



NORTHERN TERRITORY

2025-26

**TREASURER'S
ANNUAL
FINANCIAL REPORT**

Published by the Department of Treasury and Finance

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STATEMENT OF COMPLIANCE

Treasurer's Annual Financial Report for the year ended 30 June 2026.

The Treasurer's Annual Financial Report for 2025-26 has been prepared to provide an informative, comprehensive and clear report of the Northern Territory Government's financial outcomes in accordance with section 16 of the *Fiscal Integrity and Transparency Act 2001*.

It includes the Treasurer's Annual Financial Statements prepared in accordance with section 9 of the *Financial Management Act 1995*, in accordance with Australian accounting standards and the requirements of the Uniform Presentation Framework.

A handwritten signature in blue ink, appearing to read 'Bill Yan'.

BILL YAN

15 OCT 2026

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About this report

The Treasurer's Annual Financial Report (TAFR) satisfies the Territory's reporting obligations under both the *Fiscal Integrity and Transparency Act 2001* (FITA) and *Financial Management Act 1995* (FMA).

The 2025-26 TAFR has been prepared in accordance with Australian accounting standards, including Australian Accounting Standards Board (AASB) 1049 *Whole of government and general government sector financial reporting*, and with the requirements of the Uniform Presentation Framework (UPF).

The TAFR provides information on the Territory's outcome for 2025-26. This includes:

- details of the outcome and analysis of key fiscal aggregates
- audited consolidated financial statements by sector, with notes provided for the general government sector and total public sector
- additional financial information and supplementary tables as required by the UPF.

Outcome and analysis

To support transparency and accountability for the government's financial performance and projections, this section provides a comprehensive analysis of material variations between:

- 2025-26 outcome compared with 2025-26 revised budget, to supplement detailed information on budget variations affecting the current financial year as presented in the May 2026 Budget
- 2025-26 outcome compared with 2024-25 outcome, to provide context and enable comparability of the current year's financial performance with the previous reporting period
- 2025-26 outcome against government's fiscal strategy objectives as set in the 2025-26 Budget, to evaluate implementation of the strategy in 2025-26.

The information contained within this section is unaudited.

Audited consolidated financial statements

This section includes audited financial statements for the general government sector; non financial public sector; and total public sector, for both 2025-26 and 2024-25. Note disclosures for the general government sector and total public sector are also included, in line with Australian accounting standards and the UPF.

The actual outcome of entities controlled by the Territory are consolidated within these financial statements.

The information contained within this section has been audited.

Additional financial information

This section provides additional financial information to supplement the whole of government and sectoral tables presented in the audited financial statements. It includes information on the allocation of Treasurer's Advance to agencies in 2025-26, as well as supplementary tables that are required under the UPF but not required to be audited.

It also includes the classification of entities, a list of acronyms and abbreviations, and explanation of terms used throughout this TAFR.

Ministerial portfolio arrangements

This schedule of ministerial portfolio arrangements details the ministerial responsibilities for individual areas of government at 30 June 2026 (as per the Administrative Arrangements Order of 1 June 2026).

Ministerial portfolio arrangements at 30 June 2026

Minister	Portfolio
The Hon. L E Finocchiaro MLA	Chief Minister
	Minister for Police
	Minister for Fire and Emergency Services
	Minister for Defence NT
	Minister for Territory Coordinator
The Hon. G P Maley, MLA	Minister for Agriculture and Fisheries
	Minister for Mining and Energy
	Minister for Corrections
	Minister for Renewables
	Minister for Recreational Fishing
The Hon. W C Yan, MLA	Treasurer
	Minister for Logistics and Infrastructure
	Minister for Housing Construction
The Hon. MC J Boothby, MLA	Attorney-General
	Minister for Tourism and Hospitality
	Minister for Major Events
	Minister for Parks and Wildlife
	Minister for Racing
The Hon. S M Edgington, MLA	Minister for Health
	Minister for Mental Health
	Minister for Alcohol Policy
	Minister for Aboriginal Affairs
	Minister for Housing, Local Government and Community Development
	Minister for Essential Services
The Hon. J R Burgoyne, MLA	Minister for Lands, Planning and Environment
	Minister for Corporate and Digital Development
	Minister for Water Resources
The Hon. JA Hersey, MLA	Minister for Education and Training
	Minister for Early Education
	Minister for Public Service

Minister	Portfolio
The Hon. R P Cahill OAM, MLA	Minister for Trade, Business and Asian Relations
	Minister for International Education, Migration and Population
	Minister for Workforce Development
	Minister for Advanced Manufacturing
	Minister for Children and Families
	Minister for Child Protection
	Minister for Prevention of Domestic Violence
The Hon. J A Charls, MLA	Minister for People, Sport and Culture
	Minister for Disability
	Minister for Arts
	Minister for Youth, Seniors and Equality
	Minister for Multicultural Affairs
	Minister for Veterans

Outcome and analysis

Overview

The 2025-26 year was characterised by significant external shocks that influenced both the Territory's fiscal performance and 2026-27 Budget development. The Territory experienced five severe weather events, including the effects of tropical cyclones Fina and Narelle, and floods in Central Australia and Big Rivers regions. These events caused substantial damage to housing, roads and community infrastructure, necessitated significant expenditure on emergency response and recovery activities, and disrupted the delivery of planned capital works.

In parallel, geopolitical instability and disruptions to global energy markets drove unprecedented increases in prices of fuel and outputs of fuel-reliant industries, elevating inflationary pressures in the Territory's capital works program and delivery of remote services. Conversely, these ongoing global tensions and demand for key commodities supported higher mining royalty revenue for the Territory in 2025-26.

Notwithstanding the challenges, the 2025-26 outcome recorded improved fiscal aggregates compared with both the 2025-26 Budget and 2025-26 revised estimates. The stronger result against both forecasts was primarily driven by additional GST revenue together with higher taxation and royalty revenue.

Table 1 sets out the actual 2025-26 outcomes for key fiscal indicators against which fiscal policy is assessed, including comparisons with 2024-25, the original budget and the most recent fiscal projection for 2025-26, which is the 2025-26 revised budget (referred to as 2025-26 revised) published in May 2026.

Key fiscal outcomes for 2025-26 include:

- a general government sector net operating surplus of \$234 million
- a non financial public sector fiscal balance deficit of \$453 million
- net debt in the non financial public sector of \$11.472 billion, with a net debt to revenue ratio of 109%.

Table 1: Key fiscal indicators and aggregates

	2024-25 Outcome	2025-26 Budget	2025-26 Revised	2025-26 Outcome	Variation on budget	Variation on revised
	\$M	\$M	\$M	\$M	\$M	\$M
General government sector						
Net operating balance	- 886	- 265	95	234	499	139
Non financial public sector						
Fiscal balance	- 1 654	- 1 308	- 583	- 453	855	130
Net debt	10 543	12 191	11 350	11 472	- 719	122
Net debt to revenue (%)	116	121	109	109	- 12	nil

Outcome compared to revised budget

Section 16(1)(b) of the FITA requires the Territory Government to provide explanations for material differences between the actual financial result and equivalent budget projection for that year, as published in the last fiscal outlook report. This assessment supplements detailed information on budget variations for the financial year provided in the 2026-27 Budget Paper No. 2 *Budget Strategy and Outlook*, published in May 2026, to provide updated information on fiscal policy and actual performance against the most recent published budget.

The following analysis addresses this requirement by explaining the variations between the 2025-26 outcome with the most recent budget projection for 2025-26 (referred to as 2025-26 revised), as published in the 2026-27 Budget.

Table 2: General government sector net operating balance and non financial public sector fiscal balance outcome for 2025-26

	2025-26 Revised	2025-26 Outcome	Variation
	\$M	\$M	\$M
General government sector			
Net operating balance	95	234	139
Non financial public sector			
Fiscal balance	- 583	- 453	130

General government sector net operating balance

The net operating balance represents total revenue less total operating expenses, with capital spending recognised in the fiscal balance only.

As shown in Table 2, the 2025-26 general government sector net operating balance outcome was a surplus of \$234 million, a \$139 million improvement when compared with the 2025-26 revised budget. The improved outcome was primarily due to:

- additional taxation and mining royalty revenue
- higher GST revenue due to actual receipts being based on updated Commonwealth GST forecasts released on the same day as the Territory budget
- additional interest income due to greater than anticipated return on investments
- timing variations largely associated with unspent Territory-funded items, and the transfer of Commonwealth-funded expenses from 2025-26 to 2026-27 and forward years

partially offset by:

- unbudgeted disaster-related expenditure due to flood and cyclone events including repairs to housing and public assets and emergency response activities
- agency cost and demand pressures in hospitals, fire and emergency services and in delivering statutory out of home care
- higher employee-related costs, mainly workers compensation and long service leave expenses associated with future liabilities.

Non financial public sector fiscal balance

The general government sector excludes public non financial corporations, namely Power and Water Corporation (PWC), Jacana Energy and Territory Generation. The fiscal balance measure is assessed at the non financial public sector level to ensure the financial performance of these entities is included in reporting. For this reason, the non financial public sector is the primary focus of government's fiscal targets.

The fiscal balance is influenced by the same factors affecting the general government sector net operating balance, however the fiscal balance also includes net capital investment and excludes depreciation and valuation adjustments. Consequently, the fiscal balance is a more complete measure of a jurisdiction's financial performance.

Table 2 shows the 2025-26 outcome for the non financial public sector fiscal balance was a deficit of \$453 million, a \$130 million improvement when compared to the 2025-26 revised budget. This is primarily due to the flow-on effect of the improved general government net operating balance combined with lower capital spending; partially offset by the lower operating results in government trading entities.

Further detail on the differences between the actual outcome and the 2025-26 revised budget, categorised by policy and non-policy changes, are provided in the following section.

Policy and non-policy changes since the 2025-26 revised budget

Variations affecting the fiscal balance have been categorised as policy or non-policy changes, consistent with presentation in budget papers. Policy variations are the result of government decisions to implement new or expanded agency programs, and savings and efficiency measures. Non-policy variations are the result of influences outside government's control, such as the timing of Commonwealth payments, changes in external economic conditions or unbudgeted service delivery pressures.

Table 3 highlights the net effect of policy and non-policy changes on the non financial public sector's fiscal balance since the 2025-26 revised budget.

Table 3: Non financial public sector fiscal balance – policy and non-policy changes since 2025-26 revised budget

	\$M
2025-26 revised budget	- 583
Policy changes	nil
Non-policy changes	130
2025-26 outcome	- 453

(+) reflects an improvement; (-) reflects a worsening

The following provides further detail on policy and non-policy changes.

Policy changes since 2025-26 revised budget

Table 4 highlights the effects of policy changes in the non financial public sector's fiscal balance since the 2025-26 revised budget.

Table 4: Non financial public sector fiscal balance – policy changes since 2025-26 revised budget

	\$M
Operating commitments	- 1
Capital commitments	1
Total policy changes	nil

(+) reflects an improvement; (-) reflects a worsening

Policy changes incorporate all decisions made by government since the 2025-26 revised budget. As shown in Table 4, there were minimal policy changes approved since the 2025-26 revised budget. The policy changes largely related to reprioritisation of operational funding to support corrections infrastructure, resulting in no net policy change impact on the fiscal balance.

Non-policy changes since 2025-26 revised budget

Table 5 highlights the effect of non-policy changes to the non financial public sector's fiscal balance outcome for 2025-26 since the 2025-26 revised budget.

Table 5: Non financial public sector fiscal balance – non-policy changes since 2025-26 revised budget

	\$M
Taxation and royalties	195
GST revenue	30
Interest variations	114
Government owned corporations	- 27
Leases	14
Agency-related and timing variations	- 196
Total non-policy variations	130

(+) reflects an improvement; (-) reflects a worsening

As presented in Table 5, non-policy variations since the 2025-26 revised budget have resulted in a \$130 million improvement to the 2025-26 fiscal balance outcome. Key variations include:

- additional taxation and royalty revenue of \$195 million, following higher than forecast collections in payroll taxes, stamp duties and royalty revenue driven by stronger growth in key commodity prices, reflecting ongoing geopolitical tensions and strong global demand
- higher GST revenue of \$30 million due to actual receipts being based on updated Commonwealth GST forecasts released on the same day as the Territory budget
- improved net interest variations of \$114 million, largely reflecting greater than anticipated return on investments amid favourable market conditions
- revised financial performance of government owned corporations of \$27 million

- various timing and agency-related adjustments totalling \$196 million, largely comprising:
 - unbudgeted disaster-related expenditure due to flood and cyclone events including repairs to housing and public assets, and emergency response activities of \$131 million
 - higher employee-related costs of \$73 million, mainly workers compensation and long service leave expenses associated with future liabilities
 - agency cost and demand pressures in hospitals, fire and emergency services and in delivering statutory out of home care of \$52 million
 - partially offset by timing variations of \$60 million largely associated with unspent Territory-funded items, and the transfer of Commonwealth-funded expenses from 2025-26 to 2026-27 and forward years.

Key fiscal indicators – balance sheet

The key measures for the balance sheet are net debt and the net debt to revenue ratio. Net debt is a fiscal measure determined by the Australian Bureau of Statistics (ABS) and accounting standards used to assess a jurisdiction's ability to repay its borrowings. Net debt is calculated as gross liabilities less select liquid financial assets.

As shown in Table 6, net debt for the non financial public sector was \$11.472 billion in 2025-26 with a net debt to revenue ratio of 109%. The net debt to revenue ratio was in line with the 2025-26 revised budget, however net debt was higher than anticipated despite the improvement in the fiscal balance. This primarily reflects higher year-end receivables and lower amounts received in advance than expected.

Table 6: Non financial public sector – net debt and net debt to revenue ratio

	2025-26 Revised	2025-26 Outcome	Variation
Net debt (\$M)	11 350	11 472	122
Net debt to revenue (%)	109	109	nil

Total infrastructure payments

The Territory Government's headline figure for infrastructure expenditure is 'total infrastructure payments' as reported in the 2025-26 Budget Paper No. 4: *The Infrastructure Program*. Total infrastructure payments represent the total cash outflows in a financial year on major and minor capital works, capital grants, repairs and maintenance and infrastructure-related expenses.

Total infrastructure payments are presented at the total public sector level, comprising general government sector entities, public non financial corporations (government owned corporations), and the public financial corporation (Northern Territory Treasury Corporation (NTTC)).

Table 7: Total infrastructure payments

	2025-26 Revised	2025-26 Outcome	Variation
	\$M	\$M	\$M
General government sector			
Capital works	1 173	1 094	- 79
Northern Territory funded	668	676	9
Externally funded	505	417	- 88
Capital grants ¹	254	193	- 61
Repairs and maintenance	307	372	65
Infrastructure-related payments	15	12	- 3
Total general government sector	1 749	1 671	- 78
Public non financial corporations			
Capital works	490	430	- 60
Capital grants			
Repairs and maintenance	157	142	- 15
Total public non financial corporations	646	572	- 75
Total infrastructure payments – total public sector	2 396	2 244	- 152

¹ Excludes payments between Territory-controlled entities and includes non-cash transfers to local government and non-government entities.

As shown in Table 7, total infrastructure payments for the total public sector in 2025-26 were \$2.244 billion, \$152 million lower than estimated in the 2025-26 revised budget. Key variations include:

- \$88 million lower Commonwealth-funded capital projects primarily due to revised delivery of roads, remote housing, and mine remediation including delays arising from cyclone and flood events
- lower capital grants of \$61 million largely associated with revised timing of homelands and housing grants, coupled with revised timelines for the Woodroffe Oval redevelopment and the Regional Roads Australia Mobile program
- revised timing of capital works of \$60 million and lower repairs and maintenance expenses of \$15 million within government owned corporations,
- partially offset by higher repairs and maintenance expenses in the general government sector of \$65 million, mainly due to flood and cyclone events.

Outcome compared to prior year

Accounting standards prescribe the basis of presentation of financial statements and accompanying notes to ensure comparability with the previous financial year and financial statements of other jurisdictions.

This analysis complements information on the Territory's financial performance, position and cash flows, as detailed later in this report, and provides information on variations between the actual results for 2024-25 and 2025-26 to enable an assessment of movements in key fiscal aggregates between years.

General government sector net operating balance

As shown in Table 8, the 2025-26 general government sector net operating balance was a surplus of \$234 million compared with the \$886 million deficit recorded in 2024-25. The \$1.12 billion improvement to the net operating balance was mainly due to:

- increased GST revenue largely a result of an increase in the Territory's GST relativity, growth in the national GST collections pool and upwards revisions to the Territory's share of national population
- additional taxation and royalty revenue following higher collections in payroll tax, stamp duties and mineral royalty revenue

partially offset by:

- the effect of government's new operating policy commitments in the areas of public order and safety, health and social protection
- disaster-related expenditure due to flood and cyclone events including repairs to housing and public assets, and emergency response activities.

Table 8: General government sector – operating statement aggregates

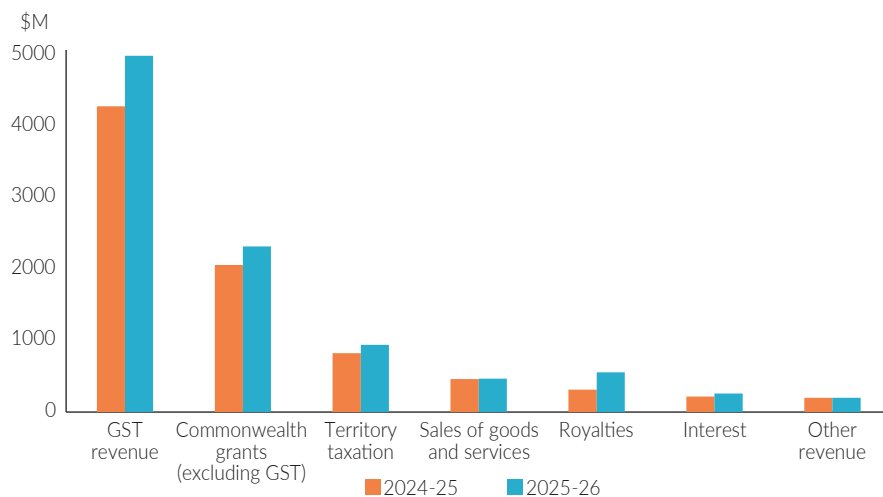
	2024-25 Outcome	2025-26 Outcome	Variation
	\$M	\$M	\$M
Revenue	8 370	9 747	1 377
Expense	9 256	9 513	257
Net operating balance	- 886	234	1 120

General government sector operating revenue

Total operating revenue for the general government sector for 2025-26 was \$9.747 billion, an increase of \$1.377 billion when compared with the 2024-25 outcome.

Chart 1 illustrates the composition of general government sector revenue. The chart highlights the Territory's reliance on Commonwealth funding, with GST revenue and Commonwealth grants the primary source of income for the Territory, comprising around 75% of total revenue in both 2024-25 and 2025-26.

Chart 1: General government sector – components of revenue



Key revenue variations, including material offsetting variations, comprise:

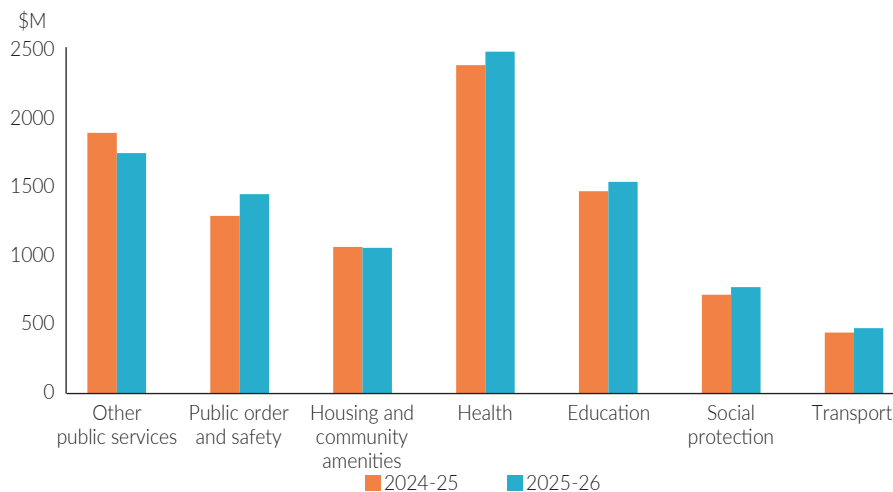
- an increase in GST revenue of \$710 million from \$4.288 billion in 2024-25 to \$4.997 billion in 2025-26 due to an increase in the Territory's GST relativity, growth in the national GST collections pool and upwards revisions to the Territory's share of national population
- increased tied Commonwealth grant funding of \$260 million from \$2.062 billion in 2024-25 to \$2.322 billion in 2025-26, largely due to:
 - additional funding of \$60 million under the National Health Reform Agreement
 - year-on-year increase in specific purpose payments of \$56 million under the Better and Fairer Schools Agreement for non-government and government schools, and \$11 million under the National Skills Agreement
 - higher capital funding of \$56 million largely related to roads and infrastructure projects
 - higher funding of \$55 million for remote housing due to revised timing of funding and construction milestones
 - higher funding of \$25 million for the Rum Jungle mine remediation project
- increased taxation revenue of \$116 million from \$826 million in 2024-25 to \$942 million in 2025-26, primarily due to:
 - additional stamp duty on conveyances of \$75 million mainly due to significant investor activity, several large commercial property transactions and strong price growth in 2025-26
 - additional taxes on gambling of \$33 million reflecting policy changes effective from 1 July 2025 to apply a uniform 50% tax for internet gaming licensees and doubling the corporate bookmaker and betting exchange tax cap
- higher royalty revenue of \$243 million from \$315 million in 2024-25 to \$557 million in 2025-26 due to stronger growth in key commodity prices, reflecting ongoing geopolitical tensions and strong global demand.

General government sector operating expenses

Total operating expenses for the general government sector for 2025-26 were \$9.513 billion, an increase of \$257 million when compared with the 2024-25 outcome.

Chart 2 illustrates the purposes for which the general government sector's funds were spent for both 2024-25 and 2025-26, categorised by function in accordance with the ABS Government Finance Statistics (GFS) framework. Expenditure assigned to each category comprises costs incurred by frontline agencies combined with indirect costs incurred by shared service agencies. Health is the general government sector's largest expenditure category, comprising 26% of total expenses in 2025-26 and 2024-25. The composition of expenditure has remained largely unchanged since 2024-25. More detailed information on expenses by function is provided in the notes to the financial statements included within this report (Note 17).

Chart 2: General government sector – expenditure by function



Key expenditure variations, including material offsetting variations, comprise:

- other public services expenditure decreased by \$156 million from \$1.9 billion in 2024-25 to \$1.744 billion in 2025-26. The decrease was predominantly due to the one-off reclassification of certain Darwin ship lift project expenditure as capital grants expense in 2024-25, partially offset by higher interest expenses associated with new government borrowings
- public order and safety expenditure increased by \$166 million from \$1.281 billion in 2024-25 to \$1.447 billion in 2025-26. The increase was primarily driven by additional funding under the Northern Territory Police Review response funding package, new funding for Police Public Safety officers, costs associated with rising prisoner numbers including the full year operation of the Berrimah Correctional Facility, increased demand and cost pressures across fire and emergency services, and higher grants provided to alternatives to custody providers and law and justice groups
- health spending increased by \$99 million from \$2.383 billion in 2024-25 to \$2.482 billion in 2025-26, as a result of increased demand and cost pressures in hospitals and patient travel, together with expenditure associated with increased Commonwealth funding under the National Health Reform Agreement
- education spending increased by \$68 million from \$1.468 billion in 2024-25 to \$1.536 billion in 2025-26, primarily due to the Territory's contribution to support government and non-government schools under the Better and Fairer Schools Agreement, together with increased Commonwealth funding provided through the agreement

- social protection expenditure increased by \$55 million from \$717 million in 2024-25 to \$772 million in 2025-26. The increase was predominantly due to additional funding and demand pressures associated with the delivery of statutory out of home care services for children and young people, together with emergency response expenditure relating to flood and cyclone events
- transport expenditure increased by \$32 million from \$442 million in 2024-25 to \$474 million in 2025-26. The increase was primarily driven by higher disaster repairs and maintenance costs for roads impacted by flood and cyclone events.

Non financial public sector fiscal balance

As shown in Table 9, the non financial public sector fiscal balance in 2025-26 is a deficit of \$453 million, an improvement of \$1.201 billion from the 2024-25 deficit outcome. The improved fiscal deficit reflects the same factors affecting the general government sector net operating balance, as detailed earlier in the chapter, together with variations in purchases and sales of non financial assets.

Table 9: Non financial public sector – purchases and sales of non financial assets and fiscal balance

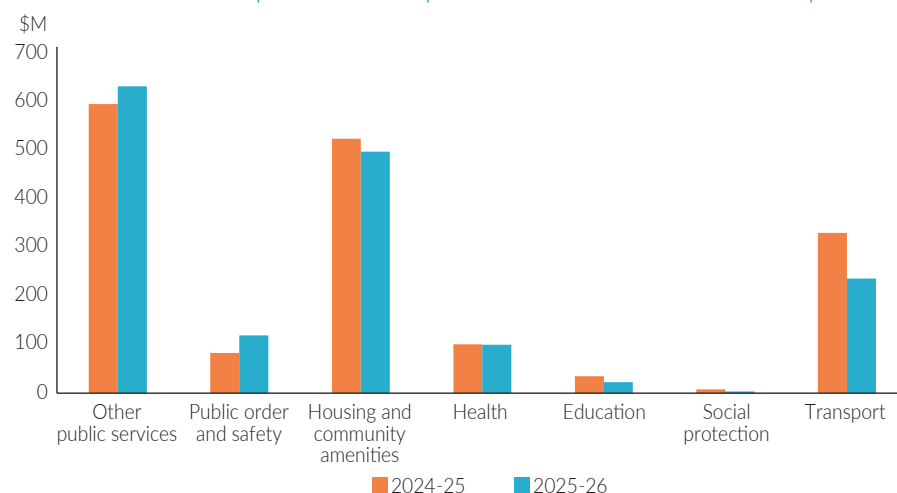
	2024-25 Outcome	2025-26 Outcome	Variation
	\$M	\$M	\$M
Purchases of non financial assets	1 680	1 614	- 66
Sales of non financial assets	- 37	- 34	3
Fiscal balance	- 1 654	- 453	1 201

Non financial public sector purchases of non financial assets

Purchases of non financial assets comprise the construction of assets and capital purchases, such as vehicles, ICT and equipment, used to deliver government services. In 2025-26, the non financial public sector spent \$1.614 billion on purchases of non financial assets, \$66 million lower than in 2024-25.

Chart 3 illustrates the purposes for which non financial public sector capital funds were spent for both 2024-25 and 2025-26, categorised by function in accordance with the GFS framework. Other public services remained the largest expenditure category in the non financial public sector accounting for 39% of total capital expenditure in 2025-26, up from 36% in 2024-25. Housing and community amenities together with transport were the next largest categories, collectively representing 46% of total capital expenditure in 2025-26 compared with 51% in 2024-25.

Chart 3: Non financial public sector – purchases of non financial assets by function



Key variations for assets constructed and purchased include:

- other public services capital expenditure increased by \$37 million from \$597 million in 2024-25 to \$634 million in 2025-26 due to progression of works on the Darwin ship lift facility, partially offset by completion of various fishing infrastructure upgrades and upgrades at Hidden Valley undertaken in 2024-25
- public order and safety capital expenditure increased by \$36 million from \$83 million in 2024-25 to \$119 million in 2025-26 due to increased expenditure for the Corrections Infrastructure Masterplan and remote police infrastructure in 2025-26
- housing and community amenities capital expenditure decreased by \$27 million from \$525 million in 2024-25 to \$503 million in 2025-26 due to higher progression of works by PWC for the National Water Grid Fund Manton Dam project in 2024-25, combined with accelerated Territory-funded works in 2024-25, partially offset by higher Commonwealth-funded remote housing projects in 2025-26
- education capital expenditure decreased by \$12 million from \$35 million in 2024-25 to \$23 million in 2025-26 due to completion of the Katherine High School STEAM Centre project in 2024-25
- transport capital expenditure decreased by \$95 million from \$331 million in 2024-25 to \$236 million in 2025-26 primarily due to timing of expenditure under various road transport national partnership agreements, including delays associated with cyclone and flood events.

This measure differs from government's total infrastructure payments measure reported earlier as it excludes capital-related grants, and repairs and maintenance expenses but includes capital equipment purchases such as vehicles and ICT.

A reconciliation between the two measures is presented in Table 10.

Table 10: Reconciliation of total infrastructure payments to purchases of non financial assets

	2025-26
	\$M
Total infrastructure payments – 2025-26 outcome	2 244
Less:	
Repairs, maintenance and infrastructure-related expenses	- 526
Capital grants	- 194
Add:	
Capital purchases	90
Purchases of non financial assets – non financial public sector	1 614

Non financial public sector sales of non financial assets

Sales of non financial assets generally comprise the disposal of previously rented public housing dwellings, sale of used fleet vehicles, and sale of vacant Crown land for redevelopment and land release. As shown in Table 9, for 2025-26 sales of non financial assets in the non financial public sector remained broadly consistent with 2024-25, totalling \$34 million in 2025-26.

Non financial public sector balance sheet

Table 11 presents key asset and liability aggregates for the non financial public sector for 2024-25 and 2025-26 outcomes.

Table 11: Non financial public sector – balance sheet aggregates

	2024-25 Outcome	2025-26 Outcome	Variation
	\$M	\$M	\$M
Total assets	32 442	34 601	2 159
Financial assets	5 172	6 089	917
Non financial assets	27 270	28 512	1 242
Total liabilities	20 979	22 419	1 439
Net worth	11 463	12 182	719
Net debt	10 543	11 472	928
Net debt to revenue (%)	116	109	- 7

Net worth represents the difference between total assets and total liabilities. At 30 June 2026, net worth for the non financial public sector was \$12.182 billion, \$719 million higher than the \$11.463 billion outcome in 2024-25, predominantly driven by increased financial and non financial assets totalling \$2.159 billion, partially offset by increased liabilities of \$1.439 billion.

Non financial public sector assets

As presented in Table 11, the increase in financial assets of \$917 million reflects growth in investments, together with a significant increase in amounts receivable relating to tax and royalties and accrued Commonwealth revenue. The increase in accrued revenue primary relates to works undertaken under various Commonwealth-funded programs, particularly remote housing, Territory homeland infrastructure and road projects, for which cash has not yet been received at year end.

The \$1.242 billion increase in non financial assets mostly reflects:

- new works in progress and additions of \$1.67 billion
- revaluation of assets of \$877 million largely relating to hospitals and remote health clinics, correctional and youth justice facilities, government schools, transport assets, sporting complexes, Darwin Convention Centre, urban public housing and remote police stations
- offset by net variations in annual impairment, depreciation and disposal of assets totalling \$1.305 billion.

Non financial public sector liabilities

Table 11 shows total liabilities in 2025-26 amounted to \$22.419 billion compared with liabilities of \$20.979 billion in 2024-25. The \$1.439 billion increase was primarily due to:

- increased borrowings of \$1.631 billion reflecting new loans to fund operating and capital activities combined with new lease liabilities
- higher payables of \$80 million largely a result of the timing of payments
- higher other employee benefits of \$74 million primarily due to increases in recreation leave and long service leave liabilities arising from enterprise agreement outcomes, combined with lower employee leave utilisation

partially offset by:

- lower superannuation liabilities of \$176 million following annual actuarial review and changes to the discount rate used to value liabilities
- lower deposits held of \$90 million largely relating to lower funds held in trust and on behalf of NTTC due to lower prefunding activities in 2025-26 than 2024-25
- lower other liabilities of \$63 million primarily due to a reduction in amounts received in advance from the Commonwealth for expenditure in future years, partially offset by an increase in workers compensation liabilities.

Net debt and net debt to revenue

Non financial public sector net debt comprises the net debt of both the general government and public non financial corporation sectors. As shown in Table 11, net debt for the non financial public sector was \$11.472 billion in 2025-26, \$928 million more than in 2024-25. Net debt as a ratio to revenue was 109% in 2025-26, 7 percentage points lower compared with 116% recorded in 2024-25.

The increase to net debt mainly reflects the flow-on effect of the 2025-26 fiscal balance deficit, offset by non-cash transactions, and movements in receivables and funding received in advance. However, the net debt to revenue ratio decreased reflecting stronger growth in revenue relative to growth in net debt.

Outcome compared to fiscal strategy objectives

A fiscal strategy is an essential element of budget planning and accountability, and provides the basis against which policy decisions can be assessed.

Section 16(1)(c) of the FITA requires the Territory Government to provide explanations for material differences between the actual financial result and key fiscal aggregates for that year as specified in the government's fiscal strategy statement issued at the beginning of the financial year in review.

This section provides a detailed assessment of the 2025-26 outcome against the new fiscal strategy objectives and targets presented in the 2025-26 Budget.

Assessment on this basis facilitates evaluation of the current government's policy decisions regarding allocation of resources for the current financial year, and supports government accountability for economic and financial projections and targets. Where fiscal strategy objectives are set over the budget cycle, assessment has been undertaken against annual performance to indicate whether measures are on track to being achieved.

Assessment of the fiscal strategy

Principle 1: Spending and taxing policies for employment, economic prosperity and development of the Territory

Ongoing objective: Maintain a competitive tax environment that encourages investment, creates jobs and attracts business to the Territory

Target: Territory taxation effort for the last assessed year by the Commonwealth Grants Commission (CGC) to be equal or lower than the state average of 100%

This fiscal strategy objective and target aims to maintain taxation at levels competitive with other jurisdictions to encourage increased levels of business activity in the Territory.

Taxation effort assesses the extent to which a jurisdiction's actual revenue collections are above or below its assessed capacity to raise revenue if it imposed national average tax settings. A ratio above 100 indicates a state is collecting more revenue than it would if it applied state average policy settings, whereas a ratio below 100 indicates it collects less revenue than it would if it applied state average policies.

This measure is a lagging indicator as the CGC updates information annually based on the actual outcome of the previous year. Table 12 shows the Territory is the lowest taxing jurisdiction with an assessed taxation effort of 82.5% for 2024-25, the latest year assessed by the CGC. Accordingly, this fiscal strategy target has been achieved as the Territory's taxation effort is below the state average of 100%. The Territory generally demonstrates below-average taxation effort as it does not impose land tax and levies lower than average motor vehicle taxes.

Table 12: Taxation effort by jurisdiction, 2024-25

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Average	Target met
	%	%	%	%	%	%	%	%	%	
Total taxation effort	99.4	112.4	90.8	91.5	94.3	85.1	137.5	82.5	100	yes

Principle 2: Spending and taxing policies for stability and predictability of service provision

Objective and target: Maintain a general government sector net operating balance surplus (excluding capital revenue) in every year over the budget cycle to provide stability and predictability of government service provision and lower reliance on debt for service provision

This fiscal strategy measure adjusts the net operating balance to exclude capital revenue to more appropriately reflect the net cost of delivering core public services. It aims to fund government services from operating revenues, reducing reliance on debt to fund service provision, and surpluses giving rise to stability and predictability of current and future government service provision, a key principle of the FITA.

A positive balance reflects that government is generating sufficient revenue to fund its operating activities, with surpluses providing capacity to fund capital investment. Negative balances provide no capacity to fund capital investment beyond depreciation levels without further borrowings. While short-term deficits may be appropriate during periods of economic downturn, persistent negative balances indicate structural deficit.

Table 13 shows the general government sector net operating balance, excluding capital revenue, for the 2025-26 outcome is a deficit of \$182 million, therefore not meeting the fiscal strategy target. Nevertheless, the outcome represented a \$622 million improvement on the 2025-26 Budget forecast, primarily driven by additional GST revenue and higher than anticipated taxation and royalty revenue.

Table 13: General government sector net operating balance (less revenue for capital purposes)

	Target	2025-26 Budget	2025-26 Outcome	Variation	Target on track
		\$M	\$M	\$M	
Net operating balance		- 265	234	499	
Less: Capital revenue		539	416	- 123	
Adjusted net operating balance	> 0	- 804	- 182	622	no

Principle 3: Funding for current services is to be provided by the current generation

Objective and target: Interest expense as a percentage of revenue at the non financial public sector to be equal or lower than the average of the states in each year over the budget cycle to lower the Territory's reliance on debt to fund service provision

This fiscal strategy objective and target compares the Territory's reliance on borrowed funds with the average of the states to take into consideration financial market conditions affecting all states. It aims to lower the Territory's reliance on debt to fund service provision, supporting the FITA principle of not passing debt onto future generations, in addition to facilitating stability and predictability of government service provision.

As shown in Table 14, the Territory's interest expense to revenue ratio for the 2025-26 outcome is 6.4%, which is 0.8 percentage points above the state average and therefore did not meet the fiscal strategy target. Compared to the 2025-26 Budget, the ratio improved marginally, primarily reflecting stronger than anticipated revenue growth, particularly from GST and taxation and royalty revenue.

