



Department of TREASURY AND FINANCE

ANNUAL REPORT

2019-20

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The Honourable Michael Gunner MLA
Treasurer
GPO Box 3146
Darwin NT 0801

Dear Treasurer

In accordance with the provisions of the *Public Sector Employment and Management Act 1993* (PSEMA), I am pleased to submit the 2019-20 Annual Report on the activities and achievements of the Department of Treasury and Finance (DTF).

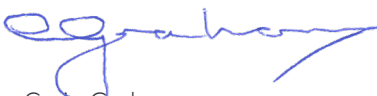
Pursuant to the PSEMA, *Financial Management Act 1995* (FMA) and Treasurer's Directions, I advise that to the best of my knowledge and belief:

- a) proper records of all transactions affecting DTF are kept and the employees under my control observe the provisions of the FMA, the Financial Management Regulations and Treasurer's Directions
- b) procedures within DTF afford proper internal control, and these procedures are recorded in the accounting and property manual which has been prepared in accordance with the requirements of the FMA
- c) there is no indication of fraud, malpractice, major breach of legislation or delegation, major error in or omission from, the accounts and records
- d) the internal audit capacity available to DTF is adequate and the results of internal audits have been reported to me
- e) the financial statements included in the annual report have been prepared from proper accounts and records, and are in accordance with Treasurer's Directions
- f) all Employment Instructions issued by the Commissioner for Public Employment have been satisfied.

In addition, the Chief Executive of the Department of Corporate and Digital Development (DCDD) (formerly the Department of Corporate and Information Services) advises that, in relation to items a) and e), and to the best of her knowledge and belief, proper records are kept of transactions undertaken by DCDD on behalf of DTF, and the employees under her control observe the provisions of the FMA, the Financial Management Regulations and Treasurer's Directions. The Chief Executive of DCDD also advises the Auditor-General conducted various compliance audits during the year to provide audit assurance that selected aspects of DCDD controls and record-keeping practices were maintained at a high level.

It is a requirement of the PSEMA that you table this report in the Legislative Assembly within six sitting days of receipt.

Yours sincerely



Craig Graham
Under Treasurer
30 September 2020

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List of acronyms

AARC	AustralAsia Railway Corporation	GSP	gross state product
AASB	Australian Accounting Standards Board	GST	goods and services tax
AO	administrative officer	HR	Human resources
ARMC	Audit and Risk Management Committee	ICT	information and communications technology
ATO	Australian Taxation Office	IT	information technology
CEO	chief executive officer	KMP	key management personnel
CGC	Commonwealth Grants Commission	LAMS	Legislative Assembly Members' Superannuation Scheme
CHA	Central Holding Authority	NTGDIS	Northern Territory Government Death and Invalidity Scheme
CPI	consumer price index	NTGPAES	Northern Territory Government and Public Authorities' Employees Superannuation
CSO	community service obligation	NTGPASS	Northern Territory Government and Public Authorities' Superannuation Scheme
CSS	Commonwealth Superannuation Scheme	NTPS	Northern Territory Public Sector
DCDD	Department of Corporate and Digital Development	NTPSBS	Northern Territory Police Supplementary Benefit Scheme
DCIS	Department of Corporate and Information Services	NTSSS	Northern Territory Supplementary Superannuation Scheme
DCM	Department of the Chief Minister	NTTC	Northern Territory Treasury Corporation
DCMC	Department of the Chief Minister and Cabinet	OCPE	Office of the Commissioner for Public Employment
DIPL	Department of Infrastructure, Planning and Logistics	PSEMA	<i>Public Sector Employment and Management Act 1993</i>
DITT	Department of Industry, Tourism and Trade	SA Government	South Australia
DTBI	Department of Trade, Business and Innovation	SAO	senior administrative officer
DTF	Department of Treasury and Finance	SHRC	Strategic Human Resources Committee
ECL	expected credit losses	SMG	Senior Management Group
ECO	executive contract officer	TAFS	Treasurer's Annual Financial Statements
EEO	equal employment opportunity	TRO	Territory Revenue Office
FITA	<i>Fiscal Integrity and Transparency Act 2001</i>	VFT	Value for Territory
FMA	<i>Financial Management Act 1995</i>	WHS	work health and safety
FTE	full-time equivalent		
FVOCI	fair value through other comprehensive income		
FVTPL	fair value through profit or loss		

Purpose of the report

The Northern Territory Department of Treasury and Finance (DTF) Annual Report 2019-20 has been prepared in accordance with the annual reporting requirements specified in section 28 of the PSEMA, and sections 11 and 13 of the FMA.

Its primary purpose is to report to the Treasurer on DTF's in 2019-20 outcomes against approved budget outputs and performance measures. Other stakeholders include Cabinet, the community, government agencies and DTF staff.

Pursuant to section 28 of the PSEMA, DTF must present a report to the Treasurer on its operations within three months of the end of the financial year, and it must contain:

- functions and objectives of the agency
- legislation administered
- organisation overview, including the number of employees in each designation and any variation in these numbers since the last report
- operations, initiatives and achievements relating to planning, efficiency, effectiveness, performance and service delivery to the community
- measures taken to ensure public sector principles were upheld
- management training and staff development programs
- occupational health and safety programs
- financial statements prepared in accordance with sections 11 and 13 of the FMA.

Agency references in the report

On 8 September 2020, a new Administrative Arrangements Order was made by the Administrator of the Northern Territory. Some agencies mentioned in this annual report have had name changes, as follows:

- Department of the Chief Minister and Cabinet (DCMC) – was the Department of the Chief Minister (DCM)
- Department of Corporate and Digital Development (DCDD) – was the Department of Corporate and Information Services (DCIS)
- Department of Industry, Tourism and Trade (DITT) – was the Department of Trade, Business and Innovation (DTBI).

This advice is provided to assist readers where former agency references are used in the *Financial statements* section of this report.

Related annual reporting

The Utilities Commission and Northern Territory Treasury Corporation (NTTC) produce their own annual reports in accordance with their governing legislation. Each forms part of DTF for administrative purposes and summary information of their functions is provided in *The agency* section of this report. Additionally, staffing data provided in this report includes staff working in NTTC and the Utilities Commission, unless otherwise noted.

Also, the Commissioner of Superannuation reports annually on the operation and management of the government superannuation and pension schemes, which should be read in conjunction with this report and the DTF website treasury.nt.gov.au



1 | The agency

Under Treasurer's review

Our strategy

Organisation

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Under Treasurer's review

I am pleased to present the Department of Treasury and Finance Annual Report for the year ended 30 June 2020.

Economic overview

The COVID-19 pandemic has dominated the second half of 2019-20. Governments around the world have implemented strict measures to slow the transmission of the virus, which have caused substantial economic dislocation. In response, both the Territory and Commonwealth governments announced substantive economic stimulus measures to support individuals, households and businesses. The Territory Government also released the *Roadmap to the new normal*, a comprehensive plan to maintain health outcomes while outlining a staged approach to removing restrictions in the local economy, ahead of other jurisdictions.

In May 2020, the Territory Government established the Territory Economic Reconstruction Commission to provide a roadmap for the economic rebound post-COVID-19 to position the Territory for growth. Former Dow Chemical Chairman and Chief Executive Officer (CEO), Andrew Liveris, and former Chief Minister, the Hon. Paul Henderson AO, are co-chairs of the commission, with other members being prominent Australians with a broad range of expertise. The commission delivered its interim report in mid-July and will deliver its final report in November 2020.

The 2019-20 financial year presented challenging economic conditions. Prior to the COVID-19 outbreak, the onshore economy was beginning to show some early signs of improvement with domestic demand, employment, retail spending and building approvals all reporting encouraging results. Understandably, data released since March indicates conditions have deteriorated markedly. However, the consensus among independent commentators is that the Territory is one of the best placed jurisdictions to rebound economically, aided by the Territory's status as the jurisdiction least affected by the health impacts of COVID-19.

Fiscal overview

Governments are now facing the global and national economic repercussions of COVID-19.

In early 2020, all Australian governments agreed to postpone their 2020-21 budgets to late 2020, focusing on containing community transmission of the virus, minimising the burden on the health system and supporting the economy. The Territory Government passed a Supply Bill in late March 2020 to fund government services until a full 2020-21 Budget is brought down in November 2020. It published a COVID-19 Financial Report in late July 2020 with updated financial estimates for 2019-20 and 2020-21, as an interim reporting measure.

In response to the economic impacts of COVID-19, the Territory Government provided a range of assistance measures totalling \$383 million aimed at supporting businesses and individuals, and stimulating economic activity.

Prior to COVID-19, the Territory Government had implemented savings and revenue measures to respond to consecutive reductions in GST revenue since 2016, deteriorating economic conditions and return the budget to a sustainable position as part of *A plan to fix the budget*. The necessary response to COVID-19 has worsened the fiscal position, exacerbated by much lower revenue collections.

Given the Territory's reliance on GST as its largest revenue source, the Territory's budget outlook is influenced by how soon the national economy rebounds from COVID-19. During these unprecedented times, DTF will continue to support the Territory Government on its path to fiscal sustainability through budget repair strategies, and by providing robust fiscal and economic advice.

Agency overview

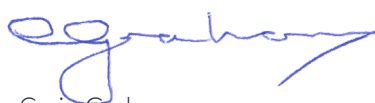
In 2019-20, DTF continued to lead the implementation of government's budget repair strategy, working closely with government and agencies to implement *A plan to fix the budget*. Additionally, DTF provided policy advice on major projects, fiscal discipline, Commonwealth funding, the economy, statistical reporting and microeconomic reform. Our work assisted government with resource allocation decisions and financial management.

DTF implemented various requirements as part of government's COVID-19 response. These included: preparing the Supply Bill 2020-21 to provide temporary spending capacity until the 2020-21 Budget could be delivered later in 2020, preparing and implementing agency-specific pandemic, business continuity and COVID-19 safety plans; and providing several staff to assist other agencies with call centre management, and implementing government stimulus measures and grant programs.

During COVID-19, DTF also assisted government with: forecasting the impacts on the Territory's own-source revenue and Commonwealth payments; negotiating national partnership agreements between the Territory and Commonwealth; waiving, deferring and refunding payroll and gambling taxes to struggling Territory businesses; implementing business hardship discounts for payroll tax and utilities; and forecasting the economic impacts of COVID-19 for the Territory.

As we move into 2020-21, DTF will lead the budget development process for the remainder of 2020-21, and for 2021-22, meet the Territory's external financial reporting obligations, review economic stimulus measures, and continue to provide quality policy advice on major projects, fiscal policy, Commonwealth funding, the economy and economic reform, and superannuation and funds management.

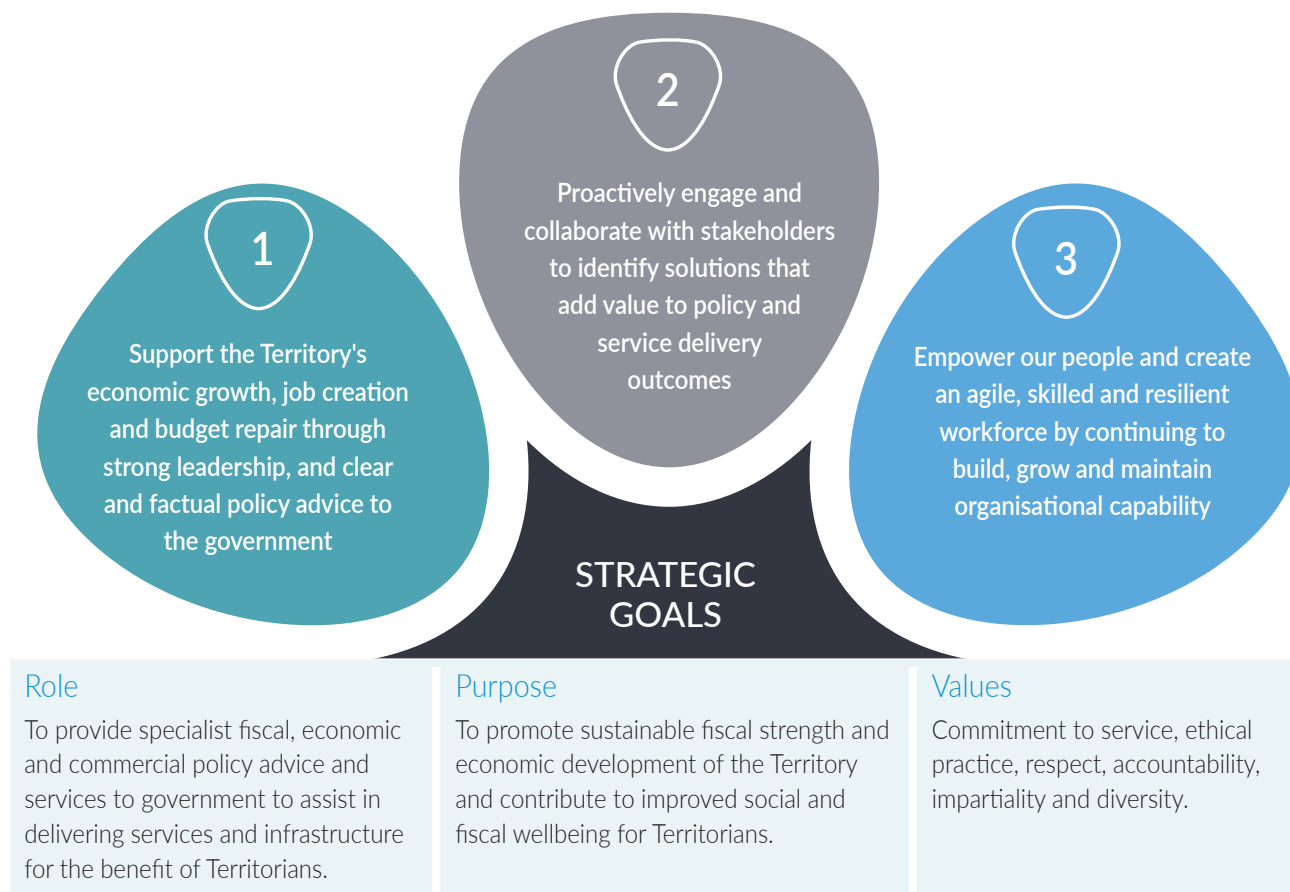
I would like to thank DTF's hard working staff who continue to contribute to the important work DTF does supporting government's priorities.



Craig Graham
Under Treasurer

Our strategy

2019-20 was the final year of the 2017–2020 Corporate Plan.

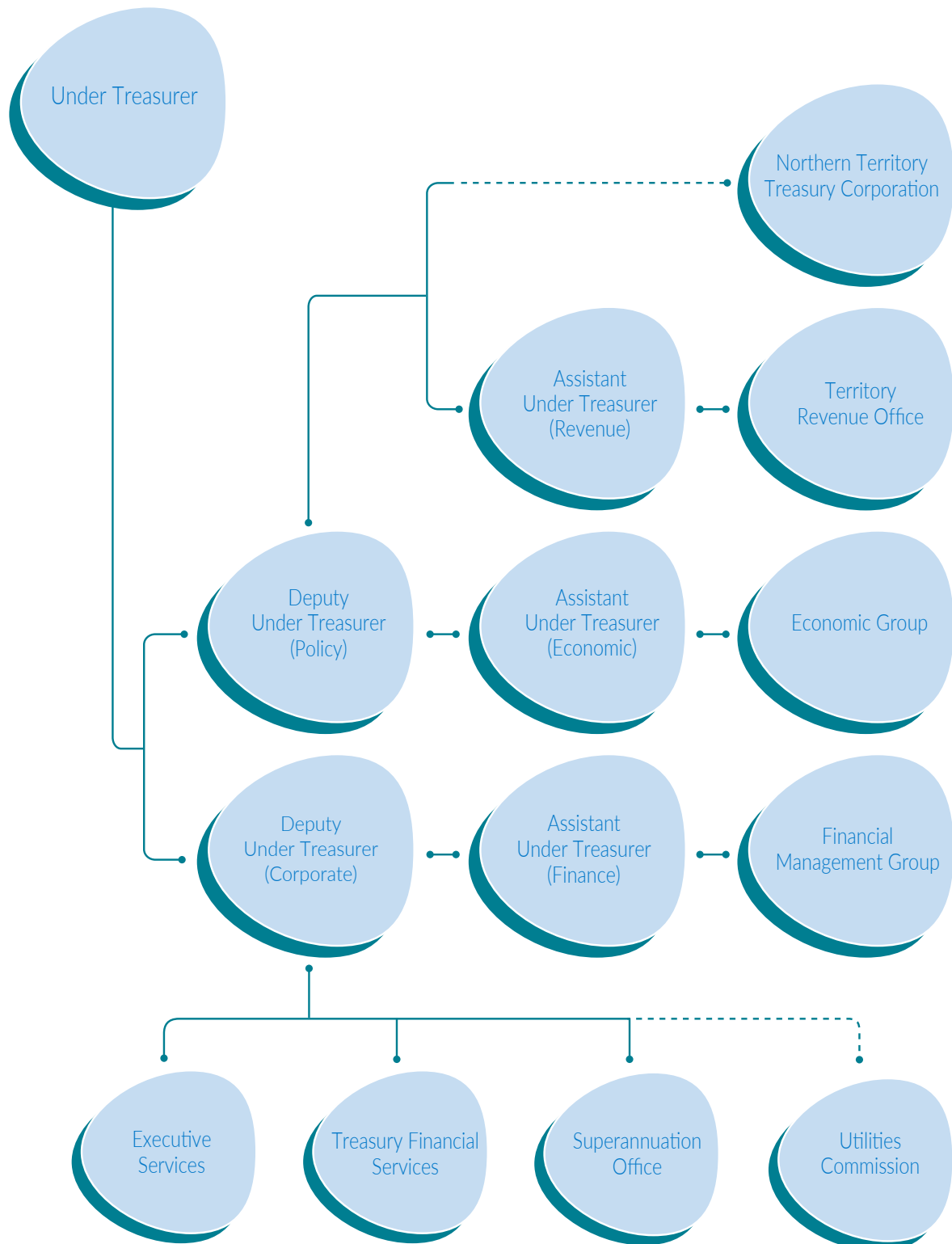


A new corporate plan, for 2020–2023, is being prepared. For the purposes of this report and the future priorities outlined for the year ahead, it is assumed the three strategic goals will be largely unchanged.

Organisation

Organisation chart

As at 30 June 2020



Functions of DTF

The functions of DTF are provided through six divisional groups – Financial Management Group, Economic Group, Territory Revenue Office (TRO), Northern Territory Superannuation Office, Treasury Financial Services and Executive Services.

Financial Management Group

- Manages and coordinates the Territory budget process and whole of government financial reporting.
- Maintains the Territory's financial management and accountability framework including providing advice on compliance with the framework and Australian accounting standards.
- Analyses and provides advice on whole of government resource allocation issues, including major government projects and initiatives with funding implications.
- Develops and maintains the Territory's infrastructure program from a whole of government perspective.
- Monitors whole of government and agencies' financial performance.
- Manages the Central Holding Authority (CHA).
- Administers and manages reporting obligations as prescribed in the FMA and the *Fiscal Integrity and Transparency Act 2001* (FITA), including the fiscal strategy.
- Coordinates and monitors implementation of government's budget repair reforms.
- Coordinates organisational reviews to improve efficiency and accountability across government.
- Coordinates a whole of government program evaluation framework to enhance the evidence base for policy decisions.
- Manages whole of government financial data returns to the Australian Bureau of Statistics (ABS) in accordance with the Government Finance Statistics Framework.

Economic Group

- Undertakes economic analysis, and advises on economic policy.
 - Provides commercial advice on major government infrastructure projects, policy and other initiatives.
 - Publishes information on economic and demographic trends that affect the Territory economy.
 - Advises on the performance and governance of the Territory's government owned corporations.
 - Conducts research and statistical coordination across government.
 - Coordinates intergovernmental financial relations.
 - Manages submissions and data returns to the Commonwealth Grants Commission (CGC).
 - Negotiates, develops and provides advice on funding agreements with the Commonwealth.
 - Manages Territory input to major national economic inquiries and reviews.
-

Territory Revenue Office

- Collects Territory revenue in accordance with the relevant tax and royalty legislation.
- Administers and provides advice on grant, tax and royalty legislation.
- Provides education and information programs to assist tax and royalty payers with compliance.
- Minimises losses to revenue through compliance activity.
- Promotes home ownership through grant and stamp duty assistance programs.
- Provides revenue modelling and forecasting.
- Develops tax and royalty-related information and data systems.

Northern Territory Superannuation Office

- Advises on the government's superannuation obligations.
- Responsible for the Northern Territory Public Sector (NTPS) superannuation policy and legislation for a range of defined benefit superannuation schemes.
- Supports services to members of various schemes and scheme trustees.
- Administers and makes benefit payments.

Treasury Financial Services

- Provides financial and reporting services to NTTC and Northern Territory Superannuation Office.
- Administers the Disaster Recovery Funding Arrangements on behalf of the Territory.

Executive Services

- Secretariat and executive support including central coordination and liaison between the Treasurer's Office, ministers, Cabinet office, Legislative Assembly and other government agencies on Cabinet and ministerial business.
 - Corporate communications and publishing services for the agency.
-

Associated entities

Under the Administrative Arrangements Order, DTF is responsible for providing resources and assistance to support two independent entities to carry out their responsibilities: NTTC and the Utilities Commission. Both prepare their own annual reports to the Treasurer, which are tabled in parliament in accordance with their establishing legislation.

Northern Territory Treasury Corporation

NTTC borrows, lends and invests funds on behalf of the Territory as its central financing authority. Its functions include:

- investing surplus short-term cash balances of government accounts
- providing loans to the government, agencies, government owned corporations and, in certain circumstances, local governing authorities.

For further information about NTTC, please visit treasury.nt.gov.au/dtf/nttc

Utilities Commission

The Utilities Commission regulates prices charged by government and other businesses for providing certain monopoly services (power, water, sewerage and ports). It also:

- performs licensing functions
- develops, monitors and enforces compliance with, and promotes improvement in, standards and conditions of service and supply
- develops and monitors the operation of codes and rules relating to the conduct or operations of a regulated industry or licensed entities
- investigates complaints relating to the conduct or operations of licensed entities
- assists consumers, industry and potential market participants, and other stakeholders with information
- advises the minister on any matter referred by the minister.

For further information about the Utilities Commission, please visit utilicom.nt.gov.au



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The year in review – 2019-20 achievements

Goal 1: Support the Territory's economic growth, job creation and budget repair through strong leadership, and clear and factual policy advice to the government.

Achievements:

- Supported the formulation of fiscal policy and financial management activities of government.
- Prepared the 2018-19 Treasurer's Annual Financial Report and the 2019-20 Mid-Year Report.
- Implemented the *Supply (2020-2021) Act 2020* to provide interim funding for government services in the absence of an *Appropriation Act*.
- Amended the *Electricity Reform Act 2000* and *Water Supply and Sewerage Services Act 2000* to implement a 50 per cent reduction of regulated utilities tariffs (electricity, water and sewerage) from 1 April 2020 for private sector Territory businesses with turnover below \$50 million experiencing hardship related to COVID-19.
- Continued to drive implementation of each reform contained in the government's *A plan to fix the budget*, including monitoring, evaluating and reporting on plans for the more complex reforms.
- Implemented the Charter of Budget Discipline.
- Enhanced the accountability framework for the performance of government owned corporations against their published statements of corporate intent.
- Implemented a whole of government program evaluation framework to enhance the evidence base for policy decisions.
- Assisted the Treasurer with her responsibilities as a member of the Council on Federal Financial Relations and the Board of Treasurers, and participated on a range of related intergovernmental committees, with increased intensity since the onset of COVID-19.
- Assisted the Treasurer with her responsibilities as shareholding minister for the government owned corporations.
- Designed and implemented the tax relief component of the Jobs Rescue and Recovery Plan's Business Hardship Package, providing support to over 100 employers by waiving the payment of payroll tax, with a further 50 applications under consideration.
- Commenced implementing the Commonwealth-funded HomeBuilder grant pursuant to the national partnership agreement.
- Administered the BuildBonus scheme, approving 240 grant applications.
- Reviewed electronic gaming machine tax rates and implemented legislative changes as part of the 2019-20 Budget, and in May 2020, made changes to regulations relating to gaming machine settings.
- Participated in national forums designed to identify efficiencies in tax administration.
- Adjusted the tax compliance program and administrative practices to accommodate additional challenges presented by COVID-19, and worked with businesses to support those experiencing hardship.
- Provided advice to government, the Commissioner for Public Employment and the Chief Executive of DCDD regarding the superannuation entitlements of Territory Government employees.
- Assisted superannuation scheme members to gain early access to their superannuation, where permitted under legislation, in line with COVID-19 hardship arrangements.

Goal 2: Proactively engage and collaborate with stakeholders to identify solutions that add value to policy and service delivery outcomes.

Achievements:

- Continued the inter-agency network to improve awareness and build capability within the NTPS of program evaluation and innovative policy approaches to make programs more effective and efficient.
- With information and data provided by agencies from across government, prepared submissions to the CGC 2020 Methodology Review.
- Developed a Territory Government submission to the Productivity Commission's study into remote area tax concessions and payments.
- Consulted with industry and stakeholders on reforms of bookmaker and betting exchange taxes as recommended in *A plan to fix the budget*.
- Engaged in industry briefings and implemented a public marketing strategy to promote the Territory's home owner assistance package.
- Collaborated with DITT to design and implement the COVID-19 business hardship application process.
- Developed internal processes in TRO to administer payroll tax waivers and deferrals as part of business hardship support.
- Continued collaboration with the ABS to plan for the 2021 Census, and to increase secondment opportunities, data sharing and purposeful improvements to achieve mutually beneficial data outcomes for the Territory.
- Broadened collaboration with external stakeholders in developing economic forecasts.
- Improved explanatory and guidance notes in the Integrated Revenue (INTRA) tax system to assist taxpayers with completing their payroll tax returns.
- In conjunction with key agencies, implemented the second stage of the Disaster Recovery Funding Arrangements.
- With agency consultation, developed Treasurer's Directions on new leases and revenue accounting standards, gifting of property and insurance arrangements.
- In conjunction with DCDD, implemented whole of government lease accounting software.
- Delivered agency-wide presentations and workshops to assist agencies with implementing changes to Treasurer's Directions and Australian accounting standards.

