



NORTHERN TERRITORY

2017-18



Treasurer's Annual Financial Report

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TREASURER'S ANNUAL FINANCIAL REPORT

for the year ended 30 June 2018

The Treasurer's Annual Financial Report for 2017-18 has been prepared to provide an informative, comprehensive and clear report of the Northern 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.

NICOLE MANISON

11 OCT 2018



# 2017-18 Treasurer's Annual Financial Report

The financial statements and supplementary tables presented in the 2017-18 Treasurer's Annual Financial Report (TAFR) have been prepared in accordance with Australian Accounting Standards.

Uniform Presentation Framework (UPF) financial statements (Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, and Cash Flow Statement) have been provided for each sector. These sectors are: general government; public non financial corporations; non financial public sector; public financial corporations; and total public sector. TAFR is presented in two sections: one audited and the other unaudited. The overview presented in this report predominantly details variations in the non financial public sector since the 2017-18 Budget and presents the government's fiscal strategy outcomes.

## Audited section

TAFR complies with the Australian Accounting Standards, in particular AASB 1049 Whole of Government and General Government Sector Financial Reporting, and the UPF, and is consistent with the requirements of the *Fiscal Integrity and Transparency Act* and *Financial Management Act*.

The audited section of TAFR includes financial statements by sector with notes provided for the general government sector and the total public sector.

Comparative data is provided for 2016-17 in both the financial statements and notes to the financial statements.

## Unaudited section

The unaudited section includes a summary table outlining appropriation changes through the year, by agency. Following this is an explanation of significant variations in appropriation for each agency.

The section also provides additional tables required by the UPF relating to: taxes, grant revenue, grant expense, dividend and income tax equivalents, and purchases of non financial assets for the general government sector.

Explanations regarding significant variations between the original budget and actual results for both operating revenue and expenses are disclosed in agency financial statements in agency annual reports.



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# Ministerial portfolio arrangements

This schedule of ministerial portfolio arrangements details the ministerial responsibilities for individual areas of government as at 30 June 2018 (drawn from the Administrative Arrangements Order of 26 June 2018).

## Ministerial portfolio arrangements as at 30 June 2018

Minister	Portfolio
The Hon M P F Gunner, MLA	Chief Minister
	Minister for Northern Australia
	Minister for Trade and Major Projects
	Minister for Treaty
	Minister for Children
The Hon N S Manison, MLA	Treasurer
	Minister for Police, Fire and Emergency Services
	Minister for Business and Innovation
The Hon N K Fyles, MLA	Attorney-General and Minister for Justice
	Minister for Health
The Hon G F McCarthy, MLA	Minister for Housing and Community Development
	Minister for Public Employment
The Hon K E Vowles, MLA	Minister for Primary Industry and Resources
	Minister for Aboriginal Affairs
	Minister for Arafura Games
The Hon L J Moss, MLA	Minister for Tourism and Culture
	Minister for Corporate and Information Services
The Hon E D Lawler, MLA	Minister for Environment and Natural Resources
	Minister for Infrastructure, Planning and Logistics
The Hon D S Wakefield, MLA	Minister for Territory Families
	Minister for Renewables and Essential Services
The Hon S J M Uibo	Minister for Education
	Minister for Training

Since the reporting date, amendments to the Administrative Arrangements Order were made. This schedule of ministerial portfolio arrangements gazetted on 13 August 2018 details the ministerial responsibilities for individual areas of government.

## Ministerial portfolio arrangements as at 13 August 2018

Minister	Portfolio
The Hon M P F Gunner, MLA	Chief Minister
	Minister for Northern Australia
	Minister for Trade and Major Projects
	Minister for Treaty
	Minister for Children
The Hon N S Manison, MLA	Treasurer
	Minister for Police, Fire and Emergency Services
	Minister for Business and Innovation
The Hon N K Fyles, MLA	Attorney-General and Minister for Justice
	Minister for Health
The Hon G F McCarthy, MLA	Minister for Housing and Community Development
	Minister for Public Employment
The Hon K E Vowles, MLA	Minister for Primary Industry and Resources
	Minister for Aboriginal Affairs
	Minister for Arafura Games
The Hon L J Moss, MLA	Minister for Tourism and Culture
	Minister for Corporate and Information Services
The Hon E D Lawler, MLA	Minister for Environment and Natural Resources
	Minister for Infrastructure, Planning and Logistics
The Hon D S Wakefield, MLA	Minister for Territory Families
	Minister for Renewables and Essential Services
The Hon S J M Uibo	Minister for Education
	Minister for Workforce Training

# Overview

The Treasurer's Annual Financial Report (TAFR) presents the Territory's financial results for 2017-18 as required by the *Fiscal Integrity and Transparency Act* (FITA). TAFR also satisfies reporting requirements as specified by accounting standards to include explanations of major variances between actual end of year amounts as presented in the financial statements and the corresponding original budget amounts. Accordingly, the analysis in this chapter predominantly provides an assessment of the 2017-18 outcome compared to the 2017-18 Budget.

The non financial public sector final outcome for 2017-18 is a fiscal deficit of \$790 million, a \$522 million improvement when compared to the 2017-18 Budget.

Although the 2017-18 fiscal outcome improved compared to the 2017-18 Budget, the outcome worsened by \$242 million compared to 2016-17, reflecting the reduction in the Territory's largest revenue source, the GST, combined with the continued increase in demand for government services.

The key factors contributing to the improved fiscal balance outcome since the 2017-18 Budget are:

- lower than anticipated capital spending reflecting revised timing of projects (\$432 million)
- increases in taxation and royalty revenue, primarily related to additional mining royalties and payroll tax (\$180 million), partially offset by
- new funding decisions including funding for increased demand for government services (\$125 million).

Net debt and net debt to revenue ratios similarly improved since the 2017-18 Budget as a result of the flow-on effect of the improved 2017-18 fiscal outcome.

Table 1 sets out the key fiscal outcomes for the general government and non financial public sectors in 2017-18 compared to 2016-17, the original 2017-18 Budget and the estimated 2017-18 Budget as at May 2018 (referred to as 2017-18 Estimate).

The key fiscal aggregates of the final outcome of the 2017-18 Budget (referred to as the 2017-18 Outcome) are:

- a general government net operating deficit of \$375 million
- a non financial public sector fiscal balance deficit of \$790 million
- net debt for the non financial public sector of \$3008 million with a net debt to revenue ratio of 46 per cent.

Table 1: Key fiscal aggregates

	2016-17 Outcome	2017-18 Budget	2017-18 Estimate	2017-18 Outcome	Variation on Budget
	\$M	\$M	\$M	\$M	\$M
Net operating balance – GGS	- 77	- 503	- 541	- 375	128
Fiscal balance – NFPS	- 548	- 1 312	- 984	- 790	522
Net debt – NFPS	2 271	3 604	3 313	3 008	- 596
Net debt to revenue – NFPS (%)	35	58	51	46	- 12

GGS: general government sector; NFPS: non financial public sector

## Operating statement aggregates

Table 2: Operating statement aggregates

	2016-17 Outcome	2017-18 Budget	2017-18 Estimate	2017-18 Outcome	Variation on Budget
	\$M	\$M	\$M	\$M	\$M
Net operating balance – GGS	- 77	- 503	- 541	- 375	128
Fiscal balance – NFPS	- 548	- 1 312	- 984	- 790	522

GGS: general government sector; NFPS: non financial public sector

### Net operating balance

As shown in Table 2, the 2017-18 general government sector net operating balance was a deficit of \$375 million, a \$128 million improvement when compared to the 2017-18 Budget. This is primarily due to:

- increases in taxation and royalty revenue, largely related to additional mining royalties and payroll tax (\$180 million)
- an improvement to interest revenue due to greater than anticipated interest received on investments (\$61 million)
- additional GST revenue of \$36 million due to national GST collections greater than anticipated, partially offset by
- \$116 million in net new recurrent funding decisions
- additional depreciation, a non-cash expense of \$44 million.

### Fiscal balance

The general government sector excludes public non financial corporations such as the Power and Water Corporation, Jacana Energy and Territory Generation. The fiscal balance measure is assessed at the non financial public sector level to ensure the financial performance of these entities are reflected in the government's fiscal targets. The fiscal balance is a more complete measure of a jurisdiction's financial performance as it takes into account net capital spending.

As shown in Table 2, the fiscal balance in 2017-18 is a deficit of \$790 million, a \$522 million improvement from the 2017-18 Budget and to a lesser extent from the 2017-18 Estimate.

The improvement in the fiscal balance incorporates the flow-on effect of the improved general government operating balance together with the revised timing of capital expenditure from 2017-18 to 2018-19 and forward years.

### Policy and non-policy changes since 2017-18 Budget

Table 3 summarises the effect of policy and non-policy changes on the non financial public sector's fiscal balance since the 2017-18 Budget. Policy variations are the result of government decisions to implement new or expanded agency programs, savings and efficiency measures. Non-policy variations are due to influences outside of the government's control, such as the timing of receipts from the Commonwealth or changes in economic parameters.

Table 3: Non financial public sector fiscal balance – policy and non-policy variations

	Fiscal balance
	\$M
<b>2017-18 Budget</b>	<b>- 1 312</b>
Policy changes	- 125
Non-policy changes	647
<b>2017-18 Outcome</b>	<b>- 790</b>

Table 3 demonstrates that non-policy variations are the main contributors to the improved fiscal balance outcome for 2017-18. Details of policy and non-policy variations are discussed in further detail below.

### Policy changes since 2017-18 Budget

Table 4 highlights the effect of policy changes on the non financial public sector fiscal balance since the 2017-18 Budget.

Table 4: Policy changes since the original 2017-18 Budget

	\$M
Recurrent commitments	- 102.7
Capital commitments	- 5.0
Economic stimulus	
Recurrent	- 13.4
Capital	- 5.5
Savings and contingency measures	1.8
<b>Total variations</b>	<b>- 124.8</b>

Policy decisions incorporate all decisions made by the government since the 2017-18 Budget, partially reduced by the revised timing of a limited number of these decisions since their announcement. As demonstrated in Table 4, recurrent commitments have worsened the fiscal outcome by \$102.7 million. Key recurrent commitments include:

- \$86 million to meet demand pressures, including \$60 million for health and hospital services, \$16 million for policing and \$10 million for correctional services
- \$4.9 million to support the implementation of the Northern Territory Concession Scheme and Senior Recognition Scheme reforms
- \$4 million to fund responses to the Royal Commission into the Protection and Detention of Children in the Northern Territory.

Capital commitments relate to undergrounding of powerlines. Economic stimulus packages include short-term funding for targeted tourism marketing, enhancing existing festivals and events, and for new and upgrading existing tourism infrastructure.

### Non-policy changes since 2017-18 Budget

Table 5 highlights the effect of non-policy changes to the non financial public sector fiscal balance since the 2017-18 Budget.

Table 5: Non-policy changes since the 2017-18 Budget

	\$M
GST revenue	36.0
Taxation and mining royalties	179.8
Interest variations	60.1
Commonwealth financial assistance payment	259.6
Commonwealth and agency-related adjustments	112.0
<b>Total variations</b>	<b>647.4</b>

Non-policy variations since the 2017-18 Budget have resulted in a \$647.4 million improvement to the 2017-18 fiscal balance. Key variations include:

- additional GST revenue of \$36 million due to national GST collections greater than anticipated
- increases in taxation and royalty revenue of \$179.8 million, of which \$110.7 million was attributable to additional mining royalties as a result of an improvement in market conditions, and \$88.4 million was attributable to payroll tax, largely as a result of the extension of the construction phase of the Ichthys liquefied natural gas (LNG) project, partially offset by lower motor vehicle registration fees and stamp duties on conveyances
- an improvement to interest variations of \$60.1 million due to greater than anticipated interest received on investments, partially offset by additional interest expense
- early receipt of the Commonwealth's financial assistance payment of \$259.6 million
- Commonwealth and agency-related adjustments reflecting the revised timing of Territory and Commonwealth-funded projects including the revised timing of milestone payments for the Health Core Clinical Systems Renewal Program, remote housing, roads programs and the Territory Government's contribution to the construction of a ship lift facility.

## Consolidated changes since 2017-18 Budget

Table 6 sets out the consolidated changes by category in the fiscal balance for the non financial public sector since the 2017-18 Budget.

Table 6: Policy and non-policy changes to the fiscal balance since the 2017-18 Budget

	\$M
<b>2017-18 Budget fiscal balance</b>	<b>- 1 312.3</b>
<b>Effect of policy decisions</b>	
Expenses	- 114.3
Capital	- 10.5
<b>Total policy decisions</b>	<b>- 124.8</b>
<b>Effect of non-policy decisions and other variations</b>	
Revenues	302.8
Expenses	- 87.6
Capital	432.2
<b>Total non-policy decisions and other variations</b>	<b>647.4</b>
<b>Total variations</b>	<b>522.6</b>
<b>2017-18 fiscal balance outcome</b>	<b>- 789.7</b>

## Balance sheet aggregates

Analysis in the previous section of this report compares the 2017-18 outcome with the original budget. The Balance Sheet budget is derived from the actual outcome from the previous financial year and for the 2017-18 original budget this represents the 2015-16 outcome. Accordingly, it is more appropriate to assess the 2017-18 Balance Sheet outcome to the latest comparative year, being the 2016-17 outcome.

Table 7 presents the key asset and liability aggregates for the non financial public sector for the 2016-17 outcome, the original 2017-18 Budget (May 2017), the 2017-18 Estimate (May 2018) and the 2017-18 Outcome.

Table 7: Non financial public sector – Balance Sheet

	2016-17 Outcome	2017-18 Budget	2017-18 Estimate	2017-18 Outcome	Variation on 2016-17 Outcome
	\$M	\$M	\$M	\$M	\$M
Total assets	21 426	21 263	21 571	22 351	926
Financial assets	3 002	2 627	2 878	3 553	551
Non financial assets	18 423	18 636	18 693	18 798	375
Total liabilities	10 361	11 487	11 019	11 696	1 334
<b>Net worth</b>	<b>11 065</b>	<b>9 776</b>	<b>10 552</b>	<b>10 656</b>	<b>- 409</b>
<b>Net debt</b>	<b>2 271</b>	<b>3 604</b>	<b>3 313</b>	<b>3 008</b>	<b>738</b>
Net debt to revenue (%)	35	58	51	46	11

Net worth in 2017-18 is \$10 656 million, \$409 million lower than the 2016-17 outcome, driven by an increase in liabilities of \$1334 million, offset by a \$926 million increase in assets.

The increase in total assets since 2016-17 is due to an increase in financial assets of \$551 million and an increase in non financial assets of \$375 million. The increase in financial assets largely reflects higher cash balances as a result of pre-funding a portion of the Territory's 2018-19 borrowing program to take advantage of improved market conditions, combined with higher returns on investments as a result of the realisation of gains in the conditions of service reserve investments.

The increase in non financial assets is predominantly due to construction of new government assets and to a lesser extent the upward revaluation of crown land, water services and power network assets, offset by a revaluation decrement of public housing stock.

Total liabilities in 2017-18 amounted to \$11 696 million compared to liabilities of \$10 361 million in 2016-17. The \$1334 million increase in liabilities is largely a result of the additional borrowing requirement in 2017-18 and pre-funding a portion of the 2018-19 borrowing program totalling \$1228 million, combined with an increase in other liabilities of \$84 million that includes the Motor Accidents (Compensation) Commission (MACC) outstanding claims liability.

Included in total liabilities is the Territory's superannuation liability, which decreased by \$54 million compared to 2016-17. Accounting standards require governments to value their superannuation liability using the Commonwealth's 10-year bond rate at the time of reporting. In June 2017 the bond rate was 2.7 per cent but decreased to 2.6 per cent at 30 June 2018, however a 0.5 per cent reduction in the future salary rate, consistent with the Territory's public services wages policy, largely accounts for the lower liability in 2017-18.

Based on the most recent actuarial reviews, the Territory's superannuation liabilities are forecast to be at their peak in 2018 with superannuation payments forecast to peak around 2026.

The Territory is unable to influence the level of its future superannuation liabilities. The schemes to which the liabilities relate are primarily closed and any variation to the liability is a result of factors outside the Territory's control such as longevity of members or long-term bond rates, which affect the valuation.

The increase in the MACC claims liability is a result of changes in actuarial assumptions on the valuation of outstanding claims liabilities combined with increased claims incurred, resulting in an increase of \$70 million to the liability from 2016-17.

Non financial public sector net debt comprises the net debt of both the general government and public non financial corporation sectors. Net debt for the non financial public sector is \$3008 million, \$738 million more than the 2016-17 outcome, predominantly due to the flow-on effect of the 2017-18 fiscal deficit.

As a result of the above, when measured as a ratio to revenue, net debt is now 46 per cent in 2017-18, 11 percentage points more than the 35 per cent recorded in 2016-17, although an improvement of 12 percentage points since the 2017-18 Budget.

## Fiscal strategy

The fiscal strategy is an essential element of budget planning and accountability, and provides the basis against which policy decisions can be assessed. The Territory's fiscal strategy was substantially revised in preparing the 2017-18 Budget to take into account subdued national and Territory economic conditions, falling GST revenue and the government's increased investment spending to support jobs and stimulate the Territory economy. The revised fiscal strategy was developed with both a short-term and medium-term focus.

The analysis in this section is an assessment of the 2017-18 outcome compared to the original 2017-18 Budget for the Government's short-term fiscal objectives.

## Sustainable service provision

**Short-term target: Maintain an improving operating position over the budget cycle by ensuring growth in general government operating expenses is declining in real terms**

The Government's overarching target of sustainable service provision is to achieve a general government sector net operating surplus. Following further reductions in GST revenue, the Territory's largest source of untied revenue, combined with increased demand for government services, operating deficits are unavoidable over the budget cycle.

However, to assist in achieving this target and contain operating deficits to a minimum, the 2018-19 Budget contained a number of additional budget repair and savings measures. These measures, combined with those incorporated in the 2017-18 Budget, bring total cumulative savings measures to \$828 million over the budget cycle.

For 2017-18, although the net operating balance outcome is a deficit of \$375 million, it is \$128 million lower than projected in the 2017-18 Budget.

Table 8: General government sector – net operating balance

	2017-18 Budget	2017-18 Outcome	Variation
	\$M	\$M	\$M
Net operating balance	- 503	- 375	128



## Infrastructure for economic and community development

**Short-term target:** Stimulate the economy by maintaining general government sector infrastructure spending to at least twice the level of depreciation on average over the immediate budget cycle to 2020

The short-term fiscal strategy target of maintaining general government sector infrastructure spending to at least twice the level of depreciation was developed to counter the Territory's subdued economic conditions by supporting economic activity.

This strategy was premised on the expectation that, when economic growth returns to long-term trends, the need for increased government investment in infrastructure would abate to make way for private sector investment. Accordingly, the medium-term strategy will be to maintain infrastructure spending at least equal to depreciation charges.

As shown in Table 9, while infrastructure investment is lower than originally anticipated, the fiscal strategy target has been exceeded with infrastructure investment 2.3 times depreciation levels.

Table 9: General government sector – capital investment to depreciation ratio

	2017-18 Budget	2017-18 Outcome	Variation
Total capital investment (\$M)	1 255	931	- 324
Depreciation (\$M)	354	398	44
Capital investment to depreciation ratio	3.5	2.3	- 1.2

The reduction of \$324 million in capital investment compared to the 2017-18 Budget reflects the revised timing of Territory and Commonwealth-funded capital works projects including remote housing, roads programs and the Government's contribution to the construction of a ship lift facility. It also incorporates variations to the timing of milestone payments for the Health Core Clinical Systems Renewal Program.

## Competitive tax environment

**Target:** Maintain a competitive tax environment that encourages investment, creates jobs and attracts business to the Territory, while raising sufficient revenue to contribute to funding government's service delivery requirements

This element of the fiscal strategy aims to maintain taxation at levels that are competitive with other jurisdictions, encourage increased levels of business activity in the Territory while ensuring sufficient levels of own-source revenue to contribute to government service delivery.

The Commonwealth Grants Commission's (CGC) analysis of tax effort assesses the extent to which a particular jurisdiction's capacity to raise revenue is above or below the Australian average of 100 per cent. This measure is a lagging indicator as the CGC updates the information annually based on the actual outcome of the previous year. The Territory's taxation effort has remained unchanged at 85 per cent in 2016-17, the latest year assessed by the CGC. With the introduction of new revenue-raising measures from 2018-19, it is expected the Territory's taxation effort will increase and be closer to the average of other states in future updates.

## Prudent management of debt and liabilities

**Short-term target: Achieve an improving fiscal balance at the non financial public sector over the budget cycle**

The fiscal balance provides a more complete measure of the Territory's overall financial position as it encompasses all the operating costs included in the operating balance and takes into account the change in net physical assets and the commercial activities of the government owned corporations. A fiscal surplus indicates that a government has sufficient capacity to finance all its capital spending.

During the current subdued economic conditions, the short-term strategy is to achieve an improving fiscal balance over the budget cycle to minimise any further increase in net debt. As this element of the fiscal strategy is the performance of the fiscal balance over the budget cycle, a complete assessment of this measure cannot yet be determined.

Table 10 shows the fiscal balance for 2017-18 is a deficit of \$790 million, a \$522 million improvement from that projected in the 2017-18 Budget.

Table 10: Non financial public sector – fiscal balance

	2017-18 Budget	2017-18 Outcome	Variation
	\$M	\$M	\$M
Fiscal balance	- 1 312	- 790	522

The associated medium to long-term element of this strategy is for the Territory's non financial public sector net debt, as a percentage of revenue, to return to the long-term average of 40 per cent. At 30 June 2018, the net debt to revenue ratio for the non financial public sector was 46 per cent, above the long-term average target. Due to forecast fiscal balance deficits over the budget cycle, net debt is projected to rise over the forward estimates period.

## Conclusion

The Territory's 2017-18 fiscal outcome represents an improved position on that forecast in the original 2017-18 Budget, though this is largely driven by one-off revenue increases and the revised timing of expenditure, which is now expected to be delivered in 2018-19 and future years. Despite the introduction of a range of budget repair and savings measures, fiscal deficits are projected beyond the budget cycle. Without a significant rebound in Commonwealth revenues, including ongoing financial assistance from the Commonwealth, a return to a surplus position is unlikely over the medium to long term. The Territory Government is focused on balancing fiscal pressures resulting from GST revenue reductions and increasing demand for services, while supporting the economy and the challenging conditions faced by the Territory.

Treasurer's Annual  
Financial Statements  
(audited)





**Auditor-General**  
**Independent Auditor's Report to the Treasurer**  
**Treasurer's Annual Financial Statements**  
**Year Ended 30 June 2018**  
**Page 1 of 3**

## **Opinion**

I have audited the accompanying Treasurer's Annual Financial Statements ("the Financial Report") of the Northern Territory Government, which comprises a balance sheet as at 30 June 2018, a comprehensive operating statement, a statement of changes in equity and a cash flow statement for the year then ended, for each of the General Government Sector, Public Non Financial Corporation Sector, Non Financial Public Sector, Public Financial Corporation Sector and Total Public Sector, and notes comprising a summary of significant accounting policies and other explanatory information for the General Government Sector and Total Public Sector, and the Certification by the Treasurer.

In my opinion, the Treasurer's Annual Financial Report gives a true and fair view of the financial position of the General Government Sector, Public Non Financial Corporation Sector, Non Financial Public Sector, Public Financial Corporation Sector and Total Public Sector as at 30 June 2018 and of their performance and cash flows for the year then ended in accordance with Australian Accounting Standards and the financial reporting requirements of the *Financial Management Act* and the *Fiscal Integrity and Transparency Act*.

## **Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Northern Territory Government in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Other Information**

The Treasurer is responsible for the other information. The other information comprises the information included in the Treasurer's Annual Financial Report for the year ended 30 June 2018.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.



## Auditor-General

### Page 2 of 3

#### **Responsibilities of the Treasurer for the Financial Report**

The Treasurer is responsible for the preparation and fair presentation of the financial report in accordance with *Australian Accounting Standards* and for such internal control as the Treasurer determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Treasurer is responsible for assessing the Northern Territory Government's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Treasurer either intends to liquidate the Northern Territory Government or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's Responsibilities for the Audit of the Financial Report**

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Treasurer.
- Conclude on the appropriateness of the Treasurer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



## Auditor-General

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Group's audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

A handwritten signature in blue ink, appearing to read 'Julie Crisp'.

Julie Crisp  
Auditor-General for the Northern Territory

Darwin, Northern Territory

11 October 2018

## General government sector

# Comprehensive Operating Statement

	Notes	2017-18 \$000	2016-17 \$000
<b>REVENUE</b>			
Taxation revenue	2	637 054	609 807
Current grants	3	4 207 704	4 195 824
Capital grants	4	115 237	301 303
Sales of goods and services	5	374 380	366 335
Interest income		126 324	97 154
Dividend and income tax equivalent income	6	64 916	76 458
Other revenue	7	421 306	247 571
<b>TOTAL REVENUE</b>		<b>5 946 920</b>	<b>5 894 451</b>
<i>less</i> <b>EXPENSES</b>			
Employee benefits expense		2 356 728	2 267 162
Superannuation expenses			
Superannuation interest cost		95 756	82 617
Other superannuation expenses		220 835	231 166
Depreciation and amortisation		398 005	335 476
Other operating expenses	8	1 529 755	1 416 655
Interest expenses		228 299	211 969
Other property expenses		3 122	2 077
Current grants	9	1 049 827	1 025 742
Capital grants	10	160 532	125 741
Subsidies and personal benefit payments	11	279 242	272 838
<b>TOTAL EXPENSES</b>		<b>6 322 101</b>	<b>5 971 443</b>
<i>equals</i> <b>NET OPERATING BALANCE</b>		<b>- 375 182</b>	<b>- 76 992</b>
<i>plus</i> Other economic flows – included in operating result	12	- 63 305	65 808
<i>equals</i> <b>OPERATING RESULT</b>		<b>- 438 486</b>	<b>- 11 184</b>
<i>plus</i> Other economic flows – other comprehensive income	12	29 614	1 403 457
<i>equals</i> <b>COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners</b>		<b>- 408 873</b>	<b>1 392 273</b>
<b>NET OPERATING BALANCE</b>		<b>- 375 182</b>	<b>- 76 992</b>
<i>less</i> <b>Net acquisition of non financial assets</b>			
Purchases of non financial assets		770 169	773 652
Sales of non financial assets		- 44 020	- 49 304
<i>less</i> Depreciation	22, 24, 26	398 005	335 476
<i>plus</i> Change in inventories		- 1 291	161
<i>plus</i> Other movements in non financial assets		- 2 443	343
<i>equals</i> <b>Total net acquisition of non financial assets</b>		<b>324 410</b>	<b>389 375</b>
<i>equals</i> <b>FISCAL BALANCE</b>		<b>- 699 592</b>	<b>- 466 367</b>



## General government sector

# Balance Sheet

	Notes	2017-18 \$000	2016-17 \$000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and deposits	15	603 208	283 962
Advances paid	17	167 919	171 358
Investments, loans and placements	18	2 256 323	2 074 854
Receivables	19	355 455	368 886
Equity			
Investments in other public sector entities		2 255 989	2 236 380
Equity accounted investments			
Investments – shares			
Other financial assets	20	18 603	17 387
<b>Total financial assets</b>		<b>5 657 496</b>	<b>5 152 827</b>
<b>Non financial assets</b>			
Inventories	21	12 340	13 631
Property, plant and equipment	22, 27	14 978 206	14 695 222
Investment property	23, 27	95 150	103 495
Intangible assets	24, 27		1
Assets held for sale	25, 27	38 722	16 832
Other non financial assets	26, 27	121 933	122 371
<b>Total non financial assets</b>		<b>15 246 350</b>	<b>14 951 551</b>
<b>TOTAL ASSETS</b>		<b>20 903 847</b>	<b>20 104 378</b>
<b>LIABILITIES</b>			
Deposits held	28	341 188	416 857
Advances received	29	283 911	281 881
Borrowing	30	4 183 633	2 992 613
Superannuation	31	3 622 087	3 676 153
Other employee benefits	32	659 965	623 960
Payables	33	237 721	208 370
Other liabilities	34	919 595	839 925
<b>TOTAL LIABILITIES</b>		<b>10 248 101</b>	<b>9 039 759</b>
<b>NET ASSETS</b>		<b>10 655 746</b>	<b>11 064 620</b>
Contributed equity			
Accumulated surplus		2 099 729	2 487 939
Reserves	36	8 556 017	8 576 681
<b>NET WORTH</b>		<b>10 655 746</b>	<b>11 064 620</b>
NET FINANCIAL WORTH <sup>1</sup>		- 4 590 604	- 3 886 932
NET FINANCIAL LIABILITIES <sup>2</sup>		6 846 593	6 123 312
<b>NET DEBT<sup>3</sup></b>		<b>1 781 282</b>	<b>1 161 177</b>

1 Net financial worth equals total financial assets minus total liabilities.

2 Net financial liabilities equals the sum of total liabilities minus total financial assets excluding investments in other public sector entities.

3 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.

## General government sector

# Statement of Changes in Equity

	Notes	Equity at 1 July \$000	Comprehensive result \$000	Transactions with owners in their capacity as owners \$000	Equity at 30 June \$000
<b>2017-18</b>					
<b>Accumulated funds</b>		<b>2 487 939</b>	<b>- 438 486</b>		<b>2 049 452</b>
Changes in accounting policy					
Correction of prior period errors					
Transfers from reserves			38 190		38 190
Dividends paid/payable					
Other movements directly to equity			12 087		12 087
<b>Total accumulated funds</b>		<b>2 487 939</b>	<b>- 388 209</b>		<b>2 099 729</b>
<b>Reserves</b>	36				
Asset revaluation surplus		6 968 534	- 39 580		6 928 954
Asset realisation surplus					
Derivative revaluation surplus					
Investments in public sector entities revaluation surplus		1 589 366	19 358		1 608 724
Other reserves		18 781	- 442		18 339
<b>Total reserves</b>		<b>8 576 681</b>	<b>- 20 664</b>		<b>8 556 017</b>
<b>Capital – transactions with owners</b>					
Equity injections					
Capital appropriation					
Equity transfers in					
Other equity injections					
Specific purpose payments					
National partnership payments					
Commonwealth – capital					
Equity withdrawals					
Capital withdrawals					
Equity transfers out					
<b>Total capital – transactions with owners</b>					
<b>TOTAL EQUITY AT END OF FINANCIAL YEAR</b>		<b>11 064 620</b>	<b>- 408 873</b>		<b>10 655 746</b>
<b>2016-17</b>					
<b>Accumulated funds</b>		<b>1 920 268</b>	<b>- 11 184</b>		<b>1 909 084</b>
Changes in accounting policy					
Correction of prior period errors					
Transfers from reserves			18 331		18 331
Dividends paid/payable					
Other movements directly to equity			560 523		560 523
<b>Total accumulated funds</b>		<b>1 920 268</b>	<b>567 671</b>		<b>2 487 939</b>
<b>Reserves</b>	36				
Asset revaluation surplus		6 338 423	630 112		6 968 534
Asset realisation surplus					
Derivative revaluation surplus					
Investments in public sector entities revaluation surplus		1 395 704	193 662		1 589 366
Other reserves		17 952	829		18 781
<b>Total reserves</b>		<b>7 752 078</b>	<b>824 602</b>		<b>8 576 681</b>
<b>Capital – transactions with owners</b>					
Equity injections					
Capital appropriation					
Equity transfers in					
Other equity injections					
Specific purpose payments					
National partnership payments					
Commonwealth – capital					
Equity withdrawals					
Capital withdrawals					
Equity transfers out					
<b>Total capital – transactions with owners</b>					
<b>TOTAL EQUITY AT END OF FINANCIAL YEAR</b>		<b>9 672 346</b>	<b>1 392 273</b>		<b>11 064 620</b>

## General government sector

# Cash Flow Statement

	Notes	2017-18 \$000	2016-17 \$000
<b>Cash receipts from operating activities</b>			
Taxes received		635 286	601 374
Receipts from sales of goods and services		408 135	378 924
Grants and subsidies received		4 322 940	4 497 127
Interest receipts		126 586	98 825
Dividends and income tax equivalents		96 236	86 106
Other receipts		649 229	496 194
<b>Total operating receipts</b>		<b>6 238 413</b>	<b>6 158 549</b>
<b>Cash payments for operating activities</b>			
Payments for employees		- 2 673 734	- 2 562 431
Payment for goods and services		- 1 750 872	- 1 668 348
Grants and subsidies paid		- 1 481 044	- 1 413 020
Interest paid		- 228 728	- 211 979
Other payments		- 10 611	- 9 357
<b>Total operating payments</b>		<b>- 6 144 990</b>	<b>- 5 865 135</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	16	<b>93 423</b>	<b>293 414</b>
<b>Cash flows from investments in non financial assets</b>			
Sales of non financial assets		44 020	49 304
Purchases of non financial assets		- 772 255	- 774 627
<b>Net cash flows from investments in non financial assets</b>		<b>- 728 236</b>	<b>- 725 323</b>
<b>NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS</b>		<b>- 634 813</b>	<b>- 431 908</b>
Net cash flows from investments in financial assets for policy purposes <sup>1</sup>		13 158	- 14 173
Net cash flows from investments in financial assets for liquidity purposes		- 173 881	168 917
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>- 888 958</b>	<b>- 570 579</b>
Net cash flows from financing activities			
Advances received (net)		2 030	- 11 583
Borrowing (net)		1 188 420	- 106 452
Deposits received (net)		- 75 669	55 508
Other financing (net)			
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>1 114 781</b>	<b>- 62 527</b>
<b>NET INCREASE (+)/DECREASE (-) IN CASH HELD</b>		<b>319 246</b>	<b>- 339 692</b>
Net cash flows from operating activities		93 423	293 414
Net cash flows from investments in non financial assets		- 728 236	- 725 323
<b>CASH SURPLUS (+)/DEFICIT (-)</b>		<b>- 634 813</b>	<b>- 431 908</b>
Future infrastructure and superannuation contributions/earnings <sup>2</sup>		- 53 652	- 31 773
<b>UNDERLYING SURPLUS (+)/DEFICIT (-)</b>		<b>- 688 464</b>	<b>- 463 682</b>

1 Includes equity acquisitions, disposals and privatisations (net).

2 Contributions for future infrastructure and superannuation requirements.

## Public non financial corporation sector

# Comprehensive Operating Statement

		2017-18	2016-17
		\$000	\$000
	<b>REVENUE</b>		
	Current grants	183 442	191 766
	Capital grants	39 532	48 758
	Sales of goods and services	655 058	635 129
	Interest income	3 169	3 314
	Other revenue	48 688	35 719
	<b>TOTAL REVENUE</b>	<b>929 889</b>	<b>914 686</b>
<i>less</i>	<b>EXPENSES</b>		
	Employee benefits expense	123 118	115 644
	Superannuation expenses	17 857	17 605
	Depreciation and amortisation	191 001	194 414
	Other operating expenses	519 145	489 570
	Interest expenses	64 820	64 731
	Other property expenses	13 666	42 571
	Current grants		
	Capital grants		
	Subsidies and personal benefit payments	1 368	1 210
	<b>TOTAL EXPENSES</b>	<b>930 976</b>	<b>925 746</b>
<i>equals</i>	<b>NET OPERATING BALANCE</b>	<b>- 1 087</b>	<b>- 11 060</b>
<i>plus</i>	Other economic flows – included in operating result	- 126 893	- 31 637
<i>equals</i>	<b>OPERATING RESULT</b>	<b>- 127 979</b>	<b>- 42 697</b>
<i>plus</i>	Other economic flows – other comprehensive income	171 417	249 926
<i>equals</i>	<b>COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners</b>	<b>43 437</b>	<b>207 229</b>
	<b>NET OPERATING BALANCE</b>	<b>- 1 087</b>	<b>- 11 060</b>
<i>less</i>	<b>Net acquisition of non financial assets</b>		
	Purchases of non financial assets	226 877	237 359
	Sales of non financial assets	- 373	- 707
<i>less</i>	Depreciation	191 001	194 414
<i>plus</i>	Change in inventories	5 501	- 545
<i>plus</i>	Other movements in non financial assets	23 940	15 672
<i>equals</i>	<b>Total net acquisition of non financial assets</b>	<b>64 944</b>	<b>57 364</b>
<i>equals</i>	<b>FISCAL BALANCE</b>	<b>- 66 031</b>	<b>- 68 425</b>

## Public non financial corporation sector

# Balance Sheet

	2017-18	2016-17
	\$000	\$000
<b>ASSETS</b>		
<b>Financial assets</b>		
Cash and deposits	187 760	268 728
Advances paid		
Investments, loans and placements		
Receivables	136 324	106 991
Equity		
Investments in other public sector entities		
Equity accounted investments		
Investments – shares	3	3
Other financial assets		
<b>Total financial assets</b>	<b>324 086</b>	<b>375 722</b>
<b>Non financial assets</b>		
Inventories	189 826	184 325
Property, plant and equipment	3 343 802	3 257 215
Investment property		
Intangible assets	17 962	30 270
Assets held for sale		
Other non financial assets	67	67
<b>Total non financial assets</b>	<b>3 551 656</b>	<b>3 471 877</b>
<b>TOTAL ASSETS</b>	<b>3 875 742</b>	<b>3 847 599</b>
<b>LIABILITIES</b>		
Deposits held	1 548	1 700
Advances received		
Borrowing	1 413 228	1 376 512
Superannuation		
Other employee benefits	60 166	59 101
Payables	116 135	111 307
Other liabilities	50 307	84 229
<b>TOTAL LIABILITIES</b>	<b>1 641 384</b>	<b>1 632 849</b>
<b>NET ASSETS</b>	<b>2 234 358</b>	<b>2 214 750</b>
Contributed equity	628 550	628 300
Accumulated surplus	665 228	758 001
Reserves	940 579	828 449
<b>TOTAL EQUITY</b>	<b>2 234 358</b>	<b>2 214 750</b>
<b>NET FINANCIAL WORTH<sup>1</sup></b>	<b>- 1 317 298</b>	<b>- 1 257 127</b>
<b>NET DEBT<sup>2</sup></b>	<b>1 227 016</b>	<b>1 109 484</b>

