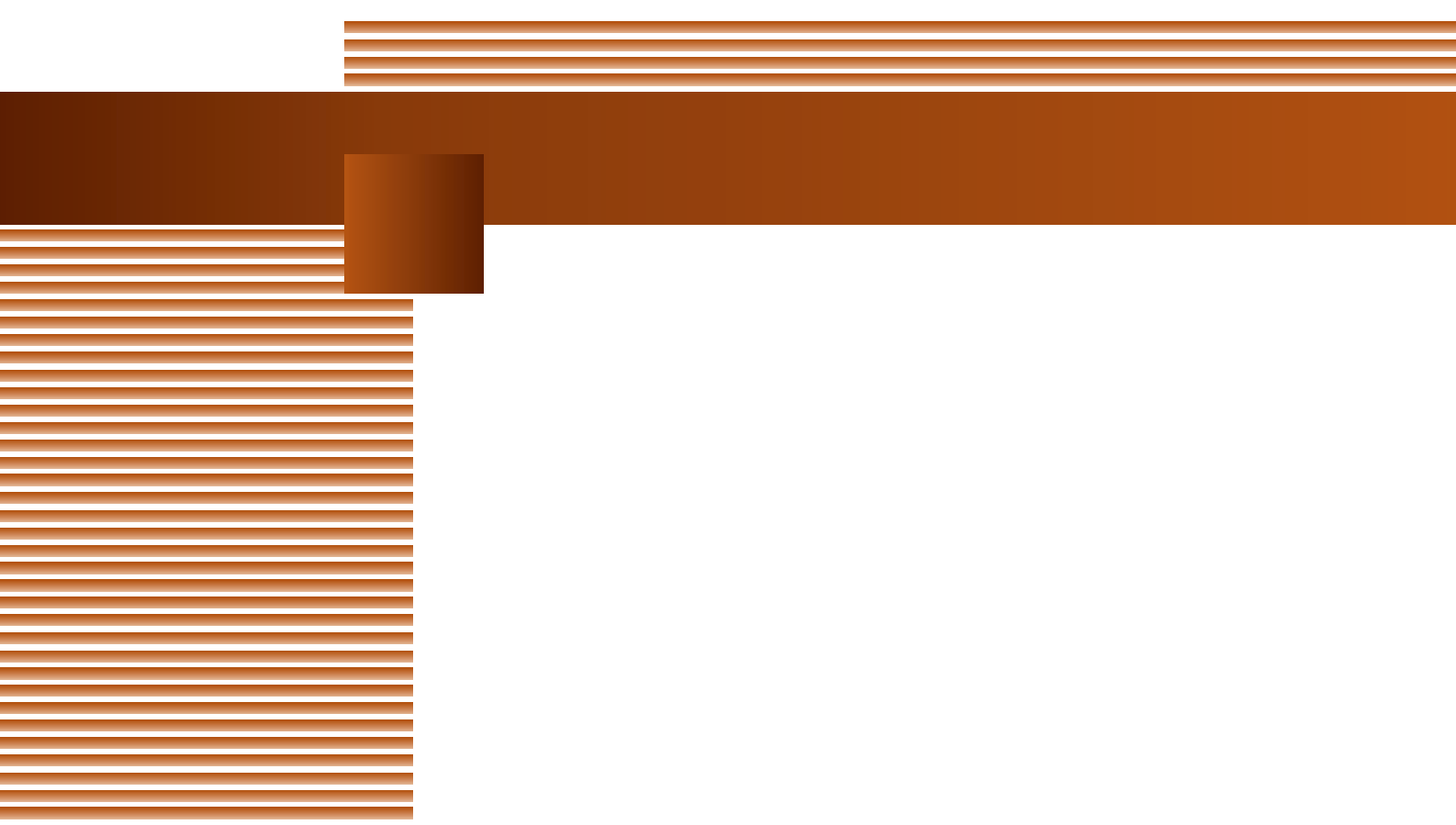




Treasurer's Annual Financial Report 2002-03





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TREASURER'S ANNUAL FINANCIAL REPORT

for the year ended 30 June 2003

The Treasurer's Annual Financial Report for 2002-03 has been prepared to provide an informative, comprehensive and clear report of the Territory Government's financial outcomes. It includes the Treasurer's Annual Financial Statement prepared in accordance with section 9 of the *Financial Management Act* and section 16 of the *Fiscal Integrity and Transparency Act*, and also includes unaudited information. In order to distinguish between the audited schedules and the other material, all schedules have been marked accordingly.



SYD STIRLING

10th October 2003

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MINISTERIAL PORTFOLIO ARRANGEMENTS

This schedule of Ministerial Portfolio Arrangements details the ministerial responsibilities for individual areas of Government at 30 June 2003 (drawn from the Administrative Arrangements Order at 30 June 2003).

MINISTERIAL PORTFOLIO ARRANGEMENTS

AT 30 JUNE 2003

| MINISTER | AGENCY OR GOVERNMENT BUSINESS DIVISION |
|---------------------------|--|
| THE HON C M MARTIN MLA | <ul style="list-style-type: none"> Auditor-General's Office Ombudsman's Office Department of the Chief Minister Department of the Legislative Assembly |
| THE HON S J STIRLING MLA | <ul style="list-style-type: none"> Northern Territory Treasury Northern Territory Treasury Corporation Department of Employment, Education and Training Centralian College Office of the Commissioner for Public Employment |
| THE HON P H TOYNE MLA | <ul style="list-style-type: none"> Department of Justice Department of Corporate and Information Services Data Centre Services Government Printing Office NT Fleet |
| THE HON P R HENDERSON MLA | <ul style="list-style-type: none"> Department of Business, Industry and Resource Development Northern Territory Police, Fire and Emergency Services |
| MR J L AH KIT MLA | <ul style="list-style-type: none"> Department of Community Development, Sport and Cultural Affairs Department of Community Development, Sport and Cultural Affairs: Housing Business Services Aboriginal Areas Protection Authority |
| THE HON J L AAGAARD MLA | <ul style="list-style-type: none"> Department of Health and Community Services |
| THE HON K VATSKALIS MLA | <ul style="list-style-type: none"> Department of Infrastructure, Planning and Environment Darwin Bus Service Construction Division Territory Wildlife Parks Trade Development Zone Authority Darwin Port Corporation |
| THE HON C B BURNS MLA | <ul style="list-style-type: none"> Northern Territory Tourist Commission Territory Discoveries |

OVERVIEW

BACKGROUND TO THE 2002-03 TREASURER'S ANNUAL FINANCIAL REPORT

The November 2001 Mini Budget commenced a process of significant financial reforms which have been progressively implemented over the past two years. These reforms aim to improve transparency and accountability and ensure Parliament is fully informed of the Government's fiscal decisions. Key components of the reforms are the *Fiscal Integrity and Transparency Act*, the implementation of the accrual output-based budget and reporting framework, and the related changes to the *Financial Management Act*.

The 2002-03 Treasurer's Annual Financial Report (TAFR) has been prepared in accordance with the *Fiscal Integrity and Transparency Act*, using the Uniform Presentation Framework (UPF) as the external reporting standard, and presents the outcome of the Territory's first year of fiscal management on an accrual basis.

With the move from a cash framework to an accrual framework, the format of the 2002-03 TAFR differs significantly from that in previous years. The information contained in the Report has been enhanced in order to improve accountability and transparency and provide a more "user friendly" document.

This TAFR presents the 2002-03 outcome in a single reporting format, with comparative data provided for the 2002-03 final budget estimate and 2001-02 outcome. It also includes further information on items of significance in the form of notes to the total public sector financial statements.

Although the cash-based information was audited in previous years, this is the first time audited accrual numbers have been presented in the TAFR. It is expected that over the next two to three years the format and content will continue to be enhanced.

This Overview provides users with an analysis of the whole of government information presented in the Report, and the outcome of the Government's Fiscal Strategy for 2002-03. It also meets the requirements of the Final Fiscal Results Report as set out in the *Fiscal Integrity and Transparency Act*.

STRUCTURE OF THE 2002-03 TREASURER'S ANNUAL FINANCIAL REPORT

The financial statements presented in the 2002-03 TAFR have been prepared in accordance with UPF requirements.

In recent years there has been concern about the range of financial reporting formats used by Australian public sector organisations. Generally, most jurisdictions present their budgets in accordance with UPF requirements. However, they report under the UPF for their Outcome Reports and Australian Accounting Standards (AAS), specifically AAS31 *Financial Reporting by Governments*, for their audited financial statements. The Territory has not prepared financial statements in accordance with AAS31 in this or previous years, preferring to conform with UPF requirements.

The Financial Reporting Council and the Australian Accounting Standards Board have now agreed that there should be harmonisation between the AAS and UPF standards. While this is not yet finalised, the 2002-03 TAFR has been prepared in accordance with UPF requirements with additional notes providing information similar to that required by AAS31, on the basis that this is the direction that public sector reporting is likely to follow.

Sectoral financial statements for general government, public non financial corporations, non financial public sector and public financial corporations applying UPF rules are provided, meeting the UPF requirements. Financial statements for the total public sector with explanatory notes to these statements are also provided as additional information. Whilst not fully compliant with AAS31, this approach does go a considerable way towards providing the information required under the standard.

As in previous years, the 2002-03 TAFR is presented in two sections: one audited and the other unaudited. However, unlike previous years, the majority of the information provided is in the audited section of the Report.

AUDITED SECTION

The audited section includes financial statements (Operating Statement, Balance Sheet and Cash Flow Statement) by UPF sector, with notes to the statements provided for the total public sector. Actual data for 2001-02 and 2002-03 along with final budget comparisons is presented for the general government, public non financial corporations and non financial public sector financial statements. Budget comparative data is not provided in the total public sector and public financial corporation statements as this is not a UPF requirement.

The notes to the total public sector financial statements provide additional information in regards to accounting policies and significant items. As 2002-03 is the first year for which such notes have been included, it is expected that these will be enhanced and expanded to include financial information for other sectors over the next two to three years.

Additional tables required by the UPF relating to general government operating expenses by function, general government purchases of non financial assets by function (a new UPF requirement for 2002-03), general government sector taxes and Loan Council Allocation for 2002-03 are provided in this section.

A detailed description of the framework under which the audited section has been prepared is provided in the Reporting Framework Section (page 19).

UNAUDITED SECTION

The unaudited section includes summarised agency information on appropriation changes through the year and explanations for any variations in appropriation. Explanations are also included for any significant variations in the key components of the financial statements that have occurred between the 2002-03 final estimate and the actual outcome for 2002-03.

This information is not required under UPF or the *Fiscal Integrity and Transparency Act* and agencies will present full financial statements in their annual reports. However, to present a comprehensive and informative document, it was considered appropriate that summary agency information be provided.

BASIS OF ANALYSIS

Since the 2001 Mini Budget, the main focus of the Government's decision making and reporting has been on the general government sector budget outcome. This is the practice of all other jurisdictions and in accordance with the UPF, as it is the general government sector that is directly affected by Government's taxing and spending policies. The public financial and public non financial corporations operate in a commercial environment and should, by their nature, generate sufficient revenue to meet operating costs.

In regards to the analysis of assets and liabilities, as is the situation with all jurisdictions and as required under the *Fiscal Integrity and Transparency Act*, the emphasis is on the non financial public sector. This reflects the fact that, over time, jurisdictions have classified assets and liabilities differently between the general government sector and public non financial corporations sector. These differences are overcome by using the non financial public sector.

The general government sector, public non financial corporations and non financial public sector financial statements incorporate budget data for the purpose of analysis. This budget data is the final budget for 2002-03, incorporating the estimates published in the 2003-04 Budget Papers revised for subsequent minor budget variations and reclassification changes.

Analysis of the variations between these estimates and the original August 2002-03 Budget is also provided at the sectoral level.

ADJUSTMENTS TO ESTIMATES AND BALANCES

Other than some minor budget variations and reclassifications, the final budget estimates for 2002-03 largely reflect the May 2003 reported budget estimates. The final net operating balance for the non financial public sector is, however, \$21 million less than the May 2003 estimate, as dividends and income tax expenses of the public non financial corporations were not eliminated on consolidation.

The 2001-02 TAFR included UPF financial statements prepared in accordance with the then new accrual uniform presentation framework. These statements appeared in the unaudited section of the TAFR and formed the basis of the accrual balances to be taken up by agencies for the commencement of accrual accounting in 2002-03.

The subsequent recognition of opening balances by agencies resulted in revisions to the 2001-02 TAFR published figures. These changes have been reflected in the 2001-02 unaudited comparatives shown in the financial statements. The impact of the revisions resulted in an overall reduction of \$28.1 million in the total public sector net worth.

The main variations relate to:

- an unrealised loss of \$8.7 million not recognised as at 30 June 2002, relating to the Conditions of Service Reserve investment as at 30 June 2002; and
- duplicate recording of construction works in progress of \$14.7 million.

ANALYSIS OF THE 2002-03 OUTCOME

The Territory committed to a cash-based deficit reduction strategy at the time of the November 2001 Mini Budget. Consequently, with the adoption of an accrual output based framework in 2002-03, the Territory's main focus has remained on the general government sector cash outcome as presented in the Cash Flow Statement. It is expected that over time, greater focus will be given to accrual-based measures found in the Operating Statement. The Territory's fiscal strategy includes cash and accrual based targets.

CASH FLOW STATEMENT

Table 1 sets out a summary cash flow statement for the general government sector. The table includes original and final budget data as well as the actual outcome for 2002-03.

Table 1: 2002-03 Cash Flows: General Government

| | (a) Original Budget | (b) Final Budget | (c) Actual | (c) - (a) Variation | (c) - (b) Variation |
|---|---------------------------|------------------------|---------------|------------------------|------------------------|
| | \$M | \$M | \$M | \$M | \$M |
| Receipts from operating activities | 2 324 | 2 384 | 2 362 | 39 | -22 |
| <i>less</i> | | | | | |
| Payments for operating activities | 2 185 | 2 200 | 2 159 | -25 | -40 |
| <i>equals</i> | | | | | |
| Net cash flows from operating activities | 139 | 185 | 203 | 64 | 18 |
| <i>plus</i> | | | | | |
| Net cash flows from investments in non financial assets | -234 | -217 | -195 | 40 | 22 |
| Surplus (+) / Deficit (-) | -94 | -31 | 9 | 103 | 40 |

The estimated cash outcome changed markedly through 2002-03, moving from an anticipated deficit of \$94 million at August 2002 Budget time to a surplus of \$9 million at the end of 2002-03, an improvement of \$103 million. However, some of this improvement is due to delayed commitments which will be transferred to 2003-04. These timing differences are more apparent in a cash-based statement and tend to cloud the underlying changes.

At the time of the August 2002 Budget, the estimated 2002-03 outcome included \$22 million that had been carried over from the previous year. It is estimated that \$40 million of the 2002-03 under-expenditure results from various delays and it will be necessary to incur this expenditure in 2003-04.

Table 2 sets out the initial estimate and the outcome for 2002-03, as well as the timing differences affecting 2002-03. The underlying improvement

during 2002-03 is \$41 million, due largely to increased receipts.

Table 2: Actual and Underlying Outcome

| | Total | Carry In/Out | Underlying Outcome |
|-------------|-------|--------------|--------------------|
| | \$M | \$M | \$M |
| August 2002 | -94 | 22 | -72 |
| June 2003 | 9 | 40 | -31 |
| Variation | +103 | +62 | +41 |

Turning to the key categories of the cash flow statement, estimated cash receipts increased by \$39 million during 2002-03, the main components being \$18 million in taxes and \$22 million in goods and services receipts.

Compared with the final estimate at May 2003, actual cash receipts were \$22 million lower than expected. Of this, \$4 million was due to lower tax receipts, but the most significant change was the overpayment by the Commonwealth of \$17 million in budget balancing assistance (BBA), not occurring.

At the time of the Commonwealth's May 2003 Budget, the Territory had been paid \$17 million in budget balancing budget assistance. However, due to an upward revision in the estimate of the GST revenue pool, the \$17 million in BBA was not required. At that time, the Commonwealth anticipated that it would recover the overpayment in 2003-04 and this was reflected in the Territory's May 2003 Budget. However, the Commonwealth has now clarified its treatment and GST payments have been adjusted to take account of the changed requirements for BBA.

Actual payments for operating activities were \$25 million lower than the August 2002 Budget, comprising lower goods and services and grant expenditure of \$16 million and lower interest payments of \$9 million. Operating payments were \$40 million lower than anticipated in May 2003, but around \$30 million of this will need to be transferred into 2003-04 with \$10 million under-expenditure representing genuine savings.

Between August 2002 and May 2003, the purchases of non-financial assets (capital items and capital works) decreased by \$20 million. Of this, \$10 million was due to a reclassification of Indigenous Essential Services funding and \$10 million was transferred to 2003-04 as a result of delays to the Capital Works Program.

Actual expenditure was \$224 million, \$18 million lower than estimated in May 2003. This difference is largely due to delays in purchases of capital equipment and construction (primarily Department of Health and Community Services \$2.4 million, Department of the Chief Minister \$3 million, Northern Territory Police, Fire and Emergency Services \$1.2 million, and Department of Infrastructure, Planning and Environment \$4 million). Approximately \$10 million of additional capital expenditure will be required in 2003-04 as a result.

Table 3 presents the summary cash flow statement for the non financial public sector.

Table 3: 2002-03 Cash Flows: Non Financial Public Sector

| | (a) Original Budget | (b) Final Budget | (c) Actual | (c) - (a) Variation | (c) - (b) Variation |
|---|---------------------------|------------------------|---------------|------------------------|------------------------|
| | \$M | \$M | \$M | \$M | \$M |
| Receipts from operating activities | 2 660 | 2 736 | 2 690 | 31 | -46 |
| <i>Less</i> | | | | | |
| Payments for operating activities | 2 481 | 2 468 | 2 384 | -97 | -84 |
| <i>Equals</i> | | | | | |
| Net cash flows from operating activities | 178 | 268 | 307 | 128 | 39 |
| <i>Plus</i> | | | | | |
| Net cash flows from investments in non financial assets | -289 | -292 | -257 | 32 | 35 |
| Surplus (+) / Deficit (-) | -109 | -24 | 49 | 159 | 73 |

The cash position for the non financial public sector improved during 2002-03 by \$159 million. Of this, \$103 million was due to the general government sector and \$56 million to non financial public corporations, notably the Power and Water Corporation and Housing Business Services.

OPERATING STATEMENT

Table 4 presents the original August 2002 Budget and revised May 2003 Budget net operating balance against the outcome, for general government.

Table 4: 2002-03 Operating Statement: General Government

| | (a) Original Budget | (b) Final Budget | (c) Actual | (c) - (a) Variation | (c) - (b) Variation |
|------------------------------|---------------------------|------------------------|---------------|------------------------|------------------------|
| | \$M | \$M | \$M | \$M | \$M |
| Operating Revenue | 2 313 | 2 368 | 2 361 | 48 | -7 |
| <i>less</i> | | | | | |
| Operating Expenses | 2 342 | 2 405 | 2 362 | 20 | -43 |
| Net Operating Balance | -28 | -37 | -1 | 27 | 36 |

Table 4 shows that the net operating balance improved through the year by \$27 million to a small deficit of \$1 million. The improvement in the net operating balance is similar to the underlying cash improvements.

Operating revenue increased by \$48 million from the time of the August 2002 Budget including:

- \$19 million in taxes;
- \$7 million in Commonwealth grants;
- \$7 million in the sale of goods and services;
- \$4 million in interest revenue; and
- \$11 million in other revenue.

Actual operating revenue was \$7 million lower than expected in May 2003 largely due to the revised arrangements that applied for GST revenue as discussed above. The reduction in GST revenue was offset by increases in a number of specific purpose payments.

Operating expenses increased by \$20 million from the August 2002 Budget. There were three main categories that varied through the year. Employee expenses increased by \$40 million, of which \$25 million is due to increased superannuation expenses and \$16 million attributed to staff costs in health (\$12 million) and education (\$4 million). Other operating expenses were lower by \$8 million from the original budget, due to reduced expenses across a number of agencies. Interest costs declined by \$10 million as a result of better than expected refinancing of maturing debt.

Table 5 sets out the summary Operating Statement for the non financial public sector.

Table 5: 2002-03 Operating Statement: Non Financial Public Sector

| | (a) | (b) | (c) | (c) - (a) | (c) - (b) |
|------------------------------|--------------------|-----------------|-----------|-----------|-----------|
| | Original Budget | Final Budget | Actual | Variation | Variation |
| | \$M | \$M | \$M | \$M | \$M |
| Operating Revenue | 2 684 | 2 714 | 2 679 | -5 | -34 |
| <i>less</i> | | | | | |
| Operating Expenses | 2 697 | 2 736 | 2 653 | -44 | -83 |
| Net Operating Balance | -13 | -22 | 27 | 40 | 49 |

The non financial public sector outcome shows a similar level of improvement to the general government sector. However it was higher due to the improved performance of the public non financial corporations sector, largely attributable to the Power and Water Corporation.

TOTAL PUBLIC SECTOR

The UPF requires only outcome information for the total public sector, which encompasses all entities controlled by the Government.

The financial corporations sector (in the Territory's case, the Northern Territory Treasury Corporation and the Territory Insurance Office) is consolidated with the non financial public sector to form the total public sector.

The net operating balance of the public financial corporations sector was a loss of \$40 million due to revised actuarial assessments of the Territory Insurance Office's long term insurance obligations and also reflects the comparatively poor investment climate that has existed for the past two to three years.

One of the Territory's financial assets is a deposit of \$16.5 million in a self-insurance fund held by the Territory Insurance Office. On 29 September 2003, the Government approved the conversion of this fund to equity in the Territory Insurance Office thereby improving its capital structure. This has no effect on total public sector net debt or net worth at 30 June 2003 but will result in an increase in 2003-04 net debt for the non financial public sector.

FISCAL STRATEGY

The 2002-03 Budget adopted a revised fiscal strategy for the Territory Government.

The fiscal strategy applicable to the 2002-03 year was based on three key principles:

- sustainable government services;
- a competitive tax environment; and
- prudent management of liabilities.

Each principle contains targets and provides the basis upon which fiscal decisions are taken.

Given the relatively small size of the Territory Budget, Territory fiscal indicators are subject to significant yearly variations. Consequently, adherence to fiscal targets are better considered over time. However, the purpose of the Treasurer's Annual Financial Report is to review end of year outcomes. The 2002-03 outcomes have been reviewed against the fiscal strategy, and in all cases the targets have been met reflecting the positive 2002-03 outcome.

Sustainable Government Services

The targets for this principle of the strategy are to achieve an underlying cash surplus by 2004-05, and to achieve a positive Government Finance Statistics operating balance within 10 years in the general government sector. This principle also incorporates the need to maintain Government capital investment based on service delivery and economic development requirements.

TARGET: GENERAL GOVERNMENT CASH SURPLUS BY 2004-05

Table 6 details the budgeted and actual general government cash outcome for 2001-02 and 2002-03. In 2002-03, the Territory recorded a cash surplus of \$9 million. This is a \$103 million improvement on the budget estimate, which forecast a \$94 million deficit. This improvement was discussed in detail earlier in this Overview and to some degree is influenced by timing issues. The underlying improvement is estimated at \$41 million.

The outcome also represents a \$238 million improvement on the 2001-02 deficit of \$229 million. The carryover of cash expenditure from 2002-03 into the following fiscal year will become a factor in determining the cash outcome for 2003-04. Based on the progress of producing a cash surplus in 2002-03, the fact that the \$17 million repayment of BBA is no longer required and the underlying improvement in the cash position, the target of recording a cash surplus in 2004-05 is likely to be achieved.

Table 6: Cash Targets and Outcome – General Government

| | 2001-02 | 2002-03 | Change |
|---|---------|---------|--------|
| | \$M | \$M | \$M |
| August 2002 | -264 | -94 | +170 |
| Outcome | -229 | +9 | +238 |
| Variation from August Budget to Outcome | +35 | +103 | |

TARGET: GENERAL GOVERNMENT GFS OPERATING BALANCE WITHIN 10 YEARS FROM 2002-03

Table 7 details the Territory's net operating balance in 2001-02 and 2002-03. As a measure, the net operating balance determines whether the Government has enough revenue to meet its operating activities. As mentioned previously, it will take some years for accrual systems to stabilise and, until this time some volatility in these measures can be expected.

Table 7: Net Operating Balance – General Government

| | 2001-02 Outcome | 2002-03 August Budget | 2002-03 Outcome | Variation August Budget to Outcome |
|---|--------------------|-----------------------------|--------------------|--|
| Net Operating Balance (\$M) | -9 | -28 | -1 | +27 |
| As a Proportion of Total Revenue (%) | -0.4 | -1.2 | 0.0 | +1.2 |

In 2002-03, the net operating balance was in deficit by \$1 million being a \$27 million improvement on the Budget forecast and an \$8 million improvement on the 2001-02 outcome. As a proportion of total revenue, the net operating balance has improved from -0.4 per cent in 2001-02 to 0.0 per cent in 2002-03, a 1.2 per cent improvement on the 2002-03 Budget forecast.

Table 8 demonstrates that the Territory's position improved in 2002-03 relative to the aggregate of the six states.

Table 8: Net Operating Balance as a Proportion of Total Revenue – General Government

| | 2001-02 Outcome | 2002-03 August Budget | 2002-03 Outcome | Variation August Budget to Outcome |
|------------------------------|--------------------|--------------------------|--------------------|---------------------------------------|
| | % | % | % | % |
| New South Wales | 4.2 | 3.7 | 3.9 | +0.2 |
| Victoria | 6.5 | 1.9 | 4.8 | +2.9 |
| Queensland | -4.7 | 0.1 | -1.8 | -1.9 |
| Western Australia | 1.8 | 1.1 | 2.1 | +1.0 |
| South Australia | -1.1 | 1.2 | 3.6 | +2.4 |
| Tasmania | 5.4 | 1.4 | 2.9 | +1.5 |
| Six State Aggregate | 2.4 | 2.0 | 2.8 | +0.8 |
| Australian Capital Territory | 4.9 | -3.2 | 6.2 | +9.4 |
| Northern Territory | -0.4 | -1.2 | +0.0 | +1.2 |

Sources: ABS Catalogue 5501.0 unpublished revisions, State Budget papers and outcome reports and Northern Territory Treasury.

TARGET: MAINTAIN A CAPITAL INVESTMENT STRATEGY BASED ON SERVICE DELIVERY AND ECONOMIC DEVELOPMENT REQUIREMENTS

Capital investment plays a central role in the Government's budget strategy as capital investment is essential for the delivery of Government services. At the same time, the capital program provides a contribution to the economic development requirements of a growing economy. Table 9 represents the level of purchases of non financial assets for the Territory in 2001-02 and 2002-03.

Table 9: Purchases of Non Financial Assets – General Government

| | 2001-02 ⁽¹⁾ Outcome | 2002-03 August Budget | 2002-03 Outcome | Variation August Budget to Outcome |
|--|-----------------------------------|--------------------------|--------------------|---------------------------------------|
| Purchases of Non Financial Assets (\$M) | 179 | 262 | 224 | -38 |

1. Excludes transactions of the AustralAsia Railway Corporation.

Purchases of non-financial assets increased by \$45 million between 2001-02 and 2002-03 from \$179 million to \$224 million respectively, while actual capital expenditure decreased by \$38 million from the budget estimate of \$262 million. The decline was partly as a result in delays in construction and purchases, and partly due to reclassification of some items to operating expenses.

Competitive Tax Environment

TARGET: ENSURE TERRITORY TAXES AND CHARGES ARE COMPETITIVE WITH THE AVERAGE OF THE STATES

The Government is committed to maintaining taxation at levels that are competitive with other States. Direct comparison of tax levels between jurisdictions is not an easy task, due primarily to the wide variety of imposts across jurisdictions. This is further complicated by variations in conditions and exemptions within individual imposts which can reduce the usefulness of these comparisons.

In assessing performance against this principle, a useful starting point is to examine the level of taxation revenue per capita as set out in Table 10.

Table 10: Taxation Revenue Per Capita – General Government

| | 2001-02 Outcome | 2002-03 August Budget | 2002-03 Outcome | Variation August Budget to Outcome |
|------------------------------|--------------------|--------------------------|--------------------|---------------------------------------|
| | \$ pc | \$ pc | \$ pc | \$ pc |
| New South Wales | 2 000 | 1 918 | 2 086 | +168 |
| Victoria | 1 812 | 1 975 | 1 886 | -89 |
| Queensland | 1 314 | 1 315 | 1 469 | +154 |
| Western Australia | 1 539 | 1 643 | 1 746 | +103 |
| South Australia | 1 447 | 1 431 | 1 557 | +126 |
| Tasmania | 1 120 | 1 019 | 1 138 | +119 |
| Six State Aggregate | 1 707 | 1 727 | 1 816 | +89 |
| Australian Capital Territory | 1 808 | 1 831 | 1 961 | +130 |
| Northern Territory | 1 150 | 1 122 | 1 248 | +126 |

Sources: ABS Catalogue 5501.0 unpublished revisions, State Budget papers and outcome reports and Northern Territory Treasury, ABS Catalogue 3101.0 Fiscal Year December 2000 population estimates.

In 2002-03, most governments (including the Territory) forecast subdued rates of growth in taxation revenue. However, high levels of activity continued throughout 2002-03 which in turn benefited State and Territory taxation receipts. Taxation revenue per capita for the six States increased from \$1 707 per capita in 2001-02 to \$1 816 per capita in 2002-03. The Territory's taxation revenue per capita also increased from \$1 150 to \$1 248

respectively. This was due to the combined effect of increased activity in the commercial sector and the introduction of the Temporary Budget Improvement Levy in the 2001 Mini Budget.

A more sophisticated measure of tax competitiveness is the Commonwealth Grant Commission's analysis of 'tax effort', which adjusts for the extent to which a particular State's capacity to raise revenue is above or below average. Table 11 details the Territory's revenue raising capacity and effort expressed as a percentage of the Australian average in 2001-02, the latest year assessed by the Commonwealth Grants Commission.

