

DEPARTMENT OF  
**TREASURY AND FINANCE**

# ANNUAL REPORT



**2016-17**

## Addendum

The Department of Treasury and Finance would like to advise of an omission in the original publication of this document, its 2016-17 Annual Report. Table 2a Payments on Behalf of Government has been included on page 26 of this report.

All other information in the 2016-17 Annual Report remains unchanged.

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The Honourable Nicole Manison MLA  
Treasurer  
GPO Box 3146  
Darwin NT 0801

Dear Treasurer

I am pleased to provide to you the 2016-17 Annual Report for the Department of Treasury and Finance (DTF), which has been prepared in accordance with the provisions of section 28 of the *Public Sector Employment and Management Act*, and section 12 of the *Financial Management Act*.

Pursuant to my responsibilities as the Accountable Officer under the *Public Sector Employment and Management Act*, the *Financial Management Act* and the *Information Act*, I advise that to the best of my knowledge and belief:

- a. proper records of all transactions affecting DTF are kept and employees under my control observe the provisions of the *Financial Management Act*, the Financial Management Regulations and Treasurer's Directions
- b. procedures within DTF afford proper internal control, and a current description of such procedures are recorded in the Accounting and Property Manual, which has been prepared in accordance with the requirements of the *Financial Management Act*
- c. there is no indication of fraud, malpractice, major breach of legislation or delegation, major error in, or omission from, the accounts and records, however the agency's internal fraud policy and procedures are being strengthened, and a whole of government policy guidance on fraud is being incorporated in the Financial Management and Accountability Framework review
- d. in accordance with the requirements of section 15 of the *Financial Management Act*, the internal audit capacity available to DTF is adequate and the results of internal audits have been reported to me
- e. the financial statements included in the annual report have been prepared from proper accounts and records, and are in accordance with Treasurer's Directions
- f. all Employment Instructions issued by the Commissioner for Public Employment have been satisfied
- g. DTF is working in compliance with section 131 of the *Information Act*.

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

Yours sincerely



Craig Graham  
Under Treasurer  
30 September 2017



## Purpose of this Report

This report is designed to meet DTF's annual reporting requirements as specified in the *Public Sector Employment and Management Act*, *Financial Management Act* and *Information Act*, and aims to align the department's achievements against the strategic goals in DTF's 2017-2020 Corporate Plan and 2017-18 Budget Paper No. 3.

It reports on DTF's performance to the Treasurer, the Legislative Assembly, government agencies, and other stakeholders, including DTF's own staff.

## Related Annual Reporting

The Utilities Commission and Northern Territory Treasury Corporation produce their own annual reports. Each forms part of DTF for administrative purposes and summary information of their performance is provided in the Our Performance section of this report.

The Northern Territory Superannuation Office also produces an annual report for each superannuation fund.

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# THE AGENCY

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## Under Treasurer's Review

*I am pleased to present the Department of Treasury and Finance (DTF) Annual Report for the year ended 30 June 2017.*

### Economic Overview

The Territory economy has experienced unprecedented levels of activity over the past five years, mainly due to the largest major project in the Territory's history, the Ichthys liquefied natural gas (LNG) project. Construction has driven record levels of investment, employment, population growth and housing demand.

Going forward, the Ichthys LNG project is expected to transition from the construction to production and export phase towards the end of 2017-18. This transition will result in challenging economic conditions for the Territory economy, reflected across most of the Territory's key economic indicators. This includes moderate economic growth, as the economy returns to lower levels of private investment from historic highs, a decline in population as many Inpex workers depart

the Territory, subdued employment conditions and continued softening in the housing market.

Despite these challenging conditions, the Territory economy is larger and more diverse than prior to the Ichthys LNG project. Economic growth is expected to be supported by smaller-scale major projects, such as Commonwealth defence infrastructure projects, the Northern Gas Pipeline, and Territory Government infrastructure and economic stimulus spending.

The latest economic data shows positive results across the Territory's smaller industries, including strong growth in holiday tourism visitors and expenditure, a return to growth in the agriculture sector, and intellectual property business investment (largely exploration activity) almost doubling through 2016-17. The Territory Government's Economic Development Framework has a focus on diversifying the economy, which will also help underpin long-term economic growth.

### Year in Review

In 2016-17, DTF provided high level advice and assistance to Government and agencies to inform fiscal and economic management, including tabling the 2017-18 Budget and Northern Territory Economy book in Parliament in May 2017.

Up-to-date analysis of the Territory economy was also provided through Territory economic briefs and the Territory Economic Review throughout the year.

DTF prepared the 2017-18 Budget, the 2015-16 Treasurer's Annual Financial Report, the 2016 Pre-Election Fiscal Outlook, the 2016-17 Mid-Year Report and the Treasurer's quarterly financial reports. Combined, these publications implement and report performance of the Government's medium-term fiscal strategy.



DTF continued to assist in the development of policies to promote market competition and reduce costs of living for Territorians, through development of the MyFuel NT fuel price reporting scheme to improve fuel price disclosure, and working in partnership with the Commonwealth and other governments to implement competition and productivity enhancing reforms.

Reforms to the Territory's electricity market to promote efficiency and reliability of supply continued to progress, including providing consumers with a uniform price for water and electricity through the provision of a contestable community service obligation subsidy to utilities retailers.

During 2016-17, the Territory Revenue Office introduced a new online lodgement facility to increase the ease of use of online tax-paying systems and updated forms and publications to reflect changes resulting from the increased stamp duty first home owner discount, and home renovation and household goods grants.

The investment return for the default Northern Territory Government and Public Authorities' Superannuation Scheme accumulation account investment option in 2016-17 was 10.63 per cent, above the average 10-year net earnings of 4.76 per cent.

In 2016-17, DTF commenced implementing its new four-year Corporate Plan. The plan includes an increased focus on strategic economic and fiscal policy development and reform, and aims to more closely align internal capabilities to meet the expectations and implement the priorities of government.

DTF continued efforts to improve the recruitment, retention and professional development of staff in 2016-17 through the Finance Officer in Training (FOIT) graduate program, introduction of an Emerging Leaders Program, and other career development

opportunities and training. Two staff members were also recognised by the Treasurer for 40 years of service at the Northern Territory Public Sector (NTPS) length of service recognition award ceremony.

## The Year Ahead

In the year ahead DTF will continue to support the Government's priorities through economic, financial and technical advice to the Treasurer and Government. Primary projects include reviewing the Northern Territory Financial Management Framework, assisting in the delivery of the Territory's Economic Development Framework and implementing a new workers compensation insurance framework for the Territory public service.

During the year DTF will implement recommendations of a recent review of organisational capability to ensure the department is well positioned to assist the Government to achieve its objectives into the future.

DTF will also be an active participant in whole of government economic reform and development initiatives, and continue to oversee the stable and effective management of the Territory's superannuation schemes and borrowing activities.

DTF's many achievements in 2016-17 were only possible due to significant efforts from our staff who have my sincere appreciation for their ongoing professionalism and commitment. I also wish to acknowledge the contributions of my predecessor, Jodie Ryan.



Craig Graham  
30 September 2017

# Corporate Statement

DTF's primary role is to promote the long-term development of the Territory. The department achieves this by providing specialist fiscal, economic and commercial policy advice to Government, focusing on sustainable government finances, economic efficiency and effective risk management.

DTF was established at Self-Government in 1978 and is responsible to the Treasurer.

## Vision

To be recognised for excellence in the provision of economic, financial and regulatory services for the Northern Territory Government.

## Role

To provide specialist fiscal, economic and commercial policy advice and services to the Government to assist in delivering services and infrastructure for the benefit of Territorians.

## Purpose

To promote sustainable fiscal strength and economic development of the Territory and contribute to improved social and fiscal wellbeing of Territorians.

## Strategic Priorities

In 2017, DTF commenced reporting against its new 2017-2020 Corporate Plan, which contains three key strategic priorities, to:

- support economic growth, job creation and fiscal sustainability by providing timely and reliable policy advice to inform the Government's strategic priorities
- strengthen our policy leadership role within the public sector and the community to assist the Government in delivering its objectives
- empower our people and create an agile, skilled and resilient workforce by continuing to build, grow and maintain organisational capability.

Further details can be found in the [Corporate Governance chapter](#).

## Our Values

Commitment to service:	DTF is professional, hardworking, effective, innovative and efficient, working collaboratively to achieve the best results for the Territory.
Ethical practice:	DTF upholds the highest standards of practice and acts with integrity in all that it does.
Respect:	DTF respects all people and in particular their rights as individuals.
Accountability:	DTF is transparent and accountable in all its actions.
Impartiality:	DTF is apolitical and provides the government of the day with advice that is objective, timely and based on the best available evidence.
Diversity:	DTF values the diversity of its workforce as well as the Territory population it serves.



*Niall Stone, Ashley Hanlon, Romany Maunder, Rebecca Murray and Bintang Daly*

## Services Provided

- A financial management framework consistent with the Government's fiscal strategy.
- Appropriate and effective management of intergovernmental financial relations.
- Accurate and timely commercial advice to optimise the Territory's financial position.
- Expert analysis on the Territory economy.
- Prudent management of the investment and borrowing activities of the Government.
- Collection of taxation and royalty revenue, and the development of a fair and efficient taxation system that is competitive with other jurisdictions.
- An efficient and legislatively compliant superannuation framework.

## Stakeholders

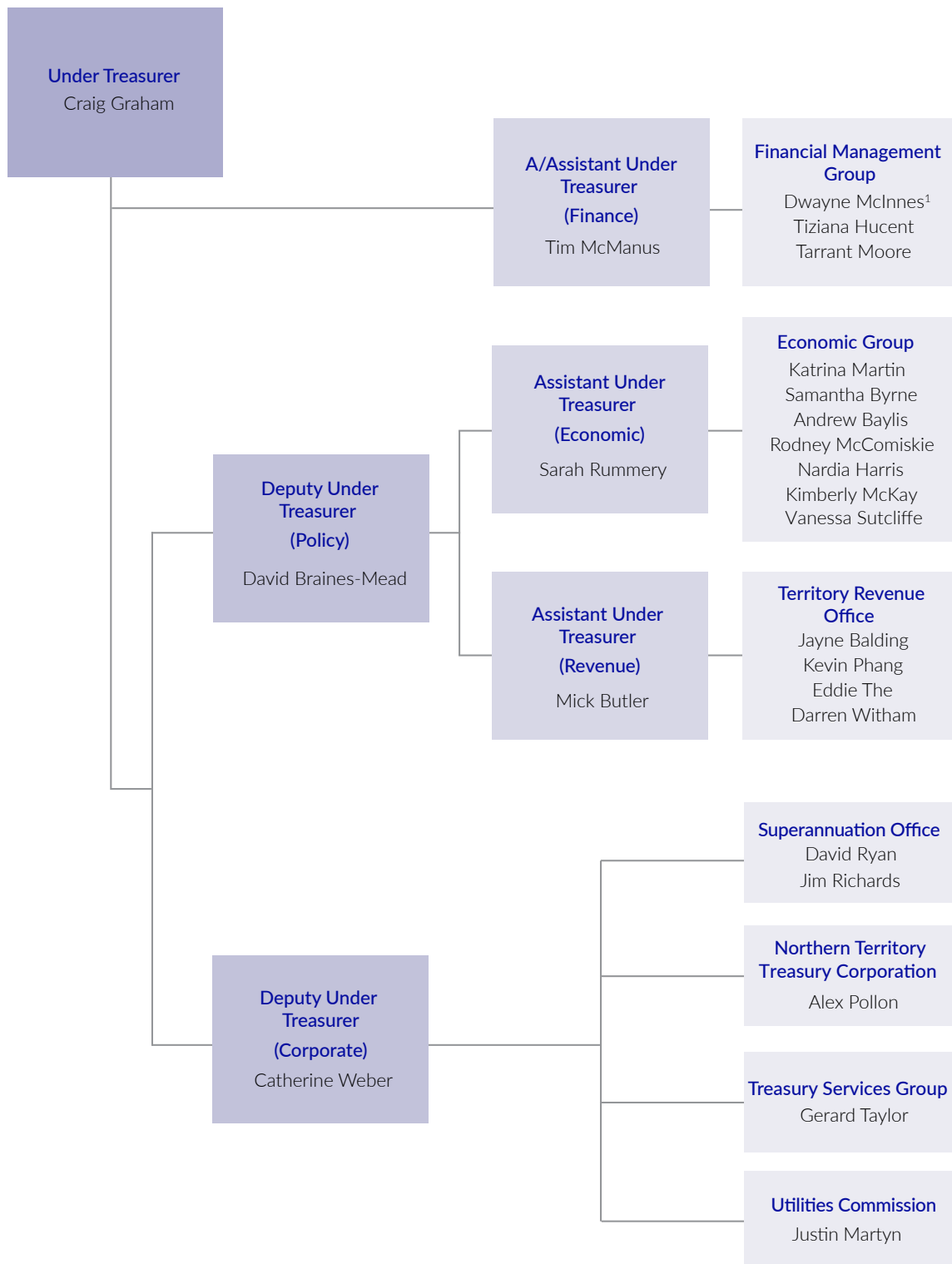
DTF serves the Government and the community through the Treasurer. Other key stakeholders include government agencies, the Territory community and DTF staff.

