement	579	323	257	80%	553
Ministerial Council on Consumer Affairs	354	754	(400)	(53%)	1,292
Australian Government Actuary	801	1,017	(216)	(21%)	1,723
Other	2,048	2,738	(690)	(25%)	4,062
Total Revenue	99,250	100,947	(1,697)	(2%)	170,905
EXPENSES					
Core					
Macroeconomic Group	11,195	11,977	782	7%	20,464
- AusAID Overseas Operations	1,987	2,723	736	27%	4,980
Total Macroeconomic Group	13,183	14,700	1,518	10%	25,444
Fiscal Group	9,743	9,713	(30)	0	16,169
- Sustainable Population Strategy	337	249	(87)	(35%)	249
Total Fiscal Group	10,080	9,963	(117)	(1%)	16,418
Revenue Group	17,513	18,589	1,076	6%	31,330
Total Revenue Group	17,513	18,589	1,076	6%	31,330
Markets Group	14,110	14,371	261	2%	23,269
- Standard Business Reporting	4,048	6,263	2,215	35%	9,836
Total Markets Group	18,158	20,634	2,476	12%	33,105
Other Departmental Activities					
- Corporate Services Group	12,005	12,895	890	7%	22,462
- Programs and Services	13,277	13,858	581	4%	23,545
- Policy Coordination and Governance	1,098	1,065	(33)	(3%)	1,771
- Overseas Posts	3,174	3,917	744	19%	6,675
- Executive	832	661	(171)	(26%)	1,124
- Ministerial Offices	340	320	(20)	(6%)	550
Total Other Departmental Activities	30,726	32,718	1,992	6%	56,127
Sub-total Core	89,660	96,604	6,944	7%	162,424
Non-Core					
Board of Taxation	604	1,057	453	43%	1,800
Financial Reporting and Accounting Bodies	33	211	179	85%	1,366
Financial Reporting Panel	211	204	(7)	(3%)	350
Takeovers Panel	1,025	1,100	74	7%	1,950
Ministerial Council on Consumer Affairs	354	754	400	53%	1,292
Australian Government Actuary	895	1,017	122	12%	1,723
Sub-total Non-Core	3,122	4,343	1,221	28%	8,481
Total Expenses	92,782	100,947	8,165	8%	170,905
NET SURPLUS/(DEFICIT)	6,468	-	6,468		-

TREASURY'S APPROPRIATION FROM 2010-11 ONWARDS

ESTIMATED ANNUAL APPROPRIATION	2010-11	2011-12	2012-13	2013-14
	Budget	FE 1	FE 2	FE 3
	\$'000	\$'000	\$'000	\$'000
Base Appropriation	119,419	125,625	127,696	129,030
Adjustments				
- Global financial crisis	5,000			
- Climate Change Modelling	3,282			
- Population Unit	1,250			
- COAG reform agenda	3,118	1,627	1,648	1,659
- Tax Design Review Panel	600	600		
- Australia's Future Tax System	10,216	10,276	5,174	
- AFTS advertising campaign	630			
- Grant to St James Ethics Centre	590			
- Travel savings	(599)	(610)	(621)	(632)
- Property savings		(51)	(62)	(62)
- Standard Business Reporting Management Group	1,028			
- Standard Business Reporting Core Services	8,562			
- Standard Business Reporting reallocation from previous years	4,635			
- Standard Business Reporting (ongoing)	1,315	4,275	4,509	4,452
Current appropriation (revenue)	159,046	141,742	138,344	134,447
2010-11 Proposed Additional Estimates				
- Tax forum	926			
- Banking reform awareness campaign	277	804		
- Wind-up of Financial Reporting Panel	(117)	(350)	(350)	(350)
- AAO change for Population transfer to SEWPAC	(938)			
- Parameter adjustment	-	-	-	(136)
- Expected increase in efficiency dividend - election commitment	-	(358)	(696)	(1,011)
Future estimated appropriation	159,194	141,838	137,298	132,950

FINANCIAL MANAGEMENT REPORT FOR JANUARY 2011
Administered Expense Statement

	Jan YTD Actual \$ '000	Jan YTD Budget \$ '000	Jan YTD Var \$ '000	Year Budget \$ '000
Program 1.2: Payments to International Financial Institutions *	9,417	9,225	192	16,341
Program 1.3: Support for Markets and Business	1,956	6,572	(4,616)	10,633
Program 1.4: General Revenue Assistance	27,883,097	27,979,342	(96,245)	47,999,641
Program 1.5: Assistance to the States for Healthcare	7,021,996	7,021,995	1	12,038,994
Program 1.6: Assistance to the States for Government Schools	2,045,801	2,045,799	2	3,507,087
Program 1.7: Assistance to the States for Skills and Workforce Development	781,292	781,292	0	1,339,358
Program 1.8: Assistance to the States for Disabilities	614,481	614,481	(0)	1,054,824
Program 1.9: Assistance to the States for Affordable Housing	712,735	712,737	(2)	1,221,831
Program 1.10: National Partnership Payments to the States	9,380,490	10,647,677	(1,267,187)	18,446,004
Total Programs	48,451,266	49,819,120	(1,367,854)	85,634,713

Comments

The variance in Program 1.10 is primarily due to delays in some deliverables and milestones with payments to the States and Territories.

* Does not include foreign exchange rate movements.

BUDGET PRESSURES

Budget pressures have been addressed in the 2010-11 Mid-Year Review Board paper.

PRESSURE	Total Pressure \$m	Description	Action to alleviate impact	YTD Position \$m
Nil at this stage				
TOTAL				

BUDGET SAVINGS

SAVINGS	\$m	Description	Year End Forecast \$m	YTD Position \$m
Nil at this stage				
TOTAL				

Departmental Actual vs Budgeted Expenses January YTD 2010