1 Net financial worth equals total financial assets minus total liabilities.

2 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 corporation sector

# Statement of Changes in Equity

	Equity at 1 July	Comprehensive result	Transactions with owners in their capacity as owners	Equity at 30 June
<b>2017-18</b>	\$000	\$000	\$000	\$000
<b>Accumulated funds</b>	<b>758 001</b>	<b>- 127 979</b>		<b>630 021</b>
Changes in accounting policy				
Correction of prior period errors				
Transfers from reserves		57 355		57 355
Dividends paid/payable			- 24 079	- 24 079
Other movements directly to equity		1 931		1 931
<b>Total accumulated funds</b>	<b>758 001</b>	<b>- 68 693</b>	<b>- 24 079</b>	<b>665 228</b>
<b>Reserves</b>				
Asset revaluation surplus	828 449	112 130		940 579
Asset realisation surplus				
Derivative revaluation surplus				
Investments in public sector entities revaluation surplus				
Other reserves				
<b>Total reserves</b>	<b>828 449</b>	<b>112 130</b>		<b>940 579</b>
<b>Capital – transactions with owners</b>	<b>628 300</b>			<b>628 300</b>
Equity injections				
Capital appropriation				
Equity transfers in			250	250
Other equity injections				
Specific purpose payments				
National partnership payments				
Commonwealth – capital				
Equity withdrawals				
Capital withdrawals				
Equity transfers out				
<b>Total capital – transactions with owners</b>	<b>628 300</b>		<b>250</b>	<b>628 550</b>
<b>TOTAL EQUITY AT END OF FINANCIAL YEAR</b>	<b>2 214 750</b>	<b>43 437</b>	<b>- 23 829</b>	<b>2 234 358</b>
<b>2016-17</b>				
<b>Accumulated funds</b>	<b>716 918</b>	<b>- 42 697</b>		<b>674 221</b>
Changes in accounting policy				
Correction of prior period errors				
Transfers from reserves		95 838		95 838
Dividends paid/payable			- 13 567	- 13 567
Other movements directly to equity		1 508		1 508
<b>Total accumulated funds</b>	<b>716 918</b>	<b>54 649</b>	<b>- 13 567</b>	<b>758 001</b>
<b>Reserves</b>				
Asset revaluation surplus	675 869	152 580		828 449
Asset realisation surplus				
Derivative revaluation surplus				
Investments in public sector entities revaluation surplus				
Other reserves				
<b>Total reserves</b>	<b>675 869</b>	<b>152 580</b>		<b>828 449</b>
<b>Capital – transactions with owners</b>	<b>613 300</b>			<b>613 300</b>
Equity injections				
Capital appropriation				
Equity transfers in				
Other equity injections			15 000	15 000
Specific purpose payments				
National partnership payments				
Commonwealth – capital				
Equity withdrawals				
Capital withdrawals				
Equity transfers out				
<b>Total capital – transactions with owners</b>	<b>613 300</b>		<b>15 000</b>	<b>628 300</b>
<b>TOTAL EQUITY AT END OF FINANCIAL YEAR</b>	<b>2 006 087</b>	<b>207 229</b>	<b>1 433</b>	<b>2 214 750</b>

## Public non financial corporation sector

# Cash Flow Statement

	2017-18	2016-17
	\$000	\$000
<b>Cash receipts from operating activities</b>		
Receipts from sales of goods and services	611 139	686 951
Grants and subsidies received	223 806	239 157
Interest receipts	3 262	3 259
Dividends and income tax equivalents		
Other receipts	42 805	21 082
<b>Total operating receipts</b>	<b>881 012</b>	<b>950 449</b>
<b>Cash payments for operating activities</b>		
Income tax equivalents paid	- 49 063	- 50 177
Payments for employees	- 151 004	- 142 923
Payment for goods and services	- 476 780	- 453 547
Grants and subsidies paid	- 1 368	- 1 210
Interest paid	- 66 151	- 64 767
Other payments	- 107	- 30 421
<b>Total operating payments</b>	<b>- 744 473</b>	<b>- 743 045</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>136 538</b>	<b>207 404</b>
<b>Cash flows from investments in non financial assets</b>		
Sales of non financial assets	373	707
Purchases of non financial assets	- 226 877	- 237 359
<b>Net cash flows from investments in non financial assets</b>	<b>- 226 504</b>	<b>- 236 651</b>
<b>NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS</b>	<b>- 89 966</b>	<b>- 29 247</b>
Net cash flows from investments in financial assets for policy purposes <sup>1</sup>		
Net cash flows from investments in financial assets for liquidity purposes		
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>- 226 504</b>	<b>- 236 651</b>
Net cash flows from financing activities		
Advances received (net)		
Borrowing (net)	35 187	54 166
Deposits received (net)	- 152	371
Dividends paid	- 26 038	- 11 851
Other financing (net)		15 000
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>8 997</b>	<b>57 685</b>
<b>NET INCREASE (+)/DECREASE (-) IN CASH HELD</b>	<b>- 80 968</b>	<b>28 439</b>
Net cash flows from operating activities	136 538	207 404
Net cash flows from investments in non financial assets	- 226 504	- 236 651
Dividends paid	- 26 038	- 11 851
<b>CASH SURPLUS (+)/DEFICIT (-)</b>	<b>- 116 003</b>	<b>- 41 098</b>

1 Includes equity acquisitions, disposals and privatisations (net).

## Non financial public sector

# Comprehensive Operating Statement

	2017-18	2016-17
	\$000	\$000
<b>REVENUE</b>		
Taxation revenue	625 820	598 802
Current grants	4 207 704	4 195 824
Capital grants	127 624	317 733
Sales of goods and services	952 765	928 937
Interest income	126 328	97 158
Dividend and income tax equivalent income	27 401	21 366
Other revenue	463 989	279 072
<b>TOTAL REVENUE</b>	<b>6 531 631</b>	<b>6 438 891</b>
<i>less</i> <b>EXPENSES</b>		
Employee benefits expense	2 479 847	2 382 806
Superannuation expenses		
Superannuation interest cost	95 756	82 617
Other superannuation expenses	233 898	245 232
Depreciation and amortisation	589 006	529 890
Other operating expenses	1 960 014	1 822 082
Interest expenses	289 955	273 391
Other property expenses	3 122	3 055
Current grants	991 450	963 845
Capital grants	133 387	93 413
Subsidies and personal benefit payments	155 545	144 179
<b>TOTAL EXPENSES</b>	<b>6 931 978</b>	<b>6 540 510</b>
<i>equals</i> <b>NET OPERATING BALANCE</b>	<b>- 400 348</b>	<b>- 101 619</b>
<i>plus</i> Other economic flows – included in operating result	- 190 197	34 171
<i>equals</i> <b>OPERATING RESULT</b>	<b>- 590 545</b>	<b>- 67 448</b>
<i>plus</i> Other economic flows – other comprehensive income	181 672	1 459 721
<i>equals</i> <b>COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners</b>	<b>- 408 873</b>	<b>1 392 273</b>
<b>NET OPERATING BALANCE</b>	<b>- 400 348</b>	<b>- 101 619</b>
<i>less</i> <b>Net acquisition of non financial assets</b>		
Purchases of non financial assets	997 046	1 011 010
Sales of non financial assets	- 44 392	- 50 011
<i>less</i> Depreciation	589 006	529 890
<i>plus</i> Change in inventories	4 210	- 384
<i>plus</i> Other movements in non financial assets	21 496	16 015
<i>equals</i> <b>Total net acquisition of non financial assets</b>	<b>389 354</b>	<b>446 740</b>
<i>equals</i> <b>FISCAL BALANCE</b>	<b>- 789 702</b>	<b>- 548 359</b>



## Non financial public sector

# Balance Sheet

	2017-18	2016-17
	\$000	\$000
<b>ASSETS</b>		
<b>Financial assets</b>		
Cash and deposits	603 228	283 981
Advances paid	167 919	171 358
Investments, loans and placements	2 256 323	2 074 854
Receivables	485 578	433 062
Equity		
Investments in other public sector entities	21 631	21 631
Equity accounted investments		
Investments – shares	3	3
Other financial assets	18 603	17 387
<b>Total financial assets</b>	<b>3 553 284</b>	<b>3 002 276</b>
<b>Non financial assets</b>		
Inventories	202 166	197 956
Property, plant and equipment	18 322 008	17 952 437
Investment property	95 150	103 495
Intangible assets	17 962	30 271
Assets held for sale	38 722	16 832
Other non financial assets	121 999	122 439
<b>Total non financial assets</b>	<b>18 798 007</b>	<b>18 423 428</b>
<b>TOTAL ASSETS</b>	<b>22 351 290</b>	<b>21 425 704</b>
<b>LIABILITIES</b>		
Deposits held	154 996	149 848
Advances received	283 911	281 881
Borrowing	5 596 861	4 369 125
Superannuation	3 622 087	3 676 153
Other employee benefits	720 131	683 061
Payables	342 040	309 600
Other liabilities	975 518	891 416
<b>TOTAL LIABILITIES</b>	<b>11 695 544</b>	<b>10 361 084</b>
<b>NET ASSETS</b>	<b>10 655 746</b>	<b>11 064 620</b>
Contributed equity		
Accumulated surplus	2 764 958	3 245 939
Reserves	7 890 789	7 818 680
<b>NET WORTH</b>	<b>10 655 746</b>	<b>11 064 620</b>
NET FINANCIAL WORTH <sup>1</sup>	- 8 142 260	- 7 358 808
NET FINANCIAL LIABILITIES <sup>2</sup>	8 163 891	7 380 439
<b>NET DEBT<sup>3</sup></b>	<b>3 008 299</b>	<b>2 270 661</b>

1 Net financial worth equals total financial assets minus total liabilities.

2 Net financial liabilities equals the sum of total liabilities minus total financial assets excluding investments in other public sector entities.

3 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.

## Non financial public sector

# Statement of Changes in Equity

	Equity at 1 July	Comprehensive result	Transactions with owners in their capacity as owners	Equity at 30 June
<b>2017-18</b>	\$000	\$000	\$000	\$000
<b>Accumulated funds</b>	<b>3 245 939</b>	<b>- 590 545</b>		<b>2 655 394</b>
Changes in accounting policy				
Correction of prior period errors				
Transfers from reserves		95 545		95 545
Dividends paid/payable				
Other movements directly to equity		14 018		14 018
<b>Total accumulated funds</b>	<b>3 245 939</b>	<b>- 480 982</b>		<b>2 764 958</b>
<b>Reserves</b>				
Asset revaluation surplus	7 796 983	72 550		7 869 533
Asset realisation surplus				
Derivative revaluation surplus				
Investments in public sector entities revaluation surplus	2 917			2 917
Other reserves	18 781	- 442		18 339
<b>Total reserves</b>	<b>7 818 680</b>	<b>72 109</b>		<b>7 890 789</b>
<b>Capital – transactions with owners</b>				
Equity injections				
Capital appropriation				
Equity transfers in				
Other equity injections				
Specific purpose payments				
National partnership payments				
Commonwealth – capital				
Equity withdrawals				
Capital withdrawals				
Equity transfers out				
<b>Total capital – transactions with owners</b>				
<b>TOTAL EQUITY AT END OF FINANCIAL YEAR</b>	<b>11 064 620</b>	<b>- 408 873</b>		<b>10 655 746</b>
<b>2016-17</b>				
<b>Accumulated funds</b>	<b>2 637 186</b>	<b>- 67 448</b>		<b>2 569 738</b>
Changes in accounting policy				
Correction of prior period errors				
Transfers from reserves		114 170		114 170
Dividends paid/payable				
Other movements directly to equity		562 031		562 031
<b>Total accumulated funds</b>	<b>2 637 186</b>	<b>608 753</b>		<b>3 245 939</b>
<b>Reserves</b>				
Asset revaluation surplus	7 014 292	782 691		7 796 983
Asset realisation surplus				
Derivative revaluation surplus				
Investments in public sector entities revaluation surplus	2 917			2 917
Other reserves	17 952	829		18 781
<b>Total reserves</b>	<b>7 035 160</b>	<b>783 520</b>		<b>7 818 680</b>
<b>Capital – transactions with owners</b>				
Equity injections				
Capital appropriation				
Equity transfers in				
Other equity injections				
Specific purpose payments				
National partnership payments				
Commonwealth – capital				
Equity withdrawals				
Capital withdrawals				
Equity transfers out				
<b>Total capital – transactions with owners</b>				
<b>TOTAL EQUITY AT END OF FINANCIAL YEAR</b>	<b>9 672 346</b>	<b>1 392 273</b>		<b>11 064 620</b>

## Non financial public sector

# Cash Flow Statement

	2017-18	2016-17
	\$000	\$000
<b>Cash receipts from operating activities</b>		
Taxes received	623 952	589 554
Receipts from sales of goods and services	944 422	990 864
Grants and subsidies received	4 336 160	4 512 190
Interest receipts	126 591	98 830
Dividends and income tax equivalents	21 366	24 132
Other receipts	690 835	515 706
<b>Total operating receipts</b>	<b>6 743 325</b>	<b>6 731 276</b>
<b>Cash payments for operating activities</b>		
Payments for employees	- 2 813 215	- 2 693 685
Payment for goods and services	- 2 152 021	- 2 045 231
Grants and subsidies paid	- 1 271 825	- 1 190 136
Interest paid	- 291 622	- 273 492
Other payments	- 10 718	- 39 764
<b>Total operating payments</b>	<b>- 6 539 401</b>	<b>- 6 242 309</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>203 924</b>	<b>488 968</b>
<b>Cash flows from investments in non financial assets</b>		
Sales of non financial assets	44 392	50 011
Purchases of non financial assets	- 999 132	- 1 011 985
<b>Net cash flows from investments in non financial assets</b>	<b>- 954 740</b>	<b>- 961 974</b>
<b>NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS</b>	<b>- 750 816</b>	<b>- 473 006</b>
Net cash flows from investments in financial assets for policy purposes <sup>1</sup>	13 158	827
Net cash flows from investments in financial assets for liquidity purposes	- 173 881	168 917
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>- 1 115 462</b>	<b>- 792 230</b>
Net cash flows from financing activities		
Advances received (net)	2 030	- 11 583
Borrowing (net)	1 223 607	- 52 286
Deposits received (net)	5 147	27 437
Other financing (net)		
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>1 230 785</b>	<b>- 36 433</b>
<b>NET INCREASE (+)/DECREASE (-) IN CASH HELD</b>	<b>319 246</b>	<b>- 339 696</b>
Net cash flows from operating activities	203 924	488 968
Net cash flows from investments in non financial assets	- 954 740	- 961 974
<b>CASH SURPLUS (+)/DEFICIT (-)</b>	<b>- 750 816</b>	<b>- 473 006</b>
Future infrastructure and superannuation contributions/earnings <sup>2</sup>	- 53 652	- 31 773
<b>UNDERLYING SURPLUS (+)/DEFICIT (-)</b>	<b>- 804 468</b>	<b>- 504 780</b>

1 Includes equity acquisitions, disposals and privatisations (net).

2 Contributions for future infrastructure and superannuation requirements.

## Public financial corporation sector

# Comprehensive Operating Statement

	2017-18	2016-17
	\$000	\$000
<b>REVENUE</b>		
Current grants		
Capital grants		
Sales of goods and services	820	820
Interest income	232 150	213 749
Other revenue	2	2
<b>TOTAL REVENUE</b>	<b>232 972</b>	<b>214 571</b>
<i>less</i> <b>EXPENSES</b>		
Employee benefits expense	890	792
Superannuation expenses	111	93
Depreciation and amortisation		
Other operating expenses	1 283	1 338
Interest expenses	203 288	190 982
Other property expenses	8 220	6 410
Current grants		
Capital grants		
Subsidies and personal benefit payments		
<b>TOTAL EXPENSES</b>	<b>213 791</b>	<b>199 615</b>
<i>equals</i> <b>NET OPERATING BALANCE</b>	<b>19 181</b>	<b>14 956</b>
<i>plus</i> Other economic flows – included in operating result		
<i>equals</i> <b>OPERATING RESULT</b>	<b>19 181</b>	<b>14 956</b>
<i>plus</i> Other economic flows – other comprehensive income		
<i>equals</i> <b>COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners</b>	<b>19 181</b>	<b>14 956</b>
<b>NET OPERATING BALANCE</b>	<b>19 181</b>	<b>14 956</b>
<i>less</i> <b>Net acquisition of non financial assets</b>		
Purchases of non financial assets		
Sales of non financial assets		
<i>less</i> Depreciation		
<i>plus</i> Change in inventories		
<i>plus</i> Other movements in non financial assets		
<i>equals</i> <b>Total net acquisition of non financial assets</b>		
<i>equals</i> <b>FISCAL BALANCE</b>	<b>19 181</b>	<b>14 956</b>

## Public financial corporation sector

# Balance Sheet

	2017-18	2016-17
	\$000	\$000
<b>ASSETS</b>		
<b>Financial assets</b>		
Cash and deposits	48 017	68 625
Advances paid	72 071	74 350
Investments, loans and placements	5 144 457	3 907 168
Receivables	4 334	5 890
Equity		
Investments in other public sector entities		
Equity accounted investments		
Investments – shares		
Other financial assets		
<b>Total financial assets</b>	<b>5 268 879</b>	<b>4 056 033</b>
<b>Non financial assets</b>		
Inventories		
Property, plant and equipment		
Investment property		
Intangible assets		
Assets held for sale		
Other non financial assets		
<b>Total non financial assets</b>		
<b>TOTAL ASSETS</b>	<b>5 268 879</b>	<b>4 056 033</b>
<b>LIABILITIES</b>		
Deposits held	388	312
Advances received	208 736	216 170
Borrowing	4 958 217	3 750 213
Superannuation		
Other employee benefits	196	161
Payables	52 308	46 179
Other liabilities	27 403	21 368
<b>TOTAL LIABILITIES</b>	<b>5 247 248</b>	<b>4 034 403</b>
<b>NET ASSETS</b>	<b>21 631</b>	<b>21 631</b>
Contributed equity	18 714	18 714
Accumulated surplus	2 917	2 917
Reserves		
<b>TOTAL EQUITY</b>	<b>21 631</b>	<b>21 631</b>
<b>NET FINANCIAL WORTH<sup>1</sup></b>	<b>21 631</b>	<b>21 631</b>
<b>NET DEBT<sup>2</sup></b>	<b>- 97 204</b>	<b>- 83 448</b>

1 Net financial worth equals total financial assets minus total liabilities.

2 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 corporation sector

# Statement of Changes in Equity

	Equity at 1 July \$000	Comprehensive result \$000	Transactions with owners in their capacity as owners \$000	Equity at 30 June \$000
<b>2017-18</b>				
<b>Accumulated funds</b>	<b>2 917</b>	<b>19 181</b>		<b>22 098</b>
Changes in accounting policy				
Correction of prior period errors				
Transfers from reserves				
Dividends paid/payable			- 19 181	- 19 181
Other movements directly to equity				
<b>Total accumulated funds</b>	<b>2 917</b>	<b>19 181</b>	<b>- 19 181</b>	<b>2 917</b>
<b>Reserves</b>				
Asset revaluation surplus				
Asset realisation surplus				
Derivative revaluation surplus				
Investments in public sector entities revaluation surplus				
Other reserves				
<b>Total reserves</b>				
<b>Capital – transactions with owners</b>	<b>18 714</b>			<b>18 714</b>
Equity injections				
Capital appropriation				
Equity transfers in				
Other equity injections				
Specific purpose payments				
National partnership payments				
Commonwealth – capital				
Equity withdrawals				
Capital withdrawals				
Equity transfers out				
<b>Total capital – transactions with owners</b>	<b>18 714</b>			<b>18 714</b>
<b>TOTAL EQUITY AT END OF FINANCIAL YEAR</b>	<b>21 631</b>	<b>19 181</b>	<b>- 19 181</b>	<b>21 631</b>
<b>2016-17</b>				
<b>Accumulated funds</b>	<b>2 917</b>	<b>14 956</b>		<b>17 873</b>
Changes in accounting policy				
Correction of prior period errors				
Transfers from reserves				
Dividends paid/payable			- 14 956	- 14 956
Other movements directly to equity				
<b>Total accumulated funds</b>	<b>2 917</b>	<b>14 956</b>	<b>- 14 956</b>	<b>2 917</b>
<b>Reserves</b>				
Asset revaluation surplus				
Asset realisation surplus				
Derivative revaluation surplus				
Investments in public sector entities revaluation surplus				
Other reserves				
<b>Total reserves</b>				
<b>Capital – transactions with owners</b>	<b>18 714</b>			<b>18 714</b>
Equity injections				
Capital appropriation				
Equity transfers in				
Other equity injections				
Specific purpose payments				
National partnership payments				
Commonwealth – capital				
Equity withdrawals				
Capital withdrawals				
Equity transfers out				
<b>Total capital – transactions with owners</b>	<b>18 714</b>			<b>18 714</b>
<b>TOTAL EQUITY AT END OF FINANCIAL YEAR</b>	<b>21 631</b>	<b>14 956</b>	<b>- 14 956</b>	<b>21 631</b>

## Public financial corporation sector

# Cash Flow Statement

	2017-18	2016-17
	\$000	\$000
<b>Cash receipts from operating activities</b>		
Receipts from sales of goods and services	820	820
Grants and subsidies received		
Interest receipts	233 660	213 742
Other receipts	2	2
<b>Total operating receipts</b>	<b>234 482</b>	<b>214 565</b>
<b>Cash payments for operating activities</b>		
Income tax equivalents paid	- 6 410	- 7 240
Payments for employees	- 966	- 862
Payment for goods and services	- 1 265	- 1 444
Grants and subsidies paid		
Interest paid	- 201 129	- 197 065
Other payments		
<b>Total operating payments</b>	<b>- 209 770</b>	<b>- 206 611</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>24 712</b>	<b>7 953</b>
<b>Cash flows from investments in non financial assets</b>		
Sales of non financial assets		
Purchases of non financial assets		
<b>Net cash flows from investments in non financial assets</b>		
<b>NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS</b>	<b>24 712</b>	<b>7 953</b>
Net cash flows from investments in financial assets for policy purposes <sup>1</sup>	2 279	2 004
Net cash flows from investments in financial assets for liquidity purposes	- 1 237 289	56 426
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>- 1 235 010</b>	<b>58 430</b>
Net cash flows from financing activities		
Advances received (net)	- 7 434	- 7 104
Borrowing (net)	1 212 004	- 12 680
Deposits received (net)	76	- 210
Dividends paid	- 14 956	- 16 892
Other financing (net)		
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>1 189 690</b>	<b>- 36 886</b>
<b>NET INCREASE (+)/DECREASE (-) IN CASH HELD</b>	<b>- 20 608</b>	<b>29 498</b>
Net cash flows from operating activities	24 712	7 953
Net cash flows from investments in non financial assets		
Distributions paid	- 14 956	- 16 892
<b>CASH SURPLUS (+)/DEFICIT (-)</b>	<b>9 756</b>	<b>- 8 939</b>

1 Includes equity acquisitions, disposals and privatisations (net).

## Total public sector

# Comprehensive Operating Statement

	Notes	2017-18 \$000	2016-17 \$000
<b>REVENUE</b>			
Taxation revenue	2	625 820	598 802
Current grants	3	4 207 704	4 195 824
Capital grants	4	127 624	317 733
Sales of goods and services	5	952 145	928 309
Interest income		126 349	97 178
Dividend and income tax equivalent income	6		
Other revenue	7	463 916	279 019
<b>TOTAL REVENUE</b>		<b>6 503 559</b>	<b>6 416 864</b>
<i>less</i> <b>EXPENSES</b>			
Employee benefits expense		2 480 737	2 383 598
Superannuation expenses			
Superannuation interest cost		95 756	82 617
Other superannuation expenses		233 936	245 273
Depreciation and amortisation		589 006	529 890
Other operating expenses	8	1 959 855	1 821 969
Interest expenses		261 113	250 644
Other property expenses		3 122	3 055
Current grants	9	991 450	963 845
Capital grants	10	133 387	93 413
Subsidies and personal benefit payments	11	155 545	144 179
<b>TOTAL EXPENSES</b>		<b>6 903 906</b>	<b>6 518 483</b>
<i>equals</i> <b>NET OPERATING BALANCE</b>		<b>- 400 348</b>	<b>- 101 619</b>
<i>plus</i> Other economic flows – included in operating result	12	- 190 197	34 171
<i>equals</i> <b>OPERATING RESULT</b>		<b>- 590 545</b>	<b>- 67 448</b>
<i>plus</i> Other economic flows – other comprehensive income	12	181 672	1 459 721
<i>equals</i> <b>COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners</b>		<b>- 408 873</b>	<b>1 392 273</b>
<b>NET OPERATING BALANCE</b>		<b>- 400 348</b>	<b>- 101 619</b>
<i>less</i> <b>Net acquisition of non financial assets</b>			
Purchases of non financial assets		997 046	1 011 010
Sales of non financial assets		- 44 392	- 50 011
<i>less</i> Depreciation	22, 24, 26	589 006	529 890
<i>plus</i> Change in inventories		4 210	- 384
<i>plus</i> Other movements in non financial assets		21 496	16 015
<i>equals</i> <b>Total net acquisition of non financial assets</b>		<b>389 354</b>	<b>446 740</b>
<i>equals</i> <b>FISCAL BALANCE</b>		<b>- 789 702</b>	<b>- 548 359</b>



## Total public sector Balance Sheet

	Notes	2017-18 \$000	2016-17 \$000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and deposits	15	603 228	283 981
Advances paid	17	167 919	171 358
Investments, loans and placements	18	2 256 323	2 074 854
Receivables	19	458 149	411 693
Equity			
Investments in other public sector entities			
Equity accounted investments			
Investments – shares		3	3
Other financial assets	20	18 603	17 387
<b>Total financial assets</b>		<b>3 504 224</b>	<b>2 959 275</b>
<b>Non financial assets</b>			
Inventories	21	202 166	197 956
Property, plant and equipment	22, 27	18 322 008	17 952 437
Investment property	23, 27	95 150	103 495
Intangible assets	24, 27	17 962	30 271
Assets held for sale	25, 27	38 722	16 832
Other non financial assets	26, 27	121 999	122 439
<b>Total non financial assets</b>		<b>18 798 007</b>	<b>18 423 428</b>
<b>TOTAL ASSETS</b>		<b>22 302 231</b>	<b>21 382 703</b>
<b>LIABILITIES</b>			
Deposits held	28	107 367	81 535
Advances received	29	214 068	221 486
Borrowing	30	5 617 129	4 414 384
Superannuation	31	3 622 087	3 676 153
Other employee benefits	32	720 327	683 223
Payables	33	389 987	349 885
Other liabilities	34	975 519	891 417
<b>TOTAL LIABILITIES</b>		<b>11 646 484</b>	<b>10 318 084</b>
<b>NET ASSETS</b>		<b>10 655 746</b>	<b>11 064 620</b>
Contributed equity			
Accumulated surplus		2 767 874	3 248 856
Reserves	36	7 887 872	7 815 764
<b>NET WORTH</b>		<b>10 655 746</b>	<b>11 064 620</b>
<b>NET FINANCIAL WORTH<sup>1</sup></b>		<b>- 8 142 260</b>	<b>- 7 358 808</b>
<b>NET DEBT<sup>2</sup></b>		<b>2 911 095</b>	<b>2 187 213</b>

1 Net financial worth equals total financial assets minus total liabilities.

2 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.

## Total public sector

# Statement of Changes in Equity

	Notes	Equity at 1 July	Comprehensive result	Transactions with owners in their capacity as owners	Equity at 30 June
<b>2017-18</b>		\$000	\$000	\$000	\$000
<b>Accumulated funds</b>		<b>3 248 856</b>	<b>- 590 545</b>		<b>2 658 311</b>
Changes in accounting policy					
Correction of prior period errors					
Transfers from reserves			95 545		95 545
Dividends paid/payable					
Other movements directly to equity			14 018		14 018
<b>Total accumulated funds</b>		<b>3 248 856</b>	<b>- 480 982</b>		<b>2 767 874</b>
<b>Reserves</b>	36				
Asset revaluation surplus		7 796 983	72 550		7 869 533
Asset realisation surplus					
Derivative revaluation surplus					
Investments in public sector entities revaluation surplus					
Other reserves		18 781	- 442		18 339
<b>Total reserves</b>		<b>7 815 764</b>	<b>72 109</b>		<b>7 887 872</b>
<b>Capital – transactions with owners</b>					
Equity injections					
Capital appropriation					
Equity transfers in					
Other equity injections					
Specific purpose payments					
National partnership payments					
Commonwealth – capital					
Equity withdrawals					
Capital withdrawals					
Equity transfers out					
<b>Total capital – transactions with owners</b>					
<b>TOTAL EQUITY AT END OF FINANCIAL YEAR</b>		<b>11 064 620</b>	<b>- 408 873</b>		<b>10 655 746</b>
<b>2016-17</b>					
<b>Accumulated funds</b>		<b>2 640 103</b>	<b>- 67 448</b>		<b>2 572 655</b>
Changes in accounting policy					
Correction of prior period errors					
Transfers from reserves			114 170		114 170
Dividends paid/payable					
Other movements directly to equity			562 031		562 031
<b>Total accumulated funds</b>		<b>2 640 103</b>	<b>608 753</b>		<b>3 248 856</b>
<b>Reserves</b>	36				
Asset revaluation surplus		7 014 292	782 691		7 796 983
Asset realisation surplus					
Derivative revaluation surplus					
Investments in public sector entities revaluation surplus					
Other reserves		17 952	829		18 781
<b>Total reserves</b>		<b>7 032 244</b>	<b>783 520</b>		<b>7 815 764</b>
<b>Capital – transactions with owners</b>					
Equity injections					
Capital appropriation					
Equity transfers in					
Other equity injections					
Specific purpose payments					
National partnership payments					
Commonwealth – capital					
Equity withdrawals					
Capital withdrawals					
Equity transfers out					
<b>Total capital – transactions with owners</b>					
<b>TOTAL EQUITY AT END OF FINANCIAL YEAR</b>		<b>9 672 346</b>	<b>1 392 273</b>		<b>11 064 620</b>

## Total public sector

# Cash Flow Statement

	Notes	2017-18	2016-17
		\$000	\$000
<b>Cash receipts from operating activities</b>			
Taxes received		623 952	589 554
Receipts from sales of goods and services		943 800	990 238
Grants and subsidies received		4 336 160	4 512 190
Interest receipts		126 591	98 830
Dividends and income tax equivalents			
Other receipts		690 835	515 706
<b>Total operating receipts</b>		<b>6 721 337</b>	<b>6 706 518</b>
<b>Cash payments for operating activities</b>			
Payments for employees		- 2 814 181	- 2 694 548
Payment for goods and services		- 2 151 843	- 2 045 226
Grants and subsidies paid		- 1 271 825	- 1 190 136
Interest paid		- 259 091	- 256 815
Other payments		- 10 718	- 39 764
<b>Total operating payments</b>		<b>- 6 507 657</b>	<b>- 6 226 489</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	16	<b>213 680</b>	<b>480 029</b>
<b>Cash flows from investments in non financial assets</b>			
Sales of non financial assets		44 392	50 011
Purchases of non financial assets		- 999 132	- 1 011 985
<b>Net cash flows from investments in non financial assets</b>		<b>- 954 740</b>	<b>- 961 974</b>
<b>NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS</b>		<b>- 741 060</b>	<b>- 481 945</b>
Net cash flows from investments in financial assets for policy purposes <sup>1</sup>		13 158	827
Net cash flows from investments in financial assets for liquidity purposes		- 173 881	168 917
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>- 1 115 462</b>	<b>- 792 230</b>
Net cash flows from financing activities			
Advances received (net)		- 7 418	- 8 104
Borrowing (net)		1 202 616	- 17 119
Deposits received (net)		25 832	- 2 270
Other financing (net)			
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>1 221 029</b>	<b>- 27 494</b>
<b>NET INCREASE (+)/DECREASE (-) IN CASH HELD</b>		<b>319 246</b>	<b>- 339 696</b>
Net cash flows from operating activities		213 680	480 029
Net cash flows from investments in non financial assets		- 954 740	- 961 974
<b>CASH SURPLUS (+)/DEFICIT (-)</b>		<b>- 741 060</b>	<b>- 481 945</b>
Future infrastructure and superannuation contributions/earnings <sup>2</sup>		- 53 652	- 31 773
<b>UNDERLYING SURPLUS (+)/DEFICIT (-)</b>		<b>- 794 712</b>	<b>- 513 719</b>

1 Includes equity acquisitions, disposals and privatisations (net).

2 Contributions for future infrastructure and superannuation requirements.



# Notes to the financial statements



# Notes to the financial statements

For the year ended 30 June 2018

## 1. Statement of significant accounting policies

The purpose of this financial report is to provide information about the government's stewardship of, and accountability for, resources entrusted to it and information about its financial position, performance and cash flows.

The following summary sets out the significant accounting policies adopted in the Treasurer's Annual Financial Statements (TAFS).

### a) Statement of compliance

#### i) Compliance framework

The 2017-18 TAFS general purpose financial statements have been prepared in accordance with all standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are effective for the current annual reporting period. In particular, the financial statements are presented in a manner consistent with the requirements of AASB 1049 Whole of Government and General Government Sector Financial Reporting and the Uniform Presentation Framework (UPF).

The Government Finance Statistics (GFS) information included in this report is based on the Australian Bureau of Statistics (ABS) publications: Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2015 and Amendments to Australian System of Government Finance Statistics, 2015 (ABS Catalogue No. 5514.0) (the GFS Manual).

As a result of the 2015 update to the GFS Manual, a draft 2018 UPF has been released to align certain reporting requirements with the most recent version of the GFS Manual.

All tables in this report have been prepared in accordance with the draft 2018 UPF, with most notable changes being the removal of the supplementary table 'Loan Council Allocation', minor changes to the structure and names of line items in the Balance Sheet, and removal of the requirement to report a separate figure in the Cash Flow Statement for the ABS GFS cash surplus/ (deficit) to include finance leases.

Changes to reporting expenditure by Classifications of Functions of Government Australia (COFOG-A), replacing the previous Government Purpose Classifications was early adopted in the 2016-17 TAFS and remains unchanged.

Note 45 reconciles the differences between Australian Accounting Standards and the requirements contained in the GFS Manual.

#### Compliance with International Financial Reporting Standards

A statement of compliance with the International Financial Reporting Standards (IFRS) cannot be made due to the application of the not-for-profit requirements contained within Australian Accounting Standards (no equivalent requirements exist in IFRS).

#### ii) Standards and interpretations effective from 2017-18

The following new and revised accounting standards and interpretations were effective for the first time in 2017-18:

##### AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

AASB 2016-2 requires the disclosure of information that enables users of financial statements to evaluate changes in liabilities arising from financing activities. This disclosure is illustrated in Note 16(b).

# Notes to the financial statements

For the year ended 30 June 2018

## 1. Statement of significant accounting policies (continued)

Several other amending standards and AASB interpretations have been issued that apply to the current reporting periods but are considered to have no impact on public sector reporting.

### iii) Standards and interpretations issued but not yet effective

At the date of authorisation of the financial statements, the following standards and interpretations were in issue but are not yet effective and are expected to have a potential impact on TAFS for future reporting periods:

#### AASB 16 Leases

AASB 16 Leases is effective for annual reporting periods beginning on or after 1 January 2019 and consequently will be reported in the Treasurer's Annual Financial Report (TAFR) for the first time in 2019-20. When effective, the standard will supersede AASB 117 Leases, and requires the majority of leases to be recognised on the Balance Sheet.

For lessees with operating leases, a right-of-use asset will now come onto the Balance Sheet together with a lease liability for all leases with a term of more than 12 months, unless the underlying assets are of low value. The Comprehensive Operating Statement will no longer report operating lease rental payments, instead a depreciation expense will be recognised relating to the right-to-use asset and interest expense relating to the lease liability.

For lessors the finance and operating lease distinction remains largely unchanged. For finance leases the lessor recognises a receivable equal to the net investment in the lease. Lease receipts from operating leases are recognised as income either on a straight-line basis or another systematic basis where appropriate.

Consequently, it is expected that approximately \$700 million in operating lease commitments will be required to be recognised in the Balance Sheet through a lease liability and corresponding right-to-use asset from 2019-20. In the Comprehensive Operating Statement, the operating lease expense will be replaced with a depreciation expense relating to the right-to-use asset and interest expense relating to the lease liability. These amounts are unable to be quantified at this time.

#### AASB 1058 Income for Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers

AASB 1058 Income for Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers are effective for annual reporting periods beginning on or after 1 January 2019 and consequently will be reported in TAFR for the first time in 2019-20.

Under AASB 1058, revenue from grants and donations will be recognised when any associated performance obligation to provide goods or services is satisfied, and not immediately upon receipt as currently occurs. Consequently, more revenue will initially be recognised as liabilities (unearned revenue) in the Balance Sheet after adoption of this standard.

AASB 1058 also clarifies and simplifies income-recognition requirements that apply to not-for-profit entities in conjunction with AASB 15.



# Notes to the financial statements

For the year ended 30 June 2018

## 1. Statement of significant accounting policies (continued)

While the full impacts are yet to be determined, potential impacts identified include:

- Grants received to construct or acquire a non-financial asset will be recognised as a liability, and subsequently recognised as revenue as the performance obligations under the grant are satisfied. At present, such grants are recognised as revenue on receipt.
- Grants with an enforceable agreement and sufficiently specific performance obligations will be recognised as revenue progressively as the associated performance obligations are satisfied. At present, such grants are recognised as revenue on receipt.
- Grants that have an enforceable agreement but no specific performance obligations but have restrictions on the timing of expenditure will continue to be recognised as revenue on receipt as time restrictions on the use of funds are not sufficiently specific to create a performance obligation.
- Grants that are not enforceable or not sufficiently specific will not qualify for deferral, and will continue to be recognised as revenue on receipt.

### AASB 9 Financial Instruments

AASB 9 Financial Instruments is effective for annual reporting periods beginning on or after 1 January 2018 and will be reported in TAFR for the first time in 2018-19.

Currently under AASB 139, there are four categories of financial instruments: fair value through profit or loss (FVTPL); held-to-maturity; loans and receivables; and available-for-sale financial assets. Under the new standard there are three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVTOCI) and FVTPL. Where assets are measured at fair value, gains and losses are either recognised entirely in profit or loss (FVTPL) or recognised in other comprehensive income (FVTOCI).