Goal 3: Empower our people and create an agile, skilled and resilient workforce by continuing to build, grow and maintain organisational capability.

Achievements:

- Completed implementation of DTF's 2017–2020 Corporate Plan.
- Implemented DTF pandemic business continuity and COVID-19 safety plans.
- Implemented and trialled initiatives to ensure workforce preparedness to accommodate changes in workflow and business practices arising from COVID-19.
- Focused on personal career planning and professional development with staff through:
 - use of the ROADmap performance agreement
 - implementing the middle level mobility program, including staff exchanges with South Australia DTF
 - strengthening the study assistance program and improving flexible work arrangements to assist staff with family responsibilities
 - offering training opportunities tailored to working in DTF.
- Strengthening quantitative capabilities of staff, including implementation of training for econometrics, computable general equilibrium modelling and input/output modelling.
- Built relationships with our corporate services providers to support our staff, strengthen capacity and enhance organisational capability.
- Through ROADmaps and the graduate program, developed career planning skills and systems with staff and their managers, and mapped out professional development needs.
- Developed and implemented a robust risk management framework for all aspects of DTF's business.
- Developed a fraud policy and whistleblower policy to further enhance agency integrity and preparedness settings.
- To assist other agencies with implementing measures announced as part of government's COVID-19 responses, temporarily reassigned 11 DTF staff to DCMC, DITT and the Department of Health. Aside from helping agencies under pressure, DTF staff learnt new skills and developed professional networks through these placements.

The year ahead – future priorities

Goal 1: Support the Territory's economic growth, job creation and budget repair through strong leadership, and clear and factual policy advice to the government.

Priorities:

- Continue to drive implementation of the government's *A plan to fix the budget*.
- Contribute to the post-COVID-19 economic recovery and the work of the Territory Economic Reconstruction Commission.
- Continue to support the Treasurer with, and participate at officer level in, intergovernmental responsibilities as part of the Council on Federal Financial Relations and the Board of Treasurers.
- Enhance the budget accountability framework, with chief executives and agencies
- Continue to strengthen the accountability framework for the performance of government owned corporations against their published statements of corporate intent.
- Develop a new across-agency budget management system with capacity to forecast cash flows for 10 years, in collaboration with DCDD.
- Develop a regulatory cost recovery framework as part of responding to the Hydraulic Fracturing Inquiry recommendations.
- Work closely with the ABS and agencies to improve the quality of Census 2021 data for the Territory.
- On behalf of the Territory, make submissions to the CGC Methodology Update 2021.
- Support the evaluation and facilitation of major investment projects.
- Develop frameworks for managing commercial interests and pricing government services.
- Review the royalty provisions of the *Petroleum Act 1984* to align with contemporary practices and principles.
- Legislate the agreed reforms to bookmaker and betting exchange taxes.
- Continue to simplify and improve management and administration of the Territory's closed public sector defined benefit superannuation schemes, and provide advice on government's superannuation obligations.

Goal 2: Proactively engage and collaborate with stakeholders to identify solutions that add value.

Priorities:

- As part of the review of the Financial Management and Accountability Framework, continue to contemporise Treasurer's Directions, associated legislation, policies and procedures to ensure best practice, in consultation with agencies.
- Implement a rolling program of organisational reviews and work with agencies to undertake program evaluations.
- With input from key economic stakeholders, continue to improve the current suite of economic data and analysis outputs.
- Continue supporting taxpayers significantly affected by COVID-19, through the waiver or deferral of payments to help with cash flow, allowing taxpayers easier access to instalment arrangements at concessionary interest rates and prioritising refunds where taxpayers are owed money.
- Maintain and improve revenue law transparency, stakeholder experience and ease of compliance by updating the Commissioner of Territory Revenue's Guidelines and payroll tax rulings, actively engaging with stakeholders, and delivering taxpayer education seminars and learning materials.

- Work closely with DCDD to proceed to further develop a revenue management system, a whole of government budget management system, and other online systems to improve user experience and reporting capability, and reduce reliance on costly and inefficient legacy systems.
- Provide information and assistance to the Royal Commission into National Natural Disaster Recovery Arrangements, and implement the reporting stage of the Disaster Recovery Funding Arrangements.

Goal 3: Empower our people and create an agile, skilled and resilient workforce by continuing to build, grow and maintain organisational capability.

Priorities:

- Implement the 2020–2023 Corporate Plan, including regular monitoring and reporting against it.
- Work with DCDD Shared Services to deliver strategic human resources and information and communications technology (ICT) priorities for DTF.
- Continue to formulate and implement strong agency financial management, corporate governance, internal audit, risk management and control processes, with support from DCMC Shared Services.
- Monitor and regularly report on corporate governance.
- Ensure all staff have a ROADmap and career plan in place, focusing on mobility opportunities and leadership development to build capacity and capability.

Output performance reporting

This section reports the agency's performance against planned outcomes for 2019-20, as presented in Budget Paper 3.

	2019-20 Budget	2019-20 Actual	KPI met/ not met	Note
Financial management				
Compliance with financial reporting and disclosure obligations, as specified in FITA	100%	100%	Met	1
Ministerial advice provided within allotted timeframes	80%	79%	Not met	2
Economic				
Variation between economic forecasts and actual outcomes	≤ 1 ppt	≤ 1 ppt	Met	3
Variation between gross state product (GSP) growth rated forecast and the actual outcome	≤ 2 ppt	≤ 2 ppt	Met	
Ministerial advice provided within allotted timeframes	80%	79%	Not met	2
Economic briefs published on significant economic data releases	41	38	Not met	4
Preliminary regulatory impact statements assessed within agreed timeframe	90%	n.a.		5
Territory revenue				
Variation between estimated revenue forecast and actual outcome	≤ 5%	- 6.8%	Not met	6
Ministerial advice provided within allotted timeframes	80%	90%	Met	2
Assessments, audits and objections completed within timeframes set out in TRO service standards	80%	89.2%	Met	
Grant application decisions and payments made within timeframes set out in TRO service standards	95%	100%	Met	
Superannuation				
Member statements issued within the approved timeframes	100%	100%	Met	
Economic regulation				
Determinations and approvals issued within statutory timeframes	100%	100%	Met	
Codes, guidelines and licences reviewed for currency and relevance, as planned for the financial year	100%	85%	Not met	7

ppt: percentage point; n.a.: not applicable

1 New measure. The FITA establishes the principles underpinning government's fiscal policy, management and reporting.

2 Refers to advice sought on correspondence to the Treasurer. The variations reflect delays where further information is required from external parties to finalise advice.

3 Refers to the following economic forecasts: population, employment, unemployment, consumer price index (CPI) and wage price index (WPI).

4 Comprises briefs for: labour force; gross state product, state final demand, population, CPI, WPI, Commsec, Deloitte and Sensis. Briefing on Sensis ceased in 2019-20 due to data quality issues.

5 Responsibility for this activity and performance transferred to DTBI from 1 July 2019.

6 Actual outcome is compared to latest estimate published in the 2019-20 Mid-Year Report. Reduction in revenue received is directly related to relief provided to tax and royalty payers as part of the government's economic response to COVID-19.

7 Planned review of the Electricity Industry Performance Code was not undertaken due to reprioritisation of the commission's work plan to include new emerging priority projects, including the independent investigation of the 13 October 2019 Alice Springs system black incident.

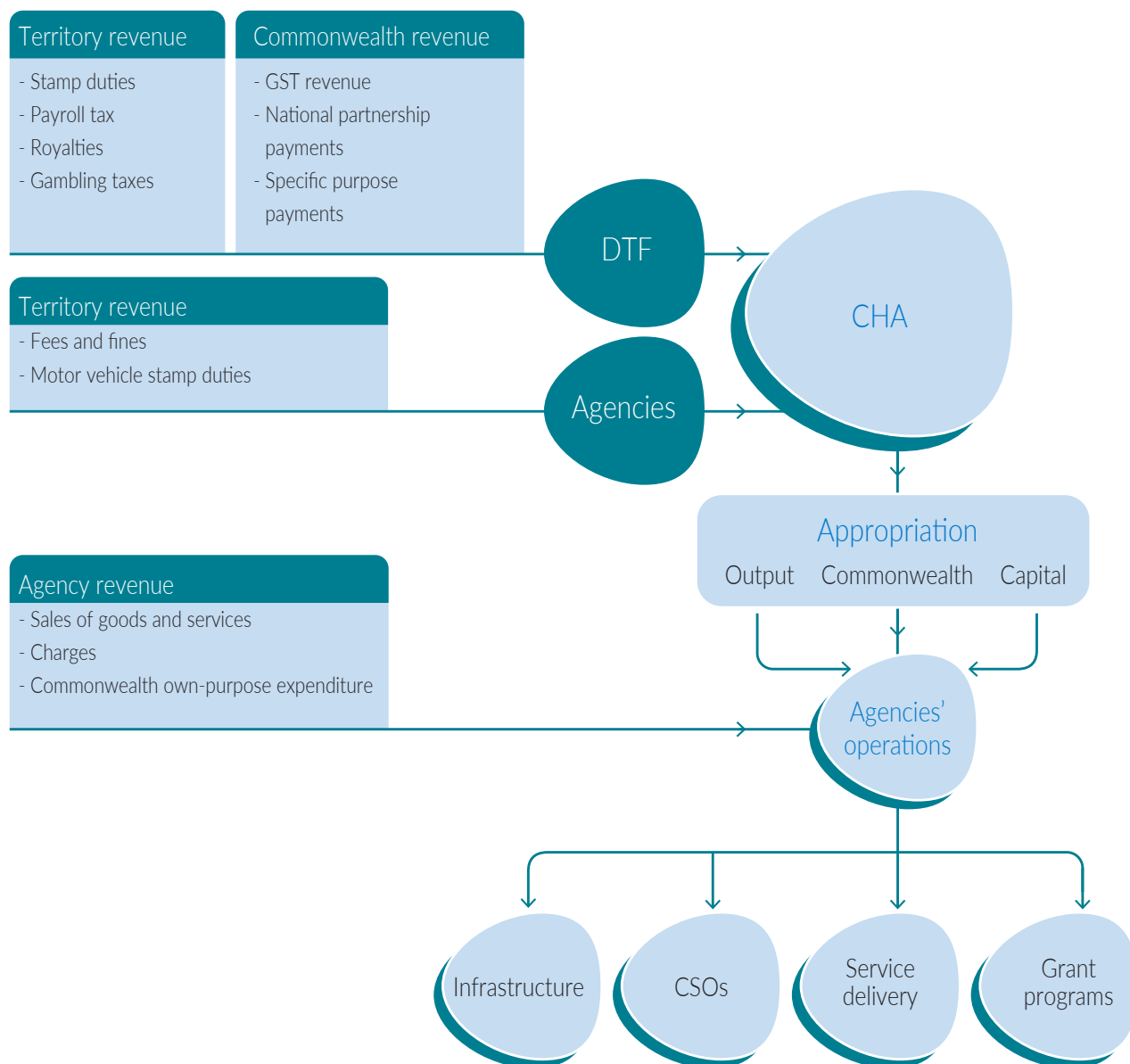
Financial performance

DTF manages two sets of financial statements: one for its own agency activities and one on behalf of the Territory (whole of government) including CHA. The two sets of accounts are closely interrelated, reflecting DTF's whole of government responsibilities.

Figure 1 illustrates the relationship between DTF and the CHA, and agencies.

A summary of the 2019-20 financial performance for DTF and CHA is provided below, with further information in the *Financial statements* section of this report. The NTTC is part of DTF for organisational purposes but is also a government business division with separate financial reporting requirements. Its financial statements are presented in its own annual report.

Figure 1: Relationship between the CHA, DTF and other agencies



CSO: community service obligation

Department of Treasury and Finance

Key fiscal results include:

- an operating surplus of \$16.6 million in 2019-20 compared to the final budget deficit of \$1.2 million, and a surplus of \$13.3 million more than the 2018-19 outcome. DTF's improved end of year result is predominantly due to lower than expected take-up of the COVID-19 Business Hardship Package. Legal expenses were also lower as were goods and services (received free of charge) from DCDD
- \$27.4 million increase in appropriation, from \$139.8 million in 2018-19 to \$167.2 million in 2019-20 mainly for the to COVID-19 Business Hardship Package and CSO payments on behalf of government; offset by reprioritised funding for the whole of government cost of the government's COVID-19 response measures
- cash and deposits increased by \$16.7 million in 2019-20 from \$28.1 million in 2018-19, as detailed in Table 2.

DTF Expenditure

DTF's outlay largely consists of CSOs and grants, which make up 79.3 per cent of expenditure as detailed in Figure 2. These are payments made on behalf of government, and are non-discretionary in nature.

Most of DTF's expenditure is incurred through the Economic output as the facilitator of CSOs, and grants administered through the Territory Revenue output as detailed in Figure 3. The Economic output also includes payment for the Territory's share of GST administration, on behalf of government. The balance of DTF's budget relates to its own operations, mainly for employee and administrative expenses.

Figure 2: 2019-20 expenditure by type

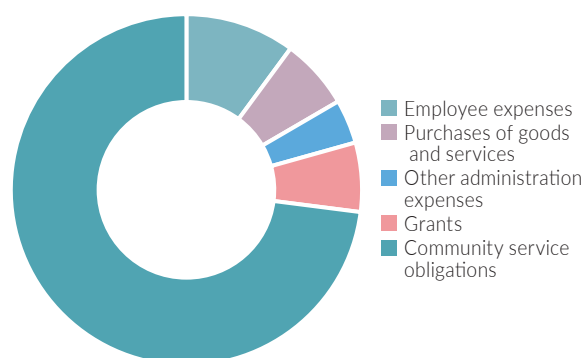
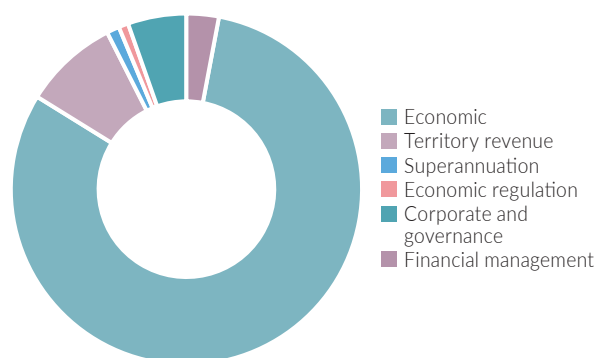


Figure 3: 2019-20 expenditure by output group



Comprehensive operating statement

The comprehensive operating statement presents the flow of income and expenditure through the year.

Table 1: Comprehensive operating statement overview

	2018-19 Actuals	2019-20 Final budget	2019-20 Actuals	Variation from Final budget
	\$000	\$000	\$000	\$000
Revenue				
Output appropriation	139 798	167 239	167 239	-
Goods and services received free of charge	2 722	7 236	5 712	- 1 524
Other income	686	305	477	172
	143 206	174 780	173 428	- 1 352
Expenses				
Employee expenses	18 116	15 929	15 853	- 76
Administrative expenses	16 423	18 911	16 545	- 2 366
Grants and subsidies	105 342	141 117	124 452	- 16 665
Interest expenses	-	9	-	- 9
Total expenses	139 881	175 966	156 850	- 19 116
Net surplus/(deficit)	3 325	- 1 186	16 578	17 764

Operating revenue

DTF's revenue consists mainly of output appropriation that relates to non-discretionary expenses such as home owner assistance programs and CSOs paid on behalf of government, and the Business Hardship Package in 2019-20. In 2019-20 DTF received \$167.2 million in appropriations, representing 96.4 per cent of total operating income (\$173.4 million) in line with the budget.

Appropriation increased by \$27.4 million, from \$139.8 million in 2018-19 to \$167.2 million in 2019-20 mainly due to the COVID-19 Business Hardship Package and CSO payments on behalf of government; offset by funding reprioritised for the whole of government cost of the government's COVID-19 response measures.

The other major item is notional revenue for goods and services received free of charge from DCDD, which increased in 2019-20 following the consolidation of corporate services into that agency. The lower employee expenses in 2019-20 compared to the year before is the result of staff transferring to

DCDD as part of the corporate services consolidation, and to DITT for the Office of Investment and the Office of Sustainable Energy.

Operating expenses

DTF's operating expenses consist of employee expenses, purchases of goods and services, administration costs, interest, home owner assistance grants and CSOs.

Significant movements in operating expenses compared to the 2019-20 final budget included:

- administrative expenses below budget by \$2.4 million, mainly due to lesser shared services usage and lower legal costs
- grants and subsidies below budget by \$16.7 million predominantly due to lower than anticipated uptake of the COVID-19 Business Hardship Package before the end of June 2020.

Balance sheet

The balance sheet is a derivative of the comprehensive operating statement and cash flow statement, and movement from prior-year closing balances. It represents the stock of assets and liabilities of the agency. The variation between 2019-20 and 2018-19 is in line with the improved result (surplus) in Table 1.

The cash at bank increase of \$16.7 million to \$44.9 million in 2019-20 compared with \$28.1 million in 2018-19 reflects the improved 2019-20 operating result. It is expected cash at bank will reduce in 2020-21 with greater take up of business hardship assistance by the business sector.

Table 2: Balance sheet overview

	2018-19 Actuals	2019-20 Final budget	2019-20 Actuals	Variation from 2018-19 actual
	\$000	\$000	\$000	\$000
Assets				
Cash and deposits	28 146	26 650	44 874	16 729
Receivables and prepayments	531	531	170	- 362
Advances and investments	25 000	25 000	25 000	
Property, plant and equipment	34	31	27	- 7
<i>Less</i>				
Liabilities				
Payables and provisions	3 614	3 302	3 396	- 218
Net assets/equity	50 097	48 910	66 675	16 578

Central Holding Authority

Overview

As the parent entity of government, CHA does not transact directly with the public as do other government agencies. In contrast, it receives Commonwealth income including GST revenue, national partnership and specific purpose payments and Territory own-source revenue collected by other agencies on behalf of CHA. It then distributes this funding to agencies in the form of appropriations.

Its key deliverables include:

- administration of appropriation payments to agencies in accordance with the *Appropriation Act*
- maintaining government's investment portfolio
- managing government borrowings
- recognising unfunded employee liabilities including superannuation, long service leave and workers compensation.

The ongoing COVID-19 pandemic has had a range of effects on CHA's 2019-20 outcome, as presented in this report. The Territory Government provided a range of support measures aimed at supporting businesses and individuals, and stimulating economic activity. These measures were funded through CHA as additional output appropriation expense to agencies in 2019-20. From a revenue perspective, government approved waivers and deferrals of various government taxes and regulatory fees to ease financial hardship faced by businesses as a result of trading restrictions.

These actions resulted in lower taxation revenues collected by CHA in 2019-20.

Impacts of COVID-19 on the financial statements that were beyond the Territory's control included unrealised losses on investments and an increase to long-term employee liabilities as a result of the global effects of the pandemic on financial markets and bond rates used to value liabilities.

In the 2019-20 CHA financial statements, the amounts presented for 2018-19 have been adjusted to reflect a retrospective correction to account balances relating to underpaid superannuation guarantee entitlements in prior years. Accordingly, all references to the 2018-19 outcome within this chapter refer to the restated balances for that year.

This chapter summarises the 2019-20 results and provides an assessment of actual performance compared to the final budget for 2019-20 and 2018-19 results. The final budget comprises the 2019-20 Mid-Year Report plus all approved budget adjustments affecting 2019-20 since that publication.

Key fiscal results include:

- a net operating deficit of \$414 million in 2019-20, a \$105 million improvement when compared to the \$519 million deficit projected in the 2019-20 final budget
- net assets of \$3.5 billion, a \$520 million decrease when compared to 2018-19.

Comprehensive operating statement

Table 3: Comprehensive operating statement overview

	2018-19 Actual	2019-20 Final budget	2019-20 Actual	Variation from Final budget
	\$M	\$M	\$M	\$M
Revenue	5 249	5 020	4 994	- 26
Expenses	5 415	5 539	5 408	- 131
Net surplus/(deficit)	- 167	- 519	- 414	105
Other comprehensive income	- 571	- 235	- 173	62
Comprehensive result	- 737	- 754	- 587	167

The operating performance of CHA is driven by factors beyond its control, including fluctuations in GST and Territory taxation revenues, market conditions affecting investments, and borrowings and actuarial changes to the valuation of unfunded employee liabilities.

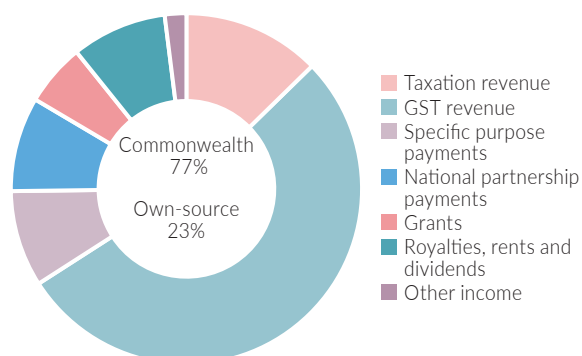
Operating revenue

The Territory continues to be heavily reliant on Commonwealth revenue, with GST revenue being the largest single transfer from the Commonwealth. GST revenue represents 53 per cent of total CHA revenue, followed by general purpose and tied Commonwealth revenue of 24 per cent. The remaining 23 per cent is Territory own-source revenue.

For 2019-20, CHA recorded total operating revenue of \$5 billion, \$26 million lower than projected in the 2019-20 final budget. Key variations include:

- lower national partnership payments of \$47 million relating to revised delivery of Commonwealth-funded projects due to delays in construction, land tenure and community consultations during COVID-19 biosecurity restrictions
- lower royalties, rents and dividends of \$38 million, predominantly reflecting the revised accounting treatment of statutory income in accordance with new accounting standards on revenue, offset by lower than budgeted losses on investments of \$26 million reflecting the volatile market conditions in 2019-20

Figure 4: CHA – revenue by source for 2019-20



- higher taxation revenue of \$24 million due to lower than anticipated take-up of government-approved waivers and deferrals of payroll tax as part of the business hardship package combined with the revised accounting treatment of statutory income in accordance with new accounting standards on revenue
- higher GST revenue of \$10 million due to payments received in accordance with the Commonwealth's 2019-20 Mid-Year Economic and Fiscal Outlook report estimates.

Operating expenses

CHA expenses are limited, with the largest expense relating to appropriations paid to agencies to deliver government services and on-passed in accordance with the *Appropriation Act*. Other expenses reflect direct costs associated with workers compensation, borrowings and unfunded employee liabilities.

For 2019-20, CHA recorded total operating expenses of \$5.4 billion, a \$131 million decrease compared to the 2019-20 final budget. Key variations include:

- lower superannuation expenses of \$117 million, largely due to lower accruing costs and associated interest combined with recognising expenses relating to superannuation guarantee underpayments in prior years
- lower interest expenses of \$16 million due to the interest expense on superannuation guarantee underpayments recognised in prior years
- lower grants and subsidies expense of \$10 million, reflecting a net reduction in the Territory's liability under the National Redress Scheme as a result of lower than anticipated scheme take-up
- offset by increased workers compensation expenses of \$11 million, largely reflecting higher than anticipated compensation claims.

Other comprehensive income

Items included in other comprehensive income represent non cash movements to the volume or value of assets or liabilities that do not result from a transaction.

For 2019-20, CHA recorded a deficit \$173 million in total other comprehensive income compared to \$235 million deficit projected in the 2019-20 final budget, predominantly due to the movement in the 10-year bond rate used in valuing the Territory's superannuation liabilities as required by accounting standards.

Balance sheet

Table 4: Balance sheet overview

	2018-19 Actual	2019-20 Actual	Variation from 2018-19
	\$M	\$M	\$M
Assets			
Cash and deposits	328	1 344	1 016
Receivables and prepayments	77	495	418
Advances and investments	1 495	1 516	21
Equity investments	12 067	12 618	550
	13 967	15 973	2 006
<i>Less:</i>			
Liabilities			
Deposits held and payables	936	1 949	1 013
Borrowings and advances	4 230	5 436	1 206
Employee benefits	338	361	23
Superannuation liability	4 182	4 269	86
Other liabilities	252	450	198
	9 939	12 464	2 526
Net assets/equity	4 028	3 508	- 520

As asset and liability balances are difficult to project, analysis in this section compares the net asset position for 2019-20 with 2018-19. Net assets in CHA, being total assets less total liabilities, decreased by \$520 million from \$4.03 billion in 2018-19 to \$3.5 billion in 2019-20. This decrease was driven by a \$2.53 billion increase in total liabilities, offset by an increase in assets of \$2.01 billion.

The increase in total liabilities since 2018-19 predominantly reflects a net increase in Territory borrowings of \$1.21 billion, in line with the Territory's 2019-20 borrowing requirements. A \$1.01 billion increase in deposits held and payables is primarily a result of increased cash balances held on behalf of NTTC and government owned corporations. This is combined with a \$198 million increase in other liabilities, largely due to an increase in unearned

revenue and reflects cash received in advance from the Commonwealth to be spent in future years. It also includes a provision for superannuation guarantee entitlements owing to the Australian Taxation Office (ATO).

The increase in total assets since 2018-19 of \$2.01 billion reflects higher cash balances due to prefunding part of the 2020-21 borrowing program by NTTC in response to strong investor demand for NTTC to issue long-dated bonds, increased receivables reflecting the revised accounting treatment of statutory income, and increased prepayments reflecting Commonwealth appropriation paid in advance to agencies.



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Staffing profile

By investing in and valuing our people, we strengthen our capacity to meet and exceed DTF's organisational goals now and in the future.