## Organisation

DTF is located in the Charles Darwin Centre in the Darwin central business district and has no requirement for any regional presence. As at 30 June 2017, DTF employed 151.1 full-time equivalent (FTE) staff, including those in the Northern Territory Treasury Corporation (NTTC).

# Organisation Chart

as at 30 June 2017



Department of Treasury and Finance

<sup>1</sup> Dwayne McInnes was seconded to the Department of Housing and Community Development in July 2017.

# Functions of DTF

The functions of DTF are provided through five divisional groups – Financial Management Group, Economic Group, Territory Revenue Office, Northern Territory Superannuation Office and Treasury Services Group – and one government business division, NTTC.

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## Financial Management Group

- Manages and coordinates the Territory budget process and whole of government financial reporting
- Manages the Territory's financial management framework
- Analyses and provides advice on whole of government resource allocation issues, including major government projects and initiatives with funding implications
- Develops the Territory's infrastructure program from a whole of government perspective
- Monitors each agency's financial performance
- Manages the Central Holding Authority
- Manages financial and commercial accountabilities and risks as prescribed in the *Financial Management Act* and the *Fiscal Integrity and Transparency Act*, including the fiscal strategy

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## Economic Group

- Provides economic and policy advice, and manages economic and regulatory reform
  - Publishes information and analysis on economic and demographic trends that affect the Territory economy
  - Provides research, advice and statistical coordination across government
  - Provides advice and analysis on intergovernmental financial relations including GST revenue distribution
  - Manages submissions and data returns to the Commonwealth Grants Commission
  - Negotiates, develops and provides advice on funding agreements with the Commonwealth
  - Manages Northern Territory input to major national economic inquiries and reviews
  - Provides commercial advice on major government infrastructure projects and initiatives and on the government owned corporations framework
-

## Territory Revenue Office

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

Northern Territory  
Superannuation Office

- Manages and develops NTPS superannuation policy and legislation for a range of defined benefit superannuation schemes
- Administers and makes benefit payments
- Engages advisors to invest members' funds
- Provides support services to the Superannuation Trustee Board, subcommittees and members of various schemes

Northern Territory  
Treasury Corporation

- Borrows, lends and invests funds on behalf of the Territory as its central financing authority
- Invests surplus short-term cash balances of government accounts
- Provides loans to the Government, agencies, government owned corporations and, in certain circumstances, local governing authorities

## Treasury Services Group

- Manages human resources management, recruitment, employment and staff development programs
- Provides finance, procurement and office services
- Manages communications and publishing
- Provides information management, and information, communication and technology
- Manages risk and audit and organisational development
- Manages Natural Disaster Relief and Recovery Arrangements on behalf of the Territory
- Provides secretariat and executive support including central coordination and liaison between the Treasurer's Office, Ministers, Cabinet Office, Legislative Assembly and other government agencies on Cabinet and ministerial business

The independent Utilities Commission is also part of DTF for administrative purposes.

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Utilities Commission

- Regulates prices charged by government and other businesses for providing certain monopoly services
  - Performs licensing functions
  - Develops, monitors and enforces compliance with, and promotes improvement in, standards and conditions of service and supply
  - Develops and monitors the operation of codes and rules relating to the conduct or operations of a regulated industry or licensed entities
  - Investigates complaints relating to the conduct or operations of licensed entities
  - Assists consumers, industry participants, potential market participants and other stakeholders with information
  - Advises the Minister on any matter referred by the Minister
-

## Senior Management Group

**Craig Graham** was appointed Under Treasurer in April 2017, following three years in the role of Deputy Under Treasurer from June 2014.

Craig joined DTF in February 1997 after completing a Bachelor of Economics at Northern Territory University (now Charles Darwin University), and was in the first intake of the still-current FOIT graduate program in February 1998.

In August 2008, Craig was appointed Senior Director Economic in the Economic Policy and Public Finance areas, and in July 2011 he was appointed Assistant Under Treasurer (Economic).

Craig and David Braines-Mead both acted as Under Treasurer during Jodie Ryan's transfer to the Department of the Chief Minister in September 2016.

**David Braines-Mead** was appointed Deputy Under Treasurer (Policy) in May 2017 after four years of managing the Financial Management Group in his position as Deputy Under Treasurer (Finance).

David joined DTF in 2004 after more than 15 years' experience in a number of roles in the accounting profession, both in Darwin and the United Kingdom and is a Fellow of the United Kingdom-based Association of Chartered Certified Accountants.

David is responsible for the Economic Group and oversees the Territory Revenue Office.

**Catherine Weber** was appointed Deputy Under Treasurer (Corporate) in May 2017, and is responsible for corporate strategy/governance and agency capability, as well as oversight of the Northern Territory Superannuation Office, Treasury Services Group, NTTC and the Utilities Commission.

Catherine's previous roles include Deputy Chief Executive of the Departments of Education and Housing, Local Government and Regional Services since 2010, and several roles in DTF over 17 years prior to that.

Catherine has a Bachelor of Economics from Flinders University and a Master of Public Policy from Northern Territory University (now Charles Darwin University).

**Tim McManus** was appointed Senior Director Budget Development in January 2015 and has been acting in the Assistant Under Treasurer (Finance) role since May 2017.

Tim joined DTF in December 1999, undertaking the FOIT graduate program in January 2001 and his current and previous roles in the Financial Management Group since 1999 have provided him with substantial experience in high level analysis and assessment of policy and budget proposals.

Tim is responsible for providing high level policy, strategic and technical advice on the full range of financial and budgetary issues affecting the Territory. Tim has a Bachelor of Business Studies from Northern Territory University (now Charles Darwin University).

**Sarah Rummery** was appointed Assistant Under Treasurer (Economic) in March 2017 and is responsible for economic, regulatory, commercial and intergovernmental financial relations matters.

Sarah first joined DTF in July 2007, held the role of Senior Director Economic Group from July 2007 to June 2014 and was Commissioner of Superannuation from June 2014 to March 2017.

Sarah has a Bachelor of Economics from the University of Western Australia and a PhD in Economics from the Australian National University.

**Mick Butler** was appointed Assistant Under Treasurer (Revenue) in May 2017 and is also the Commissioner of Territory Revenue and Mineral Royalty Secretary.

Mick joined DTF in November 1999, undertaking the FOIT graduate program in January 2000 and is responsible for the administration and enforcement of the Territory's own-source revenue and grants legislation, ensuring the strategic alignment and





effectiveness of revenue programs, and providing high level policy, strategic and technical advice.

Mick has a Bachelor of Laws and Bachelor of Business from Northern Territory University (now Charles Darwin University), a Master of Taxation from the University of New South Wales and is a Chartered Tax Advisor of The Tax Institute.

**Katrina Martin** commenced with DTF in October 2016 as Senior Director Commercial and Economic Policy and is responsible for providing advice on economic and commercial policy and issues affecting the Territory. Katrina joined DTF from the Department of Trade, Business and Innovation where she was responsible for regulatory reform. Prior to joining the Territory Government in 2014, Katrina worked for Queensland Treasury in a range of senior roles spanning economic policy and regulatory reform, and was involved in major Queensland Government commercial asset sales. Katrina holds a Bachelor of Economics (Honours) and a Bachelor of Laws from the University of Queensland.

**Samantha Byrne** was appointed Senior Director Utilities Reform in October 2016 and is responsible for providing advice and analysis on issues affecting the Territory's utilities sector and, more specifically, leading reform of the Territory's electricity market. Previously, Sam was Senior Director Commercial and Economic Policy and has undertaken a number of senior roles in DTF and other Territory government agencies. Sam has a Bachelor of Business from Northern Territory University (now Charles Darwin University) and is a Certified Practising Accountant.

**David Ryan** was appointed Commissioner of Superannuation in May 2017 and is responsible for administering a range of statutory superannuation schemes. Previously, he was the Executive Director Corporate Services and Chief Finance Officer for the Department of the Chief Minister. David has extensive corporate and finance experience within the NTPS since joining in 1996, first with DTF and then other service agencies. Prior to joining the NTPS David worked for 19 years in the finance sector with Westpac Banking Corporation.

**Alex Pollon** was appointed General Manager of NTTC in May 2010 and is responsible for ensuring the efficient, effective and appropriate control of the borrowing, lending and investing activities on behalf of government.

Alex has been with NTTC since September 1998, is a member of the Australian Institute of Company Directors and holds Australian Financial Markets Association dealer accreditation.

**Sanja Hill** commenced with DTF in September 2017 as Director Corporate Support and is responsible for all corporate support functions for the agency. For the past three years, she was Director Risk Management at the Department of Education, advising senior management on issues pertaining to risk management, strategic project management, audit and corporate governance. Sanja has a Bachelor of Arts in Business Administration and is a Certified Internal Auditor, Certified Government Auditing Practitioner and Member of the Institute of Internal Auditors (Australia).

Above: (left to right) Mick Butler, Sarah Rummery, Samantha Byrne, David Ryan, Craig Graham, Tim McManus, Sanja Hill, Catherine Weber, Alex Pollon, Katrina Martin and David Braines-Mead

## Previous SMG Members

**Jodie Ryan** was appointed Under Treasurer in July 2013 following six months as Deputy Chief Executive of the Department of the Chief Minister. Prior to that, Jodie was Deputy Under Treasurer from February 2011.

In September 2016 Jodie became Chief Executive Officer of the Department of the Chief Minister.