While the full impacts are yet to be determined, potential impacts identified include:

- Debt securities previously classified as held-to-maturity will be classified as financial assets measured at amortised cost as they meet the amortised cost criteria, that is, the Northern Territory intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.
- Trade and other receivables previously classified as loans and receivables will be classified as financial assets measured at amortised cost.
- Cash and deposits classified as other financial assets will be classified as financial assets measured at amortised cost.
- Securities previously designated as FVTPL will remain at FVTPL.
- Recognition of impairment losses on financial assets are to be measured on an expected basis rather than an incurred basis, as is the current approach.

# Notes to the financial statements

For the year ended 30 June 2018

## 1. Statement of significant accounting policies (continued)

### AASB 1059 Service Concession Arrangements: Grantors

AASB 1059 Service Concession Arrangements: Grantors is effective for annual reporting periods beginning on or after 1 January 2019 and will be reported in the TAFR for the first time in 2019-20.

AASB 1059 addresses the accounting for arrangements that involve an operator providing public services related to a service concession asset on behalf of a public sector grantor for a specified period of time and managing at least some of those services.

Where a transaction meets the definition of a service concession arrangement, a service concession asset and liability will be recognised on the Balance Sheet and valued in accordance with the new standard.

The Territory's public-private partnership arrangements are currently under review to determine the applicability of AASB 1059 and the full impacts of the new standard.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods but are considered to have limited impact on public sector reporting.

### b) The government reporting entity

In accordance with AASB 1049 Whole of Government and General Government Sector Financial Reporting, the financial statements cover the total public sector, comprising the general government, public non financial corporations and public financial corporations sectors. The sectors are determined in accordance with the principles and rules contained in the GFS Manual. All sectors are considered to be not-for-profit for financial reporting purposes.

Financial information, in the form of a Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity and Cash Flow Statement, is presented for each of these reporting sectors. Notes to the financial statements are presented for the total public sector and the general government sector.

Note 42, Details of controlled entities at reporting date contains a full list of entities forming each of the sectors listed below.

### General government sector (GGS)

Entities mainly engaged in the production of goods or services outside the normal market mechanism. Goods and services are generally provided free of charge or at nominal charges well below costs of production. It also includes certain activities, government business divisions and government-controlled enterprises that operate in a cost-recovery environment observing competitive neutrality principles but are closely aligned to the operations of general government.

### Public non financial corporations (PNFC) sector

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 that 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 corporation's subsectors. This process eliminates transactions between the two sectors.

# Notes to the financial statements

For the year ended 30 June 2018

## 1. Statement of significant accounting policies (continued)

### Public financial corporations (PFC) sector

Government-controlled entities that 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.

### c) Basis of preparation

The financial statements have been prepared in accordance with the fair value basis of accounting with certain exceptions as described in the accounting policies set out in the accompanying notes to the financial statements. The accounts have been prepared using the accrual basis of accounting applying the going-concern assumption.

### d) Basis of consolidation

Reporting entities controlled by the Territory are consolidated within these financial statements, and are included in a specific reporting sector and the total public sector.

Where control of an entity is obtained during a financial year, the results of that entity are included in the Comprehensive Operating Statement from the date on which control commenced. Where control of an entity ceases during a financial year, the entity's results are included for the part of the year for which control existed.

All material revenues, expenses, assets, liabilities and equity of the government, including entities controlled by government, are included in the financial statements and as part of the consolidation process, material transactions and balances between government-controlled entities are eliminated. Where necessary, adjustments are made to the financial statements of controlled entities to bring their accounting policies in line with the reporting entities controlled by the Territory.

### e) Comparatives

Where necessary, comparative information for the 2016-17 financial year has been restated to provide consistency with current year disclosures.

### f) Presentation and rounding of amounts

Amounts in the financial statements are presented in Australian dollars and have been rounded to the nearest thousand dollars, with amounts of \$500 or less rounded down to zero. Figures in the financial statements and notes may not equate due to rounding.

### g) Changes in accounting policies

There have been no changes to accounting policies adopted in 2017-18 as a result of management decisions. The order of the note disclosures has been changed to more closely align with the order in which they appear in the financial statements.

# Notes to the financial statements

For the year ended 30 June 2018

## 1. Statement of significant accounting policies (continued)

### h) Accounting judgements and estimates

Preparation of the financial statements requires making judgements and estimates that affect the recognised amounts of assets, liabilities, revenues and expenses, and disclosing contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements and estimates that have significant effects on the financial statements are disclosed in the relevant notes to the financial statements.

### i) Taxation

The government is exempt from Commonwealth taxation with the exception of fringe benefits tax and GST.

### j) GST

Revenues, expenses and assets are recognised net the amount of GST, except where the amount of GST incurred on a purchase of goods and services is not recoverable from the Australian Taxation Office (ATO). In these circumstances, 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 gross basis. The GST components of cash flows arising from investing and financial activities 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.

### k) Reporting period

The reporting period for consolidated entities is the year ended each 30 June, with the exception of the 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.

# Notes to the financial statements

For the year ended 30 June 2018

## 2. Taxation revenue

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
Taxes on employers' payroll and labour force taxes	359 704	322 508	348 470	311 502
Stamp duties on financial and capital transactions	74 013	105 096	74 013	105 096
Taxes on gambling	82 695	71 615	82 695	71 615
Taxes on insurance	45 644	42 852	45 644	42 852
Motor vehicle registration fees	74 235	67 736	74 235	67 736
Other	763		763	
<b>Total taxation revenue</b>	<b>637 054</b>	<b>609 807</b>	<b>625 820</b>	<b>598 802</b>

Revenue is recognised at the fair value of the consideration received, exclusive of the amount of GST.

Territory taxation is recognised when the underlying transaction or event that 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. An example of an assessment-based tax is conveyance duty.

Taxpayer-assessed revenues, for example payroll tax, 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.

## 3. Current grants revenue

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
GST revenue	2 944 959	3 157 478	2 944 959	3 157 478
Specific purpose payments	390 697	360 840	390 697	360 840
National partnerships	142 661	231 712	142 661	231 712
Other	729 387	445 794	729 387	445 794
<b>Total current grants revenue</b>	<b>4 207 704</b>	<b>4 195 824</b>	<b>4 207 704</b>	<b>4 195 824</b>

## 4. Capital grants revenue

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
National partnerships	73 375	244 661	73 375	244 661
Specific purpose payments	17 500	33 095	17 500	33 095
Other	24 362	23 547	36 749	39 977
<b>Total capital grants revenue</b>	<b>115 237</b>	<b>301 303</b>	<b>127 624</b>	<b>317 733</b>

Grants revenue is recognised at fair value exclusive of the amount of GST when government obtains control over the assets comprising the contributions, generally on receipt. Where the grant is reciprocal in nature, revenue is recognised as and when the obligation is fulfilled.

# Notes to the financial statements

For the year ended 30 June 2018

## 5. Sales of goods and services

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
Fees from regulatory services	25 672	33 389	25 128	32 970
Other goods and services revenue	348 708	332 946	927 017	895 339
<b>Total sales of goods and services</b>	<b>374 380</b>	<b>366 335</b>	<b>952 145</b>	<b>928 309</b>

Revenue from regulatory fees and fines is recognised and recorded when control over the regulatory fee or fine is obtained.

Other goods and services revenue comprises income from rendering of services and sales of goods and services. These are recognised at the fair value of the consideration received, exclusive of the amount of GST.

Revenue from rendering services is recognised by reference to the stage of completion of the contract. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured
- it is probable the economic benefits associated with the transaction will flow to the entity.

Revenue from the sale of goods is recognised (net of returns, discounts and allowances) when:

- the significant risks and rewards of ownership of the goods have transferred to the buyer
- the agency retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- the amount of revenue can be reliably measured
- it is probable the economic benefits associated with the transaction will flow to the agency
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

## Interest income

Interest and other investment income is recognised as it accrues, using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

# Notes to the financial statements

For the year ended 30 June 2018

## 6. Dividend and income tax equivalent income

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
<b>Dividend income</b>				
Public non financial corporations sector	24 079	13 567		
Public financial corporations sector	19 181	14 956		
<b>Tax equivalents regime</b>				
Public non financial corporations sector	13 435	41 525		
Public financial corporations sector	8 220	6 410		
<b>Total dividend and income tax equivalent income</b>	<b>64 916</b>	<b>76 458</b>		

General government sector dividends and income tax equivalent revenue represents revenue earned from other sectors of government. Such revenue for the general government sector is recognised when the right to receive the payment is established.

The Commonwealth applies a tax-equivalent regime that levies the equivalent of specified taxes and local government rates on certain public sector entities. Tax equivalent transactions and balances, other than taxation amounts actually payable, which are eliminated on consolidation, are excluded from these statements. Dividends and income tax equivalents from the PNFC and PFC sectors are eliminated on consolidation in the total public sector.

## 7. Other revenue

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
Rental income	14 022	14 114	17 522	17 002
Royalty income	340 578	170 162	340 530	170 113
Fines revenue	17 411	18 086	17 411	18 086
Miscellaneous revenue	47 929	44 965	64 678	60 128
Donated assets	1 366	244	23 776	13 690
<b>Total other revenue</b>	<b>421 306</b>	<b>247 571</b>	<b>463 916</b>	<b>279 019</b>

The majority of other revenue relates to:

- royalty income recognised when control is obtained
- revenue from fees and fines including traffic infringements and court issued fines. These are recognised and recorded when control over the fee or fine is obtained
- miscellaneous revenue including reimbursements and research funding from non-government organisations
- donated assets including assets received at below fair value or for nil consideration and that can be measured reliably. These are recognised as revenue at their fair value when control over the assets is obtained, normally either on receipt of the assets or on notification the assets have been secured.

# Notes to the financial statements

For the year ended 30 June 2018

## 8. Other operating expenses

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
Repairs and maintenance	288 485	238 664	378 793	335 689
Property management	242 945	232 694	196 377	192 633
Purchases of goods and services	990 043	936 744	1 375 762	1 284 555
Other operating expenses	8 283	8 552	8 923	9 093
<b>Total other operating expenses</b>	<b>1 529 755</b>	<b>1 416 655</b>	<b>1 959 855</b>	<b>1 821 969</b>

Other operating expenses generally represent the day-to-day running costs incurred in normal operations, including supplies and services costs recognised in the reporting period in which they are incurred.

## 9. Current grants

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
Current grants	1 049 827	1 025 742	991 450	963 845
<b>Total current grants</b>	<b>1 049 827</b>	<b>1 025 742</b>	<b>991 450</b>	<b>963 845</b>

## 10. Capital grants

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
General capital grants	149 115	124 133	121 970	91 805
Capital grants to charities and not-for-profit associations	5 000	15	5 000	15
Assets transferred	6 417	1 593	6 417	1 593
<b>Total capital grants</b>	<b>160 532</b>	<b>125 741</b>	<b>133 387</b>	<b>93 413</b>

## 11. Subsidies and personal benefit payments

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
Monetary transfers to households	128 334	112 745	128 334	112 745
Community service obligations and other subsidies	150 908	160 092	27 211	31 433
<b>Total subsidies and personal benefit payments</b>	<b>279 242</b>	<b>272 838</b>	<b>155 545</b>	<b>144 179</b>

Grants and other transfers to third parties are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as grants, subsidies, personal benefit payments made in cash to individuals, other transfer payments made to local government, government and non-government schools and community groups.

For the general government sector, these include grants and transfer payments to PNFCs and PFCs.



# Notes to the financial statements

For the year ended 30 June 2018

## 12. Other economic flows

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
Gain (loss) on sale of non financial assets	368	1 949	740	1 904
Bad and doubtful debt	- 15 443	- 14 846	- 17 127	- 18 583
Net actuarial gains (losses) – other	- 34 510	84 072	- 34 510	84 072
Revaluations and asset impairment	- 13 370	- 5 063	- 138 441	- 32 918
Write up (down) of inventory	- 349	- 304	- 859	- 304
<b>Other economic flows – included in operating result</b>	<b>- 63 305</b>	<b>65 808</b>	<b>- 190 197</b>	<b>34 171</b>
<b>Items that will not be reclassified to operating result</b>				
Revaluations	- 39 580	630 112	72 550	782 691
Remeasurement of superannuation liability	8 604	561 789	8 604	561 789
Gain (loss) on investments in other sector entities	19 358	193 662		
Other	41 232	17 894	100 518	115 240
<b>Other economic flows – other comprehensive income</b>	<b>29 614</b>	<b>1 403 457</b>	<b>181 672</b>	<b>1 459 721</b>

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions. Other economic flows include the following items:

### Gain or loss on sale of non financial assets

A gain or loss on sale of assets is included as a gain or loss on the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

### Bad and doubtful debt

Receivables are assessed for bad and doubtful debts on a regular basis. A provision for doubtful receivables is recognised when there is objective evidence the debts may not be collected. Bad debts are written off when identified in accordance with the *Financial Management Act*. More details on bad debts written off are provided in Note 13.

### Other value-based changes

These include changes in the value of financial instruments measured at fair value, changes in unfunded employee entitlements because of changes in the long-term bond rate and other actuarial assumptions and changes in the fair value of investment property due to market value changes.

# Notes to the financial statements

For the year ended 30 June 2018

## 12. Other economic flows (continued)

### Revaluation of non financial assets

Subsequent to initial recognition, assets belonging to the following classes of non financial assets are revalued with sufficient regularity to ensure the carrying amount of these assets does not differ materially from their fair value at reporting date:

- land
- buildings
- infrastructure assets
- heritage and cultural assets
- investment properties
- biological assets
- intangibles.

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

Plant and equipment are stated at historical cost less depreciation, which is deemed to equate to fair value. Historical cost includes expenditure directly attributable to the acquisition of the items.

Independent valuations are obtained for key general government land, building and infrastructure assets in line with agency internal valuation policies and program. Valuations are in accordance with the fair value basis, with most general government building and infrastructure assets valued at current replacement cost. Parcels of land are valued based on existing land use.

Selected electrical network infrastructure, water and sewerage assets, gas pipeline assets and remote generation assets for Power and Water Corporation are valued using the income approach. The income approach converts future amounts (for example, cash flows or income and expenses) to a single current (that is, discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts (refer Note 27 (a)(ii) and Note 27 (b)(ii) for valuation techniques).

A revaluation of urban public housing rental properties and remote government employee housing rental dwellings was completed at 30 June 2018, the results of which are reflected in these financial statements.

Net revaluation movement of investment properties are classified as 'other economic flows – included in operating result', whereas net revaluation movement of other non financial assets are recognised as 'other economic flows – other comprehensive income'.

### Impairment of assets

An asset is said to be impaired when its carrying amount exceeds its recoverable amount.

Non current physical and intangible assets are assessed for indicators of impairment on an annual basis or whenever there is an indication of impairment.

# Notes to the financial statements

For the year ended 30 June 2018

## 12. Other economic flows (continued)

If an indicator of impairment exists, the asset's recoverable amount is required to be determined. As the public sector is a not-for-profit entity, unless an asset has been identified as a surplus asset, the asset's recoverable amount is determined as the higher of the asset's current replacement cost and fair value less costs to sell. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

In certain situations, an impairment loss may subsequently be reversed. The impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

# Notes to the financial statements

For the year ended 30 June 2018

## 13. Write-offs, postponements, waivers, ex gratia payments and gifts – general government sector<sup>1</sup>

	2017-18		2016-17	
	\$000	No.	\$000	No.
<b>Write-offs, postponements and waivers under the Financial Management Act</b>	<b>4 354</b>	<b>1 232</b>	<b>6 261</b>	<b>892</b>
<b>Amounts written off, postponed, waived by Treasurer</b>	<b>3 715</b>	<b>260</b>	<b>5 404</b>	<b>131</b>
Irrecoverable money written off				
Crimes compensation debts				
Taxation debts				
Employee debts	141	18	30	3
Government services debts	1 353	218	768	120
Other	212	3	6	1
Losses or deficiencies of money written off				
Value of public property written off	1 238	5		
Postponement of right to receive or recover money				
Crimes compensation debts				
Taxation debts				
Government services debts	42	1		
Other				
Waiver of right to receive or recover money				
Crimes compensation debts				
Taxation debts				
Government services debts	657	12	4 570	5
Other	72	3	30	2
<b>Amounts written off, postponed, waived by delegates</b>	<b>639</b>	<b>972</b>	<b>857</b>	<b>761</b>
Irrecoverable money written off	618	887	578	662
Losses or deficiencies of money written off	3	18	4	8
Value of public property written off	18	67	275	91
Waiver of right to receive or recover money				
<b>Gifts<sup>2</sup></b>	<b>1 010</b>	<b>27</b>	<b>94</b>	<b>8</b>
Office furniture		5		
Computer and other electronic equipment		10		
Vehicles		5	92	3
Other	1 010	7	2	5
<b>Ex-gratia payments</b>	<b>17</b>	<b>3</b>	<b>592</b>	<b>11</b>
<b>Write-offs, postponements and waivers authorised under other legislation<sup>3</sup></b>	<b>11 325</b>	<b>1 913</b>	<b>732</b>	<b>1 807</b>
<b>Gifts authorised under other legislation<sup>4</sup></b>	<b>5 407</b>	<b>8</b>	<b>1 500</b>	<b>1</b>

1 Details of write-offs, postponements, waivers, ex-gratia payments and gifts approved under the *Financial Management Act* and other legislation are reported by agencies in their financial statements.

2 Agency valuations at time of gifting. Where one recipient has received more than one gift covering various categories, the gift has been counted in the category that has the highest value item.

3 Write-offs, postponements and waivers authorised under other legislation predominantly relates to demolished and disposed dwellings approved under the *Housing Act*, combined with written-off pharmaceuticals under the *Health Services Act*.

4 Gifts authorised under other legislation predominantly relates to perpetual leases provided under the *Crown Lands Act*.

# Notes to the financial statements

For the year ended 30 June 2018

## 14. Expenses by function

The following table presents expenses from transactions classified according to the Classifications of Functions of Government Australia (COFOG-A), which is based on the ABS classifications used as part of the 2015 GFS.

### General government sector and total public sector expenses by function

	General government		Total public sector	
	2017-18	2016-17 <sup>1</sup>	2017-18	2016-17 <sup>1</sup>
	\$000	\$000	\$000	\$000
<b>General public services</b>				
Executive and legislative organisations, financial and fiscal affairs, external affairs	113 807	85 142	113 755	85 142
General services	92	310	92	310
Public debt transactions	324 055	294 586	464 865	355 944
Transfers of a general character between different levels of government	393	289	393	289
General public services n.e.c.	20 698	18 244	20 678	18 244
<b>Total general public services</b>	<b>459 046</b>	<b>398 571</b>	<b>599 783</b>	<b>459 929</b>
<b>Public order and safety</b>				
Police services	332 828	323 466	332 702	323 466
Civil and fire protection services	46 095	45 112	46 080	45 112
Law courts	168 584	170 225	168 556	170 225
Prisons	202 265	184 177	202 187	184 177
Research and development - public order and safety	2 716	1 319	2 715	1 319
Public order and safety n.e.c.	24 857	17 449	24 848	17 449
<b>Total public order and safety</b>	<b>777 345</b>	<b>741 747</b>	<b>777 088</b>	<b>741 747</b>
<b>Economic affairs</b>				
General economic, commercial and labour affairs	143 956	119 212	143 912	119 212
Agriculture, forestry, fishing and hunting	30 738	36 572	30 729	36 572
Fuel and energy	157 146	156 608	525 242	550 395
Mining, manufacturing and construction	21 842	22 850	21 836	22 850
Communication				
Other industries	88 430	71 758	88 405	71 758
Research and development - economic affairs	26 550	31 860	26 542	31 860
Economic affairs n.e.c.	17 880	16 928	23 640	16 928
<b>Total economic affairs</b>	<b>486 542</b>	<b>455 788</b>	<b>860 306</b>	<b>849 575</b>

# Notes to the financial statements

For the year ended 30 June 2018

## 14. Expenses by function (continued)

	General government		Total public sector	
	2017-18	2016-17 <sup>1</sup>	2017-18	2016-17 <sup>1</sup>
	\$000	\$000	\$000	\$000
<b>Environmental protection</b>				
Waste management	2 837	2 774	25 300	28 547
Waste water management	17 103	19 734	17 097	19 734
Pollution abatement	1 951	1 826	1 951	1 826
Protection of biodiversity and landscape	81 396	76 554	81 370	76 554
Research and development – environmental protection	49	279	49	279
Environmental protection n.e.c.	6 389	4 907	6 387	4 907
<b>Total environmental protection</b>	<b>109 725</b>	<b>106 074</b>	<b>132 154</b>	<b>131 847</b>
<b>Housing and community amenities</b>				
Housing development	352 286	280 839	355 218	280 839
Community development	229 665	227 850	229 578	237 138
Water supply	48 706	50 331	80 882	91 253
Street lighting	783	3 305	783	3 305
Housing and community amenities n.e.c.				
<b>Total housing and community amenities</b>	<b>631 439</b>	<b>562 325</b>	<b>666 460</b>	<b>612 535</b>
<b>Health</b>				
Medical products, appliances and equipment	2 846	6 482	2 846	6 482
Outpatient services	287 834	255 277	287 769	255 277
Hospital services	835 186	787 458	834 997	787 458
Mental health institutions				
Community health services	351 137	363 396	351 063	363 396
Public health services	42 262	42 414	42 246	42 414
Research and development – health	8 453	12 088	8 450	12 088
Health n.e.c.				
<b>Total health</b>	<b>1 527 718</b>	<b>1 467 115</b>	<b>1 527 370</b>	<b>1 467 115</b>
<b>Recreation, culture and religion</b>				
Recreational and sporting services	101 481	78 096	101 446	78 096
Cultural services	80 043	78 399	80 017	78 399
Broadcasting and publishing services				
Religious and other community services				
Research and development – recreation, culture and religion				
Recreation, culture and religion n.e.c.	28 240	19 420	28 236	19 420
<b>Total recreation, culture and religion</b>	<b>209 764</b>	<b>175 914</b>	<b>209 700</b>	<b>175 914</b>

# Notes to the financial statements

For the year ended 30 June 2018

## 14. Expenses by function (continued)

	General government		Total public sector	
	2017-18	2016-17 <sup>1</sup>	2017-18	2016-17 <sup>1</sup>
	\$000	\$000	\$000	\$000
<b>Education</b>				
Pre-primary and primary education	529 127	550 343	529 016	550 343
Secondary education	376 313	366 893	376 234	366 893
Tertiary education	105 829	135 587	105 807	135 587
Education not definable by level	54 492	50 296	54 473	50 296
Subsidiary services to education	22 414	18 749	22 403	18 749
Education n.e.c.	47 615	49 697	47 605	49 697
<b>Total education</b>	<b>1 135 790</b>	<b>1 171 565</b>	<b>1 135 539</b>	<b>1 171 565</b>
<b>Social protection</b>				
Sickness and disability	123 023	128 810	122 970	128 810
Old age	35 729	40 979	35 718	40 979
Survivors				
Family and children	239 607	225 509	239 531	225 509
Unemployment				
Housing	2 272		2 167	
Social exclusion n.e.c.	98 812	83 845	98 771	83 845
Research and development - social protection	2 424	2 249	2 423	2 249
Social protection n.e.c.	137 567	113 838	137 561	113 838
<b>Total social protection</b>	<b>639 434</b>	<b>595 230</b>	<b>639 140</b>	<b>595 230</b>
<b>Transport</b>				
Road transport	287 042	241 530	286 905	241 530
Bus transport	34 703	29 393	34 687	29 393
Water transport	4 478	3 218	4 476	3 218
Railway transport	4 081	3 794	4 081	3 794
Air transport	6 907	7 072	6 904	7 072
Multi-mode urban transport				
Pipeline and other transport			11 232	15 912
Research and development - transport	57	397	57	397
Transport n.e.c.	8 029	11 711	8 025	11 711
<b>Total transport</b>	<b>345 298</b>	<b>297 115</b>	<b>356 367</b>	<b>313 026</b>
<b>Total operating expenses</b>	<b>6 322 101</b>	<b>5 971 443</b>	<b>6 903 906</b>	<b>6 518 483</b>

n.e.c.: not elsewhere classified

<sup>1</sup> 2017-18 COFOG-A methodologies have been backcast in 2016-17.

Note: Expenses for the general government sector can be greater than total public sector due to the elimination of inter-sector expenses.

For public policy purposes, government undertakes a centralised approach to investing in financial assets. In addition, a number of government's non financial assets are multipurpose and utilised across a number of functions, particularly in remote areas of the Territory. Accordingly, it is not considered that the carrying amounts of assets recognised in the respective general government and total public sector balance sheets can be reliably attributable to specific functions.

# Notes to the financial statements

For the year ended 30 June 2018

## 15. Cash and deposits

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
Cash at bank	119 829	67 192	119 829	67 192
Cash on hand	426	370	445	389
Cash on call or short-term deposit	482 953	216 400	482 953	216 400
<b>Total cash and deposits</b>	<b>603 208</b>	<b>283 962</b>	<b>603 228</b>	<b>283 981</b>

For the purposes of the Balance Sheet and the Cash Flow Statement, cash includes cash on hand, cash at bank and cash equivalents. Cash equivalents are highly liquid short-term investments readily convertible to cash, which are subject to an insignificant risk of changes in value. Cash at bank includes monies held in the Accountable Officers' Trust Account, ultimately payable to the beneficial owner (refer also to Note 28).



# Notes to the financial statements

For the year ended 30 June 2018

## 16. Cash flow reconciliation

### a) Reconciliation of cash

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
<b>Operating result</b>	<b>- 438 486</b>	<b>- 11 184</b>	<b>- 590 545</b>	<b>- 67 448</b>
<i>less: Other economic flows – included in operating result</i>	<b>63 305</b>	<b>- 65 808</b>	<b>190 197</b>	<b>- 34 171</b>
Gain/(loss) on sale of non financial assets	- 368	- 1 949	- 740	- 1 904
Bad and doubtful debt	15 443	14 846	17 127	18 583
Net actuarial gains/(losses) – other	34 510	- 84 072	34 510	- 84 072
Revaluations and asset impairment	13 719	5 367	139 300	33 222
<i>equals: Net operating balance</i>	<b>- 375 182</b>	<b>- 76 992</b>	<b>- 400 348</b>	<b>- 101 619</b>
<i>less: Non cash items included in net operating balance</i>				
Depreciation and amortisation	398 005	335 476	589 006	529 890
Changes in provisions	- 414	18 514	- 3 752	16 940
Cost of goods sold				
Assets acquired for nil consideration	- 1 366	- 244	- 23 776	- 13 690
Assets donated	6 417	1 593	6 417	1 593
Gains and losses	- 8	- 18	- 29	- 38
Write-offs	3	5	3	5
<i>less: Changes in assets and liabilities</i>				
Change in inventories	- 942	465	5 069	4 967
Increase in payables and borrowings	- 225 958	- 249 745	- 200 495	- 267 656
Increase in receivables and investments	292 867	264 359	241 583	309 635
<i>equals: Cash flows from operating activities</i>	<b>93 423</b>	<b>293 414</b>	<b>213 680</b>	<b>480 029</b>
<b>Cash at beginning of year</b>	<b>283 962</b>	<b>623 654</b>	<b>283 981</b>	<b>623 677</b>
Net increase/(decrease) in cash held as per Cash Flow Statement	319 246	- 339 692	319 246	- 339 696
<b>Cash at end of year</b>	<b>603 208</b>	<b>283 962</b>	<b>603 228</b>	<b>283 981</b>

# Notes to the financial statements

For the year ended 30 June 2018

## 16. Cash flow reconciliation (continued)

### b) Reconciliation of liabilities arising from financing activities

	1 July	Cash flows				Other changes			30 June
		Advances received (net)	Borrowing (net)	Deposits received (net)	Other financing (net)	Total cash flows	Other	Total other	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2017-18: General government</b>									
Deposits held	416 857			- 75 669		- 75 669			341 188
Advances received	281 881	2 030				2 030			283 911
Borrowing	2 992 613		1 188 420			1 188 420	2 599	2 599	4 183 633
<b>Total</b>	<b>3 691 351</b>	<b>2 030</b>	<b>1 188 420</b>	<b>- 75 669</b>		<b>1 114 781</b>	<b>2 599</b>	<b>2 599</b>	<b>4 808 732</b>
<b>2017-18: Total public sector</b>									
Deposits held	81 535			25 832		25 832			107 367
Advances received	221 486	- 7 418				- 7 418			214 068
Borrowing	4 414 384		1 202 616			1 202 616	129	129	5 617 129
<b>Total</b>	<b>4 717 406</b>	<b>- 7 418</b>	<b>1 202 616</b>	<b>25 832</b>		<b>1 221 029</b>	<b>129</b>	<b>129</b>	<b>5 938 564</b>

The comparative year has not been provided as it is the first year of adoption.

## 17. Advances paid

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
<b>Current</b>				
Department of Housing and Community Development	667	667	667	667
Department of Primary Industry and Resources	5 332	5 317	5 332	5 317
Department of the Chief Minister	7 758	7 319	7 758	7 319
Department of Tourism and Culture	20	20	20	20
Department of Trade, Business and Innovation	2	2	2	2
NT Home Ownership	3 110	2 940	3 110	2 940
less: Allowance for impairment	- 7 580	- 7 141	- 7 580	- 7 141
	<b>9 309</b>	<b>9 124</b>	<b>9 309</b>	<b>9 124</b>
<b>Non current</b>				
Department of Health	300	300	300	300
Department of Infrastructure, Planning and Logistics	986	1 401	986	1 401
Department of Trade, Business and Innovation	39	40	39	40
Department of Treasury and Finance	8 805	8 805	8 805	8 805
NT Home Ownership	159 214	162 238	159 214	162 238
less: Allowance for impairment	- 10 735	- 10 551	- 10 735	- 10 551
	<b>158 609</b>	<b>162 233</b>	<b>158 609</b>	<b>162 233</b>
<b>Total advances paid</b>	<b>167 919</b>	<b>171 358</b>	<b>167 919</b>	<b>171 358</b>

# Notes to the financial statements

For the year ended 30 June 2018

## 17. Advances paid (continued)

Advances paid include investments in financial assets with the aim of funding particular enterprise, household or government activities. Advances paid are recorded at cost less allowance for impairment.

The allowance for impairment losses represents the amount of advances paid likely to be uncollectible and considered doubtful. The collectability of advances paid is reviewed regularly and part of this process is to assess, at reporting date, whether an allowance for impairment loss is required.

## 18. Investments, loans and placements

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
<b>Current</b>				
Securities	1 329 082	1 303 345	1 329 082	1 303 345
Conditions of Service Reserve (COSR) investments	875 241	719 509	875 241	719 509
Loans	2 000	2 000	2 000	2 000
less: Allowance for impairment				
	<b>2 206 323</b>	<b>2 024 854</b>	<b>2 206 323</b>	<b>2 024 854</b>
<b>Non current</b>				
Loans	50 000	50 000	50 000	50 000
less: Allowance for impairment				
	<b>50 000</b>	<b>50 000</b>	<b>50 000</b>	<b>50 000</b>
<b>Total investments, loans and placements</b>	<b>2 256 323</b>	<b>2 074 854</b>	<b>2 256 323</b>	<b>2 074 854</b>

Investments, loans and placements include investments in financial assets for liquidity management purposes. Securities and investments are initially recorded at cost and subsequently measured at amortised cost or at net market value, after deducting estimated costs of realisation at reporting date. Loans are carried at amortised cost using the effective interest rate method less allowance for impairment. Interest income is applied using the effective interest rate.

Current and non current securities are predominantly cash invested by the NTTC on behalf of the Territory Government. These investments include short-term securities, fixed-interest securities and fixed-rate notes.

COSR investments relate to funds set 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 two different external fund managers on behalf of the Territory Government. The value of the reserve at 31 August 2018 was estimated at \$899 million.

Loans largely relate to AustralAsia Railway Corporation.

# Notes to the financial statements

For the year ended 30 June 2018

## 19. Receivables

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
<b>Current</b>				
Receivables (a)	107 747	146 100	145 383	130 789
Accrued revenue	73 409	79 561	132 136	135 746
Prepaid expenses (b)	36 320	26 570	42 652	28 502
	<b>217 476</b>	<b>252 231</b>	<b>320 171</b>	<b>295 037</b>
<b>Non current</b>				
Receivables (a)	136 341	114 594	136 341	114 594
Prepaid expenses (b)	1 638	2 061	1 638	2 061
	<b>137 979</b>	<b>116 655</b>	<b>137 979</b>	<b>116 655</b>
<b>Total receivables</b>	<b>355 455</b>	<b>368 886</b>	<b>458 149</b>	<b>411 693</b>

### a) Receivables comprise:

<b>Current</b>				
Accounts receivable	85 147	76 948	143 935	114 740
less: Provision for impairment	- 47 870	- 42 539	- 56 006	- 53 915
Interest receivable	2 259	2 530	2 259	2 530
GST receivable	37 197	31 603	41 433	38 833
Other receivables	31 014	77 558	13 761	28 601
	<b>107 747</b>	<b>146 100</b>	<b>145 383</b>	<b>130 789</b>
<b>Non current</b>				
Other receivables	136 341	114 594	136 341	114 594
	<b>136 341</b>	<b>114 594</b>	<b>136 341</b>	<b>114 594</b>
<b>Total receivables</b>	<b>244 088</b>	<b>260 694</b>	<b>281 724</b>	<b>245 383</b>

### b) Prepaid expenses comprise:

<b>Current</b>				
Prepaid salaries	3 727	1 787	3 736	1 901
Other prepayments	32 593	24 783	38 916	26 601
	<b>36 320</b>	<b>26 570</b>	<b>42 652</b>	<b>28 502</b>
<b>Non current</b>				
Prepaid expenses	1 638	2 061	1 638	2 061
	<b>1 638</b>	<b>2 061</b>	<b>1 638</b>	<b>2 061</b>
<b>Total prepayments</b>	<b>37 958</b>	<b>28 631</b>	<b>44 289</b>	<b>30 563</b>

Receivables include accounts receivable, prepayments and other receivables, and are recognised at fair value less any allowance for impairment losses.

The allowance for impairment losses represents the amount of receivables likely to be uncollectible and considered doubtful. The collectability of receivables is reviewed regularly, and part of this process is to assess, at reporting date, whether an allowance for impairment loss is required.

Refer to Note 38(d) for aging of receivables.

# Notes to the financial statements

For the year ended 30 June 2018

## 20. Other financial assets

### Leases as lessor

The Territory (through the former Department of Lands, Planning and Environment) entered into a 99-year lease agreement with the Landbridge Group to lease land assets and interest in the Port of Darwin.

A lease premium amounting to \$391 million was received in advance. The lease also provides for the receipt of incremental contingent rentals where a revenue-based threshold is exceeded. No contingent rental was received during the year.

Under the terms of the lease, the leased assets will revert to the Territory at the end of 99 years. The port lessee has the majority of the risks and rewards associated with ownership of the leased assets. Therefore the assets have been derecognised and a finance lease receivable recognised representing a residual interest in the leased assets.

Any leasehold improvements over and above those already anticipated in the leased asset's residual value will be accounted for at the end of 99 years when the assets return to the Territory. The lease terms provide the Territory the option to buy back identified port assets for a nominal amount, and to buy or lease, for nominal consideration, additional port land purchased or leased by Landbridge during the 99-year term and used for port purposes.

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
<b>Finance lease receivable</b>	<b>18 603</b>	<b>17 387</b>	<b>18 603</b>	<b>17 387</b>
Future minimum lease receipts under finance leases are receivable for each of the following periods:				
Not later than one year	1 303	1 218	1 303	1 218
Later than one year and not later than five years	6 191	5 786	6 191	5 786
Later than five years	13 197 126	13 198 833	13 197 126	13 198 833
Gross investment in the lease	13 223 223	13 223 223	13 223 223	13 223 223
less: Unearned finance income	13 204 620	13 205 836	13 204 620	13 205 836
<b>Net investment in the lease</b>	<b>18 603</b>	<b>17 387</b>	<b>18 603</b>	<b>17 387</b>

As the lease premium has been prepaid, the balance of finance lease receivable represents the unguaranteed residual for the Port of Darwin land-related assets accruing to the benefit of the Territory. As of 30 June 2018, no impairment losses have been recorded on the finance lease receivables.

### Other financial assets

On 30 June 2017, the Territory Government agreed to retain the 20 per cent equity interest in the Port of Darwin. Under the revised terms of the shareholding, the Territory does not have any right to participate in the distributions of capital or income of the Port of Darwin group trusts.

Although the 20 per cent equity interest does not satisfy criteria for consolidation or recognition as a joint venture or associate, it is considered a financial asset.

This financial asset has been initially measured at fair value based on expected cash flows and for 2017-18 is valued at nil. The financial asset will be subsequently remeasured for any changes in fair value in future reporting periods.

# Notes to the financial statements

For the year ended 30 June 2018

## 21. Inventories

	General government		Total public sector	
	Inventory	Inventory held for distribution	Inventory	Inventory held for distribution
	\$000	\$000	\$000	\$000
<b>2017-18</b>				
Carrying amount as at 1 July	390	13 241	136 523	61 433
Additions	30	86 688	28 957	90 514
Disposals	- 108	- 87 551	- 10 804	- 88 672
Transfers in/(out)	- 2	- 347	- 4 489	- 348
Revaluations/impairment adjustments			- 10 948	
<b>Carrying amount as at 30 June</b>	<b>309</b>	<b>12 031</b>	<b>139 238</b>	<b>62 928</b>
<b>2016-17</b>				
Carrying amount as at 1 July	261	13 209	137 563	60 777
Additions	159	93 867	7 583	112 463
Disposals	- 28	- 93 532	- 6 282	- 108 797
Transfers in/(out)		- 303	- 339	- 3 011
Revaluations/impairment adjustments	- 1		- 2 002	
<b>Carrying amount as at 30 June</b>	<b>390</b>	<b>13 241</b>	<b>136 523</b>	<b>61 433</b>

Inventories include assets held either for sale or distribution at no or nominal consideration in the ordinary course of business operations including land held for sale by the Land Development Corporation.