As a central agency providing expert advice to the Territory Government to inform decision-making for the benefit of Territorians, we continue to strive to ensure we have the right people in the right jobs and develop our workplace culture to support continuous improvement in everything we do.

As at 30 June 2020, DTF employed 122.3 full-time equivalent (FTE) staff, including those in NTTC, compared to 135.1 FTE on 30 June 2019. The reduction is largely attributable to staff transfers that occurred from 1 July 2019 as part of the whole of government corporate services integration to DCDD, and function transfers to DITT.

Our workforce

Tables 5 and 6 outline DTF's workforce by gender and classification.

Table 5: FTEs by gender

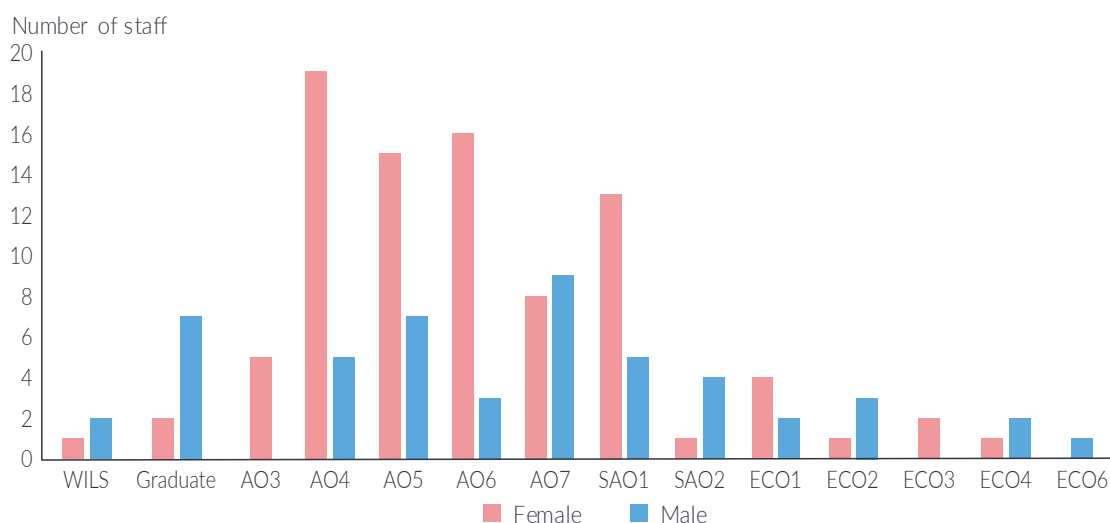
	Female	Male	Total
FTE	74.8	47.5	122.3

Table 6: FTEs by classification as at 30 June

Designation	2019	2020
Executive contract officer 6	1.0	1.0
Executive contract officer 4	1.0	3.0
Executive contract officer 3	3.0	2.0
Executive contract officer 2	3.0	4.0
Executive contract officer 1	10.0	6.0
Senior administrative officer 2	4.0	5.0
Senior administrative officer 1	19.8	16.2
Administrative officer 7	20.4	15.7
Administrative officer 6	16.2	17.1
Administrative officer 5	26.2	19.6
Administrative officer 4	20.0	20.8
Administrative officer 3	2.9	2.9
Administrative officer 2	0.6	0.0
Graduate trainees	7.0	8.9
Total	135.1	122.3

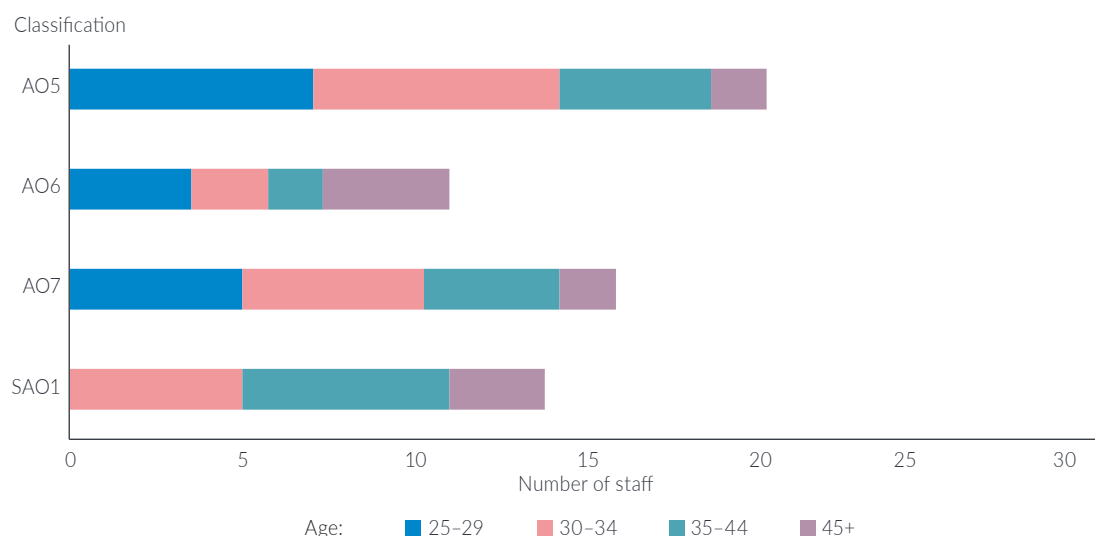
DTF has a strong focus on attracting and retaining a highly skilled workforce. As illustrated in figures 2 and 3, DTF's workforce is dominated by staff in their mid-career stage, more females than males, and between the ages of 25 and 44. The gender imbalance is not apparent at the executive level.

Figure 5: Staff by gender and classification as at 30 June 2020 (headcount)



WILS: Work Integrated Learning Scholarship; AO: Administrative officer; SAO: Senior administrative officer; ECO: Executive contract officer

Figure 6: Staff in mid-career levels by age, as at 30 June 2020 (headcount)



Equity and diversity

DTF strives for diversity and aims for a workforce that reflects the community we serve. DTF recognises the value staff bring from different backgrounds, education and work experiences, and values each member's contribution to the workplace and its high performing culture.

The ratio of males to females in DTF has remained consistent over the past 10 years. Of the 138 staff paid as at 30 June 2020, 64 per cent (88 staff) were women and 36 per cent were men (Table 7). This is

consistent with the NTPS ratio of 64 per cent women to 36 per cent men.

The proportion of DTF executives, that is, directors and above (16 in total), who are women increased to 50 per cent (8). DTF's relative proportion of female executives is marginally below the NTPS figure of 53 per cent, however with a targeted leadership program and internal professional development opportunities, this will likely increase over time.

DTF has a much higher proportion of staff with a culturally diverse background than the NTPS as a whole, however its proportion of Aboriginal staff is lower.

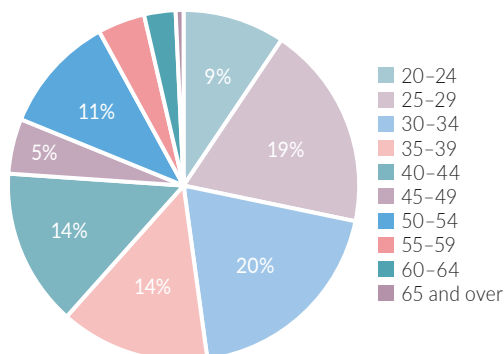
Table 7: DTF staff demographics (headcount)

	As at 30 June 2019		As at 30 June 2020		NTPS comparison
	Number	%	Number	%	%
Male to female ratio	64 to 92	41 to 59	50 to 88	36 to 64	36 to 64
Male to female executive ratio	10 to 9	53 to 47	8 to 8	50 to 50	47 to 53
People with a disability	5	3.2	2	1.4	1.3
Aboriginal staff	4	2.6	1	0.7	10.9
Culturally diverse background	22	14.1	23	16.7	12.5
Average age (years)	38.6		37.3		43.0

The average age of DTF staff is 37.3 years, younger than the NTPS average age of 43 years. Almost half DTF's workforce is under 35 years of age, and less than 18 per cent is over 50 years of age (Figure 7). This comparatively young demographic can be mostly attributed to DTF's strong and sustained

emphasis on early career programs, for over 20 years, including graduates, scholarships and apprenticeships, and participants' subsequent employment and advancement in DTF.

Figure 7: Staff by age profile as at 30 June 2020



Staff are able to access a range of flexible working conditions to assist with work-life balance.

Table 8: Number of staff using a work-life balance option in 2019-20

	Female	Male	Total	% of workforce
Part-time work	11	1	12	8.7
Working from home	1	–	1	0.7
Recreation leave at half pay	6	1	7	5.1

DTF applies considerable resources to entry-level career pathways, ranging from apprenticeships through to the graduate program. These programs, especially traineeships and vacation employment programs, are valuable in establishing relationships with local tertiary students and building their understanding of the workplace as they prepare to progress into professional careers in DTF and the NTPS.

Table 9: Career pathways (year ended 30 June)

	2019	2020
Scholarship cadets (WILS)	6	3
Graduate trainees	6	9
Total	12	12

Study assistance and training

Staff are encouraged to continue work-related tertiary study, with DTF providing financial reimbursement of enrolment fees and study time for approved courses.

In 2019-20, eight study applications for seven staff were approved. Fields of study include: Certified Practising Accountant, Masters of Economics and Regional Development, and Graduate Certificate of Emergency and Disaster Management.

DTF also provides a range of initiatives to encourage staff development through seminars, conferences, short courses and workshops.

The decrease in training and development expenditure 2019-20 is largely attributed to COVID-19 restrictions placing face-to-face training on hold between February and June.

Table 10: Training and development expenses

	2018-19	2019-20
Headcount as at 30 June	156	138
Total training and development expenses (\$)	249 274	190 648

Note: The figures do not include the value of training sessions provided to staff by in-house experts and specialists.

Leadership programs

DTF invests in leadership development at various levels to enhance strategic leadership skills and create succession planning opportunities.

During 2019-20, senior staff completed the following executive leadership programs:

- Public Sector Management Program
- Australian Institute of Management – MBA Foundation course
- Australian Institute of Company Directors course

Employment instructions

The Commissioner for Public Employment issues employment instructions under PSEMA. DTF's performance against each of the 15 instructions is outlined below.

Employment instruction	Performance
Number 1 – Filling vacancies	
Chief executive officer (CEO) must develop a procedure for filling vacancies consistent with PSEMA, its subordinate legislation and any relevant award or enterprise agreement.	Vacancies were filled in line with PSEMA and NTPS recruitment and selection policy. In 2019-20, 21 positions were advertised. No appeals or grievances were lodged.
Number 2 – Probation	
CEO must develop a probation procedure consistent with PSEMA, its subordinate legislation and any relevant award or enterprise agreement.	Ongoing employment was confirmed for all staff on probation.
Number 3 – Natural justice	
The principles of natural justice are to be observed in all dealings with employees.	All recruitment processes are monitored and quality assured to ensure natural justice is correctly and adequately observed. All new staff are inducted in appropriate workplace behaviour and provided with information on lodging complaints or accessing assistance.
Number 4 – Employee performance management and development systems	
CEO must develop and implement an employee performance management and development procedure consistent with PSEMA, its subordinate legislation and any relevant award or enterprise agreement.	The DTF performance planning and review procedure 'ROADmap' (reflection, objective, action and development) was successfully rolled out across the agency in 2018-19. Information on the ROADmap process is available to all DTF employees on the DTF staff intranet and included in the agency induction provided to all new DTF employees. Regular scheduled reporting of ROADmap use is provided to the Strategic Human Resources Committee (SHRC).
Number 5 – Medical examinations	
CEO may engage a health practitioner to undertake an examination of an employee in accordance with section 45 and 49B of PSEMA. The principles of natural justice must be applied.	One medical examination was undertaken in 2019-20.
Number 6 – Employee performance and inability	
Agency to provide Office of the Commissioner for Public Employment (OCPE) with information relating to performance and inability.	No employee was retired on inability grounds at the employee's request during 2019-20.
The agency has procedures in place for undertaking performance management and inability consistent with PSEMA and its subordinate legislation, and any relevant award or enterprise agreement.	Appropriate performance management procedures are in place, and no employee was placed on a performance improvement plan during 2019-20.

Number 7 – Discipline

Agency to provide OCPE with information on the extent to which this employment instruction has been used by the agency.

CEO may establish procedures regarding discipline within his or her agency consistent with PSEMA, its subordinate legislation and any relevant award of enterprise agreement.

No performance issue proceeded beyond the informal stage and therefore there were no disciplinary processes in 2019-20.

Number 8 – Internal agency complaints and section 59 grievance reviews

CEO must develop an internal employee grievance handling policy and procedure consistent with PSEMA, its subordinate legislation and any relevant award or enterprise agreement.

DTF has an internal employee grievance handling policy and procedure in place. There was one internal employee grievance lodged in 2019-20 that resulted in the original decision being confirmed.

Number 9 – Employment records

Agency has responsibility for keeping employees' employment records. The agency must comply with the requirements of PSEMA and its subordinate legislation, the *Information Act 2002* regarding correction, collection and handling of personal information contained on an employee's employment record.

Personnel records for DTF are maintained by DCDD shared services.

All human resources (HR)-related documents are stored electronically through Content Manager TRM using secure human resource files and security caveats to restrict access. Security and access reviews are undertaken quarterly.

Number 10 – Equality of employment opportunity programs

CEO must develop an equal employment opportunity (EEO) program consistent with PSEMA, its subordinate legislation, the *Anti-Discrimination Act 1992* and any relevant award or enterprise agreement. EEO programs must be integrated with corporate, strategic and other agency planning processes.

DTF has the required policies and processes in place, and reports annually as part of the State of the Service reporting process.

CEO is to report annually on programs and initiatives the agency has developed. Report should also include reports detailing specific actions relating to Aboriginal employment and career development.

Initiatives in 2019-20 focused on raising awareness in relation to bullying and inappropriate workplace behaviour, and providing training on challenging unconscious bias.

Number 11 – Work health and safety standards programs

CEO must ensure the application of appropriate work health and safety (WHS) standards and programs.

DTF has a WHS management system with associated procedural documentation, reporting and governance.

Agency to report annually on WHS programs.

Number 12 – Code of Conduct

The Code of Conduct stipulates the minimum standard of conduct expected of public sector officers as defined in PSEMA.

Clearly defined expectations on acceptable behaviour in the workplace and obligations for DTF employees are outlined in policy and provided as part of the face-to-face induction process for new staff.

CEO may issue an agency-specific Code of Conduct consistent with PSEMA, its associated subordinate legislation, this code and any other relevant legislation.

Bullying awareness, disability confidence and unconscious bias training is to be undertaken by all staff.

Number 13 – Appropriate workplace behaviour

CEO must develop and implement an agency policy and procedure to foster appropriate workplace behaviour and a culture of respect, and to deal effectively with inappropriate workplace behaviour and bullying. The policy and procedure are to be consistent with PSEMA, its subordinate legislation and any relevant award or enterprise agreement.

Clearly defined expectations on acceptable behaviour in the workplace and obligations for DTF employees are outlined in policy and provided as part of the face-to-face induction process for new staff. The NTPS values and expected behaviours are reflected in ROADmap discussions and agreements, and are articulated in the corporate plan.

Number 14 – Redeployment and redundancy procedures

Agency to ensure an ongoing employee who may be surplus to requirement is afforded the opportunities as outlined in sections 41 to 43 of PSEMA and the CEO must give a copy of the written notice issued to the employee stating the reasons for a declaration of surplus status to both the commissioner and any employee organisation prescribed by regulation for the employee.

There was one surplus officer in 2019-20.

Number 15 – Special measures

Sets out the requirements and conditions for approval of agency special measure plans, programs or arrangements.

DTF's Aboriginal Employment and Career Development Strategy aims to increase the Aboriginal workforce to 6.6 per cent by December 2021, with all participating in career development, training pathways and employment programs.

Aboriginal recruitment is mainly through the Aboriginal employment program.

Public sector principles

Part 1A, sections 5A to 5F of PSEMA lists the general principles underlying this legislation. These principles need to be upheld by agencies, CEOs and employees of the NTPS.

In 2019-20, DTF complied with all the prescribed principles.

Public sector principle	Action in 2019-20
Administration Management Principle (PSEMA section 5B)	DTF provided effective, efficient and appropriate services to the community and government, ensuring appropriate use of public resources while working cooperatively and responsively carrying out our functions objectively, impartially and with integrity.
Human Resource Management Principle (PSEMA section 5C)	Workplace diversity and equity is upheld and provides everyone equal opportunity to make the most of their talents and abilities in the workplace. Our workplace environment ensures our employees are treated fairly, reasonably and in a non-discriminatory way.
Merit Principle (PSEMA section 5D)	DTF appointments are based on the principles of merit. Employees are capable and competent to perform their duties, having the knowledge, skills, experience and qualifications required to be successful in their role and having consideration of their potential for future development.
Equality of Employment Opportunity Principle (PSEMA section 5E)	DTF encourages staff to continually develop and access career development opportunities, which also includes exchange, transfer and mobility.
Performance and Conduct Principle (PSEMA section 5F)	DTF champions NTPS values, treating the workforce fairly, equitably, and with proper courtesy and consideration. DTF officers avoid actual or apparent conflicts of interest and ensure personal conduct does not adversely affect their performance or that of other public sector officers while performing their duties objectively, impartially, professionally and to the best of their ability with integrity.



4 | Governance

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DCMC provides business services, financial services and corporate governance support to DTF under shared services arrangements.

DCDD provides other corporate services, which include HR, ICT and records management.

Primary responsibility for the governance of DTF rests with the DTF Senior Management Group (SMG). Four subcommittees provide advice to the Under Treasurer through the SMG and are supported by the relevant shared services providers.

Boards and committees

Senior Management Group

The SMG supports the Under Treasurer and provides leadership and strategic direction to DTF through strategic decision-making, policy setting and performance monitoring in relation to its operations and processes. DCMC's Chief Financial Officer is also a member of the SMG under the finance shared services arrangement.

SMG membership as at 30 June 2020

Craig Graham	Under Treasurer (Chair)
Mick Butler	A/Deputy Under Treasurer (Policy)
Tim McManus	A/Deputy Under Treasurer (Corporate) and Assistant Under Treasurer (Finance)
Samantha Byrne	A/Assistant Under Treasurer (Economic)
Sarah Rummery	Assistant Under Treasurer (Revenue)
Tiziana Hucent	A/Senior Director Financial Reporting
Jim Richards	A/Senior Director Economic Policy and Commissioner of Superannuation
Alex Pollon	General Manager NTTC
Robert Csar	Chief Financial Officer, DCMC

Throughout 2019-20 the following people were members of the SMG at various times:

David Braines-Mead	Deputy Under Treasurer (Policy) – temporary transfer to another agency between 6 January and 30 June 2020
Catherine Weber	Deputy Under Treasurer (Corporate) – temporary transfer to another agency between 1 May and 30 June 2020
Tarrant Moore	A/Senior Director Budget Development – temporary transfer to another agency between 23 March and 30 June 2020

Audit and Risk Management Committee

DTF has a combined Audit and Risk Management Committee (ARMC) with DCMC and OCPE.

ARMC provides independent and objective advice and assistance to the chief executives on the effectiveness of the departments' governance, risk, control and compliance frameworks, and their financial reporting responsibilities.

ARMC is responsible for:

- monitoring risk management and the adequacy of internal controls established to manage risks
- monitoring the adequacy of the departments' internal control environment, including adequacy of policies, practices and procedures
- reviewing financial statements and other public accountability documents
- monitoring the internal audit function
- monitoring the Northern Territory Auditor-General's audit program where it relates to DTF, DCMC and OCPE
- commenting on the state of organisational governance within the scope of ARMC's Charter
- undertaking any other functions determined by the chief executives, within the context of ARMC's purpose.

The committee met five times during 2019-20.

Key outcomes for DTF from meetings included:

- recommending the internal audit and assurance program 2019-20 to DTF SMG and the Under Treasurer
- monitoring development and implementation of the risk management framework
- oversight of the audit and assurance program and outcomes, including reviewing various audit and compliance reports (as detailed below) and monitoring management's implementation of related recommendations
- monitoring the gifts and benefits register, quarterly financial summary reports and employee excess leave reports
- high level review of the annual financial report.

External and internal audit

The following reviews were conducted in 2019-20:

Review	Objective	Outcome
Value for Territory (VFT) annual assurance program	To test DTF's compliance with the obligations set out under the VFT assurance program, which arise from the <i>Procurement Act 1995</i> , Procurement Regulations, Procurement Governance Policy and Rules and the Buy Local plan.	<p>Matters identified during the review were:</p> <ul style="list-style-type: none"> four tier 1 transactions were identified as non-compliant in relation to procurement approvals and delegation requirements across tiers 2 to 5 there were deficiencies in record-keeping practices and contract management. <p>These matters are being addressed by an action plan to improve procurement and contract controls.</p>
Cabinet information security measures – annual compliance check	To review breaches in information involving Cabinet material, the performance compliance and security measures.	No matters were identified.

DTF is subject to the Northern Territory Auditor-General's audit program under the powers and responsibilities established by the *Audit Act 1995*. In 2019-20, the Auditor-General undertook the following audits and reviews in DTF:

Audit/review	Objective	Outcome
Audit of the Territory's claim under the Natural Disaster Recovery and Relief Arrangements and Disaster Recovery Fund Arrangements for 30 June 2019	To complete sufficient audit verification to enable an opinion to be expressed upon the audited financial statement claim by the Territory in respect of outlays during the financial year.	An unqualified audit opinion was issued.
Financial statements audit of the NTTC for the year ended 30 June 2019	To complete sufficient verification to enable an opinion to be expressed upon the financial statements of NTTC for the year ended 30 June 2019.	An unmodified audit opinion was issued.
Interim period review of the NTTC for the year ended 30 June 2020	To perform work to facilitate the end of financial year audit of NTTC's financial statements as required by section 31(2) of the NTTC Act.	No matters to report arising.
Financial statements audit of the Northern Territory Government Public Authorities Employees' Superannuation (NTGPAES) Fund for the period ended 7 May 2019	To undertake sufficient procedures relating to the accounts and records of the NTGPAES Fund to form an opinion on the financial statements of the fund.	An unmodified audit opinion was issued.
Financial statements audit of the Northern Territory Police Supplementary Benefit Scheme for the year ending 30 June 2019	To undertake sufficient procedures relating to the accounts and records of the NTPSBS Fund to form an opinion on the financial statements of the fund.	An unmodified audit opinion was issued.

Audit/review	Objective	Outcome
Special purpose financial statements audit of the LAMS Fund for the period ended 12 April 2019	To undertake sufficient audit procedures relating to the accounts and records of LAMS Fund to form an opinion on the special purpose financial statements.	An unmodified audit opinion was issued.
Conflict of interest survey	Survey of the controls and processes in place to manage conflicts of interests.	Based on the survey, the Auditor-General rated DTF as having established systems and processes, and found there were some minor opportunities to improve management of conflicts of interest. These opportunities are being addressed.
End of year review for the year ending 30 June 2020	To assess the adequacy of selected aspects of controls over reporting, accounting and material financial transactions and balances with the primary purpose of providing support to the audit of Treasurer's Annual Financial Statements (TAFS).	One matter arising was identified during the review, which the agency will address. The review found no material weakness in controls, and the accounting and control procedures were found to be generally satisfactory.
Agency interim compliance audit for the year ending 30 June 2020	To assess whether internal control systems include necessary features to ensure compliance with financial legislative obligations, in particular responsibilities under Treasurer's Directions and the Procurement Governance Policy and Rules by examining selected aspects of DTF's systems.	Three audit issues were identified: <ul style="list-style-type: none"> • a number of key agency control documents need to be completed, fraud risk assessments conducted and a fraud control plan developed • improvements required to the internal audit function • interpretation of the <i>Independent Commissioner Against Corruption Act 2017</i> in relation to the reporting of identified fraud. These findings have all been addressed with DCMC shared services and a fraud control plan is in place.
APEX system internal controls	Audit of the APEX system to understand, risk assess and test the internal controls over the APEX application system, relating to financial audit requirements.	No significant matters were identified during the audit.
Interim financial statements audit – NTGPAES Fund interim financial statements for the year ending 30 June 2020	The objective of the interim audit was to perform work to facilitate the end of financial year audit of the NTGPAES Fund's financial statements, required at the time of the interim audit by section 43 (2) of the <i>Superannuation Act 1986</i> .	No significant matters were identified during the audit.
SuperB IT general controls review	To review and assess the adequacy of information technology (IT) general controls over the Bravura SuperB application.	All agreed actions identified in the audit were addressed.

Strategic Human Resources Committee

SHRC monitors and oversees strategic (HR) planning and management for DTF in compliance with PSEMA and the Northern Territory Public Service Human Capital Plan 2015–2020, and the DTF 2017–2020 Corporate Plan.

The key functions of SHRC are:

- providing strategic direction to implement DTF (HR) plans and leadership strategies
- overseeing DTF's recruitment and retention strategy and ensuring compliance with NTPS policy and procedures
- overseeing employee mobility and development programs, including the DTF graduate program
- monitoring resourcing and (HR) performance data.

The committee met fortnightly throughout 2019-20.

Key outcomes of SHRC during 2019-20 included:

- managing staffing arrangements throughout the COVID-19 pandemic restrictions and responses
- overseeing the 2019 and 2020 Treasury graduate programs
- revising the Treasury scholarship program
- overseeing the mobility and leadership programs and planning for succession
- monitoring excess leave and ensuring plans are in place with staff to use that leave
- monitoring DTF's performance on all staffing matters.

Information Management Committee

The Information Management Committee (IMC) provides strategic direction for DTF's use of information and technology. It oversees the ICT work plan, the security and distribution of its data, and ensures ICT frameworks, strategies and policies are fit for purpose, and promote efficient work practices.