**Tracey Scott** was appointed Assistant Under Treasurer in February 2013 and was responsible for providing high level strategic policy and management advice on a complex range of financial and economic management matters that affect the Territory. Tracey resigned in March 2017 to move interstate.

**Grant Parsons** was appointed Assistant Under Treasurer (Revenue) in March 2012 and was the Commissioner of Territory Revenue and Mineral Royalty Secretary. He was responsible for management of the Territory's taxation and royalty arrangements. Grant retired in December 2016.

**Dwayne McInnes** was appointed Senior Director Financial Management in September 2011 and was seconded to the Department of Housing and Community Development in July 2017. He was responsible for providing specialist and strategic advice on agency financial and budget management and matters relating to the Territory's whole of government Budget and consolidated financial reports.

**Gerard Taylor** was Director Corporate Support from May 2009, responsible for all corporate support functions for DTF. He moved to a new role in September 2017. Gerard joined DTF in April 2002, and previously worked in the Superannuation Office, Territory Revenue Office and in corporate systems for government.

# OUR PERFORMANCE

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# Our Performance

## Preface

The Department of Treasury and Finance's (DTF) overall purpose is to promote sustainable fiscal and economic development of the Territory and contribute to the improved wellbeing of Territorians.

Achievement of this purpose is measured through three key priorities, outlined in the 2017-2020 Corporate Plan:



**Support** economic growth, job creation and fiscal sustainability by providing timely and reliable policy advice to inform the Government's strategic priorities.



**Strengthen** our policy leadership role within the public sector and the community to assist the Government in delivering its objectives.



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

This section reports on DTF's performance in delivering outputs to meet these key priorities. Details are provided on key projects and achievements during the year, and future priorities for 2017-18.

Performance against the measures published in Budget Paper No. 3 is reported in the output performance tables. In almost all cases, measures were met or exceeded. Where performance did not meet the estimate, an explanation is provided.

Brief performance information is provided for the Utilities Commission and Northern Territory Treasury Corporation (NTTC) as these two statutory offices form part of DTF for administrative purposes. Full details of achievements in 2016-17 are reported in their own annual reports.

## Our Performance Symbols



**Completed** – actions have been finalised in 2016-17



**Ongoing** – actions have had some progress undertaken in 2016-17, with more progress expected in future years



**Not achieved** – actions were not completed according to timeframes or will be progressed in future years

# 2014-2016 Corporate Plan Report Card

The 2014-2016 Corporate Plan concluded at the end of 2016. DTF's achievements against this plan are summarised below and have been classified as achieved (✓) or not achieved (✗). Priorities achieved are items completed, advanced or progressed as planned. Not achieved items had little to no progress over the period.

A number of the priorities and actions are ongoing due to the nature of DTF's role to provide specialist fiscal, economic and commercial policy advice and services, and also feature in the new 2017-2020 Corporate Plan.

Strategic Goal	Status	Priorities
To provide quality analysis and public policy advice on economic, financial and commercial issues.	✓	<b>Undertake</b> analysis and formulate advice on the economic and commercial implications of public proposals, to assist in informed Government decision-making.
	✓	<b>Provide</b> advice to facilitate private investment in public infrastructure and to assist in managing the Government's commercial agreements.
	✓	<b>Develop</b> effective corporate governance and policy frameworks for government-owned businesses.
	✓	<b>Develop</b> regulatory frameworks that promote economic efficiency and performance of the Territory economy.
To maintain and develop effective intergovernmental financial relations.	✓	<b>Represent</b> the Territory's interests in Commonwealth Grants Commission (CGC) processes, which is an important determinant of the Territory's share of GST.
	✓	<b>Analyse</b> and advise in relation to national agreements and national partnership agreements, including implementation plans and other national reform initiatives.
	✓	<b>Analyse</b> and advise on work program of national forums such as Council on Federal Financial Relations and Council of Australian Government.

Strategic Goal	Status	Priorities
To produce a budget and financial management system that supports stable and sustainable economic growth.		<b>Provide</b> accurate and timely advice on key fiscal targets to support key decision-making.
		<b>Ensure</b> expenditure is kept within appropriate and authorised amounts.
		<b>Support</b> initiatives to achieve allocation of resources to high value areas.
		<b>Work</b> collaboratively with agencies to minimise the cost of delivering government services and update delivery models as required.
To provide effective funds management and public sector superannuation.		<b>Provide</b> the Government with cost-effective funding, efficient financial management and reliable service.
		<b>Undertake</b> borrowing and investment activities appropriate to prevailing and prospective conditions in financial markets.
		<b>Provide</b> effective and responsive superannuation services that meet the expectations of fund beneficiaries, members and employers.
		<b>Continue</b> efficiency drive-through simplification of legislation and scheme rules administered by the Territory Superannuation Office.
To provide a fair and efficient Territory revenue system.		<b>Ensure</b> the integrity of tax, royalty and benefit schemes.
		<b>Deliver</b> value for money across all operations.
		<b>Make</b> it easier to do business with the Government.
To develop the capability of DTF and its people.		<b>Enhance</b> open and effective communication between staff in DTF.
		<b>Develop</b> productive and relevant partnerships with agencies and key external stakeholders.
		<b>Recruit</b> and retain appropriately skilled staff.
		<b>Develop</b> management and leadership capability of staff. <sup>1</sup>
		<b>Strive</b> for healthy work-life balance.
		<b>Ensure</b> systems meet current and emerging business needs.
		<b>Develop</b> and review processes to meet DTF's vision.

<sup>1</sup> The two actions under this priority were system related and did not progress due to technological constraints. However, broader activities and programs did continue to develop management and leadership capability of staff across the agency.

# 2017-2020 Corporate Plan Achievements

DTF's 2017-2020 Corporate Plan commenced in 2016-17. It has three strategic goals, a number of priorities for each goal and relevant actions in 2017 aimed to achieve these priorities. These goals and

priorities are explained in the [Corporate Governance section](#) of this report.

DTF's progress against the 2017-2020 Corporate Plan in 2017 is outlined below.



## Key Priority 1: Support economic growth, job creation and fiscal sustainability by providing timely and reliable policy advice to inform the Government's strategic priorities.

Shape policy to support economic growth, create jobs, inform key policy and investment decisions and support the key fiscal targets of the Government.

- **Engaged** with agencies for early identification of budget issues through a proactive approach to financial management and compliance.
- **Enhanced** the monthly monitoring process to provide specific information for the Treasurer regarding expenditure and savings measures.
- **Analysed** agency budget requirements and proposals to develop the 2017-18 Budget and infrastructure program and through ongoing agency correspondence.
- **Provided** advice to the Government as part of the budget development process and publication of the Northern Territory Economy book.

Status:


Provide leadership in microeconomic reform to support a strong, competitive economy and improve productivity and efficiency.

- **Incorporated** the Government's election commitments into the Budget and forward estimates.
- **Worked** with the Commonwealth on the National Partnership on Regulatory Reform.
- **Reviewed** the Territory Government's Regulation-Making Framework to deliver more effective and efficient regulation.
- **Developed** the MyFuel NT fuel price reporting scheme to improve retail fuel price competition.
- **Implemented** a Corporate Governance and Reporting Framework for government owned corporations.
- **Assessed** red tape and revenue compliance costs and took additional steps to meet red tape reduction targets.

Status:


Advocate the Territory's interests in Commonwealth-state fiscal relations.

- **Made** written submissions and conducted bilateral consultations with CGC staff to represent the Territory's interests in the CGC's 2017 Update of State Revenue Sharing Relativities.
- **Provided** advice to the Government on a range of new and renegotiated national partnership and project agreements with the Commonwealth to achieve the best arrangements for the Territory.

Status: 


Provide clear, factual and fearless advice to the Government.

- **Provided** advice on budgetary and financial issues affecting the Territory's financial resources.
- **Provided** advice on all Cabinet papers, proposed service initiatives and commercial projects.

Status: 

Effectively administer the Government's revenue collection system, funds management and superannuation schemes.

- **Continued** to progress the long-term project to update revenue information and communications technology (ICT) systems, including an online lodgement facility to reduce effort for taxpayers and improve the ease of use of online tax-paying systems.
- **Provided** member services to 2775 Northern Territory Government and Public Authorities' Superannuation Scheme (NTGPASS) members and members of a range of other schemes.

Status: 





## Key Priority 2: Strengthen our policy leadership role within the public sector and the community to assist the Government in delivering its objectives.

Engage and collaborate with stakeholders to identify solutions that add value to policy and service delivery outcomes.

- **Engaged** with agencies through membership of steering committees and whole of government governance committees to contribute to policy direction and implementation.
- **Provided** professional development for agency finance teams through regular education sessions to discuss emerging financial reporting and technical improvements.
- **Published** information for first home buyers ([firsthome.nt.gov.au](http://firsthome.nt.gov.au)).

Status:

Improve public sector accountability by supporting and developing contemporary legislative and policy frameworks.

- **Progressed** reform of the Territory Government's workers compensation insurance framework.
- **Continued** the phased application of the National Electricity Rules with modifications and transitional arrangements as appropriate for the Territory.
- **Worked** in conjunction with the Office of the Commissioner for Public Employment to implement the Chief Finance Officer (CFO) capability framework across government and develop a capability training program for current and future government CFOs.

Status:

Provide expert economic and financial advice.

- **Provided** economic and commercial advice regarding the Government's Economic Development Framework and infrastructure development and delivery.
- **Supported** the work of the Motor Accidents Compensation Commissioner.
- **Published** briefs analysing key indicators of economic and social activity to inform government, industry and the community.
- **Published** the 2016 Pre-Election Fiscal Outlook (PEFO), in addition to the regular suite of financial accountability publications.

Status:

Foster strong industry and community partnerships.

- **Released** the MyFuel NT consultation paper seeking feedback from stakeholders and the community.
- **Delivered** face-to-face training sessions and participated with other state revenue offices to deliver weekly payroll tax webinars to businesses and their staff.
- **Conducted** reviews and undertook risk-based audit programs to preserve the integrity of the Territory royalty schemes, including a public consultation process to ensure the Territory's royalty schemes continue to be relevant and competitive.

Status:



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

Attract, retain and reward high calibre people.

- **Implemented** the 2017 series of DTF early careers programs: Finance Officers in Training (FOIT) graduate program, Work Integrated Learning Scholarship cadetships, apprenticeships and vacation employment.
- **Transitioned** all cadets to the 2017 graduate program.
- **Introduced** the Emerging Leaders Program targeting AO5-AO6 staff. Sixteen employees participated and were offered development opportunities in 2017.
- **Supported** 27 staff with study assistance, and provided 130 professional development activities and programs.

Status:

Provide efficient systems to support organisational capability.

- **Continued** to ensure DTF ICT systems are robust and operate in a secure environment.
- **Operated** within the approved budget and staffing levels for 2016-17.

Status:

Develop current and future leaders capable of shaping policy and services for the Territory.

- **Finalised** appointment of the Under Treasurer in February 2017, who then appointed to a number of vacant senior roles, including Deputy and Assistant Under Treasurers, to assist in leading the agency's strategic direction and implementation of the Corporate Plan.
- **Commenced** succession planning and secondment strategies, to be implemented in 2017-18.

Status:

Ensure a safe, productive and fair work place.

- **Implemented** the 2017 Work Health and Safety Action Plan.
- **Educated** staff on appropriate workplace behaviour, and inclusion and diversity.
- **Promoted** work-life balance initiatives, and health and wellbeing strategies to staff.