Table 11: Northern Territory Revenue Raising Capacity and Effort 2001-02.

| | Capacity ¹ | Effort ² |
|---------------------------------------|-----------------------|---------------------|
| | % | % |
| Total Taxation | 74 | 97 |
| Total Own-Source Revenue ³ | 86 | 92 |

Source: Commonwealth Grants Commission 2003 Update.

1. Northern Territory's capacity to raise revenue compared to the Australian average (Australian average = 100 per cent).
2. Northern Territory's revenue effort compared with the Australian average, given the capacity available.
3. Interest earnings and contributions from trading enterprises have been excluded from total own-source revenue due to their equal treatment of capacity across all jurisdictions.

The Commonwealth Grants Commission's assessment shows that the Territory's tax effort (97 per cent) is much closer to the Australian average (100 per cent) than the simple per capita measure implies. Considering that the Territory's total taxation effort also included the effect of the Temporary Budget Improvement Levy (which was introduced in the November 2001 Mini Budget but ceased on 1 July 2003), this shows that Territorians are paying taxes at a level which is slightly below the Australian average. It also shows that the low per capita measure is largely due to the Territory's low tax raising capacity, rather than a lack of effort.

Considering total own-source revenue, the Territory's revenue effort is 92 per cent of the Australian average. This suggests that the Territory's revenue from sources other than taxation is below average.

PRUDENT MANAGEMENT OF LIABILITIES

The effective management of liabilities gives considerable focus to targeting, monitoring and reducing net debt to prudent levels.

It should be noted that for benchmarking the Territory against other jurisdictions, the broader non financial public sector scope is used, rather than the general government sector. This broader focus is appropriate because of substantial differences between the States in the allocation of debt and liabilities between the general government and the non financial public corporations sectors.

NET DEBT

Debt is defined as those liabilities, which carry a contractual obligation to service or repay principal, and in the Territory context broadly comprise Territory borrowings (both domestic and offshore), Territory Bonds and advances received from the Commonwealth.

Net debt is derived by deducting from gross debt the value of financial assets held. The major financial assets of the Territory comprise advances to finance housing loans to Territorians, and investments in marketable securities issued by the Commonwealth and State Governments or their agencies, major financial institutions and asset-backed securities.

Debt finance is an important source of funding for publicly provided infrastructure, which is needed to promote social wellbeing and economic growth.

Currently, Territory debt levels are high relative to the States. However, as shown in Table 12, due to the cash surplus achieved in 2002-03, Territory non financial public sector net debt decreased from \$1 743 million in 2001-02 to \$1 723 million in 2002-03. Over the same period, the ratio of net debt to revenue also declined from 67 percent in 2001-02 to 64 percent in 2002-03.

Table 12: Northern Territory Net Debt – Non Financial Public Sector

| | 2001-02 Outcome | 2002-03 August Budget | 2002-03 Outcome | Variation August Budget to Outcome |
|--------------------|--------------------|--------------------------|--------------------|---------------------------------------|
| | \$M | \$M | \$M | \$M |
| Territory Net Debt | 1 743 | 1 866 | 1 723 | -143 |

Table 13: Net Debt To Total Revenue – Non Financial Public Sector

| | 2001-02 Actual | 2002-03 Budget | 2002-03 Actual | 2002-03 Variation |
|------------------------------|-------------------|-------------------|-------------------|----------------------|
| | % | % | % | % |
| New South Wales | 35 | 38 | 32 | -6 |
| Victoria | 8 | 13 | 9 | -4 |
| Queensland | -2 | 0 | 1 | +1 |
| Western Australia | 34 | 42 | 32 | -10 |
| South Australia | 35 | 36 | 28 | -8 |
| Tasmania | 66 | 63 | 55 | -8 |
| Six State Aggregate | 22 | 26 | 21 | -5 |
| Australian Capital Territory | -42 | 4 | -24 | -28 |
| Northern Territory | 67 | 70 | 64 | -6 |

Source: ABS Catalogue 5501.0 Unpublished revisions, State Budget papers and outcome reports and Northern Territory Treasury.

EMPLOYEE LIABILITIES

The addition of the employee liabilities to net debt enables a broader assessment of Government liabilities. Net debt plus employee liabilities as at 30 June 2003 for the non financial public sector was \$3 508 million. This comprised \$1 723 million in net debt and \$1 785 million in employee liabilities.

In recent years, net debt plus employee liabilities have steadily grown, with significant increases in both net debt and employee liabilities occurring from June 2000. Increases in net debt have been attributed to infrastructure developments such as the Alice Springs to Darwin railway and successive cash deficits, while increases in employee liabilities are mainly attributed to superannuation liabilities. Updated actuarial assessments and scheme revaluations in 2001 resulted in significant increases in the Territory's superannuation liabilities.

Table 14 shows that the Territory's net debt and employee liabilities rose slightly between 2001-02 and 2002-03.

Table 14: Northern Territory Net Debt Plus Employee Liabilities – Non Financial Public Sector

| | 2001-02 Outcome | 2002-03 August Budget | 2002-03 Outcome | Variation from August Budget to Outcome |
|------------------------------------|--------------------|-----------------------------|--------------------|---|
| | \$M | \$M | \$M | \$M |
| Net Debt plus Employee Liabilities | 3 453 | 3 616 | 3 508 | -108 |

Table 15 shows that the Territory has the highest proportion of net debt plus employee liabilities. In 2002-03, at 131 per cent of total revenue, the Territory's position was more than one and a half times the average of the six States. However, the 2002-03 result does indicate a change in direction for the Territory's proportion of net debt plus employee liabilities towards convergence with that of the six States.

Table 15: Net Debt Plus Employee Liabilities To Total Revenue – Non Financial Public Sector

| | 2001-02 Outcome | 2002-03 August Budget | 2002-03 Outcome | Variation from August Budget |
|------------------------------|--------------------|--------------------------|--------------------|---------------------------------|
| | % | % | % | % |
| New South Wales | 75 | 89 | 95 | +6 |
| Victoria | 64 | 73 | 72 | -1 |
| Queensland | 40 | 59 | 62 | +3 |
| Western Australia | 78 | 86 | 76 | -10 |
| South Australia | 90 | 88 | 86 | -2 |
| Tasmania | 134 | 134 | 124 | -10 |
| Six State Aggregate | 69 | 81 | 81 | +0 |
| Australian Capital Territory | 38 | 93 | 54 | -39 |
| Northern Territory | 132 | 135 | 131 | -4 |

Sources: ABS Catalogue 5501.0 unpublished revisions, State Budget papers and outcome reports and Northern Territory Treasury. Employee liabilities exclude other provisions which are not an employee liability. In 2001-02 and 2002-03, other provisions were \$7 million and \$22 million respectively.

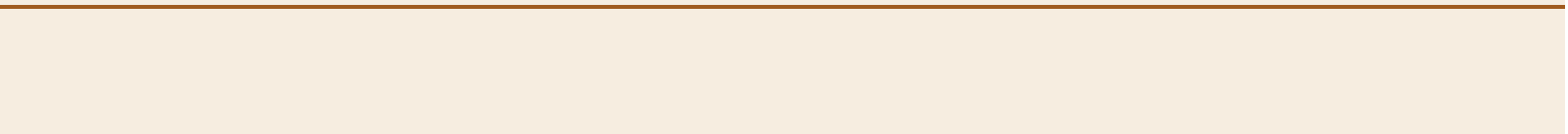
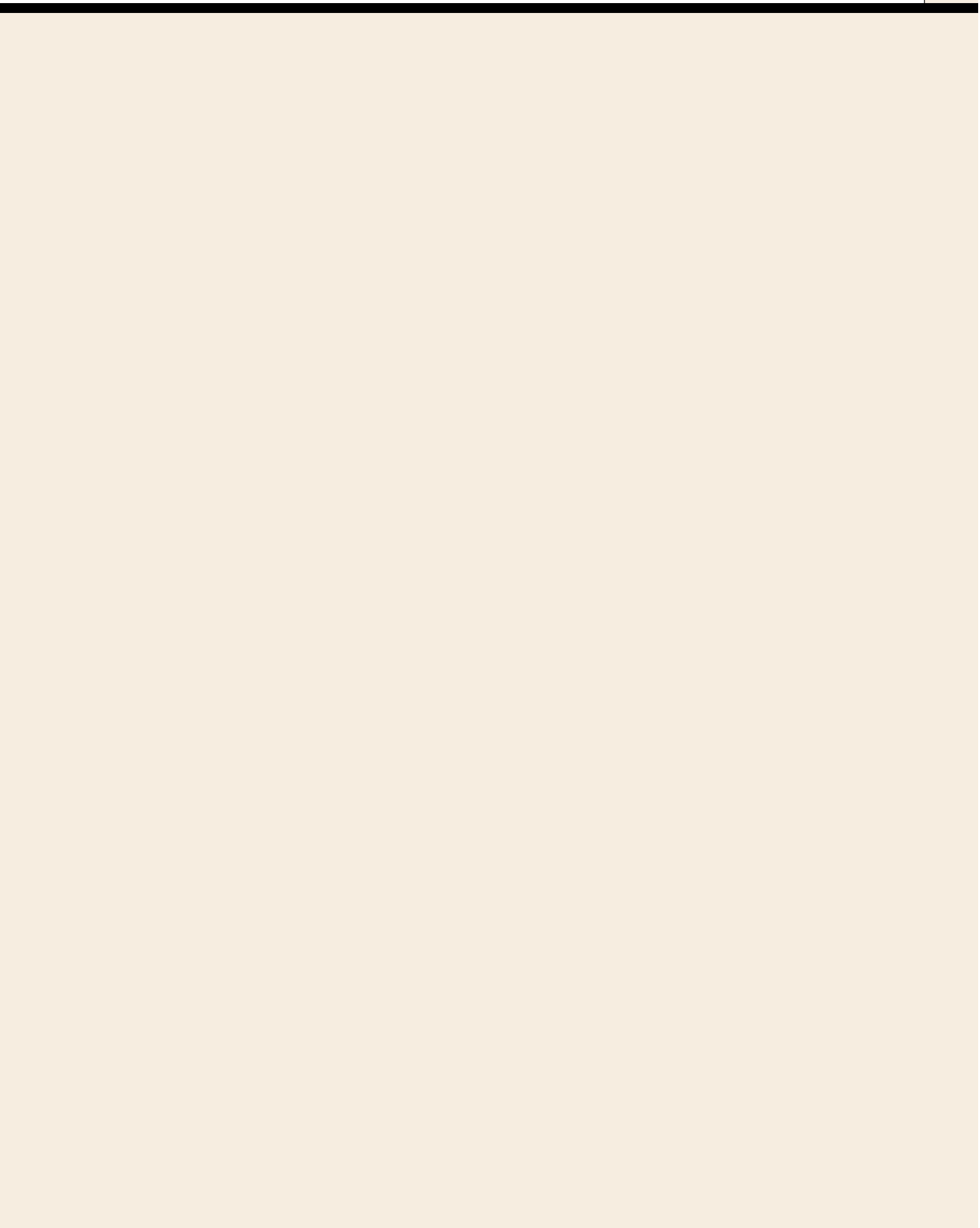
Further comparisons of this ratio for 2002-03 are shown in Figure 1.

Figure 1: Net Debt Plus Employee Liabilities as a Proportion of Total Revenue 2002-03



Source: Northern Territory 2002-03 Treasurer's Annual Financial Report.
States – State Budget papers and outcome reports.

TREASURER'S
ANNUAL
FINANCIAL STATEMENT
(AUDITED)





AUDITOR-GENERAL

AUDITOR-GENERAL'S REPORT TO THE TREASURER ON THE TREASURER'S ANNUAL FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2003

Scope

I have audited the Treasurer's Annual Financial Statement (the Statement) for the year ended 30 June 2003, set out on pages 19 to 79, as received by me in accordance with section 25 of the Audit Act. The Treasurer is responsible for preparing and presenting the Statement and the information it contains in accordance with the requirements of section 9 of the *Financial Management Act*. This allows the Treasurer to prescribe the form of the Statement, including the accounting policies to be used, and these are detailed in the Reporting Framework. The Treasurer's prescribed format does not require the application of Australian Accounting Standard AAS 31, "Financial Reporting by Governments". I have performed an independent audit of the Statement in order to express an opinion upon it to the Treasurer.

My audit has been conducted in accordance with Australian Auditing Standards, which include a requirement that I consider whether the Statement complies with Accounting Standards and other mandatory professional reporting requirements in Australia. My audit is also intended to provide reasonable assurance as to whether the Statement is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the Statement and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion whether the Statement is prepared from proper accounts and records and, in all material respects, the Statement is presented fairly in accordance with the prescribed format, as well as with Accounting Standards and other mandatory reporting requirements in Australia.

My audit opinions have been formed on the above basis.

Unqualified Audit Opinion on prescribed reporting format

In my opinion, the Treasurer's Annual Financial Statement has been prepared from proper accounts and records and is presented fairly in accordance with the requirements of the *Financial Management Act* and the Treasurer's prescribed format.

Qualified Audit Opinion – variance of the reporting format from Accounting Standards

The financial report has not been prepared to include the information required by Australian Accounting Standard AAS 31 to meet the objectives of a general purpose financial report, but rather has been prepared to present the information required by section 9 of the *Financial Management Act* and the Treasurer's prescribed format. I am unable to provide the disclosures required by AAS 31 as financial records have been prepared on a basis consistent with meeting the reporting requirements of the *Financial Management Act* and the Treasurer's prescribed format, rather than AAS 31.

In my opinion, because of the effects of the matter discussed in the preceding paragraph, the Treasurer's Annual Financial Statement does not present fairly, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the Northern Territory Government as at 30 June 2003, its financial performance and its cash flows for the year then ended.

H M Blake
Auditor-General for the Northern Territory
13 October 2003

Darwin
Northern Territory

AUDITED

REPORTING FRAMEWORK

The 2002-03 Treasurer's Annual Financial Report differs significantly from previous years as a result of major financial reforms implemented during the year. These reforms include the transition from cash to accrual accounting, and a widening of the reporting scope from the public account to the total public sector.

The overall aim of these reforms is to more comprehensively report the Government's financial performance and financial position, promote transparency and accountability and ensure Parliament is fully informed of the Government's fiscal decisions.

These aims have been achieved through the introduction of the *Fiscal Integrity and Transparency Act* and the Working for Outcomes initiative, and related amendments to the *Financial Management Act*.

WORKING FOR OUTCOMES

Working for Outcomes commenced on 1 July 2002 and represents a significant financial reform initiative for the Territory. Working for Outcomes is a comprehensive financial and performance management framework based on outputs and the accrual methodology for budgeting, accounting and reporting. The move to an accrual output based budgeting and reporting framework ensures the Territory's financial management systems are contemporary and consistent with the frameworks of other jurisdictions across Australia.

Under this initiative, 2002-03 has seen the first year of accrual accounting, budgeting, and now reporting, for the Territory Government.

The move to accrual accounting, budgeting and reporting has also necessitated changes to the legislative framework under which the Treasurer's Annual Financial Report is produced.

LEGISLATIVE BASIS

The Treasurer's Annual Financial Report includes the Treasurer's Annual Financial Statement and other reports as set out in the Uniform Presentation Framework (UPF) reporting requirements. There are two principal Acts that combine to form the basis for this year's Treasurer's Annual Financial Statement: the *Financial Management Act* (FMA) and the *Fiscal Integrity and Transparency Act* (FITA).

Financial Management Act

Section 9 of the FMA requires the preparation of a Treasurer's Annual Financial Statement (TAFS) in a form the Treasurer considers appropriate. This must be done within the period of three months immediately following the end of each financial year, and may include the Final Fiscal Results Report required by the FITA.

Amendments were made to the FMA during the year in recognition of the fact that the format and scope of whole of government reporting is now determined in accordance with FITA and the UPF requirements.

For instance, previous year's TAFS were based on Public Account scope (which can differ between jurisdictions), whereas the current year's TAFS is based on UPF scope in accordance with FITA requirements. The UPF scope is consistent between jurisdictions thus providing a reliable basis for interstate comparison. Appendix B (Classification of Entities in the Northern Territory Public Sector) details all government entities included in these scopes.

The FMA requires all write-offs, waivers, postponements, and gifts that the Treasurer has approved under section 35, and ex gratia payments that the Treasurer directs under section 37 to be reported. These reports are in respect of only those entities that are subject to the FMA.

Fiscal Integrity and Transparency Act

The *Fiscal Integrity and Transparency Act* was assented to in December 2001, and first applied to the TAFS in this, the 2002-03 financial year. The FITA is consistent with a trend in other jurisdictions for putting in place clear, independently-based budgeting and reporting frameworks for the public sector.

The FITA provides that the Treasurer must publicly release and table a Final Fiscal Results Report no later than 4 months after the end of the financial year, and that this Report may be incorporated in the TAFS. The Report is to be based on external reporting standards, at least in the level of detail required by the UPF (discussed below).

The Final Fiscal Results Report is to include the financial results for the general government sector and the non financial public sector for the financial year, an explanation of any material differences between the financial result and the equivalent projections published for that year; and an explanation of any material differences between the financial result and the expected outcomes for the key fiscal indicators for that year as specified in the Government's Fiscal Strategy. These explanations are outlined in the Overview, which should be read in conjunction with this financial statement. Further details on an agency basis are provided in the summary financial information in the unaudited section of the TAFR.

THE UNIFORM PRESENTATION FRAMEWORK (UPF)

The UPF forms the basis for the Final Fiscal Results Report included in the TAFS and as such is also the basis for the audited TAFS.

Reporting on a UPF basis was agreed by all Australian Governments at the May 1991 Premier's Conference, with the primary objective being that Commonwealth, State and Territory governments provide a uniform set of financial data that would facilitate more meaningful comparisons between governments. The UPF is based on the reporting standards of the Australian Bureau of Statistics (ABS) Government Finance Statistics (GFS).

A major revision was made to the UPF in 2000 after the ABS adopted an accrual framework for its GFS. The UPF now requires that all governments report on an accrual basis.

The UPF uses a GFS scope, which is wider than the Public Account scope. The GFS scope includes all entities controlled by government, otherwise known as the total public sector. The UPF requires that GFS-based reports be produced for the general government sector, the public non financial corporations sector and the public financial corporations sector. It also requires reports on the non financial public sector, which is the sector formed through a consolidation of the general government and public non financial corporations sub-sectors. For the composition of the various sectors, see Appendix B "Classification of Entities in the Northern Territory Public Sector".

Comparatives

As 2002-03 is the first year that the TAFS and accompanying notes to the financial statements have been prepared on an accrual basis, prior year comparative figures in the UPF financial statements are unaudited. Comparatives differ in some cases from those published in last year's unaudited section, reflecting the refinement of treatments and classifications in the move to accrual accounting. Further details of the variations is provided in the overview on page 3.

Notes to the Financial Statements

Notes to the financial statements are presented for the first time. Although the UPF does not require notes, they are in line with the Government's commitment to enhanced transparency and accountability and are generally consistent with note disclosures required by Australian Accounting Standards. The notes are based on the total public sector, which is the sector formed through a consolidation of the other sub-sectors, otherwise known as "whole of government" reporting.

UPF Supplementary Tables

These tables are required by the UPF framework and have been moved this year to the audited section. They provide detailed information on taxes, expenses, purchases of non financial assets and loan council allocations but, as they are based on the general government sector only, they have been presented separately from the total public sector notes to the financial statements.

GENERAL GOVERNMENT SECTOR

OPERATING STATEMENT

| | 2002-03 Actual (Audited) | 2002-03 Final Estimate (Unaudited) | 2001-02 Actual (Unaudited) |
|--|--------------------------------|--|----------------------------------|
| | \$000 | \$000 | \$000 |
| REVENUE | | | |
| Taxation revenue | 246 257 | 254 049 | 227 237 |
| Current grants and subsidies | 1 805 033 | 1 812 144 | 1 679 348 |
| Capital grants | 84 019 | 90 545 | 189 953 |
| Sales of goods and services | 81 221 | 81 960 | 79 686 |
| Interest income | 17 711 | 13 833 | 15 368 |
| Other | 126 679 | 115 515 | 98 153 |
| TOTAL REVENUE | 2 360 921 | 2 368 046 | 2 289 746 |
| EXPENSES | | | |
| Gross operating expenses | 1 661 839 | 1 676 755 | 1 634 987 |
| Depreciation | 124 597 | 129 870 | 126 988 |
| Employee expenses | 936 910 | 960 054 | 927 643 |
| Other operating expenses | 600 332 | 586 831 | 580 356 |
| Nominal superannuation interest expense | 81 654 | 81 654 | 77 700 |
| Other interest expenses | 144 170 | 140 858 | 151 471 |
| Other property expenses | 314 | | 49 |
| Current transfers | 413 664 | 445 094 | 369 713 |
| Capital transfers | 60 202 | 60 795 | 73 281 |
| TOTAL EXPENSES | 2 361 843 | 2 405 156 | 2 307 200 |
| NET OPERATING BALANCE | - 923 | - 37 110 | - 17 455 |
| <i>less</i> | | | |
| Net acquisition of non financial assets | | | |
| Purchases of non financial assets | 224 451 | 242 298 | 467 690 |
| Sales of non financial assets | - 29 948 | - 25 737 | - 28 740 |
| <i>less</i> Depreciation | 124 597 | 129 870 | 126 988 |
| <i>plus</i> Change in inventories | 108 | | - 40 |
| <i>plus</i> Other movements in non financial assets | 1 910 | 1 057 | 1 129 |
| Total net acquisition of non financial assets | 71 924 | 87 748 | 313 052 |
| <i>equals</i> | | | |
| NET LENDING/ BORROWING (Fiscal balance) (a) | - 72 847 | - 124 858 | - 330 507 |

(a) Equates to net operating balance plus net capital expenditure less depreciation.

GENERAL GOVERNMENT SECTOR

BALANCE SHEET

| | 2002-03 Actual (Audited) | 2002-03 Final Estimate (Unaudited) | 2001-02 Actual (Unaudited) |
|--|--------------------------------|--|----------------------------------|
| | \$000 | \$000 | \$000 |
| ASSETS | | | |
| Financial assets | | | |
| Cash and deposits | 51 778 | 56 307 | 117 985 |
| Advances paid | 48 977 | 47 952 | 39 219 |
| Investments, loans and placements | 486 435 | 341 023 | 371 924 |
| Other non-equity assets | 119 426 | 96 744 | 140 704 |
| Equity | 1 407 947 | 1 414 914 | 1 456 029 |
| Total financial assets | 2 114 564 | 1 956 940 | 2 125 862 |
| Non financial assets | | | |
| Land and fixed assets | 3 579 745 | 3 777 347 | 3 729 535 |
| Other non financial assets | | | |
| Total non financial assets | 3 579 745 | 3 777 347 | 3 729 535 |
| TOTAL ASSETS | 5 694 308 | 5 734 287 | 5 855 397 |
| LIABILITIES | | | |
| Deposits held | 206 524 | 150 313 | 153 974 |
| Advances received | 16 684 | 16 218 | 3 168 |
| Borrowings | 1 707 818 | 1 678 801 | 1 760 557 |
| Superannuation liability | 1 438 462 | 1 408 387 | 1 369 006 |
| Other employee entitlements and provisions | 347 261 | 371 746 | 351 655 |
| Other non-equity liabilities | 67 284 | 58 327 | 70 410 |
| TOTAL LIABILITIES | 3 784 032 | 3 683 792 | 3 708 770 |
| NET WORTH | 1 910 276 | 2 050 495 | 2 146 627 |
| NET FINANCIAL WORTH (a) | -1 669 469 | -1 726 852 | -1 582 908 |
| NET DEBT (b) | 1 343 836 | 1 400 050 | 1 388 570 |

(a) Net financial worth equals total financial assets minus total liabilities.

(b) Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

AUDITED

GENERAL GOVERNMENT SECTOR

CASH FLOW STATEMENT

| | 2002-03 Actual (Audited) | 2002-03 Final Estimate (Unaudited) | 2001-02 Actual (Unaudited) |
|---|--------------------------------|--|----------------------------------|
| | \$000 | \$000 | \$000 |
| Cash receipts from operating activities | | | |
| Taxes received | 245 009 | 249 049 | 227 177 |
| Receipts from sales of goods and services | 122 976 | 134 742 | 71 804 |
| Grants/subsidies received | 1 888 217 | 1 902 689 | 1 894 301 |
| Other receipts | 106 215 | 97 695 | 107 008 |
| Total operating receipts | 2 362 417 | 2 384 175 | 2 300 290 |
| Cash payments for operating activities | | | |
| Payment for goods and services | -1 544 488 | -1 586 040 | -1 503 935 |
| Grants and subsidies paid | - 459 608 | - 470 441 | - 433 975 |
| Interest paid | - 145 227 | - 143 027 | - 150 102 |
| Other payments | - 9 972 | | - 8 284 |
| Total operating payments | -2 159 295 | -2 199 508 | -2 096 296 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 203 122 | 184 667 | 203 995 |
| Net cash flows from investments in non financial assets | | | |
| Sales of non financial assets | 29 948 | 25 737 | 28 740 |
| Purchases of non financial assets | - 224 451 | - 242 298 | - 467 690 |
| Net cash flows from investments in non financial assets | - 194 503 | - 216 561 | - 438 951 |
| Net cash flows from investments in financial assets for policy purposes | 28 695 | 17 523 | 2 676 |
| Net cash flows from investments in financial assets for liquidity purposes | - 116 447 | | - 14 177 |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | - 282 255 | - 199 038 | - 450 451 |
| Net cash flows from financing activities | | | |
| Advances received (net) | 13 516 | 13 599 | 994 |
| Borrowing (net) | - 53 141 | - 58 088 | 80 075 |
| Deposits received (net) | 52 549 | - 2 652 | - 8 145 |
| Distributions paid | | | |
| Other financing (net) | | | 1 667 |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | 12 925 | - 47 141 | 74 592 |
| NET INCREASE (+) / DECREASE (-) IN CASH HELD | - 66 207 | - 61 512 | - 171 865 |
| Net cash from operating activities and investments in non financial assets | 8 620 | - 31 894 | - 234 956 |
| Finance leases and similar arrangements | 167 | 910 | 1 328 |
| SURPLUS (+) / DEFICIT (-) (a) | 8 787 | - 30 984 | - 233 628 |

(a) Equates to net cash flows from operating activities plus net cash flows from investments in non financial assets, less finance leases.

PUBLIC NON FINANCIAL CORPORATIONS (PUBLIC TRADING ENTERPRISES) SECTOR OPERATING STATEMENT

| | 2002-03 Actual (Audited) | 2002-03 Final Estimate (Unaudited) | 2001-02 Actual (Unaudited) |
|--|--------------------------------|--|----------------------------------|
| | \$000 | \$000 | \$000 |
| REVENUE | | | |
| Current grants and subsidies | 85 300 | 82 557 | 44 086 |
| Capital grants | 11 820 | 11 217 | 24 829 |
| Sales of goods and services | 417 535 | 410 252 | 396 989 |
| Interest income | 17 109 | 16 058 | 15 378 |
| Other | 17 228 | 22 408 | 13 158 |
| TOTAL REVENUE | 548 992 | 542 492 | 494 440 |
| EXPENSES | | | |
| Gross operating expenses | 439 820 | 449 935 | 432 570 |
| Depreciation | 69 157 | 64 266 | 75 675 |
| Employee expenses | 45 068 | 40 695 | 40 337 |
| Other operating expenses | 325 594 | 344 974 | 316 558 |
| Other interest expenses | 54 332 | 53 938 | 49 394 |
| Other property expenses | 33 877 | 21 160 | 10 021 |
| Current transfers | 2 463 | 1 820 | 2 421 |
| Capital transfers | 3 951 | 988 | 2 635 |
| TOTAL EXPENSES | 534 444 | 527 841 | 497 041 |
| NET OPERATING BALANCE | 14 549 | 14 651 | - 2 601 |
| <i>less</i> | | | |
| Net acquisition of non financial assets | | | |
| Purchases of non financial assets | 91 896 | 87 129 | 82 235 |
| Sales of non financial assets | - 29 675 | - 12 035 | - 24 149 |
| <i>less</i> Depreciation | 69 157 | 64 266 | 75 675 |
| <i>plus</i> Change in inventories | - 1 721 | - 2 373 | 252 |
| <i>plus</i> Other movements in non financial assets | 8 882 | - 3 607 | 9 397 |
| Total net acquisition of non financial assets | 225 | 4 848 | - 7 939 |
| <i>equals</i> | | | |
| NET LENDING/ BORROWING (Fiscal balance) (a) | 14 323 | 9 803 | 5 338 |

(a) Equates to net operating balance plus net capital expenditure less depreciation.

AUDITED

PUBLIC NON FINANCIAL CORPORATIONS (PUBLIC TRADING ENTERPRISES) SECTOR

BALANCE SHEET

| | Note | 2002-03 Actual (Audited) \$000 | 2002-03 Final Estimate (Unaudited) \$000 | 2001-02 Actual (Unaudited) \$000 |
|---|------|---|---|---|
| ASSETS | | | | |
| Financial assets | | | | |
| Cash and deposits | | 138 835 | 101 222 | 110 459 |
| Investments, loans and placements | | 173 589 | 179 533 | 185 805 |
| Other non-equity assets | | 78 934 | 71 656 | 60 340 |
| Equity | | 3 | 3 | 3 |
| Total financial assets | | 391 361 | 352 414 | 356 607 |
| Non financial assets | | | | |
| Land and fixed assets | | 1 773 625 | 1 773 003 | 1 774 100 |
| Other non financial assets | | | | |
| Total non financial assets | | 1 773 625 | 1 773 003 | 1 774 100 |
| TOTAL ASSETS | | 2 164 985 | 2 125 417 | 2 130 707 |
| LIABILITIES | | | | |
| Deposits held | | 1 550 | 2 093 | 2 093 |
| Advances received | | 308 414 | 308 309 | 308 414 |
| Borrowings | | 381 250 | 382 390 | 350 364 |
| Superannuation liability | | | | |
| Other employee entitlements and provisions | | 77 098 | 46 412 | 35 019 |
| Other non-equity liabilities | | 51 590 | 49 245 | 50 563 |
| TOTAL LIABILITIES | | 819 901 | 788 449 | 746 452 |
| <i>Shares and other contributed capital</i> | 25 | 1 345 084 | 1 336 968 | 1 384 255 |
| NET WORTH | | | | |
| NET FINANCIAL WORTH (a) | | - 428 541 | - 436 035 | - 389 845 |
| NET DEBT (b) | | 378 790 | 412 037 | 364 606 |

(a) Net financial worth equals total financial assets minus total liabilities.