Table 14: Non financial public sector interest expense to revenue ratio

	State average	2025-26 Budget	2025-26 Outcome	Variation to state average	Variation to 2025-26 Budget	Target on track
	%	%	%	%	%	
Interest expense to revenue ratio	5.6	6.8	6.4	0.8	- 0.4	no

The higher ratio relative to state peers is largely influenced by:

- the Territory's credit rating being the lowest of all semi-government entities at Aa3 (stable), combined with issuing longer dated bonds, resulting in higher returns paid to investors to compensate for higher perceived risk
- Territory bonds not as liquid as state counterparts as they cannot be as easily sold in secondary markets, with investors expecting higher returns
- the Territory's small population base and high reliance on Commonwealth funding constraining revenue growth.

The state average is premised on latest budget projections of the states and not their actual performance for 2025-26.

Principle 4: Financial risks and Territory debt managed at prudent levels

Objective: To ensure the Territory's debt levels remain serviceable when compared to revenue and at prudent levels

Target: The Territory's net debt to revenue ratio at the non financial public sector be equal or lower than the average of the states in any year over the budget cycle

This fiscal strategy objective and target compares the Territory's debt servicing capacity relative to the average of the states, representing the benchmark of the economic and fiscal conditions affecting all states, to assess whether debt is being managed prudently.

As shown in Table 15, the non financial public sector's net debt to revenue ratio for the 2025-26 outcome is 109%, which was 14 percentage points above the state average, and therefore did not meet the fiscal strategy target. While the target was not achieved, the Territory is expected to report the third highest net debt to revenue ratio among the states in 2025-26, behind Victoria at 162% and New South Wales at 115%.

Table 15: Non financial public sector net debt to revenue ratio

	State average	2025-26 Budget	2025-26 Outcome	Variation to state average	Variation to 2025-26 Budget	Target on track
	%	%	%	%	%	
Net debt to revenue ratio	95	121	109	14	- 13	no

When compared to the 2025-26 Budget, the non financial public sector's net debt to revenue ratio improved by 13 percentage points in line with the improvement to the fiscal balance.

Ongoing objective: Maintain or improve the Territory's credit rating to lower risks of higher borrowing costs and improve the Territory's credit strength

Target: Territory's credit rating of Aa3 (stable) or better

This fiscal strategy objective and target aims at maintaining or improving the Territory's credit strength and attractiveness to potential investors, lowering the risk of higher borrowing costs and improving overall debt composition.

Moody's Investors Service completed its most recent periodic review of the Territory's credit rating in September 2026 based on the Territory's 2026-27 Budget. The Territory continues to hold an Aa3 credit rating with a stable outlook and, accordingly, this fiscal strategy target has been met.

Objective: Ensure government owned corporations are commercially sustainable

Target: PWC and Territory Generation to maintain an average return on assets equal to or greater than 6% over the budget cycle, Jacana Energy to maintain an average operating margin equal to or greater than 2.5% over the budget cycle

This fiscal strategy objective and target aims to strengthen government owned corporation commercial sustainability, increase accountability for financial performance and reduce their reliance on government support. It satisfies the FITA principles of ensuring funding for services is provided by the current generation and prudent debt management.

Table 16 shows both PWC and Territory Generation have not met their targets, and therefore did not meet the fiscal strategy target. Jacana Energy was the only government owned corporation that met its target. PWC reported a lower return on asset ratio predominantly as a result of continued high energy costs following the purchase of emergency gas at elevated prices due to curtailing supply by PWC's main supplier. Territory Generation's lower result primarily reflects a greater investment in assets relative to growth in its operating result.

Table 16: Government owned corporations return on assets/operating margin

	Target	2025-26 Outcome	Target on track
	%	%	
PWC – return on assets	≥ 6	- 1.8	no
Territory Generation – return on assets	≥ 6	5.0	no
Jacana Energy – operating margin	≥ 2.5	4.1	yes

Audited consolidated financial statements

Independent Auditor's Report

To the Treasurer of the Northern Territory

Report on the audit of the Treasurer's Annual Financial Report for the year ended 30 June 2026

Opinion

I have audited the Treasurer's Annual Financial Report, being the consolidated financial report of the Northern Territory Government which comprises the General Government Sector, Non-Financial Public Sector and Total Public Sector (the Sectors).

The financial report includes, for each Sector, the consolidated balance sheet as at 30 June 2026, and the consolidated comprehensive operating statement, statement of changes in equity and cash flow statement for the year then ended. It also includes the notes to the consolidated financial statements, comprising material accounting policy information, and the Treasurer's Statement of Compliance.

In my opinion, the consolidated financial report:

- presents fairly, in all material respects, the financial position of the Sectors as at 30 June 2026, and their financial performance, cash flows and changes in equity for the year then ended
- complies with the financial reporting requirements of the *Financial Management Act 1995*, Australian Accounting Standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, and other mandatory Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Northern Territory Government in accordance with the ethical requirements of the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board (the Code) that are relevant to my audit of the financial report in Australia. My authorised auditors and I have also fulfilled our other ethical responsibilities in accordance with the Code. My independence is further established by the *Audit Act 1995*.

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

My audit was not conducted for the purpose of expressing an opinion on the budget information included in the consolidated financial report. Accordingly, I do not express an audit opinion or any other form of assurance on that information.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the consolidated financial report of the current period. These matters were addressed in the context of my audit of the consolidated financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How my audit addressed the matter
Consolidation, Generally Accepted Accounting Principles and Uniform Presentation Framework	
The consolidated financial report has been prepared in accordance with: ▪ Australian Accounting Standard AASB 1049 <i>Whole of Government and General Government Sector Financial Reporting</i>	Key audit procedures included: ▪ assessing the completeness of entities included within the relevant Sectors

Key audit matter

How my audit addressed the matter

Consolidation, Generally Accepted Accounting Principles and Uniform Presentation Framework

- the Uniform Presentation Framework, which ensures consistent minimum levels of detail in whole of government disclosures
- the principles and rules of the Australian Bureau of Statistics *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2015* (ABS GFS Manual).

I consider this to be a key audit matter because of the:

- significant management judgement involved in applying accounting standards and policies across a large and diverse group of public sector entities
- significance and volume of transactions and balances between government entities requiring elimination on consolidation, including adjustments to resolve inter-agency mismatches
- complexity of harmonising information prepared under generally accepted accounting principles (GAAP) with the requirements of the ABS GFS Manual.

Further information is disclosed in Note 1(a) *Statement of compliance*; Note 1(b) *Basis of consolidation*; Note 17 *Expenses by function*; Note 32 *Assets by function*; Note 48 *Elimination tables*; and Note 49 *GFS/GAAP reconciliation*.

- obtaining assurance over the completeness and accuracy of financial information consolidated into the financial report by:
 - agreeing the financial information to the audited financial reports of the public sector entities subject to independent audit
 - undertaking assurance procedures at material government departments and agencies not subject to independent audit to obtain reasonable assurance over selected transactions and balances
 - performing analytical review procedures over major categories of revenue and expenditure across selected government departments and agencies, investigating significant fluctuations and variances from prior years
 - performing substantive audit procedures over selected material balances and disclosures within the consolidated financial report, including testing supporting documentation and significant management estimates at the whole-of-government level
 - obtaining an understanding of the consolidation process, including controls over the identification and elimination of transactions and balances between public sector entities and sectors and reviewing material elimination entries
- evaluating compliance with AASB 1049, the Uniform Presentation Framework and the ABS GFS Manual, including the classification of entities and transactions
- assessing the adequacy of disclosures in the consolidated financial report.

Other information

The Treasurer through the Under Treasurer and the Department of Treasury and Finance is responsible for the other information. The other information comprises financial and non-financial information (other than the audited financial statements) included in the Treasurer's Annual Financial Report but does not include the consolidated financial report and my auditor's report thereon.

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

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

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



Responsibilities of the Treasurer for the consolidated financial report

The Treasurer through the Under Treasurer and the Department of Treasury and Finance is responsible for the preparation and the fair presentation of the consolidated financial report in accordance with AASB 1049, other mandatory Australian Accounting Standards and for such internal control as the Treasurer determines is necessary to enable the preparation and fair presentation of the consolidated financial report that is free from material misstatement whether due to fraud or error.

In preparing the consolidated financial report, the Treasurer is responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial report unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the consolidated financial report

Under section 25 of the *Audit Act 1995*, I am required to audit the Treasurer's Annual Financial Report and prepare and sign a report to the Treasurer on the audit.

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

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

- Identify and assess the risks of material misstatement of the consolidated financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Treasurer.
- Conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Northern Territory's ability to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial report, including the disclosures, and whether the consolidated financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Treasurer through the Under Treasurer and the Department of Treasury and Finance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Jara K Dean
Auditor-General

Darwin, Northern Territory

15 October 2026



General government sector

Comprehensive operating statement

	Note	2025-26	2024-25
		\$000	\$000
REVENUE			
Taxation revenue	2	941 753	826 058
Current grants	3	6 903 222	6 049 032
Capital grants	4	416 320	300 966
Sales of goods and services	5	467 936	463 464
Interest income	6	260 322	217 096
Dividend and income tax equivalent income	7	85 135	62 107
Other revenue	8	672 713	451 318
TOTAL REVENUE		9 747 401	8 370 041
<i>less</i> EXPENSES			
Employee benefits expense	9	3 572 446	3 355 188
Superannuation expenses			
Superannuation interest cost		122 452	125 254
Other superannuation expenses		359 596	355 200
Depreciation and amortisation	27, 29, 31	801 146	772 007
Other operating expenses	10	2 278 135	2 010 453
Interest expenses	11	540 882	478 521
Other property expenses		4 962	4 369
Current grants	12	1 327 783	1 317 734
Capital grants	13	265 937	571 923
Subsidies and personal benefit payments	14	239 822	265 351
TOTAL EXPENSES		9 513 161	9 255 999
<i>equals</i> NET OPERATING BALANCE		234 240	- 885 959
<i>plus</i> Other economic flows – included in operating result	15	- 145 209	- 214 926
<i>equals</i> OPERATING RESULT		89 030	- 1 100 885
<i>plus</i> Other economic flows – other comprehensive income	15	630 451	704 891
<i>equals</i> COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners		719 481	- 395 994
NET OPERATING BALANCE		234 240	- 885 959
<i>less</i> Net acquisition of non financial assets			
Purchases of non financial assets		1 172 961	1 233 903
Sales of non financial assets		- 30 678	- 36 841
<i>less</i> Depreciation	27, 29, 31	801 146	772 007
<i>plus</i> Change in inventories		9 423	3 200
<i>plus</i> Other movements in non financial assets		6 140	83 778
<i>equals</i> Total net acquisition of non financial assets		356 700	512 034
<i>equals</i> FISCAL BALANCE		- 122 461	- 1 397 993

General government sector

Balance sheet

	Note	2025-26 \$000	2024-25 \$000
ASSETS			
Financial assets			
Cash and deposits	18	1 242 143	996 126
Advances paid	20	121 333	141 580
Investments, loans and placements	21	3 326 716	2 946 764
Receivables	22	1 138 420	835 962
Equity investments			
Investments in other public sector entities	23	2 381 359	2 581 611
Equity accounted investments			
Investments – shares	24	10 060	7 758
Other financial assets	25	84 430	84 575
Total financial assets		8 304 462	7 594 378
Non financial assets			
Inventories	26	31 792	22 368
Property, plant and equipment	27, 42	22 926 454	21 848 544
Investment property	28, 42	32 144	31 897
Intangible assets	29, 42	379 193	362 511
Assets held for sale	30, 42	5 690	18 462
Other non financial assets	31, 42	173 628	172 822
Total non financial assets		23 548 900	22 456 604
TOTAL ASSETS		31 853 362	30 050 981
LIABILITIES			
Deposits held	33	616 882	682 244
Advances received	34	93 493	111 283
Borrowing	35	13 061 551	11 847 392
Superannuation	36	2 680 392	2 856 009
Other employee benefits	37	1 073 205	1 005 189
Payables	38	493 502	410 551
Other liabilities	39	1 652 073	1 675 530
TOTAL LIABILITIES		19 671 099	18 588 199
NET ASSETS		12 182 263	11 462 782
Contributed equity			
Accumulated funds		- 1 478 799	- 1 621 977
Reserves		13 661 062	13 084 759
NET WORTH		12 182 263	11 462 782
NET FINANCIAL WORTH ¹		- 11 366 637	- 10 993 821
NET FINANCIAL LIABILITIES ²		13 747 996	13 575 433
NET DEBT³		9 081 734	8 556 449

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

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

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

General government sector

Statement of changes in equity

	Equity at 1 July	Comprehensive result	Transactions with owners in their capacity as owners	Equity at 30 June
	\$000	\$000	\$000	\$000
2025-26				
Accumulated funds	- 1 621 977	89 030		- 1 532 947
Changes in accounting policy				
Transfers from reserves		- 13 760		- 13 760
Dividends paid/payable				
Other movements directly to equity		67 908		67 908
Total accumulated funds	- 1 621 977	143 178		- 1 478 799
Reserves				
Asset revaluation surplus	11 166 321	775 927		11 942 248
Asset realisation surplus				
Derivative revaluation surplus				
Investments in public sector entities revaluation surplus	1 904 784	- 200 252		1 704 532
Other reserves	13 654	628		14 282
Total reserves	13 084 759	576 303		13 661 062
Capital – transactions with owners				
Equity injections				
Capital appropriation				
Equity transfers in				
Other equity injections				
Specific purpose payments				
National partnership payments				
Commonwealth – capital				
Equity withdrawals				
Capital withdrawals				
Equity transfers out				
Total capital – transactions with owners				
TOTAL EQUITY AT END OF FINANCIAL YEAR	11 462 782	719 481		12 182 263
2024-25				
Accumulated funds	- 626 170	- 1 100 885		- 1 727 055
Changes in accounting policy				
Transfers from reserves		6 770		6 770
Dividends paid/payable				
Other movements directly to equity		98 308		98 308
Total accumulated funds	- 626 170	- 995 807		- 1 621 977
Reserves				
Asset revaluation surplus	10 391 432	774 889		11 166 321
Asset realisation surplus				
Derivative revaluation surplus				
Investments in public sector entities revaluation surplus	2 074 945	- 170 160		1 904 784
Other reserves	18 569	- 4 916		13 654
Total reserves	12 484 946	599 813		13 084 759
Capital – transactions with owners				
Equity injections				
Capital appropriation				
Equity transfers in				
Other equity injections				
Specific purpose payments				
National partnership payments				
Commonwealth – capital				
Equity withdrawals				
Capital withdrawals				
Equity transfers out				
Total capital – transactions with owners				
TOTAL EQUITY AT END OF FINANCIAL YEAR	11 858 776	- 395 994		11 462 782

General government sector

Cash flow statement

	Note	2025-26	2024-25
		\$000	\$000
Cash receipts from operating activities			
Taxes received		899 054	800 485
Receipts from sales of goods and services		499 299	443 962
Grants and subsidies received		7 101 728	6 184 577
Interest receipts		262 008	215 518
Dividends and income tax equivalents		81 740	69 439
Other receipts		882 539	749 092
Total operating receipts		9 726 369	8 463 073
Cash payments for operating activities			
Payments for employees		- 4 039 427	- 3 802 004
Payment for goods and services		- 2 639 276	- 2 285 864
Grants and subsidies paid		- 1 830 920	- 1 940 650
Interest paid		- 528 375	- 480 857
Other payments		- 14 543	- 16 791
Total operating payments		- 9 052 541	- 8 526 165
NET CASH FLOWS FROM OPERATING ACTIVITIES	19	673 827	- 63 092
Cash flows from investments in non financial assets			
Sales of non financial assets		30 678	36 841
Purchases of non financial assets		- 1 171 150	- 1 244 006
Net cash flows from investments in non financial assets		- 1 140 471	- 1 207 165
NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS		- 466 644	- 1 270 257
Net cash flows from investments in financial assets for policy purposes ¹		13 857	2 679
Net cash flows from investments in financial assets for liquidity purposes		- 318 923	- 116 067
NET CASH FLOWS FROM INVESTING ACTIVITIES		- 1 445 537	- 1 320 553
Net cash flows from financing activities			
Advances received (net)		- 17 789	- 14 436
Borrowing (net)		1 101 176	1 207 319
Deposits received (net)		- 65 362	- 235 437
Other financing (net)		- 298	498
NET CASH FLOWS FROM FINANCING ACTIVITIES		1 017 726	957 945
NET INCREASE/DECREASE (-) IN CASH HELD		246 017	- 425 700
Net cash flows from operating activities		673 827	- 63 092
Net cash flows from investments in non financial assets		- 1 140 471	- 1 207 165
CASH SURPLUS/DEFICIT (-)		- 466 644	- 1 270 257
Future infrastructure and superannuation contributions/earnings		- 90 561	- 67 309
UNDERLYING SURPLUS/DEFICIT (-)		- 557 205	- 1 337 566

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

Non financial public sector

Comprehensive operating statement

	2025-26	2024-25
	\$000	\$000
REVENUE		
Taxation revenue	928 816	813 278
Current grants	6 884 167	5 938 032
Capital grants	478 324	393 985
Sales of goods and services	1 235 588	1 244 137
Interest income	267 101	225 591
Dividend and income tax equivalent income	47 764	34 051
Other revenue	697 685	440 035
TOTAL REVENUE	10 539 445	9 089 109
<i>less</i> EXPENSES		
Employee benefits expense	3 704 914	3 481 694
Superannuation expenses		
Superannuation interest cost	122 452	125 254
Other superannuation expenses	383 249	376 817
Depreciation and amortisation	1 068 300	1 026 003
Other operating expenses	2 935 506	2 701 480
Interest expenses	675 867	582 250
Other property expenses	4 859	4 232
Current grants	1 261 387	1 249 932
Capital grants	193 521	407 540
Subsidies and personal benefit payments	77 075	79 645
TOTAL EXPENSES	10 427 131	10 034 846
<i>equals</i> NET OPERATING BALANCE	112 315	- 945 737
<i>plus</i> Other economic flows – included in operating result	- 235 839	- 333 730
<i>equals</i> OPERATING RESULT	- 123 525	- 1 279 467
<i>plus</i> Other economic flows – other comprehensive income	843 006	883 472
<i>equals</i> COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners	719 481	- 395 994
NET OPERATING BALANCE	112 315	- 945 737
<i>less</i> Net acquisition of non financial assets		
Purchases of non financial assets	1 613 804	1 679 956
Sales of non financial assets	- 33 897	- 37 189
<i>less</i> Depreciation	1 068 300	1 026 003
<i>plus</i> Change in inventories	31 653	- 2 385
<i>plus</i> Other movements in non financial assets	21 595	94 290
<i>equals</i> Total net acquisition of non financial assets	564 854	708 669
<i>equals</i> FISCAL BALANCE	- 452 540	- 1 654 407

Non financial public sector

Balance sheet

	2025-26	2024-25
	\$000	\$000
ASSETS		
Financial assets		
Cash and deposits	1 250 280	1 014 952
Advances paid	121 333	141 580
Investments, loans and placements	3 326 716	2 946 764
Receivables	1 271 589	950 763
Equity investments		
Investments in other public sector entities	21 534	21 628
Equity accounted investments		
Investments – shares	10 060	7 758
Other financial assets	87 502	88 687
Total financial assets	6 089 015	5 172 134
Non financial assets		
Inventories	268 114	236 461
Property, plant and equipment	27 549 106	26 373 913
Investment property	32 144	31 897
Intangible assets	483 236	433 972
Assets held for sale	5 690	20 980
Other non financial assets	173 628	172 822
Total non financial assets	28 511 917	27 270 046
TOTAL ASSETS	34 600 932	32 442 179
LIABILITIES		
Deposits held	388 298	478 270
Advances received	93 493	111 283
Borrowing	15 688 190	14 057 060
Superannuation	2 680 392	2 856 009
Other employee benefits	1 161 208	1 086 852
Payables	625 716	545 461
Other liabilities	1 781 371	1 844 461
TOTAL LIABILITIES	22 418 669	20 979 397
NET ASSETS	12 182 263	11 462 782
Contributed equity		
Accumulated funds	- 1 022 639	- 970 415
Reserves	13 204 902	12 433 197
NET WORTH	12 182 263	11 462 782
NET FINANCIAL WORTH ¹	- 16 329 654	- 15 807 263
NET FINANCIAL LIABILITIES ²	16 351 187	15 828 892
NET DEBT³	11 471 651	10 543 316

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

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

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

Non financial public sector

Statement of changes in equity

	Equity at 1 July	Comprehensive result	Transactions with owners in their capacity as owners	Equity at 30 June
2025-26	\$000	\$000	\$000	\$000
Accumulated funds	- 970 415	- 123 525		- 1 093 940
Changes in accounting policy				
Transfers from reserves		2 199		2 199
Dividends paid/payable				
Other movements directly to equity		69 101		69 101
Total accumulated funds	- 970 415	- 52 224		- 1 022 639
Reserves				
Asset revaluation surplus	12 416 629	771 172		13 187 801
Asset realisation surplus				
Derivative revaluation surplus				
Investments in public sector entities revaluation surplus	2 914	- 95		2 820
Other reserves	13 654	628		14 282
Total reserves	12 433 197	771 705		13 204 902
Capital – transactions with owners				
Equity injections				
Capital appropriation				
Equity transfers in				
Other equity injections				
Specific purpose payments				
National partnership payments				
Commonwealth – capital				
Equity withdrawals				
Capital withdrawals				
Equity transfers out				
Total capital – transactions with owners				
TOTAL EQUITY AT END OF FINANCIAL YEAR	11 462 782	719 481		12 182 263
2024-25				
Accumulated funds	188 034	- 1 279 467		- 1 091 433
Changes in accounting policy				
Transfers from reserves		23 909		23 909
Dividends paid/payable				
Other movements directly to equity		97 108		97 108
Total accumulated funds	188 034	- 1 158 449		- 970 415
Reserves				
Asset revaluation surplus	11 649 256	767 373		12 416 629
Asset realisation surplus				
Derivative revaluation surplus				
Investments in public sector entities revaluation surplus	2 917	- 3		2 914
Other reserves	18 569	- 4 916		13 654
Total reserves	11 670 742	762 455		12 433 197
Capital – transactions with owners				
Equity injections				
Capital appropriation				
Equity transfers in				
Other equity injections				
Specific purpose payments				
National partnership payments				
Commonwealth – capital				
Equity withdrawals				
Capital withdrawals				
Equity transfers out				
Total capital – transactions with owners				
TOTAL EQUITY AT END OF FINANCIAL YEAR	11 858 776	- 395 994		11 462 782

Non financial public sector

Cash flow statement

	2025-26	2024-25
	\$000	\$000
Cash receipts from operating activities		
Taxes received	886 121	787 702
Receipts from sales of goods and services	1 234 947	1 230 422
Grants and subsidies received	7 102 394	6 191 949
Interest receipts	268 574	224 018
Dividends and income tax equivalents	34 051	55 771
Other receipts	931 163	737 923
Total operating receipts	10 457 250	9 227 785
Cash payments for operating activities		
Payments for employees	- 4 189 206	- 3 944 779
Payment for goods and services	- 3 333 331	- 2 945 399
Grants and subsidies paid	- 1 534 024	- 1 528 577
Interest paid	- 660 736	- 583 630
Other payments	- 14 585	- 24 602
Total operating payments	- 9 731 882	- 9 026 987
NET CASH FLOWS FROM OPERATING ACTIVITIES	725 367	200 799
Cash flows from investments in non financial assets		
Sales of non financial assets	33 897	37 189
Purchases of non financial assets	- 1 611 993	- 1 691 035
Net cash flows from investments in non financial assets	- 1 578 096	- 1 653 847
NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS	- 852 729	- 1 453 048
Net cash flows from investments in financial assets for policy purposes ¹	13 857	2 679
Net cash flows from investments in financial assets for liquidity purposes	- 317 771	- 114 972
NET CASH FLOWS FROM INVESTING ACTIVITIES	- 1 882 010	- 1 766 140
Net cash flows from financing activities		
Advances received (net)	- 17 789	- 14 436
Borrowing (net)	1 500 030	1 346 294
Deposits received (net)	- 89 972	- 180 437
Other financing (net)	- 298	498
NET CASH FLOWS FROM FINANCING ACTIVITIES	1 391 970	1 151 919
NET INCREASE/DECREASE (-) IN CASH HELD	235 328	- 413 422
Net cash flows from operating activities	725 367	200 799
Net cash flows from investments in non financial assets	- 1 578 096	- 1 653 847
CASH SURPLUS/DEFICIT (-)	- 852 729	- 1 453 048
Future infrastructure and superannuation contributions/earnings	- 90 561	- 67 309
UNDERLYING SURPLUS/DEFICIT (-)	- 943 290	- 1 520 357

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

Total public sector

Comprehensive operating statement

	Note	2025-26	2024-25
		\$000	\$000
REVENUE			
Taxation revenue	2	928 816	813 278
Current grants	3	6 884 167	5 938 032
Capital grants	4	478 324	393 985
Sales of goods and services	5	1 234 890	1 243 516
Interest income	6	267 132	225 982
Dividend and income tax equivalent income	7		
Other revenue	8	697 681	440 031
TOTAL REVENUE		10 491 009	9 054 824
<i>less</i> EXPENSES			
Employee benefits expense	9	3 705 344	3 482 225
Superannuation expenses			
Superannuation interest cost		122 452	125 254
Other superannuation expenses		383 301	376 890
Depreciation and amortisation	27, 29, 31	1 068 300	1 026 003
Other operating expenses	10	2 935 461	2 701 656
Interest expenses	11	626 994	547 184
Other property expenses		4 859	4 232
Current grants	12	1 261 387	1 249 932
Capital grants	13	193 521	407 540
Subsidies and personal benefit payments	14	77 075	79 645
TOTAL EXPENSES		10 378 695	10 000 562
<i>equals</i> NET OPERATING BALANCE		112 315	- 945 737
<i>plus</i> Other economic flows – included in operating result	15	- 235 839	- 333 730
<i>equals</i> OPERATING RESULT		- 123 525	- 1 279 467
<i>plus</i> Other economic flows – other comprehensive income	15	843 006	883 473
<i>equals</i> COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners		719 481	- 395 994
NET OPERATING BALANCE		112 315	- 945 737
<i>less</i> Net acquisition of non financial assets			
Purchases of non financial assets		1 613 804	1 679 956
Sales of non financial assets		- 33 897	- 37 189
<i>less</i> Depreciation	27, 29, 31	1 068 300	1 026 003
<i>plus</i> Change in inventories		31 653	- 2 385
<i>plus</i> Other movements in non financial assets		21 595	94 290
<i>equals</i> Total net acquisition of non financial assets		564 854	708 669
<i>equals</i> FISCAL BALANCE		- 452 540	- 1 654 407

Total public sector

Balance sheet

	Note	2025-26 \$000	2024-25 \$000
ASSETS			
Financial assets			
Cash and deposits	18	1 250 280	1 014 952
Advances paid	20	121 333	141 580
Investments, loans and placements	21	3 326 716	2 946 764
Receivables	22	1 224 060	916 858
Equity investments			
Investments in other public sector entities	23		
Equity accounted investments			
Investments – shares	24	10 060	7 758
Other financial assets	25	87 502	88 687
Total financial assets		6 019 952	5 116 600
Non financial assets			
Inventories	26	268 114	236 461
Property, plant and equipment	27, 42	27 549 106	26 373 913
Investment property	28, 42	32 144	31 897
Intangible assets	29, 42	483 236	433 972
Assets held for sale	30, 42	5 690	20 980
Other non financial assets	31, 42	173 628	172 822
Total non financial assets		28 511 917	27 270 046
TOTAL ASSETS		34 531 869	32 386 646
LIABILITIES			
Deposits held	33	255 995	218 463
Advances received	34	162 060	172 301
Borrowing	35	15 583 967	14 106 218
Superannuation	36	2 680 392	2 856 009
Other employee benefits	37	1 161 296	1 086 975
Payables	38	724 525	639 435
Other liabilities	39	1 781 371	1 844 463
TOTAL LIABILITIES		22 349 606	20 923 864
NET ASSETS		12 182 263	11 462 782
Contributed equity			
Accumulated funds		- 1 019 820	- 967 501
Reserves		13 202 083	12 430 283
NET WORTH		12 182 263	11 462 782
NET FINANCIAL WORTH ¹		- 16 329 654	- 15 807 263
NET DEBT²		11 303 692	10 393 685

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

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

Total public sector

Statement of changes in equity

	Equity at 1 July	Comprehensive result	Transactions with owners in their capacity as owners	Equity at 30 June
	\$000	\$000	\$000	\$000
2025-26				
Accumulated funds	- 967 501	- 123 525		- 1 091 025
Changes in accounting policy				
Transfers from reserves		2 199		2 199
Dividends paid/payable				
Other movements directly to equity		69 006		69 006
Total accumulated funds	- 967 501	- 52 319		- 1 019 820
Reserves				
Asset revaluation surplus	12 416 629	771 172		13 187 801
Asset realisation surplus				
Derivative revaluation surplus				
Investments in public sector entities revaluation surplus				
Other reserves	13 654	628		14 282
Total reserves	12 430 283	771 800		13 202 083
Capital – transactions with owners				
Equity injections				
Capital appropriation				
Equity transfers in				
Other equity injections				
Specific purpose payments				
National partnership payments				
Commonwealth – capital				
Equity withdrawals				
Capital withdrawals				
Equity transfers out				
Total capital – transactions with owners				
TOTAL EQUITY AT END OF FINANCIAL YEAR	11 462 782	719 481		12 182 263
2024-25				
Accumulated funds	190 951	- 1 279 467		- 1 088 516
Changes in accounting policy				
Transfers from reserves		23 909		23 909
Dividends paid/payable				
Other movements directly to equity		97 106		97 106
Total accumulated funds	190 951	- 1 158 452		- 967 501
Reserves				
Asset revaluation surplus	11 649 256	767 373		12 416 629
Asset realisation surplus				
Derivative revaluation surplus				
Investments in public sector entities revaluation surplus				
Other reserves	18 569	- 4 916		13 654
Total reserves	11 667 825	762 457		12 430 283
Capital – transactions with owners				
Equity injections				
Capital appropriation				
Equity transfers in				
Other equity injections				
Specific purpose payments				
National partnership payments				
Commonwealth – capital				
Equity withdrawals				
Capital withdrawals				
Equity transfers out				
Total capital – transactions with owners				
TOTAL EQUITY AT END OF FINANCIAL YEAR	11 858 776	- 395 994		11 462 782

Total public sector

Cash flow statement

	Note	2025-26	2024-25
		\$000	\$000
Cash receipts from operating activities			
Taxes received		886 121	787 702
Receipts from sales of goods and services		1 234 341	1 229 801
Grants and subsidies received		7 102 394	6 191 949
Interest receipts		268 574	224 018
Dividends and income tax equivalents			
Other receipts		931 249	737 923
Total operating receipts		10 422 679	9 171 394
Cash payments for operating activities			
Payments for employees		- 4 189 696	- 3 945 454
Payment for goods and services		- 3 333 807	- 2 945 573
Grants and subsidies paid		- 1 534 024	- 1 528 577
Interest paid		- 598 591	- 529 249
Other payments		- 14 585	- 24 602
Total operating payments		- 9 670 703	- 8 973 455
NET CASH FLOWS FROM OPERATING ACTIVITIES	19	751 976	197 939
Cash flows from investments in non financial assets			
Sales of non financial assets		33 897	37 189
Purchases of non financial assets		- 1 611 993	- 1 691 035
Net cash flows from investments in non financial assets		- 1 578 096	- 1 653 847
NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS		- 826 120	- 1 455 907
Net cash flows from investments in financial assets for policy purposes ¹		13 857	2 679
Net cash flows from investments in financial assets for liquidity purposes		- 317 771	- 114 972
NET CASH FLOWS FROM INVESTING ACTIVITIES		- 1 882 010	- 1 766 140
Net cash flows from financing activities			
Advances received (net)		- 10 241	- 9 794
Borrowing (net)		1 338 368	1 199 310
Deposits received (net)		37 533	- 35 236
Other financing (net)		- 298	498
NET CASH FLOWS FROM FINANCING ACTIVITIES		1 365 361	1 154 779
NET INCREASE/DECREASE (-) IN CASH HELD		235 328	- 413 422
Net cash flows from operating activities		751 976	197 939
Net cash flows from investments in non financial assets		- 1 578 096	- 1 653 847
CASH SURPLUS/DEFICIT (-)		- 826 120	- 1 455 907
Future infrastructure and superannuation contributions/earnings		- 90 561	- 67 309
UNDERLYING SURPLUS/DEFICIT (-)		- 916 681	- 1 523 216

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

Notes to the financial statements

For the year ended 30 June 2026

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Notes to the financial statements

For the year ended 30 June 2026

1. Statement of material accounting policy information

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

The following summary sets out material accounting policy information adopted in the financial statements.

a) Statement of compliance

i) Compliance framework

These financial statements are general purpose financial statements that present the consolidated financial position and financial performance of the general government and total public sectors prepared in accordance with the *Financial Management Act 1995*, the *Fiscal Integrity and Transparency Act 2001* and Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board.

In particular, the financial statements are presented in a manner consistent with the requirements of AASB 1049 *Whole of government and general government sector financial reporting* and the UPF.

The GFS information included in this report is based on the ABS publications: *Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2015* and *Amendments to Australian System of Government Finance Statistics, 2015* (GFS Manual).

The general government and total public sectors are considered to be not-for-profit. A full list of entities forming each sector is provided in the appendices to this report.

Note 49 provides qualitative information on the differences between Australian accounting standards and the requirements contained in the GFS Manual.

ii) Standards and interpretations effective from 2025-26

All the new and revised standards and interpretations issued by the AASB that are relevant and effective for an accounting period beginning on or after 1 July 2025 have been adopted. No new accounting standards and interpretations that apply to the Territory for the first time in 2025-26 had any material impact on the financial statements.

AASB S2 *Climate-related disclosures*

AASB S2 requires entities to disclose information about climate-related risks and opportunities that could reasonably be expected to affect its cash flows, access to finance or cost of capital over the short, medium or long term. This standard is mandatory for entities complying with the *Corporations Act 2001* for periods beginning on or after 1 January 2026.

The Territory's public trading corporations, Territory Generation and PWC, will be complying with this standard consistent with transitional arrangements for the 2025-26 reporting year. Jacana Energy will comply with this standard for the 2027-28 reporting year. Compliance at the consolidated level for the general government and total public sectors is currently not applicable.

Notes to the financial statements

For the year ended 30 June 2026

1. Statement of material accounting policy information (continued)

iii) Standards and interpretations issued but not yet effective

The following new and revised Australian accounting standards, interpretations and amendments have been issued but are not yet effective and are expected to impact future reporting periods:

AASB 17 Insurance contracts, AASB 2022-8 Amendments to Australian accounting standards – Insurance contracts: consequential amendments and AASB 2022-9 Amendments to Australian accounting standards – Insurance contracts in the public sector

AASB 17, AASB 2022-8 and AASB 2022-9 become mandatory for public sector entities for annual reporting periods beginning on or after 1 July 2026. AASB 17 replaces AASB 4 *Insurance contracts*, AASB 1023 *General insurance contracts* and AASB 1038 *Life insurance contracts*.

For the Territory, compulsory third-party compensation arrangements administered by the Motor Accidents Compensation Commission (MACC) have been identified as the only arrangement within the Territory Government that meets the requirements of AASB 17. MACC will apply AASB 17 retrospectively with the cumulative effect of initially applying the standard recognised as an adjustment to the opening balance. The impact of the change is expected to decrease the Territory's liabilities (provisions) by about \$62.4 million in both the general government and total public sectors. The corresponding adjustment will be recognised through opening retained earnings on transition. The impact arises from revised measurement requirements for future claims liabilities rather than any change in the underlying obligations of the scheme.

AASB 18 Presentation and disclosure of financial statements

AASB 18 replaces AASB 101 *Presentation of financial statements* and introduces new presentation and disclosure requirements for income statements, cash flow statements and management-defined performance measures.

The standard is proposed to apply to not-for-profit public sector entities for annual reporting periods beginning on or after 1 January 2028 (2028-29 for the Territory).

AASB 18 would primarily affect the presentation and disclosure of financial information including the classification of income and expenses, additional subtotals in the operating statement, revised cash flow classifications for interest and dividends, and new disclosures for management-defined performance measures. The standard does not affect recognition or measurement of amounts.

The AASB issued Exposure Draft ED 338 Application of AASB 18 by not-for-profit entities and universities, which proposes amendments to AASB 18 that would relieve not-for-profit public sector entities including whole of government financial statements from the new presentation and disclosure requirements due to reporting conflicts with AASB 1049 and GFS presentations.

b) Basis of consolidation

The financial statements are prepared for the Territory general government sector and consolidated total public sector. Reporting entities controlled by the Territory are consolidated within these financial statements and included in the relevant sector.

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

Notes to the financial statements

For the year ended 30 June 2026

1. Statement of material accounting policy information (continued)

All material revenue, expenses, assets, liabilities and equity of the government, including entities controlled by government, are included in the financial statements. As part of the consolidation process, material transactions and balances between government-controlled entities are eliminated. Where necessary, adjustments are made to the financial statements of for-profit and other statutory controlled entities to bring their accounting policies in line with the relevant not-for-profit reporting sector.