Status:

# Output Group: Financial Management

## Outcome

Provide financial management analysis, reporting and strategic policy advice to inform the Government's decision-making on:

- whole of government financial resource issues, including financial management frameworks, fiscal policy and strategy, budget development and infrastructure investment

- major priorities with resource implications, including advice and management of the Central Holding Authority (CHA).

This output group comprises the Financial Management Group, which includes the Budget Development, Financial Reporting and Financial Policy business units.

Table 1: Financial Management Output Performance

Performance measures	Previous years			Current year		Target
	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Estimate	2016-17 Actual	2017-18 Budget
<b>Quantity</b>						
Develop and present the Budget	1	1	1	1	1	1
Financial reporting – PEFO, TAFR, Mid-Year Report, Treasurer's quarterly financial reports	5	5	5	6	6	5
Capacity to provide policy advice and analysis on financial management issues <sup>1</sup> (\$M)	4.80	4.36	4.29	5.46	4.60	5.27
<b>Quality</b>						
Compliance with the Uniform Presentation Framework requirements for whole of government financial reporting (%)	100	100	100	100	100	100
Treasurer satisfaction survey rating <sup>2</sup>	5	6	6	≥ 5	5	≥ 5
<b>Timeliness</b>						
Budget published by date set by Treasurer	yes	yes	yes	yes	yes	yes
TAFR, Mid-Year Report and Treasurer's quarterly financial reports published in accordance with legislation	yes	yes	yes	yes	yes	yes

PEFO: Pre-Election Fiscal Outlook Report; TAFR: Treasurer's Annual Financial Report

<sup>1</sup> Additional capacity in 2017-18 to support the Northern Territory Financial Management and Accountability Framework Review and to support increased accounting policy requirements.





<sup>2</sup> Measure ranges from a rating of 1 = extremely dissatisfied through to 6 = extremely satisfied.

## Achievements in 2016-17

### Completed

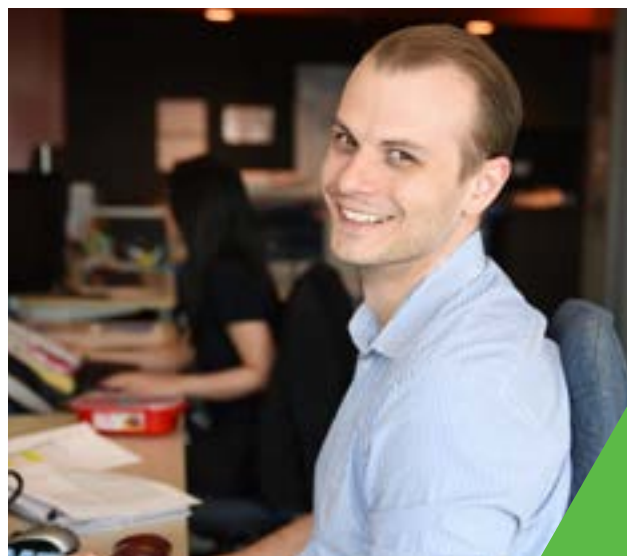
Strategic priority	Description of achievement
	Updated the presentation of the Treasurer's Annual Financial Report (TAFR) in accordance with the International Accounting Standards Board initiative to improve readability through decluttering and reordering disclosures, in addition to changes for new and revised accounting standards.
	Published the 2016 Pre-Election Fiscal Outlook (PEFO), in addition to the regular suite of financial accountability publications.
	Incorporated the Government's election commitments into the Budget and forward estimates.
	Analysed agency budget requirements and proposals to develop the 2017-18 Budget and infrastructure program and through ongoing agency correspondence.
	Enhanced the monthly monitoring process to provide specific information for the Treasurer regarding expenditure and savings measures.
	Worked in conjunction with the Office of the Commissioner for Public Employment (OCPE) to implement the Chief Finance Officer (CFO) capability framework across government and develop a capability training program for current and future government CFOs.
	Provided professional development for agency finance teams through regular education sessions to discuss emerging financial reporting and technical improvements.
	Developed policy and guidance documents to implement the Australian Accounting Standards Board (AASB) 124 Related Party Disclosures to ensure compliance in 2016-17 financial statements.

### Ongoing

Strategic priority	Description of achievement
	Provide advice on budgetary and financial issues affecting the Territory's financial resources.
	Monitor and analyse monthly agency budget versus actual outcomes, including CHA transactions and effects on fiscal targets.
	Engage with agencies for early identification of budget issues through a proactive approach to financial management and compliance.
	Manage financial accountabilities as prescribed in the <i>Financial Management Act</i> (FMA), including the continued development, review and amendment to Treasurer's Directions (TDs).

## Future Priorities

- Prepare and publish the 2016-17 TAFR and the 2017-18 Mid-Year Report.
- Assist Government to develop the 2018-19 Budget.
- Continue to provide advice, analysis and assistance to the Treasurer and agencies on whole of government major projects and agency issues that have resource implications.
- Continue to monitor, develop and publish whole of government financial information, incorporating the enhanced Budget Monitoring Framework.
- Design and implement a program evaluation office to undertake critical evaluation of government expenditure, to ensure it is efficient, effective and sustainable.
- Review and implement the revised Financial Management and Accountability Framework, including TDs and associated guidance documents.
- Update policies, processes and systems across government for the three new accounting standards for financial instruments, leases and revenue.



*Helen Christou, Financial Analyst and Ryan Neutert, Senior Budget Analyst*

## Output Group: Economic

### Outcome

Accurate and timely analysis and policy advice relevant to economic, commercial, demographic and intergovernmental financial issues affecting the Territory and payments made on behalf of government as a result of formal agreements or legislative requirements.

This output group comprises the Economic Group, which includes the Utilities Reform, Commercial and Economic Policy, Economic Analysis and Intergovernmental Relations business units.

Table 2: Economic Output Performance

Performance measures	Previous years			Current year		Target
	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Estimate	2016-17 Actual	2017-18 Budget
<b>Quantity</b>						
Capacity to provide policy advice and analysis on economic and related issues <sup>1</sup> (\$M)	4.95	5.27	6.38	10.88	8.98	8.84
Publish Northern Territory Economy book	1	1	1	1	1	1
Provide Territory economic briefs	176	174	176	174	173	174
Publish Territory Economic Review	12	11	12	11	12	11
Publish social indicators briefs	12	11	11	11	11	11
<b>Quality</b>						
Treasurer satisfaction survey rating <sup>2</sup>	5	5	5	≥ 5	5	≥ 5
<b>Timeliness</b>						
Briefings on Australian Bureau of Statistics (ABS) economic data provided on day of release (%)	100	100	100	100	100	100
Economic publications published by agreed date (%)	100	100	100	100	100	100

1 Variation is due to the transfer of the Red Tape Abolition Squad in 2016-17, payments to consultants for utilities reform projects, and progress towards implementing the Government's workers compensation insurance framework.

2 Measure ranges from a rating of 1 = extremely dissatisfied through to 6 = extremely satisfied.

Table 2a: Payments on Behalf of Government

















Performance measures	Previous years			Current year		Target
	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Estimate	2016-17 Actual	2017-18 Budget
CSO payment for uniform tariff subsidy <sup>1</sup> (\$M)	64.58	64.23	65.83	102.56	102.56	105.47
Grants and subsidies <sup>2</sup> (\$M)	0.05	0.05	54.20	2.42	1.92	2.44
GST collection costs (\$M)	7.32	7.10	6.86	7.09	6.88	7.09

1 Variation from 2015-16 to 2016-17 is the result of a comprehensive review of the utilities CSOs, which identified areas of previous inefficient cross-subsidisation that should instead be directly funded by CSOs.

2 A one-off \$50 million capital grant in 2015-16 to Territory Generation to support the expansion of the Owen Springs power station and upgrade of Tennant Creek power station.

# Achievements in 2016-17











## Completed

Strategic priority	Description of achievement
	Published the Northern Territory Economy book as part of the 2017-18 Budget and provided economic advice and forecasts.
	In collaboration with agencies, prepared the Territory's contribution to the national 2017 Indigenous Expenditure Report.
 	Released the MyFuel NT consultation paper seeking feedback from stakeholders and the community, and developed the fuel price reporting scheme to improve retail fuel competition.
 	Negotiated in partnership with the Commonwealth and other governments the Intergovernmental Agreement on Competition and Productivity Enhancing Reforms.
 	Managed the negotiation and finalisation of the Master Facility Agreement to establish the Northern Australia Infrastructure Facility, signed by the Territory in December 2016.
	Reviewed the Territory Government's Regulation-Making Framework to deliver more effective and efficient regulation.
	Worked with the Commonwealth on the National Partnership on Regulatory Reform.
 	Implemented a Corporate Governance and Reporting Framework for government owned corporations.
 	Completed the second phase of reforms to apply the national electricity regulatory framework.
 	Made written submissions and conducted bilateral consultations with CGC staff to represent the Territory's interests in the CGC's 2017 Update of State Revenue Sharing Relativities.



Suzette Hunt, Brion Foley, Joshua Miles and Todd Hoy

## Ongoing

Strategic priority	Description of achievement
	Provide economic and commercial advice to Government and agencies.
	Progress reform of the Territory Government's workers compensation insurance framework.
	Publish briefs analysing key indicators of economic and social activity to inform Government, industry and the community.
	Continue development of an updated population forecasting model.
	Support the work of the Motor Accidents Compensation Commissioner.
	Continue work to develop wholesale electricity trading arrangements in the Darwin-Katherine region.
	Continue the phased application of the National Electricity Rules with modifications and transitional arrangements as appropriate for the Territory.
	Provide consumers with a uniform price for water and electricity through provision of a contestable community service obligation subsidy to utilities retailers.
	Work in partnership with the Commonwealth to implement reforms to assist small business and reforms under the National Business Simplification Initiative.
	Provide advice to Government on a range of new and renegotiated national partnership and project agreements with the Commonwealth to achieve the best arrangements for the Territory.

## Future Priorities

- Finalise the Territory's submissions to the Productivity Commission's Inquiry into Horizontal Fiscal Equalisation (HFE).
- Conduct analysis of current and alternative methods to distribute GST revenue (through HFE) to the states to prepare for the CGC 2020 Methodology review.
- Analyse and provide advice to Government and agencies on the Territory's demographic statistics published from the 2016 Census, and continue to work with ABS on Territory data issues.
- Continue to provide oversight for reform of the Territory's electricity market.
- Continue to provide high quality economic and commercial advice to Government.
- Finalise a new workers compensation insurance framework for the Territory public service.
- Implement the Territory Government's MyFuel NT initiative in conjunction with the Commissioner for Consumer Affairs.
- Implement regional forecasts as the next stage of the Territory population forecasting model.
- Lead the regulation reform agenda and assist with other elements of the Territory Government's Economic Development Framework.



# Output Group: Territory Revenue

## Outcome

Fair, efficient and timely Territory own-source revenue management services and advice that is responsive and transparent.

The Territory Revenue Office (TRO) is responsible for this output group, through the Revenue Collections, Legislation, Advisory and Review, Royalties and Assurance, and Revenue Information Systems business units.