(b) Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

PUBLIC NON FINANCIAL CORPORATIONS (PUBLIC TRADING ENTERPRISES) SECTOR

CASH FLOW STATEMENT

| | 2002-03 Actual (Audited) | 2002-03 Final Estimate (Unaudited) | 2001-02 Actual (Unaudited) |
|---|--------------------------------|--|----------------------------------|
| | \$000 | \$000 | \$000 |
| Cash receipts from operating activities | | | |
| Receipts from sales of goods and services | 417 845 | 399 610 | 393 060 |
| Grants/subsidies received | 11 792 | 11 317 | 25 737 |
| Other receipts | 111 514 | 124 494 | 63 217 |
| Total operating receipts | 541 151 | 535 421 | 482 014 |
| Cash payments for operating activities | | | |
| Payment for goods and services | - 371 841 | - 386 090 | - 357 719 |
| Grants and subsidies paid | - 3 555 | - 2 808 | - 4 920 |
| Interest paid | - 53 152 | - 52 966 | - 50 348 |
| Other payments | | | |
| Total operating payments | - 428 547 | - 441 864 | - 412 988 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 112 604 | 93 557 | 69 026 |
| Net cash flows from investments in non financial assets | | | |
| Sales of non financial assets | 29 675 | 12 035 | 24 149 |
| Purchases of non financial assets | - 91 896 | - 87 129 | - 82 235 |
| Net cash flows from investments in non financial assets | - 62 222 | - 75 094 | - 58 087 |
| Net cash flows from investments in financial assets for policy purposes | 12 293 | 6 271 | 3 783 |
| Net cash flows from investments in financial assets for liquidity purposes | | | 2 |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | - 49 928 | - 68 823 | - 54 302 |
| Net cash flows from financing activities | | | |
| Advances received (net) | | | |
| Borrowing (net) | 30 885 | 32 026 | 17 136 |
| Deposits received (net) | - 543 | | - 756 |
| Distributions paid | - 10 074 | - 11 429 | - 9 058 |
| Other financing (net) | - 54 568 | - 54 567 | |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | - 34 299 | - 33 970 | 7 322 |
| NET INCREASE (+) / DECREASE (-) IN CASH HELD | 28 376 | - 9 236 | 22 047 |
| Net cash from operating activities and investments in non financial assets | 40 309 | 7 034 | 1 881 |
| Finance leases and similar arrangements | | | |
| SURPLUS (+) / DEFICIT (-) (a) | 40 309 | 7 034 | 1 881 |

(a) Equates to net cash flows from operating activities plus net cash flows from investments in non financial assets, less finance leases.

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NON FINANCIAL PUBLIC SECTOR OPERATING STATEMENT

| | 2002-03 Actual (Audited) | 2002-03 Final Estimate (Unaudited) | 2001-02 Actual (Unaudited) |
|--|--------------------------------|--|----------------------------------|
| | \$000 | \$000 | \$000 |
| REVENUE | | | |
| Taxation revenue | 242 180 | 250 119 | 223 283 |
| Current grants and subsidies | 1 804 611 | 1 812 228 | 1 679 311 |
| Capital grants | 84 019 | 90 545 | 189 953 |
| Sales of goods and services | 402 070 | 420 581 | 394 124 |
| Interest income | 29 175 | 26 264 | 26 955 |
| Other | 117 170 | 113 861 | 95 720 |
| TOTAL REVENUE | 2 679 225 | 2 713 598 | 2 609 345 |
| EXPENSES | | | |
| Gross operating expenses | 1 994 301 | 2 048 227 | 1 974 651 |
| Depreciation | 193 754 | 194 136 | 202 663 |
| Employee expenses | 974 658 | 997 847 | 960 710 |
| Other operating expenses | 825 888 | 856 244 | 811 278 |
| Nominal superannuation interest expense | 81 654 | 81 654 | 77 700 |
| Other interest expense | 192 857 | 191 169 | 197 073 |
| Other property expenses | 1 065 | | 880 |
| Current transfers | 330 405 | 364 441 | 328 010 |
| Capital transfers | 52 332 | 50 566 | 51 087 |
| TOTAL EXPENSES | 2 652 614 | 2 736 057 | 2 629 401 |
| NET OPERATING BALANCE | 26 611 | - 22 459 | - 20 056 |
| <i>less</i> | | | |
| Net acquisition of non financial assets | | | |
| Purchases of non financial assets | 316 347 | 329 427 | 549 926 |
| Sales of non financial assets | - 59 623 | - 37 772 | - 52 888 |
| <i>less</i> Depreciation | 193 754 | 194 136 | 202 663 |
| <i>plus</i> Change in inventories | - 1 613 | - 2 373 | 212 |
| <i>plus</i> Other movements in non financial assets | 10 792 | - 2 550 | 10 526 |
| Total net acquisition of non financial assets | 72 149 | 92 596 | 305 113 |
| <i>equals</i> | | | |
| NET LENDING/ BORROWING (Fiscal balance) (a) | - 45 538 | - 115 055 | - 325 169 |

(a) Equates to net operating balance plus net capital expenditure less depreciation.

NON FINANCIAL PUBLIC SECTOR

BALANCE SHEET

| | 2002-03 Actual (Audited) | 2002-03 Final Estimate (Unaudited) | 2001-02 Actual (Unaudited) |
|---|--------------------------------|--|----------------------------------|
| | \$000 | \$000 | \$000 |
| ASSETS | | | |
| Financial assets | | | |
| Cash and deposits | 54 602 | 64 965 | 121 709 |
| Advances paid | 222 566 | 227 486 | 225 025 |
| Investments, loans and placements | 486 435 | 341 022 | 371 924 |
| Other non-equity assets | 151 881 | 141 697 | 184 375 |
| Equity | 46 645 | 77 949 | 70 113 |
| Total financial assets | 962 129 | 853 119 | 973 146 |
| Non financial assets | | | |
| Land and fixed assets | 5 353 369 | 5 550 350 | 5 503 635 |
| Other non financial assets | | | |
| Total non financial assets | 5 353 369 | 5 550 350 | 5 503 635 |
| TOTAL ASSETS | 6 315 498 | 6 403 469 | 6 476 782 |
| LIABILITIES | | | |
| Deposits held | 72 062 | 59 842 | 49 332 |
| Advances received | 325 098 | 324 527 | 311 582 |
| Borrowings | 2 089 068 | 2 061 191 | 2 110 920 |
| Superannuation liability | 1 438 462 | 1 408 387 | 1 369 006 |
| Other employee entitlements and provisions | 368 430 | 397 649 | 373 105 |
| Other non-equity liabilities | 112 103 | 101 378 | 114 637 |
| TOTAL LIABILITIES | 4 405 223 | 4 352 974 | 4 328 582 |
| <i>Shares and other contributed capital</i> | | | |
| NET WORTH | 1 910 276 | 2 050 495 | 2 148 199 |
| NET FINANCIAL WORTH (a) | -3 443 094 | -3 499 855 | -3 355 436 |
| NET DEBT (b) | 1 722 625 | 1 812 087 | 1 753 176 |

(a) Net financial worth equals total financial assets minus total liabilities.

(b) Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements .

AUDITED

NON FINANCIAL PUBLIC SECTOR

CASH FLOW STATEMENT

| | 2002-03 Actual (Audited) | 2002-03 Final Estimate (Unaudited) | 2001-02 Actual (Unaudited) |
|---|--------------------------------|--|----------------------------------|
| | \$000 | \$000 | \$000 |
| Cash receipts from operating activities | | | |
| Taxes received | 241 168 | 245 119 | 223 283 |
| Receipts from sales of goods and services | 444 675 | 462 758 | 382 559 |
| Grants/subsidies received | 1 886 589 | 1 902 789 | 1 894 875 |
| Other receipts | 117 997 | 125 470 | 110 724 |
| Total operating receipts | 2 690 429 | 2 736 136 | 2 611 440 |
| Cash payments for operating activities | | | |
| Payment for goods and services | -1 815 539 | -1 896 606 | -1 773 260 |
| Grants and subsidies paid | - 365 620 | - 379 559 | - 369 942 |
| Interest paid | - 192 895 | - 192 200 | - 196 039 |
| Other payments | - 9 858 | | - 8 281 |
| Total operating payments | -2 383 911 | -2 468 365 | -2 347 523 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 306 517 | 267 771 | 263 917 |
| Net cash flows from investments in non financial assets | | | |
| Sales of non financial assets | 59 623 | 37 772 | 52 888 |
| Purchases of non financial assets | - 316 347 | - 329 427 | - 549 926 |
| Net cash flows from investments in non financial assets | - 256 724 | - 291 655 | - 497 038 |
| Net cash flows from investments in financial assets for policy purposes | - 13 580 | - 30 773 | 6 459 |
| Net cash flows from investments in financial assets for liquidity purposes | - 116 447 | | - 14 175 |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | - 386 751 | - 322 428 | - 504 753 |
| Net cash flows from financing activities | | | |
| Advances received (net) | 13 516 | 13 599 | 994 |
| Borrowing (net) | - 22 256 | - 26 062 | 97 212 |
| Deposits received (net) | 22 730 | 11 518 | - 30 116 |
| Distributions paid | - 865 | - 976 | 46 |
| Other financing (net) | | | 1 667 |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | 13 126 | - 1 921 | 69 803 |
| NET INCREASE (+) / DECREASE (-) IN CASH HELD | - 67 107 | - 56 578 | - 171 033 |
| Net cash from operating activities and investments in non financial assets | 48 929 | - 24 860 | - 233 075 |
| Finance leases and similar arrangements | 168 | 910 | 1 328 |
| SURPLUS (+) / DEFICIT (-) (a) | 49 097 | - 23 950 | - 231 747 |

(a) Equates to net cash flows from operating activities plus net cash flows from investments in non financial assets, less finance leases.

PUBLIC FINANCIAL CORPORATIONS (PUBLIC FINANCIAL ENTERPRISES) SECTOR

OPERATING STATEMENT

| | 2002-03 Actual (Audited) \$000 | 2001-02 Actual (Unaudited) \$000 |
|--|---|---|
| REVENUE | | |
| Current grants and subsidies | | 901 |
| Capital grants | | |
| Sales of goods and services | 135 746 | 125 848 |
| Interest income | 220 844 | 225 896 |
| Other | | 311 |
| TOTAL REVENUE | 356 590 | 352 956 |
| EXPENSES | | |
| Gross operating expenses | 179 945 | 154 253 |
| Depreciation | 1 369 | 1 372 |
| Employee expenses | 17 165 | 950 |
| Other operating expenses | 161 411 | 151 931 |
| Other interest expense | 184 005 | 182 525 |
| Other property expenses | 30 176 | 16 325 |
| Current transfers | 2 409 | 2 067 |
| Capital transfers | | |
| TOTAL EXPENSES | 396 535 | 355 170 |
| NET OPERATING BALANCE | - 39 945 | - 2 214 |
| <i>less</i> | | |
| Net acquisition of non financial assets | | |
| Purchases of non financial assets | 2 161 | 1 336 |
| Sales of non financial assets | - 340 | - 459 |
| <i>less</i> Depreciation | 1 369 | 1 372 |
| <i>plus</i> Change in inventories | | |
| <i>plus</i> Other movements in non financial assets | | |
| Total net acquisition of non financial assets | 452 | - 494 |
| <i>equals</i> | | |
| NET LENDING/ BORROWING (Fiscal balance) (a) | - 40 397 | - 1 719 |

Final estimates are not shown in this statement as it is not a UPF reporting requirement.

(a) Equates to net operating balance plus net capital expenditure less depreciation.

AUDITED

PUBLIC FINANCIAL CORPORATIONS (PUBLIC FINANCIAL ENTERPRISES) SECTOR

BALANCE SHEET

| | Note | 2002-03 Actual (Audited) \$000 | 2001-02 Actual (Unaudited) \$000 |
|---|------|---|---|
| ASSETS | | | |
| Financial assets | | | |
| Cash and deposits | | 129 530 | 107 206 |
| Investments, loans and placements | | 2 978 383 | 2 920 315 |
| Other non-equity assets | | 127 056 | 171 738 |
| Equity | | | |
| Total financial assets | | 3 234 969 | 3 199 259 |
| Non financial assets | | | |
| Land and fixed assets | | 4 421 | 3 823 |
| Other non financial assets | | | |
| Total non financial assets | | 4 421 | 3 823 |
| TOTAL ASSETS | | 3 239 390 | 3 203 082 |
| LIABILITIES | | | |
| Deposits held | | 356 554 | 286 252 |
| Advances received | | 338 002 | 331 193 |
| Borrowings | | 1 998 999 | 2 076 827 |
| Superannuation liability | | | |
| Other employee entitlements and provisions | | 366 967 | 300 473 |
| Other non-equity liabilities | | 145 303 | 134 782 |
| TOTAL LIABILITIES | | 3 205 826 | 3 129 526 |
| <i>Shares and other contributed capital</i> | 25 | 33 564 | 73 556 |
| NET WORTH | | | |
| NET FINANCIAL WORTH (a) | | 29 144 | 69 732 |
| NET DEBT (b) | | - 414 358 | - 333 249 |

Final estimates are not shown in this statement as it is not a UPF reporting requirement.

(a) Net financial worth equals total financial assets minus total liabilities.

(b) Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

PUBLIC FINANCIAL CORPORATIONS (PUBLIC FINANCIAL ENTERPRISES) SECTOR

CASH FLOW STATEMENT

| | 2002-03 Actual (Audited) | 2001-02 Actual (Unaudited) |
|---|--------------------------------|----------------------------------|
| | \$000 | \$000 |
| Cash receipts from operating activities | | |
| Receipts from sales of goods and services | 144 009 | 150 170 |
| Grants/subsidies received | | 901 |
| Other receipts | 226 969 | 243 417 |
| Total operating receipts | 370 978 | 394 488 |
| Cash payments for operating activities | | |
| Payment for goods and services | - 129 381 | - 149 376 |
| Interest paid | - 188 818 | - 188 063 |
| Other payments | - 2 409 | - 2 067 |
| Total operating payments | - 320 608 | - 339 505 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 50 370 | 54 982 |
| Net cash flows from investments in non financial assets | | |
| Sales of non financial assets | 340 | 459 |
| Purchases of non financial assets | - 2 161 | - 1 336 |
| Net cash flows from investments in non financial assets | - 1 821 | - 878 |
| Net cash flows from investments in financial assets for policy purposes | | |
| Net cash flows from investments in financial assets for liquidity purposes | - 58 068 | - 137 206 |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | - 59 889 | - 138 084 |
| Net cash flows from financing activities | | |
| Advances received (net) | 6 808 | 1 735 |
| Borrowing (net) | - 28 357 | 67 304 |
| Deposits received (net) | 70 302 | 68 577 |
| Distributions paid | - 16 986 | - 13 709 |
| Other financing (net) | 76 | |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | 31 843 | 123 907 |
| NET INCREASE (+) / DECREASE (-) IN CASH HELD | 22 324 | 40 806 |
| Net cash from operating activities and investments in non financial assets | 31 563 | 40 396 |
| Finance leases and similar arrangements | | |
| SURPLUS (+) / DEFICIT (-) (a) | 31 563 | 40 396 |

Final estimates are not shown in this statement as it is not a UPF reporting requirement.

(a) Equates to net cash flows from operating activities plus net cash flows from investments in non financial assets, less finance leases.

AUDITED

TOTAL PUBLIC SECTOR OPERATING STATEMENT

| | Notes | 2002-03 Actual (Audited) \$000 | 2001-02 Actual (Unaudited) \$000 |
|--|-------|---|---|
| REVENUE | | | |
| Taxation revenue | 2 | 241 342 | 223 355 |
| Current grants and subsidies | 3 | 1 803 673 | 1 679 311 |
| Capital grants | 4 | 84 019 | 189 953 |
| Sales of goods and services | 5 | 530 628 | 513 388 |
| Interest income | | 56 872 | 43 916 |
| Other | 6 | 83 399 | 78 841 |
| TOTAL REVENUE | | 2 799 932 | 2 728 763 |
| EXPENSES | | | |
| Gross operating expenses | | 2 165 140 | 2 122 207 |
| Depreciation | 16 | 195 123 | 204 035 |
| Employee expenses | 7 | 991 490 | 961 601 |
| Other operating expenses | 8 | 978 527 | 956 571 |
| Nominal superannuation interest expense | | 81 654 | 77 700 |
| Other interest expenses | | 183 714 | 170 663 |
| Other property expenses | | 1 065 | 200 |
| Current transfers | 9 | 331 876 | 329 176 |
| Capital transfers | 10 | 52 332 | 51 087 |
| TOTAL EXPENSES | | 2 815 782 | 2 751 033 |
| NET OPERATING BALANCE | | - 15 850 | - 22 269 |
| <i>less</i> | | | |
| Net acquisition of non financial assets | | | |
| Purchases of non financial assets | | 318 508 | 551 262 |
| Sales of non financial assets | | - 59 963 | - 53 347 |
| <i>less</i> Depreciation | 16 | 195 123 | 204 035 |
| <i>plus</i> Change in inventories | | - 1 613 | 212 |
| <i>plus</i> Other movements in non financial assets | | 10 792 | 10 526 |
| Total net acquisition of non-financial assets | | 72 601 | 304 619 |
| <i>equals</i> | | | |
| NET LENDING/ BORROWING (Fiscal balance) (a) | | - 88 451 | - 326 888 |

The operating statement is to be read in conjunction with the notes to the financial statements.

Final estimates are not shown in this statement as it is not a UPF reporting requirement.

(a) Equates to net operating balance plus net capital expenditure less depreciation.

TOTAL PUBLIC SECTOR BALANCE SHEET

| | Notes | 2002-03 Actual (Audited) \$000 | 2001-02 Actual (Unaudited) \$000 |
|--|-------|---|---|
| ASSETS | | | |
| Financial assets | | | |
| Cash and deposits | 11 | 135 306 | 196 897 |
| Advances paid | 12 | 177 672 | 191 542 |
| Investments, loans and placements | 13 | 1 091 061 | 882 227 |
| Other non-equity assets | 14 | 230 128 | 327 932 |
| Equity | 15 | 20 032 | 1 210 |
| Total financial assets | | 1 654 199 | 1 599 808 |
| Non financial assets | | | |
| Land and fixed assets | 16 | 5 357 790 | 5 507 459 |
| Other non financial assets | | | |
| Total non financial assets | | 5 357 790 | 5 507 459 |
| TOTAL ASSETS | | 7 011 989 | 7 107 267 |
| LIABILITIES | | | |
| Deposits held | 17 | 379 791 | 303 566 |
| Advances received | 18 | 308 683 | 299 769 |
| Borrowings | 19 | 2 023 832 | 2 087 259 |
| Superannuation liability | 20 | 1 438 462 | 1 369 006 |
| Other employee entitlements and provisions | 21 | 700 270 | 656 189 |
| Other non-equity liabilities | 22 | 250 676 | 243 061 |
| TOTAL LIABILITIES | | 5 101 714 | 4 958 850 |
| NET WORTH | | 1 910 276 | 2 148 417 |
| NET FINANCIAL WORTH (a) | | -3 447 514 | -3 359 042 |
| NET DEBT (b) | | 1 308 267 | 1 419 928 |

The balance sheet is to be read in conjunction with the notes to the financial statements.

Final estimates are not shown in this statement as it is not a UPF reporting requirement.

(a) Net financial worth equals total financial assets minus total liabilities.

(b) Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

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TOTAL PUBLIC SECTOR

CASH FLOW STATEMENT

| | Note | 2002-03 Actual (Audited) \$000 | 2001-02 Actual (Unaudited) \$000 |
|---|-----------|---|---|
| Cash receipts from operating activities | | | |
| Taxes received | | 240 329 | 223 355 |
| Receipts from sales of goods and services | | 581 439 | 526 094 |
| Grants/subsidies received | | 1 885 652 | 1 894 875 |
| Other receipts | | 133 516 | 132 386 |
| Total operating receipts | | 2 840 935 | 2 776 710 |
| Cash payments for operating activities | | | |
| Payment for goods and services | | -1 936 051 | -1 915 936 |
| Grants and subsidies paid | | - 367 091 | - 371 108 |
| Interest paid | | - 188 034 | - 176 193 |
| Other payments | | - 9 858 | - 8 281 |
| Total operating payments | | -2 501 034 | -2 471 519 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 26 | 339 901 | 305 191 |
| Net cash flows from investments in non financial assets | | | |
| Sales of non financial assets | | 59 963 | 53 347 |
| Purchases of non financial assets | | - 318 508 | - 551 262 |
| Net cash flows from investments in non financial assets | | - 258 545 | - 497 916 |
| Net cash flows from investments in financial assets for policy purposes | | - 2 093 | 8 193 |
| Net cash flows from investments in financial assets for liquidity purposes | | - 210 770 | - 45 216 |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | | - 471 408 | - 534 938 |
| Net cash flows from financing activities | | | |
| Advances received (net) | | 8 914 | 994 |
| Borrowing (net) | | - 14 358 | 58 351 |
| Deposits received (net) | | 76 225 | 65 610 |
| Distributions paid | | - 865 | 46 |
| Other financing (net) | | | 1 667 |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | | 69 916 | 126 669 |
| NET INCREASE (+) / DECREASE (-) IN CASH HELD | | - 61 591 | - 103 079 |
| Net cash from operating activities and investments in non-financial assets | | 80 492 | - 192 679 |
| Finance leases and similar arrangements | | 168 | 1 328 |
| SURPLUS (+) / DEFICIT (-) (a) | | 80 660 | - 191 352 |

The cash flow statement is to be read in conjunction with the notes to the financial statements.

Final estimates are not shown in this statement as it is not a UPF reporting requirement.

(a) Equates to net cash flows from operating activities plus net cash flows from investments in non financial assets, less finance leases.

NOTES TO TOTAL PUBLIC SECTOR FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2003

Note 1: Statement of Significant Accounting Policies

These policies have been applied in the context of the legal and regulatory framework outlined in the section “Reporting Framework”. These notes should be read in conjunction with that section and the financial statements.

(a) The Government Reporting Entity

This financial report covers the total public sector and comprises the general government sector, public non financial corporations and public financial corporations.

Financial information, in the form of an Operating Statement, Balance Sheet and Cash Flow Statement has been presented for each of these reporting sectors. In addition, notes to the financial statements are presented for the total public sector.

Appendix B “Classification of Entities in the Northern Territory Public Sector” contains a full list of entities forming each of the sectors listed below:

General Government

Entities which are mainly engaged in the production of goods and/or services outside the normal market mechanism. Goods and services are provided free of charge or at nominal charges well below costs of production.

Public Non Financial Corporations (Public Trading Enterprises) (PNFCs)

A public enterprise primarily engaged in the production of goods and/or services of a non financial nature, for sale in the market place, at prices which aim to recover most of the costs involved.

Non Financial Public Sector (NFPS)

This sector is formed through a consolidation of the general government and public non financial corporations sub-sectors. This process eliminates transactions between the two sectors.

Public Financial Corporations (Public Financial Enterprises) (PFCs)

Government controlled entities which perform central bank functions, and/or have the authority to incur liabilities and acquire financial assets in the market on their own account.

Total Public Sector

The total public sector is formed through a consolidation of all sectors of government. This process eliminates transactions and balances between sectors. Total public sector reporting is also known as ‘whole-of-government’ reporting.

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(b) Basis for consolidation

The report has been consolidated in accordance with principles used in the Government Finance Statistics (GFS) conventions of the Australian Bureau of Statistics and includes material revenues, expenses, assets, liabilities and equity of the Government, including entities controlled by the Government. All entities controlled by the Government are included in a specific reporting sector and the total public sector.

The consolidation of the financial statements for the total public sector is consistent with accounting requirements included in AAS24 *Consolidated Financial Reports* with the exception of AustralAsia Railway Corporation (AARC) which has been consolidated as though it were a 100 per cent controlled entity.

The AARC is a statutory corporation of the Northern Territory established under the *AustralAsia Railway Corporation Act*. As a controlled entity under the UPF the full value of AARC is consolidated under the general government sector. As at 30 June 2003 the financial statements of AARC showed net assets of \$429 million (\$428 million as at 30 June 2002). As at 30 June 2003 the Territory has a 57 per cent interest (\$245 million) in AARC based on the proportion of contributions made to AARC.

Under the UPF, the Territory Insurance Office (TIO) is a controlled entity and is consolidated under the public financial corporations sector. As at 30 June 2003, TIO had net assets of -\$0.2 million (\$30 million as at 30 June 2002). Included in TIO's financial statements are the assets, liabilities, equity, revenue and expenses of the Motor Accidents Compensation Scheme (MACA) which is administered by TIO. The MACA reserve may only be applied to meet the obligations of the TIO in respect of MACA, or for meeting the reasonable costs of operating the scheme or promoting or participating in the promotion of road safety.

(c) Basis of accounting

The 2002-03 Treasurer's Annual Financial Statement is the first prepared on an accrual basis of accounting. Accrual accounting is a recording method in which revenues, expenses, assets, liabilities, and equity are recognised as they are earned or incurred regardless of when a cash payment is made or received. Cash information is found in the cash flow statement.

(d) Basis of measurement

The Treasurer's Annual Financial Statement has been prepared in accordance with the historical cost convention and, except where stated, does not take into account changing money values or fair values of non-current assets.

(e) Revenue

Revenue is recognised at the fair value of the consideration received net of the amount of goods and services tax (GST). Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Taxation

Territory taxation is recognised when the underlying transaction or event, which gives rise to the right to collect revenue, occurs and can be measured reliably. Government-assessed revenues are recognised at the time the assessments are issued. Taxpayer-assessed revenues, including payroll tax and stamp duty, are recognised when a taxpayer's self-assessment is received. Additional revenues are recognised for assessments subsequently issued following review of returns lodged by taxpayers.

Revenue from regulatory fees and fines is recognised at the time the fine or regulatory fee is issued.

Sales of goods and services

Revenue from the sale of goods is recognised (net of returns, discounts and allowances) when control of the goods passes to the customer. Revenue from rendering services is recognised in proportion to the stage of completion of the contract.

Grants and subsidies

Grants, subsidies and other non-reciprocal contributions are recognised as revenue when the Government obtains control over the assets comprising the contributions. Control is normally obtained upon receipt.

Contributions are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Interest income

Interest and other investment income is recognised in the period in which it is earned.

Sale of non-current assets

Under the UPF, these transactions are treated as a revaluation adjustment and are therefore not recognised as revenue.

(f) Interest expense

Interest expense includes interest and finance lease charges and is expensed as incurred.

(g) Cash and deposits

For the purpose of the Balance Sheet and the Cash Flow Statement, cash includes cash on hand, cash advances and cash held in agency operating accounts.

(h) Advances paid

Advances paid includes investments in financial assets for policy purposes. Advances paid are recorded at cost.

(i) Investments, loans and placements

Investments, loans and placements includes investments in financial assets for liquidity management purposes. Securities and investments are recorded at net market value, after deducting estimated costs of realisation at reporting date. Loans are carried at their historical principal outstanding.

(j) Equity

The value of all holdings in entities external to a sector that are controlled by that sector are included in equity. Under the UPF the general government sector is considered to control all other government entities. The movement in the net worth of sub-sectors (ie the PNFCs and PFCs) is included in the value of equity for the general government sector. Similarly, the non financial public sector includes the movement in the public financial corporations sector's net worth. This treatment is carried forward to the non financial public sector.

(k) Other non-equity assets**Accounts receivable**

Under the UPF, accounts receivable are recorded under "other non-equity assets".

(l) Land and fixed assets**Acquisitions**

"Land and fixed assets" includes property, buildings, infrastructure and plant and equipment assets, hereafter referred to as 'property, plant and equipment'. Items of property, plant and equipment are initially recorded at cost where the cost is greater than or equal to \$5 000. Costs incurred on property, plant and equipment, which do not meet the criteria for capitalisation, are expensed as incurred.

The cost of construction of property, plant and equipment includes the cost of materials and direct labour, and an appropriate proportion of fixed and variable overheads.

Complex assets

Major items of plant and equipment comprising a number of components that have different useful lives, are accounted for as separate assets. The components may be replaced during the useful life of the complex asset.

Subsequent additional costs

Costs incurred on property, plant and equipment subsequent to initial acquisition that are greater than or equal to \$5 000 are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the Government in future years. Where these costs represent separate components of a complex asset, they are accounted for as separate assets and are separately depreciated over their useful lives.

Revaluations

After initial recognition, assets belonging to the following classes of non current assets are revalued using the fair value basis in accordance with the Treasurer's Directions:

- Land;
- Buildings;
- Infrastructure assets;
- Investment properties;
- Cultural assets;

- Self generating and regenerating assets; and
- Intangibles.

The above classes of non current assets include certain new assets that are initially recognised using the cost basis. Such new assets will continue to be measured on the cost basis, which is deemed to equate to fair value, until the next revaluation for that asset class occurs.

Assets belonging to the above classes are progressively revalued with sufficient regularity to ensure that the carrying amount of these assets does not materially differ from fair value.

Other classes of non current assets such as items of plant and equipment are not subject to revaluation and are measured on a cost basis.