School bodies are established under the *Education Act 2015* as separate legal entities to support local governance and community participation. School bodies oversee a range of local school activities and funding arrangements that support the day-to-day operation of schools. The Territory has influence over the school bodies even though they operate independently from government and are responsible for managing and reporting their own income, expenses, assets and liabilities. The net assets held by school bodies are not included in these financial statements because they are not material. However, the majority of staff working in government schools, and land and buildings occupied by government schools are recognised in these financial statements.

c) Presentation and rounding of amounts

Amounts in the financial statements are presented in Australian dollars and have been rounded to the nearest thousand dollars, and amounts less than \$500 are rounded down to zero with the exception of Note 42(a) (iii) and (b) (iii), which have been rounded to the nearest million dollars. Figures in the financial statements and notes may not equate due to rounding.

d) Reporting period

The reporting period for consolidated entities is the year ended 30 June, except for Batchelor Institute of Indigenous Tertiary Education, which reports on a calendar-year basis. Management information, which is considered reliable, was used in respect of consolidating the institute.

2. Taxation revenue

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Taxes on employers' payroll and labour force taxes	339 770	339 173	326 835	326 393
Stamp duties on financial and capital transactions	267 817	192 678	267 817	192 678
Taxes on gambling	148 204	115 013	148 204	115 013
Taxes on insurance	78 233	75 572	78 230	75 572
Motor vehicle registration fees	104 605	100 770	104 605	100 770
Other	3 124	2 850	3 124	2 850
Total taxation revenue	941 753	826 058	928 816	813 278

Taxation revenue is recognised at the fair value of consideration received, exclusive 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.

Notes to the financial statements

For the year ended 30 June 2026

3. Current grants revenue

	2025-26			2024-25		
	Revenue from contracts with customers	Other	Total	Revenue from contracts with customers	Other	Total
	\$000	\$000	\$000	\$000	\$000	\$000
General government						
GST revenue		4 997 432	4 997 432		4 287 680	4 287 680
Specific purpose payments		604 232	604 232		521 263	521 263
National partnerships	19 424	642 036	661 460	194 473	465 477	659 949
Other	116 321	523 776	640 098	118 001	462 138	580 140
Total current grants revenue	135 746	6 767 476	6 903 222	312 474	5 736 558	6 049 032
Total public sector						
GST revenue		4 997 432	4 997 432		4 287 680	4 287 680
Specific purpose payments		604 232	604 232		521 263	521 263
National partnerships	19 424	622 109	641 533	194 473	354 477	548 949
Other	116 321	524 648	640 969	118 001	462 138	580 140
Total current grants revenue	135 746	6 748 421	6 884 167	312 474	5 625 558	5 938 032

Grants revenue is recognised at fair value, exclusive of GST in accordance with the requirements of AASB 15 *Revenue from contracts with customers* or AASB 1058 *Income of not-for-profit entities*, depending on whether the grant agreement is enforceable and includes sufficiently specific performance obligations.

The assessment of whether a performance obligation is sufficiently specific involved applying significant judgement based on an analysis of the terms and conditions of grant agreements and relevant supporting documentation (including activity workplans) and, where necessary, discussions with relevant stakeholders.

Where an agreement is enforceable and includes sufficiently specific obligations for the Territory to transfer goods or services to the grantor or third-party beneficiary, income is accounted for under AASB 15. In these cases, revenue is initially deferred as unearned contract revenue liability (see Note 39) when received in advance and recognised as or when performance obligations are satisfied.

Where grant agreements do not meet the criteria above, revenue is accounted for under AASB 1058 and recognised upfront on receipt of funding or when performance obligations are satisfied.

The Territory has adopted a low-value contract threshold of \$50,000 excluding GST and recognises revenue upfront on receipt of income from contracts with a low value.

Income recognition from grants received by the Territory has been appropriately accounted for under AASB 1058 or AASB 15 based on the assessment performed.

GST revenue is general assistance funding received from the Commonwealth for broad objectives with no performance obligations. It is recognised on receipt.

Specific purpose payments are received from the Commonwealth to support the Territory's efforts in delivering services in key sectors and do not have sufficiently specific performance obligations. Hence revenue is recognised upfront on receipt of funding.

Notes to the financial statements

For the year ended 30 June 2026

3. Current grants revenue (continued)

National partnership payments are received from the Commonwealth to deliver outcomes and outputs under federation funding agreement schedules, national partnership agreements and some national funding agreements. These agreements may contain either broad objectives with no performance obligations or specific performance obligations. Hence recognition is dependent on criteria contained within each agreement.

Other current grants revenue reflects funding predominantly received through a fee-for-service arrangement. This includes Commonwealth own-purpose expenses, which are payments from the Commonwealth for the purchase of specific services to be delivered by the Territory and largely comprise activity-based health funding.

For grant agreements accounted for as revenue from contracts with a customer, the Territory typically satisfies its performance obligations over time as services outlined in agreements are delivered. These agreements largely relate to national partnership payments received to support the delivery of services in the health and education sectors, and are typically received in arrears once milestones are met.

4. Capital grants revenue

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
National partnerships	393 376	257 722	453 380	349 622
Specific purpose payments	8 200	24 060	8 200	24 060
Other	14 744	19 184	16 744	20 303
Total capital grants revenue	416 320	300 966	478 324	393 985

Capital grants are transfers to the Territory to acquire, construct or upgrade non financial assets, of which the Territory will retain control.

Capital grants to acquire or construct recognisable non financial assets for the Territory's own use are accounted for under AASB 1058. Funds are initially recognised exclusive of GST as unearned capital grants liability when received (see Note 39) and subsequently recognised as revenue as the Territory satisfies its obligations under the agreement.

Where a non financial asset is purchased, revenue is recognised at the time the asset is acquired and control transfers to the Territory. For constructed assets, revenue is recognised progressively over time, using the percentage of completion method.

Notes to the financial statements

For the year ended 30 June 2026

5. Sales of goods and services

	2025-26			2024-25 ¹		
	Revenue from contracts with customers	Other	Total	Revenue from contracts with customers	Other	Total
	\$000	\$000	\$000	\$000	\$000	\$000
General government						
Fees from regulatory services	37 868	10 787	48 655	37 926	7 670	45 596
Sale of goods and service delivery						
Motor accident compensation and related revenue		100 566	100 566		104 862	104 862
Health-related revenue	91 952		91 952	91 608		91 608
Housing-related revenue	5 648	99 570	105 218	3 696	106 668	110 365
Other	64 689	56 856	121 545	60 551	50 483	111 034
	162 289	256 992	419 281	155 855	262 013	417 868
Total sales of goods and services	200 157	267 779	467 936	193 781	269 683	463 464
Total public sector						
Fees from regulatory services	36 458	10 757	47 215	36 626	7 639	44 265
Sale of goods and service delivery						
Motor accident compensation and related revenue		100 566	100 566		104 862	104 862
Health-related revenue	91 952		91 952	91 606		91 606
Housing-related revenue	5 648	98 756	104 404	3 696	106 392	110 089
Utilities income	761 555		761 555	765 690		765 690
Other	88 631	40 568	129 199	93 468	33 536	127 004
	947 785	239 890	1 187 675	954 461	244 790	1 199 251
Total sales of goods and services	984 243	250 647	1 234 890	991 087	252 429	1 243 516

¹ Comparative figures have been adjusted to provide consistency with the current year presentation.

a) Fees from regulatory services

Revenue from regulatory services comprises fees and charges imposed under legislation for the administration of regulatory frameworks, including granting and renewal of licences, approvals and registrations. This includes revenue from transport, occupational and industry licensing, environmental approvals, and statutory registry services such as births, deaths and marriages, and land titles including associated application, renewal and search fees.

The Territory has elected to recognise low-value licences with a value of \$10,000 or less, or short-term licences with a term of less than 12 months upfront on receipt of cash. Other licences are generally recognised when the Territory satisfies its performance obligations.

The Territory's sole performance obligation for non-intellectual property licence fees is the issue of the licence, therefore revenue is recognised upfront on issue of the licence. For intellectual property licence fees, revenue is recognised at a point in time or over time as or when the performance obligation is satisfied.

Notes to the financial statements

For the year ended 30 June 2026

5. Sales of goods and services (continued)

b) Sale of goods and service delivery

Sale of goods and service delivery revenue comprises income from rendering of services and sales of goods. These are recognised at fair value, exclusive of GST.

Revenue from rendering services is recognised as or when the Territory satisfies its performance obligations where there is an enforceable contract with sufficiently specific performance obligations. Otherwise, revenue is recognised upfront on receipt of cash.

Revenue from the sale of goods is recognised (net of returns, discounts and allowances) when the Territory transfers control of goods to a customer. General indicators that control has passed to a customer or third-party beneficiary include:

- significant risks and rewards of ownership have transferred to the customer
- the customer has legal title to the goods
- the Territory has transferred physical possession of the goods and the customer has accepted them
- the Territory has a present right to payment for the goods.

The following table summarises the significant types of sales of goods and services, along with the associated revenue recognition policies.

Notes to the financial statements

For the year ended 30 June 2026

5. Sales of goods and services (continued)

Type of sale of goods and service	Nature of timing of satisfaction or performance obligation	Revenue recognition policies
Motor accident compensation		
Compulsory third-party contributions under the MAC Scheme	The performance obligation is satisfied over time as coverage is provided continuously from the date of attachment of risk to the end of the coverage period.	Revenue is recognised when control of the funds is obtained (at the date of attachment of risk) and subsequently over the coverage period in line with the pattern of service delivery.
Health		
Health services recovered for interstate travellers (cross-border charges), Medicare or private health insurance reimbursements, and other fees and charges including pharmaceutical and other health/medical-related goods	The performance obligation is satisfied when the goods and services have been delivered.	Revenue associated with performance obligation is recognised at a point in time.
Housing		
Rent and tenancy charges in providing public and social housing	The performance obligation is satisfied over time as housing services are provided continuously over the tenancy term.	Revenue is recognised over the tenancy period in line with providing housing services, typically on a straight-line basis.
Utilities		
Electricity sales	The performance obligation satisfied over time as electricity is delivered to customers and simultaneously consumed.	Revenue is recognised over time based on the volume of electricity supplied, including an estimate of unbilled usage at the reporting date.
Gas sales	The performance obligation satisfied over time as gas is delivered to customers and simultaneously consumed.	Revenue is recognised over time based on the quantity of gas supplied during the period, reflecting the transfer of control to the customer.
Water sales	The performance obligation satisfied over time as water is delivered to customers and simultaneously consumed.	Revenue is recognised over time based on the volume of water supplied.
Wastewater services	The performance obligation satisfied over time as services are delivered continuously to customers.	Revenue is recognised over time based on the service period, typically measured on a time-elapsed basis. Amounts billed in advance are recognised as contract liabilities and brought to account as revenue as the services are provided.

6. Interest income

Interest income comprises investment distribution and interest revenue, and is recognised over time as it accrues. Investment distributions comprise income from the Conditions of Service Reserve (COSR), a fund established to fund the Territory Government's employee-related liabilities including leave entitlements, superannuation payments and other similar payments, and investments made by MACC. Interest revenue largely relates to interest earned on cash balances and short-term deposits.

Notes to the financial statements

For the year ended 30 June 2026

7. Dividend and income tax equivalent income

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Dividend income				
Public non financial corporation sector	27 801	10 233		
Public financial corporation sector	33 435	23 836		
Tax equivalents regime				
Public non financial corporation sector	9 569	17 823		
Public financial corporation sector	14 329	10 215		
Total dividend and income tax equivalent income	85 135	62 107		

General government sector dividends and income tax equivalent income represents revenue earned from other sectors of government. Dividend income is recognised when declared by the respective entity's board, typically as part of its full-year result, and is receipted in the subsequent reporting year.

The Commonwealth applies a tax equivalent regime that levies the equivalent of specified taxes and local government rates on certain public sector entities. While levied by the Commonwealth, tax equivalent transactions and balances are payable to the Territory within the general government sector. Tax equivalent income is generally received in quarterly instalments throughout a reporting period, in line with expected end of year profitability. Accordingly, dividends and income tax equivalents from the public non financial corporation and public financial corporation sectors are eliminated on consolidation in the total public sector.

8. Other revenue

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Rental income	27 773	29 804	31 148	33 738
Royalty income	557 275	314 751	557 275	314 751
Fines revenue	15 742	15 762	15 742	15 762
Miscellaneous revenue	63 141	89 690	75 425	72 915
Assets acquired for nil or nominal consideration	8 783	1 311	18 091	2 866
Total other revenue	672 713	451 318	697 681	440 031

Other revenue mainly relates to:

- rental income from land leases for petroleum and mining activities, and pastoral leases classified as operating leases are recognised on a straight-line basis over the lease term
- royalty income, predominantly derived from mining activities is recognised when the taxable event occurs, which is the period the royalty is levied
- revenue from fines including traffic infringements and court-issued fines, is recognised when cash payment is received due to significant uncertainty of collectability

Notes to the financial statements

For the year ended 30 June 2026

8. Other revenue (continued)

- miscellaneous revenue including reimbursements, research funding from non-government organisations and resources received free of charge when performance obligations are satisfied
- assets acquired for nil or nominal consideration include donated assets received at significantly below fair value or for nil consideration that can be measured reliably. These are recognised as revenue at their fair value when control over the assets is obtained, normally either on receipt of the assets or on notification the assets have been secured.

The majority of other revenue does not contain sufficiently specific performance obligations for the Territory to transfer goods or services to the grantor or third-party beneficiary.

9. Employee benefits expense

	General government		Total public sector	
	2025-26	2024-25 ¹	2025-26	2024-25 ¹
	\$000	\$000	\$000	\$000
Salaries and wages	3 170 334	3 003 100	3 281 851	3 111 072
Labour hire	175 087	158 851	189 041	170 871
Long service leave	72 757	77 092	79 151	83 151
Workers compensation	143 472	105 030	143 806	105 285
Fringe benefits tax	10 797	11 114	11 496	11 847
Total employee benefits expense	3 572 446	3 355 188	3 705 344	3 482 225

¹ Comparative figures have been adjusted to provide consistency with the current year presentation.

The average number of full-time equivalent employees for 2025-26 was 23,029 (2024-25: 22,417) in the general government sector and 24,175 (2024-25: 23,619) in the total public sector.

Salaries and wages are recognised when the employee renders services to the Territory Government. It includes recreation leave, allowances and other benefits, which are recognised in the reporting period when employees are entitled to the benefit or when incurred.

Labour hire services perform roles in government service delivery under the direct supervision of the relevant agency. These largely comprise health and medical professionals, and are excluded from full-time equivalent employees.

The recognition and measurement policy for employee benefits, including long service leave, is detailed in Note 37. Further information on workers compensation and fringe benefits tax are detailed in Note 39.

Notes to the financial statements

For the year ended 30 June 2026

10. Other operating expenses

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Repairs and maintenance	384 927	342 885	526 237	477 212
Property management ¹	240 949	214 092	191 685	173 287
Medical or dental supplies ²	204 084	191 612	204 085	191 612
Information technology charges and communications	142 745	128 949	167 436	153 040
Patient and other client travel ²	185 148	113 212	185 148	113 212
Consultants ³	95 188	107 846	95 901	108 803
Motor accident compensation and related payments	77 690	92 606	77 690	92 606
Cross border patient charges ²	67 879	75 202	67 879	75 202
Energy costs			450 572	475 911
Other operating expenses	879 524	744 050	968 828	840 772
Total other operating expenses	2 278 135	2 010 453	2 935 461	2 701 656

1 Includes amounts for water, sewerage and electricity paid to the public non financial corporation sector and are eliminated on consolidation in the total public sector.

2 Largely relates to costs incurred by the Department of Health. In 2025-26, certain patient travel contracts were reclassified from current grants to other operating expenses. Comparative amounts for 2024-25 have not been restated. If the reclassification had been retrospectively applied, additional expenses of around \$54 million would have been reported within other operating expenses in 2024-25.

3 Includes marketing, promotion and IT consultants.

Other operating expenses represent repairs and maintenance of government-controlled assets and the day-to-day running costs of facilities and provision of services incurred in normal operations, and are recognised in the reporting period in which they are incurred, exclusive of GST.

11. Interest expenses

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Interest on loans and advances	459 937	397 963	534 982	455 263
Interest on lease liabilities	77 654	76 960	88 721	88 324
Interest on service concession liabilities	3 290	3 598	3 290	3 598
Total interest expenses	540 882	478 521	626 994	547 184

Interest expenses include interest on advances, loans, overdrafts, bonds and bills, deposits, interest components of lease and service concession liabilities, and amortisation of discounts or premiums in relation to borrowings. Interest expenses are recognised in the reporting period in which they are incurred.

Notes to the financial statements

For the year ended 30 June 2026

12. Current grant expenses

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Local government	94 505	92 963	94 505	92 963
Territory Government schools	138 839	128 006	138 839	128 006
Non-government schools	330 221	320 715	330 221	320 715
Private and not-for-profit sector	540 717	564 797	540 717	564 797
Other sectors of government ¹	66 396	67 802		
Other	157 105	143 451	157 105	143 451
Total current grant expenses	1 327 783	1 317 734	1 261 387	1 249 932

1 Includes grants paid to the public non financial corporation sector and are eliminated on consolidation in the total public sector.

Current grant expenses are intended to finance the operating activities of the recipient without directly receiving around equal value in return. Current grant expenses largely comprise cash contributions to government and non-government schools, private and not-for-profit sector entities, and community groups. Other grants predominantly comprise the Territory's contribution towards the National Disability Insurance Scheme and payments to Charles Darwin University.

For the general government sector, current grant expenses include grants to Indigenous Essential Services Pty Ltd in the public non financial corporation sector. In the total public sector, these expenses are recognised as employee and other operating expenses, and not current grant expenses.

Current grant expenses are recognised as an expense in the reporting period in which they are paid or payable, exclusive of GST.

13. Capital grant expenses

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Local government	61 518	73 798	61 518	73 798
Territory Government schools		386		386
Non-government schools	1 238		1 238	
Private and not-for-profit sector	127 537	331 758	127 973	331 758
Other sectors of government ¹	72 852	164 383		
Other	2 792	1 597	2 792	1 597
Total capital grant expenses	265 937	571 923	193 521	407 540

1 Includes grants paid to the public non financial corporation sector and are eliminated on consolidation in the total public sector.

Capital grant expenses are payments made to a recipient for the purpose of acquiring, constructing or upgrading a non financial asset that will be controlled by a party other than the Territory.

Capital grants also comprise transfers or gifts of existing Territory assets to another entity for no consideration. These transfers primarily relate to road and utility infrastructure that will be managed and controlled by the recipient. Included within total capital grant expenses are non-cash transfers and gifts of \$72.9 million in 2025-26 (\$164.4 million in 2024-25).

Notes to the financial statements

For the year ended 30 June 2026

13. Capital grant expenses (continued)

Capital grant expenses are recognised in the reporting period in which they are paid or payable, exclusive of GST. Where an existing Territory asset is transferred to a recipient, the capital grant expense is recognised when the Territory transfers control of the asset to the recipient. For the general government sector, these include payments to the public non financial corporation sector. In the total public sector, these are recognised as non-financial assets instead of capital grant expenses.

14. Subsidies and personal benefit payments

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Local government	45	23	45	23
Territory Government schools	62	26	62	26
Private and not-for-profit sector	73 812	65 077	75 502	66 694
Other sectors of government ¹	164 436	187 323		
Other	1 466	12 902	1 466	12 902
Total subsidies and personal benefit payments	239 822	265 351	77 075	79 645

¹ Includes subsidies and personal benefits paid to the public non financial corporation sector, and are eliminated on consolidation in the total public sector.

Subsidies and personal benefits are payments aimed at reducing all or part of the costs of an activity. They include payments made in cash to individuals and other transfer payments made to government and non-government schools, and community and business groups.

For the general government sector, these include community service obligation payments to the public non financial corporation sector. In the total public sector, these are recognised across various expenditure categories.

Included in total subsidies and personal benefit payments were CSO payments in 2025-26 of \$144 million for regulated retail electricity, water and sewerage tariffs (2024-25: \$141.6 million), and \$14.2 million for the Northern Territory Concession Scheme (2024-25: \$14.3 million).

Subsidies and personal benefit also include debts owing to the Territory that are extinguished or waived.

Other subsidies and personal benefit payments comprise anticipated claims under the National Redress Scheme.

Subsidies and personal benefit payments are recognised as an expense in the reporting period in which they are paid or payable, or when the debts are waived, exclusive of GST.

Notes to the financial statements

For the year ended 30 June 2026

15. Other economic flows

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Gain/loss (-) on sale of non financial assets	10 833	15 055	10 951	15 067
Bad and doubtful debt	- 18 409	- 29 119	- 25 020	- 35 861
Net actuarial gains/losses (-) other	- 87 190	- 113 783	- 87 190	- 113 783
Revaluation and asset impairment	- 49 947	- 86 658	- 133 143	- 198 424
Write up/down (-) of inventory	- 495	- 422	- 1 436	- 728
Other economic flows – included in operating result	- 145 209	- 214 926	- 235 839	- 333 730
Items that will not be reclassified to operating result				
Revaluation and asset impairment	777 412	767 510	772 657	759 994
Remeasurement of superannuation liability	67 058	97 257	67 058	97 257
Gain/loss (-) on investments in other sector entities	- 200 252	- 170 160		
Other	- 13 767	10 283	3 291	26 221
Other economic flows – other comprehensive income	630 451	704 891	843 006	883 473

Other economic flows measure the change in volume or value, of assets or liabilities that do not result from transactions. These include remeasurements of certain liabilities for variables such as movements in discount rates used to value these liabilities.

Notes to the financial statements

For the year ended 30 June 2026

16. Write offs, waivers, ex gratia payments and gifts

	General government			
	2025-26		2024-25	
	\$000	No.	\$000	No.
Irrecoverable money written off	674	30	2 799	34
Losses or deficiencies of money written off	195	23	194	20
Value of public property written off ¹	13 677	6	527	1
Waiver of right to receive or recover money	2 464	28	1 195	177
Write-offs and waivers approved by Treasurer	17 010	87	4 715	232
Irrecoverable money written off	206	185	1 918	1 158
Losses or deficiencies of money written off	37	45	73	63
Value of public property written off ²	1 439	3 408	453	1 952
Postponement of right to receive or recover money	236	43	258	50
Write-offs and waivers approved by delegates	1 918	3 681	2 702	3 223
Total write-offs and waivers	18 928	3 768	7 417	3 455
Gifts approved by Treasurer	2 407	9	915	17
Gifts approved by delegate	13	160	9	39
Total gifts	2 420	169	924	56
Ex gratia payments approved by Treasurer	30	1	27	1
Total authorised under the <i>Financial Management Act 1995</i>	21 378	3 938	8 368	3 512
Write-offs and waivers ²	8 407	1 195	12 162	554
Gifts ³	450	1	4 655	4
Total authorised under other legislation	8 857	1 196	16 817	558

1 Includes remote assets written off as these assets no longer meet the criteria for asset recognition in accordance with the accounting standards.

2 Write-offs, postponements and waivers authorised under other legislation include items approved under the *Medical Services Act 1982* and *Housing Act 1982*.

3 Gifts authorised under other legislation predominantly relates to land lots gifted under the *Crown Lands Act 1992* and *Housing Act 1982*.

Section 9(3) of the FMA requires the Treasurer's annual financial statements to include reports on all write-offs, waivers, ex gratia payments and gifts approved under the FMA. The table above presents the number of transactions and total expenses arising from write-offs, waivers, ex gratia payments and gifts approved under the FMA or other legislation. Further details of these transactions are reported by agencies in their annual financial statements.

Notes to the financial statements

For the year ended 30 June 2026

17. Expenses by function

The following table presents expenses from transactions classified according to the *Classification of the functions of government – Australia* (COFOG-A), which is based on ABS classifications used as part of the GFS Manual and mandated in the UPF. This information is presented to facilitate a better understanding of trends in government expenditure over time and enables meaningful comparison with other jurisdictions.

	General government ¹		Total public sector ¹	
	2025-26	2024-25 ²	2025-26	2024-25 ²
	\$000	\$000	\$000	\$000
General public services				
Executive and legislative organisations, financial and fiscal affairs, external affairs	72 326	68 741	72 087	68 949
General services	1 180		1 180	
Research and development – general public services	550	582	550	582
Public debt transactions	663 419	603 948	751 025	674 491
Transfers of a general character between different levels of government		415		483
General public services n.e.c.	57 987	57 966	64 353	66 929
Total general public services	795 462	731 651	889 195	811 434
Public order and safety				
Police services	621 919	572 603	622 927	574 841
Civil and fire protection services	86 317	90 392	86 379	90 303
Law courts	216 604	187 499	216 665	187 745
Prisons	478 508	387 716	479 048	388 910
Research and development – public order and safety	4 039	4 058	4 040	4 062
Public order and safety n.e.c.	40 018	39 127	39 977	39 220
Total public order and safety	1 447 406	1 281 395	1 449 036	1 285 082
Economic affairs				
General economic, commercial and labour affairs	131 620	127 383	130 308	127 213
Agriculture, forestry, fishing and hunting	19 803	18 359	19 829	18 510
Fuel and energy	229 097	264 012	757 628	896 638
Mining, manufacturing and construction	55 849	247 028	55 970	252 419
Other industries	96 440	100 845	96 515	101 355
Research and development – economic affairs	35 158	32 491	36 127	34 136
Economic affairs n.e.c.	18 588	19 894	22 536	24 412
Total economic affairs	586 556	810 012	1 118 914	1 454 683
Environmental protection				
Waste management	461	3 280	56 698	49 678
Waste water management	19 522	21 251	4 434	2 416
Pollution abatement	2 881	3 938	2 963	4 205
Protection of biodiversity and landscape	96 856	98 917	97 754	101 381
Environmental protection n.e.c.	14 523	15 246	14 829	16 076
Total environmental protection	134 243	142 631	176 678	173 757

Notes to the financial statements

For the year ended 30 June 2026

17. Expenses by function (continued)

	General government ¹		Total public sector ¹	
	2025-26	2024-25 ²	2025-26	2024-25 ²
	\$000	\$000	\$000	\$000
Housing and community amenities				
Housing development	560 746	576 396	648 228	583 722
Community development	393 324	292 028	426 553	312 923
Water supply	103 420	195 942	133 135	95 204
Housing and community amenities n.e.c.		303		352
Total housing and community amenities	1 057 490	1 064 668	1 207 917	992 200
Health				
Medical products, appliances and equipment	27 334	15 024	27 348	15 048
Outpatient services	492 539	416 151	492 786	417 427
Hospital services	1 319 077	1 301 478	1 319 934	1 305 296
Community health services	526 453	543 288	530 082	547 958
Public health services	89 571	82 899	89 616	83 064
Research and development – health	26 965	24 612	26 979	24 680
Health n.e.c.		6		8
Total health	2 481 939	2 383 458	2 486 745	2 393 480
Recreation, culture and religion				
Recreational and sporting services	69 759	62 165	72 856	65 893
Cultural services	82 330	86 819	84 650	90 471
Recreation, culture and religion n.e.c.	76 061	66 355	76 356	66 791
Total recreation, culture and religion	228 150	215 338	233 862	223 155
Education				
Pre-primary and primary education	765 344	719 273	766 032	722 330
Secondary education	596 766	563 891	597 281	566 363
Tertiary education	92 929	102 396	92 974	102 653
Education not definable by level	58 087	57 833	62 253	61 598
Subsidiary services to education	22 939	24 854	23 801	28 748
Education n.e.c.	386	72	401	84
Total education	1 536 452	1 468 320	1 542 742	1 481 776
Social protection				
Sickness and disability	110 963	100 337	117 545	107 377
Old age	34 155	35 514	21 368	21 495
Family and children	336 122	316 791	336 143	317 099
Housing	2 998	2 820	2 989	2 815
Social exclusion n.e.c.	178 116	165 047	180 614	167 493
Research and development – social protection		1 231		1 232
Social protection n.e.c.	109 572	95 085	109 581	95 085
Total social protection	771 926	716 825	768 240	712 596

Notes to the financial statements

For the year ended 30 June 2026

17. Expenses by function (continued)

	General government ¹		Total public sector ¹	
	2025-26	2024-25 ²	2025-26	2024-25 ²
	\$000	\$000	\$000	\$000
Transport				
Road transport	402 119	367 924	417 350	374 818
Bus transport	42 155	41 073	43 752	47 935
Water transport	11 850	12 108	12 299	14 129
Railway transport	3 225	3 282	3 225	3 282
Air transport	7 652	6 622	7 691	6 852
Pipeline and other transport			14 264	12 910
Transport n.e.c.	6 536	10 693	6 784	12 473
Total transport	473 538	441 701	505 365	472 399
Total operating expenses	9 513 161	9 255 999	10 378 695	10 000 562

n.e.c.: not elsewhere classified

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

2 Comparative figures have been adjusted to provide consistency with the current year presentation.

For information on variations between years, refer to the *Outcome and analysis – Outcome compared to prior years* section of this publication.

18. Cash and deposits

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Cash at bank	218 275	202 423	226 412	221 250
Cash on hand	183	356	183	356
Cash on call or short-term deposit	1 023 685	793 346	1 023 685	793 346
Total cash and deposits	1 242 143	996 126	1 250 280	1 014 952

Cash includes cash at bank, cash on hand and cash equivalents. Cash equivalents are highly liquid short-term investments readily convertible to cash that are not subject to significant risk of changes in value. Cash at bank includes monies held in Accountable Officers' Trust Accounts, ultimately payable to the beneficial owners (refer to Note 33).

Due to the Territory Government's centralised banking arrangements, cash at bank and cash on call or in short-term deposits are held by Central Holding Authority (CHA), on behalf of government entities, and recognised within the general government sector. A small number of bank accounts are held directly by statutory and trading corporations.

Notes to the financial statements

For the year ended 30 June 2026

19. Cash flow reconciliation

a) Reconciliation of cash

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Operating result	89 030	- 1 100 885	- 123 525	- 1 279 467
<i>less: Other economic flows – included in operating result</i>	145 209	214 926	235 839	333 730
Gain/loss (-) on sale of non financial assets	- 10 833	- 15 055	- 10 951	- 15 067
Bad and doubtful debt	18 409	29 119	25 020	35 861
Net actuarial gains/losses (-) other	87 190	113 783	87 190	113 783
Revaluations and asset impairment	49 947	86 658	133 143	198 424
Write up/down (-) of inventory	495	422	1 436	728
<i>equals: Net operating balance</i>	234 240	- 885 959	112 315	- 945 737
<i>less: Non-cash items included in net operating balance</i>				
Depreciation and amortisation	801 146	772 007	1 068 300	1 026 003
Changes in provisions	15 067	33 638	21 401	38 915
Assets acquired for nil or nominal consideration	- 8 783	- 1 311	- 18 091	- 2 866
Assets transferred out for nil consideration	57 211	81 199	53 454	72 241
Gains and losses	914	- 3 530	883	- 3 920
Write-offs	139	264	139	264
<i>less: Changes in assets and liabilities</i>				
Change in inventories	9 918	3 622	33 089	- 1 657
Increase in payables	- 422 861	- 160 895	- 468 392	- 108 659
Increase in receivables and investments	- 13 163	97 874	- 51 122	123 356
<i>equals: Cash flows from operating activities</i>	673 827	- 63 092	751 976	197 939
Cash at beginning of year	996 126	1 421 826	1 014 952	1 428 374
Net increase/decrease (-) in cash held as per cash flow statement	246 017	- 425 700	235 328	- 413 422
Cash at end of year	1 242 143	996 126	1 250 280	1 014 952

Notes to the financial statements

For the year ended 30 June 2026

19. Cash flow reconciliation (continued)

b) Reconciliation of liabilities arising from financing activities

	Cash flows					Other changes		
	1 July	Advances received (net)	Borrowing (net)	Deposits received (net)	Other financing (net)	Total cash flows	Other	Total other
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2025-26: General government								
Deposits held	682 244			- 65 362		- 65 362		616 882
Advances received	111 283	- 17 789				- 17 789		93 493
Borrowing ¹	11 847 392		1 101 176		- 298	1 100 878	113 281	113 281
Total	12 640 919	- 17 789	1 101 176	- 65 362	- 298	1 017 726	113 281	113 281
2025-26: Total public sector								
Deposits held	218 463			37 533		37 533		255 995
Advances received	172 301	- 10 241				- 10 241		162 060
Borrowing ¹	14 106 218		1 338 368		- 298	1 338 070	139 679	139 679
Total	14 496 982	- 10 241	1 338 368	37 533	- 298	1 365 361	139 679	139 679
2024-25: General government								
Deposits held	917 682			- 235 437		- 235 437		682 244
Advances received	125 718	- 14 436				- 14 436		111 283
Borrowing ¹	10 459 402		1 207 319		498	1 207 818	180 173	180 173
Total	11 502 802	- 14 436	1 207 319	- 235 437	498	957 945	180 173	180 173
2024-25: Total public sector								
Deposits held	253 699			- 35 236		- 35 236		218 463
Advances received	182 095	- 9 794				- 9 794		172 301
Borrowing ¹	12 720 792		1 199 310		498	1 199 808	185 618	185 618
Total	13 156 585	- 9 794	1 199 310	- 35 236	498	1 154 779	185 618	185 618

1 Amounts in other changes largely reflect non-cash adjustments relating to lease liabilities.

20. Advances paid

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Current				
Advances paid	15 229	19 480	15 229	19 480
Less: loss allowance	- 4 495	- 4 296	- 4 495	- 4 296
	10 734	15 184	10 734	15 184
Non current				
Advances paid	116 337	132 003	116 337	132 003
Less: loss allowance	- 5 738	- 5 607	- 5 738	- 5 607
	110 599	126 396	110 599	126 396
Total advances paid	121 333	141 580	121 333	141 580

Notes to the financial statements

For the year ended 30 June 2026

20. Advances paid (continued)

Advances paid include investments in financial assets with the aim of funding particular enterprise, household or government activities, and are repayable to the Territory in line with terms specified in individual agreements. Advances paid predominantly comprise payments for home ownership products, advances provided by AustralAsia Railway Corporation (AARC) to the railway concession holder and to businesses under the Territory Growth Initiative (formerly the Local Jobs Fund).

Advances paid are recorded initially at fair value plus or minus relevant transaction costs and are recognised in the balance sheet when the Territory becomes a 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 less than the amount lent. The difference between the amount lent and the fair value is recognised as an expense in the comprehensive operating 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 9% in 2025-26 and 8.5% in 2024-25.

Deferred losses are subsequently recognised in the comprehensive operating statement using an effective interest rate method consistent with the associated advances or are remeasured if there is a reduction in the expected loss.

Included within the advances balance is a deferred loss of \$44.1 million at 30 June 2026 (\$44.6 million at 30 June 2025), largely relating to AARC.

Loss allowances on advances paid reflect either 12-month or lifetime expected credit losses depending on changes in credit risk, and represent the amount the Territory estimates are likely to be uncollectable and considered doubtful.

a) Credit risk exposure

The Territory has issued low interest or interest-free loans for policy purposes. Advances paid include amounts provided for assistance to farmers, businesses and certain transport infrastructure.

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

The loss allowance for advances paid at the reporting date is disclosed below. The collectability of advances paid is reviewed regularly and part of this process is to assess, at reporting date, whether a loss allowance is required.

The following table categorises the Territory's advances paid according to the length of time the advance has been outstanding. This enables users of these financial statements to understand the timing and uncertainty of cash flows.

Notes to the financial statements

For the year ended 30 June 2026

20. Advances paid (continued)

b) Ageing analysis – general government and total public sector¹

	2025-26				2024-25			
	Gross advances paid	Loss rate	Expected credit losses	Net advances paid	Gross advances paid	Loss rate	Expected credit losses	Net advances paid
	\$000	%	\$000	\$000	\$000	%	\$000	\$000
Not overdue	122 545	1.6	1 990	120 555	144 495	2	2 915	141 580
Overdue for less than 30 days	800	72.8	582	218	237	100	237	nil
Overdue for 30 to 60 days	238	8.0	19	219	105	100	105	nil
Overdue for more than 60 days	7 983	95.7	7 641	342	6 646	100	6 646	nil
Total advances paid	131 565	7.8	10 232	121 333	151 483	6.5	9 903	141 580

¹ General government and total public sector disclosures have been combined as no advances were paid by public non financial corporations or public financial corporation sectors.

c) Reconciliation of loss allowance for advances paid – general government and total public sector¹

	2025-26	2024-25
	\$000	\$000
Balance at 1 July	9 903	11 283
Written off during the year	- 165	
Recovered during the year		
Increase/decrease (-) recognised in comprehensive operating statement	494	- 1 380
Total loss allowance	10 232	9 903

¹ General government and total public sector disclosures have been combined as no advances were paid by public non financial corporation or public financial corporation sectors.

21. Investments, loans and placements

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Current				
Securities	1 729 844	1 493 758	1 729 844	1 493 758
COSR investments	1 596 872	1 453 006	1 596 872	1 453 006
Total investments, loans and placements	3 326 716	2 946 764	3 326 716	2 946 764

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

Securities comprise short-term securities, fixed-interest securities and fixed-rate notes with MACC and CHA.