Table 3: Territory Revenue Output Performance

Performance measures	Previous years			Current year		Target
	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Estimate	2016-17 Actual	2017-18 Budget
<b>Quantity</b>						
Territory revenue collected <sup>1</sup> (\$M)	766.87	915.29	855.41	834.51	833.35	860.54
Capacity to manage Territory revenue-related activities <sup>2</sup> (\$M)	5.96	6.70	5.99	6.92	6.19	6.37
Subsidy payments <sup>3</sup> (\$M)	18.80	18.97	11.69	10.50	10.17	10.50
<b>Quality</b>						
Territory revenue forecast accuracy <sup>4</sup> (%)	- 1.65	+ 17.29	- 2.54	± 5	- 0.14	± 5
Stakeholder satisfaction survey rating						
Taxpayers <sup>5,6</sup>	5.21	5.21	5.11	≥ 5	5.08	≥ 5
Treasurer <sup>6</sup>	5	6	5	≥ 5	5	≥ 5
Assessment accuracy <sup>7</sup> (%)	99.9	99.9	99.9	≥ 99	99.9	99.9
Accuracy of first home owner grant (FHOG) payments processed (%)	100	100	100	100	100	100
<b>Timeliness</b>						
Revenue received within agreed timeframes (%)	93.0	93.3	96.7	≥ 95	97.6	≥ 95
Services completed within agreed service standards <sup>8</sup> (%)	96.7	96.4	97.9	≥ 95	96.0	≥ 95

1 Includes taxes, gambling revenue and mining royalties. Variation in 2014-15 reflects a very large one-off stamp duty payment.

2 Variations are primarily attributable to actual staffing levels.

3 Lower levels from 2015-16 reflect policy changes to the FHOG.

4 Reflects the difference between the estimate and actual revenue collected.

5 Determined via an email survey issued to more than 2200 clients.










6 Measure ranges from a rating of 1 = extremely dissatisfied through to 6 = extremely satisfied.

7 The percentage of assessments issued for the year not revised by way of allowed objections and appeals.







8 The weighted average performance of a series of lower level measures in the TRO Service Charter as published on the TRO website. Table 4 details the components that comprise the weighted average.

## Achievements in 2016-17

### Completed

Strategic priority	Description of achievement
	Introduced a new online payroll tax lodgement facility to improve accessibility for firms when interacting with TRO.
	Delivered face-to-face training sessions and participated with other state revenue offices to deliver weekly payroll tax webinars to businesses and their staff.
	Co-hosted, with the Tax Institute, the 16 <sup>th</sup> States' Taxation Conference program, including sessions on stamp duty, payroll tax, court cases and legislative updates.
	Hosted the annual compliance conference with other jurisdictions and the Australian Tax Office (ATO) on compliance-related matters to facilitate harmonisation and improve service delivery.
	Released revenue circulars RC-GEN-018 and 19, and updated related forms and publications to reflect changes resulting from the increased stamp duty first home owner discount, home renovation and household goods grants, and the 2017-18 Budget revenue measures.
	Published information for first home buyers ( <a href="http://firsthome.nt.gov.au">firsthome.nt.gov.au</a> ).
	Updated and published the Employers' Guide to Payroll Tax in the Northern Territory (I-PRT-001) for the 2017-18 financial year.
	Conducted reviews and undertook risk-based audit programs to preserve the integrity of the Territory royalty schemes, including a public consultation process to ensure the Territory's royalty schemes continue to be relevant and competitive.
	Assessed red tape and compliance costs and took additional steps to meet red tape reduction targets.

### Ongoing

Strategic priority	Description of achievement
	Continue to progress the long-term project to update revenue ICT systems, including an online lodgement facility to reduce effort for taxpayers and improve the ease of use of online tax-paying systems.
	Improve service delivery through active engagement with stakeholders.
	Provide timely assistance to prospective mining projects in understanding their royalty obligations.
	Undertake ongoing client education programs (including the publication of guidelines) to enhance transparency of the Territory royalty schemes, minimise the costs of compliance and provide the mining industry with fiscal certainty.
	Source external datasets to strengthen data matching and compliance activities to assist with improving compliance and revenue laws.
	Maintain the Commissioner's Guidelines and payroll tax rulings.

## Future Priorities

- Continue to review and modernise revenue laws and improve taxpayers' understanding of and compliance with these laws.
- Enhance the administration of taxes through access to better data and business intelligence, information technology and process reforms.
- Advise on, develop and implement budget revenue and home incentive options for Government.
- Develop information and educational tools that make it easy for taxpayers to comply with their obligations.
- Complete the implementation of a new comprehensive revenue ICT system to reduce effort for taxpayers and improve efficiency.

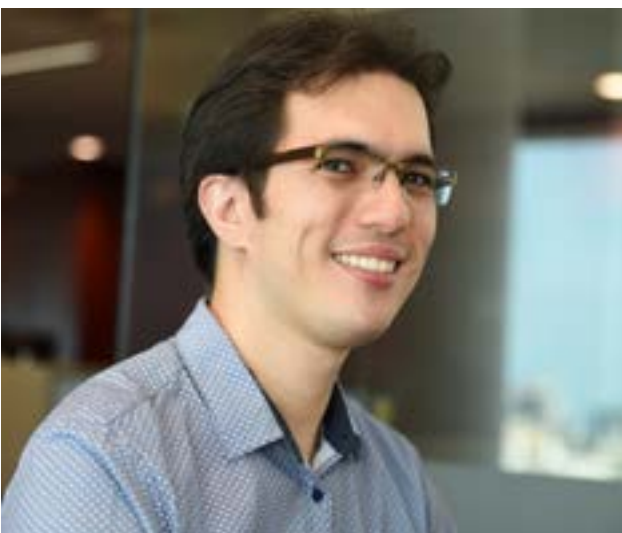
Table 4: Achievement of Standards in the TRO Service Charter

Performance measures	Previous years			Current year		Target
	2013-14	2014-15	2015-16	2016-17	2016-17	2017-18
	Actual	Actual	Actual	Estimate	Actual	Budget
	%	%	%	%	%	%
Stamp duty assessing document turnaround (proportion assessed within five working days)	96	93	92	90	94	90
Response to written inquiries within 14 days of receipt	85	85	95	90	94	90
Audits completed within respective timeframes <sup>1</sup>	87	87	76	80	80	80
Objections determined within 120 days <sup>2</sup>	83	74	62	80	55	80
Other grant applications determined within respective timeframes <sup>3</sup>	100	100	100	100	100	100

1 Territory payroll tax, stamp duty and FHOG audits completed within 120 days, and mining and petroleum royalty audits completed within 180 days of commencement.

2 There were a number of complex long-running objections determined in 2016-17 from a small base, however the target was missed by three objections.

3 The measure is the weighted average performance of other grant applications processed within the timeframes stated in the TRO Service Charter. The relevant standards are that 95 per cent of approved FHOG payments are made within 24 hours of the payment eligibility date and other grant applications are paid within five business days of receipt of all relevant information.



Shaun Pearson, Principal Policy Officer and Nomiki Mpilias, Revenue Officer

## Output Group: Superannuation

### Outcome

Accurate and timely provision of superannuation services and advice that meet the expectations of scheme members and the Government.

This output group comprises the Northern Territory Superannuation Office and includes support to the Superannuation Trustee Board.

Table 5: Superannuation Output Performance

Performance measures	Previous years			Current year		Target
	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Estimate	2016-17 Actual	2017-18 Budget
<b>Quantity</b>						
Capacity to provide policy advice and services on superannuation <sup>1</sup> (\$M)	3.80	3.70	3.01	2.91	2.81	2.69
<b>Quality</b>						
Benefits processed <sup>2</sup>	1 590	1 751	5 329	1 743	1 612	1 743
Benefits paid <sup>2</sup> (\$M)	233	263	558	174	157	160
<b>Stakeholder satisfaction survey rating</b>						
Members and associated boards	5	5	5	≥ 5	5	≥ 5
Treasurer <sup>3</sup>	4	5	5	≥ 5	5	≥ 5



1 Decline in operational expenditure and activity as membership of the closed superannuation schemes continues to reduce.

2 2015-16 included the one-off transfer of retained NTGPASS members and their funds to an industry superannuation fund.




3 Measure ranges from a rating of 1 = extremely dissatisfied through to 6 = extremely satisfied.

## Achievements in 2016-17

### Completed

Strategic priority	Description of achievement
	Transferred \$3.5 million in lost and unclaimed superannuation benefits from 345 former Territory Government employees, to AUSfund, an eligible rollover fund.
	Achieved a 10.63 per cent return overall on the default NTGPASS accumulation account investment option.

### Ongoing

Strategic priority	Description of achievement
 	Provide member services to 2775 NTGPASS members and members of a range of other schemes.
	Provide support to the Superannuation Trustee Board.

## Future Priorities

- Continue transferring lost and unclaimed superannuation accounts to AUSfund.
- Continue to simplify arrangements and reduce administration costs for the Territory's superannuation schemes.
- Amend superannuation scheme rules to improve efficiency and remove redundant or superseded terms or requirements.



*Richard Adigun, Jim Richards, David Ryan and Teresa Rynski*

## Business Division: Northern Territory Treasury Corporation

### Profile

NTTC is the central financing authority for the Territory Government and operates as a government business division within DTF. NTTC undertakes borrowing and investment activities on behalf of the

Territory Government and provides cost-efficient loans to its public sector clients.

Table 6: NTTC Output Performance

Performance measures	Previous years			Current year		Target
	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Estimate	2016-17 Actual	2017-18 Budget
<b>Quantity</b>						
Weighted average cost of borrowings during the year <sup>1</sup> (%)	4.23	2.51	2.22	3.00	2.54	4.00
<b>Quality</b>						
Borrowing rate margin compared to industry peers <sup>2</sup> (%)	+ 0.37	n.a.	n.a.	≤ 0.40	+ 0.41	≤ 0.40
Investment portfolio return above benchmark <sup>3</sup> (%)	+ 0.28	+ 0.27	+ 0.31	± 0.25	+ 0.44	± 0.25
<b>Stakeholder satisfaction survey rating<sup>4</sup></b>						
Clients	5	5	5	≥ 5	5	≥ 5
Treasurer	5	5	5	≥ 5	5	≥ 5

n.a.: not available

1 NTTC's cost of borrowings are expected to increase to 4 per cent in 2017-18 as global and domestic bond yields trend higher, driven by changes to global fiscal policy and the gradual tightening of monetary policy in the United States.

2 NTTC did not issue any term funding into the wholesale financial market during the 2014-15 and 2015-16 financial years.

3 The benchmark is the weighted composite of the Bloomberg AusBond Bill Index and Bloomberg AusBond Semi-Government Index (0-3 years). The composite benchmark return for 2016-17 was 1.82 per cent while NTTC achieved a return of 2.26 per cent.

4 A stakeholder satisfaction rating is obtained from government owned business divisions, the government owned corporation and local government authorities, and the Treasurer. Ratings range from 1: extremely dissatisfied to 6: extremely satisfied.

### Achievements and Future Priorities

NTTC's achievements for 2016-17 and future priorities for 2017-18 are provided in its own annual report.

# Output Group: Corporate and Governance

## Outcome

Improved organisation performance through strategic and governance leadership and the provision of corporate services functions.

This output group comprises the Treasury Services Group.