As at 30 June 2003 the Australian Valuation Office provided independent valuations using the fair value basis for a number of land, building and infrastructure assets. Parcels of land were valued on the basis of current land use. Significant building and infrastructure assets were revalued and the fair value basis applied as follows:

- | | |
|---|---|
| • Roads and bridges | - depreciated replacement cost; |
| • Public housing assets | - current market price; |
| • Remote public housing assets | - discounted cash flow of market rentals; |
| • Investment properties | - current market price; |
| • Schools and education centres | - depreciated replacement cost; |
| • Hospitals and health clinics | - depreciated replacement cost; and |
| • Police and emergency service facilities | - depreciated replacement cost. |

This valuation work was based on independent valuations undertaken by the Australian Valuation Office as at 30 June 2002 of key Territory land and building assets such as Parliament House, the Supreme Court and Government House.

Depreciation and amortisation

Items of property, plant and equipment, including buildings are depreciated/ amortised using the straight-line method over their estimated useful lives. Land and Investment Properties are not depreciated.

Amortisation applies in relation to intangible non-current assets with limited useful lives and is calculated and accounted for in a similar manner to depreciation.

Assets are depreciated or amortised from the date of acquisition or, in respect of constructed assets, from the time an asset is completed and held ready for use.

The estimated useful lives for each class of asset, are in accordance with the Treasurer's Directions and are provided as follows:

- Buildings 10-100 years
- Infrastructure assets 3-99 years
- Plant and equipment 1-99 years
- Furniture and fittings 10 years
- Computer equipment and software 3-6 years
- Cultural assets 100 years
- Intangibles 3-25 years

Assets not recognised

As disclosed in note 1(c), 2002-03 is the first year that the Treasurer's Annual Financial Statement has been prepared on an accrual basis. In this transitional year, attention was focussed on the recognition and recording of material financial information. For example, a significant amount of work has been undertaken to ensure that the Territory's land, building and infrastructure assets are completely and accurately recorded.

Certain Northern Territory Government school assets have not been included in the Financial Statements as reliable financial information was not available as at 30 June 2003. However, financial information in relation to significant school items such as land and buildings and Government grants made to schools has been included.

Financial information in relation to all works of art, museum collections and library collections has also not been included in the Financial Statements. The unique nature of many of these assets makes the determination of reliable financial information (particularly in relation to meaningful valuations) difficult.

Where material, all financial information will be incorporated into future years Financial Statements when reliable financial information is available

(m) Inventories

Under the UPF, Inventories are recorded under "Land and fixed assets". Inventories are valued at the lower of cost and net realisable value.

Work in progress is valued using absorption costing with raw materials incorporated at the average cost at time of issue, with the labour and overhead costs valued using standard costs.

(n) Intangibles

Under the UPF, Intangibles are recorded under "Land and fixed assets". Total public sector Intangibles consist largely of deferred development costs associated with a Gas Purchase Agreement to which a Government controlled entity is a party. Under this agreement, certain gas field development costs are reimbursed to the gas field developers.

The costs associated with field development are capitalised and amortised over the remaining periods of the Gas Purchase Agreement. Deferred development costs are reviewed at reporting date and where such costs are no longer considered recoverable, they are written off.

(o) Leased assets

Leases under which Government entities assume substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases

Under the UPF, finance leases are capitalised and recorded under “Land and fixed assets”. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease.

Repayments of principal reduce lease liabilities. The interest components of the lease payments are expensed.

Operating leases

Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the lease property.

(p) Self generating and regenerating assets (SGARAs)

At 1 July 2002, a \$1.4 million opening balance for SGARAs was posted to record the value of livestock held on research farms. During the reporting period a decision was made to treat this livestock as research costs under Australian Accounting Standard AAS13. This treatment better reflects the nature of the livestock as the prime purpose of buying and selling the livestock is for research purposes. The effect of this change has been the recognition of a non-cash expense of \$1.4 million to write off the opening asset balance.

The sale and purchase of fish fingerlings have continued to be treated under AAS35 as SGARAs, as the principal purpose of their production is not research and development.

(q) Accounts payable

Under the UPF, accounts payable are recorded under “Other non-equity liabilities”. Liabilities for trade creditors and other amounts are stated at the value of the consideration to be paid in the future for goods and services received, whether or not billed.

(r) Interest bearing liabilities

The Territory measures all interest-bearing liabilities at cost, and associated interest expense is recognised in the reporting period in which it occurs.

(s) Advances received

Advances received reflect loans received for policy purposes. These are primarily the original Commonwealth loans issued at Self Government.

(t) Borrowings

Borrowings represent funds raised for liquidity management purposes from: loans raised by the Commonwealth on behalf of the Territory; domestic and overseas borrowings via the Northern Territory Treasury Corporation; and overdraft facilities obtained by public non financial corporations and public financial corporations from the commercial banking sector.

(u) Employee entitlements and provisions

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, recreation leave and long service leave. Liabilities arising in respect of wages and salaries and annual leave expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

No provision has been made for sick leave, which is non-vesting, as the anticipated pattern of future sick leave to be taken indicates that sick leave taken during each reporting period is less than the entitlement accruing in that period.

A liability for long service leave is recognised based on the probability that an employee will reach 10 years of service. Once an employee reaches 10 years of service, a liability for the full amount of long service leave owing is recognised. Determination of the long service leave liability takes into consideration expected future salary and wage levels, experience of employee departures and periods of service. The non current portion of this liability is reported at net present value.

Employee benefit expenses in respect of wages and salaries, non-monetary benefits, recreation leave, sick leave and other leave entitlements, and other types of employee benefits are recognised against the GFS Net Operating Balance on a net basis in their respective categories.

The determination of current and non current provisions is based on expected future payments and takes into account history of past payments and specific factors such as future wage and salary levels.

Workers compensation liabilities comprise those under the *Work Health Act*, and COMCARE liabilities under the *Commonwealth Act*. The change in liability for the year ended 30 June 2003 is based upon an actuarial assessment of the value of outstanding claims at the end of the period and takes into account revisions to earlier years' estimates of the value of outstanding claims.

Outstanding claims liabilities associated with the Territory Insurance Office and the Nominal Insurer are based on claims reported but not yet paid, incurred but not reported claims and the expected costs associated with settlement of those claims, all of which are reported at net present value.

(v) Superannuation

Employee superannuation entitlements relating to employees who commenced on or prior to 9 August 1999 have been provided through the Northern Territory Government and Public Authorities Superannuation Scheme (NTGPASS), Commonwealth Superannuation Scheme (CSS), Northern Territory Supplementary Superannuation Scheme, Northern Territory Police Supplementary Benefit Scheme, Statutory Schemes and the Legislative Assembly Members' Superannuation Scheme.

The amount of this unfunded liability has been determined by an actuary and is reassessed every three years. The last reassessment of NTGPASS was done in 2001.

Since 10 August 1999 employees have had the option to nominate non-government schemes for their superannuation. There is no liability for these amounts.

The UPF operating statement only recognises superannuation expenses relating to liabilities incurred in the current period. Expenses relating to liabilities incurred in previous years are not recognised in the operating statement. Revisions to superannuation liabilities due to actuarial re-assessment are either amortised or treated as a revaluation.

(w) Foreign currency

Foreign currency transactions are initially translated into Australian currency at the date of the transaction. Amounts payable and receivable in foreign currencies at balance date are translated to Australian currency rates of exchange at 30 June 2003.

The Government may undertake hedging to avoid or minimise adverse financial effects of movements in exchange rates. Gains and losses arising from hedging transactions are brought to account in the financial year in which the exchange rates change, consistent with the underlying foreign financial asset or liability.

Note 27 provides additional information on foreign exchange risk.

(x) Taxation

The Government is exempt from Commonwealth taxation with the exception of the Fringe Benefits Tax and Goods and Services Tax.

Pursuant to National Competition Policy, the Government has implemented a Tax Equivalents Regime that levies the equivalent of specified taxes and local government rates on certain public sector entities. Tax equivalents transactions and balances are eliminated on consolidation.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred on a purchase of goods and services is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a net basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO.

(y) Commitments

Capital and other commitments are disclosed in accordance with the requirement of Australian Accounting Standard AAS36 Statement of Financial Position. Commitments are those contracted for as at the reporting date, where the amount of the future commitment can be measured reliably.

(z) Reporting period

The reporting period for consolidated entities is the year ended 30 June 2003 with the exception of Batchelor Institute of Indigenous Tertiary Education which operates on a calendar year reporting period. Management information, which is considered reliable, was used in respect of the Institute.

(aa) Rounding

Amounts in the financial statements and notes to the financial statements have been rounded to the nearest thousand dollars. Nil amounts are not shown.

Note 2: Taxation Revenue

| | 2002-03 Actual (Audited) | 2001-02 Actual (Unaudited) |
|---|--------------------------------|----------------------------------|
| | \$000 | \$000 |
| Taxes on employers' payroll and labour force taxes | 88 866 | 86 201 |
| Taxes on property | | |
| Stamp duties on financial and capital transactions | 49 045 | 41 249 |
| Financial institutions transaction taxes | 8 579 | 9 887 |
| Taxes on the provision of goods and services | | |
| Taxes on gambling | 37 650 | 33 964 |
| Taxes on insurance | 18 800 | 15 970 |
| Taxes on the use of goods and performance of activities | | |
| Motor vehicle registration fees | 38 402 | 36 084 |
| | 241 342 | 223 355 |

Note 3: Current Grants and Subsidies

| | 2002-03 Actual (Audited) | 2001-02 Actual (Unaudited) |
|--|--------------------------------|----------------------------------|
| | \$000 | \$000 |
| GST revenue | 1 514 502 | 1 402 014 |
| General purpose grants | 40 379 | 15 568 |
| Specific purpose grants | 235 464 | 210 912 |
| Other grants and non capital contributions | 13 328 | 50 817 |
| | 1 803 673 | 1 679 311 |

Note 4: Capital Grants

| | 2002-03 Actual (Audited) | 2001-02 Actual (Unaudited) |
|--|--------------------------------|----------------------------------|
| | \$000 | \$000 |
| General purpose capital grants | 2 739 | 179 |
| Specific purpose capital grants | 52 220 | 70 877 |
| Specific purpose grant for AustralAsia Railway Corporation | | 110 000 |
| Other Commonwealth capital contributions | 29 060 | 8 897 |
| | 84 019 | 189 953 |

Note 5: Sales of Goods and Services

| | 2002-03 Actual (Audited) | 2001-02 Actual (Unaudited) |
|----------------------------------|--------------------------------|----------------------------------|
| | \$000 | \$000 |
| Fees from regulatory services | 9 920 | 15 467 |
| Other goods and services revenue | 520 708 | 497 921 |
| | 530 628 | 513 388 |

Note 6: Other Revenue

| | 2002-03 Actual (Audited) | 2001-02 Actual (Unaudited) |
|-----------------------|--------------------------------|----------------------------------|
| | \$000 | \$000 |
| Land rent income | 3 852 | 2 309 |
| Royalty income | 38 713 | 41 529 |
| Fines revenue | 4 407 | 4 313 |
| Miscellaneous revenue | 24 321 | 20 818 |
| Donated assets | 12 106 | 9 872 |
| | 83 399 | 78 841 |

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Note 7: Employee Expenses

| | 2002-03 Actual (Audited) | 2001-02 Actual (Unaudited) |
|---|--------------------------------|----------------------------------|
| | \$000 | \$000 |
| Wages and salaries | 895 487 | 859 253 |
| Unfunded superannuation expense | 63 193 | 77 110 |
| Funded superannuation expense | 32 810 | 25 238 |
| | 991 490 | 961 601 |
| Nominal interest on unfunded superannuation (a) | 81 654 | 77 700 |
| Total employee expenses (a) | 1 073 144 | 1 039 301 |
| Total superannuation expense (b) | 177 657 | 180 048 |

(a) Nominal interest on unfunded superannuation refers to the imputed interest accrued during the period on unfunded superannuation liabilities. The imputed interest rate used was 6%. The Uniform Presentation Framework requires this line item to be separately disclosed on the face of the financial statements. This amount has been added to other employee expenses to arrive at "Total employee expenses" which represents the total expense incurred for the period relating to compensation of employees.

(b) Total superannuation expense has been calculated as the sum of unfunded superannuation expense, funded superannuation expense, and nominal interest on unfunded superannuation.

Note 8: Other Operating Expenses

| | 2002-03 Actual (Audited) | 2001-02 Actual (Unaudited) |
|---------------------------------|--------------------------------|----------------------------------|
| | \$000 | \$000 |
| Repairs and maintenance | 147 014 | 139 945 |
| Property management | 56 898 | 53 637 |
| Purchases of goods and services | 758 152 | 745 839 |
| Other operating expenses | 16 463 | 17 150 |
| | 978 527 | 956 571 |

Note 9: Current Transfers

| | 2002-03 Actual (Audited) | 2001-02 Actual (Unaudited) |
|---|--------------------------------|----------------------------------|
| | \$000 | \$000 |
| Monetary transfers to households | 9 658 | 8 235 |
| Community service obligations and other subsidies | 9 706 | 5 398 |
| General current grants | 125 605 | 144 655 |
| Current grants to race clubs | 5 439 | 18 |
| Recurrent grants to schools | 106 206 | 105 710 |
| Current grants to charities and not for profit associations | 73 208 | 65 160 |
| Current grants to regional tourism associations | 2 054 | |
| | 331 876 | 329 176 |

Note 10: Capital Transfers

| | 2002-03 Actual (Audited) | 2001-02 Actual (Unaudited) |
|---|--------------------------------|----------------------------------|
| | \$000 | \$000 |
| General capital grants | 42 546 | 42 935 |
| Capital grants to schools | 3 768 | 3 976 |
| Capital grants to charities and not for profit associations | 1 120 | 3 248 |
| Bad debts written off | 3 416 | 256 |
| Assets donated | 1 483 | 673 |
| | 52 332 | 51 087 |

Note 11: Cash and Deposits

| | 2002-03 Actual (Audited) | 2001-02 Actual (Unaudited) |
|------------------------------------|--------------------------------|----------------------------------|
| | \$000 | \$000 |
| Cash at bank | 30 079 | 26 333 |
| Cash on hand | 395 | 553 |
| Cash on call or short term deposit | 104 832 | 170 010 |
| | 135 306 | 196 897 |

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Note 12: Advances Paid ^(a)

| | 2002-03 Actual (Audited) \$000 | 2001-02 Actual (Unaudited) \$000 |
|---|---|---|
| Current | | |
| Department of Business, Industry and Resource Development (b) | 3 089 | 5 018 |
| Department of Health and Community Services | 391 | |
| Northern Territory Treasury | | 560 |
| Trade Development Zone Authority | 560 | 932 |
| Housing Business Services (d) | 2 551 | 2 442 |
| less: provision for doubtful advances | - 502 | - 1 535 |
| | 6 089 | 7 417 |
| Non current | | |
| Department of Community Development, Sport and Cultural Affairs | 20 | |
| Department of Health and Community Services | 240 | |
| Northern Territory Treasury (c) | 9 092 | 8 948 |
| Housing Business Services (d) | 171 640 | 183 981 |
| less: provision for doubtful advances | - 9 409 | - 8 805 |
| | 171 583 | 184 125 |
| Total advances paid | 177 672 | 191 542 |

(a) Advances Paid refers to loans motivated by policy considerations rather than for liquidity management purposes. The note above cannot be readily compared to Schedule 4.2 Loans and Advances published in last year's Treasurer's Annual Financial Statement, for two reasons. Under the Uniform Presentation Framework, Loans and Advances are reported separately on the face of the statements. Second, loans and advances to government-controlled entities which are external to the Public Account (for example the Territory Insurance Office) were included in last year's schedule, whereas in the context of the total public sector scope they are internal transactions and eliminated on consolidation.

(b) Advances made to private individuals under the Rural Assistance Scheme.

(c) This includes an advance to Jabiru Town Development Authority. A provision for doubtful advances has been provided for in relation to this advance.

(d) These balances comprise of the HomeStart program, which provides advances to individuals to purchase homes from the private market, and the HomeShare program, which provides advances to individuals to purchase Housing Business Services properties.

Note 13: Investments, Loans and Placements

| | 2002-03 Actual (Audited) | 2001-02 Actual (Unaudited) |
|--|--------------------------------|----------------------------------|
| | \$000 | \$000 |
| Current | | |
| Securities (a) | 307 409 | 228 556 |
| Conditions of Service Reserve investments (b) | 144 224 | 148 177 |
| Loans (c) | 14 289 | 14 920 |
| | 465 922 | 391 654 |
| Non current | | |
| Securities (a) | 292 674 | 216 930 |
| Loans (c) | 332 465 | 273 644 |
| | 625 139 | 490 574 |
| Total investments, loans and placements | 1 091 061 | 882 227 |

- (a) Cash held by the Territory Government in excess of immediate requirements is invested by the Northern Territory Treasury Corporation on behalf of the Territory Government. These investments include short term securities, fixed interest securities, asset swaps and fixed rate notes.
- (b) The Conditions of Service Reserve investments relate to funds that have been put aside to fund the Territory Government's employee related liabilities including salaries, leave entitlements, redundancy, superannuation payments and to meet similar payments. These funds are managed by three different external fund managers on behalf of the Territory Government. The value of the reserve at 31 August 2003 was estimated at \$150 million.
- (c) Current and non current loans are mainly those provided by the Territory Insurance Office as part of its normal operations. Small loans are also provided by the Northern Territory Treasury Corporation to the University, schools and local government councils and communities.

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Note 14: Other Non Equity Assets

| | 2002-03 Actual (Audited) | 2001-02 Actual (Unaudited) |
|---|--------------------------------|----------------------------------|
| | \$000 | \$000 |
| Current | | |
| Receivables (a) | 155 572 | 209 317 |
| Accrued revenue | 27 270 | 24 988 |
| Prepaid expenses (b) | 11 364 | 10 075 |
| | 194 206 | 244 381 |
| Non current | | |
| Receivables (a) | 35 922 | 83 552 |
| | 35 922 | 83 552 |
| Total other non equity assets | 230 128 | 327 932 |
| (a) Receivables comprise: | | |
| Current | | |
| Accounts receivable | 84 492 | 81 061 |
| <i>less: provision for doubtful debts</i> | <i>- 12 085</i> | <i>- 5 310</i> |
| Interest receivable | 15 308 | 66 881 |
| GST receivable | 3 352 | 14 487 |
| Accrued investment income | 590 | 1 623 |
| Other receivables | 63 916 | 50 576 |
| | 155 572 | 209 317 |
| Non current | | |
| Accounts receivable | 46 | 50 081 |
| Other | 35 876 | 33 470 |
| | 35 922 | 83 552 |
| Total receivables | 191 495 | 292 869 |
| (b) Prepaid expenses comprise: | | |
| Current | | |
| Prepaid salaries | 2 644 | 3 |
| Other prepayments | 8 720 | 10 072 |
| | 11 364 | 10 075 |

Note 15: Equity Investments

| | 2002-03 Actual (Audited) | 2001-02 Actual (Unaudited) |
|-------------|--------------------------------|----------------------------------|
| | \$000 | \$000 |
| Current | 2 002 | 1 004 |
| Non current | 18 030 | 207 |
| | 20 032 | 1 210 |

Equity investments include holdings of shares in listed enterprises plus the market value of assets less liabilities of unlisted enterprises.

Most of the non-current investment relates to a \$17.7 million investment in the Asia Pacific Transport Consortium, of which \$8.85 million was funded by an advance from the Commonwealth. Minor investments include holdings by the Northern Territory Tourism Commission in the Australian Tourism Data Warehouse and the CRC for Sustainable Tourism Pty Ltd, and an investment in QANTUM Australia CMC Pty Ltd by the Department of Business, Industry and Resource Development.

Note 16: Land and Fixed Assets

| | At valuation (a) | | Accumulated depreciation | | Written down value | |
|---|----------------------|------------------------|--------------------------|------------------------|----------------------|------------------------|
| | 2002-03 (Audited) | 2001-02 (Unaudited) | 2002-03 (Audited) | 2001-02 (Unaudited) | 2002-03 (Audited) | 2001-02 (Unaudited) |
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Land | 385 420 | 378 421 | | | 385 420 | 378 421 |
| Buildings | 3 267 544 | 3 678 834 | 855 963 | 1 266 593 | 2 411 581 | 2 412 241 |
| Infrastructure assets | 2 294 943 | 2 256 413 | 1 338 162 | 1 091 870 | 956 781 | 1 164 543 |
| Construction works in progress (c) | 624 731 | 586 353 | | | 624 731 | 586 353 |
| Plant and equipment | 1 617 686 | 1 552 410 | 727 442 | 682 271 | 890 244 | 870 139 |
| Plant and equipment under finance lease | 151 017 | 152 317 | 133 836 | 128 893 | 17 180 | 23 424 |
| Cultural assets | 1 676 | 766 | 248 | 177 | 1 427 | 589 |
| Self generating and regenerating assets | 163 | 1 562 | | | 163 | 1 562 |
| Investment properties | 33 555 | 31 965 | | | 33 555 | 31 965 |
| Intangibles (b) | 46 082 | 41 402 | 26 692 | 22 109 | 19 390 | 19 292 |
| Inventories | 17 318 | 18 930 | | | 17 318 | 18 930 |
| Total | 8 440 134 | 8 699 372 | 3 082 344 | 3 191 913 | 5 357 790 | 5 507 459 |

(a) For further information on valuation methods, refer Note 1: Statement of Significant Accounting Policies.

(b) The intangibles written down value balance consists largely of deferred development expenditure of \$18.7 million incurred by Gasgo Pty Ltd, a subsidiary of Power and Water Corporation.

(c) The full value of AustralAsia Railway Corporation (AARC) is consolidated under the general government sector. As at 30 June 2003 the financial statements of AARC showed net assets of \$429 million (\$428 million as at 30 June 2002). As at 30 June 2003 the Territory has a 57 per cent interest (\$245 million) in AARC based on the proportion of contributions made to AARC.

At 30 June 2003 AARC had financed infrastructure assets intended to form an integral part of the railway at a total cost of \$428 million. Control over the assets in question is likely to pass to the Asia Pacific Transport Consortium during 2003-04 for no consideration, although the service potential of the asset remains unchanged. Pending satisfactory completion and subsequent possible change in control over this asset, no provision for the resulting diminution in the value of the Territory's investment in AARC has been made in these financial statements.

Should the transfer occur, control of this asset will be replaced by a right to own the railway line in the future, although it may be 50 years before the asset crystallises. In the event that control over this asset occurs, it is not possible at this point, to reliably measure the value of this right.

Note 16: Land and Fixed Assets (continued)

Reconciliations

Reconciliations of the carrying amount for each class of land and fixed assets are set out below:

| | Balance at 30 June 2002 | Additions (a) | Disposals (b) | Depreciation | Revaluation Adjustments (c) | Balance at 30 June 2003 |
|---|----------------------------|------------------|------------------|----------------|-----------------------------------|----------------------------|
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Land | 378 421 | 1 807 | 8 048 | | 13 240 | 385 420 |
| Buildings (d) | 2 412 241 | 37 271 | 51 109 | 72 395 | 85 572 | 2 411 581 |
| Infrastructure assets (e) | 1 164 543 | 17 298 | 1 065 | 45 970 | - 178 024 | 956 781 |
| Construction works in progress (f) | 586 353 | 248 376 | 209 999 | | | 624 731 |
| Plant and equipment (g) | 870 139 | 134 410 | 57 455 | 65 641 | 8 791 | 890 244 |
| Plant and equipment under finance lease | 23 424 | 261 | 574 | 6 416 | 485 | 17 180 |
| Cultural assets | 589 | 1 091 | 181 | 119 | 48 | 1 427 |
| Self generating and regenerating assets | 1 562 | | 1 399 | | | 163 |
| Investment properties | 31 965 | 4 605 | 4 225 | | 1 210 | 33 555 |
| Intangibles | 19 292 | 4 681 | | 4 583 | | 19 390 |
| | 5 488 528 | 449 800 | 334 055 | 195 123 | - 68 678 | 5 340 472 |
| Add: Inventories | 18 930 | | | | | 17 318 |
| Total land and fixed assets | 5 507 459 | | | | | 5 357 790 |

- (a) Additions include the gross value of transfers in.
- (b) Disposals include the gross value of transfers out and the written down value of sales.
- (c) Revaluation adjustments include adjustments to accumulated depreciation on revaluation and accumulated depreciation associated with transfers.
- (d) Building additions include \$18 million of housing assets, \$9 million of new health assets and \$5 million of new education assets. Major disposals include those related to Housing Business Services (\$17 million) and Power and Water Corporation (\$11 million).
- (e) The value of infrastructure assets reduced during the reporting period, primarily as a result of the revaluation of Territory roads and bridges that resulted in a reassessment (reduction) of the remaining useful life of those assets.
- (f) Construction works in progress at 30 June 2003 includes the capitalisation of costs associated with:
- the Alice Springs to Darwin railway of \$430 million;
 - Power and Water Corporation electricity, water and sewerage assets (\$37 million);
 - Housing Business Services - houses under construction (\$13 million); and
 - over \$138 million of works associated with the construction of various assets managed by the Department of Infrastructure, Planning and Environment.
- (g) The increase in plant and equipment was associated with the purchase and construction of additional Power and Water Corporation assets and the purchase of new vehicles by NT Fleet and Northern Territory Police, Fire and Emergency Services.

Note 17: Deposits Held

| | 2002-03 Actual (Audited) | 2001-02 Actual (Unaudited) |
|---|--------------------------------|----------------------------------|
| | \$000 | \$000 |
| Accountable Officer's Trust Account (a) | 10 051 | 15 980 |
| Clearing money | 7 563 | 1 335 |
| Interest bearing deposits | 362 177 | 286 252 |
| | 379 791 | 303 566 |

(a) Accountable Officer's Trust Account comprises:

| | | |
|---|---------------|---------------|
| Batchelor Institute of Indigenous Tertiary Education | - 2 | - 7 |
| Centralian College | 7 | 4 |
| Department of Business, Industry and Resource Development | 2 314 | 2 338 |
| Department of Community Development, Sport and Cultural Affairs | 3 985 | 3 760 |
| Department of Corporate and Information Services | 37 | 73 |
| Department of Employment, Education and Training | 56 | 20 |
| Department of Health and Community Services | 233 | 238 |
| Department of Infrastructure, Planning and Environment | 853 | 1 817 |
| Department of Justice | 537 | 710 |
| Department of the Chief Minister | | 1 |
| Department of the Legislative Assembly | 14 | |
| Northern Territory Police, Fire and Emergency Services | 260 | 215 |
| Northern Territory Tourist Commission | | 2 474 |
| Northern Territory Treasury | 187 | 2 238 |
| NT Legal Aid Commission | 15 | 1 |
| Trade Development Zone Authority | 7 | 5 |
| Power and Water Corporation | 187 | 752 |
| Housing Business Services | 1 363 | 1 341 |
| | 10 051 | 15 980 |

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Note 18: Advances Received

| | 2002-03 Actual (Audited) | 2001-02 Actual (Unaudited) |
|---|--------------------------------|----------------------------------|
| | \$000 | \$000 |
| Current | | |
| Central Holding Authority | | 2 039 |
| Department of Business, Industry and Resource Development | 132 | 394 |
| Northern Territory Treasury | 1 335 | - 375 |
| Northern Territory Treasury Corporation | 4 865 | 4 687 |
| | 6 333 | 6 746 |
| Non current | | |
| AustralAsia Railway Corporation | 5 050 | |
| Department of the Chief Minister (a) | 8 850 | |
| Northern Territory Treasury Corporation | 288 158 | 293 023 |
| Territory Insurance Office | 292 | |
| | 302 350 | 293 023 |
| Total advances received | 308 683 | 299 769 |

(a) Refer also Note 15: Equity Investments.

Note 19: Borrowings ^(a)

| | 2002-03 Actual (Audited) | 2001-02 Actual (Unaudited) |
|-------------------------|--------------------------------|----------------------------------|
| | \$000 | \$000 |
| Current | | |
| Finance leases (b) | 1 429 | 1 640 |
| Loans | 301 949 | 400 307 |
| | 303 378 | 401 947 |
| Non current | | |
| Finance leases (b) | 168 | 1 482 |
| Securities | 10 000 | |
| Loans | 1 710 286 | 1 683 830 |
| | 1 720 454 | 1 685 311 |
| Total borrowings | 2 023 832 | 2 087 259 |

(a) Refer also Note 27: Financial Instruments.

(b) Refer also Note 23: Commitments.

Note 20: Superannuation Liabilities

| | 2002-03 Actual (Audited) \$000 | 2001-02 Actual (Unaudited) \$000 |
|---|---|---|
| Current | 88 732 | 90 000 |
| Non current | 1 349 730 | 1 279 006 |
| Total superannuation liabilities (a) | 1 438 462 | 1 369 006 |

(a) The Northern Territory Government Superannuation schemes comprise:

| | | |
|--|------------------|------------------|
| Legislative Assembly Members' Superannuation Scheme | 7 273 | 8 080 |
| Commonwealth Superannuation Scheme | 771 800 | 734 200 |
| Northern Territory Government and Public Authorities Superannuation Scheme | 474 689 | 445 826 |
| Northern Territory Supplementary Superannuation Scheme | 144 900 | 143 800 |
| Northern Territory Police Supplementary Benefit Scheme | 20 300 | 19 500 |
| Statutory Schemes * | 19 500 | 17 600 |
| | 1 438 462 | 1 369 006 |

* The Statutory Schemes comprise the superannuation liability for the Administrator and judges.

The values reported above are based on estimates of the size and timing of future benefit payments obtained through actuarial reviews conducted at three yearly intervals. The Northern Territory Government and Public Authorities Superannuation Scheme, the Northern Territory Supplementary Superannuation Scheme and the Supreme Court (Judges Pension) Scheme were reviewed at 30 June 2001. The Commonwealth Superannuation Scheme and the Northern Territory Police Supplementary Benefit Scheme were reviewed at 30 June 2000 and current reviews are in progress.