Inventories are valued at the lower of cost and net realisable value, except for those held for distribution, which are carried at the lower of cost and current replacement cost. The cost of inventories held for distribution are assigned using a mixture of first in, first out, a weighted average cost formula or using specific identification of individual costs. The net realisable value of land inventories held for sale represent the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

Inventory held for distribution is regularly assessed for obsolescence and loss.

# Notes to the financial statements

For the year ended 30 June 2018

## 22. Property, plant and equipment

	Land	Buildings	Infrastructure <sup>1</sup>	Power and water utility assets	Construction works in process	Plant and equipment	Leased property, plant and equipment	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2017-18: General government</b>								
<b>Asset</b>								
Balance at 1 July	2 327 788	9 115 987	8 649 225		821 285	643 747	668 639	22 226 669
Additions	5 619	384	554		659 638	107 377	2 607	776 181
Disposals	- 21 751	- 4 293	- 227			- 33 021		- 59 292
Transfers in/(out)	- 30 224	375 402	164 142		- 561 493	6 730		- 45 443
Revaluations/impairment adjustments	36 667	- 100 967	26 437			- 9 821	32 054	- 15 630
<b>Balance at 30 June (1)</b>	<b>2 318 099</b>	<b>9 386 512</b>	<b>8 840 131</b>		<b>919 430</b>	<b>715 012</b>	<b>703 300</b>	<b>22 882 484</b>
<b>Accumulated depreciation/amortisation</b>								
Balance at 1 July		3 837 619	3 304 131			340 837	48 860	7 531 447
Depreciation/amortisation expense		250 657	76 498			57 106	13 729	397 990
Disposals		- 131	- 222			- 19 086		- 19 439
Transfers in/(out)		- 2 476	- 2			- 163		- 2 642
Revaluations/impairment adjustments		- 11 554	10 636			- 8 570	6 411	- 3 077
<b>Balance at 30 June (2)</b>		<b>4 074 114</b>	<b>3 391 041</b>			<b>370 124</b>	<b>69 000</b>	<b>7 904 279</b>
<b>Carrying amount at 30 June (1 - 2)</b>	<b>2 318 099</b>	<b>5 312 398</b>	<b>5 449 090</b>		<b>919 430</b>	<b>344 888</b>	<b>634 300</b>	<b>14 978 206</b>
<b>2017-18: Total public sector</b>								
<b>Asset</b>								
Balance at 1 July	2 415 950	9 214 491	10 340 578	3 439 070	1 221 392	697 406	681 974	28 010 860
Additions	5 619	384	554	15 142 <sup>10</sup>	870 640 <sup>11</sup>	107 377 <sup>12</sup>	4 137 <sup>13</sup>	1 003 854
Disposals	- 21 751 <sup>2</sup>	- 4 293 <sup>5</sup>	- 227			- 33 021 <sup>12</sup>		- 59 292
Transfers in/(out)	- 34 280 <sup>3</sup>	377 573 <sup>6</sup>	211 263 <sup>8</sup>	151 852 <sup>10</sup>	- 816 291 <sup>11</sup>	96 304 <sup>12</sup>		- 13 579
Revaluations/impairment adjustments	36 667 <sup>4</sup>	- 101 772 <sup>7</sup>	6 063 <sup>9</sup>	343 587 <sup>10</sup>		- 9 911 <sup>12</sup>	32 054 <sup>13</sup>	306 688
<b>Balance at 30 June (1)</b>	<b>2 402 205</b>	<b>9 486 382</b>	<b>10 558 232</b>	<b>3 949 652</b>	<b>1 275 741</b>	<b>858 155</b>	<b>718 165</b>	<b>29 248 531</b>
<b>Accumulated depreciation/amortisation</b>								
Balance at 1 July		3 872 222	4 311 818	1 446 550		375 277	52 557	10 058 424
Depreciation/amortisation expense		254 312	135 185	117 131 <sup>10</sup>		61 421 <sup>12</sup>	14 625 <sup>13</sup>	582 674
Disposals		- 131 <sup>5</sup>	- 222			- 19 086 <sup>12</sup>		- 19 439
Transfers in/(out)		- 2 476 <sup>6</sup>		- 1 057 <sup>10</sup>		81 809 <sup>12</sup>		78 275
Revaluations/impairment adjustments		- 4 013 <sup>7</sup>	- 6 398 <sup>9</sup>	239 227 <sup>10</sup>		- 8 637 <sup>12</sup>	6 411 <sup>13</sup>	226 590
<b>Balance at 30 June (2)</b>		<b>4 119 913</b>	<b>4 440 383</b>	<b>1 801 851</b>		<b>490 784</b>	<b>73 592</b>	<b>10 926 524</b>
<b>Carrying amount at 30 June (1 - 2)</b>	<b>2 402 205</b>	<b>5 366 469</b>	<b>6 117 849</b>	<b>2 147 801</b>	<b>1 275 741</b>	<b>367 370</b>	<b>644 573</b>	<b>18 322 008</b>

# Notes to the financial statements

For the year ended 30 June 2018

## 22. Property, plant and equipment (continued)

	Land	Buildings	Infrastructure <sup>1</sup>	Power and water utility assets	Construction works in process	Plant and equipment	Leased property, plant and equipment	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2016-17: General government</b>								
<b>Asset</b>								
Balance at 1 July	2 364 529	6 998 891	8 368 669		651 330	603 416	666 946	19 653 781
Additions	951	1 616	36		685 070	87 469	1 692	776 834
Disposals	- 16 693	- 10 890				- 39 647		- 67 230
Transfers in/(out)	7 850	215 016	236 536		- 515 115	8 833		- 46 879
Revaluations/impairment adjustments	- 28 848	1 911 353	43 983			- 16 325		1 910 163
<b>Balance at 30 June (1)</b>	<b>2 327 788</b>	<b>9 115 987</b>	<b>8 649 225</b>		<b>821 285</b>	<b>643 747</b>	<b>668 639</b>	<b>22 226 669</b>

### Accumulated depreciation/amortisation

Balance at 1 July		2 368 676	3 242 205			325 477	37 133	5 973 490
Depreciation/amortisation expense		194 015	74 300			55 393	11 727	335 435
Disposals		- 156				- 23 598		- 23 754
Transfers in/(out)		2	- 8			- 309		- 315
Revaluations/impairment adjustments		1 275 082	- 12 366			- 16 125		1 246 591
<b>Balance at 30 June (2)</b>		<b>3 837 619</b>	<b>3 304 131</b>			<b>340 837</b>	<b>48 860</b>	<b>7 531 447</b>
<b>Carrying amount at 30 June (1 - 2)</b>	<b>2 327 788</b>	<b>5 278 368</b>	<b>5 345 094</b>		<b>821 285</b>	<b>302 910</b>	<b>619 778</b>	<b>14 695 222</b>

## 2016-17: Total public sector

### Asset

Balance at 1 July	2 449 314	7 103 467	10 131 100	2 852 636	959 759	654 363	678 056	24 828 694
Additions	951	1 616	36	12 090	884 655	87 476	3 919	990 743
Disposals	- 16 693	- 10 890	- 302	- 673		- 39 647		- 68 205
Transfers in/(out)	7 986	215 910	195 504	103 267	- 623 022	11 538		- 88 818
Revaluations/impairment adjustments	- 25 607	1 904 388	14 241	471 750		- 16 325		2 348 446
<b>Balance at 30 June (1)</b>	<b>2 415 950</b>	<b>9 214 491</b>	<b>10 340 578</b>	<b>3 439 070</b>	<b>1 221 392</b>	<b>697 406</b>	<b>681 974</b>	<b>28 010 860</b>

### Accumulated depreciation/amortisation

Balance at 1 July		2 405 349	4 268 413	1 101 281		356 160	39 901	8 171 104
Depreciation/amortisation expense		197 930	137 658	113 451		59 150	12 656	520 845
Disposals		- 156		- 223		- 23 598		- 23 977
Transfers in/(out)		- 31	- 81 759	- 624		- 310		- 82 724
Revaluations/impairment adjustments		1 269 130	- 12 495	232 665		- 16 125		1 473 175
<b>Balance at 30 June (2)</b>		<b>3 872 222</b>	<b>4 311 818</b>	<b>1 446 550</b>		<b>375 277</b>	<b>52 557</b>	<b>10 058 424</b>
<b>Carrying amount at 30 June (1 - 2)</b>	<b>2 415 950</b>	<b>5 342 269</b>	<b>6 028 760</b>	<b>1 992 520</b>	<b>1 221 392</b>	<b>322 129</b>	<b>629 417</b>	<b>17 952 437</b>



# Notes to the financial statements

For the year ended 30 June 2018

## 22. Property, plant and equipment (continued)

1. Since completion of the railway, government works totalling \$376 million (\$380 million as at 30 June 2017) are classified as infrastructure assets within the AustralAsia Railway Corporation (AARC). During the 50-year concession period the rights and obligations for the new rail corridor rest with AARC and the Territory as AARC has freehold title over large portions of the rail corridor and hold long-term head leases over the remaining portions on Aboriginal land. Hence, control over the corridor including the rail assets rests with AARC.

Therefore no provision for the resulting diminution in the value of the Territory's investment in AARC has been made in these financial statements. At the expiration of the 50-year concession period, the railway infrastructure (including the government works) will be transferred to AARC. However, due to the subjectivity involved with any measurement of the future value of the asset after the expiry of the concession period, it is not considered practical, at this point, to recognise any further assets in the accounts of AARC or in these financial statements.

2. Land disposals of \$21.8 million relate to the sale of residential land at Zuccoli within the Department of Infrastructure, Planning and Logistics (\$13.4 million) combined with sales of urban public housing within the Department of Housing and Community Development (\$8.3 million).
3. Net land transfers of \$34.3 million predominantly relate to land reclassified to assets held for sale and gifted perpetual crown leases within the Department of Infrastructure, Planning and Logistics.
4. Land revaluation increments of \$36.7 million primarily relate to the revaluation increment of vacant land within the Department of Infrastructure, Planning and Logistics (\$110.1 million) and land at the waterfront precinct within the Waterfront Corporation (\$8.1 million) offset by the downward revaluation of urban public dwellings within the Department of Housing and Community Development (\$82.4 million).
5. Net building disposals of \$4.2 million relates to the sale of urban public housing within the Department of Housing and Community Development.
6. Net building transfers of \$380 million predominantly relate to the transfer in of completed works for remote and urban housing within the Department of Housing and Community Development (\$183.1 million), Henbury and various other government schools within the Department of Education (\$95.1 million), and improvements at the Royal Darwin Hospital within Top End Health Service (\$55.2 million).
7. Net building revaluation decrement adjustments of \$97.8 million predominantly relate to the downward revaluation and impairment of remote and urban public housing dwellings within the Department of Housing and Community Development (\$102.4 million) offset by revaluation increments for various government schools within the Department of Education (\$14.2 million).
8. Net infrastructure transfers of \$211.3 million primarily relate to the completed construction of roads within the Department of Infrastructure, Planning and Logistics (\$153.8 million) including sealing of Larapinta Drive (\$24.3 million), upgrades to Roystonea Avenue (\$13 million) and roads around Palmerston Regional Hospital (\$10.4 million) combined with completed water, sewerage and electricity infrastructure within Indigenous Essential Services (\$37.9 million).
9. Net revaluation of infrastructure assets of \$12.5 million predominantly relate to the upward revaluation of infrastructure assets within the Waterfront Statutory Corporation (\$10.3 million).
10. Net movement in power and water utility assets of \$155.3 million predominantly relate to the transfer in of completed water, sewerage and electricity assets of \$151.8 million in Power and Water Corporation and Territory Generation.
11. Net movement in construction works in process of \$54.3 million predominantly relate to various road projects in the Department of Infrastructure, Planning and Logistics (\$79.5 million), remote and urban public housing within the Department of Housing and Community Development (\$18.7 million), remote power generation and water assets within Indigenous Essential Services (\$15.7 million), offset by completed works within Territory Generation (\$47.7 million) and Power and Water Corporation (\$8.3 million).
12. Net movement in plant and equipment of \$45.2 million predominantly relates to various IT systems including Health's Core Clinical Renewal System within the Department of Corporate and Information Services (\$23.4 million), various hospital-related equipment within the Top End Health Service (\$15.6 million), acquisitions of police vehicles and CCTV within Northern Territory Police, Fire and Emergency Services (\$11 million), combined with the acquisition of fleet vehicles across government (\$5.7 million).
13. Net movement in leased property, plant and equipment of \$15.2 million predominantly relates to the upward revaluation of the Darwin Convention Centre within Darwin Waterfront Corporation (\$25.6 million), offset by adjustments for the lease of the Darwin Correction Precinct within the Department of the Attorney-General and Justice (\$10.4 million).

# Notes to the financial statements

For the year ended 30 June 2018

## 22. Property, plant and equipment (continued)

The fair value of land, buildings, infrastructure, utility assets and property, plant and equipment are determined on significant assumptions of the exit price and risks in the perspective of a market participant, using the best information available.

### Depreciation and amortisation

Items of property, plant and equipment, including buildings but excluding land, have limited useful lives and are depreciated or amortised using the straight-line method over their estimated useful lives. The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

The estimated useful lives for each class of asset are summarised below for agencies and other consolidated entities:

	Entities subject to FMA <sup>1</sup>	Other consolidated entities
Buildings	10 to 100 years	1 to 100 years
Infrastructure assets	8 to 70 years	4 to 100 years
Utility assets	n.a.	1 to 100 years
Plant and equipment	1 to 20 years	2 to 50 years
Assets under finance lease	3 to 40 years	1 to 40 years

n.a.: not applicable

<sup>1</sup> Financial Management Act

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

### Land under roads

Where land is set aside as land under roads from the Crown for which no consideration has been paid, no asset has been recognised in the financial statements on the basis the land does not satisfy the reliable measurement criterion. However, where land has been acquired at cost for the purpose of land under roads then these are recognised as assets and initially measured at cost and subsequently impaired whenever there is an indication of impairment. Depreciation is not recognised in respect of these assets as with all land assets and their service potential is never consumed during any reporting period.

### Property, plant and equipment

Items of property, plant and equipment with a cost, or other value, equal to or greater than \$10 000 and where they satisfy asset recognition criteria are recognised in the year of acquisition and depreciated. Items of property, plant and equipment below the \$10 000 threshold that do not meet the asset recognition criteria are expensed in the year of acquisition.

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.

Costs incurred on property, plant and equipment subsequent to initial acquisition 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 separately depreciated over their expected useful lives.

# Notes to the financial statements

For the year ended 30 June 2018

## 22. Property, plant and equipment (continued)

### Leased assets

Leases under which the agency assumes substantially all the risks and rewards of ownership of an asset are classified as finance leases. Other leases are classified as operating leases.

### Finance leases

Finance leases are capitalised and recorded under property, plant and equipment. A lease asset and a lease liability equal to the lower of the fair value of the leased property and present value of the minimum lease payments, each determined at the inception of the lease, are recognised.

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

Long-term leases over Aboriginal land are recognised as assets on the Balance Sheet of the Territory and amortised accordingly over the term of the lease arrangements. A corresponding liability is recognised under borrowings.

Darwin Convention Centre Concession Arrangements – the Territory entered into contractual arrangements with Darwin Cove Convention Centre Pty Ltd ('the concession holder') under which, in return for a right to operate a convention centre, the concession holder was required to design, finance, construct, commission, control, operate, maintain, repair and refurbish the centre at the end of the concession period prior to the transfer of the centre to the Territory.

The concession holder, in turn, entered into a contractual arrangement with Ogden IFC (Darwin) Pty Ltd, now AEG Ogden, ('the operator') to operate and manage the centre. The concession arrangement will operate for a period of 25 years until June 2033, including a three-year handover phase.

The concession holder has also entered into separate contractual arrangements with Honeywell Ltd ('the facilities manager') for the maintenance, repair and refurbishment of the facility over the period until the centre is handed over to the Territory.

The concession arrangements provide for periodic payments by the Territory to the concession holder for the life of the concession period of 25 years following the construction of the centre. These payments primarily represent payments made in respect of debt, equity, construction and maintenance aspects of the project. Up to 75 per cent of these payments are subject to abatement if the facility should be unavailable, if the facility fails to meet availability standards or if the operator fails to achieve key performance indicators.

In addition, the arrangements also provide for the payment of a Territory operating payment that comprises the net cash shortfall arising from the operation of the Convention Centre during a year, capped to a maximum contribution and subject to negotiation. The legal framework for the centre includes incentives intended to encourage the operator to exceed benchmark levels of performance.

Expenses incurred under the availability payment and operating payment arrangements are included in the Comprehensive Operating Statement for the year.

# Notes to the financial statements

For the year ended 30 June 2018

## 22. Property, plant and equipment (continued)

The liability under the Territory availability payment arrangement has been recognised as a liability of the Territory. This liability will reduce over the life of the concession arrangement in line with those payments that represent the principal component of the availability payment. The Territory has also recognised the Convention Centre as an asset, being the Territory's equitable interest in the underlying physical asset. That asset will be amortised on a straight-line basis over the useful life of the asset.

Darwin Correctional Precinct – the Territory entered into contractual arrangements with Sentinel ('the concession holder') for the design, construction and financing of the Darwin Correctional Precinct and provision of a range of facilities management services across the precinct.

The Territory has retained responsibility for the operational management of the facilities through the Department of the Attorney-General and Justice and the Department of Health.

The concession arrangement will operate for a period of 30 years until 30 June 2044 and provides for Sentinel to ensure the facilities are available and fit for purpose, and provide the services set out in the services specifications from completion of the facilities. Failure to do so exposes Sentinel to abatement in accordance with the abatement regime set out in the Project Deed. Payment for delivery of the services is made by the Territory over the 30-year operating term in the form of a quarterly service payment (QSP) paid in arrears.

The QSPs primarily represent payments made in respect of debt, equity, construction and the maintenance aspects of the project. Expenses incurred under the payment are included in the agency's Operating Statement for the year.

The liability under the payment arrangement has been recognised as a liability of the Territory. This liability will reduce over the life of the concession arrangement in line with those payments that represent the principal component of the payment. The Territory has also recognised the Correctional Precinct as an asset, being the Territory's equitable interest in the underlying physical asset. That asset will be amortised on a straight-line basis over the useful life of the asset.

## 23. Investment property

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
Carrying amount as at 1 July	103 495	110 694	103 495	110 694
Additions	676	460	676	460
Disposals	- 3 799	- 3 879	- 3 799	- 3 879
Transfers in/(out)				
Revaluations/impairment adjustments	- 5 222	- 3 779	- 5 222	- 3 779
<b>Carrying amount as at 30 June</b>	<b>95 150</b>	<b>103 495</b>	<b>95 150</b>	<b>103 495</b>

# Notes to the financial statements

For the year ended 30 June 2018

## 23. Investment property (continued)

Investment property comprising property held to earn rentals within the Motor Accident (Compensation) Commission (MACC) and for capital appreciation within NT Home Ownership, are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Revaluations are performed annually at the reporting date. Gains and losses arising from changes in the fair value, retirement or disposal of investment property are included in the Comprehensive Operating Statement within 'other economic flows – included in operating result' in the period in which they arise. Investment property is not subject to depreciation.

The Territory's investment properties currently include NT Home Ownership's minority financial interest in urban housing acquired under various shared equity schemes. External advice was sought in relation to the accounting treatment of the Territory's financial interest in these properties and determined these assets do not meet the definition of property, plant and equipment under AASB 116 Property, Plant and Equipment. The advice concluded that while NT Home Ownership does not hold interest in the properties for the purposes of earning rentals, NT Home Ownership's return on its investment in the properties is in the form of any capital appreciation received when the co-owner decides to sell the property or fully repay its loan, and consequently are to be classified as investment properties in accordance with the requirements of AASB 140 Investment Property.

## 24. Intangible assets

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
<b>a) Carrying amounts</b>				
At cost	1 303	1 303	22 303	110 272
Accumulated amortisation	1 303	1 302	4 341	80 002
<b>Written down value at 30 June</b>		<b>1</b>	<b>17 962</b>	<b>30 271</b>
<b>Total intangible assets</b>		<b>1</b>	<b>17 962</b>	<b>30 271</b>
<b>b) Reconciliation of movements</b>				
Carrying amount at 1 July	1	1	30 271	31 559
Additions		400	41 182	26 108
Disposals		- 400	- 15 014	- 2 414
Amortisation	- 1		- 6 316	- 8 996
Revaluations/impairment adjustments			- 32 160	- 15 986
<b>Carrying amount at 30 June</b>		<b>1</b>	<b>17 962</b>	<b>30 271</b>

Total public sector intangibles largely consist of purchased software, renewable energy certificates and gas stocks. All intangible assets are originally stated at cost less accumulated amortisation and any accumulated impairment losses.

# Notes to the financial statements

For the year ended 30 June 2018

## 24. Intangible assets (continued)

In accordance with Commonwealth legislation, the Territory's power retailer purchases and generates renewable energy certificates. Obligations to surrender certificates are disclosed as current liabilities, while rights held are of the nature of intangible assets. The assets and liabilities held under each scheme are acquitted throughout the year. Assets remaining after the acquittal process are expected to be realised within 12 months after the date of acquittal.

Other intangible assets consist of banked gas stocks paid for under the terms of a fixed agreement but not physically taken. These assets have indefinite useful lives and are tested for impairment at least annually or whenever there is an indication the asset may be impaired.

Purchased software and in-house installation meets the criteria for recognition as an intangible asset. These intangible assets have limited useful lives and are amortised using the straight-line method over their estimated useful lives, which reflects the pattern of when expected economic benefits are likely to be realised. Assets are amortised from the date of acquisition or from the time the asset is held ready for use. Amortisation rates and methods are reviewed annually for appropriateness. When adjustments are made, they are reflected prospectively in current and future periods only.

The estimated useful life for finite intangible assets for agencies and consolidated entities are:

- entities subject to FMA: 2 to 10 years
- other consolidated entities: 1 to 21 years

## 25. Assets held for sale

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
Land	38 722	16 832	38 722	16 832
<b>Total assets held for sale</b>	<b>38 722</b>	<b>16 832</b>	<b>38 722</b>	<b>16 832</b>

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction or a grant agreement rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale or granting in its present condition. Management must be committed to the sale or grant agreement, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, and are not subject to depreciation or amortisation.

Non current assets (or disposal groups) held for sale are recognised at the lower of their previous carrying amount and fair value less costs to sell, in accordance with AASB 5 Non Current Assets Held for Sale and Discontinued Operations. These assets are not depreciated while they are classified as held for sale.

# Notes to the financial statements

For the year ended 30 June 2018

## 26. Other non financial assets

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
<b>Asset</b>				
Balance at 1 July	122 724	122 907	122 798	122 981
Additions	92		92	
Disposals				
Transfers in/(out)	627	- 92	627	- 92
Revaluations/impairment adjustments	- 1 142	- 91	- 1 142	- 91
<b>Balance at 30 June</b>	<b>122 301</b>	<b>122 724</b>	<b>122 375</b>	<b>122 798</b>
<b>Accumulated depreciation</b>				
Balance at 1 July	353	330	360	336
Depreciation expense	16	31	16	32
Disposals				
Transfers in/(out)				
Revaluations/impairment adjustments		- 8		- 8
<b>Balance at 30 June</b>	<b>368</b>	<b>353</b>	<b>376</b>	<b>360</b>
<b>Carrying amount at 30 June</b>	<b>121 933</b>	<b>122 371</b>	<b>121 999</b>	<b>122 439</b>

This category currently consists of heritage and cultural assets and includes natural sciences and archaeology within the Department of Tourism and Culture. Only those assets that can be reliably measured are recognised in TAFS.

## 27. Fair value measurement of non financial assets

### a) 2017-18: General government

#### i) Fair value hierarchy

Fair values of non financial assets categorised by level of inputs used to compute fair value are:

	Level 1	Level 2	Level 3	Total fair value
	\$000	\$000	\$000	\$000
<b>Assets</b>				
Land (Note 22)		1 692 719	625 381	2 318 099
Buildings (Note 22)		698 384	4 614 014	5 312 398
Infrastructure (Note 22)			5 449 090	5 449 090
Plant and equipment (Note 22)			344 888	344 888
Investment property (Note 23)		49 650	45 500	95 150
Intangible assets (Note 24)				
Assets held for sale (Note 25)		38 722		38 722
Other non financial assets (Note 26)			121 933	121 933
<b>Total</b>		<b>2 479 475</b>	<b>11 200 805</b>	<b>13 680 280</b>

There were no transfers between level 2 and level 3 during the period.

# Notes to the financial statements

For the year ended 30 June 2018

## 27. Fair value measurement of non financial assets (continued)

### ii) Valuation techniques and inputs

Valuation techniques used to measure fair value are:

	Level 1 techniques	Level 2 techniques	Level 3 techniques
<b>Assets</b>			
Land		Market	Cost
Buildings		Market	Cost
Infrastructure		Market	Cost
Plant and equipment			Cost
Investment property		Market	Cost
Intangible assets			Cost
Assets held for sale		Market	
Other non financial assets			Cost

There were no changes in valuation techniques during the period.

### iii) Additional information for level 3 fair value measurements

Reconciliation of recurring level 3 fair value measurements

	Land	Buildings	Infrastructure	Plant and equipment	Investment property	Intangible assets	Other non financial assets	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Fair value as at 1 July 2017	609 733	4 494 392	5 345 094	302 910	45 000	1	122 371	10 919 501
Additions/transfers in	- 47	332 669	164 782	208 230	647		719	706 999
Disposals/transfers out	151	- 8 239	- 89	- 107 894				- 116 070
Transfers from level 2								
Transfers to level 2								
Depreciation		- 215 683	- 76 498	- 57 106		- 1	- 16	- 349 303
Gains/(losses) recognised in net surplus/deficit				- 1 252	- 147			- 1 399
Gains/(losses) recognised in other comprehensive income	15 542	10 874	15 801				- 1 142	41 076
<b>Fair value as at 30 June 2018</b>	<b>625 381</b>	<b>4 614 014</b>	<b>5 449 090</b>	<b>344 888</b>	<b>45 500</b>		<b>121 933</b>	<b>11 200 805</b>

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use takes into account the use of the asset that is physically possible, legally permissible and financially feasible.

When measuring fair value, the valuation techniques used maximise the use of relevant observable inputs and minimise the use of unobservable inputs. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets or liabilities.



# Notes to the financial statements

For the year ended 30 June 2018

## 27. Fair value measurement of non financial assets (continued)

Observable inputs are publicly available data relevant to the characteristics of the assets or liabilities being valued. Observable inputs include, but are not limited to, published sales data for land and general office buildings.

Unobservable inputs are data, assumptions and judgments not available publicly, but relevant to the characteristics of the assets or liabilities being valued. Such inputs include internal adjustments to observable data to take account of particular and potentially unique characteristics or functionality of assets and liabilities, and assessments of physical condition and remaining useful life.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy based on the inputs used:

- Level 1 - inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. These predominantly relate to urban, public and government employee land and dwellings, and residential and commercial land held for sale. These assets were based on market evidence of sales price as per square metre of comparable land and buildings.
- Level 3 - inputs are unobservable, predominantly relate to specialised buildings and infrastructure and were determined by computing their current replacement costs because an active market does not exist for such facilities. The current replacement cost was based on a combination of internal records of the historical cost of the facilities, adjusted for contemporary technology and construction approaches. Significant judgement was also used in assessing the remaining service potential of the facilities, given local environmental conditions, projected usage and records of the current conditions of the facilities. Selected electrical network infrastructure, water and sewerage assets, gas pipeline assets and remote generation assets values were determined using the income approach. The income approach converts future amounts (for example, cash flows or income and expenses) to a single current (that is, discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

### b) 2017-18: Total public sector

#### i) Fair value hierarchy

Fair values of non financial assets categorised by level of inputs used to compute fair value are:

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total fair value \$000
<b>Assets</b>				
Land (Note 22)		1 775 498	626 706	2 402 205
Buildings (Note 22)		698 384	4 668 085	5 366 469
Infrastructure (Note 22)			6 117 849	6 117 849
Power and water utility assets (Note 22)			2 147 801	2 147 801
Plant and equipment (Note 22)			367 370	367 370
Investment property (Note 23)		49 650	45 500	95 150
Intangible assets (Note 24)			17 962	17 962
Assets held for sale (Note 25)		38 722		38 722
Other non financial assets (Note 26)			121 999	121 999
<b>Total</b>		<b>2 562 254</b>	<b>14 113 272</b>	<b>16 675 527</b>

There were no transfers between level 2 and level 3 during the period.

# Notes to the financial statements

For the year ended 30 June 2018

## 27. Fair value measurement of non financial assets (continued)

### ii) Valuation techniques and inputs

Valuation techniques used to measure fair value are:

	Level 1 techniques	Level 2 techniques	Level 3 techniques
<b>Assets</b>			
Land		Market	Cost
Buildings		Market	Cost
Infrastructure		Market	Cost
Power and water utility assets			Income/Cost
Plant and equipment			Cost
Investment property		Market	Cost
Intangible assets			Cost
Assets held for sale		Market	
Other non financial assets			Cost

The valuation technique applied to selected electrical network and infrastructure, water and sewerage assets, gas pipeline assets, and remote generation assets is the income approach.

Remaining utility assets are valued on the cost approach.

### iii) Additional Information for level 3 fair value measurements

Reconciliation of recurring level 3 fair value measurements

	Land	Buildings	Infrastructure	Power and water utility assets	Plant and equipment	Investment property	Intangible assets	Other non financial assets	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Fair value as at 1 July 2017	611 060	4 558 294	6 028 760	1 992 520	322 129	45 000	30 271	122 439	13 710 471
Additions/transfers in	- 47	335 236	221 294	169 205	217 394	647	123 159	719	1 067 608
Disposals/transfers out	151	- 8 635	- 9 482	- 1 153	- 109 457		- 95 723		- 224 299
Transfers from level 2									
Transfers to level 2									
Depreciation		- 219 337	- 135 185	- 117 131	- 61 421		- 6 316	- 16	- 539 408
Gains/(losses) recognised in net surplus/deficit		- 8 346	- 3 340	- 68 483	- 1 275	- 147	- 33 428		- 115 020
Gains/(losses) recognised in other comprehensive income	15 542	10 874	15 801	172 844				- 1 142	213 920
<b>Fair value as at 30 June 2018</b>	<b>626 706</b>	<b>4 668 085</b>	<b>6 117 849</b>	<b>2 147 801</b>	<b>367 370</b>	<b>45 500</b>	<b>17 962</b>	<b>121 999</b>	<b>14 113 272</b>

# Notes to the financial statements

For the year ended 30 June 2018

## 27. Fair value measurement of non financial assets (continued)

### c) 2016-17: General government

#### i) Fair value hierarchy

Fair values of non financial assets categorised by level of inputs used to compute fair value are:

	Level 1	Level 2	Level 3	Total fair value
	\$000	\$000	\$000	\$000
<b>Assets</b>				
Land (Note 22)		1 718 054	609 733	2 327 788
Buildings (Note 22)		783 976	4 494 392	5 278 368
Infrastructure (Note 22)			5 345 094	5 345 094
Plant and equipment (Note 22)			302 910	302 910
Investment property (Note 23)		58 495	45 000	103 495
Intangible assets (Note 24)			1	1
Assets held for sale (Note 25)		16 832		16 832
Other non financial assets (Note 26)			122 371	122 371
<b>Total</b>		<b>2 577 357</b>	<b>10 919 501</b>	<b>13 496 857</b>

There were transfers between level 2 and level 3 during the period for land and buildings.

#### ii) Valuation techniques and inputs

Valuation techniques used to measure fair value are:

	Level 1 techniques	Level 2 techniques	Level 3 techniques
<b>Assets</b>			
Land		Market	Cost
Buildings		Market	Cost
Infrastructure		Market	Cost
Plant and equipment			Cost
Investment property		Market	Cost
Intangible assets			Cost
Assets held for sale		Market	
Other non financial assets			Cost

There were no changes in valuation techniques during the period.

# Notes to the financial statements

For the year ended 30 June 2018

## 27. Fair value measurement of non financial assets (continued)

### iii) Additional information for level 3 fair value measurements

Reconciliation of recurring level 3 fair value measurements

	Land	Buildings	Infrastructure	Plant and equipment	Investment property	Intangible assets	Other non financial assets	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Fair value as at 1 July 2016	684 362	3 766 608	5 126 465	277 939	44 500	1	122 577	10 022 452
Additions/transfers in	963 360	1 120 681	7 975 850	155 412	460	400	120 485	10 336 649
Disposals/transfers out	- 983 191	- 915 390	- 7 739 415	- 74 863		- 400	- 120 486	- 9 833 746
Transfers from level 2								
Transfers to level 2	- 8 160	- 521						- 8 681
Depreciation		- 158 067	- 74 300	- 55 393			- 31	- 287 791
Gains/(losses) recognised in net surplus/deficit		- 1 940		- 253	40		- 120	- 2 273
Gains/(losses) recognised in other comprehensive income	- 46 638	683 022	56 494	68			- 54	692 891
<b>Fair value as at 30 June 2017</b>	<b>609 733</b>	<b>4 494 392</b>	<b>5 345 094</b>	<b>302 910</b>	<b>45 000</b>	<b>1</b>	<b>122 371</b>	<b>10 919 501</b>

### d) 2016-17: Total public sector

#### i) Fair value hierarchy

Fair values of non financial assets categorised by level of inputs used to compute fair value are:

	Level 1	Level 2	Level 3	Total fair value
	\$000	\$000	\$000	\$000
<b>Assets</b>				
Land (Note 22)		1 804 890	611 060	2 415 950
Buildings (Note 22)		783 976	4 558 294	5 342 269
Infrastructure (Note 22)			6 028 760	6 028 760
Power and water utility assets (Note 22)			1 992 520	1 992 520
Plant and equipment (Note 22)			322 129	322 129
Investment property (Note 23)		58 495	45 000	103 495
Intangible assets (Note 24)			30 271	30 271
Assets held for sale (Note 25)		16 832		16 832
Other non financial assets (Note 26)			122 439	122 439
<b>Total</b>		<b>2 664 193</b>	<b>13 710 471</b>	<b>16 374 663</b>

There were transfers between level 2 and level 3 during the period for land and buildings.

# Notes to the financial statements

For the year ended 30 June 2018

## 27. Fair value measurement of non financial assets (continued)

### ii) Valuation techniques and inputs

Valuation techniques used to measure fair value are:

	Level 1 techniques	Level 2 techniques	Level 3 techniques
<b>Assets</b>			
Land		Market	Cost
Buildings		Market	Cost
Infrastructure		Market	Cost
Power and water utility assets			Income/cost
Plant and equipment			Cost
Investment property		Market	Cost
Intangible assets			Cost
Assets held for sale		Market	
Other non financial assets			Cost

### iii) Additional information for level 3 fair value measurements

Reconciliation of recurring level 3 fair value measurements

	Land	Buildings	Infrastructure	Power and water utility assets	Plant and equipment	Investment property	Intangible assets	Other non financial assets	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Fair value as at 1 July 2016	684 362	3 792 700	5 862 686	1 751 355	298 203	44 500	31 559	122 646	12 588 010
Additions/transfers in	963 361	1 121 611	8 015 939	120 408	158 124	460	26 108	120 485	10 526 496
Disposals/transfers out	- 983 191	- 915 393	- 7 739 088	- 4 877	- 74 863		- 2 394	- 120 486	- 9 840 290
Transfers from level 2	1 219	41 810							43 029
Transfers to level 2	- 8 160	- 521							- 8 681
Depreciation		- 161 983	- 137 658	- 113 451	- 59 150		- 8 996	- 32	- 481 270
Gains/(losses) recognised in net surplus/deficit		- 1 940	- 14 848	3 203	- 253	40	- 16 006	- 120	- 29 926
Gains/(losses) recognised in other comprehensive income	- 46 531	682 009	41 729	235 882	68			- 54	913 102
<b>Fair value as at 30 June 2017</b>	<b>611 060</b>	<b>4 558 294</b>	<b>6 028 760</b>	<b>1 992 520</b>	<b>322 129</b>	<b>45 000</b>	<b>30 271</b>	<b>122 439</b>	<b>13 710 471</b>

# Notes to the financial statements

For the year ended 30 June 2018

## 28. Deposits held

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
Accountable Officers' Trust Account (a)	73 195	59 806	73 213	59 827
Clearing money	18 845	11 159	19 233	11 471
Interest-bearing deposits	236 220	337 843	462	509
Other	12 929	8 049	14 459	9 728
<b>Total deposits held</b>	<b>341 188</b>	<b>416 857</b>	<b>107 367</b>	<b>81 535</b>

### a) Accountable Officers' Trust Account comprises:

Central Australia Health Service	891	667	891	667
Department of Corporate and Information Services		112		112
Department of Education	5	5	5	5
Department of Housing and Community Development	5 678	6 874	5 678	6 874
Department of Infrastructure, Planning and Logistics	1 654	1 402	1 654	1 402
Department of Primary Industry and Resources	56 654	41 439	56 654	41 439
Department of the Attorney-General and Justice	2 669	4 157	2 669	4 157
Department of the Legislative Assembly				
Department of Tourism and Culture	280	203	280	203
Land Development Corporation			18	21
Northern Territory Police, Fire and Emergency Services	4 507	4 033	4 507	4 033
NT Legal Aid Commission	67	27	67	27
Territory Wildlife Parks	16	12	16	12
Top End Health Service	774	876	774	876
	<b>73 195</b>	<b>59 806</b>	<b>73 213</b>	<b>59 827</b>

# Notes to the financial statements

For the year ended 30 June 2018

## 29. Advances received

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
<b>Current</b>				
Department of Housing and Community Development	2 592	2 279		
Department of Primary Industry and Resources	5 332	5 317	5 332	5 317
NT Home Ownership	5 988	5 707		
Northern Territory Treasury Corporation			7 780	7 434
	<b>13 913</b>	<b>13 303</b>	<b>13 113</b>	<b>12 751</b>
<b>Non current</b>				
Department of Housing and Community Development	69 479	72 071		
NT Home Ownership	200 519	196 507		
Northern Territory Treasury Corporation			200 956	208 736
	<b>269 998</b>	<b>268 578</b>	<b>200 956</b>	<b>208 736</b>
<b>Total advances received</b>	<b>283 911</b>	<b>281 881</b>	<b>214 068</b>	<b>221 486</b>

General government advances received reflect loans received from public sector bodies for policy purposes and are eliminated at total public sector. At the total public sector these are primarily the original Commonwealth loans issued at Self-Government and are recorded initially at fair value, net of transaction costs.