Table 7: Corporate and Governance Output Performance

Performance measures	Previous years			Current year		Target
	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Estimate	2016-17 Actual	2017-18 Budget
<b>Quantity</b>						
Capacity to provide corporate and governance services to support the function of the agency (\$M)	4.33	4.65	5.21	5.04	4.78	5.33
Internal audits and reviews conducted <sup>1</sup>	1	1	2	3	5	3
<b>Quality</b>						
Stakeholder satisfaction survey rating <sup>2</sup>	n.a.	5	5	≥ 5	5	≥ 5
<b>Timeliness</b>						
Accounts paid within 30 days (%)	90.7	94.9	94	94	92.3	94
Procurement completed within 60 days <sup>3</sup> (%)	75	100	100	90	87.5	90

n.a.: not applicable











- 1 An increase to estimated internal audits and reviews in 2016-17 occurred as a result of two additional cash handling audits being conducted on public counter areas.
- 2 Ratings range from 1: extremely dissatisfied to 6: extremely satisfied.
- 3 Limited procurement occurred in 2016-17, however one procurement process exceeded the completion timeline by eight days.







Sophia English, Nadine Parkinson, Petros Pastrokos and Melissa Smith

## Achievements in 2016-17

### Completed

Strategic priority	Description of achievement
	Finalised appointment of the Under Treasurer in February 2017, who then appointed to a number of vacant senior roles, including Deputy and Assistant Under Treasurers, to assist in leading the agency's strategic direction and implementation of the Corporate Plan.
	Implemented the 2017 series of DTF early career programs: FOIT graduate program, Work-Integrated Learning Scholarship cadetships, apprenticeships and vacation employment.
	90 per cent of graduates (nine staff) successfully completed the 2016 graduate program.
	Transitioned all cadets to the 2017 graduate program.
	Introduced the Emerging Leaders Program targeting AO5-AO6 staff. Sixteen employees participated and were offered development opportunities in 2017.
	Supported 27 staff with study assistance, and provided 130 professional development activities and programs.
	Operated within the approved budget and staffing levels for 2016-17.
	Implemented the 2017 Work Health and Safety Action Plan.
	Implemented the 2016-17 audit plan.
	Updated the Natural Disaster Relief and Recovery Arrangements (NDRRA) administrative guidelines and documents to meet changing stakeholder needs across government agencies.

### Ongoing

Strategic priority	Description of achievement
	Engage with agencies through membership of steering committees and whole of government governance committees to contribute to policy direction and implementation.
	Continue to ensure DTF ICT systems are robust and operate in a secure environment.
	Educate staff on appropriate workplace behaviour, and inclusion and diversity.
	Promote work-life balance initiatives, and health and wellbeing strategies to staff.

## Future Priorities

- Implement recommendations of a review into organisational capability to ensure the agency is well positioned to assist the government to achieve its objectives.
- Implement succession planning and strengthen leadership development.



# Output Group: Economic Regulation

## Outcome

An economic regulatory framework that promotes and safeguards competition, and fair and efficient market conduct, or in the absence of a competitive market, that promotes the simulation of competitive market conduct and the prevention of the misuse of monopoly power.

This output group comprises the Utilities Commission, an independent statutory authority that is part of DTF for administrative purposes.

Table 8: Economic Regulation Output Performance

Performance measures	Previous years			Current year		Target
	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Estimate	2016-17 Actual	2017-18 Budget
<b>Quantity</b>						
Capacity to administer regulatory regime (\$M)	0.99	0.91	0.89	1.05	0.92	1.01
Capacity to advise Regulatory Minister (\$M)	0.42	0.39	0.38	0.45	0.39	0.44
<b>Quality</b>						
Treasurer satisfaction survey rating <sup>1</sup>	5	5	5	≥ 5	5	≥ 5
<b>Timeliness</b>						
Determinations and approvals issued within statutory timeframes <sup>2</sup> (%)	100	100	100	100	100	100

<sup>1</sup> Measure ranges from a rating of 1 = extremely dissatisfied through to 6 = extremely satisfied.

<sup>2</sup> Includes determinations and approvals on monopoly pricing, minimum service standards and other activities as provided for under the *Utilities Commission Act* and other relevant industry regulation legislation.

## Achievements and Future Priorities

The Utilities Commission's achievements for 2016-17 and future priorities for 2017-18 are provided in its own annual report.

## Financial Performance

DTF manages two sets of financial statements: one for its own agency activities and one on behalf of the Territory (whole of government) including CHA.

A summary of the 2016-17 financial performance for DTF and CHA is provided below, with further information contained in the [Financial Statements section](#) of this report.

### Overview

Key fiscal results include:

- DTF reported an operating surplus of \$2.9 million in 2016-17 compared to an estimated deficit of \$1.9 million and up from a surplus of \$1.9 million in 2015-16.
- Appropriations decreased from \$163 million in 2015-16 to \$150 million in 2016-17 in line with a net decrease in grants and community service obligations (CSO) paid on behalf of government.
- DTF cash and deposits increased by \$7.9 million in 2016-17 from \$14.6 million in 2015-16, a \$9.7 million improvement on the revised forecast cash position.

- CHA reported an operating surplus of \$916 million in 2016-17 compared with a \$262 million surplus in 2015-16.
- Equity has increased by \$916 million to \$4748 million in 2016-17 as a direct result of the operating surplus outcome.

## Department of Treasury and Finance

### Comprehensive Operating Statement

DTF's revenue consists mainly of output appropriations that relate to mostly non-discretionary expenses such as grants and CSOs paid on behalf of government. In 2016-17, DTF received \$149.5 million in appropriations representing 98 per cent of total operating income, in line with the budget forecast.

DTF reported an operating surplus of \$2.9 million in 2016-17, compared to an estimated deficit of \$1.87 million, an improvement of \$4.7 million. The improvement of \$4.7 million was mostly due to revised timings of payments of operational expenditure and efficiencies to employee expenses and purchases of goods and services.

Table 9: Operating Statement Overview

	2016-17 Revised Budget	2016-17 Actuals	2015-16 Restated <sup>1</sup> Actuals	2014-15 Actuals	2013-14 Actuals	2012-13 Actuals
	\$000	\$000	\$000	\$000	\$000	\$000
Operating income	152 977	152 783	166 311	123 526	116 571	112 496
Operating expenses	154 849	149 883	164 454	116 273	115 944	113 490
<b>Net surplus/(deficit)</b>	<b>(1 872)</b>	<b>2 900</b>	<b>1 857</b>	<b>7 253</b>	<b>627</b>	<b>(994)</b>

<sup>1</sup> See note 25 in financial statements.

## Operating Expenses

DTF's operating expenses consist of employee expenses, purchases of goods and services, administration costs, grants and CSOs. Additional expenses incurred in 2016-17 relate to utilities reform projects and development of government's workers compensation insurance framework.

Significant movements in operating expenses included:

- Employee expenses increased by \$1.5 million from 2015-16 to \$18 million and within the budget estimate of \$20 million. The increase from 2015-16 is due to the transfer of the Red Tape Abolition Squad under machinery of government changes, and enterprise agreement increases.
- Purchases of goods and services increased by \$1.2 million from 2015-16 to \$7.4 million, and within the budget estimate of \$9.3 million. The increase from 2015-16 is due to payments to consultants for utilities reform projects and progress towards implementing government's workers compensation insurance framework, paid on behalf of government.
- Grants were lower in 2016-17 due to a one-off payment to Territory Generation of \$50 million for upgrades to Owen Springs and Tennant Creek power stations in 2015-16.
- CSO payments increased by \$36.7 million from 2015-16 to \$102.5 million, following a comprehensive review of the utilities CSOs, which identified areas of previous inefficient cross subsidisation that should instead be directly funded by CSOs.

## Balance Sheet

Table 10: Balance Sheet Overview

	2016-17 Revised Budget	2016-17 Actuals	2015-16 Restated <sup>1</sup> Actuals
	\$'000	\$'000	\$'000
<b>Assets</b>			
Cash and deposits	12 728	22 473	14 597
Receivables and prepayments	5 669	1 094	5 670
Advances and investments	423	25 000	25 000
Property, plant and equipment	41	48	43
Less			
<b>Liabilities</b>			
Payables and provisions	3 649	4 128	3 650
<b>Net assets/equity</b>	<b>15 212</b>	<b>44 487</b>	<b>41 661</b>

<sup>1</sup> See note 25 in financial statements.

DTF cash and deposits increased by \$7.8 million to \$22.5 million in 2016-17 resulting in an improved cash position of \$9.7 million to the budget forecast of \$12.7 million. This was largely due to GST refunds from the ATO recorded as receivables in 2015-16 and received in 2016-17 and lower than expected operating expenses.

Advances and investments increased by \$24.6 million to budget following updated accounting advice determining that a loan receivable originally provided to the concession holder in relation to the AustralAsia Railway was undervalued. The 2015-16 comparatives have been restated retrospectively to reflect the uplift in the fair value of the loan with a corresponding increase in net worth which in turn flowed through to the 2016-17 equity position. Further information is detailed in notes 10 and 25 of DTF's [financial statements](#).

## Central Holding Authority

### Comprehensive Operating Statement

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

For 2016-17, CHA reported a net operating surplus of \$916 million, an improvement of \$654 million compared to the previous year's operating surplus of \$262 million.

The improvement is predominantly due to a decrease in expenses of \$1.006 billion, partially offset by a \$352 million reduction in revenue. The reduction in expenses is largely the result of actuarial changes to the value of the Territory's superannuation liability between years, as required by accounting standards.

The reduction in revenue was mostly attributed to reduced Commonwealth revenue and the one-off proceeds from the lease of the Darwin Port received in 2015-16.

### Operating Revenue

In 2016-17, CHA recorded revenue of \$5.19 billion, a \$352 million decrease from 2015-16. The decrease is predominantly due to reduced tied Commonwealth grants (\$128 million) and GST revenue (\$108 million),

combined with the one-off gain on the lease of the Darwin Port (\$100 million) in 2015-16.

The Territory continues to be heavily reliant on Commonwealth revenue, with GST revenue being the largest single transfer from the Commonwealth. GST revenue represents 61 per cent of total CHA revenue, followed by tied Commonwealth revenue of 17 per cent, and the remaining 22 per cent being Territory own-source revenue.

Taxation revenue has declined by \$16 million, predominantly due to lower stamp duty collections of \$30 million reflecting fewer high value commercial transactions and subdued property market conditions, and reduced income tax equivalents of \$16 million, partly offset by a \$33 million increase in payroll tax collections due to employment and wages growth particularly among the larger employers.

Royalties, rents and dividends decreased in 2016-17 by \$34 million due to lower mining royalties of \$27 million, reflecting unfavourable commodity prices, combined with lower dividend collections of \$8 million as a result of lower profitability of government owned corporations.

Table 11 provides a summary of the reduction in CHA revenue from 2015-16.

Table 11: Movements in Operating Revenue between Years

	2016-17	2015-16	Variation	Reason for variation
	\$M	\$M	\$M	
GST revenue	3 157	3 266	(108)	Reflects a lower share of national population and per capita relativity, partially offset by growth in the national pool.
Tied Commonwealth revenue	897	1 025	(128)	Related to infrastructure, roads and municipal and essential services funding, partly offset by increased funding for education and remote Aboriginal housing.
Stamp duty	170	200	(30)	Decrease due to subdued residential property market combined with the cost of increased conveyance stamp duty concessions.
Payroll tax	404	371	33	Increase in payroll tax result of growth in wages and employment, particularly among the larger employers in the Territory's payroll tax base.
Income tax equivalents	53	69	(16)	Reflects reduced profitability of government owned corporations.
Royalties, rents and dividends	212	246	(34)	Primarily due to reduced mining royalties as a result of unfavourable commodity prices and foreign exchange rate movements.
Interest revenue and movement in securities marked to market	95	48	48	Primarily due to gains in the market revaluation of the Conditions of Service Reserve from improved market financial conditions.
Other revenue	199	315	(116)	Largely reflects the one-off gain on the lease of the Darwin Port in 2015-16.