The IMC is responsible for:

- developing a strategic ICT plan for the department
- exploring opportunities to improve productivity through innovative technology solutions and efficient work practices
- overseeing DTF's data requirements and data collection priorities
- ensuring information is managed in accordance with risk, including risks associated with security, access, privacy, continuity and cost
- recommending ICT projects (and ICT funding priorities) to SMG
- ensuring ICT projects and policy projects with an ICT component have a clear mandate, are aligned to DTF's priorities and are viable
- overseeing the implementation of the ICT Forward Work Plan (supporting the effective implementation of ICT projects). In 2019-20 this includes the whole of government budget system and INTRA revenue system projects.

The IMC is also the interdepartmental liaison point for whole of government ICT initiatives, particularly where those initiatives relate to the work of DTF.

The IMC met twice during 2019-20.

Work Health and Safety Committee

DTF, DCMC and OCPE have a combined WHS Committee, established under shared services arrangements.

DTF is committed to a safe workplace that fosters behaviour aimed at the prevention of injury, illness or death to our employees, contractors and visiting workers. The WHS Committee provides advice to the Under Treasurer and SMG on WHS issues to facilitate the health and safety of employees and clients in the workplace.

The WHS Committee has governance oversight of WHS obligations under the *Workplace Health and Safety (National Uniform Legislation) Act 2011*, including:

- advising the Under Treasurer on establishing, maintaining and monitoring programs, measures and procedures in the workplace relating to the health and safety of employees. In 2020, this included the response to COVID-19
- developing and managing a detailed risk register that focuses on areas in most need of attention
- developing and maintaining a WHS management system incorporating policies and programs in accordance with relevant legislation
- promoting a culture of responsibility and accountability for personal health and safety in the workplace
- communicating topical issues through the agency intranet
- facilitating and monitoring training of first aid and fire warden office holders.

The committee met four times during 2019-20.

In May 2020, a WHS Framework gap analysis was completed to support the compliance with WHS legislative requirements. Although no major issues were identified for DTF, the findings of the gap analysis will inform improvements to be made to WHS policies, procedures and guidelines, as well as WHS training and compliance activities.

Three occupational therapy assessments were conducted in 2019-20, to ensure affected staff have correctly positioned equipment to suit their ergonomic needs.

As part of its annual wellbeing program, DTF offered free flu vaccinations in April 2020 to all staff.

To further support wellbeing, staff are encouraged to access the employee assistance program (EAP) for guidance and to develop practical resilience where required.

Table 11: EAP uptake

	2018-19	2019-20
Expenditure for financial year	\$15 717	\$16 673
Number of people assisted by EAP providers	43	38
Number of sessions	75	77

Records and information

The Northern Territory *Information Act 2002* combines freedom of information, privacy and records management legislation, and it affects how we collect, use and store government and personal information.

In compliance with section 11 of the *Information Act 2002*, DTF regularly updates its website, which describes DTF's structure and functions and how these affect the public. The website also provides a comprehensive listing of publicly available information and advises how to access other information not publicly available.

Information requests

Part 3 of the *Information Act 2002* formally sets out the process for accessing government information, and accessing and correcting personal information held by DTF. Details about how to apply for access to information, with links to relevant legislation and related agencies, can also be found on DTF's website. Further assistance can be provided by contacting:

Manager Governance
Governance, Information and Reporting
GPO Box 4396 DARWIN NT 0801
Telephone: 08 8999 6334
Email: FOI.DTF@nt.gov.au
Web: treasury.nt.gov.au/InformationAct

During 2019-20, DTF received four applications. All requests were processed on time in accordance with the requirements of the *Information Act 2002*. There was one outstanding application at 30 June 2020.

Privacy complaints and enquiries

DTF received no privacy complaints or enquiries from the Ombudsman during 2019-20.

Records and information management

Records and archives management standards are established through Part 9 of the *Information Act 2002*, and section 131(2) requires agencies to report annually on their compliance with this part.

In line with the Northern Territory Government Records Management Standards for Public Sector Organisations, DTF continued to use compliant record management practices, including undertaking a records disposal project, destroying 797 records in line with the relevant record retention schedules.

Legislation administered

Administrators Pensions Act 1981

Advance Bank Integration Act 1998

Appropriation (2019-2020) Act 2019

Bank of South Australia (Merger with Advance Bank) Act 1996

Competition Policy Reform (Northern Territory) Act 1996

Electricity Reform Act 2000 (provisions about price regulation)

Financial Agreement Between the Commonwealth, States and Territories (Approval) Act 1994

Financial Management Act 1995

Financial Relations Agreement (Consequential Provisions) Act 2000

First Home Owner Grant Act 2000

Fiscal Integrity and Transparency Act 2001

Gaming Control Act 1993 (provisions about taxes and levies)

Gaming Machine Act 1995 (Part 8)

Government Owned Corporations Act 2001

Legislative Assembly Members' Pensions Act 1979

Legislative Assembly Members' Superannuation Contributions Act 2004

McArthur River Project Agreement Ratification Act 1992 (provisions about royalties)

Merlin Project Agreement Ratification Act 1998 (provisions about royalties)

Mineral Royalty Act 1982

Mining (Gove Peninsula Nabalco Agreement) Act 1968 (provisions about royalties)

Motor Accidents (Compensation) Act 1979

Motor Accidents (Compensation) Commission Act 2014

Motor Vehicles Act 1949 (Part V)

Northern Territory Treasury Corporation Act 1994

Payroll Tax Act 2009

Petroleum Act 1984 (provisions about royalties)

Property Activation Act 2019

Racing and Betting Act 1983 (Part IV, Division 5 and Part IVA, Division 5)

Revenue Units Act 2009

Soccer Football Pools Act 1978 (provisions about duties)

Stamp Duty Act 1978

Superannuation Act 1986

Superannuation Guarantee (Safety Net) Act 1993

Supply (2020-2021) Act 2020

Taxation Administration Act 2007

Territory Insurance Office (Sale) Act 2014

Totalisator Licensing and Regulation Act 2000 (provisions about wagering tax)

Unclaimed Superannuation Benefits Act 1998

Utilities Commission Act 2000

Water Supply and Sewerage Services Act 2000 (except sections 32(1) and (5), 46, 52(2), 55(1), 57(2), 61(1) and 63(5), (6) and (7))



5 | Financial statements

Department of Treasury and Finance
Central Holding Authority

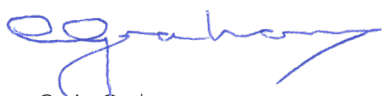
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Certification of the financial statements

We certify that the attached financial statements for DTF have been prepared based on proper accounts and records in accordance with the prescribed format, the *FMA* and Treasurer's Directions.

We further state that the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2020 and the financial position on that date.

At the time of signing, we are not aware of any circumstances that would render the particulars included in the financial statements misleading or inaccurate.



Craig Graham
Under Treasurer

30 September 2020



Robert Csar
Chief Financial Officer

30 September 2020

Comprehensive operating statement

For the year ended 30 June 2020

	Note	2020 \$000	2019 \$000
INCOME			
Appropriation			
Output	4b	167 239	139 798
Sales of goods and services	4c	305	385
Interest revenue		138	128
Goods and services received free of charge	5	5 712	2 722
Other income	4d	34	173
TOTAL INCOME	3	173 428	143 206
EXPENSES			
Employee expenses		15 853	18 116
Administrative expenses			
Purchases of goods and services	6	4 468	7 643
Repairs and maintenance		–	32
Depreciation and amortisation	12, 18	7	7
Other administrative expenses ¹		12 070	8 741
Grants and subsidies expenses			
Current		9 991	10 479
Community service obligations		114 461	94 863
TOTAL EXPENSES	3	156 850	139 881
NET SURPLUS/(DEFICIT)		16 578	3 325
OTHER COMPREHENSIVE INCOME		–	–
TOTAL OTHER COMPREHENSIVE INCOME		–	–
COMPREHENSIVE RESULT		16 578	3 325

¹ Includes DCIS service charges, Department of Infrastructure, Planning and Logistics (DIPL) repairs and maintenance service charges and DCM shared services received.

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

Balance sheet

As at 30 June 2020

	Note	2020	2019
		\$000	\$000
ASSETS			
Current assets			
Cash and deposits	8	44 874	28 146
Receivables	10	114	475
Prepayments		56	56
Total current assets		45 044	28 677
Non-current assets			
Advances and investments	11	25 000	25 000
Property, plant and equipment	12	27	34
Total non-current assets		25 027	25 034
TOTAL ASSETS		70 071	53 711
LIABILITIES			
Current liabilities			
Payables	14	828	857
Provisions	16	2 568	2 757
Total current liabilities		3 396	3 614
TOTAL LIABILITIES		3 396	3 614
NET ASSETS		66 675	50 097
EQUITY			
Capital		(21 519)	(21 519)
Accumulated funds		88 194	71 616
TOTAL EQUITY		66 675	50 097

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

Statement of changes in equity

For the year ended 30 June 2020

	Note	Equity at 1 July	Comprehensive result	Transactions with owners in their capacity as owners	Equity at 30 June
		\$000	\$000	\$000	\$000
2019-20					
Accumulated funds ¹		71 616	16 578	–	88 194
Total accumulated funds		71 616	16 578	–	88 194
Capital – transactions with owners					
Equity injections					
Capital appropriation		3 617	–	–	3 617
Equity transfers in		210 632	–	–	210 632
Other equity injections		1 126	–	–	1 126
Total equity injections		215 375	–	–	215 375
Equity withdrawals					
Capital withdrawal		(220 399)	–	–	(220 399)
Equity transfers out		(16 495)	–	–	(16 495)
Total equity withdrawal		(236 894)	–	–	(236 894)
Total capital – transactions with owners		(21 519)	–	–	(21 519)
Total equity at end of financial year		50 097	16 578	–	66 675
2018-19					
Accumulated funds ¹		68 291	3 325	–	71 616
Total accumulated funds		68 291	3 325	–	71 616
Capital – transactions with owners					
Equity injections					
Capital appropriation		3 617	–	–	3 617
Equity transfers in		210 607	–	25	210 632
Other equity injections		1 126	–	–	1 126
Total equity injection		215 350	–	25	215 375
Equity withdrawals					
Capital withdrawal		(220 399)	–	–	(220 399)
Equity transfers out		(16 495)	–	–	(16 495)
Total equity withdrawal		(236 894)	–	–	(236 894)
Total capital – transactions with owners		(21 544)	–	25	(21 519)
Total equity at end of financial year		46 747	3 325	25	50 097

1 Includes recognition of the valuation of the AustralAsia Railway Corporation (AARC) loan.

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Cash flow statement

For the year ended 30 June 2020

	Note	2020 \$000	2019 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating receipts			
Appropriation			
Output		167 239	139 798
Receipts from sales of goods and services		1 067	1 525
Total operating receipts		168 306	141 323
Operating payments			
Payments to employees		(15 945)	(18 331)
Payments for goods and services		(11 181)	(14 121)
Grants and subsidies paid			
Current		(9 991)	(10 479)
Community service obligations		(114 461)	(94 863)
Total operating payments		(151 578)	(137 794)
Net cash from/(used in) operating activities	9	16 728	3 529
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing receipts			
Repayment of advances		2	-
Total investing receipts		2	-
Investing payments			
Advances and investing payments		(2)	-
Total investing payments		(2)	-
Net cash from/(used in) investing activities		-	-
Net increase/(decrease) in cash held		16 728	3 529
Cash at beginning of financial year		28 146	24 617
CASH AT END OF FINANCIAL YEAR	8, 9	44 874	28 146

DTF did not have any cash flows from financing activities during 2019-20 or 2018-19.

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

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1. Objectives and funding

DTF contributes to the achievement of government's economic, fiscal and social policy objectives by providing analysis and advice on sustainable government finances, strategic positioning and effective risk management of government's economic, commercial and revenue activities.

DTF is predominantly funded by and dependent on the receipt of parliamentary appropriations. The financial statements encompass all funds through which DTF controls resources to carry on its functions and deliver outputs. For reporting purposes, outputs delivered by DTF are summarised into six output groups. Note 3 provides summary financial information in the form of a comprehensive operating statement by output group.

Additional information in relation to DTF and its principal activities are provided in the agency overview of the Performance and achievements chapter of this annual report.

Machinery of government changes

Machinery of government changes refers to reallocation of certain functions and responsibilities arising from changes to the Administrative Arrangements Order by government.

Accordingly, below are the assets and liabilities that transferred to other Northern Territory Government agencies as a result of machinery of government changes in 2019-20, thereby affecting DTF's financial position in the balance sheet. Budget as well as actuals were transferred and are reflected as actual outcomes in the agencies' financial statements.

Transfers out

- (i) Details of transfer: Treasury Systems Services unit transferred to the DCIS
Basis of transfer: Administrative Arrangements Order of 27 June 2019
- (ii) Details of transfer: Two positions transferred to the new Office of Investment in DTBI
Basis of transfer: Administrative Arrangements Order of 27 June 2019
- (iii) Details of transfer: Two positions transferred to the Office of Sustainable Energy unit in DTBI
Basis of transfer: Administrative Arrangements Order of 16 December 2019

The assets and liabilities transferred as a result of these changes were as follows:

	Effective from 1 July 2019		
	Treasury Systems Services	Office of Investment	Office of Sustainable Energy
	\$000	\$000	\$000
Assets			
Cash	90	(13)	(137)
Liabilities			
Payables	–	–	–
Provisions	310	13	29
Net assets	(220)	(26)	(166)

2. Statement of significant accounting policies

a) Statement of compliance

The financial statements have been prepared in accordance with the requirements of the FMA and related Treasurer's Directions. The FMA requires DTF to prepare financial statements for the year ended 30 June based on the form determined by the Treasurer. The form of agency financial statements should include:

- (i) a certification of the financial statements
- (ii) a comprehensive operating statement
- (iii) a balance sheet
- (iv) a statement of changes in equity
- (v) a cash flow statement
- (vi) applicable explanatory notes to the financial statements.

b) Basis of accounting

The financial statements have been prepared using the accrual basis of accounting, which recognises the effect of financial transactions and events when they occur, rather than when cash is paid out or received. As part of the preparation of the financial statements, all intra-agency transactions and balances have been eliminated.

Except where stated, the financial statements have also been prepared in accordance with the historical cost convention.

The form of the agency financial statements is also consistent with the requirements of Australian accounting standards. The effects of all relevant new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are effective for the current annual reporting period have been evaluated.

Standards and interpretations effective from 2019-20

AASB 15 Revenue from contracts with a customer/AASB 1058 Income for not-for-profit entities

AASB 15 Revenue from contracts with customers and AASB 1058 Income for not-for-profit entities are not expected to have a material impact on financial statements of the agency.

AASB 16 Leases

The agency has intra-governmental leases or subleases in the general government sector only and applies the intra-governmental leases recognition exemption as per the Treasurer's Direction – Leases.

AASB 2016-8 Amendments to Australian accounting standards – Australian implementation guidance for not-for-profit entities (AASB 9 Financial instruments)

AASB 2016-8 is effective for the first time in 2019-20 and will require non-contractual receivables arising from statutory requirements to apply the initial recognition and measurement requirements of AASB 9. The requirements of AASB 2016-8 are largely consistent with existing recognition and measurement practices of the agency and is therefore not expected to have a material impact.

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.

2. Statement of significant accounting policies (continued)

Standards and interpretations issued but not yet effective

No Australian accounting standards have been early adopted for 2019-20.

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.

c) Reporting entity

The financial statements cover the Department as an individual reporting entity. DTF is a Northern Territory Government department established under the *Interpretation Act 1978* and Administrative Arrangements Order.

The place of business of the department is 19 The Mall, Darwin NT, 0800.

d) Agency and Territory items

The financial statements of DTF include income, expenses, assets, liabilities and equity over which DTF has control (agency items). Certain items, while managed by DTF, are controlled and recorded by the Territory rather than DTF (Territory items). Territory items are recognised and recorded in CHA as discussed below.

Central Holding Authority

CHA is the 'parent body' that represents the government's ownership interest in government-controlled entities.

CHA also records all Territory items, such as income, expenses, assets and liabilities controlled by the government and managed by agencies on behalf of the government. The main Territory item is Territory income, which includes taxation and royalty revenue, Commonwealth general purpose funding (such as GST revenue), fines, and statutory fees and charges.

CHA also holds certain Territory assets not assigned to agencies as well as certain Territory liabilities that are not practical or effective to assign to individual agencies such as unfunded superannuation and long service leave.

CHA recognises and records all Territory items and, as such, these items are not included in DTF's financial statements. However, as DTF is accountable for certain Territory items managed on behalf of government, these items have been separately disclosed in Note 23 – Schedule of administered Territory items.

e) Comparatives

Where necessary, comparative information for the 2018-19 financial year has been reclassified to provide consistency with current year disclosures.

f) Presentation and rounding of amounts

Amounts in the financial statements and notes to the financial statements are presented in Australian dollars and have been rounded to the nearest thousand dollars, with amounts of \$500 or less being 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 2019-20 as a result of management decisions.

2. Statement of significant accounting policies (continued)

h) Accounting judgments and estimates

The preparation of the financial report requires the making of judgments and estimates that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are 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.

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

i) Goods and services tax

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

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing activities, which are recoverable from or payable to the ATO are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable or payable unless otherwise specified.

j) Contributions by and distributions to government

DTF may receive contributions from government where the government is acting as owner of DTF. Conversely, DTF may make distributions to government. In accordance with the FMA and Treasurer's Directions, certain types of contributions and distributions, including those relating to administrative restructures, have been designated as contributions by and distributions to government. These designated contributions and distributions are treated by DTF as adjustments to equity.

The statement of changes in equity provides additional information in relation to contributions by and distributions to government.

3. Comprehensive operating statement by output group

	Note	Financial management		Economic		Territory revenue		Superannuation	
		2020	2019 ¹	2020	2019 ¹	2020	2019 ¹	2020	2019 ¹
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
INCOME									
Appropriation									
Output	4b	4 772	4 746	140 481	111 424	15 308	13 287	2 044	2 898
Sales of goods and services	4c	–	–	–	–	–	–	–	–
Interest revenue		–	–	138	128	–	–	–	–
Goods and services received free of charge	5	–	–	–	–	–	–	–	–
Other income	4d	–	–	8	–	–	–	–	–
TOTAL INCOME		4 772	4 746	140 627	111 552	15 308	13 287	2 044	2 898
EXPENSES									
Employee expenses		4 108	3 429	4 043	4 533	3 600	3 420	1 102	1 569
Administrative expenses									
Purchases of goods and services	6	558	1 155	1 573	1 663	468	1 568	725	1 231
Repairs and maintenance		–	6	–	7	–	7	–	3
Depreciation and amortisation	12	–	–	–	–	–	–	–	–
Other administrative expenses ²		–	–	6 351	6 019	7	–	–	–
Grants and subsidies expenses									
Current		–	–	380	2 619	9 611	7 860	–	–
Community service obligations		–	–	114 461	94 863	–	–	–	–
TOTAL EXPENSES		4 666	4 590	126 808	109 704	13 686	12 855	1 827	2 803
NET SURPLUS/(DEFICIT)		106	156	13 819	1 848	1 622	432	217	95
Items that will not be reclassified to net surplus/deficit									
TOTAL OTHER COMPREHENSIVE INCOME		–	–	–	–	–	–	–	–
COMPREHENSIVE RESULT		106	156	13 819	1 848	1 622	432	217	95

1 Prior year figures restated as a result of a change in output distribution.

2 Includes DCIS and DCM shared services received and DIPL repairs and maintenance service charges.

3. Comprehensive operating statement (continued)

	Note	Economic regulation		Corporate and governance		Total	
		2020	2019 ¹	2020	2019 ¹	2020	2019
		\$000	\$000	\$000	\$000	\$000	\$000
INCOME							
Appropriation							
Output	4b	1 564	1 480	3 070	5 963	167 239	139 798
Sales of goods and services	4c	–	–	305	385	305	385
Interest revenue						138	128
Goods and services received free of charge	5	–	–	5 712	2 722	5 712	2 722
Other income	4d	–	–	26	173	34	173
TOTAL INCOME		1 564	1 480	9 113	9 243	173 428	143 206
EXPENSES							
Employee expenses		590	512	2 410	4 653	15 853	18 116
Administrative expenses							
Purchases of goods and services	6	809	919	335	1 107	4 468	7 643
Repairs and maintenance		–	–	–	9	–	32
Depreciation and amortisation	12	–	–	7	7	7	7
Other administrative expenses ²		–	–	5 712	2 722	12 070	8 741
Grants and subsidies expenses							
Current		–	–	–	–	9 991	10 479
Community service obligations		–	–	–	–	114 461	94 863
TOTAL EXPENSES		1 399	1 431	8 464	8 498	156 850	139 881
NET SURPLUS/(DEFICIT)		165	49	649	745	16 578	3 325
Items that will not be reclassified to net surplus/deficit							
TOTAL OTHER COMPREHENSIVE INCOME		–	–	–	–	–	–
COMPREHENSIVE RESULT		165	49	649	745	16 578	3 325

1 Prior year figures restated as a result of a change in output distribution.

2 Includes DCIS and DCM shared services received and DIPL repairs and maintenance service charges.

This comprehensive operating statement by output group is to be read in conjunction with the notes to the financial statements.

Income

Income is recognised at the fair value of the consideration received, exclusive of the amount of GST. Exchanges of goods or services of the same nature and value without any cash consideration being exchanged are not recognised as income.

4. Revenue

a) Grants and subsidies revenue

Grants revenue is recognised at fair value exclusive of the amount of GST. Until 30 June 2019, grant revenue and other non-reciprocal contributions were recognised as revenue when DTF obtains control over the asset comprising the contribution, which was normally obtained on receipt.

From 1 July 2019, where a grant agreement is enforceable and has sufficiently specific performance obligations for DTF to transfer goods or services to the grantor or a third party beneficiary, the transaction is accounted for under AASB 15. In this case, revenue is initially deferred as a contract liability when received in advance and recognised as or when the performance obligations are satisfied. DTF has adopted a low value contract threshold of \$50 000 excluding GST and recognises revenue from contracts with a low value, upfront on receipt of income.

A financing component for consideration is only recognised if it is significant to the contract and the period between the transfer of goods and services and receipt of consideration is more than one year. For the 2019-20 reporting period, there were no adjustments for the effects of a significant financing component.

Where grant agreements do not meet criteria above, it is accounted for under AASB 1058 and income is recognised on receipt of funding except for capital grants revenue received for the purchase or construction of non-financial assets to be controlled by DTF. Where a non-financial asset is purchased, revenue is recognised at the point in time the asset is acquired and control transfers to DTF.

Grant revenue, passed on from a Territory Government-controlled entity with the exception of CHA, is recognised upfront on receipt, irrespective of which revenue accounting standard it may fall under, in accordance with the Treasurer's Direction on income.

There were no adjustments from adoption of AASB 15 and AASB 1058 for grants revenue.

b) Appropriation

	2020			2019
	Revenue from contracts with customers	Other	Total	
	\$000	\$000	\$000	\$000
Output	–	167 239	167 239	139 798
Total appropriation	–	167 239	167 239	139 798

Output appropriation is the operating payment to each agency for the outputs they provide as specified in the *Appropriation Act*. It does not include any allowance for major non-cash costs such as depreciation. The treatment of output appropriations remains the same after adopting AASB 15 and AASB 1058, because they do not have sufficiently specific performance obligations.

Commonwealth appropriation follows from the Intergovernmental Agreement on Federal Financial Relations, resulting in specific purpose payments and national partnership (NP) payments being made by the Commonwealth Treasury to state and territory treasuries, in a manner similar to arrangements for GST payments. These payments are received by DTF on behalf of CHA and then passed on to the relevant agencies as Commonwealth appropriation. Until 30 June 2019, Commonwealth appropriation was recognised in the period when the agency gains control of the funds, which was on receipt of funding.

4. Revenue (continued)

From 1 July 2019, where appropriation received has an enforceable contract with sufficiently specific performance obligations as defined in AASB 15, revenue is recognised as and when goods and or services are transferred to the customer or third-party beneficiary. Otherwise revenue is recognised when the agency gains control of the funds.

The agency did not receive Commonwealth appropriation in 2019-20.

c) Sales of goods and services

	2020			2019
	Revenue from contracts with customers	Other	Total	
	\$000	\$000	\$000	\$000
Sales of goods and services	–	305	305	385
Total sales of goods and services	–	305	305	385

Rendering of services

Until 30 June 2019, revenue from rendering services was recognised by reference to the stage of completion of the contract. From 1 July 2019, revenue from rendering of services is recognised when the agency satisfies the performance obligation by transferring the promised services. DTF provides services to the NTTC for finance and executive support and charges a monthly overhead fee. This is not considered as revenue from contracts with customers.

d) Other income

	2020			2019
	Revenue from contracts with customers	Other	Total	
	\$000	\$000	\$000	\$000
Other income	–	34	34	173
Total other income	–	34	34	173

5. Goods and services received free of charge

	2020	2019
	\$000	\$000
Corporate and information services ¹	4 578	2 722
Shared corporate services ²	1 119	–
Repairs and maintenance ³	15	–
Total goods and services free of charge	5 712	2 722

¹ DCIS service charges.

² DCM shared services.

³ DIPL repairs and maintenance service charges.

5. Goods and services received free of charge (continued)

Services received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature. From 1 July 2019, repairs and maintenance expenses and associated employee costs were centralised in DIPL as part of a machinery of government change and now form part of goods and services received free of charge by DTF.

In addition, from 1 July 2019, corporate services staff and functions were centralised in DCIS as part of a machinery of government change and now form part of goods and services received free of charge by DTF.

DTF also receives some other shared services from the DCM under a shared services arrangement.