## 30. Borrowing

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
<b>Current</b>				
Finance leases	7 651	6 784	8 708	7 726
Loans	513 596	503 199		213 199
	<b>521 247</b>	<b>509 983</b>	<b>8 708</b>	<b>220 925</b>
<b>Non current</b>				
Finance leases	617 031	623 680	625 203	631 445
Loans	3 045 354	1 858 950	4 983 217	3 562 015
	<b>3 662 385</b>	<b>2 482 630</b>	<b>5 608 420</b>	<b>4 193 460</b>
<b>Total borrowing</b>	<b>4 183 633</b>	<b>2 992 613</b>	<b>5 617 129</b>	<b>4 414 384</b>

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

# Notes to the financial statements

For the year ended 30 June 2018

## 30. Borrowing (continued)

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any differences between the initial recognised amount and the redemption amount recognised in the Comprehensive Operating Statement over the period of borrowing using the effective interest rate method.

Maturity analysis of borrowing disclosed under interest rate risk in Note 38, Financial instruments and risk management.

## 31. Superannuation liabilities

Employees' superannuation entitlements are provided through either a defined contribution plan or a defined benefits plan.

### Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when employees have rendered the service entitling them to the contributions. These include employee nominated non government schemes for those employees commencing on or after 10 August 1999. As they are funded on an ongoing basis, a liability is generally not recognised, however a liability is recognised for the superannuation costs associated with the benefits accrued for employees in respect of annual leave and long service leave.

### Defined benefit plans

For defined benefit superannuation plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations carried out at each reporting date.

The projected unit credit method calculates the accrued liability by discounting the value of the expected future benefit payments, after allowing for future salary increases, future interest and future pension increases where applicable, arising from membership completed prior to the reporting date.

Actuarial gains and losses are recognised in full in the Comprehensive Operating Statement as an 'other economic flow – other comprehensive income' in the period in which they occur.

The defined benefit superannuation plans include:

- Northern Territory Government and Public Authorities' Superannuation Scheme (NTGPASS)
- Commonwealth Superannuation Scheme (CSS)
- Northern Territory Supplementary Superannuation Scheme (NTSSS)
- Northern Territory Police Supplementary Benefit Scheme (NTPSBS)
- Legislative Assembly Members' (LAMS) Fund and other statutory schemes.

### Scheme information

#### Commonwealth Superannuation Scheme

The benefits provided by the scheme include an employer-financed defined benefit and the members' accumulation balances. The amount of retirement benefit is the sum of:

- an employer-financed indexed pension
- the accumulated value of productivity contributions (this can be converted to a non-indexed pension)
- the accumulated value of member contributions.



# Notes to the financial statements

For the year ended 30 June 2018

## 31. Superannuation liabilities (continued)

The employer-financed indexed pension is calculated as a percentage of final salary and discounted for early retirement before the maximum retirement age. CSS was closed on 1 October 1986 to all new Territory employees except police who were eligible to join until 1 January 1988.

### Northern Territory Government and Public Authorities' Superannuation Scheme

NTGPASS is a contributory lump sum superannuation scheme that was closed to new members from 10 August 1999. On retirement the following benefits are payable:

- the members accumulation account, plus
- an accrued employer component.

The accrued employer component is calculated as 2.5 per cent x total benefit points x benefit salary.

### Northern Territory Supplementary Superannuation Scheme

The NTSSS is a non-contributory lump sum superannuation scheme that was closed to new members from 10 August 1999. The standard benefit is 3 per cent of annual salary plus approved allowances on the last day of employment for each year of service since October 1988.

### Northern Territory Government Death and Invalidity Scheme (NTGDIS)

The scheme provides death and disablement cover to all public sector employees under choice of fund arrangements.

The NTPSBS, LAMS, Administrator and judge's schemes are all pension-based schemes.

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
Current	250 457	255 744	250 457	255 744
Non current	3 371 630	3 420 409	3 371 630	3 420 409
<b>Total superannuation liabilities (a)</b>	<b>3 622 087</b>	<b>3 676 153</b>	<b>3 622 087</b>	<b>3 676 153</b>

### a) The Northern Territory Government superannuation schemes comprise:

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
LAMS	50 820	62 116	50 820	62 116
CSS	2 149 300	2 159 200	2 149 300	2 159 200
NTGPASS	934 267	961 860	934 267	961 860
NTSSS	231 236	240 310	231 236	240 310
NTPSBS	70 105	68 124	70 105	68 124
NTGDIS	84 721	82 740	84 721	82 740
Statutory schemes <sup>1</sup>	101 638	101 803	101 638	101 803
	<b>3 622 087</b>	<b>3 676 153</b>	<b>3 622 087</b>	<b>3 676 153</b>

<sup>1</sup> Statutory schemes comprise the superannuation liability for the Administrator and judges.

# Notes to the financial statements

For the year ended 30 June 2018

## 31. Superannuation liabilities (continued)

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 that are updated on an annual basis. NTGPASS, NTSSS, Supreme Court Judges Pension Scheme (JPS), NTGDIS, Administrators Pension Scheme and the LAMS Fund are based on triannual reviews conducted 30 June 2016, however updated for 30 June 2018. The NTPSBS and CSS are based on triannual reviews as at 30 June 2018. The movement in the liability between years is predominantly due to a reduction in superannuation creditors and the long-term salary rate.

Assumptions are made regarding discount rate, salary rate, expected return on scheme assets, inflation and imputed cost of interest.

	30 June 2018	30 June 2017
	%	%
<b>Key assumptions</b>		
Key assumptions as at balance date and for following year expense:		
Discount rate (gross of tax)	2.60	2.70
Short-term salary rate	3.50	3.00
Long-term salary rate	3.00	3.50
Expected return on scheme assets (net of tax)	6.50	6.50
Inflation (pensions)	1.50	2.00
Imputed cost of interest	2.70	2.00
Tax rate for employer contributions <sup>1</sup>	nil	nil

<sup>1</sup> Tax rate for employer contributions for LAMS is 15 per cent.

## Amounts in the financial statements

### Balance Sheet

Present value of the defined benefit obligation at end of year	3 664 636	3 703 651
Fair value of plan assets at end of year	- 70 073	- 68 408
Net present value of creditors <sup>1</sup>	27 524	40 910
<b>Net liability/(asset) recognised in balance sheet at end of year</b>	<b>3 622 087</b>	<b>3 676 153</b>

<sup>1</sup> NTGPASS, NTSSS and NTGDIS

### Operating Statement

Employer service cost	63 042	75 567
Net interest cost	95 756	82 617
Losses (gains) on settlements		
<b>Total included in employee benefit expense</b>	<b>158 798</b>	<b>158 184</b>

### Remeasurements in other comprehensive income (OCI)

Actual return on fund assets less interest income	- 4 626	- 6 466
Actuarial (gains)/losses on liability	- 3 978	- 555 323
Adjustment for asset ceiling		
<b>Total remeasurement included in OCI</b>	<b>- 8 604</b>	<b>- 561 789</b>

# Notes to the financial statements

For the year ended 30 June 2018

## 31. Superannuation liabilities (continued)

	30 June 2018	30 June 2017
	\$000	\$000
<b>Explanation of amounts in the financial statements</b>		
<b>Reconciliation of the net defined benefit liability/(asset)</b>		
Net defined benefit liability/(asset) at beginning of year	3 635 244	4 218 426
Expense recognised in income statement	158 798	158 184
Employer contributions	- 190 874	- 179 577
Remeasurements in OCI	- 8 604	- 561 789
<b>Net defined benefit liability/(asset) at year end</b>	<b>3 594 563</b>	<b>3 635 244</b>

### Reconciliation from opening to closing balance of the following:

<b>Reconciliation of plan assets</b>		
Fair value of the plan assets at the beginning of the year	68 408	65 130
Employer contributions	190 874	179 577
Participant contributions	442	473
Benefit payments	- 195 269	- 183 448
Taxes and expenses paid	- 791	- 1 048
Interest income	1 783	1 258
Actual return on plan assets less interest income	4 626	6 466
<b>Assets at year end</b>	<b>70 073</b>	<b>68 408</b>

Note: LAMS is the only scheme that has assets.

<b>Reconciliation of the present value of the defined benefit obligation</b>		
Total defined benefit obligation at the beginning of the year	3 703 651	4 283 555
Employer service cost	63 042	75 567
Interest expense	97 539	83 875
Participant contributions	442	473
Taxes and expenses paid	- 791	- 1 048
Benefit payments	- 195 269	- 183 448
Actuarial (gain)/loss on liabilities due to changes in demographic assumptions		
Actuarial (gain)/loss on liabilities due to changes in financial assumptions	- 2 820	- 601 461
Actuarial (gain)/loss on liabilities due to changes in liability experience	- 1 158	46 138
<b>Total defined benefit obligation at year end</b>	<b>3 664 636</b>	<b>3 703 651</b>

# Notes to the financial statements

For the year ended 30 June 2018

## 31. Superannuation liabilities (continued)

### Sensitivity analysis – LAMS

The entity's total defined benefit obligation as at 30 June 2018 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		120 893		
Discount rate	1	102 832	- 18 060	- 14.9
Discount rate	- 1	143 695	22 802	18.9
Salary increase	1	142 599	21 707	18.0
Salary increase	- 1	103 300	- 17 593	- 14.6
Mortality rates	10	117 335	- 3 558	- 2.9
Mortality rates	- 10	124 892	3 999	3.3

### Maturity profile of defined benefit obligation – LAMS

The weighted average term of the defined benefit obligation is 16 years.

### Sensitivity analysis – Supreme Court JPS

The entity's total defined benefit obligation as at 30 June 2018 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		97 667		
Discount rate	1	85 753	- 11 914	- 12.2
Discount rate	- 1	112 320	14 653	15.0
Inflation	1	111 861	14 195	14.5
Inflation	- 1	85 860	- 11 806	- 12.1
Mortality rates	10	94 538	- 3 128	- 3.2
Mortality rates	- 10	101 200	3 533	3.6

### Maturity profile of defined benefit obligation – Supreme Court JPS

The weighted average term of the defined benefit obligation is 13 years.

# Notes to the financial statements

For the year ended 30 June 2018

## 31. Superannuation liabilities (continued)

### Sensitivity analysis – NTPSBS

The entity's total defined benefit obligation as at 30 June 2018 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		70 105		
Discount rate	1	60 746	- 9 358	- 13.3
Discount rate	- 1	81 853	11 748	16.8
Inflation	1	81 408	11 303	16.1
Inflation	- 1	60 911	- 9 193	- 13.1
Mortality rates	10	68 434	- 1 671	- 2.4
Mortality rates	- 10	71 972	1 867	2.7
Commutation rate	zero	71 578	1 473	2.1
Commutation rate	30	68 631	- 1 473	- 2.1

### Maturity profile of defined benefit obligation – NTPSBS

The weighted average term of the defined benefit obligation is 16 years.

### Sensitivity analysis – Administrator Scheme

The entity's total defined benefit obligation as at 30 June 2018 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		3 971		
Discount rate	1	3 676	- 295	- 7.4
Discount rate	- 1	4 310	339	8.5
Inflation	1	4 290	319	8.0
Inflation	- 1	3 688	- 283	- 7.1
Mortality rates	10	3 796	- 175	- 4.4
Mortality rates	- 10	4 172	200	5.0

### Maturity profile of defined benefit obligation – Administrator Scheme

The weighted average term of the defined benefit obligation is 9 years.

# Notes to the financial statements

For the year ended 30 June 2018

## 31. Superannuation liabilities (continued)

### Sensitivity analysis – NTGPASS

The entity's total defined benefit obligation as at 30 June 2018 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		927 600		
Discount rate	1	862 500	- 65 100	- 7.0
Discount rate	- 1	1 001 700	74 100	8.0
Salary increase	1	1 015 900	88 300	9.5
Salary increase	- 1	848 900	- 78 700	- 8.5
Pension increase	1	927 600		
Pension increase	- 1	927 600		

### Maturity profile of defined benefit obligation – NTGPASS

The weighted average term of the defined benefit obligation is 11 years.

### Sensitivity analysis – NTSSS

The entity's total defined benefit obligation as at 30 June 2018 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		224 400		
Discount rate	1	208 400	- 16 000	- 7.1
Discount rate	- 1	242 600	18 200	8.1
Salary increase	1	242 400	18 000	8.0
Salary increase	- 1	208 300	- 16 100	- 7.2
Pension increase	1	224 400		
Pension increase	- 1	224 400		

### Maturity profile of defined benefit obligation – NTSSS

The weighted average term of the defined benefit obligation is 11 years.

# Notes to the financial statements

For the year ended 30 June 2018

## 31. Superannuation liabilities (continued)

### Sensitivity analysis – CSS

The entity's total defined benefit obligation as at 30 June 2018 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		2 149 300		
Discount rate	1	1 879 000	- 270 300	- 12.6
Discount rate	- 1	2 485 200	335 900	15.6
Salary increase	1	2 156 800	7 500	0.3
Salary increase	- 1	2 142 200	- 7 100	- 0.3
Pension increase	1	2 458 300	309 000	14.4
Pension increase	- 1	1 892 800	- 256 500	- 11.9

### Maturity profile of defined benefit obligation – CSS

The weighted average term of the defined benefit obligation is 11 years.

### Sensitivity analysis – NTGDIS

The entity's total defined benefit obligation as at 30 June 2018 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		70 700		
Discount rate	1	64 800	- 5 900	- 8.3
Discount rate	- 1	77 600	6 900	9.8
Salary increase	1	77 500	6 800	9.6
Salary increase	- 1	64 800	- 5 900	- 8.3
Pension increase	1	70 700		
Pension increase	- 1	70 700		

### Maturity profile of defined benefit obligation – NTGDIS

The weighted average term of the defined benefit obligation is 11 years.

# Notes to the financial statements

For the year ended 30 June 2018

## 32. Other employee benefits

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
<b>Current</b>				
Accrued salaries	28 136	18 772	31 011	22 559
Recreation leave	282 196	271 118	312 324	298 855
Long service leave	219 953	208 730	238 722	227 209
Provision for employer superannuation contributions	21 552	19 789	21 603	19 834
	<b>551 837</b>	<b>518 409</b>	<b>603 660</b>	<b>568 456</b>
<b>Non current</b>				
Long service leave	108 128	105 551	116 667	114 766
	<b>108 128</b>	<b>105 551</b>	<b>116 667</b>	<b>114 766</b>
<b>Total other employee benefits</b>	<b>659 965</b>	<b>623 960</b>	<b>720 327</b>	<b>683 223</b>

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled wholly within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows calculated using the appropriate government bond rate and taking into consideration expected future salary and wage levels, experience of employee departures and periods of service.

All recreation leave and unconditional long service leave liabilities are classified as current liabilities.

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

## 33. Payables

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
<b>Current</b>				
Accounts payable	72 118	55 515	177 780	132 894
Accrued expenses	165 603	152 855	212 207	216 991
<b>Total payables</b>	<b>237 721</b>	<b>208 370</b>	<b>389 987</b>	<b>349 885</b>

Liabilities for accounts payable and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the agency.



# Notes to the financial statements

For the year ended 30 June 2018

## 34. Other liabilities

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
<b>Current</b>				
Provisions:				
Provision for current taxes	2 775	3 114	2 851	2 865
Provision for outstanding claims	75 092	74 205	75 092	74 205
Provision for workers compensation premiums	51	53	51	53
Other provisions	9 205	7 908	15 868	3 742
Workers compensation liability (a)	34 655	27 968	34 655	27 968
Unearned revenue	54 445	59 361	89 426	110 284
	<b>176 223</b>	<b>172 610</b>	<b>217 943</b>	<b>219 118</b>
<b>Non current</b>				
Provisions:				
Provision for outstanding claims	544 704	475 496	544 704	475 496
Other provisions	58 408	49 519	58 408	54 514
Workers compensation liability (a)	115 673	118 633	115 673	118 633
Unearned revenue	24 587	23 667	38 791	23 656
	<b>743 372</b>	<b>667 315</b>	<b>757 576</b>	<b>672 300</b>
<b>Total other liabilities</b>	<b>919 595</b>	<b>839 925</b>	<b>975 519</b>	<b>891 417</b>

### a) Workers compensation liability comprises:

<i>Return to Work Act</i>	145 084	141 795	145 084	141 795
<i>Comcare (Commonwealth Act)</i>	5 244	4 806	5 244	4 806
	<b>150 328</b>	<b>146 601</b>	<b>150 328</b>	<b>146 601</b>

### b) Reconciliation of provisions

	General government				Total public sector			
	Outstanding claims	Current taxes	Workers compensation	Other	Outstanding claims	Current taxes	Workers compensation	Other
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Movements in provisions during the year were as follows:								
Brought forward as at 1 July 2017	549 701	3 114	146 601	57 480	549 701	2 865	146 601	58 310
Effect of changes in assumptions	38 141		2 400		38 141		2 400	
Increase in claims incurred/ recoveries anticipated over the year	91 221	7 391	37 776	21 659	91 221	8 204	37 776	21 659
Payments	- 59 268	- 7 730	- 36 449	- 11 466	- 59 268	- 8 217	- 36 449	- 11 466
Other movements				- 9				5 824
<b>Balance at 30 June 2018</b>	<b>619 796</b>	<b>2 775</b>	<b>150 328</b>	<b>67 664</b>	<b>619 796</b>	<b>2 851</b>	<b>150 328</b>	<b>74 327</b>

# Notes to the financial statements

For the year ended 30 June 2018

## 34. Other liabilities (continued)

The outstanding claims predominantly relate to general claims and HIH insurance claims originating from the work health system in the Nominal Insurer and outstanding claims held by the MAC scheme.

Workers compensation liabilities comprise those under the *Return to Work Act*, and Comcare liabilities under Commonwealth legislation. The change in liability for the year ended 30 June 2018 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.

Current taxes provisions largely relates to fringe benefits tax.

Other provisions predominantly relate to the construction industry's portable long service leave benefits.

## 35. Commitments

	Total public sector	
	2017-18	2016-17
	\$000	\$000

### 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:

Not later than one year	486 733	270 720
Later than one year and not later than five years	45 864	30 840
Later than five years		
<b>Total capital expenditure commitments</b>	<b>532 597</b>	<b>301 560</b>

### b) Operating lease commitments

Future non-cancellable operating lease commitments not provided for in the financial statements and payable:

Not later than one year	118 953	117 520
Later than one year and not later than five years	295 003	300 399
Later than five years	280 980	316 191
<b>Total operating lease commitments</b>	<b>694 936</b>	<b>734 110</b>

### c) Other non-cancellable contract commitments

Other future commitments not provided for in the financial statements primarily represent non-cancellable expenditure contracts expiring from 1 to 25 years. These commitments are payable as follows:

Not later than one year	655 513	510 456
Later than one year and not later than five years	1 789 842	1 559 848
Later than five years	3 101 804	3 451 201
<b>Total other non-cancellable contract commitments</b>	<b>5 547 159</b>	<b>5 521 505</b>

The most significant portion continues to relate to gas purchase commitments including take-or-pay obligations under a 25-year gas sale agreement.

# Notes to the financial statements

For the year ended 30 June 2018

## 36. Reserves

	General government		Total public sector	
	2017-18	2016-17	2017-18	2016-17
	\$000	\$000	\$000	\$000
<b>Reserves</b>				
Balance at the beginning of the financial year	8 576 681	7 752 078	7 815 764	7 032 244
Movements through the year	- 20 664	824 602	72 109	783 520
<b>Balance at end of the financial year (a)</b>	<b>8 556 017</b>	<b>8 576 681</b>	<b>7 887 872</b>	<b>7 815 764</b>

### a) Reserves comprise:

#### Asset revaluation surplus

This reserve is used to record increments and decrements on the revaluation of non-current assets. The reserve may also be adjusted as a result of asset impairment adjustments.

Balance at the beginning of the financial year	6 968 534	6 338 423	7 796 983	7 014 292
Impairment losses/reversals	12 364	710	12 070	20 741
Revaluation increments/(decrements)	- 51 944	629 401	60 480	761 950
<b>Balance at end of the financial year</b>	<b>6 928 954</b>	<b>6 968 534</b>	<b>7 869 533</b>	<b>7 796 983</b>

#### Investments in public sector entities revaluation surplus

This reserve comprises the general government's share of the asset revaluation surplus of investments in other sectors of government.

Balance at the beginning of the financial year	1 589 366	1 395 704
Movements in net assets of public sector entities	19 358	193 662
<b>Balance at end of the financial year</b>	<b>1 608 724</b>	<b>1 589 366</b>

#### Other reserves

Balance at the beginning of the financial year	18 781	17 952	18 781	17 952
Revaluation increments/(decrements)	- 442	829	- 442	829
<b>Balance at end of the financial year</b>	<b>18 339</b>	<b>18 781</b>	<b>18 339</b>	<b>18 781</b>

### Investment in public sector entities

The values of all holdings in entities external to a sector controlled by that sector are included in equity. The general government sector is considered to control all other government entities. The movement in the net worth of subsectors (that is, the public non financial corporations and public financial corporations) is included in the value of equity for the general government sector. Similarly, the non financial public sector includes the movement in the net worth of the public financial corporations sector.

In reporting the total public sector, the government equity in public financial and non financial corporations is eliminated upon consolidation.

# Notes to the financial statements

For the year ended 30 June 2018

## 37. Contingent assets and liabilities

### Contingent assets

A contingent asset is a possible asset that arises from past events, which will only be realised by uncertain future events not wholly within the control of the entity, or an asset not recognised because it is not probable the future economic benefits inherent in the asset will eventuate or the asset does not have a value that can be measured reliably.

Under the *Crimes (Victims Assistance) Act*, the Territory is entitled to recover monies from an offender equal to the amount of assistance, costs and disbursements paid to victims under the Act. However, due to the circumstances of offenders including being imprisoned for lengthy terms, declared bankrupt or unable to be located, it is probable that a significant proportion of the amounts owed are uncollectable. Therefore, any contingent asset cannot be reliably quantified.

For disclosure of a contingent asset associated with the granting of a concession to Darwin Cove Convention Centre Pty Ltd, refer to the Property and business services section under Unquantifiable contingent liabilities.

### Contingent liabilities

A contingent liability is a liability that the Government may be called on to meet at some future date if a specified event should occur. Contingent liabilities of the Territory may arise out of a range of circumstances, the most common of which are indemnities and guarantees contained in agreements executed by the Territory. Contingent liabilities may also arise as a result of undertakings made by the Territory or as a result of legislation containing a guarantee or indemnity.

The Treasurer's Directions (G2.5 – Guarantees and Indemnities) states that:

- a guarantee is an undertaking on the part of the Territory to be responsible for another's debt or contractual performance if that other person does not pay or perform
- an indemnity is a written undertaking to compensate, protect or insure another person or entity against future financial loss, damage or liability.

Agencies are required to maintain a register of contingent liabilities in accordance with the Treasurer's Directions. In relation to the reporting of contingent liabilities, the Treasurer has determined a materiality threshold of \$5 million.

Net present value amounts referred to in this schedule are calculated based on a discount factor of 2.6 per cent per annum. The discount rate is based on the published Commonwealth 10-year bond rate.

Details of estimated amounts of material contingent liabilities as at 30 June 2018 resulting from guarantees or indemnities granted by the Territory are presented as follows.

### Quantifiable contingent liabilities

Details of estimated amounts of remaining material quantifiable contingent liabilities as at 30 June 2018, resulting from guarantees or indemnities granted by the Territory, are presented in the following table.

	Estimated quantifiable contingent liability as at 30 June 2018
	\$M
Public Trustee Common Fund 1	34.8

# Notes to the financial statements

For the year ended 30 June 2018

## 37. Contingent assets and liabilities (continued)

The Public Trustee Common Fund 1, which had a reported total of \$34.8 million as at 30 June 2018, is government guaranteed.

Under section 97 of the *Public Trustee Act*, the Treasurer indemnifies the Common Fund against any deficiencies in money available to meet claims on it. The Common Fund is a repository for all moneys received by the Public Trustee on behalf of estates, trusts or persons, and earns interest. Money to the credit of the Common Fund is invested according to the directions issued by an Investment Board. Although a material statutory contingent liability exists, the prospect of this contingent liability being called upon is considered low.

### Unquantifiable contingent liabilities

Unquantifiable contingent liabilities exist, which could pose a risk to the government's financial projections.

#### Accommodation

The Territory has contingent liabilities in this category that relate to indemnities provided in support of the Darwin Luxury Hotel Development. The risks associated with the indemnities are considered low and consequently no contingent liabilities have been disclosed at this time. The Territory will continue to assess any risks under the arrangement and determine whether any future disclosure is required.

#### Finance

The Territory's financial management framework is underpinned by centralised banking arrangements. The sole provider of banking-related services has been granted indemnities under the whole of government banking contract. These indemnities are considered not to involve significant risk.

#### Gas

The Territory has entered into a number of agreements in relation to the Northern Gas Pipeline. Contingent considerations in relation to these agreements are considered unlikely and consequently no contingent liabilities have been disclosed at this time. The Territory will continue to assess any risks under the arrangement and determine whether any future disclosure is required.

#### Government administration

Where the Territory has invited the participation of private sector persons and government officers on boards of government owned or funded companies, the Territory may grant indemnities to the board members to cover them for any losses that may result from good faith actions.

These indemnities are generally consistent with 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.

In relation to corporations established in accordance with the *Government Owned Corporations Act*, an indemnity given by the Territory to board members is limited to actions arising from compliance with a direction issued by the shareholding minister or the portfolio minister pursuant to the *Government Owned Corporations Act*.

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.

# Notes to the financial statements

For the year ended 30 June 2018

## 37. Contingent assets and liabilities (continued)

Indemnities are also granted to the Commonwealth and other entities involved in funding or sponsoring activities and programs initiated or undertaken by the Territory. Under the indemnities, the Territory 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.

Although 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.

Where the Territory is engaged in legal proceedings and disputes, due to the wide variety and nature of these cases and the uncertainty of any potential liability, no value can be attributed to these cases. In addition, the attribution of value to those cases also has the potential to prejudice the outcome of the proceedings and disputes.

The government has indemnified private sector insurers that provide workers compensation insurance in the Territory. The indemnity covers insurers for losses that arise as a result of acts of terrorism.

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

### 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.

Although 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.

### Land development

The Territory has contingent liabilities in this category that relate to guarantees provided by the Land Development Corporation in order to facilitate specific land release projects. The risks associated with the guarantees are considered low and consequently no contingent liabilities have been disclosed at this time. The Territory will continue to assess any risks under the arrangement and determine whether any future disclosure is required.

### National redress scheme for institutional child sexual abuse

In response to the recommendations of the Royal Commission into Institutional Child Sexual Abuse, the National Redress Scheme for Survivors of Institutional Child Sexual Abuse commenced in July 2018. The Territory announced in late April 2018 that it would join the National Redress Scheme. An intergovernmental agreement is being finalised between the Commonwealth and the Territory. The costs to the Territory of the scheme are not quantifiable at this time. The Territory will continue to assess any risks under this agreement and determine whether any future disclosure is required.

# Notes to the financial statements

For the year ended 30 June 2018

## 37. Contingent assets and liabilities (continued)

### 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, 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.

The granting of a concession to Darwin Cove Convention Centre Pty Ltd gives rise to contingent liabilities associated with:

- discriminatory changes in law
- environmental clean-up costs
- incentive payments to the operator if performance targets established for the centre are exceeded
- negotiated payments to the operator in the early years of the centre's operation.

For the categories listed above, neither the probability nor the amount the Territory might be called upon to pay at some future date can be determined reliably. As a result, these items are regarded as contingent liabilities, where the existence of an actual liability in the future will be confirmed only by the occurrence of uncertain future events that lie outside the control of the Territory.

A contingent asset also arises as a consequence of the concession arrangement. The Territory availability payment (TAP) is recognised as a liability on the general government sector and whole of government balance sheets. However, the Territory has the right to recover up to 75 per cent of that liability if the operator should not achieve certain performance criteria. Because neither the probability of such a recovery nor the amount that might be recovered can be determined reliably, the part of TAP that may be subject to abatement is classified as a contingent asset.

### Secure facilities

The Territory has contingent liabilities in this category that relate to indemnities and guarantees provided in support of the Darwin Correctional Precinct that was constructed and is operated under a public private partnership agreement.

The Territory has indemnified the proponent for losses arising from uninsurable risks.

There are no reportable contingent liabilities in this category.

### Transport

The Territory has contingent liabilities in this category that relate to indemnities and guarantees provided in support of the Adelaide to Darwin railway project.

AARC and the Territory and South Australian governments have entered into a concession arrangement for the Adelaide to Darwin railway on a build, own, operate and transfer-back basis.

Unquantifiable contingent liabilities of the Territory in relation to the Adelaide to Darwin railway project relate to the following:

- joint guarantee of the obligations of AARC
- indemnities granted in relation to title over the railway corridor (title is secure but the indemnity continues).

# Notes to the financial statements

For the year ended 30 June 2018

## 37. Contingent assets and liabilities (continued)

AARC and the governments have comprehensive risk management procedures in place for all events that would give rise to liabilities.

Prior to the long-term lease of the Port of Darwin, the railway corridor interfacing the port was owned by Darwin Port Corporation (DPC), which leased the facilities to the concession holder. As part of the long-term lease of the Darwin port, the railway corridor was transferred to the Territory and leased to the concession holder. There are contingent liabilities that arise out of any loss or claim incurred or suffered as a result of the Territory's failure to comply with its environmental obligation contained in the lease. The lease contains similar indemnities given by the lessee with respect to contamination caused by the lessee and a failure to comply with its environmental obligations. To the extent that DPC had contingent liabilities prior to the Port of Darwin transaction, the Territory Government has the same contingent liabilities now.

The Territory Government has entered into agreements for the relocation of fuel terminals from near the Darwin central business district to the East Arm industrial estate. The agreements include certain unquantifiable contingent liabilities in favour of the developer of the fuel terminal and Shell, an oil company. Government has put in place comprehensive risk management processes to address potential exposure.

The Territory has assumed DPC's indemnity in relation to certain remedial works at East Arm Port. The indemnity covers third-party claims, loss, damage, cost and expenses that may be incurred or sustained by Shell arising out of any breach of the Territory's obligation under the agreement, or in connection with any failure or defect in the integrity of the bunker lines, as well as rectification of damage to the wharf. Comprehensive risk management procedures are in place to minimise risk exposure to the Territory.

Contingent considerations in relation to the long-term lease of the Port of Darwin are considered unlikely and consequently no contingent liabilities have been disclosed at this time. The Territory will continue to assess any risks under the arrangement and determine whether any future disclosure is required.



# Notes to the financial statements

For the year ended 30 June 2018

## 38. Financial instruments and risk management

### a) Financial risk management objectives and policies

Exposure to financial risk arises in the normal course of government activity. The Territory's risk management strategy is incorporated in the Territory's fiscal strategy. The fiscal strategy provides a sound financial management framework to ensure sustainable service provision, continued capital investment, reducing debt levels and a competitive tax environment that supports economic growth. Further reference to the fiscal strategy can be found in the Overview chapter of this TAFR and the 2018-19 Budget Paper No. 2.

The Central Holding Authority (CHA), NTTC and MACC are the entities that hold complex financial instruments. NTTC manages the investments and borrowings of CHA, and reports to the NTTC Advisory Board. MACC has its own risk management policies and is subject to prudential supervision.

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and liabilities are recognised on the Balance Sheet when the Territory becomes a party to the contractual provisions of the financial instrument. The Territory's financial instruments include: cash and deposits; receivables; advances paid; investments, loans and placements; accounts payables; deposits held; advances received; borrowings; and derivatives.

Due to the nature of operating activities, certain financial assets and financial liabilities arise under statutory obligations rather than a contract. Such financial assets and liabilities do not meet the definition of financial instruments as per AASB 7 Financial Instruments: Disclosures and have been excluded from the following tables. These include statutory receivables arising from taxes including tax receivables, GST input tax credits recoverable, and fines and penalties.

Exposure to interest rate risk, foreign exchange risk, credit risk, price risk and liquidity risk arise in the normal course of activities. The Territory's investments, loans and placements, and borrowings are predominantly managed through the NTTC adopting strategies to minimise risk exposure. Derivative financial arrangements are also utilised to manage financial risks inherent in the management of these financial instruments. These arrangements include swaps, forward interest rate agreements and other hedging instruments to manage fluctuations in interest or exchange rates.

In April 2017, the Territory Government, the Northern Australia Infrastructure Facility (NAIF) and the Commonwealth entered into an agreement to provide concessional loans and guarantees to private sector infrastructure projects in northern Australia.

The NAIF is a \$5 billion concessional loan facility established by the Commonwealth to support the construction of northern Australian economic infrastructure that supports economic and population growth in northern Australia.

The Territory Government acts as an agent on behalf of the NAIF in delivering financial assistance and is indemnified by the Commonwealth for any reasonable costs, expenses, liabilities or losses as a result of entering into the agreement. In accordance with AASB 139 Financial Instruments, as the risks and rewards of concessional loans to the proponent remain with the Commonwealth, the Territory will not reflect a financial asset for the monies advanced to the proponent or a financial liability to the NAIF. Furthermore as funds to and from the proponent do not pass through the Territory, no cash flows will be disclosed in the Cash Flow Statement.

# Notes to the financial statements

For the year ended 30 June 2018

## 38. Financial instruments and risk management (continued)

### b) Categorisation of financial instruments

AASB 7 Financial Instruments: Disclosures require financial instruments to be classified and disclosed within specific categories depending on their nature and purpose.

The TAFS classifies its financial assets into the following categories:

- financial assets at FVTPL
- held-to-maturity investments
- loans and receivables
- available-for-sale financial assets
- financial assets other.

Financial liabilities are classified into the following categories:

- financial liabilities at FVTPL
- financial liabilities at amortised cost.

### Financial assets or financial liabilities at fair value through profit or loss

Financial instruments are classified as at FVTPL when the instrument is either held for trading or is designated as at FVTPL.

An instrument is classified as held for trading if it is:

- acquired or incurred principally for the purpose of selling or repurchasing it in the near term with an intention of making a profit
- part of a portfolio of identified financial instruments managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, or
- a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial assets determined as held for trading include short-term securities, bonds and other instruments and units in unlisted unit trusts.

A financial instrument may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise
- or the instrument forms part of a group of financial instruments, which is managed and its performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the grouping is provided internally on that basis
- or it forms part of a contract containing one or more embedded derivatives.

AASB 139 Financial Instruments: Recognition and Measurement permits the contract to be designated as at FVTPL. Financial assets designated as at FVTPL includes the COSR and medium-term investments. Financial liabilities designated as at FVTPL include deposits held and accounts payable, excluding statutory amounts and accruals.

# Notes to the financial statements

For the year ended 30 June 2018

## 38. Financial instruments and risk management (continued)

### Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the entity has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those held for trading and available for sale. Loans and receivables exclude statutory receivables and accruals.

### Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets, principally equity securities designated as available-for-sale or not classified as any of the three preceding categories. After initial recognition, available-for-sale securities are measured at fair value with gains or losses recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the Comprehensive Operating Statement.

### Financial liabilities at amortised cost

Financial instrument liabilities measured at amortised cost include all advances received, finance lease liabilities and loans. Amortised cost is calculated using the effective interest method.

### Derivatives

The Territory enters into a variety of derivative financial instruments to manage its exposure to interest rate risk. The Territory does not speculate on trading of derivatives.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each reporting date. The resulting gain or loss is recognised in the Comprehensive Operating Statement immediately unless the derivative is designated and qualifies as an effective hedging instrument, in which event, the timing of the recognition in the Comprehensive Operating Statement depends on the nature of the hedge relationship. Application of hedge accounting will only be available where specific designation and effectiveness criteria are satisfied.

### Netting of swap transactions

The Territory, from time to time, may facilitate certain structured finance arrangements, where a legally recognised right to offset financial assets and liabilities exists, and the Territory intends to settle on a net basis. Where these arrangements occur, the revenues and expenses are offset and the net amount is recognised in the Comprehensive Operating Statement.

### Other financial instruments issued by the Territory

Debt and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual agreement. The Territory's compounding products are debt instruments.

# Notes to the financial statements

For the year ended 30 June 2018

## 38. Financial instruments and risk management (continued)

The following table discloses the total public sector's financial assets and financial liabilities by category.

### Categorisation of financial instruments

	Fair value through profit or loss		Held to maturity investments	Financial assets – loans and receivables	Financial assets – available for sale	Financial assets – other	Financial liabilities – amortised cost	Total
	Held for trading	Designated at fair value						
2017-18	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash and deposits						603 228		603 228
Advances paid				167 919				167 919
Investments, loans and placements	584 479	1 176 314	428 335	52 000				2 241 128
Interest rate swaps		15 195						15 195
Receivables <sup>1</sup>				237 003				237 003
Other financial assets				18 606				18 606
<b>Total financial assets</b>	<b>584 479</b>	<b>1 191 509</b>	<b>428 335</b>	<b>475 529</b>		<b>603 228</b>		<b>3 283 079</b>
Deposits held <sup>1</sup>		34 154						34 154
Advances received							214 068	214 068
Loans						4 983 217		4 983 217
Finance lease liabilities						633 911		633 911
Interest rate swaps								
Accounts payable		177 780						177 780
<b>Total financial liabilities</b>		<b>211 934</b>					<b>5 831 196</b>	<b>6 043 131</b>
<b>2016-17</b>								
Cash and deposits						283 981		283 981
Advances paid				171 358				171 358
Investments, loans and placements	573 159	1 097 557	337 842	52 000				2 060 558
Interest rate swaps		14 296						14 296
Receivables <sup>1</sup>				198 011				198 011
Other financial assets				17 390				17 390
<b>Total financial assets</b>	<b>573 159</b>	<b>1 111 853</b>	<b>337 842</b>	<b>438 758</b>		<b>283 981</b>		<b>2 745 594</b>
Deposits held <sup>1</sup>		21 708						21 708
Advances received							221 486	221 486
Loans						3 775 213		3 775 213
Finance lease liabilities						639 171		639 171
Interest rate swaps								
Accounts payable		132 894						132 894
<b>Total financial liabilities</b>		<b>154 602</b>					<b>4 635 870</b>	<b>4 790 472</b>

1 Total amounts disclosed here exclude statutory amounts, as these are not within the scope of AASB 7. Therefore, the total will not reconcile to the amount as per the Balance Sheet.