COSR investments relate to funds set aside to fund the Territory Government's employee-related liabilities including leave entitlements, superannuation payments and to meet similar payments. These funds are managed by external fund managers on behalf of the Territory Government.

Notes to the financial statements

For the year ended 30 June 2026

22. Receivables

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Current				
Receivables (a) ¹	507 339	344 134	484 306	333 941
Accrued revenue ²	514 780	385 110	601 173	458 701
Prepaid expenses (b)	66 277	49 020	80 361	57 399
	1 088 396	778 264	1 165 839	850 040
Non current				
Receivables (a) ¹	34 713	44 915	34 713	44 915
Prepaid expenses (b)	15 311	12 783	23 508	21 903
	50 024	57 698	58 221	66 818
Total receivables	1 138 420	835 962	1 224 060	916 858

1 Receivables include contract receivables of \$21.5 million (2024-25: \$15.9 million) in the general government sector and \$65.1 million (2024-25: \$59.3 million) in the total public sector.

2 Accrued revenue includes accrued contract revenue of \$125.9 million (2024-25: \$155.1 million) in the general government sector and \$211.4 million (2024-25: \$228.7 million) in the total public sector.

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000

a) Receivables comprise:

Current				
Accounts receivable	119 886	124 860	161 453	144 340
less: Loss allowance	- 65 888	- 51 987	- 90 263	- 72 590
Interest receivable	1 751	2 523	1 980	2 539
GST receivable	53 858	39 925	60 544	48 121
Other receivables	414 432	243 851	367 291	226 568
less: Loss allowance	- 16 699	- 15 038	- 16 699	- 15 038
	507 339	344 134	484 306	333 941
Non current				
Accounts receivable	825	825	825	825
Other receivables	33 888	44 090	33 888	44 090
	34 713	44 915	34 713	44 915
Total receivables	542 051	389 049	519 018	378 856

b) Prepaid expenses comprise:

Current				
Prepaid salaries and other benefits	2 852	2 305	2 853	2 333
Other prepayments	63 425	46 715	77 508	55 065
	66 277	49 020	80 361	57 399
Non current				
Other prepayments	15 311	12 783	23 508	21 903
	15 311	12 783	23 508	21 903
Total prepaid expenses	81 588	61 803	103 869	79 302

Notes to the financial statements

For the year ended 30 June 2026

22. Receivables (continued)

Receivables include accounts and contract receivables, accrued revenue, prepayments and other receivables.

Receivables are initially recognised when the Territory becomes a party to the contractual provisions of the instrument and are measured at fair value plus any directly attributable transaction costs. Receivables are subsequently measured at amortised cost using the effective interest method, less any impairments.

Accrued revenue relates to the Territory's right to consideration in exchange for works or services completed but not invoiced at the reporting date. Once the right to payment becomes unconditional, usually on issue of an invoice, accrued revenue balances are transferred to accounts receivable. Accrued revenue includes accrued contract revenue relating to receivables for national partnership payments, cross-border patient charges and unbilled consumption charges within government trading entities.

Prepaid expenses relate to payments made in advance for goods and services. Prepayments are recognised on an accrual basis and are amortised over the period in which the economic benefits from these assets are received.

c) Credit risk exposure

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

The Territory impairs its contractual receivables using the simplified approach to measuring expected credit losses. This approach recognises a loss allowance based on expected lifetime credit losses for contractual receivables. To measure expected credit losses, 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, including macroeconomic factors, where relevant.

Statutory receivables are assessed for indicators of impairment on an annual basis or whenever there is an indication of impairment. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The loss allowance for contractual receivables at the reporting date represents the amount of receivables the Territory estimates is likely to be uncollectable and considered doubtful. Accrued contract revenue balances largely comprise funds received from the Commonwealth and are unlikely to be doubtful. The collectability of receivables is reviewed regularly and part of this process is to assess, at reporting date, whether a loss allowance is required.

The following table categorises the Territory's receivables according to the length of time an invoice has been outstanding. This enables users of these financial statements to understand the timing and uncertainty of cash flows.

Notes to the financial statements

For the year ended 30 June 2026

22. Receivables (continued)

d) Ageing analysis

	2025-26				2024-25			
	Ageing of	Loss	Expected	Net	Gross	Loss	Expected	Net
	receivables	rate	credit	receivables	receivables	rate	credit	receivables
	\$000	%	\$000	\$000	\$000	%	\$000	\$000
General government								
Not overdue	142 355	0.1	94	142 261	114 420	0.3	365	114 055
Overdue for less than 30 days	10 039	3.5	347	9 692	11 258	2.6	289	10 969
Overdue for 30 to 60 days	3 508	12.3	431	3 077	3 202	12.4	398	2 805
Overdue for more than 60 days	88 376	73.6	65 051	23 325	95 588	53.4	51 071	44 518
Total receivables¹	244 278	27.0	65 923	178 354	224 468	23.2	52 123	172 347
Total public sector								
Not overdue	88 476	1.2	1 018	87 458	95 156	3.1	2 994	92 162
Overdue for less than 30 days	36 422	5.1	1 873	34 549	29 985	4.2	1 274	28 711
Overdue for 30 to 60 days	10 930	25.4	2 772	8 158	7 869	28.7	2 262	5 609
Overdue for more than 60 days	120 404	70.3	84 636	35 768	116 845	56.7	66 194	50 651
Total receivables¹	256 231	35.2	90 299	165 932	249 855	29.1	72 724	177 132

1 The ageing analysis excludes accrued contract revenue where no loss allowance has been provided and statutory receivables.

e) Reconciliation of loss allowance for receivables

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Opening	52 123	37 411	72 724	55 937
Written off during the year	- 3 038	- 2 548	- 8 868	- 6 792
Recovered during the year	- 78	- 1 146	- 67	- 1 569
Increase/(decrease) recognised in the comprehensive operating statement	16 916	18 407	26 511	25 149
Total loss allowance	65 923	52 123	90 299	72 724

23. Investments in other public sector entities

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
General government sector investment in public sector entities	2 381 359	2 581 611		
Total investments in other public sector entities	2 381 359	2 581 611		

The general government sector is considered to control all other government entities. Accordingly, the general government sector recognises equity investments in public non financial corporations and public financial corporations that are measured as the government's proportional share of the carrying amount of net assets of the public non financial corporation and public financial corporation sector entities.

Notes to the financial statements

For the year ended 30 June 2026

23. Investments in other public sector entities (continued)

Refer to Appendix A for a comprehensive list of entities within each sector. Investments in the public non financial corporation and public financial corporation sectors are eliminated on consolidation at the total public sector.

24. Investments in shares

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Current				
Non current	10 060	7 758	10 060	7 758
Total investments in shares	10 060	7 758	10 060	7 758

Investments in shares represents an ownership interest in entities in the form of shares held where there is no significant influence, control or joint control over an entity. The Territory also holds Simple Agreement for Future Equity (SAFE) notes as part of its investment activities.

The Territory holds these investments to facilitate the delivery of government strategic priorities. Investments in shares are primarily equity co-investments in businesses through the Territory Growth Initiative, which aims to create more local jobs and accelerate major and significant projects. Given these investments are held as long-term strategic investments, the Territory has elected to irrevocably classify its investment in shares as fair value through other comprehensive income (FVOCI). Equity investments are recognised at fair value at the time of acquisition and subsequently measured at FVOCI.

SAFE notes are financial assets providing contractual rights that may be settled through the receipt of cash or issuance of equity interests upon the occurrence of specified future events. SAFE notes are initially recognised at fair value and are subsequently measured at fair value through profit or loss (FVTPL). Where a SAFE note converts to equity shares, the Territory derecognises the SAFE note and recognises the resulting equity investment at its fair value on the conversion date. As the resulting equity investment is classified as FVOCI, any subsequent changes in fair value are recognised in other comprehensive income.

There was no dividend income recognised with respect to these investments during 2025-26 and 2024-25.

Reconciliation of investments in shares

A reconciliation of the carrying amount of investments in shares is set out below:

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Carrying amount at 1 July	7 758	12 577	7 758	12 577
Additions	1 556	2 560	1 556	2 560
Disposals	- 741		- 741	
Transfers in/out (-)		417		417
Revaluation adjustments	1 486	- 7 795	1 486	- 7 795
Total investments in shares	10 060	7 758	10 060	7 758

Notes to the financial statements

For the year ended 30 June 2026

25. Other financial assets

a) Territory as a lessor

Finance leases

Leases where the Territory transfers substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases.

Darwin Port lease

In November 2015, the Territory entered into a 99-year lease agreement with the Landbridge Group to lease land assets and interest in the Port of Darwin.

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

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

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

Manigurr-ma (Howard Springs) accommodation village

The Territory entered into a five-year agreement commencing July 2023 with the Commonwealth Department of Defence to lease the Manigurr-ma (Howard Springs) accommodation village.

The agreement has a non-cancellable period of five years with two five-year options. There is also a holdover clause that allows an ongoing six-monthly tenancy. The risks and rewards incidental to the ownership of the Howard Springs facility have been substantially transferred to the Commonwealth, therefore the asset has been derecognised and a corresponding finance lease receivable recognised, representing the net investment in the lease.

Power and Water Corporation sublease arrangement

PWC entered into finance leasing arrangements as a lessor for gas transportation pipelines. The term of the lease is dependent on the needs of the customer and generally does not include extension or early termination options except in exceptional circumstances outside the control of PWC.

Notes to the financial statements

For the year ended 30 June 2026

25. Other financial assets (continued)

The following table sets out a maturity analysis of leases receivable under finance lease arrangements and a reconciliation of the undiscounted lease payments to the net investment in the lease.

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Finance lease receivables	84 430	84 575	87 502	88 687
Future minimum lease receipts for each of the following periods:				
Less than one year	8 014	7 773	9 283	9 002
One to two years	8 171	7 919	9 440	9 148
Two to three years	8 339	8 076	8 974	9 305
Three to four years	8 519	8 244	8 519	8 860
Four to five years	8 711	8 424	8 711	8 424
More than five years	13 218 791	13 226 746	13 218 791	13 226 746
Gross investment in finance leases	13 292 518	13 297 065	13 295 691	13 301 368
less: Unearned finance income	- 13 208 088	- 13 212 490	- 13 208 189	- 13 212 681
Net investment in finance leases	84 430	84 575	87 502	88 687

At 30 June 2026 and 2025, no impairment losses have been recognised relating to finance lease receivables.

Operating leases

An operating lease is a lease other than a finance lease. Rental income is accounted for on a straight-line basis over the lease term and included in revenue in the comprehensive operating statement. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

The Territory's operating lease arrangements predominantly relate to the lease of Crown land to pastoralists, and land and buildings leased for medical research, not-for-profit sporting associations and other community groups, and to assist the tourism, pearling and infrastructure industries. Public housing assets are also leased to tenants under operating lease arrangements, however due to their short-term and cancellable nature, the undiscounted future rental receivables have not been disclosed in the table below. Lease terms range from one year to 99 years. Refer to Note 27(c) for asset values and movements for assets where the Territory is a lessor under operating leases.

Future minimum lease receipts (undiscounted) from non-cancellable operating leases are as follows.

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Less than one year	17 718	18 060	14 816	14 726
One to two years	15 218	16 042	13 642	13 324
Two to three years	12 727	14 193	12 549	12 814
Three to four years	10 892	11 826	11 970	11 841
Four to five years	10 010	10 116	11 694	11 228
More than five years	544 095	538 991	572 021	568 825
Total future minimum lease receipts	610 660	609 228	636 692	632 759

Notes to the financial statements

For the year ended 30 June 2026

25. Other financial assets (continued)

The Territory also provides peppercorn land and building leases to non-government entities providing services to the community including early childhood education and care, ambulance services, specialist and general medical services, residential services for children in care, transitional supported accommodation for individuals leaving correctional centres, as well as recreational and cultural activities. Several peppercorn development leases were also provided to private organisations to assist in developing industrial and residential land.

b) Contract cost assets

Costs to obtain a contract are expensed where goods and services will be transferred within one year or less, and only capitalised if deemed material. Territory Government employee costs that satisfy the criteria for recognition as a cost to fulfil a contract are not capitalised and are expensed immediately. Other costs to fulfil a contract are accounted for as a contract cost asset if deemed material. For the 2025-26 and 2024-25 reporting period, there were no costs capitalised as a contract cost asset.

c) Other financial assets

Interest in Port of Darwin group

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

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

This financial asset has been initially measured at fair value based on expected cash flows and for 2025-26 and 2024-25 the value is negligible. The financial asset will subsequently be remeasured for any changes in fair value in future reporting periods.

Screen industry investments

The Territory Government has invested in the Territory screen industry through grant funding converted into an ownership interest in screen projects that may result in a share in future profits from the screen project. The financial asset derived from these transactions is measured at fair value through profit or loss (FVTPL). The financial asset is initially measured at fair value based on discounted future estimates of cash flows to be received from the profits of the project, with any changes in fair value recorded in the comprehensive operating statement.

During 2025-26, the Territory made no contributions to screen projects that were converted into an ownership interest (2024-25: \$0). The fair value of these investments at 30 June is nil due to uncertainty of future cash flows. There was no dividend income recognised during the reporting period.

Notes to the financial statements

For the year ended 30 June 2026

26. Inventories

Inventory largely comprises land held for sale by the Land Development Corporation. Inventories held for distribution at no or nominal consideration predominantly reflects consumables such as medical and pharmaceutical supplies, and protective and operational clothing used in providing health, public order and safety services, combined with materials, stores and fuel stocks in government trading entities.

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

27. Property, plant and equipment

a) Total property, plant and equipment

	2025-26			2024-25		
	Gross carrying amount	Accumulated depreciation/ amortisation	Carrying amount at 30 June	Gross carrying amount	Accumulated depreciation/ amortisation	Carrying amount at 30 June
	\$000	\$000	\$000	\$000	\$000	\$000
General government						
Land	2 171 673		2 171 673	2 175 140		2 175 140
Buildings	15 499 455	- 8 021 016	7 478 438	13 411 465	- 6 534 455	6 877 010
Infrastructure	16 068 928	- 5 995 816	10 073 113	15 342 893	- 5 373 068	9 969 825
Power and water utility assets						
Construction works in progress	1 120 952		1 120 952	742 525		742 525
Plant and equipment	779 853	- 450 078	329 776	771 477	- 438 921	332 556
Right of use assets	2 114 680	- 703 823	1 410 857	2 051 183	- 599 986	1 451 197
Service concession assets	593 398	- 251 753	341 646	513 014	- 212 724	300 290
Total	38 348 939	- 15 422 486	22 926 454	35 007 698	- 13 159 154	21 848 544
Total public sector						
Land	2 252 865		2 252 865	2 256 401		2 256 401
Buildings	15 641 176	- 8 113 094	7 528 082	13 550 482	- 6 622 969	6 927 513
Infrastructure	18 453 662	- 7 597 849	10 855 813	17 685 374	- 6 917 318	10 768 056
Power and water utility assets	5 236 138	- 2 737 707	2 498 430	5 056 563	- 2 626 896	2 429 667
Construction works in progress	1 943 484		1 943 484	1 497 811		1 497 811
Plant and equipment	905 083	- 540 949	364 134	886 222	- 519 252	366 970
Right of use assets	2 715 522	- 950 871	1 764 652	2 632 714	- 805 509	1 827 206
Service concession assets	593 398	- 251 753	341 646	513 014	- 212 724	300 290
Total	47 741 329	- 20 192 224	27 549 106	44 078 581	- 17 704 667	26 373 913

Notes to the financial statements

For the year ended 30 June 2026

27. Property, plant and equipment (continued)

Reconciliation of the carrying amount of property, plant and equipment

	Carrying amount at 1 July	Additions	Disposals	Transfers in/ out (-)	Revaluation adjustments	Impairment adjustments	Depreciation/ amortisation expense	Carrying amount at 30 June
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2025-26: General government								
Land	2 175 140	6 759	- 3 260	3 799	- 10 570	- 195		2 171 673
Buildings	6 877 010	78	- 136	317 894	740 176	- 51 093	- 405 490	7 478 438
Infrastructure	9 969 825	344	- 10	227 920	92 713	- 52 584	- 165 095	10 073 113
Power and water utility assets								
Construction works in progress	742 525	1 071 937		- 693 510				1 120 952
Plant and equipment	332 556	63 027	- 11 856	3 245	- 416	- 2 396	- 54 384	329 776
Right of use assets	1 451 197	54 569		- 7	57 813		- 152 714	1 410 857
Service concession assets	300 290			13 005	37 426	205	- 9 280	341 646
Total	21 848 544	1 196 713	- 15 262	- 127 654	917 140	- 106 063	- 786 964	22 926 454
2024-25: General government								
Land	2 188 960	21 456	- 4 076	- 58 414	27 215			2 175 140
Buildings	6 056 893	1 929		453 519	787 011	- 27 984	- 394 359	6 877 010
Infrastructure	9 796 409	391		332 180	1 748	- 52	- 160 852	9 969 825
Power and water utility assets								
Construction works in progress	789 833	1 084 984		- 1 132 292				742 525
Plant and equipment	296 364	78 870	- 13 752	22 766	14	- 527	- 51 178	332 556
Right of use assets	1 413 161	163 666	- 498	- 4 693	20 983		- 141 421	1 451 197
Service concession assets	206 813			151 977	- 45 440	- 235	- 12 825	300 290
Total	20 748 434	1 351 296	- 18 326	- 234 958	791 531	- 28 799	- 760 635	21 848 544
2025-26: Total public sector								
Land	2 256 401	6 759	- 3 260	3 799	- 10 570	- 263		2 252 865
Buildings	6 927 513	78	- 688	322 618	740 176	- 52 552	- 409 062	7 528 082
Infrastructure ¹	10 768 056	344	- 40	277 659	92 294	- 54 572	- 227 927	10 855 813
Power and water utility assets	2 429 667	30		208 044	11 623	- 11 252	- 139 682	2 498 430
Construction works in progress	1 497 811	1 511 232		- 1 065 559				1 943 484
Plant and equipment	366 970	63 027	- 11 856	13 791	- 416	- 2 396	- 64 985	364 134
Right of use assets	1 827 206	56 958		- 504	74 212		- 193 221	1 764 652
Service concession assets	300 290			13 005	37 426	205	- 9 280	341 646
Total	26 373 913	1 638 427 ²	- 15 844	- 227 147 ³	944 744 ⁴	- 120 830	- 1 044 157	27 549 106
2024-25: Total public sector								
Land	2 270 129	21 456	- 4 076	- 58 415	27 215	92		2 256 401
Buildings	6 112 629	1 929	- 34	452 333	788 475	- 29 480	- 398 339	6 927 513
Infrastructure	10 607 264	391		382 207	1 776	- 52	- 223 530	10 768 056
Power and water utility assets	2 354 464	19	- 302	216 725		- 7 814	- 133 425	2 429 667
Construction works in progress	1 474 973	1 530 792		- 1 507 955				1 497 811
Plant and equipment	330 365	78 961	- 13 752	32 046	14	- 527	- 60 137	366 970
Right of use assets	1 824 969	163 666	- 498	- 10 781	33 034		- 183 183	1 827 206
Service concession assets	206 813			151 977	- 45 440	- 235	- 12 825	300 290
Total	25 181 607	1 797 215	- 18 662	- 341 863	805 074	- 38 017	- 1 011 439	26 373 913

Notes to the financial statements

For the year ended 30 June 2026

27. Property, plant and equipment (continued)

The following note descriptions relate to movements in 2025-26 greater than \$100 million (excluding depreciation/amortisation expense) in the total public sector.

1. Since completion of the railway, government works totalling \$352 million (\$355 million at 30 June 2025) are classified as infrastructure assets within AARC. During the 50-year concession period the rights and obligations for the rail corridor rest with AARC and the Territory, as they have freehold title over large portions of the rail corridor and hold long-term head leases over the remaining portions of Aboriginal land. Hence, control over the corridor including the rail assets rests with AARC. Therefore no provision for the resulting diminution in the value of the Territory's investment in AARC has been made in these financial statements. At the expiry of the 50-year concession period, the railway infrastructure (including government works) will be transferred to AARC. However, due to the subjectivity involved with any measurement of the future value of the asset after the concession period expiring, it is not considered practical, at this point, to recognise any further assets in the accounts of AARC or in these financial statements.
2. Net increase in additions of \$1.638 billion predominantly comprises construction works in progress for various roads and infrastructure projects including remote public housing (\$300 million), Northern Marine Complex including the Darwin ship lift project (\$222 million), correctional and youth justice facility upgrades (\$68 million), Royal Darwin Hospital upgrades (\$63 million), Darwin State Square Redevelopment (\$52 million), Carpentaria Highway upgrades (\$51 million), Tanami Road (\$31 million), Plenty Highway (\$28 million), road safety programs (\$27 million), Maningrida police complex and additional housing (\$21 million), Holtze headworks (\$19 million), National Network Highway upgrades (\$19 million), urban public housing (\$13 million), Tiger Brennan Road (\$12 million) and Roystonea Avenue duplication (\$11 million).
3. Net transfers out of assets of \$227 million largely relates to works in progress that could not be capitalised and were subsequently expensed, assets written off due to obsolescence or to facilitate redevelopment, assets donated or granted to local government councils and the not-for-profit sector, combined with completed works associated with the Darwin ship lift that were transferred to the related provision.
4. Net increase in revaluation of assets of \$945 million largely relates to hospitals (\$151 million), correctional and youth justice facilities (\$142 million), remote health clinics (\$110 million), government schools (\$86 million), various transport assets (\$71 million), urban and remote public housing (\$67 million), sporting complexes (\$47 million), wharfs and car park buildings (\$47 million), Darwin Convention Centre (\$43 million), remote police stations (\$31 million), Darwin Waterfront car parks (\$16 million), and remeasurement and revised assumptions of various leased assets including office accommodation (\$38 million), and gas pipeline leases and solar power purchase agreements (\$14 million).

b) Reconciliation of property, plant and equipment held and used by the Territory

A reconciliation of the carrying amount of property, plant and equipment held and used by the Territory to deliver its outputs and services to the public is set out below.

	Carrying amount at 1 July \$000	Additions \$000	Disposals \$000	Transfers in/ out (-) \$000	Revaluations adjustments \$000	Impairment adjustments \$000	Depreciation/ amortisation expense \$000	Carrying amount at 30 June \$000
2025-26: General government								
Land	1 438 130	6 759	- 2 910	6 521	- 28 786			1 419 713
Buildings	3 733 429	78		91 180	534 674	- 7 491	- 184 454	4 167 416
Infrastructure	9 955 120	344	- 10	172 429	79 008	- 52 584	- 162 083	9 992 224
Power and water utility assets								
Construction works in progress	742 525	1 071 937		- 693 510				1 120 952
Plant and equipment	332 556	63 027	- 11 856	3 245	- 416	- 2 396	- 54 384	329 776
Right of use assets	1 396 558	54 569		558	55 991		- 148 415	1 359 261
Service concession assets	98 394				37 426		1 626	137 446
Total	17 696 713	1 196 713	- 14 776	- 419 578	677 896	- 62 471	- 547 710	18 526 787

Notes to the financial statements

For the year ended 30 June 2026

27. Property, plant and equipment (continued)

	Carrying amount at 1 July	Additions	Disposals	Transfers in/out (-)	Revaluations adjustments	Impairment adjustments	Depreciation/ amortisation expense	Carrying amount at 30 June
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2024-25: General government								
Land	1 370 767	21 456	- 4 076	22 153	27 831			1 438 130
Buildings	3 217 793	1 929		303 926	354 801	22 931	- 167 952	3 733 428
Infrastructure	9 779 455	391		331 701	1 748	- 52	- 158 124	9 955 120
Power and water utility assets								
Construction works in progress	789 833	1 084 984		- 1 132 292				742 525
Plant and equipment	296 364	78 870	- 13 752	22 766	14	- 527	- 51 178	332 556
Right of use assets	1 343 020	157 789	- 498	- 4 693	22 625		- 121 684	1 396 558
Service concession assets	101 376						- 2 982	98 394
Total	16 898 608	1 345 419	- 18 326	- 456 440	407 019	22 351	- 501 919	17 696 713
2025-26: Total public sector								
Land	1 519 391	6 759	- 2 910	6 521	- 28 786	- 68		1 500 905
Buildings	3 783 372	78	1	95 903	534 674	- 8 949	- 188 018	4 217 060
Infrastructure	10 753 351	344	- 40	222 168	78 589	- 54 572	- 224 915	10 774 924
Power and water utility assets	2 429 667	30		208 044	11 623	- 11 252	- 139 682	2 498 430
Construction works in progress	1 497 811	1 511 232		- 1 065 559				1 943 484
Plant and equipment	366 970	63 027	- 11 856	13 791	- 416	- 2 396	- 64 985	364 134
Right of use assets	1 772 567	56 958		62	72 390		- 188 922	1 713 056
Service concession assets	98 394				37 426		1 626	137 446
Total	22 221 523	1 638 427	- 14 806	- 519 071	705 499	- 77 238	- 804 895	23 149 439
2024-25: Total public sector								
Land	1 451 936	21 456	- 4 076	22 152	27 831	92		1 519 391
Buildings	3 271 765	1 929		305 288	354 802	21 435	- 171 847	3 783 372
Infrastructure	10 590 310	391		381 728	1 776	- 52	- 220 802	10 753 351
Power and water utility assets	2 354 464	19	- 302	216 725		- 7 814	- 133 425	2 429 667
Construction works in progress	1 474 973	1 530 792		- 1 507 955				1 497 811
Plant and equipment	330 365	78 961	- 13 752	32 046	14	- 527	- 60 137	366 970
Right of use assets	1 754 828	157 789	- 498	- 10 781	34 676		- 163 446	1 772 567
Service concession assets	101 376						- 2 982	98 394
Total	21 330 017	1 791 338	- 18 628	- 560 797	419 098	13 133	- 752 639	22 221 522

Notes to the financial statements

For the year ended 30 June 2026

27. Property, plant and equipment (continued)

c) Reconciliation of property, plant and equipment where the Territory is a lessor under operating leases

A reconciliation of the carrying amount of property, plant and equipment where the Territory is a lessor under an operating lease is set out below. These assets include public housing dwellings, sports complexes, clinics and childcare centres that are leased by public and non-government organisations for the purpose of providing services to the community.

	Carrying amount at 1 July	Additions	Disposals	Transfers in/out (-)	Revaluations adjustments	Impairment adjustments	Depreciation/ amortisation expense	Carrying amount at 30 June
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2025-26: General government								
Land	737 010		- 350	- 2 721	18 216	- 195		751 960
Buildings	3 143 581		- 136	226 715	205 501	- 43 602	- 221 036	3 311 022
Infrastructure	14 705			55 491	13 705		- 3 012	80 889
Power and water utility assets								
Construction works in progress								
Plant and equipment								
Right of use assets	54 639			- 565	1 822		- 4 300	51 596
Service concession assets	201 896			13 005		205	- 10 906	204 199
Total	4 151 831		- 486	291 924	239 244	- 43 592	- 239 254	4 399 666
2024-25: General government								
Land	818 193			- 80 567	- 616			737 010
Buildings	2 839 100			149 593	432 210	- 50 915	- 226 407	3 143 581
Infrastructure	16 954			479			- 2 728	14 705
Power and water utility assets								
Construction works in progress								
Plant and equipment								
Right of use assets	70 141	5 877			- 1 642		- 19 737	54 639
Service concession assets	105 437			151 977	- 45 440	- 235	- 9 843	201 896
Total	3 849 826	5 877		221 482	384 512	- 51 150	- 258 715	4 151 831
2025-26: Total public sector								
Land	737 010		- 350	- 2 721	18 216	- 195		751 960
Buildings	3 144 141		- 688	226 715	205 501	- 43 602	- 221 044	3 311 022
Infrastructure	14 705			55 491	13 705		- 3 012	80 889
Power and water utility assets								
Construction works in progress								
Plant and equipment								
Right of use assets	54 639			- 565	1 822		- 4 300	51 596
Service concession assets	201 896			13 005		205	- 10 906	204 199
Total	4 152 391		- 1 038	291 924 ¹	239 244 ²	- 43 592	- 239 262	4 399 666

Notes to the financial statements

For the year ended 30 June 2026

27. Property, plant and equipment (continued)

	Carrying amount at 1 July	Additions	Disposals	Transfers in/out (-)	Revaluation adjustments	Impairment adjustments	Depreciation/ amortisation expense	Carrying amount at 30 June
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2024-25: Total public sector								
Land	818 193			- 80 567	- 616			737 010
Buildings	2 840 864		- 34	147 045	433 673	- 50 915	- 226 492	3 144 141
Infrastructure	16 954			479			- 2 728	14 705
Power and water utility assets								
Construction works in progress								
Plant and equipment								
Right of use assets	70 141	5 877			- 1 642		- 19 737	54 639
Service concession assets	105 437			151 977	- 45 440	- 235	- 9 843	201 896
Total	3 851 590	5 877	- 34	218 934	385 975	- 51 150	- 258 800	4 152 391

The following note descriptions relate to movements in 2025-26 greater than \$100 million (excluding depreciation/amortisation expense) in the total public sector.

1. Net transfers of \$292 million predominantly relate to transfer of completed construction works for remote housing now available for lease, combined with reclassification of assets previously held for use to assets held for lease.
2. Net revaluation adjustments of \$239 million predominantly relates to upward revisions in the value of community-run remote health clinics (\$70 million), urban and remote public housing (\$67 million), various sporting complex buildings and land (\$59 million), and Stokes Hill Wharf assets (\$14 million).

Property, plant and equipment

Property, plant and equipment are initially recognised at cost. Items of property, plant and equipment with a cost or other value equal to or greater than \$10,000 that satisfy the asset recognition criteria are recognised in the year of acquisition and depreciated. Items of property, plant and equipment that meet the asset recognition criteria but are below \$10,000 are expensed in the year of acquisition.

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

Land under roads

The Territory has elected, in accordance with accounting standards, not to recognise land under roads for which no consideration is paid. Where land has been acquired at cost for the purpose of land under roads, then these are recognised as assets and initially measured at cost and subsequently impaired when there is an indication of impairment. Depreciation is not recognised in respect of these assets as all land assets and their service potential are never consumed during any reporting period.

Notes to the financial statements

For the year ended 30 June 2026

27. Property, plant and equipment (continued)

Revaluation

Subsequent to initial recognition, land, buildings, infrastructure assets and power and water utility assets with a carrying amount of \$50,000 or more are measured using the revaluation model.

Assets are revalued with sufficient regularity to ensure the carrying amount of each asset type and subclass does not differ materially from its fair value at the reporting date.

Revaluations are undertaken on a rolling basis by asset type or subclass where available, and are detailed in the following table. Assets measured using level 1 or level 2 inputs in the fair value hierarchy are revalued at least every three years, while assets measured using level 3 inputs are revalued at least every five years. Interim revaluations are undertaken where indicators suggest the fair value of an asset class has changed materially since its last revaluation.

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

The net revaluation movement of non financial assets are recognised as 'other economic flows – other comprehensive income'.

Plant and equipment are stated at historical cost less depreciation.

Depreciation and amortisation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values under the straight-line method over their estimated useful lives. Land is not depreciated.

The estimated useful lives for each class of property, plant and equipment are summarised as follows:

Asset type	Useful life	Subclass
Land		
Vacant or non specialised land	Infinite	Darwin
Specialised land		Top End
		Central
		Barkly
		Big Rivers
		East Arnhem
Buildings		
Schools	50	Darwin
Hospitals	10 to 60	Top End
Health clinics	10 to 60	Central
Fire stations	40	Barkly
Police stations	50	Big Rivers
Urban public housing	30 to 50	East Arnhem
Remote public housing	25 to 30	
Correctional facilities and courts	20 to 50	
Cultural, recreation and sporting facilities	10 to 50	
Other	7 to 100	

Notes to the financial statements

For the year ended 30 June 2026

27. Property, plant and equipment (continued)

Asset type	Useful life	Subclass
Infrastructure assets		
Roads	8 to 70	Major
	8 to 40	Minor
Aerodromes, barges and boat ramps	8 to 50	Transport
Other	9 to 50	
Electricity and water utility assets		
Water and sewerage	5 to 135	
Electricity generation	2 to 40	
Electricity distribution	2 to 40	
Gas supply	5 to 135	
Plant and equipment		
Transport equipment	2 to 5	Light
	8 to 14	Heavy
	2 to 14	Other
Computer hardware	3 to 6	
Other	1 to 25	
Right of use assets		
Land		
Remote land lots	5 to 47	
National parks	26 to 99	
Buildings		
Correctional facility	30	
Office accommodation and other commercial properties	1 to 40	
Government employee and public housing	1 to 20	
Infrastructure		
Gas transportation pipelines	10 to 16	
Solar power plant	14 to 25	
Plant and equipment		
Medical equipment	2 to 10	
Vehicles – aircraft, buses and ferries	2 to 14	
Service concession assets		
Land	Infinite	
Buildings	20 to 50	
Intangibles		
Banked gas	1 to 21	
Computer software	1 to 21	
Renewable energy certificates	Infinite	
Software works in progress	n/a	
Other non financial assets		
Heritage and cultural assets	3 to 50	

Notes to the financial statements

For the year ended 30 June 2026

27. Property, plant and equipment (continued)

Impairment

Property, plant and equipment are tested for impairment when there is an indication that an asset may be impaired.

Service concession arrangements

Service concession assets are government owned assets that are used and maintained by private operators or contractors to deliver a service normally performed by government.

Service concession assets are measured at current replacement cost on initial recognition or reclassification, and are subsequently measured at fair value using current replacement cost.

Darwin Convention Centre

The Territory entered into contractual arrangements with Darwin Cove Convention Centre Pty Ltd (the concession holder) to design, finance, construct, commission, control, maintain and repair, and operate the Convention Centre. At the end of the concession period, the concession holder is required to refurbish the centre prior to transferring it back to the Territory. The concession arrangement will operate for a period of 25 years until June 2033, including a three-year handover phase.

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

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

Expenses incurred under the availability payment and operating payment arrangements are included in the comprehensive operating statement for the year.

The fair value of the remaining contractual payments relating to the availability payment arrangement are recognised as a service concession liability by the Territory. This liability will reduce over the life of the concession arrangement in line with those payments that represent the principal component of the availability payment. A corresponding service concession asset relating to the Convention Centre has also been recognised, being the Territory's equitable interest in the underlying physical asset.

Notes to the financial statements

For the year ended 30 June 2026

27. Property, plant and equipment (continued)

Community housing services

The Territory entered into contractual arrangements with community housing providers to provide them with the right to operate and control public housing dwellings for social and affordable rental housing to the public. The table below sets out the concession arrangements with community housing providers.

Concession holders	Concession asset	Initial term	Extension option
Venture Housing Company Limited	John Stokes Square residential precinct	20 years	30 years
Mission Australia Housing Northern Territory	Public housing – Darwin	10 years	10 years
Venture Housing Company Limited	Public housing – Darwin	10 years	10 years
Central Australian Affordable Housing Company Ltd	Public housing – Alice Springs	10 years	10 years
Yilli Rreung Housing Aboriginal Corporation	Public housing – Alice Springs	10 years	10 years

The concession holders are responsible for operating and maintaining the leased assets, have the discretion to set and charge rent that maintains affordability for tenants subject to regulatory thresholds, and receive all revenue from leased premises. The premises must be allocated to eligible applicants from the Territory's public housing waitlist.

The Territory retains ownership of the leased assets through the term and at the expiration of the lease.

Right-of-use assets under leases

The Territory assesses at contract inception whether a contract is or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Territory recognises lease liabilities equal to lease payments and a corresponding right-of-use asset for the use of the underlying asset, except for short-term leases and leases of low-value assets.

The Territory recognises right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use).

If ownership of a leased asset transfers to the Territory at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are subsequently measured at fair value, which approximates cost less accumulated amortisation and impairment losses, except those arising from leases with complex structures, such as public private partnership arrangements.

Right-of-use assets are subject to remeasurement principles consistent with lease liabilities including indexation and market rent review, which approximates fair value, and are also revalued where a trigger or event may indicate their carrying amount does not equal fair value.

During the financial year, there was an increase in right-of-use assets of \$58 million (2024-25: \$21 million) in the general government sector and \$74 million (2024-25: \$33 million) in the total public sector, mainly relating to changes to lease terms to reflect the effect of exercising extension and termination options, and changes in lease payments.

Notes to the financial statements

For the year ended 30 June 2026

27. Property, plant and equipment (continued)

Leases that have significantly below-market terms and conditions principally to enable the Territory to further its objectives

The Territory enters into long-term peppercorn land lease arrangements with traditional owners where remote public housing dwellings are situated. The lease contract specifies lease payments of \$1 per annum (payable if and when demanded). The land lots must be used to provide public housing and, as appropriate, the construction, demolition, upgrading, extending, refurbishing, landscaping and maintenance of dwellings. The provision of remote public housing is dependent on these lease arrangements.

Right-of-use assets under leases at significantly below-market terms and conditions, which are entered into to principally enable the Territory to further its objectives, are measured at cost and amortised on a straight-line basis over the shorter of the lease term and estimated useful lives of the assets. These right-of-use assets are subject to impairment but are not subject to revaluation.

28. Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in other economic flows within the comprehensive operating statement.