In interpreting these estimates reference should be made to the following assumptions applied by the actuary:

- (i) the projections exclude the effect of future new entrants to the Northern Territory public service and thus do not represent total Northern Territory superannuation costs;
- (ii) the imputed interest rate has been retained at 6%; and
- (iii) the accrued liability estimates are based on 3 yearly calculations and do not take account of what actually happens after the date of calculation.

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Note 21: Other Employee Entitlements and Provisions

| | 2002-03 Actual (Audited) | 2001-02 Actual (Unaudited) |
|---|--------------------------------|----------------------------------|
| | \$000 | \$000 |
| Current | | |
| Employee entitlements | | |
| Accrued salaries | 24 464 | 19 966 |
| Recreation leave | 129 126 | 123 862 |
| Long service leave | 106 155 | 107 258 |
| Provision for workers' compensation premiums | 96 | 3 |
| Workers' compensation liability (a) | 63 330 | 68 030 |
| Other provisions | | |
| Provision for current taxes | 2 054 | 1 919 |
| Provision for employer superannuation contributions | 751 | 784 |
| Provision for outstanding claims | 73 874 | 85 547 |
| Other | 530 | 2 468 |
| | 400 381 | 409 839 |
| Non current | | |
| Employee entitlements | | |
| Long service leave | 27 206 | 24 125 |
| Other provisions | | |
| Provision for outstanding claims | 272 683 | 222 226 |
| | 299 889 | 246 351 |
| Total other employee entitlements and provisions | 700 270 | 656 189 |
| (a) Workers compensation liability comprises: | | |
| Work Health Act | 52 120 | 56 430 |
| COMCARE (Commonwealth Act) | 11 210 | 11 600 |
| | 63 330 | 68 030 |

Note 22: Other Non Equity Liabilities

| | 2002-03 Actual (Audited) | 2001-02 Actual (Unaudited) |
|---|--------------------------------|----------------------------------|
| | \$000 | \$000 |
| Current | | |
| Accounts payable | 139 313 | 150 111 |
| Accrued expenses | 31 890 | 17 059 |
| Unearned revenue | 77 912 | 74 777 |
| | 249 115 | 241 947 |
| Non current | | |
| Accounts payable | 1 409 | 1 114 |
| Unearned revenue | 153 | |
| | 1 561 | 1 114 |
| Total other non equity liabilities | 250 676 | 243 061 |

Note 23: Commitments

(a) Capital expenditure commitments

Capital expenditure commitments represent contracted capital expenditure with non public sector entities additional to the amounts reported in the financial statements. These contracts are expected to require payment as follows:

| | 2002-03 (Audited) |
|---|----------------------|
| | \$000 |
| Not later than one year | 69 685 |
| Later than one year and not later than five years | |
| Later than five years | |
| Total capital expenditure commitments | 69 685 |

The largest individual capital commitment is for work on the East Arm Port facility Stage 2a. The commitment relating to this project is \$10 million which includes the design and construction of a bulk liquids terminal, the commencement of railway access and reclamation embankments, extension of the wharf and bund wall and, construction of an intermodal container terminal. The majority of other commitments relate to the Government's contracted commitments for capital works.

Comparative figures for 2001-02 were not readily available at time of publication.

(b) Operating lease commitments

Future non-cancellable operating lease commitments are payable as follows:

| | 2002-03 (Audited) |
|---|----------------------|
| | \$000 |
| Not later than one year | 2 239 |
| Later than one year and not later than five years | 1 361 |
| Later than five years | 54 |
| Total operating lease commitments | 3 654 |

Comparative figures for 2001-02 were not readily available at time of publication.

(c) Finance lease commitments

Future finance lease commitments are payable as follows:

| | 2002-03 (Audited) | 2001-02 (Unaudited) |
|--|----------------------|------------------------|
| | \$000 | \$000 |
| Not later than one year | 1 471 | 2 876 |
| Later than one year and not later than five years | 214 | 418 |
| Later than five years | | |
| Less future lease finance charge | -88 | -172 |
| Total finance lease liabilities in the financial statements | 1 597 | 3 122 |
| Represented by: | | |
| Current | 1 429 | 1 640 |
| Non current | 168 | 1 482 |
| | 1 597 | 3 122 |

(d) Other non-cancellable contract commitments

Other future commitments not provided for in the financial statements primarily represent non-cancellable purchase, lease and hire expenditure contracts expiring from 1 to 13 years. Other contracted commitments relate to grants and subsidies payable to health and education service providers and are payable as follows:

| | 2002-03 (Audited) |
|---|----------------------|
| | \$000 |
| Not later than one year | 214 641 |
| Later than one year and not later than five years | 401 628 |
| Later than five years | 344 024 |
| Total other non cancellable contract commitments | 960 292 |

Comparative figures for 2001-02 were not readily available at time of publication.

Note 24: Contingent Liabilities

In relation to the reporting of contingent liabilities, the Treasurer has determined a materiality threshold of \$5 million. Litigation matters (whether or not considered to be contingent liabilities) are not reported on the basis of the significant potential for such reporting to adversely prejudice the outcome of the litigation.

The Treasurer's Directions (Part I Section 2) state that:

- A guarantee is an undertaking to answer for the debt or obligations of another person or entity; and
- An indemnity is a written undertaking to compensate, protect or insure another person or entity against future financial loss, damage or liability.

Contingent liability returns have been furnished by all Accountable Officers in accordance with Treasurer's Direction 2.3.6.

This Note has two purposes. First, an explanation of the categories of contingent liabilities arising from Guarantees and Indemnities under the *Financial Management Act* is provided in italics for each category. Second, normal text is used to distinguish those contingent liabilities which are being reported.

Net present value amounts referred to in this note are calculated based on a discount factor of 6.5% per annum. The discount rate takes into account prevailing interest rates and is considered a sustainable average rate that can be used for the longer term unless there is a significant change in market conditions.

As at the date of the report, no transaction or event of a material nature has occurred that would crystallise the contingent liabilities reported in this note.

CONTINGENT LIABILITIES ARISING FROM GUARANTEES AND INDEMNITIES PROVIDED UNDER THE *FINANCIAL MANAGEMENT ACT* Electricity, Gas and Water Supply

These contingent liabilities result from arrangements for the purchase and transportation of gas and purchase and sale of electricity by and for the Power and Water Authority (now Corporation). Material contingent liabilities relating to these arrangements are reported below.

Power and Water Corporation has been a Government Owned Corporation (GOC) since 1 July 2002. Under the Government Owned Corporations Act, a GOC is not within the shield of the Crown and the obligations of a GOC are not guaranteed by the Territory except where the Treasurer specifically agrees to this. The following Territory commitments were given prior to the Power and Water Corporation becoming a GOC and will remain in place until the relevant contractual arrangements cease.

In previous years, contingent liabilities relating to the Government's support for the Amadeus Basin to Darwin Gas Pipeline arrangements have been reported as contingent liabilities. These contingent liabilities are no longer reported as the Government support is in respect of actual liabilities of the Power and Water Corporation. As the Power and Water Corporation is a controlled entity of the Territory Government, the actual liability is now recognised in the relevant UPF consolidated sectoral financial statements.

Electricity and Gas Supply to Pine Creek and McArthur River

The Power and Water Corporation has entered into agreements for the provision of gas and wholesale supply of electricity for the supply of power to the Pine Creek region and McArthur River Mine.

The agreement for the supply of gas contains three indemnities relating to the Power and Water Corporation supplying non-conforming gas.

The contingent liability is unquantifiable. However, a major portion of the value of the contingent liability is the cost of overhauling turbine machinery owned by the electricity producers, where damage has been caused by the provision of non-conforming gas.

Under the Power and Water Corporation's current operating practices the contingent events relating to each of the above indemnities are within the Power and Water Corporation's control and are expected to be easily avoidable. Accordingly, the prospect of these undertakings being called upon is considered to be negligible.

In relation to the electricity purchase agreements, the Territory has provided an indemnity against possible actions of the Territory in relation to the structure or operations of the Power and Water Corporation. The Territory's maximum exposure is equivalent to the net present values of lease and operating charges under the purchase agreements which amount to \$105.5 million.

The contingent events relating to the indemnities in the electricity purchase agreements are within the Territory's control and are expected to be easily avoidable. Accordingly, the prospect of these undertakings being called upon is considered to be negligible.

Transport

Contingent liabilities under the Transport category relate to indemnities and guarantees which have been provided in support of the Adelaide to Darwin Railway Project.

The AustralAsia Railway Corporation (AARC) and the Northern Territory and South Australian Governments have entered into a concession arrangement for the design, construction, operation and maintenance of the Alice Springs to Darwin Railway on a build, own, operate, transfer-back basis.

Quantifiable contingent liabilities of the Territory in relation to the project arise from commitments to provide a capped amount of equity and contingent equity, of which 50% will be provided by the Commonwealth.

The Territory has paid \$17.7 million, which represents the equity commitment in 2002-03. Half of this was met in 2002-03 through a repayable subsidy provided by the Commonwealth.

Unquantifiable contingent liabilities of the Territory in relation to the Project arise from the following:

- joint guarantee of the obligations of AARC;
- guarantee of the agreed level of Government financial contribution by the Territory;
- indemnities granted in relation to title over the railway corridor (title is considered secure but the indemnity continues);
- agreement to compensate in the case of early termination of the Project; and
- indemnities in favour of the Commonwealth for the Commonwealth's financial contribution.

The railway, when completed, will interface with the yet to be completed Stage 2 of the East Arm Port. The Darwin Port Corporation has entered into agreements with Asia Pacific Transport Pty Ltd to lease the new facilities once they are built. There are contingent liabilities which arise out of this arrangement.

For all of the events that would give rise to the liabilities, AARC and the Governments have comprehensive risk management procedures in place.

Health and Community Services

The Territory has granted a series of health related indemnities for various purposes including indemnities to specialist medical practitioners employed or undertaking work in public hospitals, indemnities provided to medical professionals requested to give expert advice on inquiries before the Medical Board and indemnities to midwives.

While the risks associated with health indemnities are potentially high, the beneficiaries of the indemnities are highly trained and qualified professionals. The indemnities generally cannot be called upon where there is wilful or gross misconduct on the part of the beneficiary.

There are no reportable contingent liabilities in this category.

Government Administration

Where the Territory has invited the participation of private sector persons and Government officers on Boards of Government owned or funded companies or corporations, the Territory grants indemnities to the Board members which covers them for any losses which may result from good faith actions. These indemnities are generally consistent with the cover available through Directors' and Officers' insurance and the policy of issuing an indemnity rather than purchasing commercial insurance is in line with the Government's self insurance arrangements.

The resulting contingent liabilities are considered low risk as Board members are professionals selected based on their expertise and knowledge. Further, the indemnities are restricted to good faith actions only. These contingent liabilities are unquantifiable.

Indemnities are granted to the Commonwealth Government and other entities involved in funding or sponsoring activities and programs initiated or undertaken by the Territory. Under the indemnities, the Government generally accepts liability for damage or losses occurring as a result of the activities or programs and acknowledges that, while the Commonwealth or another party has contributed financially or provided in-kind support, the Territory is ultimately liable for the consequences of the activity or program.

While the resulting contingent liability may, depending on the activity undertaken, not always be low risk, the Territory's financial exposure is no greater than would have been the case without funding or sponsorship assistance. These contingent liabilities are unquantifiable.

The present Government has adopted a conciliatory approach to Aboriginal native title and land rights issues. It is uncertain whether this approach would result in a similar outcome as the policy under the previous Government.

Nonetheless, neither these issues nor this approach have any implications for reportable contingent liabilities.

The Government has indemnified private sector insurers who provided workers' compensation insurance in the Territory. The indemnity covers insurers for losses which arise as a result of acts of terrorism. The resultant contingent liability is unquantifiable.

Save for the terrorism indemnity which is unquantifiable, there are no reportable contingent liabilities in this category.

Finance

The Territory financial management framework is underpinned by centralised banking arrangements. The sole provider of banking related services has been granted indemnities under the whole of banking contract. The contingent liability resulting from the indemnities is unquantifiable.

There are no reportable contingent liabilities in this category.

Property and Business Services

Agreements for leases or licences of property, plant or equipment generally contain standard indemnity provisions, similar to those commonly found in commercial leases generally, covering the lessor or licensor for any losses suffered as a result of the lease or licence arrangement. The contingent liabilities resulting from the indemnities are unquantifiable.

There are no reportable contingent liabilities in this category.

CONTINGENT LIABILITIES ARISING OUT OF OTHER LEGISLATION*Public Trustee Act*

On 30 June 2002, the indemnity contained in section 28 of the *Public Trustee Act* was repealed. It has been replaced with an indemnity under section 97(4) and a guarantee under section 97(7) of the Act.

Under section 97(4) of the *Public Trustee Act*, any liability incurred by the Public Trustee or Investment Board may be enforced against the Territory, in which case, the liability is to be met by the Treasurer.

This contingent liability is unquantifiable and the prospect of the contingent liability being called upon is considered to be low.

Under section 97(7) of the Act, Regulations may provide for guarantee of the capital in a specified common fund or guarantee a prescribed rate of return for money held as cash in a specified common fund. In this regard, Regulations guarantee the capital in the common funds and guarantee specified rates of return for money held as cash in the common funds.

This contingent liability is unquantifiable but cannot exceed the amount of investments in the common funds (\$24.8 million 2003; \$23.9 million 2002) plus any outstanding interest on the investments. The prospect of the contingent liability being called upon is considered to be low.

Territory Insurance Office Act

In previous years, contingent liabilities arising from legislation in relation to the *Territory Insurance Office Act* were separately reported. These contingent liabilities are no longer reported as the Government support is in respect of actual liabilities of the Territory Insurance Office. As this entity is a controlled entity of the Territory Government, the actual liabilities are recognised in the relevant UPF consolidated sectoral financial statements.

Note 25: Equity in Public Enterprises

Government equity in public financial and non-financial corporations is not shown in the UPF reports as it consists entirely of internal transactions which are eliminated upon consolidation.

The movements in government equity in both these sectors are shown below for information purposes. Total closing equity represents government claims on the residual value of public enterprises after the claims of all creditors have been extinguished. Dividends and other income arising from such claims are not predetermined or fixed.

| | 2002-03 Actual (Audited) | 2001-02 Actual (Unaudited) |
|---|--------------------------------|----------------------------------|
| Public Financial Corporations | | |
| | \$000 | \$000 |
| Opening capital | 33 638 | 33 638 |
| Equity injections | 76 | |
| Equity withdrawals | | |
| Equity transfers in/(out) | | |
| Closing capital | 33 714 | 33 638 |
| Asset revaluation reserve | | |
| Asset realisation reserve | | |
| Other reserves | 2 078 | 24 019 |
| Total reserves | 2 078 | 24 019 |
| Opening accumulated funds | 15 899 | 7 533 |
| Current year surplus plus transfers to reserves | 7 518 | 17 513 |
| Dividends paid/payable | - 25 645 | - 9 147 |
| Closing accumulated funds/(deficit) | - 2 228 | 15 899 |
| Total closing equity | 33 564 | 73 556 |

| | 2002-03 Actual (Audited) | 2001-02 Actual (Unaudited) |
|--|--------------------------------|----------------------------------|
| Public Non Financial Corporations | | |
| | \$000 | \$000 |
| Opening capital | 109 028 | 79 163 |
| Equity injections | 1 432 | |
| Equity transfers in/(out) | 46 231 | 29 865 |
| Closing capital | 156 691 | 109 028 |
| Asset revaluation reserve | 822 881 | 812 202 |
| Asset realisation reserve | 265 347 | 258 996 |
| Other reserves | 500 | 500 |
| Total reserves | 1 088 728 | 1 071 698 |
| Opening accumulated funds | 203 529 | 240 583 |
| Withdrawals | -60 889 | |
| Current year surplus/(deficit) | - 22 772 | - 27 654 |
| Dividends paid/payable | - 20 203 | - 9 400 |
| Closing accumulated funds | 99 665 | 203 529 |
| Total closing equity | 1 345 084 | 1 384 255 |

Note 26: Cash flow reconciliation

| 2002-03 (Audited) | Total Public Sector | General Government | Public Non Financial Corporations | Non Financial Public Sector | Public Financial Corporations |
|---|------------------------|-----------------------|---|--------------------------------|-------------------------------------|
| | \$000 | \$000 | \$000 | \$000 | \$000 |
| GFS Net Operating Balance | - 15 850 | - 923 | 14 549 | 26 611 | - 39 945 |
| Non cash movements | | | | | |
| Increase in provisions for depreciation | 195 123 | 124 597 | 69 157 | 193 754 | 1 369 |
| Increase in employee related provisions | 73 838 | 81 962 | - 2 256 | 73 412 | 459 |
| Increase in other provisions | 865 | | 33 877 | 865 | 30 176 |
| Assets acquired below fair value | - 12 106 | - 2 277 | - 9 830 | - 12 106 | |
| Assets donated | 1 483 | 534 | 949 | 1 483 | |
| Write offs and losses | 3 420 | 1 510 | 1 910 | 3 420 | |
| Change in assets and liabilities | | | | | |
| Change in inventories | 1 613 | - 108 | 1 721 | 1 613 | |
| Increase in payables and borrowings | - 5 773 | - 21 490 | - 26 754 | - 48 681 | 42 580 |
| Increase in receivables and investments | 97 289 | 19 318 | 29 281 | 66 147 | 15 730 |
| Cash flows from operating activities | 339 901 | 203 122 | 112 604 | 306 517 | 50 370 |

For the purposes of the Cash Flow Statement, cash includes cash at bank, cash on hand, and cash on call or short term deposit. A reconciliation of closing cash balances to the statement of cash flows is as below:

| | |
|---|----------------|
| Cash at beginning of year | 196 897 |
| Net increase/(decrease) in cash held as per Cash Flow Statement | - 61 591 |
| Cash at end of year | 135 306 |

This cash flow reconciliation is based on reports prepared according to the Uniform Presentation Framework. Therefore some of the reconciling items are different to those which would appear in an Australian Accounting Standard AAS31 cash reconciliation note.

A cash flow reconciliation note reconciles the Operating Statement to the total of the operating cash flows in the Cash Flow Statement. To arrive at the operating cash flows, the Operating Statement must be adjusted not only for any non-cash entries but also for any non-operating cash flows. Certain items which are normally reconciling items (due to their non-cash or non-operating nature) are not reconciling items under UPF because they are not included in the UPF Operating Statement. These items are: profit on sale of non-financial assets, profit on sale of financial assets, provisions for bad and doubtful debts, and asset revaluations.

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Note 27: Financial Instruments

Objectives of derivative financial instruments

The Northern Territory Government's two public financial corporations (namely the Northern Territory Treasury Corporation (T-Corp) and the Territory Insurance Office (TIO)) enter into derivative financial instruments in the normal course of business in order to manage exposure to interest rate and foreign exchange rate risk including:

- * interest rate swaps to mitigate the risk of rising interest rates;
- * forward start interest rate swap contracts to manage interest rate risk; and
- * cross currency swaps to manage the foreign currency risk associated with foreign currency denominated borrowings.

The Northern Territory Government does not enter into or trade in derivative financial instruments for revenue speculative purposes.

(a) Interest rate risk

Interest rate risk is the risk of financial loss and/or increased costs due to adverse movements in the values of assets and liabilities as a result of changes in interest rates. Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Government intends to hold fixed rate assets and liabilities to maturity.

Interest rate risk exposures

The Government's exposure to interest rate risk, repricing maturities and the effective interest rates on financial instruments at balance date are shown below.

| | 2002-03 | | | | | | Total \$000 |
|---|---|-------------------------------|----------------------------|--------------------------|-------------------------------|----------------------------------|------------------|
| | Weighted average interest rate % | Variable interest \$000 | 1 year or less \$000 | 1 to 5 years \$000 | More than 5 years \$000 | Non-interest bearing \$000 | |
| Financial Assets | | | | | | | |
| Cash | 4.50% | 135 306 | | | | | 135 306 |
| Receivables and Accrued Revenue | 0.00% | | | | | 218 764 | 218 764 |
| Advances | | | | | | | |
| Variable interest advances | 4.69% | 174 958 | | 1 419 | 428 | 236 | 177 041 |
| Non interest bearing advances | 0.00% | | | | | 631 | 631 |
| Total Advances | | 174 958 | | 1 419 | 428 | 867 | 177 672 |
| Securities | | | | | | | |
| Discount Securities | 4.82% | | 254 800 | | | | 254 800 |
| Unit trust investments | 0.00% | | | | | 346 078 | 346 078 |
| Floating rate notes | 0.62% | | | 96 445 | | | 96 445 |
| Fixed interest securities | 5.79% | | 19 323 | 10 000 | | 800 | 30 123 |
| Corporate Bonds | 0.00% | | 2 202 | 14 659 | | | 16 861 |
| Total Securities | | | 276 325 | 121 104 | | 346 878 | 744 307 |
| Loans Paid | | | | | | | |
| Fixed Rate Loans | | | 80 825 | 90 740 | 374 | | 171 939 |
| Floating Rate Loans | 5.19% | 146 285 | 97 | | | | 146 382 |
| Credit Foncier Loans | 0.15% | | 147 | 2 427 | 436 | | 3 010 |
| No interest risk* | 0.00% | | | | | 25 423 | 25 423 |
| Total loans | | 146 285 | 81 069 | 93 167 | 810 | 25 423 | 346 754 |
| Total financial assets | | 456 549 | 357 394 | 215 690 | 1 238 | 591 932 | 1 622 802 |
| Prepayments | | | | | | 11 364 | 11 364 |
| Equity investments | | | | | | 20 032 | 20 032 |
| Total financial assets per UPF Balance Sheet | | 456 549 | 357 394 | 215 690 | 1 238 | 623 328 | 1 654 199 |
| Financial Liabilities | | | | | | | |
| Accounts payable | | | | | | 140 722 | 140 722 |
| Deposits Held | | | | | | 379 791 | 379 791 |
| Finance lease liabilities | 7.67% | | 1 429 | 168 | | | 1 598 |
| Advances | | | | | | | |
| Variable interest | 4.67% | 1 335 | 4 997 | 20 410 | 268 040 | | 294 783 |
| No interest risk* | 0.00% | | | | | 13 900 | 13 900 |
| Total advances | | 1 335 | 4 997 | 20 410 | 268 040 | 13 900 | 308 683 |
| Borrowings | | | | | | | |
| Domestic | | | | | | | |
| Fixed interest securities | 6.78% | | 184 918 | 718 530 | 358 300 | 10 000 | 1 271 748 |
| Floating rate notes | 9.69% | | 71 550 | 304 382 | 26 509 | | 402 441 |
| No interest risk * | 0.00% | | | | | 25 000 | 25 000 |
| Commonwealth government credit foncier loans | 4.67% | | | | | | |
| International** | | | | | | | |
| Yen Loans | | | | | | | |
| Fixed interest securities | 4.51% | | 23 546 | 49 571 | | | 73 117 |
| Floating rate notes | 0.29% | | 21 935 | 65 681 | | | 87 616 |
| Medium Term Notes | | | | | | | |
| Australian dollar | 10.00% | | | 162 312 | | | 162 312 |
| Total borrowings | | | 301 949 | 1 300 476 | 384 809 | 35 000 | 2 022 234 |
| Total financial liabilities | | 1 335 | 308 375 | 1 321 055 | 652 849 | 569 413 | 2 853 027 |
| Net financial assets/(liabilities) | | 455 214 | 49 018 | - 1 105 365 | - 651 611 | 433 706 | - 1 198 828 |
| Less non financial liabilities | | | | | | | - 2 248 686 |
| Plus non financial assets | | | | | | | 5 357 790 |
| Net worth as per UPF balance sheet | | | | | | | 1 910 276 |

* The AustralAsia Railway Corporation and the Department of the Chief Minister have liabilities relating to the construction of the Adelaide to Darwin rail link. These loans do attract interest, however, no interest is payable until an equivalent amount of interest is received from the Asia Pacific Transport Consortium. As such, the Government is not exposed to interest rate risk in relation to these loans.

** Shown as translated carrying value in AUD at balance date.

Comparative figures for 2001-02 were not readily available at time of publication.

Interest rate swaps

The Government uses interest rate swaps and forward start interest rate swaps to manage interest rate risk. The interest rate swap agreements are used to convert the variable interest rate of some short and long term borrowings into fixed interest rates.

The remaining terms and notional principal amounts of the Government's outstanding interest rate and forward start interest rate swap contracts at balance date are:

| | 2002-03 (Audited) | 2001-02 (Unaudited) |
|---|----------------------|------------------------|
| Less than 3 months | | 108 858 |
| Later than 3 months but not later than 1 year | 35 000 | 10 000 |
| Later than 1 year but not later than 5 years | 347 000 | 295 000 |
| Later than 5 but not later than 10 years | 200 000 | 160 000 |
| Later than 10 years | 20 000 | 20 000 |
| Total | 602 000 | 593 858 |

(b) Foreign exchange risk

Foreign exchange risk is the risk of financial loss due to adverse movements in foreign exchange rates.

The Government's exposure to foreign exchange risk arises when certain borrowings are denominated in foreign currencies. However, the Government does not accept any foreign currency exposure, and as such, currency hedging is a part of the management of these activities.

In order to remove the currency exposure, all foreign currency borrowings are fully hedged by way of cross currency interest rate swaps at the initiation of the borrowing transaction. Cross currency interest rate swaps allow the Government to raise long-term borrowings in foreign currencies and effectively swap them into Australian dollar fixed interest rates.

By using cross currency interest rate swap contracts, the Government agrees to exchange specified principal and interest foreign currency amounts at an agreed future date at a specified exchange rate, thereby enabling the Government to mitigate the risk of adverse movements in foreign exchange rates.

The Government does not lend funds in currencies other than Australian Dollars.

(c) Credit Risk

Credit risk is the risk of financial loss and/or increased costs due to the failure of a counterparty to meet its financial obligations.

Credit risk on financial assets which have been recognised on the balance sheet is their carrying amount, net of any provision for doubtful debts.

Credit risk on interest rate swap contracts is limited to the net fair value of the contract, if a positive amount.

Government Agencies aim to ensure that their exposures to individual and group counterparties are within acceptable levels; and to minimise the likelihood that a counterparty will fail to execute their financial obligations. Risk is minimised by the fact that the Government and its Agencies undertake transactions with a large number of diverse counterparties within the Northern Territory.

Only two Government Agencies deal in derivative financial instruments. The Northern Territory Treasury Corporation's dealings in physical securities and/or derivative financial instruments are transacted only with counterparties possessing strong or extremely strong credit rating criteria as determined by Standard and Poor's Rating Group. In addition, derivative financial instruments are only transacted with counterparties that have signed an International Swaps and Derivatives Association (ISDA) Master Agreement with the Corporation. The Territory Insurance Office deals only with counterparties which are reputable financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

Note 28: Events Subsequent to Reporting Date

On the 29 September 2003 the Government approved the conversion of the Government's Self Insurance Fund deposit of \$16.5 million to equity to improve the Territory Insurance Office's capital structure. This transfer increases non financial public sector net debt by \$16.5 million in 2003-04, as the sector no longer has a financial asset being the debt to be repaid by the Territory Insurance Office (a public financial corporation outside of the non financial public sector). There will be no impact on total public sector net debt or net worth for the same period, as these transactions will eliminate on consolidation.

During the reporting period the government approved the amalgamation of Centralian College and the Northern Territory University with an expected amalgamation date of 1 January 2004. As a controlled entity, Centralian College (\$32 million net assets at 30 June 2003) is included under the general government sector for the purposes of this financial report. Following amalgamation with the Northern Territory University, Centralian College will no longer be recognised as a controlled entity and accordingly will not be consolidated in the 2003-04 TAFS. The net effect of this will be a reduction in the whole of government net assets by approximately \$32 million in 2003-04.

Note 29: Write Offs, Postponements, Waivers, Ex Gratia Payments and Gifts

| | 2002-03 | No. | 2001-02 | No. |
|--|--------------|--------------|--------------|--------------|
| | \$000 | | \$000 | |
| I. WRITE OFFS, POSTPONEMENTS AND WAIVERS UNDER THE FINANCIAL MANAGEMENT ACT | 4 745 | 1 732 | 6 069 | 6 066 |
| Amounts written off, postponed, waived by Treasurer | 3 966 | 32 | 2 325 | 48 |
| Irrecoverable money written off | 264 | 18 | 1 094 | 42 |
| Loans | 84 | 2 | 455 | 13 |
| Crimes compensation debts | 61 | 4 | 289 | 11 |
| Taxation debts | 32 | 2 | 175 | 8 |
| Employee debts | | | 21 | 5 |
| Government services debts | 87 | 10 | | |
| Other | | | 154 | 5 |
| Postponement of money owing | | | 629 | 2 |
| Government services debts | | | 449 | 1 |
| Loans | | | 180 | 1 |
| Waiver of right to receive or recover money | 3 702 | 14 | 602 | 4 |
| Loans (a) | 3 543 | 8 | 75 | 1 |
| Crimes compensation debts | | | 6 | 1 |
| Taxation debts | 110 | 5 | 513 | 1 |
| Employee debts | | | 8 | 1 |
| Government services debts | 49 | 1 | | |
| Amounts written off, postponed, waived by delegates | 779 | 1 700 | 3 744 | 6 018 |
| Irrecoverable money written off | 673 | 1 669 | 1 273 | 2 229 |
| Losses or deficiencies of money written off | 4 | 5 | 9 | 4 |
| Value of public property written off | 102 | 26 | 2 409 | 3 782 |
| Postponement of money owing | | | | |
| Waiver of right to receive or recover money | | | 53 | 3 |
| 2. GIFTS (b) | 328 | 33 | 296 | 51 |
| Office furniture | | 3 | 3 | 11 |
| Computer and other electronic equipment | 5 | 12 | 17 | 27 |
| Vehicles | 282 | 12 | 163 | 7 |
| Transportable buildings | | | 110 | 1 |
| Other | 41 | 6 | 3 | 5 |
| 3. EX GRATIA PAYMENTS | 47 | 5 | 64 | 6 |
| 4. WRITE OFFS, POSTPONEMENTS AND WAIVERS AUTHORISED UNDER OTHER LEGISLATION | 8 | 1 | 224 | 7 |

Details of write offs, postponements and waivers approved under the *Financial Management Act* are reported by agencies in their financial statements

(a) In 2002-03 the amount of \$3.5 million includes a waiver of a \$3.2 million loan made to the Northern Territory Nominal Insurer to cover unfunded worker's compensation claims following the collapse of HIH Insurance.