(foreground) Fraser Byrnes, Senior Analyst and Jacqui Wairegi, Senior Policy Analyst

## Operating Expenses

The largest CHA expense is appropriations paid to agencies to deliver government services. Other expenses reflect direct costs associated with borrowings and unfunded employee liabilities.

CHA operating expenses in 2016-17 total \$4.27 billion, \$1.01 billion lower than in 2015-16. This decrease is mainly due to lower superannuation expenses resulting from the movement in the 10-year bond rate used to value the superannuation liability from 2 per cent to 2.7 per cent, combined with an

actuarially assessed pension rate decrease from 2.5 per cent to 2.0 per cent. These rate changes resulted in a revaluation-based gain of \$562 million in 2016-17, compared with a revaluation-based loss of \$398 million in 2015-16 when the bond rate moved from 3 per cent to 2 per cent and the pension rate remained unchanged.

Table 12 provides a summary of the movements in CHA expenses between years.

Table 12: Movements in CHA Operating Expenses between Years

	2016-17	2015-16	Variation	Reason for variation
	\$M	\$M	\$M	
Appropriation	4 477	4 472	5	Reflects new funding decisions approved by Cabinet, partially offset by lower Commonwealth funding.
Superannuation expense	(404)	598	(1 002)	Predominantly due to the bond rate increase of 0.7 per cent combined with a 0.5 per cent decrease in the pension rate in 2016-17.
Interest expense	134	156	(23)	Reduced levels of borrowing and interest rates in 2016-17.
Other employee expenses	64	51	14	Increase in workers compensation expenses partially offset by decrease in long service leave expenses.

## Balance Sheet

Net assets, being total assets less total liabilities, increased by \$916 million to \$4.75 billion in 2016-17, compared with \$3.83 billion in 2015-16.

The increase in total assets since 2015-16 of \$321 million is due to an increase in net assets across agencies, offset by lower short-term deposits and investment securities.

The \$595 million reduction in total liabilities since 2015-16 is mainly due to a decrease in the Territory's unfunded superannuation liability of \$587.7 million as a result of actuarial rate changes. Additional significant movements in liabilities throughout the year include reduced borrowings of \$102.8 million offset by higher deposits held of \$77.6 million, which represents the levels of monies held by CHA on behalf of government entities.

# OUR PEOPLE

# 3



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## Staffing Profile

The Department of Treasury and Finance (DTF) recognises that by investing in our most valuable resource, our people, we strengthen our capacity to meet and exceed our organisational goals now and in the future.

As a lead agency providing expert advice to the Northern Territory Government to inform decision making for Territorians, we continue to strive to ensure we have the right people in the right jobs, and that our workplace culture supports continuous improvement and challenges the status quo.

As at 30 June 2017, DTF employed 151.1 full-time equivalent (FTE) staff, including those in the Northern Territory Treasury Corporation (NTTC), compared to 156.4 FTE in 2015-16.

A snapshot is provided in Table 13 below, with more detailed data at the end of this chapter.



Alison Franklin, Manager Secretariat

Table 13: DTF Staff Snapshot (headcount)

	As at 30 June 2017		As at 30 June 2016		NTPS <sup>1</sup> Comparison
	Number	%	Number	%	%
<b>Staff numbers</b>					
FTE yearly average to 30 June	151.9		150.4		
FTE staff as at 30 June	151.1		156.4		
Employment programs <sup>2</sup>	17	9.9	18	10.1	0.7
Permanent: contract <sup>3</sup> ratio	129:42	75:25	136:43	76:24	73:27
Part-time staff <sup>4</sup>	19	11.1	15	8.4	10.6
Full-time staff	152	88.9	164	91.6	89.4
Total staff	171		179		
<b>Turnover</b>					
Commencements <sup>5</sup>	43		37		
Separations <sup>6</sup>	24		22		
Staff turnover rate <sup>7</sup>		14.0		14.6	21.6

1 NTPS: Northern Territory Public Sector.

2 Includes graduates, trainees and cadets.

3 Includes temporary employees and staff on executive contracts.

4 Includes staff on part-time flexible work arrangements.

5 Includes employees on transfer to DTF from other government agencies.

6 Includes resignations and end of contract.

7 Calculated as the number of permanent separations divided by the average year-to-date headcount as at 30 June 2017.



## Equity and Diversity

DTF strives for diversity and aims for a workforce representative of the community we serve. DTF recognises the value staff bring from different backgrounds, education and work experiences, and values their contribution to a vibrant workplace and high performing culture.

### Demographics

The average age of DTF staff is 36 years, lower than the NTPS average age of 43 years. Over 47 per cent of DTF's workforce is under 35 years of age, and less than 21 per cent is over 50 years of age. This comparatively young age can be mostly attributed to DTF's strong emphasis on early career programs, sustained over the past 20 years, including graduates,

scholarships and apprenticeships, and subsequent employment and advancement in DTF.

The ratio of males to females in DTF has remained consistent over the past 10 years. Of the 171 staff employed as at 30 June 2017, 63 per cent (108 staff) were women. This is consistent with the NTPS ratio of 64 per cent.

The proportion of DTF executives (27 in total) who are women remained consistent at 37 per cent (10 staff). DTF's relative proportion of female executives is below the NTPS figure of 51 per cent, however with a targeted Leadership Program and internal professional development opportunities, the aim is to increase this proportion over time.

Table 14: DTF Staff Demographics (headcount)

	As at 30 June 2017		As at 30 June 2016		NTPS Comparison
	Number	%	Number	%	%
Male:female ratio	63:108	37:63	68:111	38:62	36:64
Male:female executive ratio	17:10	63:37	17:10	63:37	49:51
People with a disability	6	3.5	6	3.4	1.0
Aboriginal staff	6	3.5	10	5.6	10.5
Non-English speaking background	18	10.5	18	10.0	10.1
Average age (years)	36		36.5		43

### Aboriginal Employment

DTF also continues to strive to improve the representation of Aboriginal staff in the workforce at all levels. In 2016-17, the annual target increased from 4.8 per cent to 5.1 per cent or nine staff. As at December 2016, nine Aboriginal staff were employed in a range of roles including traineeships, scholarship cadets completing degrees, team leaders and principal and senior analysts.

By June 2017, this number had reduced to six, with two cadets relocating for family reasons and one scholarship holder successfully completing her degree and deciding to pursue another career pathway. DTF also tailored traineeships for two Aboriginal

staff to better accommodate their study and family circumstances.

In 2017-18, DTF will continue to expand and improve networks with schools, universities and communities to increase our Aboriginal workforce, and retain existing staff with development opportunities and flexible career pathways.

## Career Pathways

DTF devotes considerable resources to entry-level career pathways, ranging from apprenticeships through to the Finance Officer in Training (FOIT) graduate program and specific Aboriginal employment programs. These programs, especially scholarships and vacation employment programs, are valuable in establishing relationships with local tertiary students by building their understanding of the workplace as they prepare to progress into professional careers in DTF and the NTPS.

The FOIT graduate program places an emphasis on providing opportunities for graduates, both locally and interstate, to build a skilled, stable Territory workforce. Innovative and successful design elements of the program, such as fast-tracked professional development and a coordinated, centrally managed and funded program, have been adapted for other early career programs.

Other career pathways into DTF and the public sector were developed, taking a school-through-to-work approach. These include scholarships and work placements for Territory university students, and administrative and information technology (IT) apprenticeships. Career opportunities and pathways are promoted through workshops with secondary school students and career expos in Darwin and Adelaide.

DTF actively recruits through the Territory government traineeships and apprenticeship schemes, the Commonwealth Indigenous Cadetship Support (ICS) program, and tailors traineeships where required to best suit the employee.

### Vacation Employment

Students in relevant degree fields are employed during university breaks for periods of up to two months across various DTF business units. This program enables students to develop an understanding of the

functions and workings of the NTPS and develop a range of skills and knowledge relevant to their studies.

### Apprenticeships

NTPS agencies are host employers of apprentices under the Australian Apprenticeship NT program. Apprentices are engaged for 12 months and combine full-time work with study towards a Certificate III in Business Administration or IT.

### Traineeships

DTF had two traineeships in 2016-17. One trainee continues his studies towards a Bachelor of Accounting while working in Treasury Financial Services.

The other trainee, who completed his Bachelor in Information Technology with Flinders University, successfully completed his traineeship in 2017 and now is a permanent staff member in DTF.

### Indigenous Cadetship Support

The federally funded ICS program provides financial assistance and work experience to Aboriginal students for the duration of their tertiary studies.

In 2016, one cadet successfully completed her scholarship, achieving her Bachelor of Arts (Politics and International Relations), and another completed her first year towards a Bachelor of International Development.



2017 FOITs: Todd Hoy, Rebecca Murray, Romany Maunder, Jessica Sparks, Naomi Collins, Ashley Hanlon and Bintang Daly

## Work Integrated Learning Scholarships

The Work Integrated Learning Scholarship (WILS) program is a partnership between DTF and Charles Darwin University (CDU) that invites students enrolled in full-time studies at CDU to apply for a scholarship with NTPS agencies. DTF offers scholarships to students studying commerce, accounting, economics, law and business-related degrees. The program involves financial assistance with university fees and undertaking work placements during university breaks throughout the student's studies. At the completion of the student's degree, he or she is encouraged to participate in the annual FOIT graduate program.

In 2016-17, three students successfully completed their first year of study in commerce and accounting, and work placements.

Two more commenced scholarships in 2017 with their first year of study, and successfully completed semester 1 in Bachelor of Accounting.

One more student successfully completed his Bachelor of Commerce (with Honours) in semester 1 2017 after joining the WILS program in 2016.

## FOIT Graduate Program

The FOIT program employs local and interstate graduates from a variety of disciplines, including accounting, economics, business and law. This program is an important ongoing component of DTF's recruitment strategy and succession planning, and aims to fast-track high quality graduates to middle and senior management capability, thereby strengthening the business and finance capabilities and resources of both DTF and the NTPS.

Each graduate undertakes a year-long intensive structured learning experience where they undertake up to four placements in different business units within DTF, as well as regular in-house training workshops and seminars to further their professional development. Each graduate is also assigned a mentor from DTF's Senior Management Group. The main focus of the mentoring relationship is to enhance the professional abilities of the graduate by providing on-the-job support, in addition to the mentors sharing their knowledge of government and the role of the organisation, and providing constructive feedback that supports the FOIT's development.

As at 30 June 2017, there are seven 2017 FOITs. From the 2016 FOIT intake, eight of the 10 graduates completed the graduate program and continued employment in DTF.

Table 15: Employment Programs (as at 30 June)

	2012-13	2013-14	2014-15	2015-16	2016-17
Vacation employment	2	2	-	2	-
Apprenticeships	1	2	-	-	-
Traineeships	-	-	-	-	1
ICS	2	4	2	3	-
WILS	5	6	6	3	5
FOIT graduate program	7	12	8	10	7
<b>Total</b>	<b>17</b>	<b>26</b>	<b>16</b>	<b>18</b>	<b>13</b>

## Growing Our Staff

DTF recognises that the expert advice it is able to provide to the Territory Government and its agencies reflects the quality of its workforce. Employees are encouraged and challenged to grow and develop both professionally and personally through further study and professional development opportunities.