Investment property includes NT Home Ownership's minority financial interest under various shared equity schemes. While NT Home Ownership does not hold interest in the properties for the purpose of earning rental income, NT Home Ownership's return on investment is in the form of any capital appreciation received when the co-owner decides to sell the property or fully repay the loan.

Public housing owned and managed by the Territory is held to meet service delivery objectives rather than to earn rental or for capital appreciation. Accordingly it is recognised as property, plant and equipment, and included in Note 27.

29. Intangible assets

	Computer software	Other intangibles	Software work in progress	Total
	\$000	\$000	\$000	\$000
2025-26: General government				
Gross carrying amount	149 787	12	287 698	437 496
Accumulated depreciation	- 58 301	- 3		- 58 303
Carrying amount at 30 June	91 486	9	287 698	379 193
2024-25: General government				
Gross carrying amount	134 769	12	279 215	413 995
Accumulated depreciation	- 51 483	- 2		- 51 485
Carrying amount at 30 June	83 286	10	279 215	362 511
2025-26: Total public sector				
Gross carrying amount	350 197	40 106	287 698	678 001
Accumulated depreciation	- 180 667	- 14 098		- 194 765
Carrying amount at 30 June	169 529	26 008	287 698	483 236
2024-25: Total public sector				
Gross carrying amount	253 960	80 846	279 215	614 021
Accumulated depreciation	- 166 115	- 13 933		- 180 049
Carrying amount at 30 June	87 844	66 913	279 215	433 972

Notes to the financial statements

For the year ended 30 June 2026

29. Intangible assets (continued)

Reconciliation of the carrying amount of intangibles

	Computer software	Other intangibles	Software work in progress	Total
	\$000	\$000	\$000	\$000
2025-26: General government				
Carrying amount at 1 July	83 286	10	279 215	362 511
Additions	751		30 051	30 802
Disposals				
Transfers in/out (-)	21 607		- 21 568	39
Amortisation expense	- 14 158	- 1		- 14 159
Revaluation adjustments				
Impairment adjustments				
Carrying amount at 30 June	91 486	9	287 698	379 193
2024-25: General government				
Carrying amount at 1 July	8 253		321 479	329 732
Additions	1 055	10	45 172	46 237
Disposals				
Transfers in/out (-)	85 336		- 87 436	- 2 100
Amortisation expense	- 11 358			- 11 358
Revaluation adjustments				
Impairment adjustments				
Carrying amount at 30 June	83 286	10	279 215	362 511
2025-26: Total public sector				
Carrying amount at 1 July	87 844	66 913	279 215	433 972
Additions	751	1 519	30 051	32 321
Disposals				
Transfers in/out (-)	104 891	- 42 260	- 21 568	41 063
Amortisation expense	- 23 956	- 163		- 24 120
Revaluation adjustments				
Impairment adjustments				
Carrying amount at 30 June	169 529	26 008	287 698	483 236
2024-25: Total public sector				
Carrying amount at 1 July	15 970	69 536	321 479	406 985
Additions	1 055	144	45 172	46 371
Disposals				
Transfers in/out (-)	85 508	- 2 605	- 87 436	- 4 533
Amortisation expense	- 14 387	- 163		- 14 549
Revaluation adjustments				
Impairment adjustments	- 301			- 301
Carrying amount at 30 June	87 844	66 913	279 215	433 972

Notes to the financial statements

For the year ended 30 June 2026

29. Intangible assets (continued)

Intangible assets largely consist of software, renewable energy certificates and banked gas.

Computer software and other intangible assets with the exception of banked gas are recorded at cost and amortised on a straight-line basis over their estimated useful life between 1 to 21 years. Computer software includes assets acquired and internally developed. Intangible assets arising from configuration and customisation costs for an application software in a software-as-a-service arrangement are only recognised where the services create a separately identifiable software code from which the Territory has the power to both obtain the future economic benefits and restrict others' access to those benefits.

Subsequent to initial recognition, the valuation of banked gas is determined by reference to contracted sales less costs of disposal. The valuation of banked gas has been determined on forecast cash flows over the life of the gas contract. This is consistent with the requirements of the respective accounting standards, including AASB 136 *Impairment*. This standard requires management to develop financial forecasts and supportable assumptions that are reasonable and represent management's best estimate of the set of economic conditions existing over the remaining useful life of the asset. If assumptions on timing and quantities of gas supply change, an impairment may need to be recognised in future reporting periods.

The intangible asset of \$42 million relating to the Eni Australia (Eni) banked gas has been fully written down in 2025-26, following the termination of the Eni contract. As a result, the only remaining banked gas asset recognised in the financial statements at reporting date relates to Dingo make-up gas.

Depending on its nature, intangible assets are tested for impairment at least annually or whenever there is an indication an asset may be impaired.

Renewable energy certificates

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

These assets have indefinite useful lives and therefore are not amortised.

Software works in progress

Balances comprise costs that are directly attributable to the development of ICT software to be used to support the delivery of government services.

30. Assets held for sale

Assets that are expected to be recovered primarily through sale rather than continuing use are classified as held for sale, measured at the lower of carrying amount and fair value less costs to sell and not depreciated. Assets held for sale largely comprise of vacant crown land and ex fleet vehicles. Gain or loss on the sale of assets is included in Note 15.

Notes to the financial statements

For the year ended 30 June 2026

31. Other non financial assets

Other non financial assets consist of heritage and cultural assets, and includes natural sciences and archaeology within the Department of People, Sport and Culture. Heritage and cultural assets are initially measured at cost. Where an asset is acquired at no or nominal cost, the cost is the fair value at the date of acquisition.

Heritage and cultural assets are subsequently measured at fair value. Independent valuations are obtained for heritage and cultural assets in line with agency internal valuation policies and programs. Valuations are in accordance with the fair value basis and are valued at current replacement cost.

Heritage and cultural assets comprise assets with finite and indefinite useful lives. Assets with finite lives are depreciated using the straight-line method over their estimated useful lives, which range from 3 to 50 years. Assets with indefinite useful lives, including artworks and collections, are not depreciated as their service potential is not, in any material sense, consumed during any reporting period.

Assets are tested for impairment when there is an indication an asset may be impaired.

32. Assets by function

The following table presents total assets classified by function in accordance with the COFOG-A, which is based on ABS classifications used as part of the GFS Manual and mandated in the UPF. Total assets comprises of both financial assets including cash and investments, together with non financial assets such as buildings and infrastructure. This disclosure is intended to enhance understanding of capital investment trends by function over time and to support meaningful comparisons of asset allocation across jurisdictions.

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
General public services	3 940 192	3 200 650	3 951 107	3 206 612
Defence	52 074	54 778	52 074	54 778
Public order and safety	2 245 749	1 991 180	2 245 749	1 991 180
Economic affairs	3 034 789	2 995 117	5 242 250	4 926 370
Environmental protection	391 596	387 157	548 059	522 538
Housing and community amenities	5 985 615	5 824 247	6 211 050	6 019 625
Health	1 811 153	1 513 606	1 811 153	1 513 606
Recreation, culture and religion	1 021 000	957 925	1 021 000	957 925
Education	1 783 503	1 714 466	1 783 503	1 714 466
Social protection	1 629 748	1 483 324	1 629 748	1 483 324
Transport	9 957 943	9 928 531	10 036 175	9 996 222
Total assets	31 853 362	30 050 981	34 531 869	32 386 646

Notes to the financial statements

For the year ended 30 June 2026

33. Deposits held

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Accountable Officers' Trust accounts	206 259	181 209	206 517	181 290
Clearing money	20 513	12 981	21 185	13 435
Interest-bearing deposits	365 617	467 194	462	462
Other	24 493	20 860	27 831	23 276
Total deposits held	616 882	682 244	255 995	218 463

Deposits held mainly comprise Accountable Officers' Trust accounts, clearing money, and interest-bearing deposits. Accountable Officers' Trust accounts are trust monies established under legislation that are held by the Territory on behalf of others for a specific purpose and not for use in the operations of government. The majority of these deposits comprise security deposits for mining activity and various other activities, tenant bonds and cash seizures from police operations.

Clearing money is public money in transit that is payable to another entity. These funds typically do not contribute to the operations of government.

Interest-bearing deposits are cash balances held by CHA due to centralised banking arrangements on behalf of government trading entities in the public non financial corporation and public financial corporation sectors. These balances are eliminated on consolidation at the total public sector, with the amounts recognised in cash and deposits in Note 18.

34. Advances received

General government advances received predominantly reflect loans received for policy purposes including from NTTC to fund home ownership products and loans from the South Australian Government for the purposes of on-lending to the railway concession holder. Advances from NTTC are eliminated at the total public sector.

At the total public sector, advances received are primarily the original Commonwealth loans issued at self-government and are recorded at fair value, net of transaction costs, combined with loans from the South Australian Government recorded at amortised cost.

35. Borrowing

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Current				
Lease liabilities (a)	145 969	131 415	188 676	172 088
Loans (b)	772 983	683 519	962 964	868 764
Service concession liabilities (c)	5 339	4 892	5 339	4 892
	924 291	819 825	1 156 979	1 045 743
Non current				
Lease liabilities (a)	1 267 112	1 306 342	1 610 744	1 673 336
Loans (b)	10 828 984	9 674 723	12 775 080	11 340 636
Service concession liabilities (c)	41 164	46 503	41 164	46 503
	12 137 260	11 027 568	14 426 988	13 060 476
Total borrowing	13 061 551	11 847 392	15 583 967	14 106 218

Notes to the financial statements

For the year ended 30 June 2026

35. Borrowing (continued)

Borrowings represent funds raised for liquidity management purposes from the following sources: domestic and international borrowings including fixed interest securities and bonds by NTTC; lease liabilities; and service concession liabilities.

a) Lease liabilities

At the commencement date of a lease where the Territory is the lessee, the Territory recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

Lease payments include: fixed payments (including in-substance fixed payments) less any lease incentives receivable; variable lease payments that depend on an index or a rate; exercise price of purchase options that are reasonably certain to be exercised by the Territory; and payments of penalties for terminating the lease if the lease term reflects the Territory exercising the option to terminate.

Variable lease payments, which depend on an index or a rate, are included in lease liabilities, otherwise they are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the majority of Territory leases, NTTC's institutional discount rate is used as the incremental borrowing rate for the general government sector. Consistent with the general government sector, the total public sector also applies the NTTC rate with the exception of government trading entities, which utilise commercial market rates.

After the commencement date, lease liability amounts are increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities are remeasured if there is a modification, change in the lease term or lease payments (such as changes to future payments resulting from a change in an index or rate used to determine such lease payments), or change in the assessment of an option to purchase the underlying asset.

The Territory leases various commercial properties, land, government employee and public housing, vehicles, medical equipment and gas transportation pipelines to aid with service delivery and further the Territory's strategic priorities.

Lease contracts are typically for fixed periods as follows:

- Land 5 to 99 years
- Building 1 to 40 years
- Infrastructure 10 to 25 years
- Plant and equipment 2 to 14 years

Lease contracts may have extension options predominantly relating to commercial properties. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The Territory does not provide residual value guarantees in relation to leases.

Notes to the financial statements

For the year ended 30 June 2026

35. Borrowing (continued)

Extension and termination options are included in a number of property leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Territory and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to either exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$25 million in 2025-26 (2024-25: \$62 million) have not been included in the lease liability in both the general government and total public sectors because it is not reasonably certain these leases will be extended (or not terminated). The assessment is reviewed if a significant event or significant change in circumstances occurs that affects this assessment and is within the control of the lessee.

The Territory has elected to recognise payments for short-term leases and low-value leases as expenses on a straight-line basis instead of recognising a right-of-use asset and lease liability. Short-term leases are a term of 12 months or less with no purchase option. Low-value leases relate to leased assets with a fair value of \$10,000 or less when new, not subject to a sublease arrangement, and largely comprise low-value equipment and multifunctional devices.

i) Reconciliation of lease liabilities

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Balance at 1 July	1 437 756	1 387 416	1 845 424	1 829 080
Additions/remeasurements	112 983	180 671	130 624	186 701
Interest expenses	77 654	76 960	88 721	88 324
Payments	- 215 313	- 207 291	- 265 350	- 258 680
Balance at 30 June	1 413 081	1 437 756	1 799 420	1 845 424

ii) Total cash outflows associated with leases

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Lease liability payments	215 313	207 291	265 350	258 680
Short-term lease payments	17 485	17 549	17 849	17 965
Low-value asset lease payments	3 638	2 681	3 638	2 681
Total cash outflows	236 435	227 521	286 837	279 326

Notes to the financial statements

For the year ended 30 June 2026

35. Borrowing (continued)

iii) Amounts recognised in the comprehensive operating statement for leases where the Territory is the lessee

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Amortisation expense of right-of-use assets	- 152 710	- 141 421	- 193 217	- 183 183
Interest expense on lease liabilities	- 77 654	- 76 960	- 88 721	- 88 324
Expenses relating to short-term leases	- 17 485	- 17 549	- 17 849	- 17 965
Expenses relating to leases of low-value assets	- 3 638	- 2 681	- 3 638	- 2 681
Other lease payments, not included in the measurement of lease liabilities				
Income from subleasing right-of-use assets	292	337	292	337
Total impact to comprehensive operating statement	- 251 195	- 238 273	- 303 132	- 291 815

iv) Future minimum lease payments for short-term and low-value non-cancellable leases not recorded as liabilities

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Not later than one year	11 008	9 960	11 008	9 960
Later than one year and not later than five years	17 641	9 278	17 641	9 278
Later than five years				
Total future minimum lease payments	28 649	19 238	28 649	19 238

The future minimum lease payments for all other non-cancellable leases recognised as liabilities are disclosed under liquidity risk in Note 43(e).

Other public private partnership arrangements

Darwin Correctional Centre – the Territory entered into contractual arrangements with Sentinel Property Group for the design, construction and financing of the Darwin Correctional Centre and provision of a range of facilities management services across the centre.

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

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

Quarterly service payments primarily represent payments made in respect of debt, equity, construction and maintenance aspects of the project. Expenses incurred under the payment are included in the comprehensive operating statement.

Notes to the financial statements

For the year ended 30 June 2026

35. Borrowing (continued)

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

b) Loans

Loans are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, loans are measured at amortised cost with any differences between the initial and redemption amounts recognised in the comprehensive operating statement over the period of borrowing, using the effective interest rate method.

c) Service concession liabilities

Service concession liabilities are recorded initially at fair value and measured on the contractual obligation to deliver cash or another financial liability to the operator under service concession arrangements. Subsequent to initial recognition, service concession liabilities are measured at amortised cost using the effective interest rate method. The Territory's service concession liabilities relate to the Darwin Convention Centre arrangement as detailed in Note 27.

36. Superannuation liabilities

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Current	271 913	282 392	271 913	282 392
Non current	2 408 479	2 573 617	2 408 479	2 573 617
Total superannuation liabilities (d)	2 680 392	2 856 009	2 680 392	2 856 009

The Territory's superannuation liability represents Territory government administered superannuation schemes that are now closed to new members, with the exception of the Judges Pension Scheme, which remains open. All Territory government employees who commenced on or after 10 August 1999, with the exception of Supreme Court judges, are in an external employee-nominated non-government scheme (choice of fund).

Territory government employees' superannuation entitlements are provided through either a defined contribution plan or a defined benefit plan.

a) Defined contribution plans

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

Notes to the financial statements

For the year ended 30 June 2026

36. Superannuation liabilities (continued)

b) 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 expected future benefit payments, after allowing for future salary increases, interest and pension increases where applicable, arising from membership completed prior to the reporting date.

Actuarial gains and losses are recognised in the comprehensive operating statement as 'other economic flows – other comprehensive income' in the period in which they occur.

The defined benefit superannuation plans include:

- Commonwealth Superannuation Scheme (CSS)
- Northern Territory Government and Public Authorities' Superannuation Scheme (NTGPASS)
- Northern Territory Supplementary Superannuation Scheme (NTSSS)
- Supreme Court Judges Pension Scheme
- Legislative Assembly Members' Superannuation (LAMS) Scheme
- Northern Territory Police Supplementary Benefit Scheme (NTPSBS)
- Administrator Pension Scheme.

c) 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. CSS was closed on 1 October 1986 to all new Territory employees except police who were eligible to join until 1 January 1988.

Northern Territory Government and Public Authorities' Superannuation Scheme

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

- the member's accumulation account
- plus an accrued employer component.

The accrued employer component is calculated as $2.5\% \times \text{total benefit points} \times \text{benefit salary}$.

Notes to the financial statements

For the year ended 30 June 2026

36. Superannuation liabilities (continued)

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% 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 Northern Territory Government Death and Invalidity Scheme (NTGDIS) provides death and disablement cover to all public sector employees under choice of fund arrangements up to the age of 60.

Other schemes

Other schemes include the Supreme Court Judges Pension Scheme, LAMS Scheme, NTPSBS and the Administrator Pension Scheme, which are all pension-based schemes.

d) Superannuation liabilities comprise:

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
CSS	1 645 800	1 730 500	1 645 800	1 730 500
NTGPASS	586 049	648 771	586 049	648 771
NTSSS	140 793	155 089	140 793	155 089
NTGDIS	84 622	83 767	84 622	83 767
Supreme Court Judges Pension Scheme	84 458	91 361	84 458	91 361
LAMS Scheme	74 122	78 265	74 122	78 265
NTPSBS	61 871	65 538	61 871	65 538
Administrator Pension Scheme	2 677	2 718	2 677	2 718
Total superannuation liabilities	2 680 392	2 856 009	2 680 392	2 856 009

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, updated on an annual basis. The CSS and NTPSBS values are based on triennial reviews at 30 June 2024, updated for 30 June 2026. The LAMS Scheme, NTGPASS, NTSSS, NTGDIS, Judges Pension Scheme and the Administrators Pension Scheme values are based on triennial reviews conducted on 30 June 2025, updated for 30 June 2026. The downward movement in the liability between years is predominantly due to an increase in the discount rate from 4.5% in 2024-25 to 5.1% in 2025-26. Assumptions are made regarding discount rate, salary rate, expected return on scheme assets, inflation and imputed cost of interest.

Notes to the financial statements

For the year ended 30 June 2026

36. Superannuation liabilities (continued)

Key assumptions

	30 June 2026	30 June 2025
	%	%
Discount rate (gross of tax)	5.1	4.5
Short-term salary rate ¹	3.4	3.2
Long-term salary rate	4.4	4.2
Inflation (pensions) ²	2.6	2.7
Imputed cost of interest	4.5	4.3
Tax rate for employer contributions	nil	nil

1 For 2025-26, growth reflects a weighted average increase across a range of enterprise bargaining agreements. For 2025-26, Judges and administrator schemes reflect 0% and LAMS 3.4% in line with relevant remuneration tribunal determinations.

2 Reflects long-term growth assumptions. For 2025-26, CSS and NTPSBS CPI-linked pensions reflect growth of 3.4% declining to 2.9% from 2028 to 2030 in line with Australian CPI assumptions.

	30 June 2026	30 June 2025
	\$000	\$000

Amounts in the financial statements

Balance sheet

Present value of defined benefit obligation at end of year	2 656 328	2 826 682
Net present value of creditors ¹	24 064	29 327
Net liability/asset (-) recognised in balance sheet at end of year	2 680 392	2 856 009

1 Represents amounts payable to members who have exited schemes during the reporting period including for NTGPASS, NTSSS and NTGDIS.

Comprehensive operating statement

Employer service cost	31 211	35 290
Net interest cost	122 452	125 254
Losses/gains (-) on settlements	nil	nil
Total included in employee benefit expense	153 663	160 544

Remeasurements in other comprehensive income

Actuarial gains/losses (-) on liability	67 058	97 257
Total remeasurement included in other comprehensive income	67 058	97 257

Notes to the financial statements

For the year ended 30 June 2026

36. Superannuation liabilities (continued)

	30 June 2026	30 June 2025
	\$000	\$000
Explanation of amounts in the financial statements		
Reconciliation of the net defined benefit liability/asset (-)		
Net defined benefit liability/asset (-) at beginning of year	2 826 682	3 009 658
Expense recognised in comprehensive operating statement	153 663	160 544
Employer contributions	- 256 959	- 246 263
Remeasurements in other comprehensive income	- 67 058	- 97 257
Net defined benefit liability/asset (-) at end of year	2 656 328	2 826 682
Reconciliation of the present value of the defined benefit liability		
Total defined benefit obligation at beginning of year	2 826 682	3 009 658
Employer service cost	31 211	35 290
Interest expense	122 452	125 254
Participant contributions	109	322
Taxes and expenses paid	nil	nil
Benefit payments	- 257 068	- 246 585
Actuarial gain (-)/loss on liabilities due to changes in demographic assumptions	nil	- 26 576
Actuarial gain (-)/loss on liabilities due to changes in financial assumptions	- 99 024	- 80 085
Actuarial gain (-)/loss on liabilities due to changes in liability experience	31 966	9 404
Total defined benefit obligation at end of year	2 656 328	2 826 682

Sensitivity analysis

The Territory's total defined benefit obligation at 30 June 2026 under several scenarios is presented below.

	Discount rate change	CSS	NTGPASS	NTSSS	NTGDIS	Supreme Court Judge Pension	LAMS	NTPSBS	Administrator's scheme
	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Discount	1	1 499 200	549 100	131 400	64 900	75 976	66 776	55 559	2 537
Discount	- 1	1 818 500	610 500	146 200	77 200	94 639	82 890	69 502	2 831
Salary	1	1 646 300	614 900	146 300	77 200	93 601	82 487		2 832
Salary	- 1	1 645 300	544 600	131 300	64 800	76 656	66 972		2 535
Inflation (pensions)	1	1 818 500	578 300	138 500	70 600			69 290	
Inflation (pensions)	- 1	1 496 700	578 300	138 500	70 600			55 631	
Mortality	10					81 755	72 151	60 363	2 542
Mortality	- 10					87 509	76 335	63 545	2 832

Notes to the financial statements

For the year ended 30 June 2026

36. Superannuation liabilities (continued)

The weighted term of benefit obligations per scheme is presented below:

	Weighted term (years)
CSS	9
NTGPASS	9
NTSSS	9
NTGDIS	9
Supreme Court Judges Pension Scheme	12
LAMS Scheme	12
NTPSBS	12
Administrator's Pension Scheme	6

37. Other employee benefits

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Current				
Accrued salaries	105 842	88 317	113 293	95 467
Recreation leave	440 505	412 285	481 625	449 173
Long service leave	368 529	355 069	400 891	385 995
Provision for employer superannuation contributions	61 612	55 395	61 665	55 439
	976 487	911 066	1 057 474	986 074
Non current				
Long service leave	96 718	94 123	103 822	100 900
	96 718	94 123	103 822	100 900
Total other employee benefits	1 073 205	1 005 189	1 161 296	1 086 975

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

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

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

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

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

Notes to the financial statements

For the year ended 30 June 2026

38. Payables

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Current				
Accounts payable	111 997	68 025	269 536	207 932
Accrued expenses	381 505	342 526	454 074	430 296
	493 502	410 551	723 609	638 228
Non current				
Accounts payable			916	1 207
			916	1 207
Total payables	493 502	410 551	724 525	639 435

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

39. Other liabilities

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Current				
Provisions (a)	249 958	163 029	251 339	167 970
Unearned capital grants liability (b)	106 945	191 253	164 200	290 791
Other unearned revenue liability (c)	147 486	198 649	172 628	220 567
Financial guarantee liability (d)				
	504 388	552 930	588 167	679 328
Non current				
Provisions (a)	1 082 718	1 088 686	1 088 762	1 093 984
Unearned capital grants liability (b)	42 045	14 701	42 045	14 701
Other unearned revenue liability (c)	22 922	19 214	62 396	56 450
	1 147 685	1 122 601	1 193 204	1 165 135
Total other liabilities	1 652 073	1 675 530	1 781 371	1 844 463

Notes to the financial statements

For the year ended 30 June 2026

39. Other liabilities (continued)

a) Provisions

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Current				
Provision for current taxes	2 498	2 435	2 642	2 577
Provision for outstanding claims	51 638	50 871	51 638	50 871
Provision for workers compensation premiums	1	1	1	1
Workers compensation liability (ii)	95 508	71 460	95 508	71 460
Other provisions	100 313	38 262	101 550	43 060
	249 958	163 029	251 339	167 970
Non current				
Provision for outstanding claims	549 908	582 031	549 908	582 031
Workers compensation liability (ii)	460 045	302 252	460 045	302 252
Other provisions	72 765	204 402	78 809	209 701
	1 082 718	1 088 686	1 088 762	1 093 984
Total provisions (i)	1 332 675	1 251 715	1 340 102	1 261 954

i) Reconciliation of provisions

	General government					Total public sector				
	Current taxes	Outstanding claims	Workers compensation	Other	Total	Current taxes	Outstanding claims	Workers compensation	Other	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2025-26										
Balance at 1 July	2 435	632 901	373 712	242 665	1 251 715	2 577	632 901	373 712	252 762	1 261 954
Effect of changes in assumptions		- 51 765	128 200	844	77 279		- 51 765	128 200	844	77 279
Increase in claims incurred/ recoveries anticipated over the year	10 799	71 669	142 963	12 249	237 679	11 500	71 669	142 963	12 249	238 381
Payments	- 10 736	- 50 618	- 89 322	- 81 925	- 232 601	- 11 436	- 50 618	- 89 322	- 81 925	- 233 301
Other movements		- 642		- 754	- 1 396		- 642		- 3 570	- 4 211
Balance at 30 June	2 498	601 546	555 553	173 078	1 332 675	2 642	601 546	555 553	180 360	1 340 102
2024-25										
Balance at 1 July	2 267	578 057	267 935	80 367	928 626	2 398	578 057	267 935	94 002	942 392
Effect of changes in assumptions		30 475	71 260	2 534	104 269		30 475	71 260	2 534	104 269
Increase in claims incurred/ recoveries anticipated over the year	11 114	90 199	104 999	26 230	232 542	11 847	90 199	104 999	26 230	233 275
Payments	- 10 946	- 66 093	- 70 482	- 8 612	- 156 133	- 11 667	- 66 093	- 70 482	- 8 612	- 156 855
Other movements		264		142 146	142 410		264		138 608	138 872
Balance at 30 June	2 435	632 901	373 712	242 665	1 251 715	2 577	632 901	373 712	252 762	1 261 954

Notes to the financial statements

For the year ended 30 June 2026

39. Other liabilities (continued)

Provisions for current taxes largely relate to fringe benefits tax.

Provisions for outstanding claims predominantly relate to general claims and HHH Insurance claims originating from the work health system in the Nominal Insurer and outstanding claims held by the MAC Scheme.

Workers compensation liabilities comprise those under the *Return to Work Act 1986* and Comcare liabilities under Commonwealth legislation. Refer to table (ii) below for a breakdown of workers compensation liability. The change in liability for the year ended 30 June 2026 is based on an actuarial assessment of the value of outstanding claims at the end of the period and benefits paid during the year.

Changes to outstanding claims and workers compensation provisions between years predominantly reflect changes in assumptions for expected claim values, volumes and inflation.

Other provisions predominantly relate to the construction industry's portable long service leave benefits, anticipated claims under the National Redress Scheme and a remaining provision in 2025-26 for estimated future outflows relating to some Darwin ship lift project expenditure. The provision will be progressively reduced as associated works are completed.

ii) Workers compensation liability

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
<i>Return to Work Act 1986</i>	552 736	370 669	552 736	370 669
Comcare ¹	2 817	3 043	2 817	3 043
Total workers compensation liability	555 553	373 712	555 553	373 712

1 Administered through the *Safety Rehabilitation and Compensation Act 1988* (Commonwealth).

b) Unearned capital grants liability

Unearned capital grants liability relates to contributions to enable the Territory to acquire, construct or upgrade a non financial asset, to be controlled by the Territory and received in advance of the Territory satisfying the performance obligation. This balance is predominantly made up of funding received from the Commonwealth to construct roads and housing that the Territory will retain.

i) Reconciliation of unearned capital grants liability

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Balance at 1 July	205 954	212 301	305 491	286 486
<i>add:</i> Cash received during the reporting period for capital grants ¹	359 356	294 619	379 078	412 991
<i>less:</i> Income recognised during the financial year	- 416 320	- 300 966	- 478 324	- 393 985
Balance at 30 June	148 990	205 954	206 245	305 491

Notes to the financial statements

For the year ended 30 June 2026

39. Other liabilities (continued)

ii) Unearned capital grants time bands

The Territory anticipates to recognise revenue for unearned capital grants in accordance with the time bands below.

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Not later than one year	106 945	191 253	164 200	290 791
Later than one year and not later than five years	42 045	14 701	42 045	14 701
Later than five years				
Total unearned capital grants liability	148 990	205 954	206 245	305 491

c) Other unearned revenue liability

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Unearned contract revenue (i)	109 966	157 403	173 164	215 797
Other	60 441	60 459	61 860	61 220
Total other unearned revenue liability	170 408	217 863	235 024	277 017

Other unearned revenue liability largely relates to consideration received in advance from compulsory third-party insurance, rental income and unearned contract revenue.

Unearned contract revenue reflects funds received in advance of the Territory satisfying performance obligations it has with its contractual customers. Unearned contract revenue largely comprises funding received for various Commonwealth agreements, industrial land sales revenue, and sewerage, electricity and gas contract revenue.

i) Unearned contract revenue time bands

The Territory expects to recognise revenue for unearned contract revenue in accordance with the time bands below.

	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Not later than one year	103 361	155 432	127 085	177 350
Later than one year and not later than five years	6 353	1 972	11 420	4 887
Later than five years	252		34 659	33 561
Total unearned contract revenue	109 966	157 403	173 164	215 797

d) Financial guarantee liability

Publicly guaranteed loans are considered to be contingent liabilities until the guarantee is called or the associated risk can be accurately determined. Contingent liabilities are disclosed in Note 41.

Notes to the financial statements

For the year ended 30 June 2026

40. Capital commitments

Capital commitments represent future obligations or cash outflows for the construction or acquisition of non financial assets that can be reliably measured arising out of a contractual arrangement and typically binding the Territory to performance conditions. Capital commitments are not recognised as liabilities on the balance sheet.

Capital commitments may extend over multiple reporting periods and may result in payment of compensation or return of funds if obligations are breached. These largely comprise funds received from the Commonwealth to construct buildings, infrastructure and road networks. These contracts are expected to require payment as follows.

	General government		Total public sector	
	2025-26	2024-25 ¹	2025-26	2024-25 ¹
	\$000	\$000	\$000	\$000
Not later than one year	608 033	671 646	762 244	884 037
Later than one year and not later than five years	29 334	202 770	101 922	218 003
Later than five years				
Total capital commitments	637 367	874 416	864 166	1 102 040
GST recoverable	63 530	87 112	86 210	109 875
Total capital commitments (inclusive of GST)²	700 897	961 528	950 376	1 211 914

¹ Comparative figures have been adjusted to provide consistency with the current year presentation.

² Excludes amounts recognised as unearned capital revenue in the Territory's financial reports.

41. Contingent assets and liabilities

Contingent assets and liabilities are possible future assets or obligations that arise from past events, which are only realised if a specified event occurs. While they have no impact on the financial statements, contingent assets and liabilities are disclosed as they have the potential to adversely or favourably affect the Territory's future financial performance or position.

Details of significant contingent assets and liabilities for the Territory are summarised in the paragraphs below and have been classified as quantifiable (where the financial effect is estimated in excess of \$5 million) or unquantifiable (where the financial effect cannot be reliably estimated, either due to the nature of the contingent liability or the number of variables that could cause a liability to be realised).

More detailed information is disclosed within the financial statements of individual agencies.

a) Contingent assets

Quantifiable contingent assets

Disaster Recovery Funding Arrangements

The Territory has submitted claims for expenses incurred for 2022-23 (claim 2), 2023-24 and 2024-25 to the Commonwealth under Disaster Recovery Funding Arrangements (DRFA) totalling \$92.4 million. The Territory has estimated recoveries of \$39.4 million in relation to these submitted claims. Claims for disaster events that occurred in 2025-26 will be submitted in subsequent years and are unquantifiable.

Notes to the financial statements

For the year ended 30 June 2026

41. Contingent assets and liabilities (continued)

The contingent asset has not been recognised as an asset in the financial statements as reimbursement is not certain at the reporting date. Although claims have been submitted, they remain subject to further audit, assurance and assessment processes before reimbursement is approved.

Unquantifiable contingent assets

Property and business services

The granting of a concession to Darwin Cove Convention Centre Pty Ltd contains provisions that may result in a contingent asset. Details on the entire concession arrangements are disclosed in unquantifiable contingent liabilities: property and business services.

Gas supply

The Territory, through PWC, is engaged in arbitration with Eni for damages resulting from gas supply disruptions, which may give rise to a contingent asset. Associated with this, PWC is also contesting several major legal claims brought against it by third parties, of which are dependent on the outcome of the arbitration process for the asset. Due to the nature of the cases and uncertainty of any potential assets/liabilities that may arise, no value can be attributed until cases are resolved.

b) Contingent liabilities

Contingent liabilities may arise as a result of undertakings made by the Territory legislation containing a guarantee or indemnity that are provided by the Territory to facilitate the provision of certain services or construction of assets.

The Territory has contingent liabilities that could pose a risk to the government's financial projections, however most are considered low risk. The Territory continues to assess any risks under these arrangements to determine if any further disclosure is required or whether a liability is required to be recognised on the Territory's balance sheet.

Quantifiable contingent liabilities

Public Trustee Common Fund 1

Under section 97 of the *Public Trustee Act 1979*, the Treasurer indemnifies the Public Trustee Common Fund 1 against any deficiencies in money available to meet claims on it. At 30 June 2026, the Common Fund 1 had a reported total of \$43.3 million (30 June 2025: \$45.5 million), which is government guaranteed. The government also guarantees minimum returns for trusts and estates.

The Common Fund is a repository for all monies received by the Public Trustee on behalf of estates, trusts or persons, and earns interest. Money to the credit of the Common Fund is invested according to the directions issued by an investment board. Common Fund 1 is a single asset managed fund that invests only in cash, such as short-term money market deposits and short-dated debt securities. The board is responsible for acting prudently to obtain return on the investments of Common Fund monies commensurate with sound investment practices, and to ensure estates and trusts receive commercial rates of return on their funds. Although a material contingent liability exists, the prospect of this contingent liability being called upon is low.

Notes to the financial statements

For the year ended 30 June 2026

41. Contingent assets and liabilities (continued)

Concessional loan arrangements

The Territory has entered into a loan facility agreement with Northern Australia Infrastructure Facility (NAIF) to borrow \$300 million for the Darwin ship lift. The project will enable maintenance and servicing of defence and Australian Border Force vessels, along with commercial and private vessels, including from the oil, gas and marine industries.

The Territory indemnifies NAIF and the Commonwealth against any loss related to the Territory's fulfilment of any condition precedent to the loan facility agreement. The conditions and obligations contained in the facility agreement are being monitored during development of the project to ensure the conditions are satisfied.

The Territory, through NTTC, has established a \$250 million loan facility with the Clean Energy Finance Corporation. The facility allows the Territory to borrow funds and on-loan to PWC and Territory Generation (as government owned corporations) for projects that meet the investment mandate of the Commonwealth's Clean Energy Finance Corporation. Representations and warranties are provided for full repayment of amounts owed, status of the NTTC, and conditions and obligations contained in the facility agreement.

Unquantifiable contingent liabilities

Banking

The Territory's financial management framework is underpinned by centralised banking arrangements. The sole provider of banking-related services has been granted indemnities under the whole of government banking contract.

Correctional facilities

The Territory has contingent liabilities related to indemnities and guarantees provided in support of the construction and ongoing property management of the Darwin Correctional Centre under a public private partnership agreement and has indemnified the project company for losses arising from any uninsurable risk.

East Point effluent rising main – environment protection and biodiversity conservation approval

The Territory has contingent liabilities relating to a potential breach of conditions associated with the East Point effluent rising main – *Environment Protection and Biodiversity Conservation Act 1999* approval. A formal determination in relation to the potential breach has not yet been received by the environmental regulator.

Economic enabling projects

Adelaide to Darwin railway project

The Territory has contingent liabilities that relate to indemnities and guarantees provided in support of the Adelaide to Darwin railway. AARC and the Territory and South Australian governments entered into a concession arrangement for the Adelaide to Darwin railway on a build, own, operate and transfer-back basis.

Notes to the financial statements

For the year ended 30 June 2026

41. Contingent assets and liabilities (continued)

Unquantifiable contingent liabilities of the Territory in relation to the Adelaide to Darwin railway comprise:

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

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

As part of the long-term lease of the Darwin port, the railway corridor was transferred to the Territory and leased to the concession holder. There are contingent liabilities that arise out of any loss or claim incurred or suffered as a result of the Territory's failure to comply with its environmental obligations contained in the lease. The lease contains similar indemnities given by the lessee with respect to contamination caused by the lessee and a failure to comply with its environmental obligations.

East Arm Port

The Territory has assumed the former Darwin Port Corporation's indemnity in relation to certain works at East Arm Port. The indemnity covers third-party claims, loss, damage, cost and expenses that may be incurred or sustained by parties arising out of any breach of the Territory's obligations under relevant agreements and licences. Comprehensive risk management procedures are in place to minimise risk exposure to the Territory.