# Notes to the financial statements

For the year ended 30 June 2018

## 38. Financial instruments and risk management (continued)

### c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. It comprises interest rate risk, price risk and currency risk.

### i) Interest rate risk

Interest rate risk is the risk of financial loss and or increased cost due to adverse movements in the values of financial assets and liabilities as a result of changes in interest rates. The interest rate exposure arises from unmatched maturity patterns. To manage this exposure and for hedging purposes certain Territory-controlled entities enter into interest rate swap agreements.

An interest rate swap is a transfer of interest rate obligations, where the agreement is to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Territory to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The notional principal amounts represent the contract or face value of the swap. The notional amounts do not represent the amount exchanged by the parties to the contract.

# Notes to the financial statements

For the year ended 30 June 2018

## 38. Financial instruments and risk management (continued)

The following table sets out the total public sector's exposure to interest rate risk showing the carrying amount of the financial instruments and the weighted average effective interest rate when applicable. The banding is based upon the earlier of the contractual repricing or maturity dates.

	Variable interest rate			Fixed interest rate			Non interest bearing	Total	Weighted average
	Less than a year	1 to 5 years	More than 5 years	Less than a year	1 to 5 years	More than 5 years			
<b>2017-18</b>	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	%
Cash and deposits	602 783						445	603 228	1.50
Advances paid	2 278	56 959	102 182				6 500	167 919	3.88
Investments, loans and placements <sup>1</sup>	243 789			650 685	27 062	209 840	1 109 751	2 241 128	3.10
Interest rate swap	15 195							15 195	
Receivables							237 003	237 003	
Other financial assets						18 603	3	18 606	7.00
<b>Total financial assets</b>	<b>864 045</b>	<b>56 959</b>	<b>102 182</b>	<b>650 685</b>	<b>27 062</b>	<b>228 443</b>	<b>1 353 702</b>	<b>3 283 079</b>	
Deposits held							34 154	34 154	
Advances received				7 780		200 956	5 332	214 068	4.64
Loans				507 569	1 232 760	3 217 888	25 000	4 983 217	4.17
Finance lease liabilities				8 666	41 695	583 550		633 911	5.19
Accounts payable							177 780	177 780	
<b>Total financial liabilities</b>				<b>524 015</b>	<b>1 274 455</b>	<b>4 002 394</b>	<b>242 267</b>	<b>6 043 131</b>	
<b>2016-17</b>									
Cash and deposits	283 592						389	283 981	1.50
Advances paid	3 650	53 874	106 893	390			6 551	171 358	4.25
Investments, loans and placements <sup>1</sup>	419 688	915	1 657	544 183	35 490	252 491	806 134	2 060 558	3.38
Interest rate swap	14 296							14 296	
Receivables							198 011	198 011	
Other financial assets						17 387	3	17 390	7.00
<b>Total financial assets</b>	<b>721 227</b>	<b>54 789</b>	<b>108 550</b>	<b>544 573</b>	<b>35 490</b>	<b>269 878</b>	<b>1 011 088</b>	<b>2 745 594</b>	
Deposits held							21 708	21 708	
Advances received				7 434		208 736	5 317	221 486	4.65
Loans				527 195	1 213 717	2 009 301	25 000	3 775 213	4.65
Finance lease liabilities				7 680	45 977	585 515		639 171	6.24
Accounts payable							132 894	132 894	
<b>Total financial liabilities</b>				<b>542 309</b>	<b>1 259 694</b>	<b>2 803 551</b>	<b>184 919</b>	<b>4 790 473</b>	

<sup>1</sup> Includes unit trust investments.

# Notes to the financial statements

For the year ended 30 June 2018

## 38. Financial instruments and risk management (continued)

### Sensitivity analysis

Assuming the financial assets and liabilities at 30 June 2018 were to remain until maturity or settlement without any action by the Territory to alter the resulting interest rate risk exposure, a change in the variable rates of 100 basis points (1 per cent) at reporting date would have the following effect on the total public sector's profit or loss and equity.

	Profit or loss and equity 100 basis points increase/decrease	
	2017-18	2016-17
	\$000	\$000
Financial assets – cash at bank	± 6 028	± 2 836
Financial assets – receivable loans	± 1 614	± 1 644
Financial assets – investments, loans and placements	± 2 438	± 4 223
<b>Net sensitivity</b>	<b>± 10 080</b>	<b>± 8 703</b>

### ii) Price risk

The Territory is exposed to price risk as the Territory holds units in unit trusts. Price risk arises due to the changes in the market value of the units as advised by respective fund managers.

Price risk is managed through the use of strictly monitored allocation limits for units held in each class of managed funds. The Territory invests in a diverse range of managed funds thereby limiting the impact of any one underlying variable affecting unit prices.

Returns achieved by appointed fund managers are continuously monitored and compared to returns earned by a suitable peer group of other professional fund managers.

### Sensitivity analysis

The analysis below demonstrates the impact of a movement in prices of units held in unlisted unit trusts. It is assumed any relevant price change occurs as at reporting date.

	Change in value	Impact on profit or loss and equity	
		2017-18	2016-17
	%	\$000	\$000
Equities	± 10	± 89 850	± 59 932
Property securities	± 10	± 14 626	± 15 281

# Notes to the financial statements

For the year ended 30 June 2018

## 38. Financial instruments and risk management (continued)

### iii) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

### Foreign exchange risk

Foreign exchange risk is the risk of financial loss due to adverse movements in foreign exchange rates. The Territory's exposure to foreign exchange risk arises when certain borrowings are denominated in foreign currencies or where the Territory has transactional currency exposures arising from purchases in a foreign currency.

Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. 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. The government may undertake hedging to avoid or minimise adverse financial effects of movements in exchange rates.

### d) Credit risk

Credit risk refers to the risk a counterparty will default on its contractual obligations, resulting in financial loss to the Territory. The Territory has adopted a policy of only dealing with credit-worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Territory's maximum exposure to credit risk is the carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, without taking account of the value of any collateral or other security obtained.

### i) Receivables and advances

In relation to trade receivables, the Territory has a minimal concentration of credit risk as it undertakes transactions with a large number of customers and counterparties. The Territory is not materially exposed to any individual customer. There are no major concentrations of credit risk on service debtors due from customers within particular industries. Receivable balances are monitored on an ongoing basis to ensure exposure to bad debts is not significant.

In addition, the Territory has issued low interest or interest free loans for policy purposes, which are known as advances. Advances receivable include amounts provided for assistance to farmers and for certain transport infrastructure.

A reconciliation and ageing analysis of receivables and advances is presented in the following tables.



# Notes to the financial statements

For the year ended 30 June 2018

## 38. Financial instruments and risk management (continued)

2017-18	Ageing of receivables and advances <sup>1,2</sup>	Ageing of impaired receivables and advances <sup>3</sup>	Net receivables and advances
	\$000	\$000	\$000
Not overdue	382 572	79	382 493
Overdue for less than 30 days	3 667	406	3 261
Overdue for 30 to 60 days	6 604	906	5 698
Overdue for more than 60 days	86 400	72 930	13 470
<b>Total</b>	<b>479 243</b>	<b>74 321</b>	<b>404 922</b>
<b>Reconciliation of the allowance for impairment losses</b>			
Opening		71 607	
Written off during the year		- 4 905	
Recovered during the year		- 4 603	
Increase/(decrease) in allowance recognised in profit or loss		12 222	
<b>Total</b>		<b>74 321</b>	
2016-17			
Not overdue	343 798	356	343 442
Overdue for less than 30 days	19 761	432	19 329
Overdue for 30 to 60 days	5 664	714	4 950
Overdue for more than 60 days	71 753	70 105	1 648
<b>Total</b>	<b>440 976</b>	<b>71 607</b>	<b>369 369</b>
<b>Reconciliation of the allowance for impairment losses</b>			
Opening		43 723	
Written off during the year		- 5 243	
Recovered during the year		19 788	
Increase/(decrease) in allowance recognised in profit or loss		13 340	
<b>Total</b>		<b>71 607</b>	

1 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7. Therefore, the total will not reconcile to the amount in the receivables note.

2 Ageing analysis is presented at the total public sector.

3 The allowance for impairment losses represents the amount of receivables likely to be uncollectable and considered doubtful. The collectability of receivables is reviewed regularly and part of this process is to assess, at reporting date, whether an allowance for impairment loss is required.

### e) Liquidity risk

Liquidity risk is the risk of financial loss and or increased costs due to unanticipated events or errors in cash flow forecasts that result in additional borrowing costs, reduced investment income or an inability to meet financial or operational commitments as they fall due. This is managed by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

# Notes to the financial statements

For the year ended 30 June 2018

## 38. Financial instruments and risk management (continued)

Liquidity risk is managed for day-to-day operations, the short to medium term and for the long term. NTTC predominantly assists the Territory with the management of liquidity risk on a day-to-day basis, using cash flow forecasts and communication with other controlled entities that advise NTTC of the occurrence of unusually large payments. This monitoring allows the Territory to identify potential liquidity issues and also assists in projecting potential investment opportunities.

The Territory's budget is a five-year projection of the Territory's financial position, which incorporates short and medium-term fiscal objectives and financial targets. The fiscal strategy assists in protecting against a liquidity problem in the future.

The following table details the maturity analysis of NTTC's financial liabilities. The analysis for borrowings is based on the earliest possible date on which NTTC can be required to pay. The amounts disclosed are based on undiscounted cash flows, and hence include both interest and principal cash flows. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected cash flows as illustrated by the yield curves existing at the balance date.

2017-18	At call	0 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Borrowings						
Wholesale market						
Fixed interest securities		547 652	130 483	1 879 776	3 805 682	6 363 593
Retail market						
Territory bonds		74	30 758	62 857		93 689
Migration linked bonds		6	263	519		788
Commonwealth						
Credit foncier loans			17 470	69 634	247 676	334 780
<b>Total borrowings</b>		<b>547 732</b>	<b>178 974</b>	<b>2 012 786</b>	<b>4 053 358</b>	<b>6 792 850</b>

2016-17						
Borrowings						
Wholesale market						
Fixed interest securities		68 741	596 110	1 673 952	2 250 386	4 589 189
Retail market						
Territory bonds		82	29 789	62 465		92 336
Migration linked bonds		261	13	788		1 062
Commonwealth						
Credit foncier loans			17 477	69 750	265 030	352 257
<b>Total borrowings</b>		<b>69 084</b>	<b>643 389</b>	<b>1 806 955</b>	<b>2 515 416</b>	<b>5 034 844</b>

# Notes to the financial statements

For the year ended 30 June 2018

## 38. Financial instruments and risk management (continued)

### f) Net fair value

The fair value of financial instruments is determined on the following basis:

- the fair value of cash, most deposits, advances, receivables and payables approximates their carrying amount, which is also their amortised cost
- the fair value of derivative financial instruments are derived using current market yields and exchange rates appropriate to the instrument
- the fair value of other monetary financial assets and liabilities is based on discounting to present value the expected future cash flows by applying current market interest rates for assets and liabilities with similar risk profiles.

### Financial instruments – carrying amount not equal to fair value

The following table discloses the fair value of financial instruments whose fair value is not equal to their carrying amount. Fair values are categorised by level of inputs used.

	Total carrying amount	Net fair value level 1	Net fair value level 2	Net fair value level 3	Net fair value total
<b>2017-18</b>	\$000	\$000	\$000	\$000	\$000
Investments, loans and placements	50 000			19 569	19 569
<b>Total financial assets</b>	<b>50 000</b>			<b>19 569</b>	<b>19 569</b>
Borrowings and advances:					
Wholesale	4 869 952		5 227 157		5 227 157
Retail	88 265		89 926		89 926
Commonwealth	208 736		231 624		231 624
Other borrowings	25 000			9 784	9 784
Finance lease	75 462			83 521	83 521
<b>Total financial liabilities</b>	<b>5 267 415</b>		<b>5 548 707</b>	<b>93 305</b>	<b>5 642 012</b>
<b>2016-17</b>					
Investments, loans and placements	50 000			27 715	27 715
<b>Total financial assets</b>	<b>50 000</b>			<b>27 715</b>	<b>27 715</b>
Borrowings and advances:					
Wholesale	3 663 513		4 024 380		4 024 380
Retail	86 701		88 858		88 858
Commonwealth	216 170		247 274		247 274
Other borrowings	25 000			13 857	13 857
Finance lease	77 732			86 848	86 848
<b>Total financial liabilities</b>	<b>4 069 116</b>		<b>4 360 512</b>	<b>100 705</b>	<b>4 461 217</b>

The fair values of financial instruments disclosed above are related to NTTC and Darwin Waterfront Corporation. There were no transfers between levels in 2017-18.

# Notes to the financial statements

For the year ended 30 June 2018

## 39. Related parties

### a) Related parties

Related parties of the Territory include:

- all departments and entities consolidated into this report as per Note 42, excluding local governments and universities
- all key management personnel (KMP) and their close family members
- any entities controlled or jointly controlled by KMP or their close family members.

### b) Key management personnel

KMP are persons having the authority and responsibility for planning, directing and continuing the activities of the Territory, directly or indirectly, including those in a position to influence the strategic direction of the entity. KMP for the Territory include:

- Cabinet ministers
- portfolio ministers

### i) Remuneration of key management personnel

Minister's remuneration and allowances are determined by the Northern Territory Remuneration Tribunal:

- report and determination No. 2 of 2016
- report and determination No. 1 of 2017

The aggregate remuneration of nine Territory ministers for 2017-18 (according to the period of time each Member of Parliament served as minister) is set out below:

	2017-18	2016-17
	\$000	\$000
Short-term benefits	2 868	2 693
Post-employment benefits	208	194
Termination benefits		562
<b>Total</b>	<b>3 076</b>	<b>3 449</b>

### ii) Related party transactions

Given the breadth and depth of Territory Government activities, related parties will transact with the Territory public sector in a manner consistent with other members of the public including paying stamp duty and other government fees and charges, and therefore these transactions have not been disclosed.

Further, employment processes within the Territory public sector occur on terms and conditions consistent with the *Public Sector Employment and Management Act* and Code of Conduct issued by the Office of the Commissioner for Public Employment. Procurement processes occur on terms and conditions consistent with the Territory Government procurement policy and processes.

All transactions that have occurred with KMP and their related parties have been minor or domestic in nature. In this context, transactions are only disclosed when they are considered material in influencing the financial statements.

# Notes to the financial statements

## For the year ended 30 June 2018

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

### 40. Events subsequent to reporting date

Since the reporting date, there have been no subsequent events to be reported.

### 41. Remuneration of auditors

With the exception of a small number of consolidated entities, audit services within the reporting sectors are provided by the Auditor-General and are funded through appropriation and cost recovery arrangements. The total cost of these services totalled \$5 million (2017: \$4.8 million).

# Notes to the financial statements

For the year ended 30 June 2018

## 42. Details of controlled entities at reporting date

### Total public sector

#### Non financial public sector

##### General government

Aboriginal Areas Protection Authority  
Auditor-General's Office  
AustralAsia Railway Corporation<sup>1</sup>  
Batchelor Institute of Indigenous Tertiary Education<sup>1</sup>  
Central Australia Health Service<sup>2</sup>  
Central Holding Authority  
Darwin Waterfront Corporation<sup>1</sup>  
Data Centre Services<sup>2</sup>  
Department of the Attorney-General and Justice  
Department of the Chief Minister  
Department of Corporate and Information Services  
Department of Education  
Department of Environment and Natural Resources  
Department of Health  
Department of Housing and Community Development  
Department of Infrastructure, Planning and Logistics  
Department of the Legislative Assembly  
Department of Primary Industry and Resources  
Department of Tourism and Culture  
Department of Trade, Business and Innovation  
Department of Treasury and Finance  
Desert Knowledge Australia<sup>1</sup>  
Motor Accidents (Compensation) Commission<sup>1</sup>  
Museums and Art Gallery of the Northern Territory<sup>1</sup>  
Nominal Insurer's Fund<sup>1</sup>  
Northern Territory Electoral Commission  
Northern Territory Legal Aid Commission<sup>1</sup>  
Northern Territory Major Events Company Pty Ltd<sup>1</sup>  
Northern Territory Police, Fire and Emergency Services  
NT Build Statutory Corporation<sup>1</sup>  
NT Fleet<sup>2</sup>  
NT Home Ownership<sup>2</sup>  
Office of the Commissioner for Public Employment  
Ombudsman's Office  
Territory Families  
Territory Wildlife Parks<sup>2</sup>  
Top End Health Service<sup>2</sup>

##### Public non financial corporations

Indigenous Essential Services Pty Ltd<sup>1</sup>  
Jacana Energy<sup>1,3</sup>  
Land Development Corporation<sup>2</sup>  
Power and Water Corporation<sup>1,3</sup>  
Territory Generation<sup>1,3</sup>

##### Public financial corporations

Northern Territory Treasury Corporation<sup>2</sup>

<sup>1</sup> Non-budget sector entity.

<sup>2</sup> Government business division.

<sup>3</sup> Government owned corporation.

# Notes to the financial statements

For the year ended 30 June 2018

## 43. (a) General government sector budgetary information

General government sector Comprehensive Operating Statement		2017-18 Actual (audited)	2017-18 Budget (unaudited)	Variance	Note
		\$000	\$000	\$000	
<b>REVENUE</b>					
	Taxation revenue	637 054	567 381	69 673	1
	Current grants	4 207 704	3 886 959	320 745	2
	Capital grants	115 237	361 944	- 246 707	2
	Sales of goods and services	374 380	377 119	- 2 739	
	Interest income	126 324	65 051	61 273	3
	Dividend and income tax equivalent income	64 916	77 856	- 12 940	4
	Other revenue	421 306	270 418	150 888	5
	<b>TOTAL REVENUE</b>	<b>5 946 920</b>	<b>5 606 728</b>	<b>340 192</b>	
less	<b>EXPENSES</b>				
	Employee benefits expense	2 356 728	2 258 075	98 653	6
	Superannuation expenses				
	Superannuation interest cost	95 756	129 094	- 33 338	7
	Other superannuation expenses	220 835	210 899	9 936	7
	Depreciation and amortisation	398 005	353 562	44 443	8
	Other operating expenses	1 529 755	1 575 269	- 45 514	9
	Interest expenses	228 299	221 613	6 686	10
	Other property expenses	3 122		3 122	
	Current grants	1 049 827	963 289	86 538	11
	Capital grants	160 532	121 456	39 076	12
	Subsidies and personal benefit payments	279 242	276 225	3 017	
	<b>TOTAL EXPENSES</b>	<b>6 322 101</b>	<b>6 109 482</b>	<b>212 619</b>	
equals	<b>NET OPERATING BALANCE</b>	<b>- 375 182</b>	<b>- 502 754</b>	<b>127 572</b>	
plus	Other economic flows – included in operating result	- 63 305	44 538	- 107 843	13
equals	<b>OPERATING RESULT</b>	<b>- 438 486</b>	<b>- 458 216</b>	<b>19 730</b>	
plus	Other economic flows – other comprehensive income	29 614	206 828	- 177 214	14
equals	<b>COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners</b>	<b>- 408 873</b>	<b>- 251 388</b>	<b>- 157 485</b>	
	<b>NET OPERATING BALANCE</b>	<b>- 375 182</b>	<b>- 502 754</b>	<b>127 572</b>	
less	<b>Net acquisition of non financial assets</b>				
	Purchases of non financial assets	770 169	1 134 033	- 363 864	15
	Sales of non financial assets	- 44 020	- 62 051	18 031	16
less	Depreciation	398 005	353 562	44 443	
plus	Change in inventories	- 1 291		- 1 291	
plus	Other movements in non financial assets	- 2 443		- 2 443	
equals	<b>Total net acquisition of non financial assets</b>	<b>324 410</b>	<b>718 420</b>	<b>- 394 010</b>	
equals	<b>FISCAL BALANCE</b>	<b>- 699 592</b>	<b>- 1 221 174</b>	<b>521 582</b>	

# Notes to the financial statements

For the year ended 30 June 2018

## 43. (a) (continued)

The following note descriptions relate to variances greater than 10 per cent or \$5 million, or where multiple significant variances have occurred.

1. The \$69.7 million increase in taxation revenue from the original 2017-18 Budget comprises:
  - increased payroll tax of \$89.8 million largely due to the extension of the construction phase of the Ichthys liquefied natural gas (LNG) project during 2017-18 and the associated higher level of peak workforce for employers associated with the project
  - increased taxes on gambling of \$4.7 million and insurance of \$6.4 million, offset by
  - a decrease in conveyance duties of \$29.5 million reflecting continued softness in the residential and commercial property market
  - a decrease in motor vehicle registration fees of \$2.5 million.
2. Net increase in current and capital grants of \$74 million since the original 2017-18 Budget due to:
  - an increase in GST revenue of \$36 million due to national collections being greater than anticipated
  - an increase in other Commonwealth funding of \$353.8 million primarily related to the early receipt of the Commonwealth's financial assistance payment of \$259.6 million combined with additional funding for health and hospital services and natural disaster relief assistance payments
  - an increase in specific purpose payments of \$34 million relating to Quality Schools funding, offset by
  - a decrease in national partnership revenue of \$349.8 million predominantly due to the revised timing of NT Remote Aboriginal Investment funding of \$125.6 million, capital funding for roads projects of \$154.6 million and remote housing of \$82 million.
3. Interest income increased by \$61.3 million from the 2017-18 Budget largely due to the realisation of gains within the COSR investments and greater than anticipated returns on investments within MACC.
4. Dividend and income tax equivalents are \$12.9 million lower than the original 2017-18 Budget due to lower profitability within government trading entities.
5. Other revenue has increased by \$150.9 million, largely as a result of:
  - higher than anticipated mining royalty collections of \$111.5 million due to an increase in the value of mineral production driven by a combination of price, production and exchange rates, coupled with reasonably stable production costs
  - \$29.8 million in other miscellaneous income across agencies.
6. Employee expenses have increased by \$98.7 million, reflecting additional demand in health and hospital services, corrections and community safety sectors.
7. Superannuation expenses have decreased by a net \$23.4 million, which largely reflects the outcomes of the annual actuarial review.
8. Depreciation expenses have increased by \$44.4 million largely due to the revaluation of remote housing stock in 2016-17 previously held at nil value.
9. Other operating expenses have decreased by \$45.5 million since the 2017-18 Budget, largely as a result of the revised timing of expenditure across agencies including for repairs and maintenance, information and communications technology (ICT) projects and Commonwealth-funded programs, combined with the transfer to other expenditure categories across government agencies.
10. Interest expenses have increased by \$6.7 million due to increased borrowing requirements.
11. Current grants have increased by \$86.5 million predominantly due to tied Commonwealth funding for schools, and health and hospital services, combined with the transfer from other categories of expenditure.
12. Capital grants have increased by \$39.1 million since the 2017-18 Budget predominantly due to new initiatives, including Katherine CBD revitalisation and Barkly streetscape project, undergrounding of power in Darwin suburbs and upgrades to various sporting facilities.
13. The movement largely relates to actuarial adjustments to long-term liabilities within MACC of \$26.4 million and portable long service leave in NT Build of \$10.2 million, combined with the write-off of public housing assets of \$11 million, repairs and maintenance expenses that cannot be capitalised across agencies of \$14 million and lower than anticipated gains on investments in the Central Holding Authority of \$17.6 million.
14. Predominantly relates to the movement in the 10-year bond rate used in valuing the Territory's superannuation liability, partially offset by an improvement in the public non financial sectors' net assets.
15. Purchases of non financial assets are \$363.9 million lower than originally budgeted largely as a result of the revised milestone payments for Health's Core Clinical Systems Renewal Program, various roads projects and government's contribution to the construction of a ship lift facility.
16. Sales of non financial assets are \$18 million lower than originally budgeted, largely due to lower than expected fleet vehicle and public housing asset sales.



# Notes to the financial statements

For the year ended 30 June 2018

## 43. (b) General government sector budgetary information

General government sector Balance Sheet	2017-18 Actual (audited) \$000	2017-18 Budget (unaudited) \$000	Variance \$000	Note
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and deposits	603 208	205 932	397 276	1
Advances paid	167 919	144 155	23 764	2
Investments, loans and placements	2 256 323	1 799 389	456 934	3
Receivables	355 455	337 516	17 939	4
Equity				
Investments in other public sector entities	2 255 989	2 175 460	80 529	5
Equity accounted investments				
Investments – shares				
Other financial assets	18 603	16 249	2 354	
<b>Total financial assets</b>	<b>5 657 496</b>	<b>4 678 701</b>	<b>978 795</b>	
<b>Non financial assets</b>				
Inventories	12 340	13 468	- 1 128	
Property, plant and equipment	14 978 206	14 854 963	123 243	6
Investment property	95 150	88 694	6 456	7
Intangible assets		1	- 1	
Assets held for sale	38 722	26 141	12 581	8
Other non financial assets	121 933	122 544	- 611	
<b>Total non financial assets</b>	<b>15 246 350</b>	<b>15 105 811</b>	<b>140 540</b>	
<b>TOTAL ASSETS</b>	<b>20 903 847</b>	<b>19 784 512</b>	<b>1 119 335</b>	
<b>LIABILITIES</b>				
Deposits held	341 188	263 843	77 345	9
Advances received	283 911	274 895	9 016	10
Borrowing	4 183 633	3 931 813	251 820	11
Superannuation	3 622 087	3 852 410	- 230 323	12
Other employee benefits	659 965	600 956	59 009	13
Payables	237 721	207 243	30 478	14
Other liabilities	919 595	877 204	42 391	15
<b>TOTAL LIABILITIES</b>	<b>10 248 101</b>	<b>10 008 364</b>	<b>239 737</b>	
<b>NET ASSETS</b>	<b>10 655 746</b>	<b>9 776 148</b>	<b>879 599</b>	
Contributed equity				
Accumulated surplus	2 099 729	1 891 326	208 403	
Reserves	8 556 017	7 884 822	671 195	16
<b>NET WORTH</b>	<b>10 655 746</b>	<b>9 776 148</b>	<b>879 599</b>	
NET FINANCIAL WORTH <sup>1</sup>	- 4 590 604	- 5 329 663	739 059	
NET FINANCIAL LIABILITIES <sup>2</sup>	6 846 593	7 505 123	- 658 530	
<b>NET DEBT<sup>3</sup></b>	<b>1 781 282</b>	<b>2 321 075</b>	<b>- 539 793</b>	

1 Net financial worth equals total financial assets minus total liabilities.

2 Net financial liabilities equals the sum of total liabilities minus total financial assets excluding investments in other public sector entities.

3 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.

# Notes to the financial statements

For the year ended 30 June 2018

## 43. (b) (continued)

The following note descriptions relate to variances greater than 10 per cent or \$5 million, or where multiple significant variances have occurred.

1. The increase in cash and deposits largely reflects prefunding a portion of the 2018-19 borrowing program to take advantage of improved market conditions, combined with lower operating and capital expenditure across agencies.
2. Advances paid have increased by \$23.8 million predominantly due to lower than anticipated repayment of home ownership products by householders.
3. Investments, loans and placements have increased by \$456.9 million predominantly due to higher investments held within the Central Holding Authority of \$370 million combined with higher than budgeted growth in investment and securities within the MACC of \$36.2 million.
4. Receivables have increased by \$17.9 million reflecting increased public housing tenant receivables and prepaid expenses across agencies.
5. Investments in other public sector entities has increased as a result of increased net assets in public non financial corporations.
6. Property, plant and equipment is \$123.2 million greater than originally budgeted as a result of completed works in progress, partially offset by the revised timing of significant capital projects.
7. Investment property has increased by \$6.5 million predominantly due to lower than anticipated disposals of urban housing under shared equity schemes.
8. Assets held for sale is \$12.6 million greater than originally budgeted due to the revised timing of land sales within the Department of Infrastructure, Planning and Logistics.
9. Deposits held has increased by \$77.3 million predominantly due to higher than anticipated cash balances held by the Central Holding Authority on behalf of government trading entities.
10. Advances received have increased by \$9 million predominantly due to a higher than anticipated uptake of loans to fund home ownership initiatives.
11. Borrowings have increased by \$251.8 million reflecting prefunding a portion of the 2018-19 borrowing program to take advantage of improved market conditions.
12. The \$230.3 million decrease in superannuation liabilities is predominantly due to a reduction in superannuation creditors and a 0.5 per cent reduction in the long-term salary rate, consistent with the Territory Government's public services wages policy.
13. Other employee benefits have increased by \$59 million, primarily reflecting higher salary expense accruals across agencies combined with increased leave entitlements as a result of employment and wages growth, timing of entitlement payments and changes in bond rates.
14. Payables have increased by \$30.5 million due to increased accounts payable and a higher number of accruals across agencies, predominantly cross-border patient charges in the health services.
15. Other liabilities have increased by \$42.4 million predominantly as a result of increased outstanding claims liabilities within the MACC of \$12.6 million and workers compensation liability of \$17.7 million reflecting changes in assumptions and increase in number of claims, combined with increased unearned income largely as a result of the restatement of rental income in Top End Health Service in 2016-17.
16. The increase in reserves reflects the net upwards revaluation of assets across agencies.

# Notes to the financial statements

For the year ended 30 June 2018

## 43. (c) General government sector budgetary information

General government sector Cash Flow Statement	2017-18 Actual (audited) \$000	2017-18 Budget (unaudited) \$000	Variance \$000	Note
<b>Cash receipts from operating activities</b>				
Taxes received	635 286	567 381	67 905	1
Receipts from sales of goods and services	408 135	407 449	686	
Grants and subsidies received	4 322 940	4 248 903	74 037	2
Interest receipts	126 586	65 051	61 535	3
Dividends and income tax equivalents	96 236	62 310	33 926	4
Other receipts	649 229	515 013	134 216	5
<b>Total operating receipts</b>	<b>6 238 413</b>	<b>5 866 107</b>	<b>372 306</b>	
<b>Cash payments for operating activities</b>				
Payments for employees	- 2 673 734	- 2 579 782	- 93 952	6
Payment for goods and services	- 1 750 872	- 1 812 987	62 115	7
Grants and subsidies paid	- 1 481 044	- 1 360 415	- 120 629	8
Interest paid	- 228 728	- 220 037	- 8 691	9
Other payments	- 10 611		- 10 611	7
<b>Total operating payments</b>	<b>-6 144 990</b>	<b>-5 973 221</b>	<b>- 171 769</b>	
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>93 423</b>	<b>- 107 114</b>	<b>200 537</b>	
<b>Cash flows from investments in non financial assets</b>				
Sales of non financial assets	44 020	62 051	- 18 031	10
Purchases of non financial assets	- 772 255	- 1 134 033	361 778	11
<b>Net cash flows from investments in non financial assets</b>	<b>- 728 236</b>	<b>- 1 071 982</b>	<b>343 746</b>	
<b>NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS</b>	<b>- 634 813</b>	<b>- 1 179 096</b>	<b>544 283</b>	
Net cash flows from investments in financial assets for policy purposes <sup>1</sup>	13 158	14 216	- 1 058	
Net cash flows from investments in financial assets for liquidity purposes	- 173 881	83 384	- 257 265	12
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>- 888 958</b>	<b>- 974 382</b>	<b>85 424</b>	
Net cash flows from financing activities				
Advances received (net)	2 030	- 7 986	10 016	13
Borrowing (net)	1 188 420	942 873	245 547	14
Deposits received (net)	- 75 669	- 96 933	21 264	15
Other financing (net)				
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>1 114 781</b>	<b>837 954</b>	<b>276 827</b>	
<b>NET INCREASE (+)/DECREASE (-) IN CASH HELD</b>	<b>319 246</b>	<b>- 243 542</b>	<b>562 788</b>	
Net cash flows from operating activities	93 423	- 107 114	200 537	
Net cash flows from investments in non financial assets	- 728 236	- 1 071 982	343 746	
<b>CASH SURPLUS (+)/DEFICIT (-)</b>	<b>- 634 813</b>	<b>- 1 179 096</b>	<b>544 283</b>	
Future infrastructure and superannuation contributions/earnings <sup>2</sup>	- 53 652	- 21 849	- 31 803	
<b>UNDERLYING SURPLUS (+)/DEFICIT (-)</b>	<b>- 688 464</b>	<b>- 1 200 945</b>	<b>512 481</b>	

1 Includes equity acquisitions, disposals and privatisations (net).

2 Contributions for future infrastructure and superannuation requirements.

# Notes to the financial statements

For the year ended 30 June 2018

## 43. (c) (continued)

The following note descriptions relate to variances greater than 10 per cent or \$5 million, or where multiple significant variances have occurred.

1. The \$67.9 million increase in tax receipts from the 2017-18 budget reflects:
  - increased payroll tax of \$89.4 million largely due to the extension of the construction phase of the Ichthys LNG project during 2017-18 and the associated higher level of peak workforce for the project
  - increased taxes on gambling of \$4.7 million and insurance of \$6.4 million, offset by
  - a decrease in conveyance duties of \$29.4 million reflecting continued softness in the residential and commercial property market
  - a reduction in unearned taxation receipts and receivables of \$1.8 million.
2. Grants and subsidies received have increased by \$74 million due to:
  - an increase in GST revenue of \$36 million due to national collections being greater than anticipated
  - an increase in other Commonwealth funding of \$353.8 million primarily related to the early receipt of the Commonwealth's financial assistance payment of \$259.6 million combined with additional funding for health and hospital services and natural disaster relief assistance payments
  - an increase in specific purpose payments of \$34 million relating to Quality Schools funding, offset by
  - a decrease in national partnership revenue of \$349.8 million predominantly due to the revised timing of NT Remote Aboriginal Investment funding of \$125.6 million, capital funding for roads of \$154.6 million and remote housing of \$82 million.
3. Interest receipts have increased since the 2017-18 Budget largely due to the realisation of gains within the COSR investments and greater than anticipated returns on investments within MACC.
4. Dividends and income tax equivalents are \$33.9 million greater than the original budget predominantly due to the timing of receipts, including the special dividend of \$20 million paid by Jacana Energy in 2017-18.
5. Other receipts have increased by \$134.2 million, largely due to:
  - higher than anticipated mining royalty collections of \$111.5 million
  - increased miscellaneous income across agencies of \$29.8 million, offset by
  - timing of ATO and GST receipts of \$12.7 million relating to the gross-up of GST on transactions with a corresponding adjustment in payments for goods and services
  - timing of Commonwealth-paid parental leave receipts of \$5.4 million.
6. Payments for employee expenses have increased reflecting additional demand in health and hospital services, corrections and community safety sectors.
7. The net decrease in payments for goods and services and other payments of \$51.5 million largely relates to:
  - the revised timing of expenditure and the transfer to other expenditure categories across agencies of \$45.4 million
  - the gross-up of ATO and GST on transactions of \$12.7 million
  - timing of Commonwealth paid parental leave payments of \$5.4 million, offset by
  - net increase in long-term liabilities and reinsurance receivables within MACC of \$12.9 million.
8. Grants and subsidies paid are higher than originally budgeted by \$120.6 million largely as a result of tied Commonwealth funding for schools and health and hospital services, combined with transfers from other categories of expenditure.
9. Interest paid has increased by \$8.7 million due to increased borrowing requirements.
10. Sales of non financial assets are \$18 million lower than originally budgeted, largely due to lower than expected fleet vehicle and public housing asset sales.
11. Purchases of non financial assets are \$361.8 million lower than originally budgeted largely as a result of the revised milestone payments for Health's Core Clinical Systems Renewal Program, various roads projects and government's contribution to the construction of a ship lift facility.
12. The \$257.3 million movement represents higher investments held within the Central Holding Authority.
13. Advances received have decreased by \$10 million largely reflecting lower repayment of home ownership products.
14. The \$245.5 million net movement in borrowings largely reflects prefunding a portion of the 2018-19 borrowing program to take advantage of improved market conditions.
15. The \$21.3 million net movement in deposits received largely reflects higher cash balances held and invested by the Central Holding Authority on behalf of trading entities when compared to original budget.