6. Purchases of goods and services

The net surplus/(deficit) has been arrived at after charging the following expenses:

Goods and services expenses:

	2020 \$000	2019 \$000
Consultants ¹	1 589	2 057
Advertising ²	26	48
Marketing and promotion ³	4	202
Document production	8	66
Legal expenses ⁴	242	1 501
Recruitment ⁵	38	96
Training and study	191	249
Official duty fares	49	82
Travelling allowance	6	9
Information technology charges and communications ⁶	897	1 556
Agent service arrangement	529	513
Communications	107	126
Fees and regulatory charges	47	195
Other	735	943
Total purchases of goods and services	4 468	7 643

1 Includes marketing, promotion and IT consultants.

2 Does not include recruitment advertising or marketing and promotion advertising.

3 Includes advertising for marketing and promotion but excludes marketing and promotion consultants' expenses, which are incorporated in the consultants category.

4 Includes legal fees, claim and settlement costs, noting the agency incurred higher settlement costs in 2018-19.

5 Includes recruitment-related advertising costs.

6 Reduction in 2019-20 due to machinery of government changes with ICT functions transferring to DCIS.

Purchases of goods and services generally represent the day-to-day running costs incurred in normal operations, including supplies and service costs recognised in the reporting period in which they are incurred.

7. Write-offs, postponements, waivers, gifts and ex gratia payments

	Agency items				Territory items			
	2020	No. of trans.	2019	No. of trans.	2020	No. of trans.	2019	No. of trans.
	\$000		\$000		\$000		\$000	
Amounts written off, postponed and waived by the Treasurer	-	-	-	-	-	-	-	-
Write-offs, postponements and waivers due to COVID-19 ¹	-	-	-	-	2 743	110	-	-
Irrecoverable amounts payable to the Territory or an agency written off ²	-	-	-	-	-	-	1 259	25
Losses or deficiencies of money written off	-	-	-	-	-	-	-	-
Waiver or postponement of right to receive or recover money or property	-	-	-	-	-	-	45	3
Total written off, postponed and waived by the Treasurer	-	-	-	-	2 743	110	1 304	28
Write-offs, postponements and waivers authorised under other legislation	-	-	-	-	-	-	-	-
Gifts under the FMA	-	-	-	-	-	-	-	-
Gifts authorised under other legislation	-	-	-	-	-	-	-	-
Ex gratia payments under the FMA	-	-	-	-	-	-	367	1

1 Includes waivers associated with gambling tax, community benefit levy, casino tax and casino community contribution due to the Northern Territory Government economic response to COVID-19.

2 Includes irrecoverable amounts mainly associated with payroll tax.

8. Cash and deposits

	2020	2019
	\$000	\$000
Cash at bank	44 874	28 146
Total cash and deposits	44 874	28 146

For the purposes of the balance sheet and the cash flow statement, cash includes cash on hand and cash at bank.

9. Cash flow reconciliation

a) Reconciliation of cash

DTF's cash and deposits total of \$44.874 million recorded in the balance sheet is consistent with that recorded as cash in the cash flow statement.

Reconciliation of net surplus/deficit to net cash from operating activities

	2020	2019
	\$000	\$000
Net surplus/deficit	16 578	3 325
Non-cash items:		
Depreciation and amortisation	7	7
Asset write-offs/write-downs	–	25
Changes in assets and liabilities:		
Decrease/(increase) in receivables	361	194
Decrease/(increase) in prepayments	–	(10)
(Decrease)/increase in payables	(29)	193
(Decrease)/increase in provision for employee benefits	(172)	(202)
(Decrease)/increase in other provisions	(17)	(3)
Net cash from operating activities	16 728	3 529

b) Reconciliation of liabilities arising from financing activities

DTF did not have any liabilities arising from financing activities during 2019-20 or 2018-19.

c) Non-cash financing and investing activities

During the year \$0.14 million (2019: \$0.13 million) was recognised as interest expense related to the deferred loss amortisation and interest income on advances paid of \$0.14 million (2019: \$0.13 million) in the comprehensive operating statements. Refer to Note 11 Advances and investment for more information.

10. Receivables

	2020	2019
	\$000	\$000
Current		
Accounts receivable	8	126
Less: loss allowance	-	-
	8	126
GST receivables	100	349
Other receivables	6	-
	106	349
Total receivables	114	475

Receivables are initially recognised when the agency becomes a party to the contractual provisions of the instrument and are measured at fair value less any directly attributable transaction costs. Receivables include contract receivables, accounts receivable, accrued contract revenue and other receivables.

Receivables are subsequently measured at amortised cost using the effective interest method, less any impairments.

Accounts receivable and other receivables are generally settled within 30 days.

The loss allowance reflects lifetime expected credit losses (ECL) and represents the amount of receivables the agency estimates are likely to be uncollectible and considered doubtful. DTF did not recognise any loss allowance on receivables in 2019-20 or 2018-19.

Accrued contract revenue

Accrued contract revenue arises from contracts with customers where the agency's right to consideration in exchange for goods transferred to customers or works completed have arisen but not been billed at the reporting date. Once DTF's rights to payment becomes unconditional, usually on issue of an invoice, accrued contract revenue balances are reclassified as contract receivables. Accrued revenue that does not arise from contracts with customers is reported as part of other receivables.

Credit risk exposure of receivables

Receivables are monitored on an ongoing basis to ensure exposure to bad debts is not significant. DTF applies the simplified approach to measuring ECL. This approach recognises a loss allowance based on lifetime ECL for all accounts receivables, contracts receivables and accrued contract revenue. To measure, receivables have been grouped based on shared risk characteristics and days past due.

The expected loss rates are based on historical observed loss rates, adjusted to reflect current and forward-looking information. DTF did not have any loss rates in 2019-20 or 2018-19.

In accordance with the provisions of the FMA, receivables are written off when there is no reasonable expectation of recovery. An indicator of no reasonable expectation of recovery includes a failure to make contractual payments for a period greater than 90 days past due.

10. Receivables (continued)

Reconciliation of loss allowance for receivables

	2020				2019			
	Gross receivables	Loss rate	ECL	Net receivables	Gross receivables	Loss rate	ECL	Net receivables
	\$000	%	\$000	\$000	\$000	%	\$000	\$000
Internal receivables								
Not overdue	8	–	–	8	126	–	–	126
Overdue for less than 30 days	–	–	–	–	–	–	–	–
Overdue for 30 to 60 days	–	–	–	–	–	–	–	–
Overdue for more than 60 days	–	–	–	–	–	–	–	–
Total internal receivables	8	–	–	8	126	–	–	126

Total amounts disclosed exclude statutory amounts; ECL: Expected credit losses

DTF did not have any external receivables in 2019-20 or 2018-19.

Reconciliation of loss allowance for receivables

DTF did not have any loss allowance for receivables in 2019-20 or 2018-19.

Prepayments

Prepayments represent payments in advance of receipt of goods and services or that part of expenditure made in one accounting period covering a term extending beyond that period.

11. Advances and investments

	2020	2019
	\$000	\$000
Non-current		
Advances paid	33 805	33 805
Less: loss allowance	(8 805)	(8 805)
Total advances and investments	25 000	25 000

a) Advances paid

Advances paid are recognised initially at fair value plus or minus relevant transaction costs and are recognised in the balance sheet when DTF becomes party to the contractual provisions of the financial instruments.

Where the advances are provided with interest free periods or at concessional interest rates, they are considered to have a fair value which is less than the amount lent. The difference between the amount lent and the fair value is recognised as an expense in the comprehensive income statement except when the loss is deferred.

Subsequently, advances paid are measured at amortised cost using the effective interest method. The average discount rate used to calculate the amortised cost is 8 per cent.

11. Advances and investments (continued)

Included within the advances paid is deferred loss of \$23.2 million (2019: \$23.3 million). During the year \$0.14 million (2019: \$0.13 million) was recognised as interest expense related to the deferred loss amortisation and interest income on the advances paid of \$0.14 million (2019: \$0.13 million) in the comprehensive operating statement.

Loss allowances on advances paid reflect either 12-month or lifetime ECL depending on changes in credit risk and represents the amount of advances paid the agency estimates is likely to be uncollectible and considered doubtful.

Credit risk exposure of advances paid

Advances paid are monitored on an ongoing basis to ensure exposure to bad debts is not significant. The agency applies the AASB 9 general approach to measuring ECL. This approach recognises a loss allowance based on 12-month ECL if there has been no significant increase in credit risk since initial recognition and lifetime ECL if there has been a significant increase in credit risk since initial recognition.

The loss allowance for advances paid and reconciliation as at the reporting date is disclosed below.

	2020				2019			
	Gross advances paid	Loss rate	ECL	Net advances paid	Gross advances paid	Loss rate	ECL	Net advances paid
	\$000	%	\$000	\$000	\$000	%	\$000	\$000
External advances paid								
Not overdue	25 000	–	–	25 000	25 000	–	–	25 000
Overdue for less than 30 days	–	–	–	–	–	–	–	–
Overdue for 30 to 60 days	–	–	–	–	–	–	–	–
Overdue for more than 60 days ¹	8 805	100	(8 805)	–	8 805	100	(8 805)	–
Total external advances paid	33 805		(8 805)	25 000	33 805		(8 805)	25 000

1 Reflects loan to Jabiru Township Development Authority; ECL: Expected credit losses

Reconciliation of loss allowance for advances paid

	2020	2019
	\$000	\$000
External advances paid		
Opening balance	(8 805)	(8 805)
Written off during the year	–	–
Recovered during the year	–	–
Increase/decrease in allowance recognised in profit or loss	–	–
Total external advances paid	(8 805)	(8 805)

DTF did not have any internal advances paid in 2019-20 or 2018-19.

12. Property, plant and equipment

a) Total property, plant and equipment

	2020	2019
	\$000	\$000
Plant and equipment		
At fair value	60	60
Less: accumulated depreciation	(33)	(26)
Total property, plant and equipment	27	34

2020 Property, plant and equipment reconciliations

DTF owns all its assets and there are no right-of-use assets. A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2019-20 is set out below:

	Plant and equipment	Total
	\$000	\$000
Carrying amount as at 1 July 2019	34	34
Additions	–	–
Disposals	–	–
Depreciation expense – asset owned	(7)	(7)
Carrying amount as at 30 June 2020	27	27

2019 Property, plant and equipment reconciliations

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2018-19 is set out below:

	Plant and equipment	Total
	\$000	\$000
Carrying amount as at 1 July 2018	41	41
Additions	–	–
Disposals	–	–
Depreciation expense	(7)	(7)
Carrying amount as at 30 June 2019	34	34

12. Property, plant and equipment (continued)

Acquisitions

Property, plant and equipment are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other accounting standards.

All items of property, plant and equipment with a cost or other value, equal to or greater than \$10 000 are recognised in the year of acquisition and depreciated as outlined below. Items of property, plant and equipment below the \$10 000 threshold are expensed in the year of acquisition.

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

Subsequent additional costs

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 agency 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.

Revaluations and impairment

Revaluation of assets

Plant and equipment are stated at historical cost less depreciation, which is deemed to equate to fair value.

Impairment of assets

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

Non-current physical and intangible agency assets are assessed for indicators of impairment on an annual basis or whenever there is indication of impairment. If an indicator of impairment exists, DTF determines the asset's recoverable amount. 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.

Impairment losses are recognised in the comprehensive operating statement. They are disclosed as an expense unless the asset is carried at a revalued amount. Where the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus for that class of asset to the extent an available balance exists in the asset revaluation surplus.

In certain situations, an impairment loss may subsequently be reversed. Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognised in the comprehensive operating statement as income, unless the asset is carried at a revalued amount, in which case the impairment reversal results in an increase in the asset revaluation surplus.

DTF property, plant and equipment assets were assessed for impairment as at 30 June 2020. No impairment adjustments were required as a result of this review.

12. Property, plant and equipment (continued)

Depreciation and amortisation expense

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.

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

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

	2020	2019
Plant and equipment	3 to 10 years	3 to 10 years

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

13. Agency as a lessee

Intra-governmental leases

DTF applies the intra-governmental leases recognition exemption as per the Treasurer's Direction – Leases and recognises these as an expense on a straight-line basis over the lease term. These largely relate to the lease of motor vehicles from NT Fleet. Leases of commercial properties for office accommodation are centralised within DCIS. Consequently all lease liabilities and right-of-use assets relating to these arrangements are recognised by DCIS and not disclosed within these financial statements.

14. Payables

	2020	2019
Accounts payable	\$000	\$000
Accrued expenses	3	82
Total payables	825	775

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 DTF. Accounts payable are normally settled within 20 days from receipt of valid invoices under \$1 million or 30 days for invoices over \$1 million.

15. Borrowings and advances

DTF had no borrowings and advances.

Lease liabilities

Future minimum lease payments under non-cancellable leases not recorded as liability are as follows:

	2020		2019	
	Internal	External	Internal	External
	\$000	\$000	\$000	\$000
Within one year	86	–	119	–
Later than one year and not later than 5 years	97	–	142	–
Later than 5 years	–	–	–	–
	183	–	261	–

16. Provisions

	2020	2019
	\$000	\$000
Current		
Employee benefits		
Recreation leave	2 036	2 166
Leave loading	182	216
Other employee benefits	6	14
Other current provisions	344	361
Total provisions	2 568	2 757
Reconciliations of provisions		
Balance as at 1 July	361	364
Additional provisions recognised	600	624
Reductions arising from payments	(617)	(627)
Balance as at 30 June	344	361

DTF employed 117.71 FTE employees as at 30 June 2020 (130.6 FTEs as at 30 June 2019). This excludes the NTTCC, which has 4.54 FTEs (4.5 FTEs as at 30 June 2019). DTF's FTE reduced by 15 FTEs due to transfers to DCIS and DTBI as a result of machinery of government changes in 2019-20, offset by 3 FTE returning from DCM.

Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries and recreation leave. Liabilities arising in respect of wages and salaries, recreation leave and other employee benefit liabilities that fall due within 12 months of reporting date are classified as current liabilities and are measured at amounts expected to be paid. Non-current employee benefit liabilities that fall due after 12 months of the reporting date are measured at present value, calculated using the government long-term bond rate.

16. Provisions (continued)

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.

Employee benefit expenses are recognised on a net basis in respect of the following categories:

- wages and salaries, non-monetary benefits, recreation leave and other leave entitlements
- other types of employee benefits.

As part of the financial management framework, CHA assumes the long service leave liabilities of government agencies and therefore no long service leave liability is recognised in agency financial statements.

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued where the total value being guaranteed is greater than \$1 million.

DTF had no financial guarantee contracts as at 30 June 2020 or 30 June 2019.

Superannuation

Employees' superannuation entitlements are provided through the:

- NTGPASS
- Commonwealth Superannuation Scheme (CSS)
- non-government employee nominated schemes for those employees commencing on or after 10 August 1999.

DTF makes superannuation contributions on behalf of its employees to CHA or non-government employee-nominated schemes. Superannuation liabilities related to government superannuation schemes are held by CHA and therefore not recognised in DTF's financial statements.

17. Commitments

Commitments are those contracted as at 30 June where the amount of the future commitment can be reliably measured.

Disclosures in relation to other commitments are detailed below, noting DTF did not have any capital commitments in 2019-20 or 2018-19.

Other expenditure commitments

Other non-cancellable expenditure commitments not recognised as liabilities are payable as follows:

	2020		2019	
	Internal	External	Internal ¹	External
	\$000	\$000	\$000	\$000
Within one year	86	1 832	119	2 994
Later than one year and not later than 5 years	97	2 643	142	3 292
Later than 5 years	-	-	-	-
	183	4 475	261	6 286

¹ Amount restated to include only those intra-governmental leases where real charges are paid.

18. Fair value measurement

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/liabilities.

Observable inputs are publicly available data relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by the agency 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/liabilities being valued. Such inputs include internal agency adjustments to observable data to take account of particular and potentially unique characteristics/functionality of assets/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 are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
- level 3 – inputs are unobservable.

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

- the fair value of cash, 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.

18. Fair value measurement (continued)

a) Fair value hierarchy

DTF does not recognise any financial assets or liabilities at fair value as these are recognised at amortised cost. The carrying amounts of these financial assets and liabilities approximates their fair value.

The table below presents non-financial assets recognised at fair value in the balance sheet categorised by levels of inputs used to compute fair value.

	Level 1		Level 2		Level 3		Total fair value	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Assets								
Plant and equipment (Note 12)	–	–	–	–	27	34	27	34
Total assets	–	–	–	–	27	34	27	34

There were no transfers between level 1 and levels 2 or 3 during 2019-20.

b) Valuation techniques and inputs

Valuation technique used to measure fair value of the level 3 asset class plant and equipment (Note 12) in 2019-20 was the cost approach.

There were no changes in valuation techniques from 2018-19 to 2019-20.

Level 3 fair values of specialised buildings and infrastructure 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 approaches.

c) Additional information for level 3 fair value measurements

(i) Reconciliation of recurring level 3 fair value measurements of non-financial assets

	Plant and equipment	
	2020	2019
	\$000	\$000
Fair value as at 1 July	34	41
Depreciation	(7)	(7)
Fair value as at 30 June	27	34

(ii) Sensitivity analysis

Plant and equipment included computer hardware and office furniture stated at historical cost less depreciation, which is deemed to equate to fair value.

19. Financial instruments

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 DTF becomes a party to the contractual provisions of the financial instrument. DTF's financial instruments include cash and deposits; receivables; advances paid and payables.

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 132 Financial Instruments: Presentation. These include statutory receivables arising from taxes including GST and penalties.

DTF has limited exposure to financial risks.

a) Categories of financial instruments

The carrying amounts of DTF's financial assets and liabilities by category are disclosed in the following table.

	FVTPL			
	Mandatorily at fair value	Designated at fair value	Amortised cost	FVOCI
	\$000	\$000	\$000	\$000
2019-20				
Cash and deposits	-	-	44 874	-
Receivables ¹	-	-	8	-
Advances paid	-	-	25 000	-
Total financial assets	-	-	69 882	-
Payables ¹	-	-	3	-
Total financial liabilities	-	-	3	-
2018-19				
Cash and deposits	-	-	28 146	-
Receivables ¹	-	-	126	-
Advances paid	-	-	25 000	-
Total financial assets	-	-	53 272	-
Payables ¹	-	-	82	-
Total financial liabilities	-	-	82	-

FVTPL: fair value through profit and loss; FVOCI: fair value through other comprehensive income

1 Total amounts disclosed here exclude statutory amounts and accrued contract revenue.

19. Financial instruments (continued)

Categories of financial instruments

DTF's financial instruments are classified in accordance with AASB 9.

Financial assets are classified under the following categories:

- amortised cost
- FVOCI
- FVTPL.

Financial liabilities are classified under the following categories:

- amortised cost
- FVTPL.

These classifications are based on DTF's business model for managing financial assets and the contractual terms of cash flows. Where assets are measured at fair value, gains and losses will either be recorded in profit or loss, or other comprehensive income.

Financial instruments are reclassified when and only when the agency's business model for managing those assets changes.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets at amortised cost

Financial assets are classified at amortised cost when they are held by DTF to collect the contractual cash flows and the contractual cash flows are solely payments of principal and interest.

These assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less impairment. DTF's financial assets categorised at amortised cost include receivables and advances paid.

Financial assets at fair value through other comprehensive income

Financial assets are classified at FVOCI when they are held by DTF to both collect contractual cash flows and sell the financial assets, and the contractual cash flows are solely payments of principal and interest.

These assets are initially and subsequently recognised at fair value. Changes in the fair value are recognised in other comprehensive income, except for the recognition of impairment gains or losses and interest income which are recognised in the operating result in the comprehensive operating statement. When financial assets are derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the comprehensive operating statement.

For equity instruments elected to be categorised at FVOCI, changes in fair value recognised in other comprehensive income are not reclassified to profit or loss on derecognition of the asset. Dividends from such instruments continue to be recognised in the comprehensive operating statement as other income when the agency's right to receive payments is established.

The agency does not have any financial assets under this category.

19. Financial instruments (continued)

Financial assets at fair value through profit or loss

Financial assets are classified at FVTPL where they do not meet the criteria for amortised cost or FVOCI. These assets are initially and subsequently recognised at fair value with gains or losses recognised in the net result for the year.

DTF's financial assets categorised at FVTPL include investments in managed unit trusts and certain debt instruments. Unrealised gains in relation to these investments are recognised in other economic flows in the comprehensive operating statement, however realised gains are recognised in the net result.

The agency does not have any financial assets under this category.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are measured at amortised cost using the effective interest rate method. The agency's financial liabilities categorised at amortised cost include all accounts payable.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified at FVTPL when the liabilities are either held for trading or designated as FVTPL. Financial liabilities classified at FVTPL are initially and subsequently measured at fair value with gains or losses recognised in the net result for the year.

For financial liabilities designated at FVTPL, changes in the fair value of the liability attributable to changes in the agency's credit risk are recognised in other comprehensive income, while remaining changes in the fair value are recognised in the net result.

The agency does not have any financial liabilities under this category.

b) Credit risk

DTF has limited credit risk exposure (risk of default). In respect of any dealings with organisations external to government, DTF has adopted a policy of only dealing with creditworthy organisations and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

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

Credit risk exposure relating to receivables is disclosed in Note 10 and advances paid in Note 11.

c) Liquidity risk

Liquidity risk is the risk that DTF will not be able to meet its financial obligations as they fall due. DTF's approach to managing liquidity is to ensure it will always have sufficient funds to meet its liabilities when they fall due. This is achieved by ensuring minimum levels of cash are held in DTF's bank account to meet various current employee and supplier liabilities. DTF's exposure to liquidity risk is minimal. Cash injections are available from CHA in the event one-off extraordinary expenditure items arise and deplete cash to levels that compromise DTF's ability to meet its financial obligations.

The following tables detail the DTF's remaining contractual maturity for its financial liabilities, calculated based on undiscounted cash flows at reporting date.

19. Financial instruments (continued)

2020 Maturity analysis for financial liabilities

	Carrying amount	Less than a year	1 to 5 years	More than 5 years	Total
	\$000	\$000	\$000	\$000	\$000
Liabilities					
Payables	3	3	–	–	3
Total financial liabilities	3	3	–	–	3

2019 Maturity analysis for financial liabilities

	Carrying amount	Less than a year	1 to 5 years	More than 5 years	Total
	\$000	\$000	\$000	\$000	\$000
Liabilities					
Payables	82	82	–	–	82
Total financial liabilities	82	82	–	–	82

d) Market risk

Market risk is the risk the fair value of 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

DTF is not exposed to interest rate risk as DTF financial assets and liabilities are non-interest bearing or have a fixed interest rate.

(ii) Price risk

DTF is not exposed to price risk as it does not hold units in unit trusts.

(iii) Currency risk

DTF is not exposed to currency risk as DTF does not hold borrowings denominated in foreign currencies or transactional currency exposures arising from purchases in a foreign currency.

20. Related parties

a) Related parties

DTF is a government administrative entity and is wholly owned and controlled by the Territory Government. Related parties of the department include:

- the Treasurer and key management personnel (KMP) because they have authority and responsibility for planning, directing and controlling the activities of DTF directly
- close family members of the Treasurer or KMP including spouses, children and dependants
- all public sector entities that are controlled and consolidated into the whole of government financial statements
- any entities controlled or jointly controlled by KMPs or the Treasurer, or controlled or jointly controlled by their close family members.

20. Related parties (continued)

b) Key management personnel

DTF's KMP include people having authority and responsibility for planning, directing and controlling the activities of DTF. These include the Treasurer, Under Treasurer and eight members of the executive team.

c) Remuneration of key management personnel

The details below exclude the salaries and other benefits of the Treasurer as the Treasurer's remunerations and allowances are not paid by DTF and consequently are disclosed within Treasurer's Annual Financial Report.

The aggregate compensation of DTF's KMP is set out below:

	2020	2019
	\$000	\$000
Short-term benefits	2 068	2 257
Post-employment benefits	218	268
Long-term benefits	–	–
Termination benefits	–	–
Total remuneration of KMP	2 286	2 525

d) Related party transactions:

Transactions with Northern Territory Government-controlled entities

DTF's primary ongoing source of funding is received from CHA in the form of output appropriation.

The following table provides quantitative information about related party transactions entered into during the year with all other Northern Territory Government-controlled entities.

	Revenue from related parties	Payments to related parties	Amounts owed by related parties	Amounts owed to related parties
	\$000	\$000	\$000	\$000
2020				
All Territory Government departments	5 724	7 406	6	389
Subsidiaries	309	113 964	–	42
Total	6 033	121 370	6	431
2019				
All Territory Government departments	2 722	4 552	6	452
Subsidiaries	385	95 262	120	2
Total	3 107	99 814	126	454

DTF's transactions with other government entities are not individually significant.

20. Related parties (continued)

Other related party transactions are as follows:

- 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.
- Outside normal citizen-type transactions with the Territory, there were no related-party transactions that involved KMPs and their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

21. Contingent liabilities and contingent assets

a) Contingent liabilities

Unquantifiable contingent liabilities of the Territory, and possibly DTF, are:

Financial guarantee given to the AustralAsia Railway Corporation

In 2001, the Northern Territory of Australia (Territory Government) and the Crown in the Right of South Australia (SA Government) entered into an agreement to facilitate the financing, design, construction, operation and maintenance of a railway between Darwin and Alice Springs and the operation and maintenance of the existing railway between Tarcoola and Alice Springs by the private sector ('Inter-Government Agreement', 'the AustralAsia Railway Project'). The current holder of the railway concession is One Rail Australia (North) Pty Ltd, previously known as GWA (North) Pty Ltd.

As part of the AustralAsia Railway Project, a \$50 million loan was granted to the railway concession holder with underlying financing of \$25 million provided by each the Territory Government and the SA Government. To grant this loan, both DTF and the SA Government granted a \$25 million loan to the AARC (the 'Territory Loan' and 'State Loan', respectively) first, which then on-lent the funds to the railway concession holder in a subordinate loan. The loan is recorded in DTF's financial statements.

If One Rail Australia defaults, DTF is obliged to waive the advance to AARC. It is probable that One Rail Australia will be able to repay the entire principal.