Jabiru electricity supply project

The Territory has entered into an agreement for the development and ongoing operation of a power station for the supply of electricity to Jabiru. The Territory has contingent liabilities that may arise if the agreement is terminated under specific circumstances.

Northern gas pipeline project

The Territory has contingent liabilities in relation to gas transport for indemnities contained in the Northern Gas Pipeline Project Development Agreement.

Strategic gas agreements

On 29 September 2025, the Territory entered into several agreements to facilitate new gas supply from the Shenandoah South Pilot Project. One of these agreements provides a financial guarantee of up to \$75 million of Tamboran's \$90 million share of the \$180 million debt financing for the Sturt Plateau compression facility. The liability is not attributed to the Territory until the guarantee is called and therefore the guarantee is considered to be a contingent liability.

Government administration

Legal proceedings

The Territory is involved in a range of legal proceedings and disputes. Due to the nature of these matters and the uncertainty surrounding their outcome, it is generally not possible to reliably estimate any potential liability. Details of current or pending litigation have not been disclosed as such disclosure may prejudice the outcome of current or future proceedings. Where an obligation is considered probable and can be reliably estimated, the associated amount has been recognised as a provision in these financial statements.

Notes to the financial statements

For the year ended 30 June 2026

41. Contingent assets and liabilities (continued)

Sponsorship

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

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

Territory appointed members of boards and committees

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

These indemnities are generally consistent with cover available through Directors and Officers Insurance, and the policy of issuing an indemnity rather than purchasing commercial insurance is in line with government's self-insurance arrangements.

In relation to corporations established in accordance with the *Government Owned Corporations Act 2001*, an indemnity given by the Territory to board members is limited to actions arising from compliance with a direction issued by the shareholding minister or portfolio minister.

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

Workers compensation

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

Health and community services

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

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

Remote rent framework

In December 2025, the High Court found that changes to the Remote Rent Framework were not communicated with procedural fairness. The Territory is assessing the implications of the decision and engaging external advice to estimate any potential financial impact.

Notes to the financial statements

For the year ended 30 June 2026

41. Contingent assets and liabilities (continued)

Land development

The Territory has contingent liabilities that relate to guarantees provided by the Land Development Corporation to facilitate specific land release projects.

Native title

The Territory has a contingent liability under the *Native Title Act 1993*, relating to an obligation to pay compensation to native title holders where the Territory commits an act that extinguishes or impairs a native title holder's rights. There have been a number of claims filed with the Federal Court under the Act, however it is not possible to reliably estimate the Territory's liability in respect to these and any future claims.

Property and business services

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

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

- discriminatory changes in law
- environmental clean-up costs
- incentive payments to the operator if performance targets established for the centre are exceeded
- negotiated payments to the operator during the centre's operation
- works being undertaken to facilitate a hotel and integration with the Darwin Convention Centre.

For the categories listed above, neither the probability nor the amount the Territory might be called upon to pay at some future date can be determined reliably. As a result, these items are regarded as contingent liabilities.

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

Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability

In August 2024, the Australian Government accepted or accepted in principle 130 of the recommendations from the *Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability*. The Territory continues to work with the Commonwealth and state and territory counterparts to progress implementation of the recommendations, with joint responsibility and work being undertaken to determine the additional funding implications to the Territory, which are not yet quantifiable.

Notes to the financial statements

For the year ended 30 June 2026

42. 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.

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

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

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

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

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

Notes to the financial statements

For the year ended 30 June 2026

42. Fair value measurement (continued)

a) General government

i) Financial and non financial assets measured at fair value

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

	Total carrying amount		Fair value					
			Level 1		Level 2		Level 3	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25 ¹	2025-26	2024-25 ¹
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial assets								
Investments, loans and placements (Note 21) ²	3 123 850	2 848 861			3 123 850	2 848 861		
Investments in shares (Note 24)	10 060	7 758					10 060	7 758
Total financial assets	3 133 910	2 856 619			3 123 850	2 848 861	10 060	7 758
Non financial assets								
Land (Note 27)	2 171 673	2 175 140			1 570 713	1 616 856	600 959	558 284
Buildings (Note 27)	7 478 438	6 877 010			932 781	881 526	6 545 658	5 995 485
Infrastructure (Note 27)	10 073 113	9 969 825					10 073 113	9 969 825
Plant and equipment (Note 27)	329 776	332 556					329 776	332 556
Right of use assets (Note 27)	1 410 857	1 451 197					1 410 857	1 451 197
Service concession assets (Note 27)	341 646	300 290			108 645	105 380	233 001	194 910
Investment property (Note 28)	32 144	31 897			32 144	31 897		
Intangible assets (Note 29)	379 193	362 511					379 193	362 511
Other (notes 30 and 31) ³	179 318	191 284			4 595	17 158	174 724	174 126
Total non financial assets	22 396 157	21 691 710			2 648 878	2 652 817	19 747 279	19 038 894
Total assets	25 530 067	24 548 329			5 772 727	5 501 678	19 757 340	19 046 652

1 Comparative figures have been adjusted to provide consistency with current presentation.

2 Excludes amounts recognised at amortised costs.

3 Other assets comprise 'assets held for sale' (Note 30) and 'other non financial assets' (Note 31).

Notes to the financial statements

For the year ended 30 June 2026

42. Fair value measurement (continued)

ii) Valuation techniques and inputs

The following table discloses the valuation techniques and unobservable inputs used to determine fair value.

Asset classes	Level	Techniques	Significant unobservable inputs
Investments, loans and placements	2	Market	n/a
Investment in shares	3	Multiple	1 EBITDA 2 Net asset value 3 Expected funding requirements
Land – vacant or non specialised land	2	Market	n/a
Specialised land – with no active markets and/or significant restrictions	3	Market	Valuer assessment on restrictions
Buildings	2	Market	n/a
Specialised buildings	3	Current replacement cost	1 Construction costs or cost per square metre 2 Age and condition of asset 3 Remaining useful life
Infrastructure	3	Current replacement cost	1 Labour and material costs to replace 2 Useful life of components
Plant and equipment	3	Current replacement cost	1 Cost per unit 2 Useful life
Right of use assets	3	Current replacement cost	1 Rate per square metre 2 Term of lease
Service concession asset – land	2	Market	n/a
Service concession asset – building	3	Current replacement cost	1 Construction costs or cost per square metre 2 Age and condition of asset 3 Remaining useful life
Investment property	2	Market	n/a
Intangible assets	3	Current replacement cost	1 Labour costs 2 Useful life
Assets held for sale	2	Market	n/a
Other non financial assets	3	Current replacement cost	1 Statistically verified random samples

n/a: unobservable inputs are not present for the specified class of asset; EBITDA: earnings before interest, taxes, depreciation, and amortisation

Notes to the financial statements

For the year ended 30 June 2026

42. Fair value measurement (continued)

iii) Additional information for level 3 fair value measurements

Reconciliation of non financial assets measured using level 3 techniques.

	Land	Buildings	Infrastructure	Plant and equipment	Right of use assets	Service concession assets	Intangible assets	Other ¹	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
2025-26									
Fair value at 1 July	558	5 995	9 970	333	1 451	195	363	174	19 039
Additions		- 27		63	55		31		121
Disposals	4	1		- 12					- 7
Transfers in/out (-)	16	269	256	3		7			552
Depreciation/amortisation		- 348	- 165	- 54	- 153	- 9	- 14		- 744
Remeasurement of leases					58				58
Transfers from level 2									
Transfers to level 2	- 1								- 1
Gains/losses (-) recognised in net surplus/deficit (-)	- 4	- 3	- 28	- 3					- 38
Gains/losses (-) recognised in other comprehensive income	28	659	40			40		1	767
Fair value at 30 June	601	6 546	10 073	330	1 411	233	379	175	19 747
2024-25²									
Fair value at 1 July	548	5 262	9 796	296	1 413	156	330	173	17 975
Additions	3	2		79	164		46		295
Disposals	- 1	1		- 14					- 14
Transfers in/out (-)	- 5	508	332	21	- 5	97	- 2	1	947
Depreciation/amortisation		- 356	- 161	- 51	- 141	- 13	- 11		- 733
Remeasurement of leases					21				21
Transfers from level 2	64	64							128
Transfers to level 2	- 46								- 46
Gains/losses (-) recognised in net surplus/deficit (-)	- 1	- 6		1					- 6
Gains/losses (-) recognised in other comprehensive income	- 4	521	2			- 45			474
Fair value at 30 June	558	5 995	9 970	333	1 451	195	363	174	19 039

¹ Other assets comprise 'assets held for sale' (Note 30) and 'other non financial assets' (Note 31).

² Comparative figures have been adjusted to provide consistency with current presentation.

Notes to the financial statements

For the year ended 30 June 2026

42. Fair value measurement (continued)

iv) Fair value of financial instruments measured at amortised cost

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

	Total carrying amount		Fair value							
			Level 1		Level 2		Level 3		Total	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial assets										
Investments, loans and placements	202 867	97 904			203 039	98 039			203 039	98 039
Advances paid	50 000	50 000					13 694	15 329	13 694	15 329
Total financial assets	252 867	147 904			203 039	98 039	13 694	15 329	216 733	113 368
Financial liabilities										
Advances received	93 183	110 997			65 798	84 669	6 847	7 665	72 645	92 334
Loans	11 576 723	10 333 001			10 903 749	9 707 634			10 903 749	9 707 634
Service concession liabilities	46 503	51 395					46 503	52 186	46 503	52 186
Total financial liabilities	11 716 409	10 495 392			10 969 547	9 792 304	53 350	59 851	11 022 897	9 852 154

Notes to the financial statements

For the year ended 30 June 2026

42. Fair value measurement (continued)

b) Total public sector

i) Financial and non financial assets measured at fair value

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

	Total carrying amount		Fair value					
			Level 1		Level 2		Level 3	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25 ¹	2025-26	2024-25 ¹
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial assets								
Investments, loans and placements (Note 21) ²	3 123 850	2 848 861			3 123 850	2 848 861		
Investments in shares (Note 24)	10 060	7 758					10 060	7 758
Total financial assets	3 133 910	2 856 619			3 123 850	2 848 861	10 060	7 758
Non financial assets								
Land (Note 27)	2 252 865	2 256 401			1 651 038	1 697 182	601 827	559 219
Buildings (Note 27)	7 528 082	6 927 513			952 291	902 262	6 575 791	6 025 252
Infrastructure (Note 27)	10 855 813	10 768 056					10 855 813	10 768 056
Power and water utility assets (Note 27)	2 498 430	2 429 667					2 498 430	2 429 667
Plant and equipment (Note 27)	364 134	366 970					364 134	366 970
Right of use assets (Note 27)	1 764 652	1 827 206					1 764 652	1 827 206
Service concession assets (Note 27)	341 646	300 290			108 645	105 380	233 001	194 910
Investment property (Note 28)	32 144	31 897			32 144	31 897		
Intangible assets (Note 29)	483 236	433 972					483 236	433 972
Other (notes 30 and 31) ³	179 318	193 802			4 595	19 676	174 723	174 126
Total non financial assets	26 300 319	25 535 774			2 748 713	2 756 397	23 551 607	22 779 379
Total assets	29 434 229	28 392 393			5 872 562	5 605 258	23 561 667	22 787 137

1 Comparative figures have been adjusted to provide consistency with current presentation.

2 Excludes amounts recognised at amortised costs.

3 Other comprise 'assets held for sale' (Note 30) and 'other non financial assets' (Note 31).

Notes to the financial statements

For the year ended 30 June 2026

42. Fair value measurement (continued)

ii) Valuation techniques and inputs

The following table discloses the valuation techniques and significant unobservable inputs used to determine fair value.

Asset classes	Level	Techniques	Significant unobservable inputs
Investments, loans and placements	2	Market	n/a
Investment in shares	3	Multiple	1 EBITDA 2 Net asset value 3 Expected funding requirements
Land – vacant or non specialised land	2	Market	n/a
Specialised land – with no active markets and/or significant restrictions	3	Market	Valuer assessment on restrictions
Buildings	2	Market	n/a
Specialised buildings	3	Current replacement cost	1 Construction costs or cost per square metre 2 Age and condition of asset 3 Remaining useful life
Infrastructure	3	Current replacement cost	1 Labour and material costs to replace 2 Useful life of components
Power and water utility assets – water and sewerage, electricity generation, electricity distribution, gas supply	3	Income	1 Future cash flows 2 Discount rate (weighted average cost of capital) 3 Terminal value assumption
Power and water utility assets – Indigenous Essential Services	3	Current replacement cost	1 Cost per unit 2 Useful life
Plant and equipment	3	Current replacement cost	1 Cost per unit 2 Useful life
Right of use assets	3	Current replacement cost	1 Rate per square metre 2 Term of lease
Service concession asset – land	2	Market	n/a
Service concession asset – building	3	Current replacement cost	1 Construction costs or cost per square metre 2 Age and condition of asset 3 Remaining useful life
Investment property	2	Market	n/a
Intangible assets	3	Current replacement cost	1 Labour costs 2 Useful life
Intangible assets – banked gas	3	Income	1 Future cash flows 2 Discount rate
Assets held for sale	2	Market	n/a
Other non financial assets	3	Current replacement cost	1 Statistically verified random samples

n/a: unobservable inputs are not present for the specified class of asset; EBITDA: earnings before interest, taxes, depreciation, and amortisation

Notes to the financial statements

For the year ended 30 June 2026

42. Fair value measurement (continued)

iii) Additional information for level 3 fair value measurements

Reconciliation of non financial assets measured using level 3 techniques.

	Land	Buildings	Infrastructure	Power and water utility assets	Plant and equipment	Right of use assets	Service concession assets	Intangible assets	Other ¹	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
2025-26										
Fair value at 1 July	559	6 025	10 768	2 430	367	1 827	195	434	174	22 779
Additions		- 27			63	57		32		125
Disposals	4	1			- 12					- 7
Transfers in/out (-)	16	270	301	226	14	- 1	7	41		875
Depreciation/ amortisation		- 350	- 228	- 140	- 65	- 193	- 9	- 24		- 1 009
Remeasurement of leases						74				74
Transfers from level 2										
Transfers to level 2	- 1									- 1
Gains/losses (-) recognised in net surplus/deficit (-)	- 4	- 2	- 24	- 29	- 3					- 61
Gains/losses (-) recognised in other comprehensive income	28	659	38	12			40		1	777
Fair value at 30 June	602	6 576	10 856	2 498	364	1 765	233	483	175	23 552
2024-25²										
Fair value at 1 July	549	5 295	10 607	2 354	330	1 825	156	407	173	21 697
Additions	3	2			79	164		46		295
Disposals	- 1	1			- 14					- 15
Transfers in/out (-)	- 5	508	382	212	31	- 11	97	- 2	1	1 212
Depreciation/ amortisation		- 358	- 224	- 133	- 60	- 183	- 13	- 15		- 986
Remeasurement of leases						33				33
Transfers from level 2	64	64								128
Transfers to level 2	- 46									- 46
Gains/losses (-) recognised in net surplus/deficit (-)	- 1	- 8		- 3	1			- 2		- 13
Gains/losses (-) recognised in other comprehensive income	- 4	521	2				- 45			474
Fair value at 30 June	559	6 025	10 768	2 430	367	1 827	195	434	174	22 779

1 Other assets comprise 'assets held for sale' (Note 30) and 'other non financial assets' (Note 31).

2 Comparative figures have been adjusted to provide consistency with current presentation.

Notes to the financial statements

For the year ended 30 June 2026

42. Fair value measurement (continued)

iv) Fair value of financial instruments measured at amortised cost

The following table discloses the fair value of financial instruments measured at amortised costs where the fair value does not approximate the carrying amount. Fair values are categorised by level of inputs used.

	Total carrying amount		Fair value							
			Level 1		Level 2		Level 3		Total	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial assets										
Investments, loans and placements	202 867	97 904			203 039	98 039			203 039	98 039
Advances paid	50 000	50 000					13 694	15 329	13 694	15 329
Total financial assets	252 867	147 904			203 039	98 039	13 694	15 329	216 733	113 368
Financial liabilities										
Advances received	161 749	172 015			136 742	140 183	6 847	7 665	143 589	147 848
Loans	13 712 800	12 184 159			13 228 706	11 673 675			13 228 706	11 673 675
Service concession liabilities	46 503	51 395					46 503	52 186	46 503	52 186
Total financial liabilities	13 921 052	12 407 569			13 365 448	11 813 858	53 350	59 851	13 418 798	11 873 709

43. Financial instruments and risk management

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.

The Territory's financial instruments include cash and deposits, receivables, advances paid, investments, loans and placements, investment in shares, accounts payables, deposits held, advances received and borrowings. It excludes statutory receivables arising from taxes including tax receivables, GST input tax credits recoverable, and fines and penalties, which do not meet the definition of financial instruments as per AASB 132 *Financial Instruments: Presentation*.

a) Financial risk management objectives and policies

Exposure to financial risk arises in the normal course of government activity. The Territory's risk management strategy is incorporated in the Territory's fiscal strategy. The fiscal strategy provides a sound financial management framework to ensure sustainable service provision, continued capital investment, reducing debt levels and a competitive tax environment that supports economic growth. Further reference to the fiscal strategy can be found in the *Outcome compared to fiscal strategy objectives* section of this TAFR and the last tabled budget papers: 2026-27 Budget Paper No. 2 *Budget Strategy and Outlook*.

Notes to the financial statements

For the year ended 30 June 2026

43. Financial instruments and risk management (continued)

CHA, the Department of Trade, Business and Asian Relations (DTBAR), NTTC and MACC hold complex financial instruments. NTTC manages the investments and borrowings of CHA, and reports to the NTTC Advisory Board. MACC has its own risk management policies and is subject to prudential supervision. DTBAR holds equity investments in shares arising from investments in businesses under the Territory Growth Initiative. Investments under the Territory Growth Initiative are made on the advice and recommendation of an independent investment committee made up of experienced private sector representatives with backgrounds in investment banking, finance, legal and commercial negotiations.

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

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

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

The Territory acts as an agent on behalf of NAIF in delivering financial assistance and is indemnified by the Commonwealth for any reasonable costs, expenses, liabilities or losses as a result of entering into the agreement. In accordance with AASB 9 *Financial instruments*, as the risks and rewards of concessional loans to the proponent remain with the Commonwealth, the Territory will not reflect a financial asset for the monies advanced to the proponent or a financial liability to NAIF. Furthermore, as funds to and from the proponent do not pass through the Territory, no cash flows will be disclosed in the cash flow statement.

Notes to the financial statements

For the year ended 30 June 2026

43. Financial instruments and risk management (continued)

b) Categorisation of financial instruments

The following table discloses financial assets and financial liabilities by category.

		General government		Total public sector	
	Category	2025-26	2024-25	2025-26	2024-25
		\$000	\$000	\$000	\$000
Cash and deposits	Other	1 242 143	996 126	1 250 280	1 014 952
Advances paid	Amortised cost	121 333	141 580	121 333	141 580
Investments, loans and placements	Mandatory at FVTPL	3 123 850	2 848 861	3 123 850	2 848 861
Investments, loans and placements	Amortised cost	202 867	97 904	202 867	97 904
Receivables ¹	Amortised cost	178 354	172 347	165 932	177 133
Investments in shares	FVOCI	10 060	6 869	10 060	6 869
Investments in shares	FVTPL		889		889
Other financial assets	Amortised cost	84 430	84 575	87 502	88 687
Total financial assets		4 963 037	4 349 151	4 961 824	4 376 875
Deposits held ¹	Amortised cost	410 623	501 035	49 478	37 173
Advances received	Amortised cost	93 493	111 283	162 060	172 301
Borrowing					
Loans	Amortised cost	11 601 967	10 358 242	13 738 044	12 209 400
Lease liabilities	Amortised cost	1 413 081	1 437 756	1 799 420	1 845 424
Service concession liabilities	Amortised cost	46 503	51 395	46 503	51 395
Payables ¹	Amortised cost	111 997	68 025	270 452	209 139
Total financial liabilities		13 677 665	12 527 735	16 065 956	14 524 832

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

1 Amounts disclosed exclude statutory amounts and accruals (such as accrued revenue and provisions) as these do not meet the definition of financial instruments, therefore amounts will not reconcile to the balance sheet.

Categories of financial instruments

Financial assets at amortised cost

Financial assets categorised at amortised cost are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less impairment.

The Territory's financial assets categorised at amortised cost include receivables, advances paid, lease receivables, term deposits and certain debt securities.

Financial assets at fair value through other comprehensive income

Financial assets classified at FVOCI are initially and subsequently recognised at fair value. Changes in the fair value are recognised in other economic flows – 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 economic flows – other comprehensive income' is reclassified from equity to the comprehensive operating statement.

Notes to the financial statements

For the year ended 30 June 2026

43. Financial instruments and risk management (continued)

For equity instruments elected to be categorised at FVOCI, changes in fair value recognised in 'other economic flows – 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 Territory's right to receive payments is established.

The Territory holds shares in businesses by making equity co-investments through the Territory Growth Initiative to create more local jobs and accelerate major and significant projects. These investments have been designated as FVOCI.

Financial assets at fair value through profit or loss

Financial assets classified at FVTPL are initially and subsequently recognised at fair value with gains or losses recognised in the net result for the year.

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

Financial liabilities at amortised cost

Financial liabilities at amortised cost are measured at amortised cost using the effective interest rate method. The Territory's financial liabilities categorised at amortised cost include all accounts payable, deposits held, advances received, lease liabilities, service concession liabilities and loans.

Financial liabilities at fair value through profit or loss

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

Netting of swap transactions

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

c) Market risk

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

i) Interest rate risk

Interest rate risk is the risk of financial loss 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 risk exposure arises from unmatched maturity patterns and repricing dates of its financial assets and liabilities. To manage this exposure and for hedging purposes, the Territory may utilise derivative instruments such as interest rate swaps. At 30 June 2026 and 2025, the Territory did not hold any derivative instruments.

The following table sets out exposure to interest rate risk showing the carrying amount of the financial instruments.

Notes to the financial statements

For the year ended 30 June 2026

43. Financial instruments and risk management (continued)

	General government				Total public sector			
	Interest bearing		Non-interest bearing	Total	Interest bearing		Non-interest bearing	Total
	Variable	Fixed			Variable	Fixed		
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2025-26								
Cash and deposits	1 241 960		183	1 242 143	1 250 097		183	1 250 280
Advances paid	70 968		50 366	121 333	70 968		50 366	121 333
Investments, loans and placements		202 867	3 123 850	3 326 717		202 867	3 123 850	3 326 717
Receivables ¹			178 354	178 354			165 932	165 932
Investment in shares			10 060	10 060			10 060	10 060
Other financial assets		84 430		84 430		87 502		87 502
Total financial assets	1 312 928	287 297	3 362 813	4 963 037	1 321 065	290 369	3 350 391	4 961 824
Deposits held ¹	365 617		45 006	410 623	462		49 016	49 478
Advances received		68 176	25 317	93 493		136 742	25 317	162 060
Borrowing								
Loans	25 244	11 576 723		11 601 967	25 244	13 712 800		13 738 044
Lease liabilities		1 413 081		1 413 081		1 799 420		1 799 420
Service concession liabilities		46 503		46 503		46 503		46 503
Payables ¹			111 997	111 997			270 452	270 452
Total financial liabilities	390 861	13 104 483	182 321	13 677 665	25 707	15 695 465	344 785	16 065 956
2024-25²								
Cash and deposits	995 770		356	996 126	1 014 596		356	1 014 952
Advances paid	91 265		50 315	141 580	91 265		50 315	141 580
Investments, loans and placements		97 904	2 848 861	2 946 764		97 904	2 848 861	2 946 764
Receivables ¹			172 347	172 347			177 133	177 133
Investment in shares			7 758	7 758			7 758	7 758
Other financial assets		84 575		84 575		88 687		88 687
Total financial assets	1 087 035	182 479	3 079 637	4 349 151	1 105 861	186 591	3 084 423	4 376 875
Deposits held ¹	467 194		33 841	501 035			37 173	37 173
Advances received		85 997	25 286	111 283		147 015	25 286	172 301
Borrowing								
Loans	25 241	10 333 001		10 358 242	25 241	12 184 159		12 209 400
Lease liabilities		1 437 756		1 437 756		1 845 424		1 845 424
Service concession liabilities		51 395		51 395		51 395		51 395
Payables ¹			68 025	68 025			209 139	209 139
Total financial liabilities	492 435	11 908 148	127 151	12 527 735	25 241	14 227 993	271 598	14 524 832

1 Amounts disclosed exclude statutory amounts and accruals (such as accrued revenue and provisions), as these do not meet the definition of financial instruments and therefore amounts will not reconcile to the balance sheet.

2 Comparative figures have been adjusted to provide consistency with the current year presentation.

Notes to the financial statements

For the year ended 30 June 2026

43. Financial instruments and risk management (continued)

Sensitivity analysis

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

	Profit or loss and equity 100 basis points increase/decrease			
	General government		Total public sector	
	2025-26	2024-25	2025-26	2024-25
	\$000	\$000	\$000	\$000
Cash and deposits	± 12 421	± 9 961	± 12 503	± 10 150
Advances paid	± 710	± 669	± 710	± 669
Total sensitivity	± 13 131	± 10 630	± 13 212	± 10 818

ii) Price risk

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

Exposure to price risk has increased due to investments under the Territory Growth Initiative. Price risk for shares in private companies is managed through making investments in a diverse range of industries and businesses to limit the impact of any one variable affecting share prices. The Territory also limits investment amounts in each business for equity co-investments made under the Territory Growth Initiative.

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

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

Sensitivity analysis – general government and total public sector

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

	Change in market value	Impact on profit or loss and equity	
		2025-26	2024-25
	%	\$000	\$000
Equities	± 10	154 429	141 547
Property securities	± 10	25 970	17 412
Interest bearing	± 1	8 421	8 328
Australian inflation linked	± 1	789	768
Total sensitivity¹		189 609	168 055

¹ General government and total public sector disclosures have been combined as there were no units held in unlisted unit trusts and shares in private companies held by public non financial corporation or public financial corporation sectors.

Notes to the financial statements

For the year ended 30 June 2026

43. Financial instruments and risk management (continued)

iii) Currency risk

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

Foreign exchange risk

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

Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. Foreign currency transactions are initially translated into Australian currency at the date of the transaction. Amounts payable and receivable in foreign currencies at balance date are translated to Australian currency at rates of exchange at 30 June. The Territory may undertake hedging to avoid or minimise adverse financial effects of movements in exchange rates.

d) Credit risk

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

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

Credit risk relating to advances paid is disclosed in Note 20 and receivables in Note 22.

e) Liquidity risk

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

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

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

Notes to the financial statements

For the year ended 30 June 2026

43. Financial instruments and risk management (continued)

The following table details the maturity analysis of the Territory's financial liabilities. The analysis for loans is based on the earliest possible date on which the Territory can be required to pay. The amounts disclosed are based on undiscounted cash flows, which include both interest and principal cash flows.

When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected cash flows as illustrated by the yield curves existing at the balance date.

	General government				Total
	Carrying amount	Less than a year	1 to 5 years	More than 5 years	
	\$000	\$000	\$000	\$000	
2025-26					
Deposits held ¹	410 623	410 623			410 623
Advances received	93 493	16 517	56 147	25 000	97 664
Borrowing					
Loans	11 601 967	1 253 792	4 755 668	9 924 070	15 933 529
Lease liabilities	1 413 081	201 075	663 619	1 310 192	2 174 886
Service concession liabilities	46 503	5 339	34 654	6 510	46 503
Payables ¹	111 997	111 997			111 997
Other liabilities ¹					
Total financial liabilities	13 677 665	1 999 344	5 510 087	11 265 772	18 775 203
2024-25					
Deposits held ¹	501 035	501 035			501 035
Advances received	111 283	18 107	65 393	35 168	118 668
Borrowing					
Loans	10 358 242	1 081 781	4 412 937	8 271 496	13 766 215
Lease liabilities	1 437 756	205 900	676 340	1 397 229	2 279 470
Service concession liabilities	51 395	4 892	24 385	22 118	51 395
Payables ¹	68 025	68 025			68 025
Other liabilities ¹					
Total financial liabilities	12 527 735	1 879 741	5 179 056	9 726 011	16 784 808

1 Amounts disclosed exclude statutory amounts and accruals (such as accrued revenue and provisions), as these do not meet the definition of financial instruments and therefore amounts will not reconcile to the balance sheet.

Notes to the financial statements

For the year ended 30 June 2026

43. Financial instruments and risk management (continued)

	Total public sector				
	Carrying amount	Less than a year	1 to 5 years	More than 5 years	Total
	\$000	\$000	\$000	\$000	\$000
2025-26					
Deposits held ¹	49 478	49 478			49 478
Advances received	162 060	17 349	60 203	144 306	221 858
Borrowing					
Loans	13 738 044	1 481 573	6 155 366	11 002 775	18 639 714
Lease liabilities	1 799 420	251 436	850 599	1 515 824	2 617 858
Service concession liabilities	46 503	5 339	34 654	6 510	46 503
Payables ¹	270 452	269 536	916		270 452
Other liabilities ¹					
Total financial liabilities	16 065 956	2 074 711	7 101 738	12 669 415	21 845 863
2024-25					
Deposits held ¹	37 173	37 173			37 173
Advances received	172 301	17 324	62 849	158 692	238 865
Borrowing					
Loans	12 209 400	1 347 123	5 122 784	9 904 750	16 374 657
Lease liabilities	1 845 424	255 537	858 162	1 637 323	2 751 022
Service concession liabilities	51 395	4 892	24 385	22 118	51 395
Payables ¹	209 139	207 932	1 207		209 139
Other liabilities ¹					
Total financial liabilities	14 524 832	1 869 981	6 069 387	11 722 883	19 662 251

1 Amounts disclosed exclude statutory amounts and accruals (such as accrued revenue and provisions), as these do not meet the definition of financial instruments and therefore amounts will not reconcile to the balance sheet.

44. Related parties

a) Related parties

Related parties of the Territory include:

- all Territory Government agencies and entities consolidated into this report as per Appendix A
- all key management personnel (KMP) and their close family members
- any entities controlled or jointly controlled by KMP or their close family members.

b) Key management personnel

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

Notes to the financial statements

For the year ended 30 June 2026

44. Related parties (continued)

i) Remuneration of KMP

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

- report and determination No. 1 of 2024
- report and determination No. 3 of 2024
- report and determination No. 1 of 2025
- report and determination No. 1 of 2026.

The aggregate remuneration of nine KMP for 2025-26 (according to the period of time each member of parliament served as minister) is set out below:

	2025-26	2024-25
	\$000	\$000
Short-term benefits	3 738	3 462
Post-employment benefits	275	276
Termination benefits		500
Total KMP remuneration	4 013	4 239

ii) Related-party transactions

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

Further, employment processes within the Territory public sector occur on terms and conditions consistent with the *Public Sector Employment and Management Act 1993* and Code of Conduct issued by the Office of the Commissioner for Public Employment. Procurement processes occur on terms and conditions consistent with the Territory Government procurement policy and processes. Accordingly, employment of close family members are only disclosed where they are KMP within a government agency.

In 2025-26, the following transactions relating to ministers or their close family members were identified:

- a minister has ownership interest in a commercial property that is leased by an agency within the minister's portfolio of responsibilities. Lease payments for 2025-26 totalled \$85,307. The property lease was entered into prior to the minister's appointment
- a close family member of a minister was employed as an executive officer in a Territory Government entity that was not within the minister's portfolio responsibilities. The family members' employment commenced prior to the minister's appointment
- a close family member of a minister was a KMP of a law firm that was engaged by three agencies for the provision of legal services totalling \$524,150. None of the agencies were within the minister's portfolio responsibilities. Services were also engaged by various agencies prior to the minister's appointment

Notes to the financial statements

For the year ended 30 June 2026

44. Related parties (continued)

- a close family member of a minister owned a business that provided signage and window tinting services to four agencies totalling \$11,166. None of the agencies were within the minister's portfolio responsibilities
- a close family member of a minister was employed as an executive officer of a national sporting association that received grant funding of \$500,000 to support sporting events in the Territory. The grant was paid by a Territory entity not within the minister's area of responsibility.

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

No provision has been required nor any expense recognised for impairment of receivables from related parties in 2025-26 and 2024-25.

45. Events subsequent to reporting date

Since the reporting date, there has been a material event or change in conditions that has not been incorporated in the amounts recognised in these statements.

Territory corrections system

In August 2026, the Territory Government announced the construction of a new men's remand and intake centre with up to 1,200 beds and a stand-alone 200-bed purpose-built women's facility at Holtze. The men's centre is proposed to be delivered through a public private partnership, while the women's facility will be delivered and operated by the Department of Corrections. Once services and infrastructure requirements are known, the financial impact will be incorporated into future budget and financial reporting publications.

Gambling reforms

In August 2026, the Commonwealth passed the *Interactive Gambling Amendment (Gambling Reform) Act 2026*, which includes provisions prohibiting online Keno and foreign-matched lottery products from 1 January 2027. As the Territory is currently the only Australian jurisdiction that licenses foreign-matched lottery operators, the legislative changes are expected to reduce future gambling-related revenue received by the Territory. The extent of the impact is not yet known and will be reflected in future budget and financial reporting publications as information becomes available.

46. Remuneration of auditors

The direct cost of the audit of the Treasurer's annual financial statements for the year ended 30 June 2026 is estimated at \$0.35 million (2024-25 actual: \$0.48 million). The direct cost of the audit, together with the cost of other audit activities that support this audit and other financial audits within the Auditor-General's mandate, is funded through the appropriation of the Northern Territory Auditor-General's Office, which totalled \$3.21 million in 2025-26 (2024-25: \$3.18 million). As these resources are shared across a range of audit and assurance activities, it is not practicable to separately identify and disclose the full actual cost of auditing the Treasurer's annual financial statements.

Notes to the financial statements

For the year ended 30 June 2026

47. General government sector budgetary information

The following tables present the variation between the 2025-26 original budget as reported in the 2025-26 Budget Paper No. 2 *Budget Strategy and Outcome*, and the 2025-26 outcome reported in the financial statements, together with explanations for significant variations. Variances are generally considered significant when the difference between the actual outcome and the budget is greater than 20% or \$100 million.

a) General government sector comprehensive operating statement

	2025-26 Outcome (audited)	2025-26 Original budget (unaudited)	Variance	Note
	\$000	\$000	\$000	
REVENUE				
Taxation revenue	941 753	757 036	184 717	1
Current grants	6 903 222	6 557 597	345 625	2
Capital grants	416 320	539 377	- 123 057	3
Sales of goods and services	467 936	448 576	19 360	
Interest income	260 322	136 194	124 128	4
Dividend and income tax equivalent income	85 135	101 965	- 16 830	
Other revenue	672 713	421 057	251 656	5
TOTAL REVENUE	9 747 401	8 961 802	785 599	
<i>less</i> EXPENSES				
Employee benefits expense	3 572 446	3 360 532	211 914	6
Superannuation expenses				
Superannuation interest cost	122 452	125 800	- 3 348	
Other superannuation expenses	359 596	412 149	- 52 553	
Depreciation and amortisation	801 146	652 843	148 303	7
Other operating expenses	2 278 135	2 180 775	97 360	
Interest expenses	540 882	545 205	- 4 323	
Other property expenses	4 962		4 962	
Current grants	1 327 783	1 369 146	- 41 363	
Capital grants	265 937	295 361	- 29 424	
Subsidies and personal benefit payments	239 822	285 000	- 45 178	
TOTAL EXPENSES	9 513 161	9 226 811	286 350	
<i>equals</i> NET OPERATING BALANCE	234 240	- 265 009	499 249	
<i>plus</i> Other economic flows – included in operating result	- 145 209	63 249	- 208 458	8
<i>equals</i> OPERATING RESULT	89 030	- 201 760	290 790	
<i>plus</i> Other economic flows – other comprehensive income	630 451	151 611	478 840	9
<i>equals</i> COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners	719 481	- 50 149	769 630	
NET OPERATING BALANCE	234 240	- 265 009	499 249	
<i>less</i> Net acquisition of non financial assets				
Purchases of non financial assets	1 172 961	1 564 889	- 391 928	10
Sales of non financial assets	- 30 678	- 27 149	- 3 529	
<i>less</i> Depreciation	801 146	652 843	148 303	7
<i>plus</i> Change in inventories	9 423		9 423	11
<i>plus</i> Other movements in non financial assets	6 140	51 025	- 44 885	12
<i>equals</i> Total net acquisition of non financial assets	356 700	935 922	- 579 222	
<i>equals</i> FISCAL BALANCE	- 122 461	- 1 200 931	1 078 470	

Notes to the financial statements

For the year ended 30 June 2026

47. a) (continued)

The following note descriptions relate to variances greater than 20% or \$100 million.