# Notes to the financial statements

For the year ended 30 June 2018

## 44. Elimination table – Comprehensive Operating Statement

2017-18	GGS	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>REVENUE</b>							
Taxation revenue	637 054		- 11 233	625 820			625 820
Current grants	4 207 704	183 442	- 183 442	4 207 704			4 207 704
Capital grants	115 237	39 532	- 27 145	127 624			127 624
Sales of goods and services	374 380	655 058	- 76 674	952 765	820	- 1 439	952 145
Interest income	126 324	3 169	- 3 164	126 328	232 150	- 232 129	126 349
Dividend and income tax equivalent income	64 916		- 37 514	27 401		- 27 401	
Other revenue	421 306	48 688	- 6 005	463 989	2	- 74	463 916
<b>TOTAL REVENUE</b>	<b>5 946 920</b>	<b>929 889</b>	<b>- 345 178</b>	<b>6 531 631</b>	<b>232 972</b>	<b>- 261 044</b>	<b>6 503 559</b>
<i>less</i> <b>EXPENSES</b>							
Employee benefits expense	2 356 728	123 118		2 479 847	890		2 480 737
Superannuation expenses							
Superannuation interest cost	95 756			95 756			95 756
Other superannuation expenses	220 835	17 857	- 4 795	233 898	111	- 72	233 936
Depreciation and amortisation	398 005	191 001		589 006			589 006
Other operating expenses	1 529 755	519 145	- 88 886	1 960 014	1 283	- 1 442	1 959 855
Interest expenses	228 299	64 820	- 3 164	289 955	203 288	- 232 129	261 113
Other property expenses	3 122	13 666	- 13 666	3 122	8 220	- 8 220	3 122
Current grants	1 049 827		- 58 377	991 450			991 450
Capital grants	160 532		- 27 145	133 387			133 387
Subsidies and personal benefit payments	279 242	1 368	- 125 065	155 545			155 545
<b>TOTAL EXPENSES</b>	<b>6 322 101</b>	<b>930 976</b>	<b>- 321 099</b>	<b>6 931 978</b>	<b>213 791</b>	<b>- 241 863</b>	<b>6 903 906</b>
<i>equals</i> <b>NET OPERATING BALANCE</b>	<b>- 375 182</b>	<b>- 1 087</b>	<b>- 24 079</b>	<b>- 400 348</b>	<b>19 181</b>	<b>- 19 181</b>	<b>- 400 348</b>
<i>plus</i> Other economic flows – included in operating result	- 63 305	- 126 893		- 190 197			- 190 197
<i>equals</i> <b>OPERATING RESULT</b>	<b>- 438 486</b>	<b>- 127 979</b>	<b>- 24 079</b>	<b>- 590 545</b>	<b>19 181</b>	<b>- 19 181</b>	<b>- 590 545</b>
<i>plus</i> Other economic flows – other comprehensive income	29 614	171 417	- 19 358	181 672			181 672
<i>equals</i> <b>COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners</b>	<b>- 408 873</b>	<b>43 437</b>	<b>- 43 437</b>	<b>- 408 873</b>	<b>19 181</b>	<b>- 19 181</b>	<b>- 408 873</b>
<b>NET OPERATING BALANCE</b>	<b>- 375 182</b>	<b>- 1 087</b>	<b>- 24 079</b>	<b>- 400 348</b>	<b>19 181</b>	<b>- 19 181</b>	<b>- 400 348</b>
<i>less</i> <b>Net acquisition of non financial assets</b>							
Purchases of non financial assets	770 169	226 877		997 046			997 046
Sales of non financial assets	- 44 020	- 373		- 44 392			- 44 392
<i>less</i> Depreciation	398 005	191 001		589 006			589 006
<i>plus</i> Change in inventories	- 1 291	5 501		4 210			4 210
<i>plus</i> Other movements in non financial assets	- 2 443	23 940		21 496			21 496
<i>equals</i> <b>Total net acquisition of non financial assets</b>	<b>324 410</b>	<b>64 944</b>		<b>389 354</b>			<b>389 354</b>
<i>equals</i> <b>FISCAL BALANCE</b>	<b>- 699 592</b>	<b>- 66 031</b>	<b>- 24 079</b>	<b>- 789 702</b>	<b>19 181</b>	<b>- 19 181</b>	<b>- 789 702</b>

# Notes to the financial statements

For the year ended 30 June 2018

## 44. Elimination table – Balance Sheet

2017-18	GGS	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>ASSETS</b>							
<b>Financial assets</b>							
Cash and deposits	603 208	187 760	- 187 741	603 228	48 017	- 48 017	603 228
Advances paid	167 919			167 919	72 071	- 72 071	167 919
Investments, loans and placements	2 256 323			2 256 323	5 144 457	- 5 144 457	2 256 323
Receivables	355 455	136 324	- 6 200	485 578	4 334	- 31 762	458 149
<b>Equity</b>							
Investments in other public sector entities	2 255 989		- 2 234 358	21 631		- 21 631	
Equity accounted investments							
Investments – shares		3		3			3
Other financial assets	18 603			18 603			18 603
<b>Total financial assets</b>	<b>5 657 496</b>	<b>324 086</b>	<b>- 2 428 299</b>	<b>3 553 284</b>	<b>5 268 879</b>	<b>- 5 317 938</b>	<b>3 504 224</b>
<b>Non financial assets</b>							
Inventories	12 340	189 826		202 166			202 166
Property, plant and equipment	14 978 206	3 343 802		18 322 008			18 322 008
Investment property	95 150			95 150			95 150
Intangible assets		17 962		17 962			17 962
Assets held for sale	38 722			38 722			38 722
Other non financial assets	121 933	67		121 999			121 999
<b>Total non financial assets</b>	<b>15 246 350</b>	<b>3 551 656</b>		<b>18 798 007</b>			<b>18 798 007</b>
<b>TOTAL ASSETS</b>	<b>20 903 847</b>	<b>3 875 742</b>	<b>- 2 428 299</b>	<b>22 351 290</b>	<b>5 268 879</b>	<b>- 5 317 938</b>	<b>22 302 231</b>
<b>LIABILITIES</b>							
Deposits held	341 188	1 548	- 187 741	154 996	388	- 48 017	107 367
Advances received	283 911			283 911	208 736	- 278 578	214 068
Borrowing	4 183 633	1 413 228		5 596 861	4 958 217	- 4 937 950	5 617 129
Superannuation	3 622 087			3 622 087			3 622 087
Other employee benefits	659 965	60 166		720 131	196		720 327
Payables	237 721	116 135	- 11 816	342 040	52 308	- 4 361	389 987
Other liabilities	919 595	50 307	5 616	975 518	27 403	- 27 401	975 519
<b>TOTAL LIABILITIES</b>	<b>10 248 101</b>	<b>1 641 384</b>	<b>- 193 941</b>	<b>11 695 544</b>	<b>5 247 248</b>	<b>- 5 296 308</b>	<b>11 646 484</b>
<b>NET ASSETS</b>	<b>10 655 746</b>	<b>2 234 358</b>	<b>- 2 234 358</b>	<b>10 655 746</b>	<b>21 631</b>	<b>- 21 631</b>	<b>10 655 746</b>
Contributed equity		628 550	- 628 550		18 714	- 18 714	
Accumulated surplus	2 099 729	665 228		2 764 958	2 917		2 767 874
Reserves	8 556 017	940 579	- 1 605 807	7 890 789		- 2 917	7 887 872
<b>NET WORTH</b>	<b>10 655 746</b>	<b>2 234 358</b>	<b>- 2 234 358</b>	<b>10 655 746</b>	<b>21 631</b>	<b>- 21 631</b>	<b>10 655 746</b>
NET FINANCIAL WORTH <sup>1</sup>	- 4 590 604	- 1 317 298	- 2 234 358	- 8 142 260	21 631	- 21 631	- 8 142 260
NET FINANCIAL LIABILITIES <sup>2</sup>	6 846 593	1 317 298		8 163 891	- 21 631		8 142 260
<b>NET DEBT<sup>3</sup></b>	<b>1 781 282</b>	<b>1 227 016</b>		<b>3 008 299</b>	<b>- 97 204</b>		<b>2 911 095</b>

<sup>1</sup> Net financial worth equals total financial assets minus total liabilities.

<sup>2</sup> Net financial liabilities equals the sum of total liabilities minus total financial assets excluding investments in other public sector entities.

<sup>3</sup> 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.

# Notes to the financial statements

For the year ended 30 June 2018

## 44. Elimination table – Statement of Changes in Equity

2017-18	GGS	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Equity as at 30 June 2018</b>							
<b>Accumulated funds</b>							
Accumulated funds – opening balance	2 487 939	758 001		3 245 939	2 917		3 248 856
Current year surplus (+)/deficit(-)	- 438 486	- 127 979	- 24 079	- 590 545	19 181	- 19 181	- 590 545
Changes in accounting policy							
Correction of prior period errors							
Transfers from reserves	38 190	57 355		95 545			95 545
Dividends paid/payable		- 24 079	24 079		- 19 181	19 181	
Other movements directly to equity	12 087	1 931		14 018			14 018
<b>Total accumulated funds</b>	<b>2 099 729</b>	<b>665 228</b>		<b>2 764 958</b>	<b>2 917</b>		<b>2 767 874</b>
<b>Reserves</b>							
Asset revaluation surplus	6 928 954	940 579		7 869 533			7 869 533
Asset realisation surplus							
Derivative revaluation surplus							
Investments in public sector entities revaluation surplus	1 608 724		- 1 605 807	2 917		- 2 917	
Other reserves	18 339			18 339			18 339
<b>Total reserves</b>	<b>8 556 017</b>	<b>940 579</b>	<b>- 1 605 807</b>	<b>7 890 789</b>		<b>- 2 917</b>	<b>7 887 872</b>
<b>Capital – transactions with owners</b>		<b>628 300</b>	<b>- 628 300</b>		<b>18 714</b>	<b>- 18 714</b>	
Equity injections							
Capital appropriation							
Equity transfers in		250	- 250				
Other equity injections							
Specific purpose payments							
National partnership payments							
Commonwealth – capital							
Equity withdrawals							
Capital withdrawals							
Equity transfers out							
<b>Total capital – transactions with owners</b>		<b>628 550</b>	<b>- 628 550</b>		<b>18 714</b>	<b>- 18 714</b>	
<b>TOTAL EQUITY AT END OF FINANCIAL YEAR</b>	<b>10 655 746</b>	<b>2 234 358</b>	<b>- 2 234 358</b>	<b>10 655 746</b>	<b>21 631</b>	<b>- 21 631</b>	<b>10 655 746</b>

# Notes to the financial statements

For the year ended 30 June 2018

## 44. Elimination table – Cash Flow Statement

2017-18	GGS	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Cash receipts from operating activities</b>							
Taxes received	635 286		- 11 334	623 952			623 952
Receipts from sales of goods and services	408 135	611 139	- 74 852	944 422	820	- 1 441	943 800
Grants and subsidies received	4 322 940	223 806	- 210 587	4 336 160			4 336 160
Interest receipts	126 586	3 262	- 3 258	126 591	233 660	- 233 660	126 591
Dividends and income tax equivalents	96 236		- 74 870	21 366		- 21 366	
Other receipts	649 229	42 805	- 1 199	690 835	2	- 2	690 835
<b>Total operating receipts</b>	<b>6 238 413</b>	<b>881 012</b>	<b>- 376 100</b>	<b>6 743 325</b>	<b>234 482</b>	<b>- 256 470</b>	<b>6 721 337</b>
<b>Cash payments for operating activities</b>							
Income tax equivalents paid		- 49 063	49 063		- 6 410	6 410	
Payments for employees	- 2 673 734	- 151 004	11 523	-2 813 215	- 966		-2 814 181
Payment for goods and services	- 1 750 872	- 476 780	75 631	-2 152 021	- 1 265	1 444	-2 151 843
Grants and subsidies paid	- 1 481 044	- 1 368	210 587	-1 271 825			-1 271 825
Interest paid	- 228 728	- 66 151	3 258	- 291 622	- 201 129	233 660	- 259 091
Other payments	- 10 611	- 107		- 10 718			- 10 718
<b>Total operating payments</b>	<b>- 6 144 990</b>	<b>- 744 473</b>	<b>350 062</b>	<b>- 6 539 401</b>	<b>- 209 770</b>	<b>241 513</b>	<b>- 6 507 657</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>93 423</b>	<b>136 538</b>	<b>- 26 038</b>	<b>203 924</b>	<b>24 712</b>	<b>- 14 956</b>	<b>213 680</b>
<b>Cash flows from investments in non financial assets</b>							
Sales of non financial assets	44 020	373		44 392			44 392
Purchases of non financial assets	- 772 255	- 226 877		- 999 132			- 999 132
<b>Net cash flows from investments in non financial assets</b>	<b>- 728 236</b>	<b>- 226 504</b>		<b>- 954 740</b>			<b>- 954 740</b>
<b>NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS</b>	<b>- 634 813</b>	<b>- 89 966</b>	<b>- 26 038</b>	<b>- 750 816</b>	<b>24 712</b>	<b>- 14 956</b>	<b>- 741 060</b>
Net cash flows from investments in financial assets for policy purposes <sup>1</sup>	13 158			13 158	2 279	- 2 279	13 158
Net cash flows from investments in financial assets for liquidity purposes	- 173 881			- 173 881	- 1 237 289	1 237 289	- 173 881
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>- 888 958</b>	<b>- 226 504</b>		<b>- 1 115 462</b>	<b>- 1 235 010</b>	<b>1 235 010</b>	<b>- 1 115 462</b>
<b>Net cash flows from financing activities</b>							
Advances received (net)	2 030			2 030	- 7 434	- 2 014	- 7 418
Borrowing (net)	1 188 420	35 187		1 223 607	1 212 004	- 1 232 996	1 202 616
Deposits received (net)	- 75 669	- 152	80 968	5 147	76	20 608	25 832
Dividends paid		- 26 038	26 038		- 14 956	14 956	
Other financing (net)							
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>1 114 781</b>	<b>8 997</b>	<b>107 006</b>	<b>1 230 785</b>	<b>1 189 690</b>	<b>- 1 199 446</b>	<b>1 221 029</b>
<b>NET INCREASE (+)/DECREASE (-) IN CASH HELD</b>	<b>319 246</b>	<b>- 80 968</b>	<b>80 968</b>	<b>319 246</b>	<b>- 20 608</b>	<b>20 608</b>	<b>319 246</b>



# Notes to the financial statements

For the year ended 30 June 2018

## 44. Elimination table – Cash Flow Statement (continued)

2017-18	GGs	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Net cash flows from operating activities	93 423	136 538	- 26 038	203 924	24 712	- 14 956	213 680
Net cash flows from investments in non financial assets	- 728 236	- 226 504		- 954 740			- 954 740
Dividends paid		- 26 038	26 038		- 14 956	14 956	
<b>CASH SURPLUS (+)/DEFICIT (-)</b>	<b>- 634 813</b>	<b>- 116 003</b>		<b>- 750 816</b>	<b>9 756</b>		<b>- 741 060</b>
Future infrastructure and superannuation contributions/earnings <sup>2</sup>	- 53 652			- 53 652			- 53 652
<b>UNDERLYING SURPLUS (+)/DEFICIT (-)</b>	<b>- 688 464</b>	<b>- 116 003</b>		<b>- 804 468</b>	<b>9 756</b>		<b>- 794 712</b>

1 Includes equity acquisitions, disposals and privatisations (net).

2 Contributions for future infrastructure and superannuation requirements.

# Notes to the financial statements

For the year ended 30 June 2018

## 44. Elimination table – Comprehensive Operating Statement

2016-17	GGS	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>REVENUE</b>							
Taxation revenue	609 807		- 11 005	598 802			598 802
Current grants	4 195 824	191 766	- 191 766	4 195 824			4 195 824
Capital grants	301 303	48 758	- 32 328	317 733			317 733
Sales of goods and services	366 335	635 129	- 72 528	928 937	820	- 1 448	928 309
Interest income	97 154	3 314	- 3 309	97 158	213 749	- 213 729	97 178
Dividend and income tax equivalent income	76 458		- 55 092	21 366		- 21 366	
Other revenue	247 571	35 719	- 4 218	279 072	2	- 55	279 019
<b>TOTAL REVENUE</b>	<b>5 894 451</b>	<b>914 686</b>	<b>- 370 246</b>	<b>6 438 891</b>	<b>214 571</b>	<b>- 236 598</b>	<b>6 416 864</b>
<i>less</i> <b>EXPENSES</b>							
Employee benefits expense	2 267 162	115 644		2 382 806	792		2 383 598
Superannuation expenses							
Superannuation interest cost	82 617			82 617			82 617
Other superannuation expenses	231 166	17 605	- 3 539	245 232	93	- 53	245 273
Depreciation and amortisation	335 476	194 414		529 890			529 890
Other operating expenses	1 416 655	489 570	- 84 144	1 822 082	1 338	- 1 450	1 821 969
Interest expenses	211 969	64 731	- 3 309	273 391	190 982	- 213 729	250 644
Other property expenses	2 077	42 571	- 41 594	3 055	6 410	- 6 410	3 055
Current grants	1 025 742		- 61 897	963 845			963 845
Capital grants	125 741		- 32 328	93 413			93 413
Subsidies and personal benefit payments	272 838	1 210	- 129 869	144 179			144 179
<b>TOTAL EXPENSES</b>	<b>5 971 443</b>	<b>925 746</b>	<b>- 356 679</b>	<b>6 540 510</b>	<b>199 615</b>	<b>- 221 642</b>	<b>6 518 483</b>
<i>equals</i> <b>NET OPERATING BALANCE</b>	<b>- 76 992</b>	<b>- 11 060</b>	<b>- 13 567</b>	<b>- 101 619</b>	<b>14 956</b>	<b>- 14 956</b>	<b>- 101 619</b>
<i>plus</i> Other economic flows – included in operating result	65 808	- 31 637		34 171			34 171
<i>equals</i> <b>OPERATING RESULT</b>	<b>- 11 184</b>	<b>- 42 697</b>	<b>- 13 567</b>	<b>- 67 448</b>	<b>14 956</b>	<b>- 14 956</b>	<b>- 67 448</b>
<i>plus</i> Other economic flows – other comprehensive income	1 403 457	249 926	- 193 662	1 459 721			1 459 721
<i>equals</i> <b>COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners</b>	<b>1 392 273</b>	<b>207 229</b>	<b>- 207 229</b>	<b>1 392 273</b>	<b>14 956</b>	<b>- 14 956</b>	<b>1 392 273</b>
<b>NET OPERATING BALANCE</b>	<b>- 76 992</b>	<b>- 11 060</b>	<b>- 13 567</b>	<b>- 101 619</b>	<b>14 956</b>	<b>- 14 956</b>	<b>- 101 619</b>
<i>less</i> Net acquisition of non financial assets							
Purchases of non financial assets	773 652	237 359		1 011 010			1 011 010
Sales of non financial assets	- 49 304	- 707		- 50 011			- 50 011
less Depreciation	335 476	194 414		529 890			529 890
<i>plus</i> Change in inventories	161	- 545		- 384			- 384
<i>plus</i> Other movements in non financial assets	343	15 672		16 015			16 015
<i>equals</i> <b>Total net acquisition of non financial assets</b>	<b>389 375</b>	<b>57 364</b>		<b>446 740</b>			<b>446 740</b>
<i>equals</i> <b>FISCAL BALANCE</b>	<b>- 466 367</b>	<b>- 68 425</b>	<b>- 13 567</b>	<b>- 548 359</b>	<b>14 956</b>	<b>- 14 956</b>	<b>- 548 359</b>

# Notes to the financial statements

For the year ended 30 June 2018

## 44. Elimination table – Balance Sheet

2016-17	GGs	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>ASSETS</b>							
<b>Financial assets</b>							
Cash and deposits	283 962	268 728	- 268 709	283 981	68 625	- 68 625	283 981
Advances paid	171 358			171 358	74 350	- 74 350	171 358
Investments, loans and placements	2 074 854			2 074 854	3 907 168	- 3 907 168	2 074 854
Receivables	368 886	106 991	- 42 815	433 062	5 890	- 27 260	411 693
Equity							
Investments in other public sector entities	2 236 380		- 2 214 750	21 631		- 21 631	
Equity accounted investments							
Investments – shares		3		3			3
Other financial assets	17 387			17 387			17 387
<b>Total financial assets</b>	<b>5 152 827</b>	<b>375 722</b>	<b>- 2 526 273</b>	<b>3 002 276</b>	<b>4 056 033</b>	<b>- 4 099 034</b>	<b>2 959 275</b>
<b>Non financial assets</b>							
Inventories	13 631	184 325		197 956			197 956
Property, plant and equipment	14 695 222	3 257 215		17 952 437			17 952 437
Investment property	103 495			103 495			103 495
Intangible assets	1	30 270		30 271			30 271
Assets held for sale	16 832			16 832			16 832
Other non financial assets	122 371	67		122 439			122 439
<b>Total non financial assets</b>	<b>14 951 551</b>	<b>3 471 877</b>		<b>18 423 428</b>			<b>18 423 428</b>
<b>TOTAL ASSETS</b>	<b>20 104 378</b>	<b>3 847 599</b>	<b>- 2 526 273</b>	<b>21 425 704</b>	<b>4 056 033</b>	<b>- 4 099 034</b>	<b>21 382 703</b>
<b>LIABILITIES</b>							
Deposits held	416 857	1 700	- 268 709	149 848	312	- 68 625	81 535
Advances received	281 881			281 881	216 170	- 276 564	221 486
Borrowing	2 992 613	1 376 512		4 369 125	3 750 213	- 3 704 954	4 414 384
Superannuation	3 676 153			3 676 153			3 676 153
Other employee benefits	623 960	59 101		683 061	161		683 223
Payables	208 370	111 307	- 10 077	309 600	46 179	- 5 894	349 885
Other liabilities	839 925	84 229	- 32 738	891 416	21 368	- 21 366	891 417
<b>TOTAL LIABILITIES</b>	<b>9 039 759</b>	<b>1 632 849</b>	<b>- 311 524</b>	<b>10 361 084</b>	<b>4 034 403</b>	<b>- 4 077 403</b>	<b>10 318 084</b>
<b>NET ASSETS</b>	<b>11 064 620</b>	<b>2 214 750</b>	<b>- 2 214 750</b>	<b>11 064 620</b>	<b>21 631</b>	<b>- 21 631</b>	<b>11 064 620</b>
Contributed equity		628 300	- 628 300		18 714	- 18 714	
Accumulated surplus	2 487 939	758 001		3 245 939	2 917		3 248 856
Reserves	8 576 681	828 449	- 1 586 449	7 818 680		- 2 917	7 815 764
<b>NET WORTH</b>	<b>11 064 620</b>	<b>2 214 750</b>	<b>- 2 214 750</b>	<b>11 064 620</b>	<b>21 631</b>	<b>- 21 631</b>	<b>11 064 620</b>
NET FINANCIAL WORTH <sup>1</sup>	- 3 886 932	- 1 257 127	- 2 214 750	- 7 358 808	21 631	- 21 631	- 7 358 808
NET FINANCIAL LIABILITIES <sup>2</sup>	6 123 312	1 257 127		7 380 439	- 21 631		7 358 808
<b>NET DEBT<sup>3</sup></b>	<b>1 161 177</b>	<b>1 109 484</b>		<b>2 270 661</b>	<b>- 83 448</b>		<b>2 187 213</b>

1 Net financial worth equals total financial assets minus total liabilities.

2 Net financial liabilities equals the sum of total liabilities minus total financial assets excluding investments in other public sector entities.

3 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.

# Notes to the financial statements

For the year ended 30 June 2018

## 44. Elimination table – Statement of Changes in Equity

2016-17	GGS	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Equity as at 30 June 2017</b>							
<b>Accumulated funds</b>							
Accumulated funds – opening balance	1 920 268	716 918		2 637 186	2 917		2 640 103
Current year surplus (+)/deficit(-)	- 11 184	- 42 697	- 13 567	- 67 448	14 956	- 14 956	- 67 448
Changes in accounting policy							
Correction of prior period errors							
Transfers from reserves	18 331	95 838		114 170			114 170
Dividends paid/payable		- 13 567	13 567		- 14 956	14 956	
Other movements directly to equity	560 523	1 508		562 031			562 031
<b>Total accumulated funds</b>	<b>2 487 939</b>	<b>758 001</b>		<b>3 245 939</b>	<b>2 917</b>		<b>3 248 856</b>
<b>Reserves</b>							
Asset revaluation surplus	6 968 534	828 449		7 796 983			7 796 983
Asset realisation surplus							
Derivative revaluation surplus							
Investments in public sector entities revaluation surplus	1 589 366		- 1 586 449	2 917		- 2 917	
Other reserves	18 781			18 781			18 781
<b>Total reserves</b>	<b>8 576 681</b>	<b>828 449</b>	<b>- 1 586 449</b>	<b>7 818 680</b>		<b>- 2 917</b>	<b>7 815 764</b>
<b>Capital – transactions with owners</b>		<b>613 300</b>	<b>- 613 300</b>		<b>18 714</b>	<b>- 18 714</b>	
Equity injections							
Capital appropriation							
Equity transfers in							
Other equity injections		15 000	- 15 000				
Specific purpose payments							
National partnership payments							
Commonwealth – capital							
Equity withdrawals							
Capital withdrawals							
Equity transfers out							
<b>Total capital – transactions with owners</b>		<b>628 300</b>	<b>- 628 300</b>		<b>18 714</b>	<b>- 18 714</b>	
<b>TOTAL EQUITY AT END OF FINANCIAL YEAR</b>	<b>11 064 620</b>	<b>2 214 750</b>	<b>- 2 214 750</b>	<b>11 064 620</b>	<b>21 631</b>	<b>- 21 631</b>	<b>11 064 620</b>

# Notes to the financial statements

For the year ended 30 June 2018

## 44. Elimination table – Cash Flow Statement

2016-17	GGs	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Cash receipts from operating activities</b>							
Taxes received	601 374		- 11 820	589 554			589 554
Receipts from sales of goods and services	378 924	686 951	- 75 011	990 864	820	- 1 446	990 238
Grants and subsidies received	4 497 127	239 157	- 224 094	4 512 190			4 512 190
Interest receipts	98 825	3 259	- 3 254	98 830	213 742	- 213 742	98 830
Dividends and income tax equivalents	86 106		- 61 974	24 132		- 24 132	
Other receipts	496 194	21 082	- 1 570	515 706	2	- 2	515 706
<b>Total operating receipts</b>	<b>6 158 549</b>	<b>950 449</b>	<b>- 377 722</b>	<b>6 731 276</b>	<b>214 565</b>	<b>- 239 323</b>	<b>6 706 518</b>
<b>Cash payments for operating activities</b>							
Income tax equivalents paid		- 50 177	50 177		- 7 240	7 240	
Payments for employees	- 2 562 431	- 142 923	11 669	- 2 693 685	- 862		- 2 694 548
Payment for goods and services	- 1 668 348	- 453 547	76 663	- 2 045 231	- 1 444	1 448	- 2 045 226
Grants and subsidies paid	- 1 413 020	- 1 210	224 094	- 1 190 136			- 1 190 136
Interest paid	- 211 979	- 64 767	3 254	- 273 492	- 197 065	213 742	- 256 815
Other payments	- 9 357	- 30 421	14	- 39 764			- 39 764
<b>Total operating payments</b>	<b>- 5 865 135</b>	<b>- 743 045</b>	<b>365 871</b>	<b>- 6 242 309</b>	<b>- 206 611</b>	<b>222 430</b>	<b>- 6 226 489</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>293 414</b>	<b>207 404</b>	<b>- 11 851</b>	<b>488 968</b>	<b>7 953</b>	<b>- 16 892</b>	<b>480 029</b>
<b>Cash flows from investments in non financial assets</b>							
Sales of non financial assets	49 304	707		50 011			50 011
Purchases of non financial assets	- 774 627	- 237 359		- 1 011 985			- 1 011 985
<b>Net cash flows from investments in non financial assets</b>	<b>- 725 323</b>	<b>- 236 651</b>		<b>- 961 974</b>			<b>- 961 974</b>
<b>NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS</b>	<b>- 431 908</b>	<b>- 29 247</b>	<b>- 11 851</b>	<b>- 473 006</b>	<b>7 953</b>	<b>- 16 892</b>	<b>- 481 945</b>
Net cash flows from investments in financial assets for policy purposes <sup>1</sup>	- 14 173		15 000	827	2 004	- 2 004	827
Net cash flows from investments in financial assets for liquidity purposes	168 917			168 917	56 426	- 56 426	168 917
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>- 570 579</b>	<b>- 236 651</b>	<b>15 000</b>	<b>- 792 230</b>	<b>58 430</b>	<b>- 58 430</b>	<b>- 792 230</b>
<b>Net cash flows from financing activities</b>							
Advances received (net)	- 11 583			- 11 583	- 7 104	10 583	- 8 104
Borrowing (net)	- 106 452	54 166		- 52 286	- 12 680	47 847	- 17 119
Deposits received (net)	55 508	371	- 28 442	27 437	- 210	- 29 498	- 2 270
Dividends paid		- 11 851	11 851		- 16 892	16 892	
Other financing (net)		15 000	- 15 000				
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>- 62 527</b>	<b>57 685</b>	<b>- 31 591</b>	<b>- 36 433</b>	<b>- 36 886</b>	<b>45 825</b>	<b>- 27 494</b>
<b>NET INCREASE (+)/DECREASE (-) IN CASH HELD</b>	<b>- 339 692</b>	<b>28 439</b>	<b>- 28 442</b>	<b>- 339 696</b>	<b>29 498</b>	<b>- 29 498</b>	<b>- 339 696</b>

# Notes to the financial statements

For the year ended 30 June 2018

## 44. Elimination table – Cash Flow Statement (continued)

2016-17	GGS	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Net cash flows from operating activities	293 414	207 404	- 11 851	488 968	7 953	- 16 892	480 029
Net cash flows from investments in non financial assets	- 725 323	- 236 651		- 961 974			- 961 974
Dividends paid		- 11 851	11 851		- 16 892	16 892	
<b>CASH SURPLUS (+)/DEFICIT (-)</b>	<b>- 431 908</b>	<b>- 41 098</b>		<b>- 473 006</b>	<b>- 8 939</b>		<b>- 481 945</b>
Future infrastructure and superannuation contributions/ earnings <sup>2</sup>	- 31 773			- 31 773			- 31 773
<b>UNDERLYING SURPLUS (+)/DEFICIT (-)</b>	<b>- 463 682</b>	<b>- 41 098</b>		<b>- 504 780</b>	<b>- 8 939</b>		<b>- 513 719</b>

1 Includes equity acquisitions, disposals and privatisations (net).

2 Contributions for future infrastructure and superannuation requirements.

## 45. GFS generally accepted accounting principles (GAAP) reconciliation

There is a general consistency between the AASB 1049 Whole of Government and General Government Sector Financial Reporting accounting standard (upon which this report is based) and the GFS economic reporting standard. GFS information enables policy-makers and analysts to study developments in the financial operations, financial position and liquidity situation of the government based on consistent economic reporting rules and definitions.

Nevertheless, there are differences between GFS and AASB 1049 with regard to the treatment of a number of items. The major differences between the two reporting standards are set out in the following table.

# Notes to the financial statements

For the year ended 30 June 2018

## 45. GFS GAAP reconciliation (continued)

### 2017-18 GFS GAAP Reconciliation

	GGS	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>a) Reconciliation to GFS net operating balance</b>							
Net result from transactions – net operating balance	- 375 182	- 1 087	- 24 079	- 400 348	19 181	- 19 181	- 400 348
<b>Convergence differences</b>							
Dividends to general government sector from other sector entities		- 24 079	24 079		- 19 181	19 181	
<b>Total convergence difference</b>		- 24 079	24 079		- 19 181	19 181	
<b>GFS NET OPERATING BALANCE</b>	<b>- 375 182</b>	<b>- 25 166</b>		<b>- 400 348</b>			<b>- 400 348</b>

### b) Reconciliation to GFS fiscal balance

Fiscal balance	- 699 592	- 66 031	- 24 079	- 789 702	19 181	- 19 181	- 789 702
<b>Convergence differences</b>							
Relating to net operating balance Note 45 (a)		- 24 079	24 079		- 19 181	19 181	
<b>Total convergence difference</b>		- 24 079	24 079		- 19 181	19 181	
<b>GFS FISCAL BALANCE</b>	<b>- 699 592</b>	<b>- 90 110</b>		<b>- 789 702</b>			<b>- 789 702</b>

### c) Reconciliation to GFS total change in net worth

Comprehensive result – total change in net worth before transactions with owners as owners	- 408 873	43 437	- 43 437	- 408 873	19 181	- 19 181	- 408 873
<b>Convergence differences</b>							
Relating to net operating balance Note 45 (a)		- 24 079	24 079		- 19 181	19 181	
Relating to other economic flows							
Bad and doubtful debts	15 443	1 685		17 127			17 127
Net gain on equity investments in other sector entities measured at proportional share of carrying amount of net assets/(liabilities)	1 685		- 1 685				
Remeasurement of shares and other contributed capital		- 21 043	21 043				
<b>Total convergence difference</b>	<b>17 127</b>	<b>- 43 437</b>	<b>43 437</b>	<b>17 127</b>	<b>- 19 181</b>	<b>19 181</b>	<b>17 127</b>
<b>GFS TOTAL CHANGE IN NET WORTH</b>	<b>- 391 745</b>			<b>- 391 745</b>			<b>- 391 745</b>

### d) Reconciliation to GFS net worth

Net worth	10 655 746	2 234 358	- 2 234 358	10 655 746	21 631	- 21 631	10 655 746
<b>Convergence differences</b>							
Shares and other contributed capital		- 2 234 358	2 234 358		- 21 631	21 631	
<b>Total convergence difference</b>		- 2 234 358	2 234 358		- 21 631	21 631	
<b>GFS TOTAL CHANGE IN NET WORTH</b>	<b>10 655 746</b>			<b>10 655 746</b>			<b>10 655 746</b>

# Notes to the financial statements

For the year ended 30 June 2018

## 45. GFS GAAP reconciliation (continued)

### 2016-17 GFS GAAP reconciliation

	GGS	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>a) Reconciliation to GFS net operating balance</b>							
Net result from transactions – net operating balance	- 76 992	- 11 060	- 13 567	- 101 619	14 956	- 14 956	- 101 619
<b>Convergence differences</b>							
Dividends to general government sector from other sector entities		- 13 567	13 567		- 14 956	14 956	
<b>Total convergence difference</b>		<b>- 13 567</b>	<b>13 567</b>		<b>- 14 956</b>	<b>14 956</b>	
<b>GFS NET OPERATING BALANCE</b>	<b>- 76 992</b>	<b>- 24 627</b>		<b>- 101 619</b>			<b>- 101 619</b>

### b) Reconciliation to GFS fiscal balance

Fiscal balance	- 466 367	- 68 425	- 13 567	- 548 359	14 956	- 14 956	- 548 359
<b>Convergence differences</b>							
Relating to net operating balance Note 45 (a)		- 13 567	13 567		- 14 956	14 956	
<b>Total convergence difference</b>		<b>- 13 567</b>	<b>13 567</b>		<b>- 14 956</b>	<b>14 956</b>	
<b>GFS FISCAL BALANCE</b>	<b>- 466 367</b>	<b>- 81 991</b>		<b>- 548 359</b>			<b>- 548 359</b>

### c) Reconciliation to GFS total change in net worth

Comprehensive result – total change in net worth before transactions with owners as owners	1 392 273	207 229	- 207 229	1 392 273	14 956	- 14 956	1 392 273
<b>Convergence differences</b>							
Relating to net operating balance Note 45 (a)		- 13 567	13 567		- 14 956	14 956	
Relating to other economic flows							
Bad and doubtful debts	14 846	3 737		18 583			18 583
Net gain on equity investments in other sector entities measured at proportional share of carrying amount of net assets/(liabilities)	3 737		- 3 737				
Remeasurement of shares and other contributed capital		- 197 399	197 399				
<b>Total convergence difference</b>	<b>18 583</b>	<b>- 207 229</b>	<b>207 229</b>	<b>18 583</b>	<b>- 14 956</b>	<b>14 956</b>	<b>18 583</b>
<b>GFS TOTAL CHANGE IN NET WORTH</b>	<b>1 410 856</b>			<b>1 410 856</b>			<b>1 410 856</b>

### d) Reconciliation to GFS net worth

Net worth	11 064 620	2 214 750	- 2 214 750	11 064 620	21 631	- 21 631	11 064 620
<b>Convergence differences</b>							
Shares and other contributed capital		- 2 214 750	2 214 750		- 21 631	21 631	
<b>Total convergence difference</b>		<b>- 2 214 750</b>	<b>2 214 750</b>		<b>- 21 631</b>	<b>21 631</b>	
<b>GFS TOTAL CHANGE IN NET WORTH</b>	<b>11 064 620</b>			<b>11 064 620</b>			<b>11 064 620</b>



# Notes to the financial statements

For the year ended 30 June 2018

## 46. Glossary

### [ABS GFS manual](#)

The Australian Bureau of Statistics (ABS) publication Australian System of Government Finance Statistics (GFS): Concepts, Sources and Methods as updated from time to time.

### [Accountable Officers' Trust Account](#)

Established under section 7(1) of the *Financial Management Act* to enable agencies to hold money in trust for another person or entity. Transactions in these accounts are excluded from the Public Account.

### [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 Northern Territory, agencies, Acts and principal areas of government for which they are responsible.

### [Advances/advances paid](#)

Advances are the creation of financial assets (that is, an increase in the indebtedness to government units) with the aim of funding particular enterprise, household or government activities.

### [Agency](#)

A unit of government administration, office or statutory corporation, nominated in an Administrative Arrangements Order for the purposes of the *Financial Management Act* and including, where the case requires, a part or division (by whatever name called) of an agency.

### [Appropriation](#)

An authority given by the Legislative Assembly to make payments, now or at some future time, for the purposes stated, up to the limit of the amount in the particular Act.

### [Appropriation Act](#)

Includes a *Supply Act* and an annual *Appropriation Act* or an additional *Appropriation Act*.

### [Australian Accounting Standards](#)

Statements of accounting standards that can be applied in preparation and presentation of financial statements.

### [Capital grants](#)

Transactions in which the ownership of an asset (other than cash and inventories) is transferred from one institutional unit to another, cash is transferred to enable the recipient to acquire another asset, or the funds realised by the disposal of another asset are transferred, for which no economic benefits of equal value are receivable or payable in return.

### [Cash surplus/deficit](#)

Reported in the Cash Flow Statement and measures the net impact of cash flows during the period. It equals net cash flows from operating activities plus net cash flows from acquisition and disposal of non financial assets, less distributions paid.

# Notes to the financial statements

For the year ended 30 June 2018

## 46. Glossary (continued)

### Central Holding Authority (CHA)

Created by section 5 of the *Financial Management Act*, CHA 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 *Financial Management Act* or any other Act to be credited to an operating account or to an Accountable Officers' Trust Account.

### Change in net worth

Change in net worth (comprehensive result) is revenue from transactions less expenses from transactions plus other economic flows, and measures the variation in a government's accumulated assets and liabilities.

### Classifications of Functions of Government of Australia (COFOG-A)

A framework to classify government outlays or expenditure by the purpose served, for example, health or education.

### Community service obligation (CSO)

A CSO arises when the government requires a government business division or government owned corporation to carry out activities it would not choose to do on a commercial basis or would only do so at higher commercial prices. CSOs allow the government to achieve identifiable community or social objectives that would not be achieved if left to commercial considerations.

### Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other movements in equity, other than transactions with owners.

### 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.

### Convergence difference

The difference between the amounts recognised in the financial statements compared with the amounts determined for government finance statistic purposes as a result of differences in definition, recognition, measurement, classification and consolidation principles and rules.

### Current grants

Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

### Discontinued operations

The term used to describe the disposal of an entity or a group of components of an entity by way of sale or is disposed of by a way other than sale.

### Doubtful debt

A debt treated as a possible future loss and for which a provision has been made.

### Eliminations

Adjustments relating to inter-related transactions or entries between entities within the total public sector.