(b) Agency valuations at the time of gifting. Where one recipient has received more than one gift covering various categories the gift has been counted in the category which has the highest value item.

UNIFORM PRESENTATION FRAMEWORK SUPPLEMENTARY TABLES

| General Government Sector Expenses by Function | 2002-03 Actual (Audited) | 2001-02 Actual (Unaudited) |
|---|--------------------------------|----------------------------------|
| | \$000 | \$000 |
| General public services | | |
| Government superannuation benefits | 1 653 | 1 387 |
| General public services n.e.c. | 140 887 | 138 343 |
| Total General public services | 142 540 | 139 730 |
| Public order and safety | | |
| Police services | 103 468 | 98 827 |
| Fire protection services | 15 697 | 15 449 |
| Law courts and legal services | 46 267 | 44 470 |
| Juvenile corrective services | 4 755 | 4 466 |
| Prisons and other corrective services | 55 719 | 52 561 |
| Other public order and safety | 7 502 | 7 097 |
| Total Public order and safety | 233 408 | 222 870 |
| Education | | |
| Primary education | 226 112 | 213 180 |
| Secondary education | 129 210 | 123 881 |
| Primary and secondary education n.e.c. | 903 | 861 |
| Technical and further education | 69 898 | 67 824 |
| Tertiary education n.e.c. | 30 390 | 28 835 |
| Pre-school education | 15 617 | 14 895 |
| Special education | 12 187 | 11 624 |
| Other education not definable by level | 10 329 | 11 244 |
| Transportation of non-urban school students | 1 588 | 1 982 |
| Transportation of other students | 8 406 | 10 184 |
| Total Education | 504 640 | 484 510 |
| Health | | |
| Other admitted patients | 204 221 | 188 209 |
| Non-admitted patient services in acute care institutions | 39 025 | 35 956 |
| Mental health institutions | 7 333 | 6 748 |
| Community health services (excluding community mental health) | 88 073 | 81 144 |
| Community mental health | 9 952 | 9 159 |
| Patient transport | 13 620 | 12 532 |
| Public health services | 51 932 | 50 716 |
| Pharmaceuticals, medical aids and appliances | 5 761 | 5 303 |
| Other health research | 4 191 | 3 856 |
| Health administration n.e.c. | 40 081 | 36 929 |
| Total Health | 464 189 | 430 552 |

(continued)

AUDITED

General Government Sector Expenses by Function (continued)

| | 2002-03 Actual (Audited) | 2001-02 Actual (Unaudited) |
|---|--------------------------------|----------------------------------|
| | \$000 | \$000 |
| Social security and welfare | | |
| Sickness benefits | 1 195 | 1 302 |
| Family and child welfare services | 37 806 | 34 914 |
| Welfare services for the aged | 22 150 | 20 407 |
| Welfare services for people with a disability | 23 205 | 21 380 |
| Total Social security and welfare | 84 356 | 78 003 |
| Housing and community amenities | | |
| Housing | 12 604 | 11 142 |
| Aboriginal community development | 21 518 | 19 579 |
| Other community development | 2 974 | 3 712 |
| Aboriginal community water supply | 550 | 686 |
| Other water supply | 734 | 914 |
| Other sanitation and protection of the environment n.e.c. | 1 141 | 1 425 |
| Total Housing and community amenities | 39 521 | 37 458 |
| Recreation and culture | | |
| National parks and wildlife | 20 514 | 25 422 |
| Recreation facilities and services n.e.c. | 17 729 | 16 921 |
| Cultural facilities and services | 165 127 | 151 935 |
| Broadcasting and film production | 146 | 157 |
| Recreation and culture n.e.c. | 1 520 | 866 |
| Total Recreation and culture | 205 036 | 195 301 |
| Fuel and Energy | | |
| Petroleum | 7 104 | 6 211 |
| Other electricity | 39 470 | 33 539 |
| Other energy | 281 | 231 |
| Fuel and energy n.e.c. | 1 452 | 1 430 |
| Total Fuel and Energy | 48 307 | 41 411 |
| Agriculture, forestry and fishing | | |
| Agricultural land management | 7 255 | 7 873 |
| Agricultural water resources management | 2 689 | 3 357 |
| Agricultural support schemes | 726 | 715 |
| Agricultural research and extension services | 28 084 | 28 626 |
| Forestry | 102 | 125 |
| Fishing | 5 337 | 5 295 |
| Total Agriculture, forestry and fishing | 44 193 | 45 991 |
| Mining, manufacturing and construction | | |
| Mining and mineral resources other than fuels | 13 641 | 13 520 |
| Manufacturing | 2 246 | 2 072 |
| Construction | 68 731 | 85 642 |
| Total Mining, manufacturing and construction | 84 618 | 101 234 |

(continued)

General Government Sector Expenses by Function (continued)

| | 2002-03 Actual (Audited) | 2001-02 Actual (Unaudited) |
|---|--------------------------------|----------------------------------|
| | \$000 | \$000 |
| Transport and other communications | | |
| Aboriginal community road transport services | 865 | 1 079 |
| Road maintenance | 20 950 | 26 104 |
| Road rehabilitation | 2 852 | 3 557 |
| Road construction | 15 735 | 19 260 |
| Road transport n.e.c. | 7 705 | 9 540 |
| Aboriginal community water transport services | 41 | 51 |
| Urban water transport services | 862 | 1 241 |
| Non-urban water transport freight services | 41 | 49 |
| Non-urban water transport passenger services | 203 | 254 |
| Urban rail transport services | 178 | 219 |
| Non-urban rail transport freight services | 4 487 | 12 579 |
| Aboriginal community air transport services | 815 | 1 018 |
| Other air transport services | 142 | 180 |
| Other transport n.e.c. | 3 504 | 4 371 |
| Communications | 10 329 | 11 244 |
| Total Transport and other communications | 68 709 | 90 746 |
| Other economic affairs | | |
| Tourism and area promotion | 40 147 | 32 171 |
| Vocational training | 10 246 | 9 771 |
| Other labour and employment affairs | 6 580 | 6 391 |
| Other economic affairs n.e.c. | 15 120 | 16 029 |
| Total Other economic affairs | 72 093 | 64 362 |
| Other purpose | | |
| Public debt transactions | 226 003 | 229 360 |
| General purpose inter-government transactions | 126 479 | 125 981 |
| Other natural disaster relief | 3 015 | 3 763 |
| Other purposes n.e.c. | 14 736 | 15 928 |
| Total Other purpose | 370 233 | 375 032 |
| Total Operating Expenses | 2 361 843 | 2 307 200 |

AUDITED

General Government Sector Purchases of Non Financial Assets by Function

| | 2002-03 Actual (Audited) |
|--|--------------------------------|
| | \$000 |
| General public services | 3 451 |
| Public order and safety | 8 324 |
| Education | 9 580 |
| Health | 18 752 |
| Social security and welfare | 1 110 |
| Housing and community amenities | 27 249 |
| Recreation and culture | 8 391 |
| Fuel and energy | 1 200 |
| Agriculture, forestry, fishing and hunting | 1 407 |
| Mining, manufacturing and construction | 13 420 |
| Transport and communications | 129 514 |
| Other economic affairs | 1 009 |
| Other purposes | 1 044 |
| Total Purchases of Non Financial Assets | 224 451 |

Comparatives for 2001-02 are not shown as this is a new UPF reporting requirement for 2002-03.

| General Government Sector Taxes | 2002-03 (Audited) | 2001-02 (Unaudited) |
|---|----------------------|------------------------|
| | \$000 | \$000 |
| Taxes on employers' payroll and labour force taxes (a) | 93 769 | 90 066 |
| Taxes on property | | |
| Stamp duties on financial and capital transactions | 49 057 | 41 249 |
| Financial institutions transaction taxes | 8 579 | 9 887 |
| Taxes on the provision of goods and services | | |
| Taxes on gambling | 37 650 | 33 964 |
| Taxes on insurance | 18 800 | 15 970 |
| Taxes on the use of goods and performance of activities | | |
| Motor vehicle registration fees | 38 402 | 36 101 |
| Other | | |
| | 246 257 | 227 237 |

(a) Includes payroll tax of \$4.9M (\$3.8M 2002) paid by public non-financial corporations and public financial corporations to general government. This eliminates on consolidation and therefore explains the difference between the total public sector taxes reported in Note 2 of the financial statements.

Loan Council Allocation

| | 2002-03 Budget-time Estimate | 2003-04 Budget-time Estimate | Actual 2002-03 (Audited) |
|---|------------------------------------|------------------------------------|--------------------------------|
| | \$M | \$M | \$M |
| General government sector cash deficit (+)/surplus (-) | 94 | 31 | -9 |
| Public non-financial corporations sector cash deficit (+)/surplus (-) | 15 | -7 | -40 |
| Non financial public sector cash deficit (+)/surplus (-) | 109 | 24 | -49 |
| <i>minus</i> | | | |
| Net Cash Flows from Investments in Financial Assets for Policy Purposes | 7 | -31 | -14 |
| <i>plus</i> | | | |
| Memorandum Items | | | |
| 2002-03 Loan Council Allocation (a) | 102 | 55 | -35 |

- (a) The actual result for 2002-03 is -\$35 million, an improvement of \$137 million from the 02-03 Budget time estimate of \$102 million. This is outside the revised tolerance limit of \$53 million which is calculated based on the 02-03 Budget time estimate, albeit in a positive direction. Refer to the Overview for an explanation of the movements in the non financial public sector cash deficit estimates during the year, and variations between the final budget estimate and end of year outcome.

AUDITED

UNAUDITED

ADDITIONAL
FINANCIAL INFORMATION
(UNAUDITED)

UNAUDITED

UNAUDITED

ADDITIONAL FINANCIAL INFORMATION

This new section to the Treasurer's Annual Financial Report (TAFR) has been incorporated to provide financial information for agencies and government business divisions (GBDs) to supplement the whole of government and sectoral tables presented earlier in the Treasurer's Annual Financial Statement. This more disaggregated information is not required under the Uniform Presentation Framework or the *Fiscal Integrity and Transparency Act* and, accordingly, is not audited. The summary agency financial information and explanations ensure that the TAFR is a comprehensive financial report and evidence further enhancements to transparency and accountability in the Territory's financial reporting framework.

The intent of this section is to highlight changes in appropriation (representing the legal Budget) to agencies and to provide a snapshot of the key financial measures for both agencies and GBDs with significant movements during 2002-03 explained.

VARIATION TO ALLOCATIONS AUTHORISED DURING THE YEAR

Allocation is the term used in the *Financial Management Act* to describe appropriation provided for operational and capital expenditure purposes to general agencies. Appropriation is described as either Output Appropriation or Capital Appropriation respectively. Allocation to agencies for the 2002-03 financial year is specified in the 2002-03 *Supply Act* and the 2002-03 *Appropriation Act* as passed by the Territory Parliament.

During the course of any financial year situations can change which necessitate variations to Allocation. Section 20 of the *Financial Management Act* provides that the Treasurer can approve Allocation transfers within a financial year as follows:

- section 20 (1) – allows the transfer of Allocation from one agency to another agency; and
- section 20 (1A) – allows the transfer of Allocation between appropriation purposes within an agency (for example a transfer from Output Appropriation to Capital Appropriation or vice versa).

Allocation transfers can also affect Treasurer's Advance which provides a pool of funds specifically set aside in each Budget to meet operational contingencies that arise during the year.

Allocation transfers change the distribution of appropriation across agencies and the Treasurer's Advance.

Variations to Allocations recorded in the table reflect the net effect on Allocations for agencies arising from Government decisions taken during 2002-03.

SUMMARY AGENCY/GOVERNMENT BUSINESS DIVISION FINANCIAL INFORMATION

General agency information is presented in two parts – an Appropriation Summary and a Financial Summary. Government business division information is presented as a Financial Summary. As commercially focused entities, GBDs do not receive direct appropriation via Allocation and only the one summary is necessary. All schedules include explanations of significant variances.

For the Appropriation Summary the original 2002-03 Budget is compared to the final estimate with significant variances identified that reflect approved Government funding decisions. The appropriation changes in this summary align with the Variations to Allocations recorded in the earlier table.

The Financial Summary contains high level comparisons of financial performance, cash flows and financial position for each agency and GBD. Comparison is made between the final estimate and the actual result for 2002-03. Variance explanations have been provided to explain critical and material movements between the expected and actual outcome. The actual results and the overall impact of movements explained in these summaries are reflected in the whole of government financial statements.

VARIATIONS TO ALLOCATIONS AUTHORISED DURING THE YEAR

| AGENCY/Allocation | Appropriation Act | Variations actioned under the Financial Management Act | | Final Allocation |
|--|-------------------|--|---------|------------------|
| | 2002-03 | s20(1) | s20(1A) | |
| | \$000 | \$000 | \$000 | \$000 |
| AUDITOR-GENERAL'S OFFICE | 2 156 | 81 | | 2 237 |
| Output Appropriation | 2 156 | 81 | | 2 237 |
| Capital Appropriation | | | | |
| OMBUDSMAN'S OFFICE | 1 733 | 51 | | 1 784 |
| Output Appropriation | 1 733 | 51 | | 1 784 |
| Capital Appropriation | | | | |
| DEPARTMENT OF THE CHIEF MINISTER | 56 686 | 8 938 | | 65 624 |
| Output Appropriation | 31 944 | 5 065 | | 37 009 |
| Capital Appropriation | 24 742 | 3 873 | | 28 615 |
| DEPARTMENT OF THE LEGISLATIVE ASSEMBLY | 14 406 | 31 | | 14 437 |
| Output Appropriation | 14 363 | 33 | | 14 396 |
| Capital Appropriation | 43 | - 2 | | 41 |
| NORTHERN TERRITORY TREASURY | 97 313 | -2 987 | | 94 326 |
| Output Appropriation | 97 313 | -3 029 | | 94 284 |
| Capital Appropriation | | 42 | | 42 |
| DEPARTMENT OF EMPLOYMENT, EDUCATION AND TRAINING | 374 297 | 4 163 | | 378 460 |
| Output Appropriation | 374 286 | 4 174 | | 378 460 |
| Capital Appropriation | 11 | - 11 | | |
| OFFICE OF THE COMMISSIONER FOR PUBLIC EMPLOYMENT | 4 373 | - 152 | | 4 221 |
| Output Appropriation | 4 373 | - 152 | | 4 221 |
| Capital Appropriation | | | | |
| DEPARTMENT OF JUSTICE | 91 781 | 1 764 | | 93 545 |
| Output Appropriation | 91 370 | 1 663 | | 93 033 |
| Capital Appropriation | 411 | 101 | | 512 |
| DEPARTMENT OF CORPORATE AND INFORMATION SERVICES | 83 547 | -3 650 | | 79 897 |
| Output Appropriation | 83 547 | -3 650 | | 79 897 |
| Capital Appropriation | | | | |
| DEPARTMENT OF BUSINESS, INDUSTRY AND RESOURCE DEVELOPMENT | 68 324 | -1 585 | | 66 739 |
| Output Appropriation | 67 886 | -1 147 | - 547 | 66 192 |
| Capital Appropriation | 438 | - 438 | 547 | 547 |

(continued)

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VARIATIONS TO ALLOCATIONS AUTHORISED DURING THE YEAR – Continued

| AGENCY/Allocation | Appropriation Act | Variation actioned under the Financial Management Act | | Final Allocation |
|--|-------------------|---|---------|------------------|
| | 2002-03 | s20(1) | s20(1A) | |
| | \$000 | \$000 | \$000 | \$000 |
| NORTHERN TERRITORY POLICE, FIRE AND EMERGENCY SERVICES | 131 873 | -1 799 | | 130 074 |
| Output Appropriation | 124 926 | 797 | - 220 | 125 503 |
| Capital Appropriation | 6 947 | -2 596 | 220 | 4 571 |
| DEPARTMENT OF COMMUNITY DEVELOPMENT, SPORT AND CULTURAL AFFAIRS | 138 718 | 4 772 | | 143 490 |
| Output Appropriation | 138 488 | 4 857 | | 143 345 |
| Capital Appropriation | 230 | - 85 | | 145 |
| ABORIGINAL AREAS PROTECTION AUTHORITY | 2 304 | - 64 | | 2 240 |
| Output Appropriation | 2 266 | - 64 | | 2 202 |
| Capital Appropriation | 38 | | | 38 |
| DEPARTMENT OF HEALTH AND COMMUNITY SERVICES | 386 037 | 11 127 | | 397 164 |
| Output Appropriation | 377 644 | 10 278 | | 387 922 |
| Capital Appropriation | 8 393 | 849 | | 9 242 |
| DEPARTMENT OF INFRASTRUCTURE, PLANNING AND ENVIRONMENT | 322 221 | -24 322 | | 297 899 |
| Output Appropriation | 149 699 | -9 545 | | 140 154 |
| Capital Appropriation | 172 522 | -14 777 | | 157 745 |
| TRADE DEVELOPMENT ZONE AUTHORITY | 1 096 | - 21 | | 1 075 |
| Output Appropriation | 1 096 | - 21 | | 1 075 |
| Capital Appropriation | | | | |
| NORTHERN TERRITORY TOURIST COMMISSION | 28 227 | - 498 | | 27 729 |
| Output Appropriation | 27 212 | -2 231 | | 24 981 |
| Capital Appropriation | 1 015 | 1 733 | | 2 748 |
| TOTAL ALLOCATIONS TO AGENCIES | 1 805 092 | -4 151 | | 1 800 941 |

AUDITOR-GENERAL'S OFFICE

| APPROPRIATION SUMMARY | Published Budget 2002-03 | Final Estimate 2002-03 | Variance |
|---|--------------------------------|------------------------------|-----------|
| | \$000 | \$000 | \$000 |
| Output Appropriation | 2 156 | 2 237 | 81 (1) |
| Capital Appropriation | | | |
| TOTAL APPROPRIATION | 2 156 | 2 237 | 81 |
| Significant Variances | | | |
| (1) Increased audit requirement for PowerWater | | | 58 |
| Additional government business division audits | | | 43 |
| Long Service Leave expense transferred to the Central Holding Authority | | | -20 |

| FINANCIAL SUMMARY | Final Estimate 2002-03 | Actual Result 2002-03 | Variance |
|--|------------------------------|-----------------------------|----------|
| | \$000 | \$000 | \$000 |
| Statement of Financial Performance | | | |
| Operating Revenue | 2 424 | 2 562 | 138 (1) |
| Operating Expenses | 2 503 | 2 534 | 31 (2) |
| Net Operating Surplus | - 79 | 28 | 107 |
| Statement of Cash Flows | | | |
| Net Cash from Operating Activities | - 80 | 31 | 111 (3) |
| Net Cash from Investing and Financing Activities | 26 | 26 | |
| Statement of Financial Position | | | |
| Net Assets | - 96 | 12 | 108 (4) |
| Significant Variances | | | |
| (1) Property and administrative services (received free of charge) | | | 143 |
| (2) Property and administrative expenses (received free of charge) | | | 143 |
| Lower than estimated goods, services and employee expenses | | | -71 |
| (3) Net effect on cash balances related to lower than estimated goods and services payments combined with late invoices from suppliers | | | 128 |
| (4) Net operating surplus of \$28 000 compared to Budget loss of \$79 000 | | | 111 |

UNAUDITED

OMBUDSMAN'S OFFICE

APPROPRIATION SUMMARY

| | Published Budget 2002-03 | Final Estimate 2002-03 | Variance |
|----------------------------|--------------------------------|------------------------------|-----------|
| | \$000 | \$000 | \$000 |
| Output Appropriation | 1 733 | 1 784 | 51 (1) |
| Capital Appropriation | | | |
| TOTAL APPROPRIATION | 1 733 | 1 784 | 51 |

Significant Variances

| | | | |
|---|--|--|-----|
| (1) Termination costs | | | 50 |
| Funding for information technology outsourcing costs | | | 20 |
| Long Service Leave expense transferred to the Central Holding Authority | | | -19 |

FINANCIAL SUMMARY

| | Final Estimate 2002-03 | Actual Result 2002-03 | Variance |
|--|------------------------------|-----------------------------|----------|
| | \$000 | \$000 | \$000 |
| Statement of Financial Performance | | | |
| Operating Revenue | 1 812 | 1 810 | -2 |
| Operating Expenses | 1 836 | 1 854 | 18 (1) |
| Net Operating Surplus | - 24 | - 44 | -20 |
| Statement of Cash Flows | | | |
| Net Cash from Operating Activities | -297 | -257 | 40 (2) |
| Net Cash from Investing and Financing Activities | 297 | 293 | -4 |
| Statement of Financial Position | | | |
| Net Assets | -147 | -165 | -18 |

Significant Variances

| | | | |
|--|--|--|-----|
| (1) Additional employee expenses (primarily superannuation, FBT and payroll tax) | | | 36 |
| Lower than estimated goods and services expenses | | | -24 |
| (2) Net effect on cash balances related to lower than expected cash requirements as expenses in Note (1) primarily accrued | | | 38 |

DEPARTMENT OF THE CHIEF MINISTER

APPROPRIATION SUMMARY

| | Published Budget 2002-03 | Final Estimate 2002-03 | Variance |
|----------------------------|--------------------------------|------------------------------|--------------|
| | \$000 | \$000 | \$000 |
| Output Appropriation | 31 944 | 37 009 | 5 065 (1) |
| Capital Appropriation | 24 742 | 28 615 | 3 873 (2) |
| TOTAL APPROPRIATION | 56 686 | 65 624 | 8 938 |

Significant Variances

| | |
|---|--------|
| (1) Reclassification of funding from Capital Appropriation | 5 050 |
| Funding for eighth Ministerial Office | 534 |
| Long Service Leave expense transferred to the Central Holding Authority | - 379 |
| (2) Equity funding related to the railway brought forward from 2003-04 | 8 850 |
| Reclassification of funding to Output Appropriation | -5 050 |

FINANCIAL SUMMARY

| | Final Estimate 2002-03 | Actual Result 2002-03 | Variance |
|--|------------------------------|-----------------------------|-----------|
| | \$000 | \$000 | \$000 |
| Statement of Financial Performance | | | |
| Operating Revenue | 37 788 | 37 815 | 27 |
| Operating Expenses | 38 956 | 38 798 | - 158 |
| Net Operating Surplus | -1 168 | - 983 | 185 |
| Statement of Cash Flows | | | |
| Net Cash from Operating Activities | -3 825 | -2 382 | 1 443 (1) |
| Net Cash from Investing and Financing Activities | 3 020 | 5 966 | 2 946 (2) |
| Statement of Financial Position | | | |
| Net Assets | 38 150 | 38 512 | 362 |

Significant Variances

| | |
|--|-------|
| (1) Expenses accrued with payment not yet due | 1 443 |
| (2) Change in requirements for construction payments relating to the Alice Springs to Darwin railway (scheduled for completion in 2003-04) | 3 132 |

UNAUDITED

DEPARTMENT OF THE LEGISLATIVE ASSEMBLY

APPROPRIATION SUMMARY

| | Published Budget 2002-03 | Final Estimate 2002-03 | Variance |
|----------------------------|--------------------------------|------------------------------|-----------|
| | \$000 | \$000 | \$000 |
| Output Appropriation | 14 363 | 14 396 | 33 (1) |
| Capital Appropriation | 43 | 41 | - 2 |
| TOTAL APPROPRIATION | 14 406 | 14 437 | 31 |

Significant Variances

| | |
|---|------|
| (1) Increased salary and related costs for Members | 95 |
| Long Service Leave expense transferred to the Central Holding Authority | - 62 |

FINANCIAL SUMMARY

| | Final Estimate 2002-03 | Actual Result 2002-03 | Variance |
|--|------------------------------|-----------------------------|----------|
| | \$000 | \$000 | \$000 |
| Statement of Financial Performance | | | |
| Operating Revenue | 14 486 | 14 570 | 84 (1) |
| Operating Expenses | 16 212 | 16 237 | 25 (2) |
| Net Operating Surplus | -1 726 | -1 667 | 59 |
| Statement of Cash Flows | | | |
| Net Cash from Operating Activities | - 832 | - 604 | 228 (3) |
| Net Cash from Investing and Financing Activities | 714 | 707 | - 7 |
| Statement of Financial Position | | | |
| Net Assets | 134 779 | 135 004 | 225 (4) |

Significant Variances

| | |
|---|-------|
| (1) Profit on sale of photocopiers | 15 |
| Artwork not previously recognised | 68 |
| (2) Additional payroll tax and fringe benefits tax expenses | 120 |
| Realignment of depreciation | - 106 |
| (3) Decrease in cash payments due to employees accruing leave and bonuses | 106 |
| Alignment of repairs and maintenance with requirements | 71 |
| (4) Net cash implications primarily from Note (3) | 177 |
| Artwork not previously recognised | 68 |
| Additional completed minor new works | 139 |
| Increased creditors and accruals | - 166 |

NORTHERN TERRITORY TREASURY

| APPROPRIATION | Published Budget 2002-03 | Final Estimate 2002-03 | Variance |
|----------------------------|--------------------------------|------------------------------|---------------|
| | \$000 | \$000 | \$000 |
| Output Appropriation | 97 313 | 94 284 | -3 029 (1) |
| Capital Appropriation | | 42 | 42 (2) |
| TOTAL APPROPRIATION | 97 313 | 94 326 | -2 987 |

Significant Variances

| | |
|--|--------|
| (1) First Home Owner grants aligned to demand | -1 500 |
| Closure of Lotteries Fund | -1 000 |
| Fuel subsidies aligned to demand | -1 000 |
| Early payment of the Alice Springs Convention Centre grant | 711 |
| Transfer to Capital Appropriation for computer hardware purchases | -42 |
| (2) Transfer from Output Appropriation for computer hardware purchases | 42 |

| FINANCIAL SUMMARY | Final Estimate 2002-03 | Actual Result 2002-03 | Variance |
|--|------------------------------|-----------------------------|------------|
| | \$000 | \$000 | \$000 |
| Statement of Financial Performance | | | |
| Operating Revenue | 96 336 | 98 254 | 1 918 (1) |
| Operating Expenses | 97 783 | 93 541 | -4 242 (2) |
| Net Operating Surplus | -1 447 | 4 713 | 6 160 |
| Statement of Cash Flows | | | |
| Net Cash from Operating Activities | -2 442 | 7 014 | 9 456 (3) |
| Net Cash from Investing and Financing Activities | -171 678 | -175 208 | -3 530 (4) |
| Statement of Financial Position | | | |
| Net Assets | 44 896 | 49 891 | 4 995 (5) |

Significant Variances

| | |
|--|--------|
| (1) Interest received on the Self Insurance Fund | 1 786 |
| Additional revenue collected through the Community Benefit Levy | 81 |
| (2) Lower than estimated employee expenses due to difficulties in filling positions | -1 395 |
| Legal costs less than anticipated | -1 501 |
| Revised GST Administration payment in line with revised population estimate | -123 |
| Net effect of transfer to Central Holding Authority | 1 248 |
| Lower than anticipated grants and subsidies expenses, primarily Community Benefit grants, First Home Owner's grants and fuel subsidies | -2 566 |
| (3) Net effect on cash balances related to Notes (1) and (2) | 6 149 |
| Less than anticipated payments for operating expenses | 2 226 |
| Higher than estimated receipts from debt collection | 1 081 |
| (4) Movement in advances | -1 323 |
| Balance of fringe benefits tax refund transferred to Central Holding Authority | -2 052 |
| (5) Net asset implications primarily from Notes (1), (2), (3) and (4) | 4 995 |

UNAUDITED

CENTRAL HOLDING AUTHORITY

FINANCIAL SUMMARY

| | Final Estimate 2002-03 | Actual Result 2002-03 | Variance |
|---|------------------------------|-----------------------------|--------------|
| | \$000 | \$000 | \$000 |
| Statement of Financial Performance | | | |
| Operating Revenue | 2 027 471 | 2 014 345 | - 13 126 (1) |
| Operating Expenses | 1 948 376 | 1 908 258 | - 40 118 (2) |
| Net Operating Surplus | 79 095 | 106 087 | 26 992 |
| Statement of Cash Flows | | | |
| Net Cash from Operating Activities | 275 935 | 264 513 | - 11 422 (3) |
| Net Cash Used in Investing Activities | - 99 701 | - 199 239 | - 99 538 (4) |
| Net Cash from Financing Activities | - 240 575 | - 126 282 | 114 293 (5) |
| Statement of Financial Position | | | |
| Net Assets | 630 687 | 696 340 | 65 653 (6) |
| Significant Variances | | | |
| (1) Budget Balancing Assistance (BBA) revenue no longer required | | | - 17 500 |
| Additional payroll tax receivable offset by reductions in conveyance stamp duty and tax equivalent regime revenue | | | 2 500 |
| Additional GST and interest revenue | | | 4 400 |
| Reduced employer superannuation contributions revenue | | | - 2 000 |
| Reduced dividends and other minor variations | | | - 526 |
| (2) Long Service Leave cost increases, including payroll tax | | | 3 519 |
| Provision for 27th pay not required | | | - 40 000 |
| Increased cost resulting from actuarial review of superannuation (June 2003) | | | 25 400 |
| Reduced liability resulting from actuarial review of workers compensation | | | - 4 700 |
| Change in treatment for BBA (repayment expense recorded in Final Estimate eliminated to reflect revised treatment with BBA recorded as a deposit held and associated liability to repay Commonwealth, related to Notes (5) and (6)) | | | - 17 500 |
| Conditions of Service Reserve value higher than expected | | | - 10 100 |
| Interest costs higher than expected and other minor variations | | | 3 263 |
| (3) Treatment change for BBA as per Note (2) with initial Commonwealth cash receipt reclassified to Financing Activities | | | - 17 500 |
| Additional GST revenue received as per Note (1) | | | 1 900 |
| Additional interest revenue as per Note (1) and reduced interest receivable | | | 5 000 |
| Interest payments higher than expected as per Note (2) | | | - 2 100 |
| Reductions in conveyance stamp duty and tax equivalent regime receipts | | | - 4 500 |
| Reduced superannuation benefits paid and other minor variations | | | 5 778 |
| (4) Additional investments and other variations | | | - 99 538 |
| (5) Additional agency cash balances invested by Central Holding Authority | | | 97 171 |
| BBA cash receipt reclassified as deposit held in recognition that cash is not owned by the Territory and will be repaid in 2003-04 | | | 17 500 |
| (6) Additional investments, including equity | | | 149 757 |
| Additional deposit liabilities as per Note (5) | | | - 114 671 |
| Provision for 27th pay not required as per Note (2) | | | 40 000 |
| Increased superannuation liability as per Note (2) | | | - 30 100 |
| Actuarial review of workers compensation liability and other minor variations | | | 3 167 |
| Reduced payables relating to revised treatment for BBA | | | 17 500 |