Workers compensation insurance

The government has indemnified private sector insurers that provide workers compensation insurance in the Territory, which is administered through DTF. The indemnity covers insurers for losses that arise as a result of acts of terrorism. The resultant contingent liability is unquantifiable but reportable as it is deemed to be above the materiality threshold.

b) Contingent assets

DTF had no contingent assets as at 30 June 2020 or 30 June 2019.

22. Events subsequent to balance date

No events have arisen between the end of the financial year and the date of this report that require adjustment to or disclosure in these financial statements.

23. Schedule of administered Territory items

The following Territory items are managed by DTF on behalf of the government and are recorded in CHA (refer Note 2(d)).

	2020	2019
	\$000	\$000
TERRITORY INCOME AND EXPENSES		
Income		
Taxation revenue	578 850	723 055
Grants and subsidies revenue		
Current	267 318	2 444
GST revenue	2 658 960	2 741 825
Specific purpose payments	442 949	399 697
National partnership agreements	434 742	605 024
Fees from regulatory services	512	508
Royalties and rents	371 664	441 135
Other income	19	(44)
Total income	4 755 014	4 913 644
Expenses		
Central Holding Authority income transferred	4 748 620	4 912 328
Doubtful debts	6 394	57
Bad debts	–	1 259
Total expenses	4 755 014	4 913 644
Territory income less expenses	–	–
TERRITORY ASSETS AND LIABILITIES		
Assets		
Taxes receivable	51 148	73 499
Other receivables	405 537	–
Total assets	456 685	73 499
Liabilities		
Central Holding Authority income payable	250 643	54 326
Unearned Central Holding Authority income	206 042	19 173
Total liabilities	456 685	73 499
Net assets	–	–

24. Budgetary information

a) Comprehensive operating statement

	2019-20 Actual	2019-20 Original budget	Variance	Note
	\$000	\$000	\$000	
INCOME				
Appropriation				
Output	167 239	164 288	2 951	1
Commonwealth	–	–	–	
Sales of goods and services	305	385	(80)	
Interest revenue	138	–	138	
Goods and services received free of charge	5 712	5 256	456	
Other income	34	–	34	
TOTAL INCOME	173 428	169 929	3 499	
EXPENSES				
Employee expenses	15 853	17 835	(1 982)	2
Administrative expenses				
Purchases of goods and services	4 468	13 284	(8 816)	3
Repairs and maintenance	–	19	(19)	
Depreciation and amortisation	7	3	4	
Other administrative expenses	12 070	11 734	336	
Grants and subsidies expenses				
Current	9 991	13 646	(3 655)	4
Capital	–	–	–	
Community service obligations	114 461	113 985	476	
Interest expenses	–	9	(9)	
TOTAL EXPENSES	156 850	170 515	(13 665)	
NET SURPLUS/(DEFICIT)	16 578	(586)	17 164	
COMPREHENSIVE RESULT	16 578	(586)	17 164	

Notes:

The following note descriptions relate to variances greater than \$0.5 million or where multiple significant variances have occurred.

1. Higher than budget mainly as a result of funding for COVID-19 Business Hardship Package offset by transfer of budget to DCIS due to machinery of government changes, agency savings provided for Northern Territory Government COVID-19 priorities and transfer of funding from 2019-20 to 2020-21 for home owner assistance schemes.
2. Lower than budget predominantly due to budget transfer to DCIS and DTBI as a result of the machinery of government changes.
3. Lower than budget due mainly to lower consultant fees and IT charges.

4. Lower than budget due to lower uptake of the home owners assistance schemes.

24. Budgetary information (continued)

b) Balance sheet

	2019-20 Actual	2019-20 Original budget	Variance	Note
	\$000	\$000	\$000	
ASSETS				
Current assets				
Cash and deposits	44 874	22 617	22 257	1
Receivables	114	669	(555)	2
Prepayments	56	46	10	
Total current assets	45 044	23 332	21 712	
Non-current assets				
Advances and investments	25 000	25 000	–	
Property, plant and equipment	27	60	(33)	
Total non-current assets	25 027	25 060	(33)	
TOTAL ASSETS	70 071	48 392	21 679	
LIABILITIES				
Current liabilities				
Payables	828	664	164	
Provisions	2 568	2 962	(394)	
Total current liabilities	3 396	3 626	(230)	
TOTAL LIABILITIES	3 396	3 626	(230)	
NET ASSETS	66 675	44 766	21 909	
EQUITY				
Capital	(21 519)	(21 519)	–	
Accumulated funds	88 194	66 285	21 909	
TOTAL EQUITY	66 675	44 766	21 909	

Notes:

The following note descriptions relate to variances greater than \$0.5 million or where multiple significant variances have occurred.

1. Higher than budget mainly due to lower than anticipated uptake of COVID-19 Business Hardship Package.
2. Lower than budget mainly due to GST receivables, and other receivables.

24. Budgetary information (continued)

c) Cash flow statement

	2019-20 Actual	2019-20 Original budget	Variance	Note
	\$000	\$000	\$000	
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating receipts				
Appropriation				
Output	167 239	164 288	2 951	1
Receipts from sales of goods and services	1 067	385	682	2
Total operating receipts	168 306	164 673	3 633	
Operating payments				
Payments to employees	(15 945)	(17 835)	1 890	3
Payments for goods and services	(11 181)	(19 781)	8 600	4
Grants and subsidies paid				
Current	(9 991)	(13 646)	3 655	5
Community service obligations	(114 461)	(113 985)	(476)	
Interest paid	-	(9)	9	
Total operating payments	(151 578)	(165 256)	13 678	
Net cash from/(used in) operating activities	16 728	(583)	17 311	
CASH FLOWS FROM INVESTING ACTIVITIES				
Investing receipts				
Repayment of advances	2	-	2	
Total investing receipts	2	-	2	
Investing payments				
Advances and investing payments	(2)	-	(2)	
Total investing payments	(2)	-	(2)	
Net cash from/(used in) investing activities	-	-	-	
Net cash from/(used in) financing activities				
Net increase/(decrease) in cash held	16 728	(583)	17 311	
Cash at beginning of financial year	28 146	23 200	4 946	
CASH AT END OF FINANCIAL YEAR	44 874	22 617	22 257	

DTF did not have any cash flow arising from financing activities during 2019-20 or 2018-19.

Notes:

The following note descriptions relate to variances greater than \$0.5 million or where multiple significant variances have occurred.

1. Higher than budget mainly as a result of funding for COVID-19 Business Hardship Package offset by transfer of budget to DCIS due to machinery of government changes, agency savings provided for Northern Territory Government COVID-19 priorities and transfer of funding from 2019-20 to 2020-21 for home owner assistance schemes.
2. Higher than budget mainly due to the timing of GST refunds and movement in accounts receivables.
3. Lower than budget predominantly due to budget transfer to DCIS and DTBI as a result of the machinery of government changes.
4. Lower than budget due mainly to lower consultant fees and IT charges.
5. Lower than budget due to lower uptake of the home owners assistance schemes.

25. Budgetary information: administered Territory items

In addition to the specific departmental operations that are included in the financial statements, DTF administers or manages other activities and resources on behalf of the Territory such as taxation and royalty revenue, Commonwealth general purpose funding, and statutory fees and charges. DTF does not gain control over assets arising from these collections, consequently no income is recognised in DTF's financial statements. The transactions relating to these activities are reported as administered items in this note.

	2019-20 Actual \$000	2019-20 Original budget \$000	Variance \$000	Note
TERRITORY INCOME AND EXPENSES				
Income				
Taxation revenue	578 850	609 168	(30 318)	1
Grants and subsidies revenue				
Current	267 318	254 032	13 286	
Capital	–	10 200	(10 200)	
GST revenue	2 658 960	2 763 000	(104 040)	2
Specific purpose payments	442 949	395 802	47 147	3
National partnership agreements	434 742	508 010	(73 268)	4
Fees from regulatory services	512	438	74	
Royalties and rents	371 664	365 725	5 939	
Other income	19	300	(281)	
Total income	4 755 014	4 906 675	(151 661)	
Expenses				
Central Holding Authority income transferred	4 748 620	4 906 675	(158 055)	
Doubtful debts	6 394	–	6 394	
Total expenses	4 755 014	4 906 675	(151 661)	
Territory income less expenses	–	–	–	
TERRITORY ASSETS AND LIABILITIES				
Assets				
Tax receivables	51 148	33 894	17 254	5
Other receivables	405 537	2 939	402 598	6
Total assets	456 685	36 833	419 852	
Liabilities				
Central Holding Authority income payable	250 643	33 894	216 749	7
Unearned Central Holding Authority income	206 042	2 939	203 103	8
Total liabilities	456 685	36 833	419 852	
Net assets	–	–	–	

25. Budgetary information: administered Territory items (continued)

Notes:

The following note descriptions relate to variances greater than \$20 million or where multiple significant variances have occurred.

1. The \$30.3 million decrease in taxation revenue from 2019-20 Budget is predominantly due to the general economic impacts of COVID-19 and comprises:
 - decreased payroll and labour force taxes of \$39 million, including payroll tax waivers as part of the Territory Government's business hardship relief measures
 - decreased taxes on gambling of \$7.2 million due to the temporary closure of gaming and wagering venues as a result of COVID-19 restrictions, including tax waivers granted to casinos, pubs and clubs
 - lower other taxes of \$8.1 million
 - partially offset by an increase of \$24 million in stamp duty due to a large one-off commercial transaction brought to account in 2019-20 but expected in 2020-21.
2. GST revenue decreased by \$104 million as a result of lower GST pool and slightly lower share of national population.
3. Specific purpose payments increased by \$47.1 million relating to Quality Schools funding for non-government schools.
4. National partnership payments decreased by \$73.2 million predominantly relating to revised delivery of Commonwealth-funded roads and infrastructure projects of \$66.2 million and remote housing programs of \$51.2 million, due to delays in construction, land tenure and community consultations as a result of COVID-19 biosecurity restrictions; partially offset by additional funding for Darwin city education and community precinct of \$22.5 million, primary industry and resource programs of \$14.2 million and various programs across agencies of \$7.5 million.
5. Tax receivables increased by \$17.3 million predominantly reflecting higher than anticipated income tax and dividend receivables from government owned corporations.
6. Other receivables increased by \$402.6 million largely due to increased royalty and capital grant receivables following application of new accounting standards on revenue of \$169.8 million and \$235.8 million, respectively offset by other receivables of \$3 million.
7. Payables increased by \$216.7 million mainly due to increased royalty receivables following application of new accounting standards on revenue of \$169.8 million, combined with accrued contract and grant revenue of \$29.7 million relating to works undertaken for various Commonwealth-funded programs for which cash has not yet been receipted and on-passed to government agencies.
8. Unearned CHA income increased by \$203.1 million predominantly due to consideration received in advance from the Commonwealth in respect of national partnership agreements, specific purpose payments and Commonwealth own-purpose expenditure.

Certification of the financial statements

We certify that the attached financial statements for CHA have been prepared from proper accounts and records in accordance with the prescribed format, FMA and Treasurer's Directions.

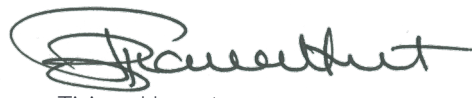
We further state that the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2020 and the financial position on that date.

At the time of signing, we are not aware of any circumstances that would render the particulars included in the financial statements misleading or inaccurate.



Craig Graham
Under Treasurer

30 September 2020



Tiziana Hucent
Senior Director Financial Reporting

30 September 2020

Comprehensive operating statement

For the year ended 30 June 2020

	Note	2020	2019 Restated
		\$000	\$000
INCOME			
Taxation revenue		633 233	777 173
Grants and subsidies revenue	3a		
GST revenue		2 658 960	2 741 825
Specific purpose payments		442 949	399 697
National partnership agreements		434 742	605 024
Current grants		267 318	2 444
Capital grants		19 023	24 607
Sale of goods and services	3b	59 894	63 257
Interest revenue		57 405	66 161
Royalties, rents and dividends		438 412	496 330
Employer superannuation contributions		28 699	31 424
Unrealised gain/loss on investments		(66 764)	18 244
Other income		20 036	22 330
TOTAL INCOME		4 993 908	5 248 516
EXPENSES			
Long service leave expense		59 899	50 980
Superannuation expense	13	116 358	153 392
Workers compensation expense		41 323	30 887
Administrative expense		8 416	3 522
Grant and subsidies expense		(7 800)	24 100
Interest expense		210 337	178 165
Output appropriation		4 285 506	4 208 682
Commonwealth appropriation		693 877	765 389
TOTAL EXPENSES		5 407 916	5 415 118
NET SURPLUS/(DEFICIT)		(414 008)	(166 601)
OTHER COMPREHENSIVE INCOME			
Remeasurement of superannuation liability	13	(159 656)	(554 132)
Revaluations and asset impairment		(13 512)	(16 418)
TOTAL OTHER COMPREHENSIVE INCOME		(173 168)	(570 550)
COMPREHENSIVE RESULT		(587 176)	(737 152)

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

Balance sheet

As at 30 June 2020

	Note	2020 \$000	2019 Restated \$000
ASSETS			
Current assets			
Cash and deposits	4	1 344 023	327 530
Receivables	6	276 959	74 084
Advances and investments	7	1 516 052	1 495 274
Prepayments	8	201 185	2 876
Total current assets		3 338 219	1 899 764
Non current assets			
Prepayments	8	16 940	–
Equity investments		12 617 575	12 067 182
Total non current assets		12 634 516	12 067 182
TOTAL ASSETS		15 972 735	13 966 946
LIABILITIES			
Current liabilities			
Deposits held	9	1 906 610	934 519
Payables	10	42 130	1 373
Borrowings and advances	11	4 553	9 045
Employee benefits	12	255 859	239 582
Superannuation liability	13	255 332	245 532
Other liabilities	14	271 181	55 255
Total current liabilities		2 735 665	1 485 306
Non current liabilities			
Borrowings and advances	11	5 431 755	4 221 308
Employee benefits	12	105 412	98 696
Superannuation liability	13	4 013 292	3 936 805
Other liabilities	14	178 370	196 662
Total non current liabilities		9 728 829	8 453 471
TOTAL LIABILITIES		12 464 494	9 938 777
NET ASSETS		3 508 240	4 028 169
EQUITY			
Accumulated funds		3 508 240	4 028 169
TOTAL EQUITY		3 508 240	4 028 169

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

Statement of changes in equity

For the year ended 30 June 2020

	Equity at 1 July	Comprehensive result	Transactions with owners in their capacity as owners	Equity at 30 June
	\$000	\$000	\$000	\$000
2020				
Accumulated funds	4 028 169	(587 176)	-	3 440 993
Adjustment on adoption of AASB15/1058/2016-8	67 247	-	-	67 247
Changes in accounting policy	-	-	-	-
Correction of prior period errors	-	-	-	-
Transfers from reserves	-	-	-	-
Other movements directly to equity	-	-	-	-
Total equity at end of financial year	4 095 416	(587 176)	-	3 508 240
2019 Restated				
Accumulated funds	4 765 320	(737 152)	-	4 028 169
Changes in accounting policy	-	-	-	-
Correction of prior period errors	-	-	-	-
Transfers from reserves	-	-	-	-
Other movements directly to equity	-	-	-	-
Total equity at end of financial year	4 765 320	(737 152)	-	4 028 169

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Cash flow statement

For the year ended 30 June 2020

	Note	2020 \$000	2019 Restated \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating receipts			
Taxes received		609 634	774 561
Grants and subsidies received			
GST received		2 658 960	2 741 825
Specific purpose payments		442 949	399 697
National partnership agreements		450 983	605 024
Current grants		267 318	2 444
Capital grants		18 495	24 607
Royalties, rents and dividends		490 030	493 768
Employer superannuation contributions		28 699	31 424
Other receipts		84 350	83 455
Interest received		57 903	66 066
Total operating receipts		5 109 321	5 222 871
Operating payments			
Long service leave		38 074	42 370
Superannuation benefits		186 897	143 247
Other salary payments		40 027	32 246
Payments for goods and services		1 224	1 499
Interest paid		210 164	178 091
Output payments		4 285 506	4 208 682
Commonwealth payments		668 848	765 389
Total operating payments		5 430 741	5 371 524
Net cash from/(used in) operating activities	5	(321 421)	(148 653)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing receipts			
Equity sales or withdrawals		21 633	122 151
Other investing receipts		-	202 941
Total investing receipts		21 633	325 092
Investing payments			
Advances and investing payments		87 543	178 592
Capital appropriation		465 262	569 962
Commonwealth appropriation		246 966	262 061
Equity injections		61 994	70 801
Total investing payments		861 765	1 081 417
Net cash from/(used in) investing activities		(840 132)	(756 325)
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing receipts			
Proceeds of borrowings		1 215 000	700 000
Deposits received		972 091	47 603
Total financing receipts		2 187 091	747 603
Financing payments			
Repayment of borrowings		9 045	3 596
Total financing payments		9 045	3 596
Net cash from/(used in) financing activities	5	2 178 045	744 006
Net increase/(decrease) in cash held		1 016 493	(160 972)
Cash at beginning of financial year		327 530	488 502
CASH AT END OF FINANCIAL YEAR	4	1 344 023	327 530

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

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1. Objectives and funding

CHA is the parent body that represents the government's ownership interest in government-controlled entities.

CHA records all Territory items, such as income, expenses, assets and liabilities controlled by the government and managed by agencies on behalf of government. The main Territory item is Territory income, which includes taxation and royalty revenue, Commonwealth general purpose funding (such as GST revenue), fines, and statutory fees and charges.

CHA also holds certain Territory assets not assigned to agencies as well as certain Territory liabilities that are not practical or effective to assign to individual agencies such as unfunded superannuation, long service leave, workers compensation and National Redress liabilities.

CHA recognises all Territory items, therefore the Territory items managed by CHA on behalf of government are not recorded in their own financial statements. However, as agencies are accountable for the Territory items they manage on behalf of government, these items have been separately disclosed in the notes of agency financial statements.

2. Statement of significant accounting policies

a) Statement of compliance

The financial statements have been prepared in accordance with the requirements of the FMA and related Treasurer's Directions. The FMA requires CHA to prepare financial statements for the year ended 30 June based on the form determined by the Treasurer. The form of agency financial statements is to include:

- (i) a certification of the financial statements
- (ii) a comprehensive operating statement
- (iii) a balance sheet
- (iv) a statement of changes in equity
- (v) a cash flow statement
- (vi) applicable explanatory notes to the financial statements.

b) Basis of accounting

The financial statements have been prepared using the accrual basis of accounting, which recognises the effect of financial transactions and events when they occur, rather than when cash is paid out or received. As part of the preparation of the financial statements, all intra-agency transactions and balances have been eliminated.

Except where stated, the financial statements have also been prepared in accordance with the historical cost convention.

The form of CHA's financial statements is also consistent with the requirements of Australian accounting standards. The effects of all relevant new and revised standards and interpretations issued by the AASB that are effective for the current annual reporting period have been evaluated.

2. Statement of significant accounting policies (continued)

Standards and interpretations effective from 2019-20

The following new and revised accounting standards and interpretations were effective for the first time in 2019-20.

AASB 15 Revenue from contracts with customers / AASB 1058 Income for not-for-profit entities

AASB 2016-8 Amendments to Australian accounting standards – Australian implementation guidance for not-for-profit entities

AASB 15 Revenue from contracts with customers (AASB 15) supersedes AASB 111 Construction contracts, AASB 118 Revenue and related interpretations and applies, with limited exceptions, to all revenue arising from contracts with customers.

Under AASB15 revenue from agreements that are enforceable, have sufficiently specific performance obligations and transfer goods or services to the customer or third party beneficiary will be recognised when or as performance obligations are satisfied. AASB 15 requires entities to exercise judgement, taking into consideration all the relevant facts and circumstances when assessing contracts with their customers.

AASB 1058 Income for not-for-profit entities (AASB 1058) clarifies and simplifies income-recognition requirements that apply to not-for-profit entities and replaces most of the not-for-profit provisions under AASB 1004 Contributions (AASB 1004). AASB 1058 applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and where volunteer services are received.

In contrast with previous standards such as AASB 1004, AASB 1058 allows deferral of income from capital grants where there is an enforceable contract with sufficiently specific performance obligations and the agreement does not require the agency to transfer the asset to other parties. For such capital grants, the funding received is initially deferred in an unearned revenue liability and subsequently recognised as revenue as or when the Territory satisfies obligations under the agreement.

AASB 2016-8 Amendments to Australian accounting standards – Australian implementation guidance for not-for-profit entities (AASB 2016-8) clarifies that initial recognition and measurement of non-contractual receivables arising from statutory requirements are accounted for in accordance with AASB 9 Financial instruments (AASB 9). It also clarifies what a taxable event is to assist with identifying when revenue from taxes, rates and fines should be recognised. The CHA has applied the principles of AASB 2016-8 in accounting for taxes and has consequently amended the timing of revenue recognition for taxation and mining royalty revenue.

In accordance with transition provisions, CHA has applied the modified retrospective approach on transition to AASB 15, AASB 1058 and AASB 2016-8, with the cumulative effect of applying both accounting standards recognised in accumulated funds or appropriate equity code at 1 July 2019. Accordingly, the comparative information presented for 2018-19 has not been restated and is presented as previously reported. The Territory applied the accounting standards retrospectively to all contracts, including completed contracts, at 1 July 2019. Completed contracts include contracts where CHA had recognised all revenue in prior periods under AASB 1004.

2. Statement of significant accounting policies (continued)

The following tables summarise the transitional impact of adoption of AASB 15, AASB 1058 and AASB 2016-8.

Impact on balances affected by adopting AASB 15 and AASB 1058 as at 1 July 2019: Balance sheet

	\$000
ASSETS	
Receivables	219 679
Prepayments	176 896
Equity investments	(158 454)
TOTAL ASSETS	238 121
LIABILITIES	
Payables	19 015
Other liabilities	151 859
TOTAL LIABILITIES	170 874
NET ASSETS	67 247

The table below summarises the impacts of adopting AASB 15, AASB 1058 and AASB 2016-8 in the 2019-20 financial statements. It compares actual amounts reported to amounts that would have been reported if previous revenue standards (AASB 1004, AASB 118, AASB 111 and related interpretations) had been applied in the current financial year.

Impact on balances affected by adopting AASB 15, AASB 1058 and AASB 2016-8 as at 30 June 2020: Comprehensive operating statement

	30 June 2020 without AASB 15/1058/ 2016-8	Impact of AASB 15/1058/ 2016-8	30 June 2020 with AASB 15/1058/ 2016-8
	\$000	\$000	\$000
INCOME			
Taxation revenue	604 012	29 221	633 233
Grants and subsidies revenue			
National partnership agreements	450 983	(16 240)	434 742
Capital grants	18 495	528	19 023
Royalties, rents and dividends	472 298	(33 885)	438 412
TOTAL INCOME	5 014 285	(20 377)	4 993 908
EXPENSES			
Commonwealth appropriation	668 848	25 028	693 877
TOTAL EXPENSES	5 382 888	25 028	5 407 916
NET SURPLUS/(DEFICIT)	(368 603)	(45 405)	(414 008)

2. Statement of significant accounting policies (continued)

Balance sheet	30 June 2020 without AASB 15/1058/ 2016-8	Impact of AASB 15/1058/ 2016-8	30 June 2020 with AASB 15/1058/ 2016-8
	\$000	\$000	\$000
ASSETS			
Current assets			
Receivables	67 431	209 528	276 959
Prepayments	1 783	199 402	201 185
Total current assets	2 929 289	408 930	3 338 219
Non current assets			
Prepayments	–	16 940	16 940
Equity investments	12 816 574	(198 999)	12 617 575
Total non current assets	12 816 574	(182 058)	12 634 516
TOTAL ASSETS	15 745 863	226 872	15 972 735
LIABILITIES			
Current liabilities			
Payables	2 382	39 748	42 130
Other liabilities	122 840	148 341	271 181
Total current liabilities	2 547 576	188 089	2 735 665
Non current liabilities			
Other liabilities	161 430	16 940	178 370
Total non current liabilities	9 711 889	16 940	9 728 829
TOTAL LIABILITIES	12 259 465	205 029	12 464 494
NET ASSETS	3 486 397	21 842	3 508 240
EQUITY			
Accumulated funds	3 486 397	21 842	3 508 240
TOTAL EQUITY	3 486 397	21 842	3 508 240

Several other amending standards and AASB interpretations have been issued that apply to the current reporting periods including AASB 16 Leases, but are considered to have no impact on CHA reporting.

Standards and interpretations issued but not yet effective

No Australian accounting standards have been adopted early for 2019-20.

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.

c) Restated comparative financial statements due to correction of prior-period errors

During 2019-20, due to misinterpretation of legislation and coding errors, it was identified that the Territory Government underpaid superannuation guarantee entitlements, mainly related to recreation leave loading. As the underpayments spanned across agencies and current and former employees for periods of up to 10 years, CHA assumed a provision for superannuation entitlements owing.

2. Statement of significant accounting policies (continued)

The following tables report the 2018-19 financial statements restated for each line item affected by error or misstatement compared to those published in the CHA's 2018-19 Annual Report.