1. The \$184.7 million increase in taxation revenue from the original 2025-26 Budget mainly reflects:
 - additional stamp duties on financial and capital transactions of \$128.3 million mainly due to several large commercial transactions, combined with stronger than expected price growth in the residential property market in 2025-26
 - greater payroll and labour force taxes of \$53.8 million largely due to strength in private sector wages and employment.
2. Current grants revenue increased by \$345.6 million from the original 2025-26 Budget largely due to:
 - additional GST revenue of \$426.6 million largely due to upwards revisions to forecast growth in the national GST collections pool and the Territory's share of national population, combined with balancing adjustment relating to higher 2024-25 national GST collections.
 - offset by a net decrease in national partnership and other Commonwealth revenue of \$80.9 million largely relating to revised timing of funding to future years to align with project delivery including: National Water Grid grant payments (\$36 million); Housing Australia Future Fund (\$25 million), Central Australia Plan: Community Infrastructure Plan (\$15 million), NT Remote Aboriginal Investment – Remote Australia Strategies (\$11.8 million), Homelands Infrastructure (\$10.1 million); various land transport repairs and maintenance projects (\$9.5 million); NT Remote Aboriginal Investment – Women's Safe Houses and Remote Family Support Services (\$8.2 million); Energy Bill Relief (\$6.8 million), partially offset by increased operational funding for the remediation of the former Rum Jungle mine site (\$25.8 million) and various health agreements (\$16.9 million).
3. Capital grants revenue was \$123.1 million lower than the original 2025-26 Budget mainly due to revised timing of Commonwealth-funded infrastructure projects in line with project delivery milestones for road projects (\$72.9 million), National Water Grid capital projects (\$24.1 million) and Roads to Recovery (\$18 million), combined with \$30 million reduction as a result of ceasing the National Aboriginal Art Gallery project in Alice Springs, partially offset by additional funding for the remediation of the former Rum Jungle mine site (\$30.7 million).
4. The \$124.1 million increase in interest income from the original 2025-26 Budget is a result of higher than anticipated returns on investments combined with greater than expected returns on short-term investments due to higher cash balances.
5. The \$251.7 million increase in other revenue since the original 2025-26 Budget reflects:
 - higher than anticipated royalty revenue of \$211.3 million due to stronger growth in key commodity prices, supported by ongoing geopolitical tensions and strong global demand
 - other revenue variations of \$40.4 million mainly comprising Australian Taxation Office (ATO) GST refunds, insurance reimbursements and return of unspent grants paid in earlier years.
6. Employee expenses increased by \$211.9 million largely due to:
 - higher expenditure in hospital services of \$100.3 million largely driven by health and hospital demand pressures, increased prison health services and Commonwealth-funded service delivery
 - increased overtime and staffing associated with rising prisoner numbers of \$13.2 million
 - higher workers compensation expenses and associated future liability of \$70.4 million following the annual actuarial review and impacts of increased claims
 - higher long service leave expense and associated future liability of \$16.4 million due to lower utilisation combined with wages growth following enterprise agreement outcomes.
7. Depreciation and amortisation expense increased by \$148.3 million since the original 2025-26 Budget largely associated with revaluing infrastructure and public housing assets and changes to remaining useful lives, combined with new completed works.
8. The \$208.5 million decrease in other economic flows included in the operating result largely relates to:
 - asset revaluation and impairment adjustments of \$124.3 million largely related to works in progress that cannot be capitalised and public property impaired or written off, combined with the market value change in financial investments
 - actuarial adjustments to long-term liabilities of \$87.2 million, largely related to an increase in workers compensation liabilities partially offset by lower claim liabilities in MAC Scheme.

Notes to the financial statements

For the year ended 30 June 2026

47. a) (continued)

9. The \$478.8 million increase in other economic flows included in other comprehensive income predominantly relates to:
 - upward revaluation of \$777.4 million in land and buildings, mainly relating to hospitals and remote health clinics, correctional and youth justice facilities, government schools, transport assets, sporting complexes, Darwin Convention Centre, urban public housing and remote police stations.
 - movements in the 10-year bond rate and revised demographic assumptions used to value the Territory's superannuation liability of \$67.1 million
 - partially offset by net reduction in investments in other public sector entities of \$351.9 million.
10. Purchases of non financial assets were \$391.9 million lower than projected in the original 2025-26 Budget, largely as a result of the revised timing of various Territory and Commonwealth-funded roads and infrastructure projects, offset by accelerated costs associated with milestone payments for ICT systems.
11. Change in inventories of \$9.4 million largely reflects a one-off purchase of strategic fuel reserve following fuel uncertainty arising from the Middle East conflict, combined with additional uniforms and other items for new Police Public Safety officers.
12. Other movements in non financial assets of \$44.9 million largely relates to non-cash transfers of completed works to local government and not-for-profit entities.

Notes to the financial statements

For the year ended 30 June 2026

47. General government sector budgetary information (continued)

b) General government sector balance sheet

	2025-26 Outcome (audited)	2025-26 Original budget (unaudited)	Variance	Note
	\$000	\$000	\$000	
ASSETS				
Financial assets				
Cash and deposits	1 242 143	739 373	502 770	1
Advances paid	121 333	162 967	- 41 634	2
Investments, loans and placements	3 326 716	3 260 813	65 903	
Receivables	1 138 420	528 095	610 325	3
Equity investments				
Investments in other public sector entities	2 381 359	2 856 913	- 475 554	4
Equity accounted investments				
Investments in shares	10 060	21 777	- 11 717	5
Other financial assets	84 430	81 935	2 495	
Total financial assets	8 304 462	7 651 873	652 589	
Non financial assets				
Inventories	31 792	19 166	12 626	6
Property, plant and equipment	22 926 454	22 258 018	668 436	7
Investment property	32 144	26 078	6 066	
Intangible assets	379 193	384 157	- 4 964	
Assets held for sale	5 690	20 837	- 15 147	8
Other non financial assets	173 628	172 313	1 315	
Total non financial assets	23 548 900	22 880 569	668 331	
TOTAL ASSETS	31 853 362	30 532 442	1 320 920	
LIABILITIES				
Deposits held	616 882	430 067	186 815	9
Advances received	93 493	105 438	- 11 945	
Borrowing	13 061 551	13 491 122	- 429 571	10
Superannuation	2 680 392	2 918 317	- 237 925	11
Other employee benefits	1 073 205	926 462	146 743	12
Payables	493 502	380 351	113 151	13
Other liabilities	1 652 073	1 217 672	434 401	14
TOTAL LIABILITIES	19 671 099	19 469 429	201 670	
NET ASSETS	12 182 263	11 063 013	1 119 250	
Contributed equity				
Accumulated funds	- 1 478 799	- 1 527 077	48 278	
Reserves	13 661 062	12 590 090	1 070 972	15
NET WORTH	12 182 263	11 063 013	1 119 250	
NET FINANCIAL WORTH ¹	- 11 366 637	- 11 817 556	450 919	
NET FINANCIAL LIABILITIES ²	13 747 996	14 674 469	- 926 473	
NET DEBT³	9 081 734	9 863 474	- 781 740	

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

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

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

Notes to the financial statements

For the year ended 30 June 2026

47. b) (continued)

The following note descriptions relate to variances greater than 20% or \$100 million.

1. Total cash and deposits are \$502.8 million higher than the original 2025-26 Budget primarily reflecting improvement to the fiscal balance outcome due to higher revenue and revised timing of capital spending to future years, partially offset by cash not yet received relating to tax and royalty receivables and Commonwealth programs.
2. Advances paid were \$41.6 million lower than the original 2025-26 Budget predominantly due to lower than anticipated concessional loans under the Territory Growth Initiative, combined with greater repayments made by home owners.
3. Receivables increased by \$610.3 million since the original 2025-26 Budget largely due to:
 - increased accrued revenue of \$348.6 million predominantly due to works undertaken for various Commonwealth-funded programs for which cash has not yet been received, largely for remote housing, Territory homelands and road projects
 - increased tax and royalty receivables of \$212.9 million
 - net variations across agencies of \$48.8 million.
4. Equity investments decreased by a net \$475.6 million largely due to lower than anticipated operating results in government trading entities.
5. Investment in shares decreased by \$11.7 million since the original 2025-26 Budget due to lower than anticipated take up of equity co-investments in local businesses through the Territory Growth Initiative.
6. Inventories increased by \$12.6 million largely reflecting a one-off purchase of strategic fuel reserve following fuel uncertainty arising from the Middle East conflict, combined with additional uniforms and other items for new Police Public Safety officers.
7. Property, plant and equipment increased by \$668.4 million since the original 2025-26 Budget predominantly reflecting upward revaluations of hospitals and remote health clinics, correctional and youth justice facilities, government schools, transport assets, sporting complexes, Darwin Convention Centre, urban public housing and remote police stations, partially offset by works in progress that did not meet capitalisation criteria and were expensed, together with assets transferred to local government councils and not-for-profit entities.
8. Assets held for sale decreased by \$15.1 million since the original 2025-26 Budget mainly due to revised timing of residential and industrial land parcels available or contracted for sale.
9. Deposits held increased by \$186.8 million since the original 2025-26 Budget primarily reflecting higher funds held in trust and on behalf of government trading entities and NTTC, combined with higher than expected deposits for the mine remediation fund and mining and petroleum securities.
10. Borrowings decreased by \$429.6 million since the original 2025-26 Budget largely the result of the improved fiscal balance outcome driven by higher revenue and revised timing of capital spending to future years, partially offset by higher lease liabilities arising from new and revised office accommodation and equipment leases.
11. Superannuation liabilities decreased by \$237.9 million since the original 2025-26 Budget as a result of annual actuarial adjustments, combined with movement in the discount rate and revised demographic assumptions.
12. The \$146.7 million increase in other employee benefits since the original 2025-26 Budget reflects increased leave entitlements as a result of the flow-on effect of new enterprise agreements and lower than expected utilisation.
13. Payables increased by \$113.2 million since the original 2025-26 Budget predominantly due to the timing of payments and higher patient-related cross-border accruals, partially offset by lower capital works accrued expenses.
14. The increase in other liabilities of \$434.4 million since the original 2025-26 Budget largely reflects:
 - increased workers compensation liability of \$287.6 million offset by lower motor accidents claim liabilities of \$89.5 million as a result of annual actuarial adjustments
 - Commonwealth funding of \$135.3 million received in advance in 2025-26 to be spent and recognised as revenue in future years as milestones are met
 - increased provisions by \$96.9 million primarily relating to the remaining estimated future outflows arising from the reclassification of some Darwin ship lift project expenditure, higher than expected claims under the National Redress Scheme and increased portable long service leave liabilities arising from valuation changes.
15. The increase in reserves of \$1.1 billion reflects net revaluation increments of assets during 2025-26, primarily reflecting net revaluation movements across government assets and in operating results of public sector trading entities.

Notes to the financial statements

For the year ended 30 June 2026

47. General government sector budgetary information (continued)

c) General government sector cash flow statement

	2025-26 Outcome (audited)	2025-26 Original budget (unaudited)	Variance	Note
	\$000	\$000	\$000	
Cash receipts from operating activities				
Taxes received	899 054	757 036	142 018	1
Receipts from sales of goods and services	499 299	466 963	32 336	
Grants and subsidies received	7 101 728	6 914 820	186 908	2
Interest receipts	262 008	136 194	125 814	3
Dividends and income tax equivalents	81 740	84 563	- 2 823	
Other receipts	882 539	414 163	468 376	4
Total operating receipts	9 726 369	8 773 739	952 630	
Cash payments for operating activities				
Payments for employees	- 4 039 427	- 3 948 767	- 90 660	
Payment for goods and services	- 2 639 276	- 1 728 878	- 910 398	5
Grants and subsidies paid	- 1 830 920	- 1 949 507	118 587	6
Interest paid	- 528 375	- 541 443	13 068	
Other payments	- 14 543	- 422 872	408 329	5
Total operating payments	- 9 052 541	- 8 591 467	- 461 074	
NET CASH FLOWS FROM OPERATING ACTIVITIES	673 827	182 272	491 555	
Cash flows from investments in non financial assets				
Sales of non financial assets	30 678	27 149	3 529	
Purchases of non financial assets	- 1 171 150	- 1 564 889	393 739	7
Net cash flows from investments in non financial assets	- 1 140 471	- 1 537 740	397 269	
NET CASH FLOWS FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS	- 466 644	- 1 355 468	888 824	
Net cash flows from investments in financial assets for policy purposes ¹	13 857	- 1 093	14 950	8
Net cash flows from investments in financial assets for liquidity purposes	- 318 923	- 119 671	- 199 252	9
NET CASH FLOWS FROM INVESTING ACTIVITIES	- 1 445 537	- 1 658 504	212 967	
Net cash flows from financing activities				
Advances received (net)	- 17 789	- 7 821	- 9 968	10
Borrowing (net)	1 101 176	1 473 145	- 371 969	11
Deposits received (net)	- 65 362	- 151 773	86 411	12
Other financing (net)	- 298		- 298	
NET CASH FLOWS FROM FINANCING ACTIVITIES	1 017 726	1 313 551	- 295 825	
NET INCREASE/DECREASE (-) IN CASH HELD	246 017	- 162 681	408 698	
Net cash flows from operating activities	673 827	182 272	491 555	
Net cash flows from investments in non financial assets	- 1 140 471	- 1 537 740	397 269	
CASH SURPLUS/DEFICIT (-)	- 466 644	- 1 355 468	888 824	
Future infrastructure and superannuation contributions/earnings	- 90 561	- 57 328	- 33 233	
UNDERLYING SURPLUS/DEFICIT (-)	- 557 205	- 1 412 796	855 591	

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

Notes to the financial statements

For the year ended 30 June 2026

47. c) (continued)

The following note descriptions relate to variances greater than 20% or \$100 million.

1. The \$142 million increase in tax receipts from the original 2025-26 Budget mainly reflects:
 - additional stamp duties on financial and capital transactions of \$128.3 million mainly due to several large commercial transactions combined with stronger than expected price growth in the residential property market in 2025-26
 - additional payroll and labour force taxes of \$53.8 million due to strength in private sector wages and employment
 - partially offset by lower tax receivables of \$42.7 million.
2. Grants and subsidies received increased by \$186.9 million predominantly relating to:
 - additional GST revenue of \$426.6 million largely as a result of upwards revisions to forecast growth in the national GST collections pool and the Territory's share of national population, combined with a balancing adjustment relating to higher 2024-25 national GST collections.
 - higher Commonwealth funding received in advance of \$85.6 million to be spent and recognised as revenue in future years
 - offset by lower capital grants revenue of \$123.1 million mainly due to revised timing of Commonwealth-funded infrastructure projects in line with project delivery milestones for road projects (\$72.9 million), National Water Grid capital projects (\$24.1 million) and Roads to Recovery (\$18 million), combined with \$30 million reduction as a result of ceasing the National Aboriginal Art Gallery project in Alice Springs, partially offset by additional funding for the remediation of the former Rum Jungle mine site (\$30.7 million)
 - offset by accrued revenue of \$121.3 million relating to works undertaken in 2025-26 but cash yet to be received
 - offset by lower national partnership and other Commonwealth revenue of \$80.8 million relating to revised timing of funding to future years to align with project delivery including: National Water Grid grant payments (\$36.3 million); Housing Australia Future Fund (\$25 million), Central Australia Plan: Community Infrastructure Plan (\$15 million), NT Remote Aboriginal Investment – Remote Australia Strategies (\$11.8 million), Homelands Infrastructure (\$10.1 million); various land transport repairs and maintenance projects (\$9.5 million); NT Remote Aboriginal Investment – Women's Safe Houses and Remote Family Support Services (\$8.2 million); Energy Bill Relief (\$6.8 million), partially offset by increased operational funding for the remediation of the former Rum Jungle mine site (\$25.8 million) and various health agreements (\$16.9 million).
3. Interest receipts increased by \$125.8 million since the original 2025-26 Budget as a result of higher than anticipated returns on investments combined with greater than expected returns on short-term investments as a result of higher cash balances.
4. Other receipts increased by \$468.4 million, primarily reflecting:
 - timing of ATO GST receipts of \$350.7 million relating to gross-up of GST on transactions, with a corresponding adjustment in payments for goods and services
 - higher mining royalty receipts of \$112.8 million.
5. The net increase in payments for goods and services and other payments of \$502.1 million largely relates to:
 - gross-up of ATO GST payments on transactions of \$350.7 million, with a corresponding adjustment in other receipts
 - higher repairs and maintenance costs of \$53.4 million largely due to disaster remediation costs
 - net revised timing of Territory-funded programs and expenses of \$80.6 million.
6. Grants and subsidies paid decreased by \$118.6 million, largely due to:
 - lower grants and subsidy payments of \$48.8 million primarily due to lower than anticipated CSO payments to government trading entities driven by lower than forecast electricity consumption
 - lower current grants of \$42.3 million predominantly relating to the revised timing of programs to future years including National Skills Agreement, Better and Fairer Schools Agreement, workforce training, and domestic family and sexual violence funding
 - lower capital grants of \$27.5 million predominantly relating to the revised timing of payments for Homelands Infrastructure and National Water Grid Fund.

Notes to the financial statements

For the year ended 30 June 2026

47. c) (continued)

7. Purchases of non financial assets were \$393.7 million lower than the original 2025-26 Budget, largely as a result of the revised timing of various Territory and Commonwealth-funded roads and infrastructure projects, offset by accelerated costs associated with milestone payments for ICT systems.
8. The net movement in cash flows for policy purposes represents the change in home ownership and Territory Growth Initiative loan products.
9. The net movement in net cash flows for liquidity purposes represents higher than budgeted investment into securities in CHA and MACC, partially offset by a disposal of short-term securities in NT Major Events Company.
10. The net reduction in advances received primarily relates to the repayment of loans and home ownership-related advances to NTTC.
11. The \$372 million net decrease in borrowings compared to the original 2025-26 Budget reflects the improved fiscal balance outcome driven by higher revenue and revised timing of capital spending to future years, partially offset by higher lease payments arising from new and revised office accommodation and equipment leases.
12. The \$86.4 million net increase in deposits received compared to the original 2025-26 Budget mainly reflects higher funds held in trust and on behalf of government trading entities and NTTC, combined with higher than expected deposits for the mine remediation fund and mining and petroleum securities.

Notes to the financial statements

For the year ended 30 June 2026

48. Elimination tables

The following tables present the value of transactions between government-controlled entities at each sector of government that are removed (eliminated) on consolidation. These are presented for each financial statement. Sectors of government include:

General government sector

Agencies and other entities controlled by government mainly engaged in the production of goods and or services outside the normal market mechanism, where goods and services are provided free of charge or at nominal charges well below cost of production. This sector is generally funded by taxation revenues (directly or indirectly) and Commonwealth grants.

Public non financial corporation sector

Government owned and controlled entities that provide goods and services to consumers on a commercial basis and are funded largely by the sale of these goods and services with the aim to maximise sustainable returns to government. These entities are legally distinguishable from the government, which owns them.

Non financial public sector

This sector is formed through a consolidation of the general government and public non financial corporation sectors.

Public financial corporation sector

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

Total public sector

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

Notes to the financial statements

For the year ended 30 June 2026

48. Elimination tables (continued)

a) Comprehensive operating statement

2025-26	GGs	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
REVENUE							
Taxation revenue	941 753		- 12 937	928 816			928 816
Current grants	6 903 222	231 705	- 250 760	6 884 167			6 884 167
Capital grants	416 320	74 852	- 12 848	478 324			478 324
Sales of goods and services	467 936	861 378	- 93 726	1 235 588	984	- 1 682	1 234 890
Interest income	260 322	7 972	- 1 193	267 101	583 886	- 583 855	267 132
Dividend and income tax equivalent income	85 135		- 37 370	47 764		- 47 764	
Other revenue	672 713	30 791	- 5 819	697 685	201	- 205	697 681
TOTAL REVENUE	9 747 401	1 206 698	- 414 653	10 539 445	585 070	- 633 506	10 491 009
<i>less</i> EXPENSES							
Employee benefits expense	3 572 446	132 468		3 704 914	430		3 705 344
Superannuation expenses							
Superannuation interest cost	122 452			122 452			122 452
Other superannuation expenses	359 596	25 496	- 1 842	383 249	52		383 301
Depreciation and amortisation	801 146	273 540	- 6 386	1 068 300			1 068 300
Other operating expenses	2 278 135	760 853	- 103 482	2 935 506	1 869	- 1 914	2 935 461
Interest expenses	540 882	136 821	- 1 836	675 867	534 982	- 583 855	626 994
Other property expenses	4 962	9 933	- 10 035	4 859	14 302	- 14 302	4 859
Current grants	1 327 783		- 66 396	1 261 387			1 261 387
Capital grants	265 937	436	- 72 852	193 521			193 521
Subsidies and personal benefit payments	239 822	1 690	- 164 436	77 075			77 075
TOTAL EXPENSES	9 513 161	1 341 236	- 427 266	10 427 131	551 635	- 600 071	10 378 695
<i>equals</i> NET OPERATING BALANCE	234 240	- 134 539	12 614	112 315	33 435	- 33 435	112 315
<i>plus</i> Other economic flows – included in operating result	- 145 209	- 90 630		- 235 839			- 235 839
<i>equals</i> OPERATING RESULT	89 030	- 225 169	12 614	- 123 525	33 435	- 33 435	- 123 525
<i>plus</i> Other economic flows – other comprehensive income	630 451	12 397	200 158	843 006	- 95	95	843 006
<i>equals</i> COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners	719 481	- 212 771	212 771	719 481	33 340	- 33 340	719 481
NET OPERATING BALANCE	234 240	- 134 539	12 614	112 315	33 435	- 33 435	112 315
<i>less</i> Net acquisition of non financial assets							
Purchases of non financial assets	1 172 961	440 844		1 613 804			1 613 804
Sales of non financial assets	- 30 678	- 3 219		- 33 897			- 33 897
<i>less</i> Depreciation	801 146	273 540	- 6 386	1 068 300			1 068 300
<i>plus</i> Change in inventories	9 423	22 229		31 653			31 653
<i>plus</i> Other movements in non financial assets	6 140	11 595	3 861	21 595			21 595
<i>equals</i> Total net acquisition of non financial assets	356 700	197 908	10 246	564 854			564 854
<i>equals</i> FISCAL BALANCE	- 122 461	- 332 447	2 368	- 452 540	33 435	- 33 435	- 452 540

GGs: general government sector; PNFC: public non financial corporation; NFPS: non financial public sector; PFC: public financial corporation

Notes to the financial statements

For the year ended 30 June 2026

48. Elimination tables (continued)

b) Balance sheet

2025-26	GGS	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS							
Financial assets							
Cash and deposits	1 242 143	240 317	- 232 180	1 250 280	132 974	- 132 974	1 250 280
Advances paid	121 333			121 333			121 333
Investments, loans and placements	3 326 716			3 326 716	13 885 199	- 13 885 199	3 326 716
Receivables	1 138 420	179 441	- 46 272	1 271 589	11 732	- 59 261	1 224 060
Equity investments							
Investments in other public sector entities	2 381 359		- 2 359 826	21 534		- 21 534	
Equity accounted investments							
Investments in shares	10 060			10 060			10 060
Other financial assets	84 430	3 072		87 502			87 502
Total financial assets	8 304 462	422 830	- 2 638 277	6 089 015	14 029 905	- 14 098 968	6 019 952
Non financial assets							
Inventories	31 792	236 322		268 114			268 114
Property, plant and equipment	22 926 454	4 643 882	- 21 230	27 549 106			27 549 106
Investment property	32 144			32 144			32 144
Intangible assets	379 193	104 043		483 236			483 236
Assets held for sale	5 690			5 690			5 690
Other non financial assets	173 628			173 628			173 628
Total non financial assets	23 548 900	4 984 247	- 21 230	28 511 917			28 511 917
TOTAL ASSETS	31 853 362	5 407 077	- 2 659 508	34 600 932	14 029 905	- 14 098 968	34 531 869
LIABILITIES							
Deposits held	616 882	3 595	- 232 180	388 298	672	- 132 974	255 995
Advances received	93 493			93 493	136 742	- 68 176	162 060
Borrowing	13 061 551	2 648 036	- 21 397	15 688 190	13 712 800	- 13 817 023	15 583 967
Superannuation	2 680 392			2 680 392			2 680 392
Other employee benefits	1 073 205	88 003		1 161 208	87		1 161 296
Payables	493 502	174 157	- 41 942	625 716	107 805	- 8 996	724 525
Other liabilities	1 652 073	133 627	- 4 329	1 781 371	50 265	- 50 264	1 781 371
TOTAL LIABILITIES	19 671 099	3 047 418	- 299 849	22 418 669	14 008 371	- 14 077 434	22 349 606
NET ASSETS	12 182 263	2 359 659	- 2 359 659	12 182 263	21 534	- 21 534	12 182 263
Contributed equity		658 113	- 658 113		18 714	- 18 714	
Accumulated funds	- 1 478 799	455 993	167	- 1 022 639	2 820		- 1 019 820
Reserves	13 661 062	1 245 553	- 1 701 712	13 204 902		- 2 820	13 202 083
NET WORTH	12 182 263	2 359 659	- 2 359 659	12 182 263	21 534	- 21 534	12 182 263
NET FINANCIAL WORTH ¹	- 11 366 637	- 2 624 588	- 2 338 429	- 16 329 654	21 534	- 21 534	- 16 329 654
NET FINANCIAL LIABILITIES ²	13 747 996	2 624 588	- 21 397	16 351 187	- 21 534		16 329 654
NET DEBT³	9 081 734	2 411 314	- 21 397	11 471 651	- 167 959		11 303 692

GGS: general government sector; PNFC: public non financial corporation; NFPS: non financial public sector; PFC: public financial corporation

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

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

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

Notes to the financial statements

For the year ended 30 June 2026

48. Elimination tables (continued)

c) Statement of changes in equity

2025-26	GGs	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Equity as at 30 June 2026							
Accumulated funds							
Accumulated funds – opening balance	- 1 621 977	691 810	- 40 248	- 970 415	2 914		- 967 501
Current year surplus/deficit (-)	89 030	- 225 169	12 614	- 123 525	33 435	- 33 435	- 123 525
Changes in accounting policy							
Transfers from reserves	- 13 760	15 959		2 199			2 199
Dividends paid/payable		- 27 801	27 801		- 33 435	33 435	
Other movements directly to equity	67 908	1 194		69 101	- 95		69 006
Total accumulated funds	- 1 478 799	455 993	167	- 1 022 639	2 820		- 1 019 820
Reserves							
Asset revaluation surplus	11 942 248	1 245 553		13 187 801			13 187 801
Asset realisation surplus							
Derivative revaluation surplus							
Investments in public sector entities revaluation surplus	1 704 532		- 1 701 712	2 820		- 2 820	
Other reserves	14 282			14 282			14 282
Total reserves	13 661 062	1 245 553	- 1 701 712	13 204 902		- 2 820	13 202 083
Capital – transactions with owners		658 113	- 658 113		18 714	- 18 714	
Equity injections							
Capital appropriation							
Equity transfers in							
Other equity injections							
Specific purpose payments							
National partnership payments							
Commonwealth – capital							
Equity withdrawals							
Capital withdrawals							
Equity transfers out							
Total capital – transactions with owners		658 113	- 658 113		18 714	- 18 714	
TOTAL EQUITY AT END OF FINANCIAL YEAR	12 182 263	2 359 659	- 2 359 659	12 182 263	21 534	- 21 534	12 182 263

GGs: general government sector; PNFC: public non financial corporation; NFPS: non financial public sector; PFC: public financial corporation

Notes to the financial statements

For the year ended 30 June 2026

48. Elimination tables (continued)

d) Cash flow statement

2025-26	GGS	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash receipts from operating activities							
Taxes received	899 054		- 12 934	886 121			886 121
Receipts from sales of goods and services	499 299	841 720	- 106 072	1 234 947	977	- 1 583	1 234 341
Grants and subsidies received	7 101 728	299 252	- 298 585	7 102 394			7 102 394
Interest receipts	262 008	7 714	- 1 148	268 574	580 947	- 580 947	268 574
Dividends and income tax equivalents	81 740		- 47 690	34 051		- 34 051	
Other receipts	882 539	32 890	15 734	931 163	2 791	- 2 705	931 249
Total operating receipts	9 726 369	1 181 576	- 450 695	10 457 250	584 715	- 619 285	10 422 679
Cash payments for operating activities							
Income tax equivalents paid		- 19 776	19 776		- 10 188	10 188	
Payments for employees	- 4 039 427	- 166 107	16 328	- 4 189 206	- 490		- 4 189 696
Payment for goods and services	- 2 639 276	- 773 700	79 645	- 3 333 331	- 4 791	4 315	- 3 333 807
Grants and subsidies paid	- 1 830 920	- 1 690	298 585	- 1 534 024			- 1 534 024
Interest paid	- 528 375	- 134 153	1 791	- 660 736	- 518 801	580 947	- 598 591
Other payments	- 14 543	- 151	109	- 14 585			- 14 585
Total operating payments	- 9 052 541	- 1 095 576	416 235	- 9 731 882	- 534 270	595 450	- 9 670 703
NET CASH FLOWS FROM OPERATING ACTIVITIES	673 827	86 000	- 34 460	725 367	50 445	- 23 836	751 976
Cash flows from investments in non financial assets							
Sales of non financial assets	30 678	3 219		33 897			33 897
Purchases of non financial assets	- 1 171 150	- 440 844		- 1 611 993			- 1 611 993
Net cash flows from investments in non financial assets	- 1 140 471	- 437 625		- 1 578 096			- 1 578 096
NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS	- 466 644	- 351 625	- 34 460	- 852 729	50 445	- 23 836	- 826 120
Net cash flows from investments in financial assets for policy purposes ¹	13 857			13 857			13 857
Net cash flows from investments in financial assets for liquidity purposes	- 318 923	1 151		- 317 771	- 1 664 201	1 664 201	- 317 771
NET CASH FLOWS FROM INVESTING ACTIVITIES	- 1 445 537	- 436 473		- 1 882 010	- 1 664 201	1 664 201	- 1 882 010
Net cash flows from financing activities							
Advances received (net)	- 17 789			- 17 789	- 10 273	17 821	- 10 241
Borrowing (net)	1 101 176	392 515	6 339	1 500 030	1 520 360	- 1 682 022	1 338 368
Deposits received (net)	- 65 362	1 099	- 25 709	- 89 972	218	127 287	37 533
Dividends paid		- 28 120	28 120		- 23 836	23 836	
Other financing (net)	- 298			- 298			- 298
NET CASH FLOWS FROM FINANCING ACTIVITIES	1 017 726	365 493	8 750	1 391 970	1 486 470	- 1 513 079	1 365 361

Notes to the financial statements

For the year ended 30 June 2026

48. Elimination tables (continued)

d) Cash flow statement (continued)

	GGs	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
NET INCREASE/DECREASE (-) IN CASH HELD	246 017	15 020	- 25 709	235 328	- 127 287	127 287	235 328
Net cash flows from operating activities	673 827	86 000	- 34 460	725 367	50 445	- 23 836	751 976
Net cash flows from investments in non financial assets	- 1 140 471	- 437 625		- 1 578 096			- 1 578 096
Dividends paid		- 28 120	28 120		- 23 836	23 836	
CASH SURPLUS/DEFICIT (-)	- 466 644	- 379 745	- 6 339	- 852 729	26 609		- 826 120
Future infrastructure and superannuation contributions/earnings	- 90 561			- 90 561			- 90 561
UNDERLYING SURPLUS/DEFICIT (-)	- 557 205	- 379 745	- 6 339	- 943 290	26 609		- 916 681

GGs: general government sector; PNFC: public non financial corporation; NFPS: non financial public sector; PFC: public financial corporation
1 Includes equity acquisitions, disposals and privatisations (net).

Notes to the financial statements

For the year ended 30 June 2026

48. Elimination tables (continued)

e) Comprehensive operating statement

2024-25	GGS	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
REVENUE							
Taxation revenue	826 058		- 12 780	813 278			813 278
Current grants	6 049 032	255 125	- 366 125	5 938 032			5 938 032
Capital grants	300 966	165 502	- 72 483	393 985			393 985
Sales of goods and services	463 464	867 171	- 86 499	1 244 137	967	- 1 588	1 243 516
Interest income	217 096	8 984	- 488	225 591	490 638	- 490 248	225 982
Dividend and income tax equivalent income	62 107		- 28 056	34 051		- 34 051	
Other revenue	451 318	24 042	- 35 325	440 035	30	- 34	440 031
TOTAL REVENUE	8 370 041	1 320 824	- 601 756	9 089 109	491 635	- 525 921	9 054 824
<i>less</i> EXPENSES							
Employee benefits expense	3 355 188	126 506		3 481 694	532		3 482 225
Superannuation expenses							
Superannuation interest cost	125 254			125 254			125 254
Other superannuation expenses	355 200	24 535	- 2 918	376 817	73		376 890
Depreciation and amortisation	772 007	259 984	- 5 988	1 026 003			1 026 003
Other operating expenses	2 010 453	815 254	- 124 226	2 701 480	1 819	- 1 644	2 701 656
Interest expenses	478 521	105 109	- 1 380	582 250	455 182	- 490 248	547 184
Other property expenses	4 369	18 220	- 18 357	4 232	10 194	- 10 194	4 232
Current grants	1 317 734		- 67 802	1 249 932			1 249 932
Capital grants	571 923		- 164 383	407 540			407 540
Subsidies and personal benefit payments	265 351	1 617	- 187 323	79 645			79 645
TOTAL EXPENSES	9 255 999	1 351 224	- 572 377	10 034 846	467 800	- 502 085	10 000 562
<i>equals</i> NET OPERATING BALANCE	- 885 959	- 30 400	- 29 378	- 945 737	23 835	- 23 835	- 945 737
<i>plus</i> Other economic flows – included in operating result	- 214 926	- 118 803		- 333 730			- 333 730
<i>equals</i> OPERATING RESULT	- 1 100 885	- 149 203	- 29 378	- 1 279 467	23 835	- 23 835	- 1 279 467
<i>plus</i> Other economic flows – other comprehensive income	704 891	8 424	170 158	883 472	- 2	3	883 473
<i>equals</i> COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners	- 395 994	- 140 780	140 780	- 395 994	23 833	- 23 833	- 395 994
NET OPERATING BALANCE	- 885 959	- 30 400	- 29 378	- 945 737	23 835	- 23 835	- 945 737
<i>less</i> Net acquisition of non financial assets							
Purchases of non financial assets	1 233 903	446 052		1 679 956			1 679 956
Sales of non financial assets	- 36 841	- 348		- 37 189			- 37 189
<i>less</i> Depreciation	772 007	259 984	- 5 988	1 026 003			1 026 003
<i>plus</i> Change in inventories	3 200	- 5 585		- 2 385			- 2 385
<i>plus</i> Other movements in non financial assets	83 778	2 111	8 401	94 290			94 290
<i>equals</i> Total net acquisition of non financial assets	512 034	182 246	14 389	708 669			708 669
<i>equals</i> FISCAL BALANCE	- 1 397 993	- 212 647	- 43 767	- 1 654 407	23 835	- 23 835	- 1 654 407

GGS: general government sector; PNFC: public non financial corporation; NFPS: non financial public sector; PFC: public financial corporation

Notes to the financial statements

For the year ended 30 June 2026

48. Elimination tables (continued)

f) Balance sheet

2024-25	GGs	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS							
Financial assets							
Cash and deposits	996 126	225 297	- 206 471	1 014 952	260 261	- 260 261	1 014 952
Advances paid	141 580			141 580			141 580
Investments, loans and placements	2 946 764			2 946 764	12 220 998	- 12 220 998	2 946 764
Receivables	835 962	160 899	- 46 098	950 763	6 630	- 40 535	916 858
Equity investments							
Investments in other public sector entities	2 581 611		- 2 559 983	21 628		- 21 628	
Equity accounted investments							
Investments in shares	7 758			7 758			7 758
Other financial assets	84 575	4 112		88 687			88 687
Total financial assets	7 594 378	390 308	- 2 812 552	5 172 134	12 487 889	- 12 543 422	5 116 600
Non financial assets							
Inventories	22 368	214 093		236 461			236 461
Property, plant and equipment	21 848 544	4 551 252	- 25 883	26 373 913			26 373 913
Investment property	31 897			31 897			31 897
Intangible assets	362 511	71 461		433 972			433 972
Assets held for sale	18 462	2 518		20 980			20 980
Other non financial assets	172 822			172 822			172 822
Total non financial assets	22 456 604	4 839 325	- 25 883	27 270 046			27 270 046
TOTAL ASSETS	30 050 981	5 229 632	- 2 838 434	32 442 179	12 487 889	- 12 543 422	32 386 646
LIABILITIES							
Deposits held	682 244	2 496	- 206 471	478 270	454	- 260 261	218 463
Advances received	111 283			111 283	147 015	- 85 997	172 301
Borrowing	11 847 392	2 235 379	- 25 711	14 057 060	12 184 159	- 12 135 001	14 106 218
Superannuation	2 856 009			2 856 009			2 856 009
Other employee benefits	1 005 189	81 663		1 086 852	122		1 086 975
Payables	410 551	165 216	- 30 306	545 461	100 458	- 6 484	639 435
Other liabilities	1 675 530	144 646	24 285	1 844 461	34 053	- 34 051	1 844 463
TOTAL LIABILITIES	18 588 199	2 629 401	- 238 203	20 979 397	12 466 260	- 12 521 794	20 923 864
NET ASSETS	11 462 782	2 600 231	- 2 600 231	11 462 782	21 628	- 21 628	11 462 782
Contributed equity		658 113	- 658 113		18 714	- 18 714	
Accumulated funds	- 1 621 977	691 810	- 40 248	- 970 415	2 914		- 967 501
Reserves	13 084 759	1 250 308	- 1 901 870	12 433 197		- 2 914	12 430 283
NET WORTH	11 462 782	2 600 231	- 2 600 231	11 462 782	21 628	- 21 628	11 462 782
NET FINANCIAL WORTH ¹	- 10 993 821	- 2 239 093	- 2 574 349	-15 807 263	21 628	- 21 628	- 15 807 263
NET FINANCIAL LIABILITIES ²	13 575 433	2 239 093	14 366	15 828 892	- 21 628		15 807 263
NET DEBT³	8 556 449	2 012 579	- 25 711	10 543 316	- 149 631		10 393 685