NORTHERN TERRITORY TREASURY CORPORATION

FINANCIAL SUMMARY

| | Final Estimate 2002-03 | Actual Result 2002-03 | Variance |
|--|------------------------------|-----------------------------|------------|
| | \$000 | \$000 | \$000 |
| Statement of Financial Performance | | | |
| Goods and Services Revenue | 262 | 262 | |
| Interest Revenue | 191 355 | 193 052 | 1 697 (1) |
| Operating Expenses (after Income Tax) | 174 626 | 176 815 | 2 189 (2) |
| Net Operating Surplus | 16 991 | 16 499 | - 492 |
| Statement of Cash Flows | | | |
| Net Cash from Operating Activities | 24 321 | 26 165 | 1 844 (3) |
| Net Cash from Investing Activities | 20 956 | 20 929 | - 27 |
| Net Cash from Financing Activities | -33 759 | -40 287 | -6 528 (4) |
| Statement of Financial Position | | | |
| Net Assets | 33 713 | 33 714 | 1 |
| Significant Variances | | | |
| (1) Interest revenue resulting from higher than expected cash balances | | | 1 684 |
| (2) Different accounting treatment for amortisation of premiums and discounts on borrowings | | | 2 834 |
| Lower than estimated employee expenses due to difficulties in filling positions | | | - 107 |
| Lower investor costs for Territory Bonds | | | - 155 |
| Reduced losses on extinguishment of debt | | | - 172 |
| Reduced income tax expense reflecting actual operating surplus | | | - 211 |
| (3) Net cash impact of changes relating to items in Notes (1) and (2) that reflect cash transactions | | | 1 554 |
| (4) Cancellation of Northern Territory Treasury Corporation Debt Securities | | | -7 000 |
| Reduced deposits liability | | | 1 828 |
| Lower than estimated repayment of Commonwealth debt | | | -1 260 |

UNAUDITED

DEPARTMENT OF EMPLOYMENT, EDUCATION AND TRAINING

| APPROPRIATION SUMMARY | Published | Final | Variance |
|----------------------------|-------------------|---------------------|--------------|
| | Budget 2002-03 | Estimate 2002-03 | |
| | \$000 | \$000 | \$000 |
| Output Appropriation | 374 286 | 378 460 | 4 174 (1) |
| Capital Appropriation | 11 | | - 11 |
| TOTAL APPROPRIATION | 374 297 | 378 460 | 4 163 |

Significant Variances

| | |
|---|--------|
| (1) Teachers and Educators Enterprise Bargaining Agreement 2002 | 3 761 |
| Improved information technology infrastructure in schools | 3 251 |
| Revision of Commonwealth recurrent grants for Government schools | 715 |
| Long Service Leave expense transferred to the Central Holding Authority | -3 560 |
| Transfer Electrical and Safety Unit to Department of Infrastructure, Planning and Environment | - 547 |
| Funding for Future Direction for Secondary Education Review | 350 |

| FINANCIAL SUMMARY | Final | Actual | Variance |
|--|---------------------|-------------------|------------|
| | Estimate 2002-03 | Result 2002-03 | |
| | \$000 | \$000 | \$000 |
| Statement of Financial Performance | | | |
| Operating Revenue | 473 975 | 477 902 | 3 927 (1) |
| Operating Expenses | 506 932 | 513 446 | 6 514 (2) |
| Net Operating Surplus | -32 957 | -35 544 | -2 587 |
| Statement of Cash Flows | | | |
| Net Cash from Operating Activities | -30 833 | -23 735 | 7 098 (3) |
| Net Cash from Investing and Financing Activities | 28 378 | 28 364 | - 14 |
| Statement of Financial Position | | | |
| Net Assets | 594 734 | 621 690 | 26 956 (4) |

Significant Variances

| | |
|---|----------|
| (1) Net advance receipt from Commonwealth for Indigenous Education Strategic Initiatives Program (budgeted for 2003-04) | 3 776 |
| Net additional Australian National Training Authority grants | 791 |
| Commonwealth financial assistance grants for Government schools reduced | -1 400 |
| Commonwealth emergency relief funding to non-government sector | 330 |
| (2) Additional employee expenses (primarily superannuation and payroll tax) | 3 835 |
| Increased property management expenses | 1 851 |
| Reclassification of work in progress as repairs and maintenance | 1 517 |
| Loss on disposal from transfer of assets to Batchelor Institute of Indigenous Tertiary Education (BIITE) | 9 856 |
| Reduced depreciation expense | -4 170 |
| Grants expenses lower as a reflection of timing differences | -6 240 |
| (3) Cash impact of receipts in excess of budget and payments less than budgeted relating to those items in Notes (1) and (2) that reflect cash transactions | 7 098 |
| (4) Revaluation of land and building assets | 44 974 |
| Transfer of land and building assets to BIITE (written down value) | - 25 248 |
| Net increase in cash balances less increase in liabilities | 3 060 |
| Reduced accumulated depreciation | 4 170 |

CENTRALIAN COLLEGE

FINANCIAL SUMMARY

| | Final Estimate 2002-03 | Actual Result 2002-03 | Variance |
|--|------------------------------|-----------------------------|----------|
| | \$000 | \$000 | \$000 |
| Statement of Financial Performance | | | |
| Operating Revenue | 15 668 | 15 418 | -250 (1) |
| Operating Expenses | 16 190 | 16 055 | -135 (2) |
| Net Operating Surplus | -522 | -637 | -115 |
| Statement of Cash Flows | | | |
| Net Cash from Operating Activities | -594 | -555 | 39 |
| Net Cash from Investing and Financing Activities | 1 047 | 1 059 | 12 |
| Statement of Financial Position | | | |
| Net Assets | 32 020 | 31 937 | -83 |
| Significant Variances | | | |
| (1) Reduction in delivery of VET program | | | -250 |
| (2) Delayed repairs and maintenance contract | | | -102 |
| Reduced delivery of VET courses | | | -67 |

Note: In 2003-04 Centralian College is amalgamating with the Charles Darwin University and in future years will be recorded within the University's accounts

UNAUDITED

OFFICE OF THE COMMISSIONER FOR PUBLIC EMPLOYMENT

| APPROPRIATION SUMMARY | Published Budget 2002-03 | Final Estimate 2002-03 | Variance |
|---|--------------------------------|------------------------------|--------------|
| | \$000 | \$000 | \$000 |
| Output Appropriation | 4 373 | 4 221 | - 152 (1) |
| Capital Appropriation | | | |
| TOTAL APPROPRIATION | 4 373 | 4 221 | - 152 |
| Significant Variances | | | |
| (1) Funding for review of remote locality working conditions | | | 40 |
| Long Service Leave expense transferred to the Central Holding Authority | | | - 192 |

| FINANCIAL SUMMARY | Final Estimate 2002-03 | Actual Result 2002-03 | Variance |
|---|------------------------------|-----------------------------|-----------|
| | \$000 | \$000 | \$000 |
| Statement of Financial Performance | | | |
| Operating Revenue | 5 696 | 5 035 | - 661 (1) |
| Operating Expenses | 5 696 | 5 374 | - 322 (2) |
| Net Operating Surplus | | - 339 | - 339 |
| Statement of Cash Flows | | | |
| Net Cash from Operating Activities | - 611 | 62 | 673 (3) |
| Net Cash from Investing and Financing Activities | 611 | 596 | - 15 |
| Statement of Financial Position | | | |
| Net Assets | 849 | 664 | - 185 (4) |
| Significant Variances | | | |
| (1) Delivery of forecast training courses lower than anticipated | | | -660 |
| (2) Reduction in consultant costs resulting from lower demand for training programs | | | -331 |
| (3) Less than anticipated payments for operating expenses | | | 700 |
| Higher than estimated receipts from debt collection | | | 160 |
| Net cash effect of changes relating to Notes (1) and (2) | | | -187 |
| (4) Net effect on cash balances of changes related to Note (3) | | | 658 |
| Increase in payables and provisions and reduction in receivables as per Note (3) | | | - 829 |

UNAUDITED

DEPARTMENT OF JUSTICE

APPROPRIATION SUMMARY

| | Published Budget 2002-03 | Final Estimate 2002-03 | Variance |
|----------------------------|--------------------------------|------------------------------|--------------|
| | \$000 | \$000 | \$000 |
| Output Appropriation | 91 370 | 93 033 | 1 663 (1) |
| Capital Appropriation | 411 | 512 | 101 (2) |
| TOTAL APPROPRIATION | 91 781 | 93 545 | 1 764 |

Significant Variations

| | |
|---|-------|
| (1) Requirements for Crimes Victims Assistance Fund | 2 000 |
| Funding for information technology cost increases | 180 |
| Long Service Leave expense transferred to the Central Holding Authority | - 871 |
| Backdated increase in Judges and Magistrates remuneration | 119 |
| Transfer from Capital Appropriation to meet operational requirements | 134 |
| (2) Emergency generator replacement, Darwin Correctional Centre | 235 |
| Transfer to Output Appropriation to meet operational requirements | - 134 |

FINANCIAL SUMMARY

| | Final Estimate 2002-03 | Actual Result 2002-03 | Variance |
|--|------------------------------|-----------------------------|------------|
| | \$000 | \$000 | \$000 |
| Statement of Financial Performance | | | |
| Operating Revenue | 101 222 | 102 192 | 970 (1) |
| Operating Expenses | 105 237 | 107 780 | 2 543 (2) |
| Net Operating Surplus | -4 015 | -5 588 | -1 573 |
| Statement of Cash Flows | | | |
| Net Cash from Operating Activities | -8 665 | -8 747 | - 82 |
| Net Cash from Investing and Financing Activities | 8 254 | 8 201 | - 53 |
| Statement of Financial Position | | | |
| Net Assets | 114 975 | 113 503 | -1 472 (3) |

Significant Variations

| | |
|---|--------|
| (1) Cultural assets (Indigenous art) donated | 696 |
| (2) Additional employee expenses (primarily superannuation and payroll tax) | 1 653 |
| Increased operational expenses within Courts and Correctional Services | 1 256 |
| (3) Cultural assets donated | 696 |
| Increased employee provisions | -1 395 |
| Higher than anticipated payments for operational expenses, including witness and counsel fees | - 870 |

UNAUDITED

DEPARTMENT OF CORPORATE AND INFORMATION SERVICES

APPROPRIATION SUMMARY

| | Published Budget 2002-03 | Final Estimate 2002-03 | Variance |
|----------------------------|--------------------------------|------------------------------|---------------|
| | \$000 | \$000 | \$000 |
| Output Appropriation | 83 547 | 79 897 | -3 650 (1) |
| Capital Appropriation | | | |
| TOTAL APPROPRIATION | 83 547 | 79 897 | -3 650 |

Significant Variances

| | | | |
|--|--|--|--------|
| (1) Reduction in operational requirements | | | -3 000 |
| Long Service Leave expense transferred to the Central Holding Authority | | | - 700 |
| Reduction in expenses arising from outsourcing of information technology | | | - 420 |
| Additional lease costs charged by Department of Infrastructure, Planning and Environment | | | 1 150 |

FINANCIAL SUMMARY

| | Final Estimate 2002-03 | Actual Result 2002-03 | Variance |
|--|------------------------------|-----------------------------|------------|
| | \$000 | \$000 | \$000 |
| Statement of Financial Performance | | | |
| Operating Revenue | 90 766 | 93 671 | 2 905 (1) |
| Operating Expenses | 92 785 | 90 991 | -1 794 (2) |
| Net Operating Surplus | -2 019 | 2 680 | 4 699 |
| Statement of Cash Flows | | | |
| Net Cash from Operating Activities | -8 095 | -5 811 | 2 284 (3) |
| Net Cash from Investing and Financing Activities | 6 289 | 6 452 | 163 (4) |
| Statement of Financial Position | | | |
| Net Assets | 430 | 4 984 | 4 554 (5) |

Significant Variances

| | | | |
|--|--|--|-------|
| (1) Increased service usage | | | 2 577 |
| Additional Commonwealth grant revenue and other minor variations | | | 328 |
| (2) Rent reviews on leased properties less than budgeted | | | - 969 |
| Lower than anticipated expenses due to delays in projects | | | - 550 |
| Lower than estimated employee expenses due to difficulties in filling positions | | | - 275 |
| (3) Net cash impact of receipts and payments changes related to items in Notes (1) and (2) | | | 2 284 |
| (4) Clearing account funds on hand at 30 June 2003 | | | 163 |
| (5) Net effect on asset balances relating to Notes (1) and (2) | | | 4 554 |

DATA CENTRE SERVICES

FINANCIAL SUMMARY

| | Final Estimate 2002-03 | Actual Result 2002-03 | Variance |
|---|------------------------------|-----------------------------|-----------|
| | \$000 | \$000 | \$000 |
| Statement of Financial Performance | | | |
| Goods and Services Revenue | 19 085 | 18 523 | - 562 (1) |
| Community Service Obligations | | | |
| Other Revenue | 149 | 171 | 22 |
| Operating Expenses (after Income Tax) | 18 030 | 17 575 | - 455 (2) |
| Net Operating Surplus | 1 204 | 1 119 | - 85 |
| Statement of Cash Flows | | | |
| Net Cash from Operating Activities | 2 745 | 2 808 | 63 |
| Net Cash from Investing Activities | | - 131 | - 131 (3) |
| Net Cash from Financing Activities | -1 538 | -1 996 | - 458 (4) |
| Statement of Financial Position | | | |
| Net Assets | 2 404 | 2 352 | - 52 |
| Significant Variances | | | |
| (1) Reduction in customer base | | | - 562 |
| (2) Lower costs due to lower customer demand | | | - 455 |
| (3) Purchase of additional upgrades for information technology equipment | | | - 131 |
| (4) Increase in finance lease payments for computer software and hardware | | | - 447 |

UNAUDITED

GOVERNMENT PRINTING OFFICE

| FINANCIAL SUMMARY | Final Estimate 2002-03 | Actual Result 2002-03 | Variance | |
|--|------------------------------|-----------------------------|----------|-----|
| | \$000 | \$000 | \$000 | |
| Statement of Financial Performance | | | | |
| Goods and Services Revenue | 5 775 | 5 103 | -672 | (1) |
| Community Service Obligations | | | | |
| Other Revenue | 64 | 82 | 18 | |
| Operating Expenses (after Income Tax) | 5 981 | 5 386 | -595 | (2) |
| Net Operating Surplus | -142 | -201 | -59 | |
| Statement of Cash Flows | | | | |
| Net Cash from Operating Activities | -20 | -172 | -152 | (3) |
| Net Cash from Investing Activities | -600 | -240 | 360 | (4) |
| Net Cash from Financing Activities | 373 | 373 | | |
| Statement of Financial Position | | | | |
| Net Assets | 2 709 | 2 649 | -60 | |
| Significant Variances | | | | |
| (1) Lower than expected sales | | | -672 | |
| (2) Lower employee expenses resulting from unfilled positions and reduced overtime requirement | | | -222 | |
| Reduced production costs relating to reduced sales | | | -180 | |
| Depreciation lower than projected due to deferred purchase of assets | | | -70 | |
| (3) Cash changes relating to Notes (1) and (2) | | | -152 | |
| (4) Deferred purchase of assets reflecting revised business conditions | | | 350 | |

UNAUDITED

NT FLEET

FINANCIAL SUMMARY

| | Final Estimate 2002-03 | Actual Result 2002-03 | Variance |
|--|------------------------------|-----------------------------|-----------|
| | \$000 | \$000 | \$000 |
| Statement of Financial Performance | | | |
| Goods and Services Revenue | 26 526 | 26 461 | - 65 |
| Community Service Obligations | 348 | 274 | - 74 (1) |
| Other Revenue | 786 | 1 873 | 1 087 (2) |
| Operating Expenses (after Income Tax) | 23 078 | 23 893 | 815 (3) |
| Net Operating Surplus | 4 582 | 4 715 | 133 |
| Statement of Cash Flows | | | |
| Net Cash from Operating Activities | 14 486 | 14 949 | 463 (4) |
| Net Cash from Investing Activities | -10 236 | -11 133 | - 897 (5) |
| Net Cash from Financing Activities | -1 325 | -1 349 | - 24 |
| Statement of Financial Position | | | |
| Net Assets | 62 292 | 62 335 | 43 |
| Significant Variances | | | |
| (1) Lower community service obligations revenue than anticipated for gifted vehicles | | | - 74 |
| (2) Additional interest revenue on cash balances from Central Holding Authority | | | 60 |
| Higher than expected profit on disposal of vehicles | | | 998 |
| (3) Increase in repairs and maintenance expenses preparing vehicles for disposal | | | 521 |
| Depreciation higher than projected | | | 215 |
| (4) Cash changes relating to Notes (1), (2) and (3) | | | 463 |
| (5) Increased investing costs relating to increased number of vehicles bought and sold | | | - 897 |

UNAUDITED

DEPARTMENT OF BUSINESS, INDUSTRY AND RESOURCE DEVELOPMENT

| APPROPRIATION SUMMARY | Published Budget 2002-03 | Final Estimate 2002-03 | Variance |
|------------------------------|--------------------------------|------------------------------|---------------|
| | \$000 | \$000 | \$000 |
| Output Appropriation | 67 886 | 66 192 | -1 694 (1) |
| Capital Appropriation | 438 | 547 | 109 (2) |
| TOTAL APPROPRIATION | 68 324 | 66 739 | -1 585 |

Significant Variances

| | |
|---|------|
| (1) Marine Harvest Barramundi grant | -470 |
| Long Service Leave expense transferred to the Central Holding Authority | -709 |
| Transfer to Capital Appropriation to align with capital requirements | -547 |
| (2) Impact of revised treatment of asset sales and capital receipts | -438 |
| Transfer from Output Appropriation to align with capital requirements | 547 |

| FINANCIAL SUMMARY | Final Estimate 2002-03 | Actual Result 2002-03 | Variance |
|--|------------------------------|-----------------------------|------------|
| | \$000 | \$000 | \$000 |
| Statement of Financial Performance | | | |
| Operating Revenue | 80 120 | 80 414 | 294 (1) |
| Operating Expenses | 83 233 | 82 043 | -1 190 (2) |
| Net Operating Surplus | -3 113 | -1 629 | 1 484 |
| Statement of Cash Flows | | | |
| Net Cash from Operating Activities | -7 560 | -5 406 | 2 154 (3) |
| Net Cash from Investing and Financing Activities | 8 863 | 9 483 | 620 (4) |
| Statement of Financial Position | | | |
| Net Assets | 67 496 | 69 791 | 2 295 (5) |

Significant Variances

| | |
|---|--------|
| (1) Grants not received, primarily Grape Vine Rust Survey and Australian Quarantine Inspection Service and other variations | -651 |
| Additional revenue arising from fingerling sales and assets not previously recognised | 575 |
| (2) Lower expenses in externally funded projects | -2 200 |
| Self-generating and regenerating assets expenses | 1 406 |
| Realignment of depreciation | -162 |
| Lower expenses for NT funded programs | -200 |
| (3) Net cash implication of changes in grant funded projects as per Note (2) | 2 200 |
| Net cash implication of under expended NT funded programs and other variations | 200 |
| (4) Higher repayment of advances and lower purchase of assets | 647 |
| (5) Net asset implications primarily from Notes (1), (2), (3) and (4) | 2 295 |

NORTHERN TERRITORY POLICE, FIRE AND EMERGENCY SERVICES

| APPROPRIATION SUMMARY | Published Budget 2002-03 | Final Estimate 2002-03 | Variance |
|----------------------------|--------------------------------|------------------------------|---------------|
| | \$000 | \$000 | \$000 |
| Output Appropriation | 124 926 | 125 503 | 577 (1) |
| Capital Appropriation | 6 947 | 4 571 | -2 376 (2) |
| TOTAL APPROPRIATION | 131 873 | 130 074 | -1 799 |

Significant Variances

| | |
|--|--------|
| (1) Transfer to Capital Appropriation for purchase of an ocean vessel | - 220 |
| Reimbursement of legal expenses | 346 |
| Funding for advanced commencement of five additional fire services staff | 215 |
| Additional funding to meet 2002-03 operational requirements | 2 281 |
| Long Service Leave expense transferred to the Central Holding Authority | -2 127 |
| (2) Revised treatment of sale of assets to offset Capital Appropriation | -2 865 |
| Funding for counter terrorism equipment | 269 |
| Transfer from Output Appropriation for purchase of an ocean vessel | 220 |

| FINANCIAL SUMMARY | Final Estimate 2002-03 | Actual Result 2002-03 | Variance |
|--|------------------------------|-----------------------------|------------|
| | \$000 | \$000 | \$000 |
| Statement of Financial Performance | | | |
| Operating Revenue | 134 130 | 133 894 | - 236 |
| Operating Expenses | 143 426 | 141 733 | -1 693 (1) |
| Net Operating Surplus | -9 296 | -7 839 | 1 457 |
| Statement of Cash Flows | | | |
| Net Cash from Operating Activities | -22 361 | -20 727 | 1 634 (2) |
| Net Cash from Investing and Financing Activities | 19 837 | 22 191 | 2 354 (3) |
| Statement of Financial Position | | | |
| Net Assets | 107 324 | 107 413 | 89 |

Significant Variances

| | |
|---|--------|
| (1) Delay in finalisation of grant programs to communities | -2 184 |
| Higher than expected superannuation expense | 185 |
| Additional expenses related to an extraordinary investigation | 344 |
| (2) Primarily net cash changes relating to Note (1) | 1 655 |
| (3) Delay in purchase of assets | 1 200 |
| Higher proceeds from asset sales than forecast | 1 100 |

UNAUDITED

DEPARTMENT OF COMMUNITY DEVELOPMENT, SPORT AND CULTURAL AFFAIRS

| APPROPRIATION SUMMARY | Published Budget 2002-03 | Final Estimate 2002-03 | Variance |
|------------------------------|--------------------------------|------------------------------|--------------|
| | \$000 | \$000 | \$000 |
| Output Appropriation | 138 488 | 143 345 | 4 857 (1) |
| Capital Appropriation | 230 | 145 | - 85 (2) |
| TOTAL APPROPRIATION | 138 718 | 143 490 | 4 772 |

Significant Variances

| | |
|---|-------|
| (1) Repairs and maintenance of aviation and barge facilities transferred from the Department of Infrastructure, Planning and Environment (DIPE) | 2 158 |
| Funding for NT Water Safety Plan initiatives | 1 265 |
| Capital grant to PowerWater for Indigenous essential services | 1 180 |
| Transfer from Capital Appropriation to align with requirements | 100 |
| (2) Transfer to Output Appropriation to align with requirements | - 100 |

| FINANCIAL SUMMARY | Final Estimate 2002-03 | Actual Result 2002-03 | Variance |
|--|------------------------------|-----------------------------|------------|
| | \$000 | \$000 | \$000 |
| Statement of Financial Performance | | | |
| Operating Revenue | 214 619 | 215 153 | 534 (1) |
| Operating Expenses | 218 245 | 212 909 | -5 336 (2) |
| Net Operating Surplus | -3 626 | 2 244 | 5 870 |
| Statement of Cash Flows | | | |
| Net Cash from Operating Activities | -4 295 | 2 178 | 6 473 (3) |
| Net Cash from Investing and Financing Activities | 3 276 | 3 480 | 204 (4) |
| Statement of Financial Position | | | |
| Net Assets | 104 997 | 104 641 | - 356 (5) |

Significant Variances

| | |
|--|--------|
| (1) Commonwealth funding for the Aboriginal Interpreter Service program | 180 |
| Contributions from ATSIC and DIPE for fluoridation project | 260 |
| (2) Timing issues associated with various grant commitments | -1 862 |
| Repairs and maintenance project delays | - 636 |
| Cancellation of Arafura Games | - 800 |
| Delays in various corporate system upgrades and training | - 527 |
| Externally funded arts related projects | - 415 |
| Delay in Water Safety Awareness program and various Commonwealth funded projects | -1 096 |
| (3) Net cash effect of changes in Notes (1) and (2) | 5 870 |
| Delayed reimbursement to Northern Territory Tourist Commission for Arafura voucher incentive | 520 |
| (4) Monies deposited to the Accountable Officer's Trust Account | 225 |
| (5) Reduced cash requirement reflecting changes in Note (3) | 6 676 |
| Lower than estimated asset transfers due to incompleteness of works, including basketball courts project | -6 226 |

HOUSING BUSINESS SERVICES

FINANCIAL SUMMARY

| | Final Estimate 2002-03 | Actual Result 2002-03 | Variance |
|---|------------------------------|-----------------------------|------------|
| | \$000 | \$000 | \$000 |
| Statement of Financial Performance | | | |
| Goods and Services Revenue | 38 231 | 38 991 | 760 (1) |
| Community Service Obligations | 33 571 | 33 587 | 16 |
| Other Revenue | 13 785 | 13 599 | - 186 |
| Operating Expenses (after Income Tax) | 95 391 | 99 273 | 3 882 (2) |
| Net Operating Surplus | -9 804 | -13 096 | -3 292 |
| Statement of Cash Flows | | | |
| Net Cash from Operating Activities | 8 161 | 8 373 | 212 (3) |
| Net Cash from Investing Activities | -13 443 | 3 283 | 16 726 (4) |
| Net Cash from Financing Activities | -4 842 | -4 842 | |
| Statement of Financial Position | | | |
| Net Assets | 691 758 | 708 419 | 16 661 (5) |

Significant Variances

| | |
|--|--------|
| (1) Rent increase due to construction of new and replacement dwellings | 760 |
| (2) Realignment of depreciation expense | 3 959 |
| (3) Lower than expected grants payments | 126 |
| (4) Receipts from repayment of advances higher than projected | 4 904 |
| Receipts from sale of shared equity housing investments higher than budgeted | 4 286 |
| Proceeds from asset sales | 2 624 |
| Underexpenditure in capital works | 1 900 |
| Lower than budgeted provision of new loans | 1 037 |
| Purchase of shared equity housing investments less than budgeted | 1 500 |
| (5) Increase in net assets mainly attributed to accumulation in cash reflecting implications of Note (4) | 16 661 |

UNAUDITED

ABORIGINAL AREAS PROTECTION AUTHORITY

| APPROPRIATION SUMMARY | Published Budget 2002-03 | Final Estimate 2002-03 | Variance |
|----------------------------|--------------------------------|------------------------------|-------------|
| | \$000 | \$000 | \$000 |
| Output Appropriation | 2 266 | 2 202 | - 64 (1) |
| Capital Appropriation | 38 | 38 | |
| TOTAL APPROPRIATION | 2 304 | 2 240 | - 64 |

Significant Variances

| | |
|---|-----|
| (1) Long Service Leave expense transferred to the Central Holding Authority | -64 |
|---|-----|

| FINANCIAL SUMMARY | Final Estimate 2002-03 | Actual Result 2002-03 | Variance |
|--|------------------------------|-----------------------------|----------|
| | \$000 | \$000 | \$000 |
| Statement of Financial Performance | | | |
| Operating Revenue | 2 532 | 2 572 | 40 (1) |
| Operating Expenses | 2 553 | 2 514 | - 39 (2) |
| Net Operating Surplus | - 21 | 58 | 79 |
| Statement of Cash Flows | | | |
| Net Cash from Operating Activities | - 185 | - 53 | 132 (3) |
| Net Cash from Investing and Financing Activities | 185 | 200 | 15 |
| Statement of Financial Position | | | |
| Net Assets | - 15 | 65 | 80 (4) |

Significant Variances

| | |
|--|-----|
| (1) Grant from the Australian Institute of Aboriginal and Torres Strait Islander Studies | 41 |
| (2) Lower than estimated employee expenses due to difficulties in filling positions | -98 |
| Additional accrued expenses | 72 |
| (3) Net cash changes relating to Notes (1) and (2) | 139 |
| (4) Asset changes relating to Note (3) | 132 |
| Increase in provisions | -44 |

DEPARTMENT OF HEALTH AND COMMUNITY SERVICES

APPROPRIATION SUMMARY

| | Published Budget 2002-03 | Final Estimate 2002-03 | Variance |
|----------------------------|--------------------------------|------------------------------|---------------|
| | \$000 | \$000 | \$000 |
| Output Appropriation | 377 644 | 387 922 | 10 278 (1) |
| Capital Appropriation | 8 393 | 9 242 | 849 (2) |
| TOTAL APPROPRIATION | 386 037 | 397 164 | 11 127 |

Significant Variances

| | |
|--|--------|
| (1) Additional resources primarily to meet growth in demand | 15 000 |
| Transfer to Capital Appropriation for the Tennant Creek Child Care Centre | -1 124 |
| Long Service Leave expense transferred to the Central Holding Authority | -2 832 |
| (2) Transfer from Output Appropriation for the Tennant Creek Child Care Centre | 1 124 |
| Fit-out of Darwin Dental Clinic and Royal Darwin Hospital redevelopment | - 275 |