Comprehensive operating statement extract – 30 June 2019 comparative year	Previously reported for 2018-19	2018-19 Restatements	2018-19 Comparative reported in 2019-20
	\$000	\$000	\$000
EXPENSES			
Superannuation expense	149 365	4 027	153 392
TOTAL EXPENSES	5 411 090	4 027	5 415 118
NET SURPLUS/(DEFICIT)	(162 574)	(4 027)	(166 601)

Balance sheet extract – 30 June 2019 comparative year	Previously reported for 2018-19	2018-19 Restatements	2018-19 Comparative reported in 2019-20
	\$000	\$000	\$000
LIABILITIES			
Non current liabilities			
Other liabilities	157 125	39 537	196 662
Total non current liabilities	8 413 934	39 537	8 453 471
TOTAL LIABILITIES	9 899 240	39 537	9 938 777
NET ASSETS	4 067 706	(39 537)	4 028 169
EQUITY			
Accumulated funds	4 067 706	(39 537)	4 028 169
TOTAL EQUITY	4 067 706	(39 537)	4 028 169

Balance sheet extract – 1 July 2018 comparative opening balances	Previously reported 1 July 2018	2018-19 Restatements	1 July 2018 Comparative reported in 2019-20
	\$000	\$000	\$000
LIABILITIES			
Non current liabilities			
Other liabilities	116 973	35 510	152 483
Total non current liabilities	6 616 448	35 510	6 651 958
TOTAL LIABILITIES	8 527 521	35 510	8 563 031
NET ASSETS	4 800 830	(35 510)	4 765 320
EQUITY			
Accumulated funds	4 800 830	(35 510)	4 765 320
TOTAL EQUITY	4 800 830	(35 510)	4 765 320

2. Statement of significant accounting policies (continued)

d) Presentation and rounding of amounts

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

e) Changes in accounting policies

There have been no changes to accounting policies adopted in 2019-20 as a result of management decisions.

f) Accounting judgements and estimates

The preparation of the financial report requires the making of judgements and estimates that affect the recognised amounts of assets, liabilities, revenues and expenses, and the disclosure of 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 for making judgements about the carrying values 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.

g) Goods and services tax

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

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the ATO is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable or payable unless otherwise specified.

h) Income recognition

Income encompasses both revenue and gains.

Income is recognised at the fair value of the consideration received, exclusive of the amount of GST. Exchanges of goods or services of the same nature and value without any cash consideration being exchanged are not recognised as income.

2. Statement of significant accounting policies (continued)

i) Grants and other contributions

Following the Intergovernmental Agreement on Federal Financial Relations, effective 1 January 2009, all specific purpose and national partnership payments are made by the Commonwealth Treasury to state treasuries in a manner similar to arrangements for GST payments. The payments are received by DTF on behalf of CHA and then passed on to relevant agencies as Commonwealth appropriation.

Until 30 June 2019, Commonwealth appropriation was recognised as revenue when the agency gains control of the funds, which was on receipt of funding.

From 1 July 2019, where appropriation received has an enforceable contract with sufficiently specific performance obligations as defined in AASB 15, revenue is recognised as and when goods and or services are transferred to the customer or third-party beneficiary. Otherwise revenue is recognised when the agency gains control of the funds.

j) Taxation

Taxation 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 taxable event gives rise to the right to collect revenue and the revenue can be measured reliably.

Where revenue cannot be reliably measured, revenue is recognised on the earlier of lodgement of assessment or receipt of cash. Until 30 June 2019, Government assessed revenues were recognised at the time assessments were issued rather than in the period the Territory had the right to collect revenue.

In respect of taxation balances from government trading entities under the National Tax Equivalent Regime, only the current taxation receivable is recognised in these statements.

k) Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

l) Dividends

Dividend revenue is recognised when control of the right to receive the dividend receivable from government trading entities is obtained by CHA.

m) Interest expense

Interest expenses include interest on borrowings. Interest expenses are expensed in the period in which they are incurred.

n) Equity investments

This represents the contributed capital balances of the Territory's investment in all its controlled entities.

o) Equity

The values of all holdings in entities external to a sector that are controlled by that sector are included in equity.

p) Reporting period

The reporting period is the year ended each 30 June.

3. Revenue

a) Grants and subsidies revenue

	2020				
	Revenue from contracts with customers	Capital grants	Other	Total	2019
	\$000	\$000	\$000	\$000	\$000
GST revenue	–	–	2 658 960	2 658 960	2 741 825
Specific purpose payments	–	210	442 738	442 949	399 697
National partnership agreements	59 715	183 604	191 423	434 742	605 024
Current grants	–	–	267 318	267 318	2 444
Capital grants	–	19 023	–	19 023	24 607
Total grants and subsidies revenue	59 715	202 838	3 560 439	3 822 992	3 773 597

Grants revenue recognised by CHA includes specific purpose and national partnership payments, Commonwealth capital own purpose expenditure and general assistance revenue, received by CHA and on-passed to agencies as Commonwealth and Territory appropriation.

Grants revenue is recognised at fair value exclusive of the amount of GST. Until 30 June 2019, current grants were recognised as revenue in CHA when the receiving agency obtained control over the asset comprising the contribution, generally on receipt. Where the grant was reciprocal in nature, revenue was recognised as and when the obligation was fulfilled by the receiving agency.

From 1 July 2019, where a grant agreement is enforceable and contains sufficiently specific performance obligations for the receiving agency to transfer goods or services to the grantor or third-party beneficiary, the transaction is accounted for under AASB 15. In this case, revenue is initially deferred as an unearned contract revenue when received in advance and recognised in CHA as or when performance obligations are satisfied by the receiving agency.

Where grant agreements do not meet the criteria above, it is accounted for under AASB 1058 and income is recognised on receipt of funding, except for capital grants revenue received for the purchase or construction of non-financial assets to be controlled by the receiving agency. Capital grants with enforceable contracts and sufficiently specific obligations are recognised as an unearned revenue liability when received and subsequently recognised progressively as revenue in CHA as or when the receiving agency satisfies its obligations under the agreement. Where a non-financial asset is purchased, revenue is recognised in CHA at the point in time the asset is acquired and control transfers to the receiving agency.

Commonwealth financial assistance payments and GST revenue are general assistance funding received from the Commonwealth for broad objectives which are not sufficiently specific and are recognised upfront, when CHA obtains control of the funds and is consistent with treatment in prior years.

Revenue from contracts with customers for 2019-20 have been disaggregated below into categories to enable users of these financial statements to understand the nature, amount, timing and uncertainty of income and cash flows.

Grant agreements that satisfy recognition requirements under AASB 15 are disaggregated below.

3. Revenue (continued)

	2020
Type of good or service	\$000
Service delivery	59 603
Research services	112
Total revenue from contracts with customers by type of good or service	59 715
Type of customer	
Commonwealth Government	59 715
Total revenue from contracts with customers by type of customer	59 715
Timing of transfer of goods and services	
Over time	31 915
Point in time	27 800
Total revenue from contracts with customers by timing of transfer of goods and services	59 715

b) Sales of goods and services

	2020			
	Revenue from contracts with customers	Other	Total	2019
	\$000	\$000	\$000	\$000
Fees from regulatory services	13 769	7 825	21 594	24 957
Workers compensation premiums	–	38 300	38 300	38 300
Total sales of goods and services	13 769	46 125	59 894	63 257

Regulatory fees classified as Territory income are received by agencies on behalf of CHA. Revenue from regulatory fees is recognised in CHA when the receiving agency satisfies its performance obligations. These include fees for the issue of licences. The receiving agency's sole performance obligations for the issue of a non-intellectual property licence is the issue of the licence, as such revenue is recognised upfront on issue of the licence. For intellectual property licences, revenue is recognised at a point in time or over time as or when the performance obligation is satisfied by the receiving agency. The receiving agency recognises licences with a term less than 12 months or a low value of \$10 000 or less, upfront on receipt of cash.

Revenue from contracts with customers for the 2019-20 financial year have been disaggregated below into categories to enable users of these financial statements to understand the nature, amount, timing and uncertainty of income and cash flows.

3. Revenue (continued)

	2020
Type of good or service	\$000
Regulatory services	13 769
Total revenue from contracts with customers by type of good or service	13 769
Type of customer	
Non-government entities	13 769
Total revenue from contracts with customers by type of customer	13 769
Timing of transfer of goods and services	
Over time	1 658
Point in time	12 112
Total revenue from contracts with customers by timing of transfer of goods and services	13 769

4. Cash and deposits

	2020	2019
	\$000	\$000
Cash and deposits	1 344 023	327 530
Total cash and deposits	1 344 023	327 530

For the purpose 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 that are readily convertible to cash.

5. Cash flow reconciliation

a) Reconciliation of net surplus/(deficit) to net cash from operating activities

	2020	2019 Restated
	\$000	\$000
Net surplus/(deficit)	(414 008)	(166 601)
Changes in assets and liabilities:		
Revaluation and asset impairments other comprehensive income	(173 168)	(570 550)
Gain/loss on investments	66 764	(18 244)
Decrease/(increase) in receivables	16 804	(25 522)
Decrease/(increase) in prepayments ¹	(805)	524
(Decrease)/increase in payables ¹	27 935	283
(Decrease)/increase in employee benefits	22 993	13 355
(Decrease)/increase in superannuation liability	86 287	560 250
(Decrease)/increase in other liabilities	45 776	57 851
Net cash from operating activities	(321 421)	(148 653)

¹ Amounts excludes capital expenditure which is classified as investing payments.

b) Reconciliation of liabilities arising from financing activities

	Cash flows from financing activities				
	1 July	Borrowings and advances received/ (repaid)	Deposits held receipts/ (payments)	Total cash flows	Other changes
	\$000	\$000	\$000	\$000	\$000
2019-20					
Deposits held	934 519	–	972 091	972 091	–
Borrowings and advances	4 230 354	1 205 955	–	1 205 955	–
Total	5 164 873	1 205 955	972 091	2 178 045	–
2018-19					
Deposits held	886 917	–	47 603	47 603	–
Borrowings and advances	3 533 950	696 404	–	696 404	–
Total	4 420 866	696 404	47 603	744 006	–

6. Receivables

	2020	2019
	\$000	\$000
Current		
Taxes receivable	47 033	47 897
Royalties, rents and dividends receivable	201 396	27 360
Interest receivables	688	1 186
Other receivables	3 024	6 025
Less: Loss allowance	(14 931)	(8 383)
Accrued contract revenue	28 612	–
Accrued capital grants	11 136	–
Total receivables	276 959	74 084

Receivables include taxes, royalties, rent and dividends, interest, contract receivables, accrued contract revenue, accrued capital grants and other receivables. Receivables are recognised at fair value plus any directly attributable transaction costs. Receivables are subsequently measured at amortised cost using the effective interest method, less any allowance for impairment loss. The loss allowance represents the amount of receivables CHA estimates are likely to be uncollectible and considered doubtful.

Accrued contract revenue comprises current specific purpose and national partnership payments accrued by CHA in line with accrued Commonwealth appropriation recognised in the receiving agency. Accrued contract revenue arise from contracts with customers where the receiving agency's right to consideration in exchange for goods transferred to customers or works completed have arisen but have not been billed at the reporting date. Once the agency's right to payment becomes unconditional, accrued contract revenue balances are reclassified as contract receivables. Accrued revenue that does not arise from contracts with customers is reported as part of other receivables.

Significant changes in accrued contract revenue balances during the year were due to the adoption of AASB 15 and AASB 1058. This adoption has resulted in the matching of the timing of the satisfaction of performance obligations with the timing of payment.

7. Advances and investments

	2020	2019
	\$000	\$000
Advances and investments	1 516 052	1 495 274
Total advances and investments	1 516 052	1 495 274

Investments include investments in financial assets for liquidity management purposes. Securities and investments are recorded at net market value, after deducting estimated costs of realisation at reporting.

Investments are managed by NTTC on behalf of CHA.

8. Prepayments

	2020	2019
	\$000	\$000
Current		
Prepaid contract revenue	3 011	-
Prepaid capital grants	196 391	-
Other prepaid expenses	1 783	2 876
	201 185	2 876
Non current		
Prepaid capital grants	16 940	-
	16 940	-
Total prepayments	218 125	2 876

Prepaid contract revenue and capital grants comprises funding received in advance from the Commonwealth and on-passed to agencies in respect of national partnership agreements, specific purpose payments and Commonwealth own-purpose expenditure, in line with the deferral of income recognised as an unearned liability.

9. Deposits held

	2020	2019
	\$000	\$000
Deposits held	1 906 610	934 519
Total deposits held	1 906 610	934 519

Deposits held are cash balances held by CHA on behalf of government trading entities.

10. Payables

	2020	2019
	\$000	\$000
Accounts payable	2 382	1 373
Accrued contract expense	28 612	-
Accrued capital grants	11 136	-
Total payables	42 130	1 373

Liabilities for accounts 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 CHA. Accounts payable are normally settled within 20 days.

Accrued contract expense and capital grants comprises Commonwealth funding on-passed in advance to agencies in respect of national partnership agreements, specific purpose payments and Commonwealth own purpose expenditure, in line with accrued revenue recognised as receivables.

11. Borrowings and advances

	2020	2019
	\$000	\$000
Current		
Borrowings and advances	4 553	9 045
	4 553	9 045
Non current		
Borrowings and advances	5 431 755	4 221 308
	5 431 755	4 221 308
Total borrowings and advances	5 436 308	4 230 354

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

Advances reflect loans received for policy purposes. These are primarily the original Commonwealth loans issued at self-government.

12. Employee benefits

	2020	2019
	\$000	\$000
Current		
Long service leave	255 859	239 582
	255 859	239 582
Non current		
Long service leave	105 412	98 696
	105 412	98 696
Total employee benefits	361 271	338 278

Long service leave

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

CHA recognises long service leave liabilities on behalf of all Territory agencies.

Liabilities recognised in respect of employee benefits not expected to be settled 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.

13. Superannuation liability

Employees' superannuation entitlements are provided through either a defined contribution plan or a defined benefits plan. Liability for unfunded superannuation is met directly by CHA. Agencies make superannuation contributions on behalf of their employees to either CHA or non-government employee-nominated schemes.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when employees have rendered the service entitling them to the contributions. These include non-government employee-nominated (choice-of-fund) 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.

The defined superannuation plans include:

- CSS
- LAMS Fund
- NTGPASS
- NTPSBS
- NTSSS
- other statutory schemes.

The Territory Government provides a free death and invalidity scheme for eligible Territory public sector employees who are in choice of fund superannuation arrangements up to the age of 60.

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.

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

13. Superannuation liability (continued)

Northern Territory Government and Public Authorities' Superannuation Scheme

The 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 member's accumulation account
- 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

The NTGDIS scheme provides death and disablement cover to all public sector employees under choice of fund arrangements up to the age of 60.

The NTPSBS, LAMS and other statutory schemes are all pension-based schemes.

	2020	2019
	\$000	\$000
Current	255 332	245 532
Non current	4 013 292	3 936 805
Total superannuation liabilities (a)	4 268 624	4 182 337

a) The Territory Government superannuation schemes comprise:

CSS	2 582 900	2 547 200
LAMS	132 580	126 389
NTGDIS	114 037	104 827
NTGPASS	984 810	958 310
NTPSBS	83 791	85 668
NTSSS	243 258	239 398
Statutory schemes ¹	127 248	120 545
	4 268 624	4 182 337

¹ Statutory schemes comprise superannuation liability for the administrators and judges.

The values reported above are based on estimates of the size and timing of future benefit payments obtained through actuarial reviews conducted at three-yearly intervals that are updated on an annual basis. NTGPASS, NTSSS, Supreme Court Judges Pension Scheme, NTGDIS, Administrator's Pension Scheme and the LAMS Fund are based on triannual reviews conducted 30 June 2019, however updated for 30 June 2020. The NTPSBS and CSS are based on triannual reviews as at 30 June 2018, however updated for 30 June 2020. The movement in the liability between years is predominantly due to a reduction in the discount rate from 1.3 per cent in 2018-19 to 0.9 per cent in 2019-20.

13. Superannuation liability (continued)

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

Key assumptions

Key assumptions as at balance date and for following year expense

	2020	2019
	%	%
Discount rate (gross of tax)	0.90	1.30
Short-term salary rate	2.50	2.50
Long-term salary rate	3.00	3.00
Expected return on scheme assets (net of tax) ¹	nil	4.00
Inflation (pensions)	1.50	1.50
Imputed cost of interest	1.30	2.60
Tax rate for employer contributions	nil	nil

¹ Expected return on scheme assets for 2019 reflects the year to 12 April 2019 actual return following the closure of the LAMS Fund.

Amounts in the financial statements

Balance sheet

	2020	2019
	\$000	\$000
Present value of the defined benefit obligation at end of year	4 240 319	4 155 802
Net present value of creditors ¹	28 305	26 535
Net liability/(asset) recognised in balance sheet at end of year	4 268 624	4 182 337

¹ NTGPASS, NTSSS and NTGDIS.

Operating statement

	2020	2019
Employer service cost	58 650	58 484
Net interest cost	52 790	90 673
Movement in superannuation creditors	1 770	(989)
Variations between payments and contributions	318	1 197
Total included in employee benefit expense	113 528	149 365

13. Superannuation liability (continued)

Explanation of amounts in the financial statements

Remeasurements

Actual return on fund assets less interest income

Actuarial (gains)/losses on liability

Total remeasurement

Reconciliation of the net defined benefit liability/(asset)

Net defined benefit liability/(asset) at beginning of year

Employer and interest cost

Employer contributions

Remeasurements

Net defined benefit liability/(asset) at end of year

2020	2019
\$000	\$000
-	(1 207)
159 656	555 339
159 656	554 132
4 155 802	3 594 563
111 440	149 157
(186 579)	(142 050)
159 656	554 132
4 240 319	4 155 802

Reconciliation from opening to closing balance of the following:

Plan assets

Fair value of the plan assets at the beginning of year

Employer contributions

Participant contributions

Benefit payments

Taxes and expenses paid

Interest income

Actual return on plan assets less interest income

Assets at end of year

nil	70 073
-	(68 848)
-	21
-	(4 037)
-	(183)
-	1 767
-	1 207
nil	nil

Note: LAMS was the only scheme that had assets until 12 April 2019, at which time the fund was closed and assets were transferred to the Conditions of Service Reserve (COSR) investments. The effect of this transfer is shown as a negative employer contribution, in 2018-19.

Reconciliation of the present value of the defined benefit obligation

Total defined benefit obligation at the beginning of year

Employer service cost

Interest expense

Participant contributions

Taxes and expenses paid

Benefit payments

Actuarial (gain)/loss on liabilities due to changes in demographic assumptions

Actuarial (gain)/loss on liabilities due to changes in financial assumptions

Actuarial (gain)/loss on liabilities due to changes in liability experience

Total defined benefit obligation at end of year

4 155 802	3 664 636
58 650	58 484
52 790	92 440
318	513
-	(183)
(186 897)	(215 427)
-	9 264
33 920	556 728
125 736	(10 653)
4 240 319	4 155 802

13. Superannuation liability (continued)

Sensitivity analysis – CSS

The Territory's total defined benefit obligation as at 30 June 2020 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case	–	2 582 900	–	–
Discount rate	1	2 235 100	(347 800)	(13.5)
Discount rate	(1)	3 020 100	437 200	16.9
Salary increase	1	2 590 500	7 600	0.3
Salary increase	(1)	2 575 900	(7 000)	(0.3)
Pension increase	1	2 985 400	402 500	15.6
Pension increase	(1)	2 252 200	330 700	(12.8)

Maturity profile of defined benefit obligation – CSS

The weighted average term of the defined benefit obligation is 12 years.

Sensitivity analysis – LAMS

The Territory's total defined benefit obligation as at 30 June 2020 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case	–	132 580	–	–
Discount rate	1	113 291	(19 289)	(14.5)
Discount rate	(1)	157 222	24 643	18.6
Salary increase	1	154 206	21 626	16.3
Salary increase	(1)	115 090	(17 489)	(13.2)
Mortality rates	10	128 142	(4 437)	(3.3)
Mortality rates	(10)	137 633	5 053	3.8

Maturity profile of defined benefit obligation – LAMS

The weighted average term of the defined benefit obligation is 17 years.

13. Superannuation liability (continued)

Sensitivity analysis – NTGDIS

The Territory's total defined benefit obligation as at 30 June 2020 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		96 100		
Discount rate	1	86 900	(9 200)	(9.6)
Discount rate	(1)	107 000	10 900	11.3
Salary increase	1	106 600	10 500	10.9
Salary increase	(1)	87 000	(9 100)	(9.5)
Pension increase	1	96 100	–	–
Pension increase	(1)	96 100	–	–

Maturity profile of defined benefit obligation – NTGDIS

The weighted average term of the defined benefit obligation is 12 years.

Sensitivity analysis – NTGPASS

The Territory's total defined benefit obligation as at 30 June 2020 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		978 600	–	–
Discount rate	1	905 400	(73 200)	(7.5)
Discount rate	(1)	1 062 300	83 700	8.6
Salary increase	1	1 076 200	97 600	10.0
Salary increase	(1)	891 900	(86 700)	(8.9)
Pension increase	1	978 600	–	–
Pension increase	(1)	978 600	–	–

Maturity profile of defined benefit obligation – NTGPASS

The weighted average term of the defined benefit obligation is 12 years.

13. Superannuation liability (continued)

Sensitivity analysis – NTPSBS

The Territory's total defined benefit obligation as at 30 June 2020 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case	–	83 791	–	–
Discount rate	1	72 014	(11 776)	(14.1)
Discount rate	(1)	98 744	14 954	17.8
Inflation	1	97 963	14 173	16.9
Inflation	(1)	72 351	(11 439)	(13.7)
Mortality rates	10	81 448	(2 342)	(2.8)
Mortality rates	(10)	86 433	2 643	3.2
Commutation rate	–	85 165	1 375	1.6
Commutation rate	30	82 416	(1 375)	(1.6)

Maturity profile of defined benefit obligation – NTPSBS

The weighted average term of the defined benefit obligation is 17 years.

Sensitivity analysis – NTSSS

The Territory's total defined benefit obligation as at 30 June 2020 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case	–	239 100	–	–
Discount rate	1	221 000	(18 100)	(7.6)
Discount rate	(1)	259 900	20 800	8.7
Salary increase	1	259 300	20 200	8.4
Salary increase	(1)	221 100	(18 000)	(7.5)
Pension increase	1	239 100	–	–
Pension increase	(1)	239 100	–	–

Maturity profile of defined benefit obligation – NTSSS

The weighted average term of the defined benefit obligation is 12 years.

13. Superannuation liability (continued)

Sensitivity analysis – Administrator's Scheme

The Territory's total defined benefit obligation as at 30 June 2020 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case	–	3 876	–	–
Discount rate	1	3 587	(289)	(7.4)
Discount rate	(1)	4 207	331	8.5
Inflation	1	4 160	284	7.3
Inflation	(1)	3 622	(254)	(6.6)
Mortality rates	10	3 678	(198)	(5.1)
Mortality rates	(10)	4 106	230	5.9

Maturity profile of defined benefit obligation – Administrator's Scheme

The weighted average term of the defined benefit obligation is 8 years.

Sensitivity analysis – Supreme Court Judges Pension Scheme

The Territory's total defined benefit obligation as at 30 June 2020 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case	–	123 372	–	–
Discount rate	1	107 037	(16 336)	(13.2)
Discount rate	(1)	143 728	20 356	16.5
Inflation	1	141 411	18 039	14.6
Inflation	(1)	108 429	(14 943)	(12.1)
Mortality rates	10	118 809	(4 564)	3.7
Mortality rates	(10)	128 589	5 216	4.2

Maturity profile of defined benefit obligation – Supreme Court Judges Pension Scheme

The weighted average term of the defined benefit obligation is 14 years.

14. Other liabilities

	2020	2019 Restated
	\$000	\$000
Current		
Provisions		
Workers compensation liability	32 281	28 422
National redress liability	1 500	1 000
Other	37 417	72
Unearned revenue		
Unearned contract revenue	3 011	-
Unearned capital grants	196 391	-
Other unearned revenue	581	25 760
	271 181	55 255
Non current		
Provisions		
Workers compensation liability	143 775	131 647
National redress liability	16 400	24 200
Other	1 255	40 815
Unearned revenue		
Unearned contract revenue	-	-
Unearned capital grants	16 940	-
Other unearned revenue	-	-
	178 370	196 662
Total other liabilities	449 551	251 916
Reconciliation of provisions		
Balance at 1 July	226 156	151 699
Effect of changes in assumptions	11 251	11 149
Increase in claims incurred/recovered anticipated over the year	51 274	30 948
Reductions arising from payments	(56 053)	(32 378)
Other movements	-	64 737
Balance at 30 June	232 628	226 156

Workers compensation

Workers compensation liabilities comprise those under the *Return to Work Act 1986* and Comcare liabilities under Commonwealth legislation.

The change in liability for the year ended 30 June 2020 is based on 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.

14. Other liabilities (continued)

National redress liability

National redress liability represents the Territory's estimated costs relating to compensation payable in accordance with the National Redress Scheme for Survivors of Institutional and Sexual Abuse.

The liability valuation is based upon an actuarial assessment of the value of claims for the duration of the scheme.

Other provisions

A provision for superannuation guarantee underpayments owed to ATO.

Unearned revenue

Unearned contract revenue relates to consideration received in advance from the Commonwealth by CHA and on-passed to agencies in respect of current national partnership agreements and specific purpose payments. Unearned contract revenue balance as at 30 June 2020 was \$3 million (balance at 1 July 2019 was \$1.1 million).

Significant changes in unearned contract revenue during the year related to funding received from the Commonwealth for the Barkly Regional Deal and Disaster Resilience.

Of the amount included in the unearned contract revenue balance as at 1 July 2019, \$0.563 million has been recognised as revenue in 2019-20.

CHA anticipates to recognise as revenue, any liabilities for unsatisfied obligations as at the end of the reporting period in accordance with the time bands below:

	2020
	\$'000
No later than one year	3 011
Later than one year and not later than five years	–
Later than five years	–
Total	3 011

Unearned capital grants

Unearned capital revenue relates to consideration received in advance from the Commonwealth and on-passed to agencies in respect of national partnership agreements, specific purpose payments and Commonwealth own-purpose expenditure.

14. Other liabilities (continued)

Below is a reconciliation of financial assets and corresponding liabilities arising from transfers to acquire or construct non-financial assets to be controlled by the receiving agency.

	2020
	\$000
Unearned capital grants on initial application of AASB 1058	175 783
Add: receipt of cash during the financial year	64 160
Less: income recognised during the financial year	26 612
Total unearned capital grants	213 332

For constructed assets, performance obligations are typically satisfied over time as the asset is constructed and revenue is recognised accordingly. An input method is used to measure the progress towards the satisfaction of performance obligations and hence the amount of revenue recognised. The progress towards satisfaction of the performance obligations is measured using the percentage of completion method.