GGs: general government sector; PNFC: public non financial corporation; NFPS: non financial public sector; PFC: public financial corporation

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

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

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

Notes to the financial statements

For the year ended 30 June 2026

48. Elimination tables (continued)

g) Statement of changes in equity

2024-25	GGs	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Equity as at 30 June 2025							
Accumulated funds							
Accumulated funds – opening balance	- 626 170	835 307	- 21 103	188 034	2 917		190 951
Current year surplus/deficit (-)	- 1 100 885	- 149 203	- 29 378	- 1 279 467	23 835	- 23 835	- 1 279 467
Changes in accounting policy							
Transfers from reserves	6 770	17 139		23 909			23 909
Dividends paid/payable		- 10 233	10 233		- 23 835	23 835	
Other movements directly to equity	98 308	- 1 200		97 108	- 2		97 106
Total accumulated funds	- 1 621 977	691 810	- 40 248	- 970 415	2 914		- 967 501
Reserves							
Asset revaluation surplus	11 166 321	1 250 308		12 416 629			12 416 629
Asset realisation surplus							
Derivative revaluation surplus							
Investments in public sector entities revaluation surplus	1 904 784		- 1 901 870	2 914		- 2 914	
Other reserves	13 654			13 654			13 654
Total reserves	13 084 759	1 250 308	- 1 901 870	12 433 197		- 2 914	12 430 283
Capital – transactions with owners		658 113	- 658 113		18 714	- 18 714	
Equity injections							
Capital appropriation							
Equity transfers in							
Other equity injections							
Specific purpose payments							
National partnership payments							
Commonwealth – capital							
Equity withdrawals							
Capital withdrawals							
Equity transfers out							
Total capital – transactions with owners		658 113	- 658 113		18 714	- 18 714	
TOTAL EQUITY AT END OF FINANCIAL YEAR	11 462 782	2 600 231	- 2 600 231	11 462 782	21 628	- 21 628	11 462 782

GGs: general government sector; PNFC: public non financial corporation; NFPS: non financial public sector; PFC: public financial corporation

Notes to the financial statements

For the year ended 30 June 2026

48. Elimination tables (continued)

h) Cash flow statement

2024-25	GGs	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash receipts from operating activities							
Taxes received	800 485		- 12 783	787 702			787 702
Receipts from sales of goods and services	443 962	850 414	- 63 954	1 230 422	968	- 1 589	1 229 801
Grants and subsidies received	6 184 577	421 063	- 413 690	6 191 949			6 191 949
Interest receipts	215 518	8 972	- 472	224 018	491 441	- 491 441	224 018
Dividends and income tax equivalents	69 439		- 13 668	55 771		- 55 771	
Other receipts	749 092	21 804	- 32 973	737 923	34	- 34	737 923
Total operating receipts	8 463 073	1 302 253	- 537 541	9 227 785	492 444	- 548 835	9 171 394
Cash payments for operating activities							
Income tax equivalents paid		- 4 120	4 120		- 16 710	16 710	
Payments for employees	- 3 802 004	- 157 427	14 652	- 3 944 779	- 675		- 3 945 454
Payment for goods and services	- 2 285 864	- 747 975	88 440	- 2 945 399	- 1 819	1 644	- 2 945 573
Grants and subsidies paid	- 1 940 650	- 1 617	413 690	- 1 528 577			- 1 528 577
Interest paid	- 480 857	- 104 138	1 364	- 583 630	- 437 060	491 441	- 529 249
Other payments	- 16 791	- 7 952	142	- 24 602			- 24 602
Total operating payments	- 8 526 165	- 1 023 230	522 408	- 9 026 987	- 456 264	509 795	- 8 973 455
NET CASH FLOWS FROM OPERATING ACTIVITIES	- 63 092	279 023	- 15 133	200 799	36 180	- 39 040	197 939
Cash flows from investments in non financial assets							
Sales of non financial assets	36 841	348		37 189			37 189
Purchases of non financial assets	- 1 244 006	- 446 052	- 977	- 1 691 035			- 1 691 035
Net cash flows from investments in non financial assets	- 1 207 165	- 445 704	- 977	- 1 653 847			- 1 653 847
NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS	- 1 270 257	- 166 681	- 16 110	- 1 453 048	36 180	- 39 040	- 1 455 907
Net cash flows from investments in financial assets for policy purposes ¹	2 679			2 679			2 679
Net cash flows from investments in financial assets for liquidity purposes	- 116 067	1 095		- 114 972	- 1 506 701	1 506 701	- 114 972
NET CASH FLOWS FROM INVESTING ACTIVITIES	- 1 320 553	- 444 609	- 977	- 1 766 140	- 1 506 701	1 506 701	- 1 766 140
Net cash flows from financing activities							
Advances received (net)	- 14 436			- 14 436	- 9 817	14 459	- 9 794
Borrowing (net)	1 207 319	132 880	6 095	1 346 294	1 374 176	-1 521 160	1 199 310
Deposits received (net)	- 235 437	- 397	55 397	- 180 437	- 326	145 527	- 35 236
Dividends paid		- 10 015	10 015		- 39 040	39 040	
Other financing (net)	498			498			498

Notes to the financial statements

For the year ended 30 June 2026

48. Elimination tables (continued)

h) Cash flow statement (continued)

	GGS	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
NET CASH FLOWS FROM FINANCING ACTIVITIES	957 945	122 467	71 507	1 151 919	1 324 994	- 1 322 134	1 154 779
NET INCREASE/DECREASE (-) IN CASH HELD	- 425 700	- 43 119	55 397	- 413 422	- 145 527	145 527	- 413 422
Net cash flows from operating activities	- 63 092	279 023	- 15 133	200 799	36 180	- 39 040	197 939
Net cash flows from investments in non financial assets	- 1 207 165	- 445 704	- 977	- 1 653 847			- 1 653 847
Dividends paid		- 10 015	10 015		- 39 040	39 040	
CASH SURPLUS/DEFICIT (-)	- 1 270 257	- 176 696	- 6 095	- 1 453 048	- 2 859		- 1 455 907
Future infrastructure and superannuation contributions/ earnings	- 67 309			- 67 309			- 67 309
UNDERLYING SURPLUS/DEFICIT (-)	- 1 337 566	- 176 696	- 6 095	- 1 520 357	- 2 859		- 1 523 216

GGS: general government sector; PNFC: public non financial corporation; NFPS: non financial public sector; PFC: public financial corporation

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

49. Government Finance Statistics/generally accepted accounting principles reconciliation

The financial statements contained in this report are based on AASB 1049, which harmonises GFS and generally accepted accounting principles (GAAP) with the objective of improving the transparency of government financial statements. While there is a general consistency between AASB 1049 and the GFS, there are differences between AASB 1049 and GFS regarding the treatment of a number of items. Consequently, the fiscal aggregates measured in accordance with the GFS and those measured with AASB 1049 can be expected to diverge.

This note discloses the key fiscal aggregates determined under the two reporting standards and provides detailed explanations of the differences between GFS and GAAP measurements, a requirement of AASB 1049 to provide users with information on GFS/GAAP convergence differences. In previous years, convergence differences were easily quantifiable, however following the adoption of new accounting standards on leases and revenue, the convergence differences can no longer be quantified with accuracy.

Accordingly, the following qualitative explanations of differences in the calculation of key fiscal aggregates between the two reporting standards are detailed below.

Key fiscal aggregates

Fiscal aggregates are financial indicators used for macroeconomic analysis purposes including assessing the impact of the financial transactions of governments and its sectors on the economy. These measures are derived from the financial statements.

Notes to the financial statements

For the year ended 30 June 2026

49. Government Finance Statistics/generally accepted accounting principles reconciliation (continued)

Net operating balance

The net operating balance is calculated as income from transactions less expenses from transactions for both GFS and GAAP, excluding gains and losses resulting from changes in price levels and other changes in the volume of assets. Treatment of expenses relating to leases, concessional loans and financial guarantee liabilities, and dividend income from public non financial and public financial corporations are known divergence differences applicable to the net operating balance.

Fiscal balance

The fiscal balance, also referred to as net lending/borrowing, is calculated as the net operating balance less the net acquisition of non financial assets. The measure will diverge due to the same factors affecting the net operating balance discussed above, combined with the upfront recognition of leases as detailed later in this note.

Total change in net worth

The total change in net worth (comprehensive result) is calculated as revenue from transactions less expenses from transactions, plus other economic flows that measure the variation in government's accumulated assets and liabilities. Variances between GFS and GAAP in this aggregate relate to conceptual differences between the standards for items reported in the comprehensive operating statement.

Net worth

Net worth is calculated as total assets less total liabilities under GAAP, while for GFS it excludes the Territory's shares and other contributed capital in the public non financial corporation and public financial corporation sectors. GFS also reports a zero net worth for public non financial corporation and public financial corporation sectors, as the shares and other contributed equity represent a liability to the Territory as the owner. Under GAAP, the general government sector equity investments in public non financial corporation and public financial corporation sectors are measured at the fair value of government's proportional share of the carrying amount of net assets in public non financial corporation and public financial corporation sector entities.

Convergence differences

The convergence differences between GFS/GAAP and their expected impacts applying GFS methodology are detailed below.

Leases

Under AASB 16, the distinction between operating and finance leases from the perspective of the lessee has been removed. GFS continues to maintain a distinction and therefore a convergence difference between GAAP and GFS arises in the comprehensive operating statement and balance sheet, impacting all fiscal aggregates.

Under GAAP, lease assets and liabilities are recognised for all leases other than short-term leases and leases of low-value assets, whereas for GFS, lease assets and liabilities are only recognised for finance lease arrangements in accordance with superseded accounting standard AASB 117 *Leases*.

Notes to the financial statements

For the year ended 30 June 2026

49. Government Finance Statistics/generally accepted accounting principles reconciliation (continued)

Revenue

Under GAAP, the recognition of grant revenue from the Commonwealth may be deferred to align with satisfaction of specific performance obligations where the agreements satisfy provisions in AASB 15 *Revenue from contracts with customers* or for capital grants revenue recognised in accordance with AASB 1058 *Income of not-for-profit entities*.

For GFS, the deferral of revenue is not recognised and revenue recognition is aligned to the Commonwealth's cash payment. This timing difference is expected to impact all key fiscal aggregates. While it is expected there will not be a net change to the fiscal aggregates over time, there will be convergence differences in any given year.

In addition, the Territory receives certain payments from the Commonwealth that are required to be passed on to recipients as determined by the Commonwealth. Most of these payments relate to grants for local government authorities. As the Territory has no control over the on-passed arrangement, they are not recognised as revenues and expenses in accordance with GAAP, however under GFS the on-passing arrangements are recognised as revenues and expenses.

Dividends to owners by the public non financial corporation and public financial corporation sectors

Under GAAP, dividends are treated as a distribution to owners and therefore a direct reduction of accumulated funds, whereas GFS recognises dividends to owners by the public non financial corporation and public financial corporation sectors as a GFS expense. This difference does not flow through to the total public sector as dividends are eliminated on consolidation.

Bad and doubtful debts

Under GAAP, the provision for expected credit losses previously referred to as 'provision for doubtful debts' is recognised on the balance sheet and doubtful debts expense is recognised in the comprehensive operating statement within 'other economic flows'. Under GFS, doubtful debts are not recognised until the debt is deemed irrecoverable and written off.

Investments in other public sector entities

Under GAAP, the valuation of equity investments in other sectors is equivalent to their net assets (assets less liabilities), thus includes provision for expected credit losses, and lease assets and liabilities for most leases.

The measurement of net assets differs for GFS as a result of the flow-on effects of the recognition differences to provide for expected credit losses and leases.

Net worth of public non financial corporation and public financial corporation sectors

Under GAAP, the public non financial corporation and public financial corporation sectors report net worth as assets less liabilities. For GFS purposes, the public non financial corporation and public financial corporation sectors report zero net worth as GFS treats the ownership interest as a liability.

Additional financial
information (unaudited)

Additional financial information

This section provides additional information to supplement the whole of government and sectoral tables presented in the audited section of the consolidated financial statements, and includes information on:

- Treasurer's Advance items approved for agencies, to meet one-off unexpected costs
- supplementary tables relating to taxes, grant revenue and expenses, dividends and income tax equivalents, and purchases of non financial assets, as required by the UPF
- classification of entities in the Northern Territory Public Sector
- list of acronyms and abbreviations
- explanation of terms used throughout this TAFR.

Treasurer's Advance

Treasurer's Advance is an appropriation purpose specified in the *Appropriation Act*. The Treasurer's Advance is used to meet one-off unexpected costs arising during a financial year that are substantial enough to warrant additional appropriation (end of year pool). It is also the legal mechanism to fund all new government decisions affecting a financial year that require additional output appropriation to be paid to agencies.

The Treasurer's Advance end of year funding pool is available for distribution to agencies to meet one-off unexpected costs is set in accordance with the FMA and lapses at the end of each financial year.

For 2025-26, the Treasurer's Advance was set at \$190 million, comprising \$50 million for the end-of-year pool, and \$140 million set aside to fund expected budget pressures. As part of the 2026-27 Budget process, \$137.6 million was allocated to agencies as new funding decisions to address budget pressures in frontline health and correctional services. The remaining \$2.4 million unallocated budget capacity was added to the end-of-year pool, bringing the total pool to \$52.4 million. Of this amount, \$51.6 million was allocated to agencies in June 2026 to meet unexpected costs, in accordance with section 18 of the FMA. Details of these items are provided in the following table.

Due to unprecedented disaster-related expenditure of \$131 million in the general government sector combined with limited Treasurer's Advance capacity, only \$4.1 million was funded through Treasurer's Advance in 2025-26. The remaining costs were absorbed within agencies' existing resources and may result in net budget overspends reported in their respective financial statements.

Treasurer's Advance for 2025-26

Agency/Purpose	Amount
	\$000
Department of the Chief Minister and Cabinet	8 900
Purchase of diesel for a Strategic Fuel Reserve	6 690
Legal costs	1 470
Reviews of agencies' operational and workforce structures	450
Energy security related costs	230
State funerals	60
Northern Territory Electoral Commission	220
Nightcliff by-election	220
Northern Territory Police Force	2 646
Legal costs	2 646
Department of Agriculture and Fisheries	1 196
National biosecurity cost sharing arrangement	821
Legal costs	226
Disaster recovery arrangements	149
Department of Mining and Energy	1 871
INPEX concessional subsidies	1 252
Legal costs	619
Department of Tourism and Hospitality	11 300
Thoroughbred racing additional costs	10 352
Disaster recovery arrangements	948
Department of Health	11 567
Meal break allowance and public holiday back payment	5 223
Legal costs	4 727
Disaster recovery arrangements	1 123
Syphilis outbreak management costs	494
Department of Lands, Planning and Environment	9 129
Home Building Certification Fund rectification works	8 919
National Tropical Weeds Eradication Program	120
Legal costs	90
Department of Trade, Business and Asian Relations	1 795
Disaster recovery arrangements	1 694
Legal costs	101
Department of Children and Families	2 580
Legal costs	2 580
Department of People, Sport and Culture	432
Legal costs	262
Disaster recovery arrangements	170
Total Treasurer's Advance payments	51 636

Uniform presentation framework supplementary tables

The following tables are required by the UPF and provide detailed information on taxes, grant revenue and expenses, dividends and income tax equivalents, and purchases of non financial assets.

General government sector taxes

	2025-26 Actual	2024-25 Actual
	\$M	\$M
Taxes on employers' payroll and labour force	340	339
Payroll taxes	340	339
Taxes on property	268	193
Stamp duties on financial and capital transactions	268	193
Taxes on the provision of goods and services	226	191
Taxes on gambling	148	115
Taxes on insurance	78	76
Taxes on the use of goods and performance of activities	108	104
Motor vehicle registration fees	105	101
Other	3	3
Total taxes	942	826

General government sector grant revenue

	2025-26 Actual	2024-25 Actual
	\$M	\$M
Current grant revenue		
Current grants from the Commonwealth		
National partnership payments	661	660
Specific purpose payments	604	521
General purpose grants	5 638	4 868
Total current grant revenue	6 903	6 049
Capital grant revenue		
Capital grants from the Commonwealth		
National partnership payments	393	258
Specific purpose payments	8	24
General purpose grants	15	19
Total capital grant revenue	416	301
Total grant revenue	7 319	6 350

General government sector grant expense

	2025-26 Actual	2024-25 Actual
	\$M	\$M
Current grant expense including subsidies and personal benefit payments		
Local government	95	93
Northern Territory Government schools	139	128
Private and not-for-profit sector	945	951
Other sectors of government	231	255
Other	159	156
Total current grant expenses including subsidies and personal benefit payments	1 569	1 583
Capital grant expense		
Local government	62	74
Private and not-for-profit sector	129	332
Other sectors of government	73	164
Other	3	2
Total capital grant expense	266	572
Total grant expense	1 834	2 155

General government sector dividend and income tax equivalent income

	2025-26 Actual	2024-25 Actual
	\$M	\$M
Dividend and income tax equivalent income from public non financial corporation sector	38	28
Dividend and income tax equivalent income from public financial corporation sector	47	34
Total dividend and income tax equivalent income	85	62

General government sector purchases of non financial assets by function

	2025-26 Actual	2024-25 Actual
	\$M	\$M
General public services	1	2
Public order and safety	119	83
Economic affairs	251	201
Environmental protection	13	13
Housing and community amenities	361	377
Health	100	101
Recreation, culture and religion	65	83
Education	23	35
Social protection	3	8
Transport	236	331
Total purchases of non financial assets	1 173	1 234

Reported by Classifications of Functions of Government – Australia

Non financial public sector purchases of non financial assets by function

	2025-26 Actual	2024-25 Actual
	\$M	\$M
General public services	1	2
Public order and safety	119	83
Economic affairs	550	499
Environmental protection	13	13
Housing and community amenities	503	525
Health	100	101
Recreation, culture and religion	65	83
Education	23	35
Social protection	3	8
Transport	236	331
Total expenditure	1 614	1 680

Reported by Classifications of Functions of Government – Australia

Non financial public sector total expenditure by function

	2025-26 Actual	2024-25 Actual
	\$M	\$M
General public services	905	803
Public order and safety	1 568	1 340
Economic affairs	1 669	1 954
Environmental protection	189	187
Housing and community amenities	1 711	1 518
Health	2 587	2 530
Recreation, culture and religion	299	306
Education	1 565	1 517
Social protection	772	721
Transport	742	803
Total expenditure	12 007	11 678

Reported by Classifications of Functions of Government – Australia

Total expenditure comprises operating expenses and purchases of non financial assets.

Appendix A: Classification of entities in the Northern Territory

Total public sector

Non financial public sector

General government sector

Aboriginal Areas Protection Authority
 Attorney-General's Department
 Auditor-General's Office
 AustralAsia Railway Corporation¹
 Batchelor Institute of Indigenous Tertiary Education¹
 Central Holding Authority
 Darwin Waterfront Corporation¹
 Data Centre Services²
 Department of Agriculture and Fisheries
 Department of the Chief Minister and Cabinet
 Department of Children and Families
 Department of Corporate and Digital Development
 Department of Corrections
 Department of Education and Training
 Department of Health
 Department of Housing, Local Government and Community Development
 Department of Lands, Planning and Environment
 Department of the Legislative Assembly
 Department of Logistics and Infrastructure
 Department of Mining and Energy
 Department of People, Sport and Culture
 Department of Tourism and Hospitality
 Department of Trade, Business and Asian Relations
 Department of Treasury and Finance
 Desert Knowledge Australia¹
 Motor Accidents (Compensation) Commission¹
 Museums and Art Galleries Board of the Northern Territory¹
 Nominal Insurer's Fund¹
 Northern Territory Electoral Commission
 Northern Territory Fire and Emergency Service
 Northern Territory Legal Aid Commission¹
 Northern Territory Major Events Company Pty Ltd¹
 Northern Territory Police Force
 NT Build¹
 NT Fleet²
 NT Home Ownership²
 Office of the Independent Commissioner Against Corruption⁴
 Office of the Integrity and Ethics Commissioner⁴
 Ombudsman's Office⁴
 Territory Wildlife Parks²

Public non financial corporations sector

Indigenous Essential Services Pty Ltd¹

Jacana Energy^{1, 3}

Land Development Corporation²

Power and Water Corporation^{1, 3}

Territory Generation^{1, 3}

Public financial corporation sector

Northern Territory Treasury Corporation²

1 Non-budget sector entity.

2 Government business division.

3 Government owned corporation.

4 Reflects the merge of the Independent Commissioner Against Corruption, Ombudsman, Information Commissioner, and Health and Community Services Complaints Commissioner from 1 July 2026.

Appendix B: Abbreviations and acronyms

AARC	AustralAsia Railway Corporation	ICT	information and communications technology
AASB	Australian Accounting Standards Board	KMP	key management personnel
ABS	Australian Bureau of Statistics	LAMS	Legislative Assembly Members' Superannuation
ATO	Australian Taxation Office	MAC	Motor Accidents Compensation
CGC	Commonwealth Grants Commission	MACC	Motor Accidents Compensation Commission
CHA	Central Holding Authority	MLA	Member of the Legislative Assembly
COFOG-A	<i>Classification of the functions of government – Australia</i>	n/a	not applicable
COSR	Conditions of Service Reserve	NAIF	Northern Australia Infrastructure Facility
CPI	consumer price index	n.e.c.	not elsewhere classified
CSS	Commonwealth Superannuation Scheme	NFPS	non financial public sector
DRFA	Disaster Recovery Funding Arrangements	NTGDIS	Northern Territory Government Death and Invalidity Scheme
DTBAR	Department of Trade, Business and Asian Relations	NTGPASS	Northern Territory Government and Public Authorities' Superannuation Scheme
FITA	<i>Fiscal Integrity and Transparency Act 2001</i>	NTPSBS	Northern Territory Police Supplementary Benefit Scheme
FMA	<i>Financial Management Act 1995</i>	NTSSS	Northern Territory Supplementary Superannuation Scheme
FVOCI	fair value through other comprehensive income	NTTC	Northern Territory Treasury Corporation
FVTPL	fair value through profit or loss	PFC	public financial corporations
GAAP	generally accepted accounting principles	PNFC	public non financial corporations
GFS	Government Finance Statistics	PWC	Power and Water Corporation
GFS Manual	<i>Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2015 and Amendments to Australian System of Government Finance Statistics, 2015</i>	TAFR	Treasurer's Annual Financial Report
GGS	general government sector	UPF	Uniform Presentation Framework
GST	goods and services tax		

Appendix C: Explanation of terms

Accountable Officer's Trust Account

Established under section 7(1) of the *Financial Management Act 1995* to enable agencies to hold money in trust for another person or entity. Transactions in these accounts are excluded from the Public Account and reported operating activities of government.

Accrual accounting

An accounting basis where assets, liabilities, equity, income and expenses are recognised in the reporting periods to which they relate, regardless of when a cash payment is received or paid.

Australian accounting standards

Statements of accounting standards (from the Australian Accounting Standards Board) that are applied in preparation and presentation of financial statements.

Borrowings

Receipt of money, property or other value with an obligation to repay, regardless of whether or not the repayment is of equal value. It includes loans, the issue of debentures, bonds or stock, discounted securities, promissory notes, the lease of real or personal property, or any other arrangement where there is an obligation to repay.

Capital grants expense/revenue

Transfers of assets from one unit to another, for which no economic benefit of equal value are receivable or payable in return. Includes transfers of ownership of assets (other than cash and inventories), transfers of cash to enable recipients to acquire another asset, and transfers of funds realised from the disposal of assets.

Capital works

Infrastructure projects involving building and engineering works that create or improve government owned assets, as well as constructing or installing facilities and fixtures associated with and forming an integral part of those works.

Cash surplus/deficit

Net impact of cash flows during the period. A key fiscal aggregate reported in the cash flow statement, cash surplus/deficit is a useful indicator of the Territory's need to call on financial markets to meet its budget obligations. It equals net cash flows from operating activities plus net cash flows from acquisition and disposal of non financial assets, less distributions paid.

Central Holding Authority

Parent financial entity of government. It receives all Territory own-source revenue collected by other agencies on behalf of the Territory, except revenue permitted by legislation to be retained by an agency. It also receives most Commonwealth income, including GST revenue, national partnership and specific purpose payments, and then distributes this funding to agencies in the form of appropriations.

Change in net worth

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

Classifications of functions of government – Australia

A framework to classify government outlays or expenditure by the purpose served, for example, health or education, which is based on classifications set by the Australian Bureau of Statistics in the government finance statistics manual.

Commitment

A binding agreement for the exchange of a specified quantity of resources at a specified price on a specified future date or dates. Includes commitments for the acquisition or construction of capital items arising from non-cancellable contractual or statutory sources that are not recognised as a liability on the Territory's balance sheet.

Commonwealth Grants Commission

A Commonwealth statutory body that makes recommendations to the Commonwealth Treasurer on how revenues raised from GST should be distributed to states and territories.

Community service obligation

Arises when the government requires a government business division or government owned corporation to carry out activities it would not choose to do on a commercial basis or would only do so at higher commercial prices. Community service obligation funding allows the government to achieve identifiable community or social objectives that would not be achieved if left solely to commercial considerations.

Comprehensive result

Fiscal aggregate reported in the operating statement. The net result of all items of income and expense recognised for the period, it is the aggregate of operating result and other movements in assets and liabilities, other than transactions with owners in their capacity as owners. It equals revenue from transactions less expenses from transactions plus other economic flows.

Contingent liability

A potential financial obligation arising out of a condition, situation, guarantee or indemnity, the ultimate effect of which will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events not wholly in control of the Territory. It also includes present liabilities that arise from past events where it is not probable the Territory will be required to settle the liability, or the amount of the obligation cannot be reliably estimated.

Convergence difference

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

Current grants expense/revenue

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

Depreciation and amortisation

An expense that represents the cost of assets (both tangible and intangible) over their useful life, to account for declines in value over time due to usage, wear and tear, and obsolescence.

Doubtful debt

A debt treated as an expected credit loss and for which a provision has been made.

Eliminations

Adjustments relating to interrelated transactions or entries between entities within the sectors of government.

Employee benefits expense

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

Ex gratia

Ex gratia payments or act-of-grace payments are gratuitous payments where no legal obligation exists. All ex gratia payments are approved by the Treasurer. Ex gratia payments result in a cash outlay and are accounted for under 'other operating expenses' in the comprehensive operating statement.

Financial asset

A non physical asset that gets its value from a contractual or ownership claim with a counterparty. Includes cash and deposits, advances paid, investments, loans and placements, receivables, equity investments, and other contractual rights to receive future economic benefits.

Financial guarantee

An undertaking to make payments to reimburse a lender for a loss incurred should a specified borrower default.

Fiscal aggregate

Financial indicators used for macro-economic analysis purposes, including assessing the impact of a government and its sectors on the economy. AASB 1049 Whole of government and general government sector financial reporting prescribes net operating balance, net lending/borrowing (fiscal balance), change in net worth (comprehensive result), net worth and cash surplus/deficit. The Uniform Presentation Framework prescribes additional fiscal aggregates not included in AASB 1049. These are net debt, net financial worth, net financial liabilities and cash surplus/deficit.

Fiscal balance (net lending/borrowing)

An operating statement measure, also referred to as net lending/borrowing, that differs from the net operating balance as it includes spending on capital items but excludes depreciation. A net lending (or fiscal surplus) balance indicates that government is saving more than enough to finance all its investment spending. A net borrowing (or fiscal deficit) balance indicates a government's level of investment is greater than its level of savings. The fiscal balance equals the net operating balance less the net acquisition of non financial assets.

General government sector

Agencies and other entities controlled by government mainly engaged in the production of goods and or services outside the normal market mechanism, where goods and services are provided free of charge or at nominal charge well below cost of production. This sector is generally funded by taxation revenues (directly or indirectly) and Commonwealth grants.

Generally Accepted Accounting Principles

Term used to describe principles that governs the accounting for financial transactions underlying the preparation of a set of financial statements.

Gifts

A gift is an asset or property, deemed surplus to government's requirements, and transferred to a suitable recipient without receiving any consideration or compensation, and where there is no constructive or legal obligation for the transfer. Gifted property is accounted for under 'capital grants' in the comprehensive operating statement.

Government business division

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

Government finance statistics

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

Government owned corporation

An entity governed by the *Government Owned Corporations Act 2001*. Operating under a shareholder model of corporate government, its objectives are to function as efficiently as any corporate business and maximise sustainable returns to government.

The Territory has three government owned corporations: Power and Water Corporation, Territory Generation and Jacana Energy.

Grants

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

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

Indemnity

An undertaking to compensate, protect or insure another person or entity against future financial loss, damage or liability.

Interest expense

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

International Financial Reporting Standards

Global international accounting standards, adopted by many countries to enable comparability in financial reporting. Australian equivalents to these new standards have been adopted for reporting periods on or after 1 January 2005.

Key fiscal indicators

Key financial measures that must be specified by government in accordance with the *Fiscal Integrity and Transparency Act 2001*, against which fiscal policy will be set and assessed. The fiscal indicators determined by government are generally derived from fiscal aggregates reported in the Uniform Presentation Framework and AASB 1049.

Leases

Rights conveyed in a contract, or part of a contract, to use an asset (the underlying asset) for a period of time in exchange for consideration.

Loss allowance

An estimate of expected credit loss on a financial asset for which a provision has been made.

Machinery of government changes

Changes or variations in government structure, including the abolition or creation of new government entities, the merger or absorption of government entities, and small or large transfers of policy, program or service delivery responsibilities between government entities.

National funding agreements

Agreements between the Commonwealth and states and territories that contain significant policy content and act as sources of longer-term funding.

National partnership agreements

Fixed term agreements between the Commonwealth and states and territories, with defined objectives, outcomes, outputs and performance measures for the delivery of specific projects, services or reforms. National partnerships are being replaced with federation funding agreement schedules.

National partnership payments

Tied payments from Commonwealth Treasury to state and territory treasuries and appropriated to government agencies to deliver outcomes and outputs under federation funding agreement schedules, national partnership agreements and some national funding agreements.

Net acquisition/disposal of non financial assets from transactions

Measuring net capital expenditure for a fiscal year, it equals purchases (or acquisitions) of non financial assets less sales (or disposals) of non financial assets, less depreciation, plus changes in inventories and other movements in non financial assets.

Net actuarial gains/losses

Net gains and losses as a result of changes in actuarial assumptions, including those relating to defined benefit superannuation plans, reported in other economic flows in the operating statement.

Net capital investment

Purchases of non financial assets (incorporating the construction of assets) less sales of non financial assets as reported in the comprehensive operating statement.

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

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

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

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

Net debt

A government's net stock of selected gross financial liabilities less financial assets. A key fiscal aggregate reported in the balance sheet, it equals the sum of deposits held, advances received, loans and other borrowings, less the sum of cash and deposits, advances paid and investments, loans and placements.

Net debt to revenue

Fiscal measure that assesses net debt as a proportion of total revenue. It assesses a government's ability to repay its borrowings, with a high ratio indicating a lower ability to repay debt and a low ratio indicating a stronger ability to repay debt.

Net financial liabilities

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

Net financial worth

Reported in the balance sheet, net financial worth measures a government's net holdings of financial assets. It equals total financial assets minus total liabilities.

Net operating balance

Key fiscal aggregate reported in the operating statement, measuring the ongoing sustainability of a government's operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets and is the component of the change in net worth that is due to transactions attributable to government policies. It equals total revenue less total expenses.

Net worth

Provides a picture of a government's overall financial position. It is calculated as total assets less total liabilities, less shares and other contributed capital. It includes non financial assets, such as land and other fixed assets, which may be sold and used to repay debt, as well as financial assets and liabilities including debtors, creditors and superannuation liabilities. Net worth also shows asset acquisitions over time, giving an indication of the extent to which borrowings are used to finance asset purchases, rather than only current expenditure.

Non-budget sector entity

An entity in which the Territory has a controlling interest. The entity is consolidated at the whole of government level but not presented separately in the Territory's financial reports. Outside the scope of the Financial Management Act 1995, it is generally a statutory body that does not meet the definition of a general government sector agency, public non financial corporation or public financial corporation.

Non financial assets

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

Non financial public sector

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

Non-policy variations

Changes in key fiscal indicators as a result of factors outside government's control, such as the timing of payments or changes in external economic conditions.

Not-for-profit institution

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

Operating account

A government business division operating account or an agency operating account established under section 6(1) of the *Financial Management Act 1995*.

Operating result

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

Other economic flows

Changes in the volume or value of an asset or liability that do not result from transactions, such as revaluations, net actuarial gains and losses, and other changes in the volume of assets.

Other operating expenses

Expenses that generally represent day-to-day running costs incurred in normal operations. They also include total value of goods and services used in production and use of goods acquired for resale.

Other revenue

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

Own-source revenue

Revenue raised by the Territory, mainly through Territory administered legislation largely comprises taxes, mining and petroleum royalties, fees and charges, rent and tenancy income, interest and dividend revenue, and profit and loss on the disposal of assets.

Policy variations

Changes to key fiscal indicators that arise from government decisions to implement new or expand existing agency programs and savings, revenue and contingency measures.

Public Account

Comprises agencies subject to the *Financial Management Act 1995*, where the financial transactions of the Territory Government are recorded. As defined in section 4(2) of the Act, it comprises the Central Holding Authority and operating accounts.

Public financial corporations

Government-controlled entities that perform central bank functions and have the authority to incur liabilities and acquire financial assets in the market on their own behalf.

Public non financial corporations

Government owned and controlled entities that provide goods and services to consumers on a commercial basis and are funded largely by the sale of these goods and services with the aim to maximise sustainable returns to government. These entities are legally distinguishable from the government which owns them.

Public private partnerships

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

Specific purpose payments

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

Statutory bodies

Entities established by or under an Act for a public purpose where there is a need for some operational independence from government. These entities are mainly funded through levies, taxes or grant funding.

Tax equivalents regime

Mechanism used to ensure government business divisions and government owned corporations incur similar tax liabilities to private enterprises. The regime supports competitive neutrality by achieving a greater degree of parity between the cost structures of government-controlled trading entities and the private sector.

Territory Growth Initiative (formerly the Local Jobs Fund)

Funding pool established by the Territory Government to support job creation and accelerate major and significant economic projects for high growth potential Territory businesses through a variety of funding mechanisms, such as concessional loans, equity co-investments and grants.

Tied revenue

Revenue received by the Territory that must be used for specific purposes, predominantly through national funding agreements, federation funding agreement schedules, national partnership agreements and specific purpose payments, which are tied with a sector.

Total public sector

The sector formed through a consolidation of the non financial public and public financial corporation sectors.

Transactions

Interactions between two or more parties by mutual agreement or operation of law.

Treasurer's Advance

An appropriation purpose as specified in the Appropriation Act, providing a pool of funds specifically set aside in each budget to meet one-off unexpected costs that arise during the year and are substantial enough to warrant additional appropriation actioned under section 18 of the *Financial Management Act 1995*. Treasurer's Advance is also used to fund all new government decisions affecting the current financial year that require additional Territory appropriation to be paid to agencies.

Uniform Presentation Framework

A framework agreed by the Council on Federal Financial Relations to incorporate AASB 1049. The Uniform Presentation Framework requires Commonwealth, state and territory governments to present a minimum set of budget and financial outcome information based on the government finance statistics, according to an agreed format and specified reporting arrangements. This enables users of the information to make valid comparisons between jurisdictions.

Untied revenue

Revenue received by the Territory that can be used for discretionary purposes. It comprises GST revenue.

Waiver

Waivers reflect the decision to forgo a legal right to recover public money or receive public property. Once agreed with and communicated to the debtor, it has the effect of extinguishing the debt and renouncing the Territory's right to any future claim on that public money or public property. Waivers result in no cash outlay and are accounted for under 'subsidies and personal benefit payments' in the comprehensive operating statement.

Whole of government financial report

Financial report prepared by a government in accordance with Australian accounting standards, including AASB 10 *Consolidated financial statements* and AASB 127 *Separate financial statements*, thereby separately recognising assets, liabilities, income, expenses and cash flows of all entities under the control of the government on a line-by-line basis.

Write-off

Write-offs reflect the removal from accounting records, the value of public money or public property owing to, or loss sustained by the Territory. It refers to circumstances where the Territory has made all attempts to pursue the debt, however, it is deemed irrecoverable for reasons beyond the Territory's control. Write-offs result in no cash outlay and are accounted for under 'other economic flows' in the comprehensive operating statement.