FINANCIAL SUMMARY

| | Final Estimate 2002-03 | Actual Result 2002-03 | Variance |
|--|------------------------------|-----------------------------|-------------|
| | \$000 | \$000 | \$000 |
| Statement of Financial Performance | | | |
| Operating Revenue | 526 537 | 525 351 | -1 186 (1) |
| Operating Expenses | 546 800 | 544 515 | -2 285 (2) |
| Net Operating Surplus | -20 263 | -19 164 | 1 099 |
| Statement of Cash Flows | | | |
| Net Cash from Operating Activities | -25 300 | -21 135 | 4 165 (3) |
| Net Cash from Investing and Financing Activities | 21 408 | 24 123 | 2 715 (4) |
| Statement of Financial Position | | | |
| Net Assets | 377 047 | 356 153 | -20 894 (5) |

Significant Variances

| | |
|---|---------|
| (1) Delay in reimbursement of costs associated with Bali Bombing | -1 300 |
| Delayed Commonwealth revenues, primarily Home and Community Care | -1 400 |
| Additional revenue related to various programs, including Chronic Diseases | 1 514 |
| (2) Additional expenses related to growth, primarily Acute Care Services | 4 215 |
| Timing differences for Commonwealth funded projects expenses | -7 100 |
| Additional legal expenses | 3 100 |
| Realigned depreciation expenses and repairs and maintenance program | -2 500 |
| (3) Primarily cash implications of receipts and payments related to items in Notes (1) and (2) and collection of prior year revenues | 4 165 |
| (4) Outstanding payments for capital replacement program due to timing issues | 2 800 |
| (5) Correction of duplicated asset register records - Alice Springs Hospital | -35 800 |
| Revaluation of assets | 12 000 |

UNAUDITED

DEPARTMENT OF INFRASTRUCTURE, PLANNING AND ENVIRONMENT

APPROPRIATION SUMMARY

| | Published Budget 2002-03 | Final Estimate 2002-03 | Variance |
|----------------------------|--------------------------------|------------------------------|----------------|
| | \$000 | \$000 | \$000 |
| Output Appropriation | 149 699 | 140 154 | -9 545 (1) |
| Capital Appropriation | 172 522 | 157 745 | -14 777 (2) |
| TOTAL APPROPRIATION | 322 221 | 297 899 | -24 322 |

Significant Variances

| | |
|--|---------|
| (1) Revised projections for repairs and maintenance program | -5 000 |
| Repairs and maintenance program for aviation and barge facilities transferred to the Department of Community Development, Sport and Cultural Affairs | -2 158 |
| Realignment of Commonwealth funding to Capital Appropriation | -1 858 |
| Long Service Leave expense transferred to the Central Holding Authority | -1 308 |
| Transfer of Electrical Safety and Licensing Unit from the Department of Employment, Education and Training | 547 |
| Additional rental revenue and other minor variations | 232 |
| (2) Transfer of Capital Works cash to 2003-04 | -10 000 |
| Treatment change of land sales to offset Capital Appropriation requirement | -5 000 |
| Indigenous essential services Capital Works Program changes | -1 180 |
| Realignment of Commonwealth funding from Output Appropriation | 1 858 |

FINANCIAL SUMMARY

| | Final Estimate 2002-03 | Actual Result 2002-03 | Variance |
|--|------------------------------|-----------------------------|--------------|
| | \$000 | \$000 | \$000 |
| Statement of Financial Performance | | | |
| Operating Revenue | 188 281 | 195 390 | 7 109 (1) |
| Operating Expenses | 243 706 | 482 847 | 239 141 (2) |
| Net Operating Surplus | -55 425 | -287 457 | -232 032 |
| Statement of Cash Flows | | | |
| Net Cash from Operating Activities | -16 057 | -11 885 | 4 172 (3) |
| Net Cash from Investing and Financing Activities | 10 421 | 23 851 | 13 430 (4) |
| Statement of Financial Position | | | |
| Net Assets | 1 592 599 | 1 396 737 | -195 862 (5) |

Significant Variances

| | |
|---|----------|
| (1) Commonwealth funding for Conservation and National Resources projects | 3 300 |
| Increase in recoverable works revenue | 3 800 |
| Profit on sale of land offset by other variations | - 491 |
| (2) Revaluation of roads | 187 209 |
| Correction of duplicated asset register records | 51 840 |
| (3) Commonwealth funding for Conservation and National Resources as per Note (1) | 3 300 |
| Balance of recoverable works funds not spent as per Note (1) | 1 399 |
| Timing of GST payments not recovered and other minor variations | - 527 |
| (4) Lower than anticipated Capital Works Program expenditure (agency managed component) | 5 000 |
| Increase in deposits for Conservation and National Resources per Note (1) | 3 189 |
| Reduction in other asset purchases (increased land disposals, property, plant and equipment offset by other equipment purchases) and other variations | 3 044 |
| Lower than anticipated land acquisitions | 2 197 |
| (5) Assets revalued and written-down as per Note (2) | -238 900 |
| Net value of Capital Works (in progress) | 24 000 |
| Net asset changes relative to Notes (3) and (4) | 17 603 |

DARWIN BUS SERVICE

FINANCIAL SUMMARY

| | Final Estimate 2002-03 | Actual Result 2002-03 | Variance |
|--|------------------------------|-----------------------------|----------|
| | \$000 | \$000 | \$000 |
| Statement of Financial Performance | | | |
| Goods and Services Revenue | 5 972 | 6 090 | 118 (1) |
| Community Service Obligations | | | |
| Other Revenue | 213 | 349 | 136 (2) |
| Operating Expenses (after Income Tax) | 6 013 | 6 032 | 19 |
| Net Operating Surplus | 172 | 407 | 235 |
| Statement of Cash Flows | | | |
| Net Cash from Operating Activities | 449 | 799 | 350 (3) |
| Net Cash from Investing Activities | - 115 | - 8 | 107 (4) |
| Net Cash from Financing Activities | 173 | 172 | - 1 |
| Statement of Financial Position | | | |
| Net Assets | 8 534 | 8 651 | 117 (5) |
| Significant Variances | | | |
| (1) Service level agreement revenue higher than estimated | | | 118 |
| (2) Revenue from Commonwealth's diesel fuel rebate scheme higher than projected | | | 81 |
| (3) Reduction in payments to employees due to unfilled positions | | | 350 |
| (4) Capital program to install security cameras and associated equipment on buses deferred | | | 125 |
| (5) Higher cash balance reflecting changes in Notes (3) and (4) | | | 457 |
| Increase in provisions for income tax and dividends | | | -217 |

UNAUDITED

CONSTRUCTION DIVISION

FINANCIAL SUMMARY

| | Final Estimate 2002-03 | Actual Result 2002-03 | Variance |
|--|------------------------------|-----------------------------|------------|
| | \$000 | \$000 | \$000 |
| Statement of Financial Performance | | | |
| Goods and Services Revenue | 33 733 | 32 191 | -1 542 (1) |
| Community Service Obligations | | | |
| Other Revenue | 120 | 20 | - 100 (2) |
| Operating Expenses (after Income Tax) | 32 591 | 31 232 | -1 359 (3) |
| Net Operating Surplus | 1 262 | 979 | - 283 |
| Statement of Cash Flows | | | |
| Net Cash from Operating Activities | 1 937 | 3 295 | 1 358 (4) |
| Net Cash from Investing Activities | - 10 | - 15 | - 5 |
| Net Cash from Financing Activities | 16 | 1 | - 15 |
| Statement of Financial Position | | | |
| Net Assets | 1 564 | 1 406 | - 158 (5) |
| Significant Variances | | | |
| (1) Project management fees less than anticipated due to reduced infrastructure expenditure | | | -1 542 |
| (2) Interest received on cash balances less than budgeted | | | - 110 |
| (3) Alignment of employee expenses to business conditions | | | -1 283 |
| (4) Reduced cash requirements reflecting changes in Note (3) | | | 1 451 |
| (5) Lower receivable balances consistent with reduced revenue billed for project management fees | | | -1 158 |
| Decrease in projected income tax payable | | | 541 |
| Higher than expected provisions | | | -70 |
| Increase in cash balances | | | 1 338 |
| Higher payables due to timing issues | | | - 749 |
| Lower than expected purchases of assets | | | -31 |
| Lower than expected prepayments | | | -29 |

UNAUDITED

TRADE DEVELOPMENT ZONE AUTHORITY

APPROPRIATION SUMMARY

| | Published Budget 2002-03 | Final Estimate 2002-03 | Variance |
|----------------------------|--------------------------------|------------------------------|-------------|
| | \$000 | \$000 | \$000 |
| Output Appropriation | 1 096 | 1 075 | - 21 (1) |
| Capital Appropriation | | | |
| TOTAL APPROPRIATION | 1 096 | 1 075 | - 21 |

Significant Variances

| | | | |
|---|--|--|-----|
| (1) Long Service Leave expense transferred to the Central Holding Authority | | | -21 |
|---|--|--|-----|

FINANCIAL SUMMARY

| | Final Estimate 2002-03 | Actual Result 2002-03 | Variance |
|--|------------------------------|-----------------------------|-----------|
| | \$000 | \$000 | \$000 |
| Statement of Financial Performance | | | |
| Operating Revenue | 1 245 | 1 329 | 84 (1) |
| Operating Expenses | 1 293 | 1 164 | - 129 (2) |
| Net Operating Surplus | - 48 | 165 | 213 |
| Statement of Cash Flows | | | |
| Net Cash from Operating Activities | - 45 | 202 | 247 (3) |
| Net Cash from Investing and Financing Activities | 45 | 1 036 | 991 (4) |
| Statement of Financial Position | | | |
| Net Assets | 7 247 | 7 461 | 214 (5) |

Significant Variances

| | | | |
|---|--|--|-------|
| (1) Additional rental receipts | | | 24 |
| Profit on sale of assets not budgeted | | | 54 |
| (2) Lower than anticipated employee expenses due to difficulties in filling positions | | | -89 |
| Administrative costs savings | | | -156 |
| Write-down of opening balance of assets | | | 112 |
| (3) Net cash effect of Notes (1) and (2) | | | 217 |
| (4) Unbudgeted land sale | | | 550 |
| Higher than estimated receipts from repayments of advances | | | 370 |
| Deposits received that were not budgeted | | | 70 |
| (5) Net impact on cash of Notes (3) and (4) | | | 1 238 |
| Primarily effect on assets as per Note (4) | | | -979 |

UNAUDITED

DARWIN PORT CORPORATION

FINANCIAL SUMMARY

| | Final Estimate 2002-03 | Actual Result 2002-03 | Variance |
|--|------------------------------|-----------------------------|------------|
| | \$000 | \$000 | \$000 |
| Statement of Financial Performance | | | |
| Goods and Services Revenue | 12 577 | 11 740 | - 837 (1) |
| Community Service Obligations | 7 015 | 6 844 | - 171 (2) |
| Other Revenue | 1 561 | - 640 | -2 201 (3) |
| Operating Expenses (after Income Tax) | 58 230 | 61 199 | 2 969 (4) |
| Net Operating Surplus | -37 077 | - 43 255 | - 6 178 |
| Statement of Cash Flows | | | |
| Net Cash from Operating Activities | 3,167 | 3,226 | 59 |
| Net Cash from Investing Activities | -2 671 | -1 522 | 1 149 (5) |
| Net Cash from Financing Activities | | | |
| Statement of Financial Position | | | |
| Net Assets | 17 132 | 17 685 | 553 (6) |
| Significant Variances | | | |
| (1) Lower than expected operating activity | | | -1 796 |
| Reclassification between Goods and Services Revenue and Other Revenue (Note (3) refers) | | | 959 |
| (2) Costs relating to East Arm Wharf community service obligations (CSO) less than expected | | | - 171 |
| (3) Increased hire revenue and increased cost recovery | | | 80 |
| Reclassification between Goods and Services Revenue and Other Revenue (Note (1) refers) | | | -959 |
| Unexpected loss due to write-down of assets | | | -1 322 |
| (4) Future income tax benefit due to operating loss | | | - 1 768 |
| Employee expenses lower than estimated | | | - 551 |
| Repairs and maintenance expenses reduced | | | -2 633 |
| Increased purchases of goods and services | | | 3 390 |
| Asset revaluation expense | | | 4 574 |
| (5) Lower than expected purchase of assets and minor new works | | | 900 |
| (6) Implications of Notes (1), (3), (4) and (5) | | | - 727 |
| Higher than expected CSO receivable due to timing issues | | | 1 186 |

UNAUDITED

TERRITORY WILDLIFE PARKS

FINANCIAL SUMMARY

| | Final Estimate 2002-03 | Actual Result 2002-03 | Variance |
|--|------------------------------|-----------------------------|------------|
| | \$000 | \$000 | \$000 |
| Statement of Financial Performance | | | |
| Goods and Services Revenue | 2 000 | 1 780 | - 220 (1) |
| Community Service Obligations | 8 526 | 8 526 | |
| Other Revenue | 15 | 91 | 76 (2) |
| Operating Expenses (after Income Tax) | 11 086 | 11 397 | 311 (3) |
| Net Operating Surplus | - 545 | -1 000 | - 455 |
| Statement of Cash Flows | | | |
| Net Cash from Operating Activities | 681 | 1 583 | 902 (4) |
| Net Cash from Investing Activities | - 269 | - 33 | 236 (5) |
| Net Cash from Financing Activities | - 842 | 207 | 1 049 (6) |
| Statement of Financial Position | | | |
| Net Assets | 18 870 | 36 031 | 17 161 (7) |
| Significant Variances | | | |
| (1) 5.7% drop in visitor numbers | | | - 220 |
| (2) Higher than budgeted interest revenue on cash balance | | | 71 |
| (3) Increase in asset expenses as a result of revaluation of assets in 2002-03 | | | 851 |
| Unanticipated repairs and maintenance for aquarium | | | 375 |
| Reduced expenses to offset downturn in visitors | | | - 892 |
| (4) Costs contained to offset implications of Note (1) and reflecting expenses not yet paid | | | 883 |
| (5) Capital purchases deferred to 2003-04 | | | 236 |
| (6) Repayment of equity to the Central Holding Authority deferred to 2003-04 | | | 1 111 |
| (7) Asset revaluation during the year and additional assets recorded | | | 15 304 |
| Increase in cash balances reflecting implications of Notes (4) to (6) offset by increases in payables and provisions | | | 1 853 |

UNAUDITED

NORTHERN TERRITORY TOURIST COMMISSION

APPROPRIATION SUMMARY

| | Published Budget 2002-03 | Final Estimate 2002-03 | Variance |
|----------------------------|--------------------------------|------------------------------|--------------|
| | \$000 | \$000 | \$000 |
| Output Appropriation | 27 212 | 24 981 | -2 231 (1) |
| Capital Appropriation | 1 015 | 2 748 | 1 733 (2) |
| TOTAL APPROPRIATION | 28 227 | 27 729 | - 498 |

Significant Variances

| | |
|--|--------|
| (1) Transfer of international marketing funds to 2003-04 | - 500 |
| Transfer from Capital Appropriation to align with operational requirements | 120 |
| Transfer of the NT Holiday Centre function to Territory Discoveries | -1 734 |
| Long Service Leave expense transferred to the Central Holding Authority | - 117 |
| (2) Equity injection to Territory Discoveries through Tourist Commission | 1 814 |
| Transfer to Output Appropriation to align with operational requirements | - 120 |

FINANCIAL SUMMARY

| | Final Estimate 2002-03 | Actual Result 2002-03 | Variance |
|--|------------------------------|-----------------------------|------------|
| | \$000 | \$000 | \$000 |
| Statement of Financial Performance | | | |
| Operating Revenue | 26 015 | 27 935 | 1 920 (1) |
| Operating Expenses | 26 058 | 33 574 | 7 516 (2) |
| Net Operating Surplus | - 43 | -5 639 | -5 596 |
| Statement of Cash Flows | | | |
| Net Cash from Operating Activities | - 461 | -1 529 | -1 068 (3) |
| Net Cash from Investing and Financing Activities | 411 | - 2 044 | -2 455 (4) |
| Statement of Financial Position | | | |
| Net Assets | 5 309 | - 238 | -5 547 (5) |

Significant Variances

| | |
|---|--------|
| (1) Goods received free of charge | 1 327 |
| Revenue for Arafura Initiative transferred from Department of Community Development, Sports and Cultural Affairs | 520 |
| (2) Expenses for goods received free of charge and Arafura Initiative as per Note (1) | 1 847 |
| Additional marketing expenses | 800 |
| Diminution of assets due to revaluation of Territory Discoveries | 4 785 |
| (3) Net cash implications of the Arafura Initiative | - 520 |
| Goods and Services Tax payment timing | - 547 |
| (4) Transfer of NT Holiday Centre to Territory Discoveries | -2 494 |
| (5) Revaluation of assets upon transfer to Territory Discoveries | -4 785 |
| Reclassification of liabilities | -748 |

UNAUDITED

TERRITORY DISCOVERIES

FINANCIAL SUMMARY

| | Final Estimate 2002-03 | Actual Result 2002-03 | Variance |
|---|------------------------------|-----------------------------|------------|
| | \$000 | \$000 | \$000 |
| Statement of Financial Performance | | | |
| Goods and Services Revenue | 2 355 | 2 362 | 7 |
| Community Service Obligations | 805 | 805 | |
| Other Revenue | | 61 | 61 |
| Operating Expenses (after Income Tax) | 6 009 | 4 962 | -1 047 (1) |
| Net Operating Surplus | -2 849 | -1 734 | 1 115 |
| Statement of Cash Flows | | | |
| Net Cash from Operating Activities | -2 809 | 2 989 | 5 798 (2) |
| Net Cash from Investing Activities | | | |
| Net Cash from Financing Activities | 2 668 | 2 652 | - 16 |
| Statement of Financial Position | | | |
| Net Assets | - 104 | 892 | 996 (3) |
| Significant Variances | | | |
| (1) Operating costs reduced reflecting increased efficiencies | | | -1 047 |
| (2) Recognition of Trust Account cash | | | 5 798 |
| (3) Increase in cash, receivables and payables from bringing to account Trust Account | | | 996 |

UNAUDITED

UNAUDITED

APPENDIX A : RECONCILIATION OF GFS NET OPERATING BALANCE WITH GAAP OPERATING RESULT

| | Total Public Sector | General Government | Public Non Financial Corporations | Non Financial Public Sector | Public Financial Corporations |
|--|------------------------|-----------------------|---|--------------------------------|-------------------------------------|
| | \$000 | \$000 | \$000 | \$000 | \$000 |
| GFS Net Operating Balance | - 15 850 | - 923 | 14 549 | 26 611 | - 39 945 |
| Add capitalised interest | | | | | |
| Less doubtful debts expense | - 452 | 649 | - 1 102 | - 452 | |
| Add Gain/Loss on financial assets (derivatives) | | | | | |
| Add Gains/Losses on financial assets (securities marked to market) | - 3 524 | - 3 537 | | - 3 537 | 13 |
| Add Gains/Losses on non financial assets (a) | - 307 120 | - 248 937 | - 58 327 | - 307 265 | 145 |
| Add dividends paid/payable | | | 20 203 | | 25 645 |
| Net Operating Result as per generally accepted accounting principles (GAAP) | - 326 946 | - 252 747 | - 24 677 | - 284 643 | - 14 142 |

(a) Includes:

- downward revaluation of roads and bridge infrastructure - \$194 million;
- write off of duplicated asset register records - \$52 million;
- downward revaluation of East Arm Port - \$43 million;
- write down of Power and Water Corporation assets in remote communities - \$12 million; and
- loss on disposal of land and buildings transferred to Batchelor Institute of Indigenous Tertiary Education - \$10 million.

APPENDIX B: CLASSIFICATION OF ENTITIES IN THE NORTHERN TERRITORY PUBLIC SECTOR

TOTAL PUBLIC SECTOR

NON-FINANCIAL PUBLIC SECTOR

GENERAL GOVERNMENT

Aboriginal Areas Protection Authority
 Auditor-General's Office
 AustralAsia Railway Corporation
 Batchelor Institute of Indigenous Tertiary Education#
 Central Holding Authority
 Centralian College
 Construction Division*
 Data Centre Services* (formally Information Technology Management Services)
 Department of Business, Industry and Resource Development
 Department of Community Development, Sport and Cultural Affairs
 Department of Corporate and Information Services
 Department of Employment, Education and Training
 Department of Health and Community Services
 Department of Infrastructure, Planning and Environment
 Department of Justice
 Department of the Chief Minister
 Department of the Legislative Assembly
 Government Printing Office*
 Nominal Insurer's Fund#
 Northern Territory Legal Aid Commission#
 Northern Territory Police, Fire and Emergency Services
 Northern Territory Tourist Commission
 Northern Territory Treasury
 NT Fleet*
 NT Major Events Company Pty Ltd#
 Office of the Commissioner for Public Employment
 Ombudsman's Office
 Territory Discoveries*
 Territory Motor Sports Limited#
 Territory Wildlife Parks*
 Trade Development Zone Authority (as of 1 July 2003, Land Development Corporation)

PUBLIC NON-FINANCIAL CORPORATIONS (PUBLIC TRADING ENTERPRISES)

Darnor Pty Ltd#
 Darwin Bus Service*
 Darwin Port Corporation*
 Gasgo Pty Ltd#
 Housing Business Services*
 Power and Water Corporation***

PUBLIC FINANCIAL CORPORATIONS (PUBLIC FINANCIAL ENTERPRISES)

Northern Territory Treasury Corporation*
 Territory Insurance Office

*Government Business Divisions

**Incorporated as a Government Owned Corporation from 1 July 2002

#Not an Agency for the purpose of the *Financial Management Act*

GLOSSARY

| | |
|-------------------------------------|---|
| ACCOUNTABLE OFFICER'S TRUST ACCOUNT | Established under section 7(1) of the <i>Financial Management Act</i> to enable Agencies to hold money in trust for another person or entity. Transactions in these Accounts are excluded from the Public Account |
| ACCOUNTS PAYABLE | Refers to the value of short and long-term trade debt and accounts payable; interest payable; and prepayments received. |
| ACCOUNTS RECEIVABLE | Refers to the value of short and long-term trade credit and accounts receivable; interest receivable; and prepayments made. |
| ACCRUAL ACCOUNTING | A recording method in which revenues, expenses, lending and borrowing are recognised as they are earned or incurred regardless of when a cash payment is made or received. |
| ADMINISTRATIVE ARRANGEMENTS ORDER | A list of Ministers of the Territory, Agencies, Acts and principal areas of government for which they are responsible. |
| ADVANCES | Amounts paid or received for policy purposes rather than for liquidity management purposes. |
| AGENCY | A unit of government administration, or office or statutory corporation, nominated in an <i>Administrative Arrangements Order</i> for the purposes of the <i>Financial Management Act</i> and includes, where the case requires, a part or division (by whatever name called) of an Agency. |
| ALLOCATION | An amount authorised to be paid from the Central Holding Authority pursuant to an <i>Appropriation Act</i> or an amount required by any other Act to be provided from the public moneys of the Territory, and includes any variation in that amount authorised in accordance with the <i>Financial Management Act</i> or any other Act. |
| APPROPRIATION | An authority given by the Legislative Assembly to make payments, now or at some future point in time, for the purposes stated, up to the limit of the amount in the particular Act. |
| APPROPRIATION ACT | Includes a <i>Supply Act</i> and an annual <i>Appropriation Act</i> or an additional <i>Appropriation Act</i> , which authorises an Allocation to a Purpose. |
| AUSTRALIAN ACCOUNTING STANDARDS | Statements of accounting standards which can be applied in the preparation and presentation of financial statements. |
| CASH ACCOUNTING | A recording method in which transactions are recognised when cash payments are made or received. |
| CASH SURPLUS/DEFICIT | The Government Finance Statistics cash surplus or deficit, reported in the cash flow statement. This measure is conceptually similar to the old cash-based measure in that it measures the net impact of cash flows during the period. However, due to methodical differences in an accrual accounting framework, the surplus/deficit in the cash flow statement is not directly comparable with the deficit measure obtained under the cash UPF. |

| | |
|---|---|
| CENTRAL HOLDING AUTHORITY | Created by section 5 of the <i>Financial Management Act</i> , the Central Holding Authority is a representation of the revenue, expenses, assets and liabilities of the Territory. Credited to this account is all money received by or on behalf of the Territory or an Agency except that required or permitted by or under the <i>Financial Management Act</i> or any other Act to be credited to an Operating Account or to an Accountable Officer's Trust Account. |
| CONTINGENT LIABILITY | A potential financial obligation arising out of a condition, situation, guarantee or indemnity, the ultimate effect of which will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events. |
| DOUBTFUL DEBT | A debt which is treated as a possible future loss and for which a provision has been made. |
| FINANCE LEASE | Lease agreements that transfer substantially all the risks and benefits relating to ownership of an asset from the lessor (legal owner) to the lessee (party using the asset). |
| GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) | Term used to describe broadly the body of principles that governs the accounting for financial transactions underlying the preparation of a set of financial statements. |
| GENERAL GOVERNMENT | Defined in Government Finance Statistics as an entity or group of entities which are mainly engaged in the production of goods and/or services outside the normal market mechanism. Goods and services are provided free of charge or at nominal charges well below costs of production. |
| GOOD AND SERVICES TAX (GST) REVENUE | From 1 st July 2000, the Commonwealth Government introduced the Goods and Services Tax (GST). Revenue payments from the Commonwealth returns the GST Revenue to the States and Territories, replacing the previous General Purpose Grants. |
| GOVERNMENT FINANCE STATISTICS | Refers to statistics that measure the financial transactions of governments and reflect the impact of those transactions on other sectors of the economy. Government Finance Statistics in Australia are developed by the Australian Bureau of Statistics in conjunction with all governments and are mainly based on international statistical standards developed, in consultation with member countries, by the International Monetary Fund. |
| GOVERNMENT PURPOSE CLASSIFICATION | Classifies outlays or expenditure transactions by the purpose served (eg health, education). |
| GUARANTEE | An undertaking to answer for the debt or obligations of another person or entity. |
| INDEMNITY | A written undertaking to compensate, protect or insure another person or entity against future financial loss, damage or liability. |
| INVENTORIES | Includes goods or other property used in the production of goods or services, or held for sale, but does not include stationery stocks, and livestock and other regenerative natural resources. |

| | |
|-----------------------------|--|
| LOAN COUNCIL | The Australian Loan Council coordinates borrowing by Federal and State Governments. Current arrangements seek to emphasise transparency of public sector finances, through financial market scrutiny of proposed borrowing to restrict borrowing to prudent levels. |
| LOAN COUNCIL ALLOCATION | The nomination to the Loan Council of the level of financing required. |
| NET FINANCIAL WORTH | Net financial worth measures a government's net holdings of financial assets. It is calculated from the UPF balance sheet as financial assets minus liabilities. Net financial worth is a broader measure than net debt, in that it incorporates provisions (such as superannuation, but excludes depreciation and doubtful debts) as well as holdings of equity. Net financial worth includes all classes of financial assets and liabilities. |
| NET LENDING/BORROWING | Net lending/borrowing also referred to as the Fiscal balances, is an operating statement measure that differs from the operating balance in that it includes spending on capital items but excludes depreciation. The net lending/borrowing measure more accurately reflects the cash requirements of a government in any given year. A net lending (or fiscal surplus) balance indicates that a government is saving more than enough to finance all of its investment spending. A net borrowing (or fiscal deficit) position indicates that a government's level of investment is greater than its level of savings. |
| NET WORTH | The UPF net worth measure provides a relatively comprehensive picture of a government's overall financial position. It is calculated as total assets less total liabilities less shares and other contributed capital. It includes a government's non-financial assets such as land, other fixed assets etc, which may be sold and used to repay debt, as well as its financial assets and liabilities including debtors, creditors and superannuation liabilities. Net worth also shows asset acquisitions over time, giving an indication of the extent to which borrowings are used to finance asset purchases, rather than only current expenditure. |
| NON-FINANCIAL PUBLIC SECTOR | Defined in Government Finance Statistics as the Sector formed through a consolidation of the general government and public non-financial corporation sub-sectors. |
| OPERATING ACCOUNT | A Government Business Division Operating Account or an Agency Operating Account established under section 6(1) of the <i>Financial Management Act</i> . |
| PROVISIONS | Amounts set aside by entities from current revenue or income for future payments. |
| PUBLIC ACCOUNT | Comprises Agencies subject to FMA, where the financial transactions of the Northern Territory Government are recorded. As defined in section 4(2) of the <i>Financial Management Act</i> , it comprises the Central Holding Authority and Operating Accounts. |

| | |
|--------------------------------------|--|
| PUBLIC FINANCIAL CORPORATION | Defined in Government Finance Statistics as government controlled entities which perform central bank functions, and/or have the authority to incur liabilities and acquire financial assets in the market on their own account. |
| PUBLIC NON-FINANCIAL CORPORATION | Defined in Government Finance Statistics as a public enterprise primarily engaged in the production of goods or services of a non-financial nature, for sale in the market place, at prices which aim to recover most of the costs involved. |
| SYSTEM OF NATIONAL ACCOUNTS (1993) | An international statistical framework relating to the whole of an economy with government activities as a component. It is designed to measure production, income and outlays, consumption, capital accumulation and financing of capital accumulation. |
| TREASURER'S ADVANCE | An Allocation of that name (as specified in an <i>Appropriation Act</i>). |
| UNIFORM PRESENTATION FRAMEWORK (UPF) | A uniform reporting framework agreed by the Australian Loan Council in 2000, which is a revision of the agreement reached at the 1991 Premiers' Conference. It specifies that the Commonwealth Government and State and Territory Governments will present a minimum set of budget and financial outcome information on the Government Finance Statistics basis according to an agreed format and specified Loan Council reporting arrangements. |