# Notes to the financial statements

For the year ended 30 June 2018

## 46. Glossary (continued)

### Employee benefits expense

Consist of all uncapitalised compensation of employees except for superannuation. It includes payments in cash or in-kind.

### 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).

### Financial asset

Any asset that is:

- cash
- an equity instrument of another entity
- a contractual right to:
  - receive cash or another financial asset from another entity
  - or exchange financial assets or financial liabilities with another entity under conditions potentially favourable to the entity
- or a contract that will or may be settled in the entity's own equity instruments and is:
  - a non derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments
  - or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

### Fiscal aggregates

Analytical balances useful for macroeconomic analysis purposes, including assessing the impact of a government and its sectors on the economy. AASB 1049 prescribes net operating balance, net lending/borrowing (fiscal balance), change in net worth (comprehensive result), net worth and cash surplus/deficit. The Uniform Presentation Framework prescribes additional fiscal aggregates not included in AASB 1049: these are net debt, net financial worth and net financial liabilities.

### Fiscal balance (net lending/borrowing)

Fiscal balance, also referred to as net lending/borrowing, is an operating statement measure that differs from the net operating balance as it includes spending on capital items but excludes depreciation. A net lending (or fiscal surplus) balance indicates a government is saving more than enough to finance all 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.

### General government sector (GGS)

Defined in GFS as an entity or group of entities 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.

# Notes to the financial statements

For the year ended 30 June 2018

## 46. Glossary (continued)

### 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.

### Goods and services tax (GST) revenue

The Territory's share of nationally collected GST, based on the Territory's population share weighted by its GST relativity. Revenue-sharing relativities are determined by the Commonwealth Treasurer, informed by the recommendations of the Commonwealth Grants Commission (CGC).

### Government business division (GBD)

A Territory-controlled trading entity that follows commercial practices and is required to comply with competitive neutrality principles.

### Government finance statistics (GFS)

Refers to statistics that measure the financial transactions of governments and reflect the impact of those transactions on other sectors of the economy. GFS in Australia are developed by the ABS in conjunction with all governments and mainly based on international statistical standards, developed in consultation with member countries by the International Monetary Fund.

### Government owned corporation

An entity in which its objectives are to operate at least as efficiently as any corporate business and maximise sustainable returns to government. The *Government Owned Corporations Act* adopts the shareholder model of corporate governance. The Territory has three government owned corporations: Power and Water Corporation, power generation (Territory Generation) and power retail corporation (Jacana Energy).

### Grants

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can be either of a current or capital nature (see current grants and capital grants).

Grants can be paid as general purpose grants, which refer to grants not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants, which are paid for a particular purpose and or have conditions attached regarding their use.

### Grants for on-passing

All grants paid to one institutional sector (for example, a state general government) to be passed on to another institutional sector (for example, local government or a non-profit institution).

### 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.

### Interest expense

Costs incurred in connection with the borrowing of funds. It includes interest on advances, loans, overdrafts, bonds and bills, deposits, interest components of finance lease repayments and amortisation of discounts or premiums in relation to borrowing.

# Notes to the financial statements

For the year ended 30 June 2018

## 46. Glossary (continued)

### Intergovernmental agreement

An agreement signed by all states, territories and the Commonwealth in December 2008 defining the framework for federal financial relations, encompassing Commonwealth funding to states and territories through general revenue assistance, specific purpose payments and national partnership payments.

### International Financial Reporting Standards (IFRS)

The term used to describe the move to standardise existing global international accounting standards. Australian equivalents to these new standards have been adopted for reporting periods on or after 1 January 2005.

### Inventories

Includes goods or other property used in the production of goods or services, or held for sale or distribution, but does not include livestock and other regenerative natural resources.

### Key management personnel (KMP)

Persons having authority and responsibility for planning, directing and controlling the activities of government or a Territory Government-controlled entity, directly or indirectly, including those in a position to influence the strategic direction of the entity.

### National partnership agreements

National partnership (NP) agreements are agreements between the Commonwealth, states and territories with defined objectives, outcomes, outputs and performance measures related to the delivery of specified projects or to facilitate reforms of national significance.

### National partnership payments

NP payments are tied Commonwealth grants provided to states and territories to enable them to achieve the outcomes and outputs of an agreement.

### Net acquisition/(disposal) of non financial assets from transactions

Purchases (or acquisitions) of non financial assets less sales (or disposals) of non financial assets, less depreciation, plus changes in inventories and other movements in non financial assets.

Purchases and sales (or net acquisitions) of non financial assets generally include accrued expenses and payables for capital items. Purchases exclude non-produced assets and valuables, which are included in other movements in non financial assets.

### Net actuarial gains/losses

Includes actuarial gains and losses on defined benefit superannuation plans.

### Net cash flows from investments in financial assets (liquidity management purposes)

Cash receipts from liquidation or repayment of investments in financial assets for liquidity management purposes less cash payments for such investments. Investment for liquidity management purposes means making funds available to others with no policy intent and with the aim of earning a commercial rate of return.

# Notes to the financial statements

For the year ended 30 June 2018

## 46. Glossary (continued)

### Net cash flows from investments in financial assets (policy purposes)

Cash receipts from liquidation or repayment of investments in financial assets for policy purposes less cash payments for acquiring financial assets for policy purposes. Acquisition of financial assets for policy purposes is distinguished from investments in financial assets (liquidity management purposes) by the underlying government motivation for acquiring the assets. Acquisition of financial assets for policy purposes is motivated by government policies such as encouraging the development of certain industries or assisting citizens affected by a natural disaster.

### Net debt

Net debt measures a government's net stock of selected gross financial liabilities less financial assets.

Net debt equals sum of deposits held, advances received, government securities, loans and other borrowings less the sum of cash and deposits, advances paid and investments, loans and placements.

### Net financial liabilities

Total liabilities less financial assets, other than equity in public non financial corporations and public financial corporations. This measure is broader than net debt as it includes significant liabilities, other than borrowings (for example, accrued employee liabilities such as superannuation and long service leave entitlements). For the public non financial corporation and public financial corporations sectors, it is equal to negative net financial worth.

### Net financial worth

A measure of a government's net holdings of financial assets. It is calculated from the Uniform Presentation Framework Balance Sheet as financial assets minus liabilities. Net financial worth is a broader measure than net debt as 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 gain on equity investment in other sector entities measured at proportional share of the carrying amount of net assets/liabilities

Comprises the net gains relating to the equity held by the general government sector in other sector entities. It arises from a change in the carrying amount of net assets of the subsidiaries. The net gains are measured based on the proportional share of the subsidiary's carrying amount of net assets/liabilities before elimination of inter-sector balances.

### Net operating balance

The revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations and excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

### Net worth

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 and other fixed assets, 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.

# Notes to the financial statements

For the year ended 30 June 2018

## 46. Glossary (continued)

### Non-budget sector entity

An entity in which the Territory has a controlling interest. The entity is consolidated at whole of government level but is not presented separately in the Territory's financial reports. Outside the scope of the *Financial Management Act*, it is generally a statutory body that does not meet the definition of a general government sector entity, public non financial corporation or public financial corporation.

### Non financial assets

Assets that are not financial assets, predominantly land and other fixed assets.

### Non financial public sector (NFPS)

The sector formed through a consolidation of the general government and public non financial corporation subsectors.

### Non-profit institution

A legal or social entity created for the purpose of producing or distributing goods and services but not permitted to be a source of income, profit or other financial gain for the units that establish, control or finance it.

### Operating account

A government business division operating account or an agency operating account established under section 6(1) of the *Financial Management Act*.

### Operating result

A measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those classified as 'other non-owner movements in equity'.

### Other current revenues

Current revenue other than current revenue from taxes, sales of goods and services, and property income. It includes revenue from fines other than penalties imposed by tax authorities.

### Other economic flows

Changes in the volume or value of an asset or liability that do not result from transactions (such as revaluations and other changes in the volume of assets).

### Other operating expenses

The total value of goods and services used in production and use of goods acquired for resale. Goods and services acquired for use as direct in-kind transfer to households or as grants are excluded.

### Other superannuation expenses

Includes all superannuation expenses from transactions except superannuation interest cost. It generally includes current service cost, which is the increase in entitlements associated with the employment services provided by employees in the current period. Superannuation actuarial gains/losses are excluded as they are considered other economic flows.

### Payables

Includes short-term and long-term trade debt, accounts payable, accrued expenses, grants and interest payable.

# Notes to the financial statements

For the year ended 30 June 2018

## 46. Glossary (continued)

### Provisions

Amounts set aside by entities from current revenue or income for future payments.

### Public account

Comprises agencies subject to the *Financial Management Act*, where the financial transactions of the Territory Government are recorded. As defined in section 4(2) of the Act, it comprises the CHA and operating accounts.

### Public financial corporations (PFC)

Government-controlled entities that 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 corporations (PNFC)

Public enterprises primarily engaged in the production of goods or services of a non-financial nature, for sale in the market place, at prices that aim to recover most of the costs involved.

### Public private partnerships (PPPs)

A term used to describe a method of procuring government infrastructure and associated services. PPPs create opportunities with the private sector for increasing investment in social and economic infrastructure. The Territory's PPP policy framework, Territory Partnerships, defines the protocol for such commercial dealings between the public and private sectors.

### Receivables

Includes short-term and long-term trade credit, accounts receivable, prepaid expenses, grants, taxes and interest receivable.

### Related parties

Persons or entities related to the Territory Government and include key management personnel (KMP), close family members of KMP, any entities controlled or jointly controlled by KMP or their close family members, and entities related to the government.

### Sale of goods and services

Revenue from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and equipment, but excludes rental income from the use of non-produced assets such as land. User charges include sale of goods and services revenue.

### Securities other than shares

Negotiable financial instruments serving as evidence of the obligations to settle by means of providing cash, a financial instrument, or some other item of economic value. The security normally specifies a schedule for interest payments and principal repayments. Some examples are: bills, bonds and debentures, commercial papers, and securitised mortgage loans.

### Specific purpose payments (SPPs)

A Commonwealth financial contribution to support delivery of services in a particular sector. Payments are made from the Commonwealth Treasury to state and territory treasuries and are appropriated to the relevant government agency.



# Notes to the financial statements

For the year ended 30 June 2018

## 46. Glossary (continued)

### Superannuation interest cost

Interest cost is the increase during a period in the present value of a defined benefit obligation that arises because the benefits are one period closer to settlement, as per the relevant accounting standard. The cost is measured net of the return on plan assets of defined benefit schemes.

### Tax equivalents regime

The mechanism to ensure government business divisions and government owned corporations incur similar tax liabilities to privately owned organisations. Thus, greater parity exists between the cost structures of government-controlled trading entities and the private sector, aiding in the achievement of competitive neutrality.

### Total public sector

The total public sector is formed through a consolidation of the non financial public sector and public financial corporations.

### Transactions

Interactions between two institutional units by mutual agreement or actions within a unit that are analytically useful to treat as transactions.

### Treasurer's Advance

An appropriation purpose of that name as specified in an *Appropriation Act*, which provides a pool of funds specifically set aside in each budget to meet one-off unexpected costs that arise during the year and are substantial enough to warrant additional appropriation.

### Uniform Presentation Framework (UPF)

A uniform reporting framework agreed by the Council of Federal Financial Relations to incorporate accounting standard AASB 1049 Whole of Government and General Government Sector Financial Reporting. The UPF requires Commonwealth, state and territory governments to present a minimum set of budget and financial outcome information based on the GFS, according to an agreed format and specified reporting arrangements.

### Whole of government financial report

A financial report prepared by a government in accordance with Australian Accounting Standards, including AASB 10 Consolidated Financial Statements and AASB 127 Consolidated and Separate Financial Statements, and thereby separately recognises assets, liabilities, income, expenses and cash flows of all entities under the control of the government on a line-by-line basis.



Additional financial  
information (unaudited)



## Additional financial information

This section of the Treasurer's Annual Financial Report (TAFR) provides financial information for agencies to supplement the whole of government and sectoral tables presented in the audited section. This information is not required under the Uniform Presentation Framework (UPF) or the *Fiscal Integrity and Transparency Act* (FITA) and accordingly is not audited. The summary agency financial information and explanations ensure the report is a comprehensive financial report. The intent of this section is to highlight changes in appropriation (the direct funding to agencies approved by Parliament in the *Appropriation Act* and subsequent adjustments approved in accordance with the *Financial Management Act* (FMA)) to agencies, with significant movements during 2017-18 explained.

This section also includes supplementary tables that are required under the UPF but not required to be audited.

### Variations to appropriations authorised during the year

Appropriation is the term used in the FMA to describe the legal amount authorised to be paid from the Central Holding Authority for operational and capital expenditure purposes to general agencies. Appropriation by purpose to agencies for the 2017-18 financial year is specified in the 2017-18 *Appropriation Act* and passed by the Legislative Assembly. During the course of any financial year, situations can change that necessitate variations to appropriation.

Section 18 of the FMA provides for the Treasurer approving additional appropriation through the use of Treasurer's Advance.

Section 19 of the FMA provides for the Administrator approving, within specified parameters, an increase in Treasurer's Advance.

Section 19(A) of the FMA allows the Treasurer to increase Commonwealth appropriation where there has been an increase in Commonwealth funding to the Territory.

Section 20(1) of the FMA provides for the Treasurer approving transfers between appropriation purposes within a financial year.

Section 21 of the FMA allows the transfer of appropriation between agencies following redistribution of government business (public sector restructure).

Appropriation transfers can also affect the Treasurer's Advance, which provides a pool of funds specifically set aside in each budget to meet one-off unexpected costs that arise during the year and are substantial enough to warrant additional appropriation.

Appropriation transfers change the distribution of appropriation across agencies and the Treasurer's Advance but do not change the total budget funding approved by Parliament.

Variations to appropriations recorded in the table reflect the net effect on appropriation resulting from government decisions taken during 2017-18.

### Summary agency financial information

A summary for each general government agency's appropriation compares the original 2017-18 Budget to the final approved budget with variations reflecting approved government decisions. These appropriation changes align with the variations to appropriation table. All summaries include explanations of variations over \$1 million or where there is a significant offset resulting in net variations under \$1 million.

Following the application of AASB 1055 – Budgetary Reporting, all general government agencies and government business divisions are required to provide explanations within their financial statements, highlighting significant movements between the original 2017-18 Budget and the actual result for 2017-18. Accordingly, for detailed information on variations in agency budget versus actual revenue and expenses, refer to the budgetary reporting note within each agency’s published annual report. Consolidated explanations of movements between the original 2017-18 Budget and the actual result for 2017-18 for the general government sector can be found in Note 43 in the audited section of this report.

## UPF supplementary tables

These tables are required by the UPF framework and provide detailed information on taxes, grant revenue and expenses, dividends and income tax equivalents, and purchases of non-financial assets. In accordance with the January 2018 Australian Loan Council decision, reporting of Loan Council allocations have been removed from the UPF and are no longer reported in this section.

# Variations to appropriations authorised during the year

AGENCY/Purpose	Appropriation Act	Variations actioned under the <i>Financial Management Act</i>					Final appropriation
	2017-18	S18	S19	S19(A)	S20	S21	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>AUDITOR-GENERAL'S OFFICE</b>	<b>3 077</b>						<b>3 077</b>
Output Appropriation	3 077						3 077
Capital Appropriation							
Commonwealth							
<b>NORTHERN TERRITORY ELECTORAL COMMISSION</b>	<b>1 359</b>	<b>573</b>					<b>1 932</b>
Output Appropriation	1 359	573					1 932
Capital Appropriation							
Commonwealth							
<b>OMBUDSMAN'S OFFICE</b>	<b>1 932</b>						<b>1 932</b>
Output Appropriation	1 932						1 932
Capital Appropriation							
Commonwealth							
<b>DEPARTMENT OF THE CHIEF MINISTER</b>	<b>84 152</b>	<b>3 500</b>		<b>2 750</b>	<b>7 971</b>	<b>2 063</b>	<b>100 436</b>
Output Appropriation	84 152	3 500			7 971	2 063	97 686
Capital Appropriation							
Commonwealth				2 750			2 750
<b>DEPARTMENT OF THE LEGISLATIVE ASSEMBLY</b>	<b>25 934</b>				<b>539</b>		<b>26 473</b>
Output Appropriation	25 893				539		26 432
Capital Appropriation	41						41
Commonwealth							
<b>DEPARTMENT OF TRADE, BUSINESS AND INNOVATION</b>	<b>205 328</b>			<b>3 058</b>	<b>- 15 285</b>		<b>193 101</b>
Output Appropriation	190 202				- 15 285		174 917
Capital Appropriation							
Commonwealth	15 126			3 058			18 184
<b>DEPARTMENT OF TREASURY AND FINANCE</b>	<b>150 694</b>				<b>- 3</b>		<b>150 691</b>
Output Appropriation	150 694				- 3		150 691
Capital Appropriation							
Commonwealth							

*continued*

AGENCY/Purpose	Appropriation Act	Variations actioned under the <i>Financial Management Act</i>					Final appropriation
	2017-18	S18	S19	S19(A)	S20	S21	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>NORTHERN TERRITORY POLICE, FIRE AND EMERGENCY SERVICES</b>	<b>381 031</b>	<b>1 090</b>		<b>360</b>	<b>20 303</b>		<b>402 784</b>
Output Appropriation	342 225	1 090			21 383		364 698
Capital Appropriation	13 595				- 1 080		12 515
Commonwealth	25 211			360			25 571
<b>DEPARTMENT OF THE ATTORNEY-GENERAL AND JUSTICE</b>	<b>319 603</b>	<b>5 050</b>		<b>1 675</b>	<b>11 144</b>	<b>- 2 063</b>	<b>335 409</b>
Output Appropriation	306 714	5 050			10 994	- 2 063	320 695
Capital Appropriation	4 485				150		4 635
Commonwealth	8 404			1 675			10 079
<b>DEPARTMENT OF HEALTH</b>	<b>1 137 571</b>			<b>2 511</b>	<b>58 464</b>		<b>1 198 546</b>
Output Appropriation	1 043 685				87 596		1 131 281
Capital Appropriation	29 929				- 29 132		797
Commonwealth	63 957			2 511			66 468
<b>DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT</b>	<b>546 779</b>			<b>20 724</b>	<b>15 007</b>		<b>582 510</b>
Output Appropriation	292 762				15 507		308 269
Capital Appropriation	40 456				- 500		39 956
Commonwealth	213 561			20 724			234 285
<b>OFFICE OF THE COMMISSIONER FOR PUBLIC EMPLOYMENT</b>	<b>5 749</b>						<b>5 749</b>
Output Appropriation	5 749						5 749
Capital Appropriation							
Commonwealth							
<b>DEPARTMENT OF PRIMARY INDUSTRY AND RESOURCES</b>	<b>77 665</b>			<b>243</b>	<b>678</b>		<b>78 586</b>
Output Appropriation	69 078				408		69 486
Capital Appropriation	251				270		521
Commonwealth	8 336			243			8 579
<b>DEPARTMENT OF TOURISM AND CULTURE</b>	<b>220 533</b>	<b>1 183</b>			<b>42 279</b>		<b>263 995</b>
Output Appropriation	219 453	1 183			42 279		262 915
Capital Appropriation	305						305
Commonwealth	775						775

continued



AGENCY/Purpose	Appropriation Act 2017-18	Variations actioned under the <i>Financial Management Act</i>					Final appropriation
	\$000	S18 \$000	S19 \$000	S19(A) \$000	S20 \$000	S21 \$000	
<b>DEPARTMENT OF CORPORATE AND INFORMATION SERVICES</b>	<b>227 995</b>				<b>- 80 377</b>		<b>147 618</b>
Output Appropriation	147 763				- 6 543		141 220
Capital Appropriation	80 232				- 73 834		6 398
Commonwealth							
<b>DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES</b>	<b>51 157</b>	<b>363</b>		<b>510</b>	<b>304</b>		<b>52 334</b>
Output Appropriation	48 345	363			374		49 082
Capital Appropriation	573				- 70		503
Commonwealth	2 239			510			2 749
<b>DEPARTMENT OF INFRASTRUCTURE, PLANNING AND LOGISTICS</b>	<b>937 785</b>			<b>35 017</b>	<b>- 100 202</b>		<b>872 600</b>
Output Appropriation	248 051				40 918		288 969
Capital Appropriation	432 645				- 141 120		291 525
Commonwealth	257 089			35 017			292 106
<b>TERRITORY FAMILIES</b>	<b>273 329</b>	<b>4 202</b>			<b>4 679</b>		<b>282 210</b>
Output Appropriation	260 762	4 202			4 679		269 643
Capital Appropriation							
Commonwealth	12 567						12 567
<b>DEPARTMENT OF EDUCATION</b>	<b>927 323</b>			<b>30 437</b>	<b>- 5 138</b>		<b>952 622</b>
Output Appropriation	577 643				- 5 138		572 505
Capital Appropriation							
Commonwealth	349 680			30 437			380 117
<b>ABORIGINAL AREAS PROTECTION AUTHORITY</b>	<b>2 694</b>						<b>2 694</b>
Output Appropriation	2 694						2 694
Capital Appropriation							
Commonwealth							
<b>CENTRAL HOLDING AUTHORITY</b>	<b>426 494</b>	<b>- 15 961</b>	<b>11 522</b>		<b>39 637</b>		<b>461 692</b>
Treasurer's Advance	30 000	- 15 961	11 522		- 11 655		13 906
Interest, taxes and administration	147 282				7 192		154 474
Employee entitlements	249 212				44 100		293 312

continued

AGENCY/Purpose	Appropriation Act	Variations actioned under the <i>Financial Management Act</i>					Final appropriation
	2017-18	S18	S19	S19(A)	S20	S21	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>TOTAL APPROPRIATIONS</b>	<b>6 008 184</b>		<b>11 522</b>	<b>97 285</b>			<b>6 116 991</b>
Output appropriations	4 022 233	15 961			205 679		4 243 873
Capital appropriations	602 512				- 245 316		357 196
Commonwealth	956 945			97 285			1 054 230
Treasurer's Advance	30 000	- 15 961	11 522		- 11 655		13 906
Interest, taxes and administration	147 282				7 192		154 474
Employee entitlements	249 212				44 100		293 312
<b>Total</b>	<b>6 008 184</b>		<b>11 522</b>	<b>97 285</b>			<b>6 116 991</b>

## Auditor-General's Office

Appropriation	2017-18 Budget	2017-18 Estimate	2017-18 Final	Variation on Budget
	\$000	\$000	\$000	\$000
Output	3 077	3 077	3 077	
Capital				
Commonwealth				
<b>TOTAL APPROPRIATION</b>	<b>3 077</b>	<b>3 077</b>	<b>3 077</b>	

### Significant variances

No variation to appropriation

## Northern Territory Electoral Commission

Appropriation	2017-18 Budget	2017-18 Estimate	2017-18 Final	Variation on Budget
	\$000	\$000	\$000	\$000
Output	1 359	1 359	1 932	573
Capital				
Commonwealth				
<b>TOTAL APPROPRIATION</b>	<b>1 359</b>	<b>1 359</b>	<b>1 932</b>	<b>573</b>

### Significant variances

No significant variations to appropriation

## Ombudsman's Office

Appropriation	2017-18 Budget	2017-18 Estimate	2017-18 Final	Variation on Budget
	\$000	\$000	\$000	\$000
Output	1 932	1 932	1 932	
Capital				
Commonwealth				
<b>TOTAL APPROPRIATION</b>	<b>1 932</b>	<b>1 932</b>	<b>1 932</b>	

### Significant variances

No variation to appropriation

## Department of the Chief Minister

Appropriation	2017-18 Budget	2017-18 Estimate	2017-18 Final	Variation on Budget	
	\$000	\$000	\$000	\$000	
Output	84 152	94 186	97 686	13 534	1
Capital					
Commonwealth		1 305	2 750	2 750	2
<b>TOTAL APPROPRIATION</b>	<b>84 152</b>	<b>95 491</b>	<b>100 436</b>	<b>16 284</b>	

### Significant variances

1 Funding for the Hydraulic Fracturing Taskforce	3 500
Transfer of funding from the Department of Infrastructure, Planning and Logistics for City Deals projects	2 500
Development and delivery of a Northern Territory Masterbrand	2 165
Transfer of funding from the Department of the Attorney-General and Justice for the Office of Parliamentary Counsel	2 063
2 Funding under the National Partnership Agreement on Natural Disaster Resilience	2 750

## Department of the Legislative Assembly

Appropriation	2017-18 Budget	2017-18 Estimate	2017-18 Final	Variation on Budget
	\$000	\$000	\$000	\$000
Output	25 893	26 299	26 432	539
Capital	41	41	41	
Commonwealth				
<b>TOTAL APPROPRIATION</b>	<b>25 934</b>	<b>26 340</b>	<b>26 473</b>	<b>539</b>

### Significant variances

No significant variations to appropriation

## Department of Trade, Business and Innovation

Appropriation	2017-18 Budget	2017-18 Estimate	2017-18 Final	Variation on Budget	
	\$000	\$000	\$000	\$000	
Output	190 202	174 917	174 917	- 15 285	1
Capital					
Commonwealth	15 126	15 126	18 184	3 058	2
<b>TOTAL APPROPRIATION</b>	<b>205 328</b>	<b>190 043</b>	<b>193 101</b>	<b>- 12 227</b>	

### Significant variances

1 Transfer of funding from 2017-18 to 2018-19 to reflect the revised timing of Business Security Assistance program grant payments	- 4 000
Funding for public infrastructure to support the Darwin luxury hotel development deferred to 2018-19 in line with construction milestones	- 10 000
2 One-off funding under the National Partnership Agreement on the Skilling Australians Fund	3 058

## Department of Treasury and Finance

Appropriation	2017-18 Budget	2017-18 Estimate	2017-18 Final	Variation on Budget	
	\$000	\$000	\$000	\$000	
Output	150 694	150 691	150 691	- 3	
Capital					
Commonwealth					
<b>TOTAL APPROPRIATION</b>	<b>150 694</b>	<b>150 691</b>	<b>150 691</b>	<b>- 3</b>	

### Significant variances

No significant variations to appropriation

# Northern Territory Police, Fire and Emergency Services

Appropriation	2017-18 Budget	2017-18 Estimate	2017-18 Final	Variation on Budget	
	\$000	\$000	\$000	\$000	
Output	342 225	363 608	364 698	22 473	1
Capital	13 595	12 515	12 515	- 1 080	2
Commonwealth	25 211	25 571	25 571	360	
<b>TOTAL APPROPRIATION</b>	<b>381 031</b>	<b>401 694</b>	<b>402 784</b>	<b>21 753</b>	

## Significant variances

1 Additional funding for emerging budget pressures	16 000
Additional funding for workers compensation arrangements	5 040
Transfer from capital to output appropriation for the 400MHz Spectrum and Technology Refresh project	1 080
2 Transfer from capital to output appropriation for the 400MHz Spectrum and Technology Refresh project	- 1 080

# Department of the Attorney-General and Justice

Appropriation	2017-18 Budget	2017-18 Estimate	2017-18 Final	Variation on Budget	
	\$000	\$000	\$000	\$000	
Output	306 714	316 460	320 695	13 981	1
Capital	4 485	4 635	4 635	150	
Commonwealth	8 404	10 079	10 079	1 675	2
<b>TOTAL APPROPRIATION</b>	<b>319 603</b>	<b>331 174</b>	<b>335 409</b>	<b>15 806</b>	

## Significant variances

1 Additional funding for emerging budget pressures	11 100
Funding to support the Royal Commission into the Protection and Detention of Children in the Northern Territory, Thoroughbred Racing NT, NT Legal Aid Commission and increased offender management	5 050
Transfer of funding to the Department of the Chief Minister for the Office of Parliamentary Counsel	- 2 063
2 Funding under the national partnership agreements for Legal Assistance Services and Homelessness, and the Project Agreement for the Women's Safety Package	1 137

# Department of Health

Appropriation	2017-18 Budget	2017-18 Estimate	2017-18 Final	Variation on Budget	
	\$000	\$000	\$000	\$000	
Output	1 043 685	1 126 281	1 131 281	87 596	1
Capital	29 929	797	797	- 29 132	2
Commonwealth	63 957	66 468	66 468	2 511	3
<b>TOTAL APPROPRIATION</b>	<b>1 137 571</b>	<b>1 193 546</b>	<b>1 198 546</b>	<b>60 975</b>	

## Significant variances

1 Additional funding for emerging budget pressures	60 000
Transfer from capital to output appropriation to support the commissioning of the Palmerston Regional Hospital	18 533
2 Revised timing of capital equipment purchases to support the commissioning of the Palmerston Regional Hospital	- 10 167
Transfer from capital to output appropriation for Palmerston Regional Hospital	- 18 533
3 Funding under the National Partnership Agreement on Public Dental Services for Adults	2 126
Funding under the Project Agreement on Improving Trachoma Control Services for Indigenous Australians	1 750
Lower funding under the National Partnership Agreement on Essential Vaccines	- 1 651

# Department of Housing and Community Development

Appropriation	2017-18 Budget	2017-18 Estimate	2017-18 Final	Variation on Budget	
	\$000	\$000	\$000	\$000	
Output	292 762	308 269	308 269	15 507	1
Capital	40 456	40 456	39 956	- 500	
Commonwealth	213 561	234 285	234 285	20 724	2
<b>TOTAL APPROPRIATION</b>	<b>546 779</b>	<b>583 010</b>	<b>582 510</b>	<b>35 731</b>	

## Significant variances

1 One-off funding for 2017-18 infrastructure stimulus	21 000
Repairs and maintenance for dwellings in town camps	5 000
Revised timing of funding from 2017-18 to 2018-19 for remote housing investment and incentive funding to expand the community housing sector	- 10 217
2 Revised timing of funding under the National Partnership Agreement on Remote Housing	20 808

# Office of the Commissioner for Public Employment

Appropriation	2017-18 Budget	2017-18 Estimate	2017-18 Final	Variation on Budget
	\$000	\$000	\$000	\$000
Output	5 749	5 749	5 749	
Capital				
Commonwealth				
<b>TOTAL APPROPRIATION</b>	<b>5 749</b>	<b>5 749</b>	<b>5 749</b>	

## Significant variances

No variation to appropriation

# Department of Primary Industry and Resources

Appropriation	2017-18 Budget	2017-18 Estimate	2017-18 Final	Variation on Budget
	\$000	\$000	\$000	\$000
Output	69 078	69 526	69 486	408
Capital	251	481	521	270
Commonwealth	8 336	8 579	8 579	243
<b>TOTAL APPROPRIATION</b>	<b>77 665</b>	<b>78 586</b>	<b>78 586</b>	<b>921</b>

## Significant variances

No significant variations to appropriation



## Department of Tourism and Culture

Appropriation	2017-18 Budget	2017-18 Estimate	2017-18 Final	Variation on Budget	
	\$000	\$000	\$000	\$000	
Output	219 453	246 853	262 915	43 462	1
Capital	305	305	305		
Commonwealth	775	775	775		
<b>TOTAL APPROPRIATION</b>	<b>220 533</b>	<b>247 933</b>	<b>263 995</b>	<b>43 462</b>	

### Significant variances

1 Transfer of funding from the Department of Infrastructure, Planning and Logistics for various grants for upgrades to arts and sporting infrastructure	22 529
Funding for Turbocharging Tourism initiative	11 710
Support for sport and community grants	6 400

## Department of Corporate and Information Services

Appropriation	2017-18 Budget	2017-18 Estimate	2017-18 Final	Variation on Budget	
	\$000	\$000	\$000	\$000	
Output	147 763	141 220	141 220	- 6 543	1
Capital	80 232	6 398	6 398	- 73 834	2
Commonwealth					
<b>TOTAL APPROPRIATION</b>	<b>227 995</b>	<b>147 618</b>	<b>147 618</b>	<b>- 80 377</b>	

### Significant variances

1 Net transfer of funding to and from agencies for leases and property management	1 447
Funding for the new government data centre	1 000
Revised timing of milestone payments for the Health Core Clinical Systems Renewal Program	- 10 100
2 Revised timing of payments for the Policing Management System	- 6 000
Revised timing of milestone payments for the Health Core Clinical Systems Renewal Program	- 67 159

# Department of Environment and Natural Resources

Appropriation	2017-18 Budget	2017-18 Estimate	2017-18 Final	Variation on Budget
	\$000	\$000	\$000	\$000
Output	48 345	48 719	49 082	737
Capital	573	503	503	- 70
Commonwealth	2 239	2 749	2 749	510
<b>TOTAL APPROPRIATION</b>	<b>51 157</b>	<b>51 971</b>	<b>52 334</b>	<b>1 177</b>

## Significant variances

No significant variations to appropriation

# Department of Infrastructure, Planning and Logistics

Appropriation	2017-18 Budget	2017-18 Estimate	2017-18 Final	Variation on Budget	
	\$000	\$000	\$000	\$000	
Output	248 051	255 620	288 969	40 918	1
Capital	432 645	343 168	291 525	- 141 120	2
Commonwealth	257 089	292 106	292 106	35 017	3
<b>TOTAL APPROPRIATION</b>	<b>937 785</b>	<b>890 894</b>	<b>872 600</b>	<b>- 65 185</b>	

## Significant variances

1	Transfer from capital to output appropriation for disaster-related repairs and maintenance, accelerated road maintenance and various capital grants	34 549
	Funding to support undergrounding power in Darwin suburbs	5 000
2	Transfer of funding from the Department of Education for various minor new works	5 800
	Transfer of funding to the Department of Tourism and Culture for various grants for upgrades to arts and sporting infrastructure	- 22 529
	Transfer from capital to output appropriation for disaster-related repairs and maintenance, accelerated road maintenance and various capital grants	- 34 549
	Revised timing of government's contribution towards the construction of a ship lift facility	- 95 000
	Transfer of funding to the Department of the Chief Minister for City Deals projects	- 2 500
3	Variations in line with various agreements	35 017

# Territory Families

Appropriation	2017-18 Budget	2017-18 Estimate	2017-18 Final	Variation on Budget	
	\$000	\$000	\$000	\$000	
Output	260 762	265 441	269 643	8 881	1
Capital					
Commonwealth	12 567	12 567	12 567		
<b>TOTAL APPROPRIATION</b>	<b>273 329</b>	<b>278 008</b>	<b>282 210</b>	<b>8 881</b>	

## Significant variances

1 Funding to deliver the new Northern Territory Concession Scheme and establish the Seniors Recognition Scheme	4 925
Funding for youth diversion and detention as part of the government's response to the Royal Commission into the Protection and Detention of Children in the Northern Territory	3 307

# Department of Education

Appropriation	2017-18 Budget	2017-18 Estimate	2017-18 Final	Variation on Budget	
	\$000	\$000	\$000	\$000	
Output	577 643	572 775	572 505	- 5 138	1
Capital					
Commonwealth	349 680	380 117	380 117	30 437	2
<b>TOTAL APPROPRIATION</b>	<b>927 323</b>	<b>952 892</b>	<b>952 622</b>	<b>25 299</b>	

## Significant variances

1 Transfer of funding to the Department of Infrastructure, Planning and Logistics for various minor new works	- 5 800
2 Specific purpose payments for Quality Schools	33 009
Revised funding under the National Partnership Agreement on the Northern Territory Remote Aboriginal Investment	- 4 000

# Aboriginal Areas Protection Authority

Appropriation	2017-18 Budget	2017-18 Estimate	2017-18 Final	Variation on Budget
	\$000	\$000	\$000	\$000
Output	2 694	2 694	2 694	
Capital				
Commonwealth				
<b>TOTAL APPROPRIATION</b>	<b>2 694</b>	<b>2 694</b>	<b>2 694</b>	
<b>Significant variances</b>				
No variation to appropriation				

# Supplementary tables

## General government sector taxes

	2017-18 Actual	2016-17 Actual
	\$M	\$M
Taxes on employers' payroll and labour force	360	322
Taxes on the provision of goods and services		
Stamp duties on financial and capital transactions	74	105
Taxes on gambling	83	72
Taxes on insurance	45	43
Taxes on the use of goods and performance of activities		
Motor vehicle registration fees	75	68
<b>Total taxes</b>	<b>637</b>	<b>610</b>

## General government sector grant revenue

	2017-18 Actual	2016-17 Actual
	\$M	\$M
<b>Current grant revenue</b>		
Current grants from the Commonwealth (including for on-passing)		
National partnership payments	143	232
Specific purpose payments	391	361
General purpose grants	3 674	3 603
<b>Total current grant revenue</b>	<b>4 208</b>	<b>4 196</b>
<b>Capital grant revenue</b>		
Capital grants from the Commonwealth (including for on-passing)		
National partnership payments	73	245
Specific purpose payments	18	33
General purpose grants	24	23
<b>Total capital grant revenue</b>	<b>115</b>	<b>301</b>
<b>Total grant revenue</b>	<b>4 323</b>	<b>4 497</b>

## General government sector grant expense

	2017-18 Actual	2016-17 Actual
	\$M	\$M
<b>Current grant expense including subsidies and personal benefit payments</b>		
Local government	110	83
Private and not-for-profit sector (including for on-passing)	913	907
Grants to other sectors of government	58	62
Other	248	247
<b>Total current grants expense including subsidies and personal benefit payments</b>	<b>1 329</b>	<b>1 299</b>
<b>Capital grant expense</b>		
Local government	33	10
Private and not-for-profit sector (including for on-passing)	94	82
Grants to other sectors of government	27	32
Other	6	2
<b>Total capital grant expense</b>	<b>161</b>	<b>126</b>
<b>Total grant expense</b>	<b>1 490</b>	<b>1 424</b>

## General government sector dividend and income tax equivalent income

	2017-18 Actual	2016-17 Actual
	\$M	\$M
Dividend and income tax equivalent income from public non financial corporations sector	38	55
Dividend and income tax equivalent income from public financial corporations sector	27	21
<b>Total dividend and income tax equivalent income</b>	<b>65</b>	<b>76</b>

## General government sector purchases of non financial assets by function

	2017-18 Actual	2016-17 Actual
	\$M	\$M
General public services	6	16
Public order and safety	55	52
Economic affairs	16	11
Environmental protection	7	4
Housing and community amenities	207	149
Health	151	184
Recreation, culture and religion	47	42
Education	60	100
Social protection	22	11
Transport	199	205
<b>Total purchases of non financial assets</b>	<b>770</b>	<b>774</b>