CHA anticipates to recognise as income, any liability for unsatisfied obligations as at the end of the reporting period in accordance with the time bands below:

	2020
	\$000
No later than one year	196 391
Later than one year and not later than five years	16 940
Later than five years	-
Total	213 332

15. Financial instruments

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 instruments held by CHA include cash and deposits, receivables, advances and investments, deposits held, payables and borrowings. CHA has limited exposure to financial risks as discussed below.

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 132 Financial Instruments: Presentation and have been excluded in the following tables. These include statutory receivables arising from 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 risks arise in the normal course of activities. CHA's advances, investments and borrowings are predominantly managed through the NTTC. Financial assets and liabilities are recognised on the balance sheet when CHA becomes a party to the contractual provisions of the financial instrument.

15. Financial instruments (continued)

a) Categorisation of financial instruments

The carrying amounts of CHA's financial assets and liabilities by category are disclosed in the table below.

2020 Categories of financial instruments

	FVTPL		Amortised cost	FVOCI	Other	Total
	Mandatory	Designated				
	\$000	\$000	\$000	\$000	\$000	\$000
Cash and deposits	-	-	-	-	1 344 023	1 344 023
Receivables ¹	-	-	1 131	-	-	1 131
Advances and investments	991 633	-	524 420	-	-	1 516 052
Total financial assets	991 633	-	525 551	-	1 344 023	2 861 206
Deposits held	-	-	1 906 610	-	-	1 906 610
Payables ¹	-	-	1 118	-	-	1 118
Borrowings and advances	-	-	5 436 308	-	-	5 436 308
Total financial liabilities	-	-	7 344 036	-	-	7 344 036

2019 Categories of financial instruments

	FVTPL		Amortised cost	FVOCI	Other	Total
	Mandatory	Designated				
	\$000	\$000	\$000	\$000	\$000	\$000
Cash and deposits	-	-	-	-	327 530	327 530
Receivables ¹	-	-	4 572	-	-	4 572
Advances and investments	1 016 408	-	478 866	-	-	1 495 274
Total financial assets	1 016 408	-	483 438	-	327 530	1 827 376
Deposits held	-	-	934 519	-	-	934 519
Payables ¹	-	-	945	-	-	945
Borrowings and advances	-	-	4 230 354	-	-	4 230 354
Total financial liabilities	-	-	5 165 818	-	-	5 165 818

1 Total amounts disclosed exclude statutory amounts and accruals, as these are not within the scope of AASB 132. Therefore, the total will not reconcile to the amounts as per the balance sheet.

15. Financial instruments (continued)

Categories of financial instruments

Financial assets are classified under the following categories:

- amortised cost
- FVOCI
- FVTPL.

Financial liabilities are classified under the following categories:

- amortised cost
- FVTPL.

These classifications are based on CHA's business model for managing the financial assets and the contractual terms of the cash flows. Where assets are measured at fair value, gains and losses will either be recorded in profit or loss, or other comprehensive income.

Financial instruments are reclassified when and only when CHA's business model for managing those assets changes.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Financial assets at amortised cost

Financial assets are classified at amortised cost when they are held by CHA to collect the contractual cash flows and the contractual cash flows are solely payments of principal and interest.

These assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less impairments. CHA's financial assets categorised as amortised cost include receivables and certain debt securities.

Financial assets at fair value through other comprehensive income (FVOCI)

Financial assets are classified at FVOCI when they are held by CHA to both collect contractual cash flows and sell the financial assets, and the contractual cash flows are solely payments of principal and interest.

These assets are initially and subsequently recognised at fair value. Changes in the fair value are recognised in other comprehensive income, except for the recognition of impairment gains or losses and interest income, which are recognised in the operating result in the comprehensive operating statement. When financial assets are derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the comprehensive operating statement.

For equity instruments elected to be categorised at FVOCI, changes in fair value recognised in other comprehensive income are not reclassified to profit or loss on derecognition of the asset. Dividends from such instruments continue to be recognised in the comprehensive operating statement as other income when CHA's right to receive payments is established.

CHA does not have any financial assets under this category.

15. Financial instruments (continued)

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified at FVTPL when they do not meet the criteria for amortised cost or FVOCI. These assets are initially and subsequently recognised at fair value with gains or losses recognised in the net result for the year.

CHA's financial assets categorised as FVTPL include investments in managed unit trusts (COSR investment).

Financial liabilities at amortised cost

Financial liabilities at amortised cost are measured at amortised cost using the effective interest rate method. CHA's financial liabilities categorised as amortised cost include all accounts payable, deposits held, borrowings and advances received.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified at FVTPL when the liabilities are either held for trading or designated as FVTPL. Financial liabilities classified at FVTPL are initially and subsequently measured at fair value with gains or losses recognised in the net result for the year.

For financial liabilities designated at FVTPL, changes in the fair value of the liability attributable to changes in CHA's credit risk are recognised in other comprehensive income while remaining changes in the fair value are recognised in the net result.

CHA does not have any financial liabilities under this category.

b) Credit risk

CHA has limited credit risk exposure (risk of default). In respect of any dealings with organisations external to government, CHA has adopted a policy of only dealing with credit-worthy organisations and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

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

15. Financial instruments (continued)

c) Liquidity risk

Liquidity risk is the risk CHA will not be able to meet its financial obligations as they fall due. CHA's approach to managing liquidity is to ensure it will always have sufficient liquidity to meet its liabilities when they fall due.

The following tables detail CHA's remaining contractual maturity for its financial liabilities. The tables are based on undiscounted cash flows and includes both interest and principal cash flows.

	Carrying amount	Less than one year	1 to 5 years	More than 5 years	Total
	\$000	\$000	\$000	\$000	\$000
2020 Maturity analysis for financial liabilities					
Deposits held	1 906 610	1 906 610	–	–	1 906 610
Payables	1 118	1 118	–	–	1 118
Borrowings and advances	5 436 308	228 554	3 075 343	3 549 786	6 853 683
Total financial liabilities	7 344 036	2 136 281	3 075 343	3 549 786	8 761 410

2019 Maturity analysis for financial liabilities

Deposits held	934 519	934 519	–	–	934 519
Payables	945	945	–	–	945
Borrowings and advances	4 230 354	194 111	2 480 449	2 789 035	5 463 594
Total financial liabilities	5 165 818	1 129 575	2 480 449	2 789 035	6 399 059

d) Market risk

Market risk is the risk the fair value of 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. The primary market risk CHA is likely to be exposed to is interest rate 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.

15. Financial instruments (continued)

CHA's exposure to interest rate risk by asset and liability classes is disclosed below.

	Interest bearing		Non-interest bearing	Total	Weighted average
	Variable	Fixed			
	\$000	\$000	\$000	\$000	%
2020 Interest rate risk for financial assets and liabilities					
Cash and deposits	1 344 023	–	–	1 344 023	0.25
Receivables ¹	–	–	1 131	1 131	
Advances and investments	–	524 420	991 633	1 516 052	0.75
Total financial assets	1 344 023	524 420	992 764	2 861 207	
Deposits held	–	–	1 906 610	1 906 610	
Payables ¹	–	–	1 118	1 118	
Borrowing and advances	–	5 436 308	–	5 436 308	4.12
Total financial liabilities	–	5 436 308	1 907 728	7 344 036	

2019 Interest rate risk for financial assets and liabilities

Cash and deposits	327 530	–	–	327 530	1.50
Receivables ¹	–	–	4 572	4 572	
Advances and investments	–	478 866	1 016 408	1 495 274	2.19
Total financial assets	327 530	478 866	1 020 980	1 827 376	
Deposits held	–	–	934 519	934 519	
Payables ¹	–	–	945	945	
Borrowing and advances	–	4 230 354	–	4 230 354	4.38
Total financial liabilities	–	4 230 354	935 464	5 165 818	

1 Total amounts disclosed here exclude statutory amounts and accruals, as these are not in the scope of AASB 132. Therefore, the total will not reconcile to the amounts as per the balance sheet.

Assuming the financial assets and liabilities at 30 June 2020 were to remain until maturity or settlement without any action by CHA to alter the resulting interest rate exposure, changes in the variable rates of 100 basis points (1 per cent) at reporting date would have the following effect on CHA's profit or loss and equity.

	Profit or loss and equity 100 basis points increase/decrease	
	2020	2019
	\$000	\$000
Cash and deposits	± 13 440	± 3 275
Net sensitivity	± 13 440	± 3 275

15. Financial instruments (continued)

Sensitivity analysis

(ii) Price risk

CHA is exposed to price risk as CHA holds units in unit trusts.

Price risk arises when an agency holds units in unit trusts and there is a change in the market value of these 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. CHA 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 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 unit trusts. It is assumed that any relevant price change occurs as at reporting date.

	Change in unit price	Impact on profit or loss and equity	
		2020	2019
	%	\$000	\$000
Equities	± 10	± 54 076	± 62 950
Property securities	± 10	± 15 574	± 12 173
Interest bearing	± 1	± 2 951	± 2 652
Net sensitivity		± 72 601	± 77 775

e) Net fair value

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

- the fair value of cash, deposits, receivables and payables approximates their carrying amount, which is also their amortised cost
- the fair value of advances and investments have been determined using market values
- 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 that are measured at fair value, are grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 – the fair value is calculated using quoted prices in active markets.
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

15. Financial instruments (continued)

The following table provides an analysis of financial instruments measured and disclosed at fair value, grouped based on the level of inputs used.

	Total carrying amount	Net fair value			Total
		Level 1	Level 2	Level 3	
	\$000	\$000	\$000	\$000	\$000
2020					
Advances and investments					
Units in unit trusts	991 633	–	991 633	–	991 633
Total financial assets	991 633	–	991 633	–	991 633

2019

Advances and investments					
Units in unit trusts	1 016 408	–	1 016 408	–	1 016 408
Total financial assets	1 016 408	–	1 016 408	–	1 016 408

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

	Total carrying amount	Net fair value			Total
		Level 1	Level 2	Level 3	
	\$000	\$000	\$000	\$000	\$000
2020					
Advances and investments					
Short-term deposits	200 000	–	200 951	–	200 951
Securities	524 420	–	524 942	–	524 942
Total financial assets	724 420	–	725 893	–	725 893
Borrowings and advances	5 436 308	–	6 264 030	–	6 264 030
Total financial liabilities	5 436 308	–	6 264 030	–	6 264 030

2019

Advances and investments					
Short-term deposits	130 000	–	131 298	–	131 298
Securities	480 000	–	479 391	–	479 391
Total financial assets	610 000	–	610 689	–	610 689
Borrowings and advances	4 230 354	–	4 843 945	–	4 843 945
Total financial liabilities	4 230 354	–	4 843 945	–	4 843 945

There were no changes in valuation techniques during the period.

16. Budgetary information

a) Comprehensive operating statement

	2019-20 ¹			
	Actual	Original Budget ²	Variance	Note
	\$000	\$000	\$000	
INCOME				
Taxation revenue	633 233	661 307	(28 074)	1
Commonwealth revenue				
GST revenue	2 658 960	2 763 000	(104 040)	2
Specific purpose payments	442 949	395 802	47 147	3
National partnership agreements	434 742	508 010	(73 268)	4
Current grants	267 318	254 032	13 286	5
Capital grants	19 023	32 294	(13 271)	5
Sales of goods and services	59 894	65 858	(5 964)	6
Interest revenue	57 405	49 952	7 453	7
Royalties, rents and dividends	438 412	425 986	12 426	8
Employer superannuation contributions	28 699	32 644	(3 945)	
Unrealised gain/loss on investments	(66 764)	17 339	(84 103)	9
Other revenue	20 036	20 960	(924)	
TOTAL INCOME	4 993 908	5 227 184	(233 276)	
EXPENSES				
Long service leave expense	59 899	45 155	14 744	10
Superannuation expense	116 358	212 230	(95 872)	11
Workers compensation expense	41 323	30 190	11 133	12
Administrative expense	8 416	820	7 596	13
Grants and subsidies expense	(7 800)	–	(7 800)	14
Interest expense	210 337	209 462	875	
Appropriation expense	4 979 383	4 880 532	98 851	15
TOTAL EXPENSES	5 407 916	5 378 389	29 527	
NET SURPLUS/(DEFICIT)	(414 008)	(151 205)	(262 803)	
OTHER COMPREHENSIVE INCOME				
Remeasurement of superannuation liability	(159 656)	102 687	(262 343)	16
Revaluations and asset impairment	(13 512)	–	(13 512)	17
TOTAL OTHER COMPREHENSIVE INCOME	(173 168)	102 687	(275 855)	
COMPREHENSIVE RESULT	(587 176)	(48 518)	(538 658)	

1 Actuals have been presented consistent with original budget.

2 The 2020 original budget has been reclassified to provide consistency with reporting on other comprehensive income.

16. Budgetary information (continued)

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

1. The \$28.1 million decrease in taxation revenue from 2019-20 Budget is predominantly due to the general economic impacts of COVID-19 and comprises:
 - decreased payroll and labour force taxes of \$39 million, including payroll tax waivers as part of the Territory Government's business hardship relief measures
 - decreased taxes on gambling of \$9.9 million due to the temporary closure of gaming and wagering venues as a result of COVID-19 restrictions, including tax waivers granted to casinos, pubs and clubs
 - partially offset by an increase of \$23 million in stamp duty due to a large one-off commercial transaction brought to account in 2019-20 but expected in 2020-21.
2. GST revenue decreased by \$104 million as a result of lower GST pool and slightly lower share of national population.
3. Specific purpose payments increased by \$47.1 million relating to Quality Schools funding for non-government schools.
4. National partnership payments decreased by \$73.3 million predominantly relating to revised delivery of Commonwealth funded roads and infrastructure projects of \$66.2 million and remote housing programs of \$51.2 million, due to delays in construction, land tenure and community consultations as a result of COVID-19 biosecurity restrictions; partially offset by additional funding for Darwin City education and community precinct of \$22.5 million, primary industry and resource programs of \$14.2 million, and various programs across agencies of \$7.5 million.
5. The variation in current and capital grants of \$13.3 million reflects the reclassification of natural disaster relief funding from capital to current grants.
6. Sales of goods and services decreased by \$6 million predominantly due to lower collections of motor vehicle licence fees and various permits and waivers of various government fees and charges.
7. Interest revenue increased by \$7.5 million largely due to the realisation of gains within the COSR investments.
8. Royalties, rents and dividends increased by \$12.4 million predominantly due to higher mining royalties reflecting an increase in the value of mineral production and stronger than expected commodity prices.
9. The variation reflects the movement in the market price of the investments held by CHA.
10. Long service leave payments increased by \$14.7 million largely due to wages growth, timing of entitlement payments and changes in bond rates and staffing numbers.
11. Superannuation expenses decreased by \$95.9 million predominantly as a result of lower than anticipated accruing costs and recognising expenses relating to superannuation guarantee underpayment in prior years.
12. Workers compensation expenses increased by \$11.1 million predominantly as a result of higher than anticipated compensation claims.
13. The variation reflects an increase in doubtful debts relating to Territory taxes.
14. Grants and subsidies expense decreased by \$7.8 million due to a net reduction in the Territory's liability under the National Redress Scheme as a result of lower than anticipated scheme take up.
15. Appropriation increased by \$98.9 million as a result of new government initiatives funded across various agencies and in line with tied Commonwealth funding agreements.
16. The variation reflects the movement in the bond rate used in valuing the Territory's superannuation liabilities as required by accounting standards.
17. The variation reflects actuarial adjustments to long service leave and workers compensation liabilities.

16. Budgetary information (continued)

b) Balance sheet

	2019-20 ¹		Variance	Note
	Actual	Original Budget		
	\$000	\$000	\$000	
ASSETS				
Cash and deposits	1 344 023	57 999	1 286 024	1
Receivables	276 959	56 539	220 420	2
Advances and investments	1 516 052	1 255 520	260 532	3
Prepayments	218 126	3 400	214 726	4
Equity investments	12 617 575	13 062 085	(444 510)	5
TOTAL ASSETS	15 972 735	14 435 543	1 537 192	
LIABILITIES				
Deposits held	1 906 610	695 529	1 211 081	6
Payables	42 130	2 885	39 245	7
Borrowings and advances	5 436 308	5 246 309	189 999	8
Employee benefits	361 271	332 235	29 036	9
Superannuation liability	4 268 624	3 528 792	739 832	10
Other liabilities	449 551	189 870	259 681	11
TOTAL LIABILITIES	12 464 494	9 995 620	2 468 874	
NET ASSETS	3 508 240	4 439 923	(931 683)	
EQUITY				
Accumulated funds	3 508 240	4 439 923	(931 683)	
TOTAL EQUITY	3 508 240	4 439 923	(931 683)	

1 Actuals have been presented consistent with original budget.

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

1. Cash and deposits increased by \$1.3 billion largely due to pre-funding part of the 2020-21 borrowing program (\$708 million), combined with elevated cash balances due to decreased spending as a result of revised timing of operating and capital payments.
2. Receivables increased by \$220.4 million largely due to increased royalty receivables following application of new accounting standards on revenue of \$169.8 million, combined with accrued contract and capital grant revenue of \$39.7 million relating to works undertaken for various Commonwealth funded programs for which cash has not yet been receipted and on-passed to government agencies.
3. Advances and investments increased by \$260.5 million predominantly due to higher than budgeted short-term and fixed interest investments.
4. Prepayments increased by \$214.7 million largely reflecting consideration received in advance from the Commonwealth and on-passed to agencies in respect of national partnership agreements, specific purpose payments and Commonwealth own-purpose expenditure.

16. Budgetary information (continued)

5. Equity investments represents CHA's ownership in public sector entities with variations reflecting lower than anticipated net assets across entities.
6. Deposits held increased by \$1.2 billion due to higher than anticipated cash balances held by CHA on behalf of government trading entities.
7. Payables increased by \$39.2 million in line with accrued contract and capital grant revenue of \$39.7 million relating to works undertaken for various Commonwealth funded programs for which cash has not yet been receipted and on-passed to government agencies.
8. Borrowings and advances increased by \$190 million to support COVID-19 relief and recovery measures.
9. Employee benefits increased by \$29 million largely due to an increase in long service leave liabilities with increased leave entitlements as a result of COVID-19 travel restrictions affecting take up of leave, combined with wages growth and changes in bond rates and staffing numbers.
10. The \$739.8 million increase in superannuation liabilities reflects the movement in the bond rate used in valuing the Territory's superannuation liabilities as required by accounting standards.
11. Other liabilities increased by \$259.7 million predominantly due to the increase in unearned revenue of \$210.1 million largely reflecting consideration received in advance from the Commonwealth in respect of national partnership agreements, specific purpose payments and Commonwealth own purpose expenditure, combined with a one-off provision for superannuation guarantee underpayments of \$37 million.

16. Budgetary information (continued)

c) Cash flow statement

	2019-20		Variance	Note
	Actual	Original budget		
	\$000	\$000	\$000	
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating receipts				
Taxes received	609 634	665 146	(55 512)	1
Grants and subsidies received				
GST received	2 658 960	2 763 000	(104 040)	2
Specific purpose payments	442 949	395 802	47 147	3
National partnership agreements	450 983	508 010	(57 027)	4
Current grants	267 318	254 032	13 286	5
Capital grants	18 495	32 294	(13 799)	5
Royalties, rents and dividends	490 030	410 284	79 746	6
Employer superannuation contributions	28 699	32 644	(3 945)	
Other receipts	84 350	87 280	(2 930)	
Interest received	57 903	49 952	7 951	7
Total operating receipts	5 109 321	5 198 444	(84 123)	
Operating payments				
Long service leave	38 074	45 155	(7 081)	8
Superannuation benefits paid	186 897	212 230	(25 333)	9
Other salary payments	40 027	34 323	5 704	
Payments for goods and services	1 224	820	404	
Interest paid	210 164	207 654	2 510	
Appropriation payments	4 954 354	4 880 532	73 822	10
Total operating payments	5 430 741	5 380 714	50 027	
Net cash from/(used in) operating activities	(321 421)	(182 270)	(139 151)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Investing receipts				
Equity sales or withdrawals	21 633	13 032	8 601	11
Other investing receipts	–	–	–	
Total investing receipts	21 633	13 032	8 601	
Investing payments				
Advance and investing payments	87 543	44 288	43 255	12
Appropriation payments	712 228	906 665	(194 437)	13
Equity injections	61 994	38 000	23 994	11
Total investing payments	861 765	988 953	(127 188)	
Net cash from/(used in) investing activities	(840 132)	(975 921)	135 789	

16. Budgetary information (continued)

c) Cash flow statement (continued)

	2019-20		Variance	Note
	Actual	Original budget		
	\$000	\$000	\$000	
CASH FLOWS FROM FINANCING ACTIVITIES				
Financing receipts				
Proceeds of borrowings	1 215 000	1 020 000	195 000	14
Deposits received	972 091	(54 288)	1 026 379	15
Total financing receipts	2 187 091	965 712	1 221 379	
Financing payments				
Repayment of borrowings	9 045	4 045	5 000	14
Total financing payments	9 045	4 045	5 000	
Net cash from/(used in) financing activities	2 178 045	961 667	1 216 378	
Net increase/(decrease) in cash held	1 016 493	(196 524)	1 213 017	
Cash at beginning of financial year	327 530	254 523	73 007	
CASH AT END OF FINANCIAL YEAR	1 344 023	57 999	1 286 024	

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

- The \$55.5 million decrease in taxes received compared to the original 2019-20 Budget reflects:
 - decreased payroll and labour force tax receipts of \$38 million predominantly due to the economic impacts of COVID-19, including payroll tax waivers as part of the Territory Government's business hardship relief measures and higher taxes receivable of \$12.7 million
 - decreased income tax equivalents of \$20.6 million due to lower profitability within government owned corporations
 - decreased gambling tax receipts of \$9.9 million due to the temporary closure of gaming and wagering venues as a result of COVID-19 restrictions, including tax waivers granted to casinos, pubs and clubs
 - a net decrease in other tax receipts of \$0.5 million largely due to lower motor vehicle registration fees, partially offset by higher than expected growth in insurance duties, offset by
 - an increase in stamp duties on financial and capital transactions of \$23 million due to one-off large commercial transaction in 2019-20, offsetting subdued conditions in the broader residential and commercial property market.
- GST revenue decreased by \$104 million as a result of lower GST pool and slightly lower share of national population.
- Specific purpose payments increased by \$47.1 million relating to Quality Schools funding for non government schools.
- National partnerships payments decreased by \$57 million predominantly due to revised delivery of Commonwealth funded roads and infrastructure projects.
- The variation in current and capital grants reflects the reclassification of Natural Disaster Relief funding from capital to current grants.

16. Budgetary information (continued)

6. Royalties, rents and dividends increased by \$79.7 million predominantly due to higher mining royalty receivables of \$34 million recognised in accordance with new revenue accounting standards, combined with higher dividend receivable from government owned corporations.
7. Interest revenue increased by \$8 million largely due to the realisation of gains within the COSR investments.
8. Long service leave paid decreased by \$7.1 million largely as a result of COVID-19 travel restrictions affecting take up of leave.
9. Superannuation benefits paid decreased by \$25.3 million predominantly due to fewer members retiring in 2019-20 than anticipated.
10. Appropriation payments increased by \$73.8 million as a result of government initiatives funded across various agencies and in line with Commonwealth tied funding agreements.
11. Net withdrawals and injections of \$15.3 million largely reflect the transfer of cash from CHA to general government agencies.
12. Advances and investing payments increased by \$43.3 million largely due to increases in short-term and fixed interest investments as a result of improved market conditions.
13. The decrease of \$194.4 million reflects government initiatives across various agencies and in line with tied Commonwealth capital funding agreements.
14. The net increase in borrowings reflects COVID-19 relief and recovery measures.
15. Deposits received increased by \$1.026 billion due to higher than anticipated cash balances held by CHA on behalf of government entities.

17. Related parties

a) Related parties

CHA is a government administrative entity and is wholly owned and controlled by the Territory Government. Related parties of CHA include:

- the portfolio minister (the Treasurer) and KMP because they have authority and responsibility for planning, directing and controlling the activities of the department directly
- spouses, children and dependants who are close family members of the portfolio minister or KMP
- all public sector entities that are controlled and consolidated into the whole of government financial statements
- any entities controlled or jointly controlled by KMP or the portfolio minister or controlled or jointly controlled by their close family members.

b) Key management personnel

KMP of CHA are those persons having authority and responsibility for planning, directing and controlling the activities of CHA. The KMP of CHA for 2019-20 were:

- the Treasurer
- the Under Treasurer.

17. Related parties (continued)

c) Remuneration of KMP

CHA does not make any direct payments to its KMP. The Treasurer's remunerations and allowances are not paid by CHA and consequently are disclosed within TAFS. The Under Treasurer's remuneration and allowances are payable by DTF.

d) Related party transactions

Transactions with Northern Territory government-controlled entities

CHA's primary source of income is Commonwealth revenue received by DTF and Territory income administered by government entities passed on to CHA.

CHA's primary source of expenses are payments to government-controlled entities in the form of output and capital appropriation and on-passed Commonwealth national partnership and specific purpose payments.

18. Contingent liabilities

In 2018-19, the Territory agreed to the intergovernmental agreement to participate in the National Redress Scheme, which commenced 1 July 2018 for survivors of institutional child sexual abuse. Since inception of the scheme, principles of the funder of last resort provision for defunct institutions were expanded. While there are uncertainties regarding funder of last resort institutions, the Territory recognised a liability with respect to these potential claims in 2019-20. Accordingly, a contingent liability in relation to the funder of last resort no longer remains and, at the date of this report, the Territory has not received any requests under this provision.

19. Events subsequent to reporting date

No events have arisen between the end of the financial year and the date of this report that require adjustment to or disclosure in these financial statements.

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