DTF's workforce retention and development strategy for building capacity and capability is underpinned by a number of key initiatives, including:

- study assistance, with financial support, study time and use of office resources
- professional membership support and remuneration
- career pathways through leadership development training for middle and senior managers, including opportunities for secondments, higher duties and work placements
- flexible work arrangements to assist with work-life balance, including part-time arrangements for parents and carers.

### Study Assistance and Training

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

In 2016-17, 45 study applications for 27 staff were approved by DTF's Professional Development Committee. More information is provided in the [Corporate Governance](#) chapter.

Table 16: Training and Development Expenses

	2012-13	2013-14	2014-15	2015-16	2016-17
Headcount as at 30 June	169	161	173	179	171
Total training and development expenses (\$)	159 457	129 265	165 793	236 817	244 510
Total employee expenses (\$M)	18.30	17.16	16.66	16.47	18.02
Training and development as a percentage of employee expenses (%)	0.87	0.75	1.00	1.44	1.37
Training and development expenditure per employee (\$)	944	803	958	1 323	1 429

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

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

### Leadership Programs

Investment in leadership development at various levels of the department included a pilot Emerging Leaders Program in 2016-17, targeting Administrative Officer (AO) 5 and 6 staff. Sixteen employees participated in the program, which comprised four two-day workshops held between August and November 2016. Participants also completed a leadership development plan that included a targeted project.



David Braines-Mead, Deputy Under Treasurer (Policy) and Jacqui Wairegi, Senior Policy Analyst



*Jessica Lim, Eliza Jongue, Alison Lemcke and Donna Moore*

As a result, 13 of the 16 employees (81 per cent) have either undertaken further professional development to increase their skills and knowledge or moved to positions at a higher level.

During 2016-17, two senior staff completed advanced leadership programs:

- ANZSOG – Leadership for Change
- ANZSOG – Advancing Leadership.

## Work Life Balance

In 2016-17, DTF continued to offer flexible work arrangements to staff, including part-time employment, home-based work, and work and career breaks. Being flexible and balancing the professional and personal priorities of staff with those of the workplace creates a more effective and productive agency, and facilitates retention of staff over a longer period.

DTF has a young workforce, many with young families. In 2016-17, 17 staff worked with flexible arrangements and three staff accessed work-from-home arrangements. Three staff participated in part-time arrangements. The majority

related to childcare responsibilities but also included health issues, transition to retirement arrangements, study and external work commitments. A summary is provided in Table 17.

Additionally, flex-time is managed for staff in relation to peak periods and arrangements mutually agreed and operationally viable. DTF also has a biannual allowance to accommodate exceptional hours worked by AO7 and SAO1 staff.

## Communication and Feedback

In 2016, 93 per cent of DTF staff participated in the Territory Government People Matter Survey, with feedback mainly positive across the survey. Staff felt they had a clear understanding of how their job contributes to their workgroup's role, believed their work was important, and felt DTF provided high quality service to the Territory community.

Feedback from staff identified areas for improvement in how DTF communicates with staff effectively when change is occurring, and the need for additional leadership programs and development opportunities for staff.

**Table 17: Number of Staff Utilising a Work-Life Balance Option**

	Female	Male	Total	% of Workforce
Flexible working hours <sup>1</sup>	14	3	17	9.9
Part-time work	2	1	3	1.8
Working from home	3	-	3	1.8
Purchased leave (up to six weeks additional leave)	1	-	1	0.6
Recreation leave at half pay	6	-	6	3.5
Career breaks (leave without pay)	1	2	3	1.8

<sup>1</sup> Includes 16 staff on part-time arrangements and one staff member on compressed hours.

## Health and Wellbeing

As a department, DTF promotes a safe workplace and actively educates staff on appropriate workplace behaviour, work health and safety (WHS) and resilience.

DTF has a number of initiatives in place to provide education, training and support to encourage employees to maintain a healthy lifestyle, work in a safe manner, and assist staff in handling difficult or stressful situations at work or at home.

### Work Health and Safety

DTF's WHS Management System provides a structured approach to meeting the requirements of the *Work Health and Safety (National Uniform Legislation) Act*.

A dedicated page on DTF's internal website provides staff with all policies, procedures and forms, information on emergency wardens, first aid officers and WHS committee members, as well as links to NT Worksafe and SafeWork Australia.

Personal Emergency Evacuation Plans (PEEPs) are prepared for all staff unable to evacuate the workplace

during an emergency situation. In 2016-17, 17 PEEPs were maintained.

The 2016-17 WHS Action Plan assists DTF to meet its WHS targets and objectives. The Action Plan outlines objectives for the WHS Committee and the department in safety leadership, safety culture and hazard and risk management.

The Action Plan includes a training component. In 2016-17, 25 occasions of training in WHS matters were provided.

There were three WHS incidents reported in 2016-17, a reduction from previous years. Table 18 compares data from 2012-13 through to 2016-17. The increase from 2014-15 to 2015-16 was primarily due to building-related issues with the new Charles Darwin Centre building, following DTF's move from Cavenagh House.

Incidents in 2016-17 included a staff member suffering a medical problem, a pair of pliers being dropped by workers outside the building, and a staff member tripping in the stairwell.

Table 18: WHS Incidents by Type

	2012-13	2013-14	2014-15	2015-16	2016-17
Being hit by objects	3	2	1	3	-
Environmental factors	-	-	1	-	-
Hazard	2	-	1	2	-
Medical issue	2	-	1	1	1
Other	3	1	-	3	1
Slips, trips and falls	1	3	2	-	1
<b>Total</b>	<b>11</b>	<b>6</b>	<b>6</b>	<b>9</b>	<b>3</b>

## Workers Compensation

No new workers compensation claims were lodged during 2016-17. Table 19 compares data from 2012-13 through to 2016-17.

Table 19: Workers Compensation Claims

	2012-13	2013-14	2014-15	2015-16	2016-17
Total expenditure	-	\$9 699	\$373	-	-
New claims	-	1	-	-	-
Claims resolved	n.a.	1	n.a.	n.a.	n.a.
Staff receiving ongoing workers compensation payments	-	-	-	-	-

n.a.: not applicable

## Employee Assistance Program

DTF's Employee Assistance Program (EAP) provides an important support service to assist staff who may be affected by personal, family or work-related issues. EAP offers up to three free confidential counselling sessions for employees and their family members with any of DTF's six EAP providers.

EAP also provides vocational assessments for employees, and coaching for supervisors and managers in dealing with difficult and sensitive staff issues in the

workplace. Guidance and strategies, mediation and dispute resolution services are also offered.

Total expenditure on EAP was higher in 2016-17 compared to the previous years with a 63 per cent increase. Increased promotion and awareness of the EAP is attributed to the increased number of staff accessing the service.

Table 20: EAP Uptake

	2012-13	2013-14	2014-15	2015-16	2016-17
Expenditure for financial year (\$)	14 777	11 282	7 054	7 651	12 453
Number of people assisted by EAP providers	22	24	14	17	24
Number of sessions	106	51	27	27	45

## Vaccinations

DTF offered free in-house influenza vaccinations to all staff in April 2017, and 60 staff were immunised. Overall, 36 per cent of staff were vaccinated in 2016-17, a decrease from 51 per cent in 2015-16.

## Workplace Ergonomic Assessments

All DTF staff undergo an ergonomic assessment on commencement or when relocating to a new workspace. There were 59 ergonomic assessments of workstations in 2016-17. Eighteen staff successfully completed a workstation assessor workshop in August 2016, in order to perform ergonomic assessments across the agency.

## Our Community

### Staff Achievements

DTF is proud to celebrate the efforts and achievements of its staff in and outside work.



#### Service Recognition

On 27 October 2016, Col Jakobson (left) was recognised for 40 years of service at the NTPS service awards. Col is an Assistant Director in the Financial Management Group.

#### Post Graduate Study

Artemis Prodromou was awarded an outstanding academic achievement in semester 1 2017, for his results in studies towards his Master of Business Administration.

#### Literacy Award

Romany Maunder, a 2017 FOIT, was shortlisted as a finalist for her short story in the NT Literacy Awards this year. Romany's story, along with other finalists, was printed in a booklet produced as part of the awards.

### Social Club

Through DTF's social club, a number of events and activities raised over \$6900 in 2016-17, with donations going to several charity organisations. These events included:

- Movember, which raises funds and awareness for men's health
- Jeans for Genes Day with donations towards the Children's Medical Research Institute
- National Youth Week with donations towards headspace, Impact and the Lighthouse Foundation
- International Women's Day to support Dawn House Women's Shelter
- Australia's Biggest Morning Tea to support the Cancer Council.

In addition, \$1800 was also raised for Ampilatwatja, a remote community north-east of Alice Springs. The funding was used to purchase Christmas gifts, including toys and sporting equipment, for over 85 children, and to assist the women of Ampilatwatja to buy material to start an enterprise based on sewing.



Movember: (back row) Mark Langeluddecke, Eric Vo, Travis Summersides, Vipin Mehta, Joshua Miles, Petros Pastrikos, Andrew Baylis, Thomas Philip, Simon Lawrence and Alex Lei (front row) Lance Dolan, Shlok Sharma and Ari Stoltze



## Vale

DTF notes the sad passing in 2017 of our colleagues and friends, Robert Cagnetti and Tom Elkins.



Robert joined DTF as a FOIT in 2004. He worked in the Economic group and became a director in 2012. In Robert's last three years in DTF, he held the position of Director Commercial in the Economic Group.



Tom joined DTF's Communications Unit in June 2015. He previously worked in a range of areas, including freelance graphic design and website creation. Tom left DTF in August 2016 for a professional development opportunity with another agency.

Robert and Tom were well-respected colleagues and will be sadly missed.

## Workforce Information

Unless otherwise stated, data below is provided by headcount.

Table 21: Staff by Gender and Classification

	2016-17			2015-16		
	Female	Male	Total	Female	Male	Total
Employment programs	8	5	<b>13</b>	8	10	<b>18</b>
AO2	1	1	<b>2</b>	1	2	<b>3</b>
AO3	9	2	<b>11</b>	9	1	<b>10</b>
AO4	19	7	<b>26</b>	22	7	<b>29</b>
AO5	24	6	<b>30</b>	26	7	<b>33</b>
AO6	16	9	<b>25</b>	17	7	<b>24</b>
AO7	9	10	<b>19</b>	6	12	<b>18</b>
SAO1	12	6	<b>18</b>	12	5	<b>17</b>
SAO2	3	3	<b>6</b>	4	4	<b>8</b>
ECO1	3	6	<b>9</b>	2	3	<b>5</b>
ECO2	2	4	<b>6</b>	2	6	<b>8</b>
ECO3	1	2	<b>3</b>	1	1	<b>2</b>
ECO4	1	1	<b>2</b>		3	<b>3</b>
ECO6		1	<b>1</b>	1		<b>1</b>
<b>Total</b>	<b>108</b>	<b>63</b>	<b>171</b>	<b>111</b>	<b>68</b>	<b>179</b>

Figure 1: Staff by Employment Type

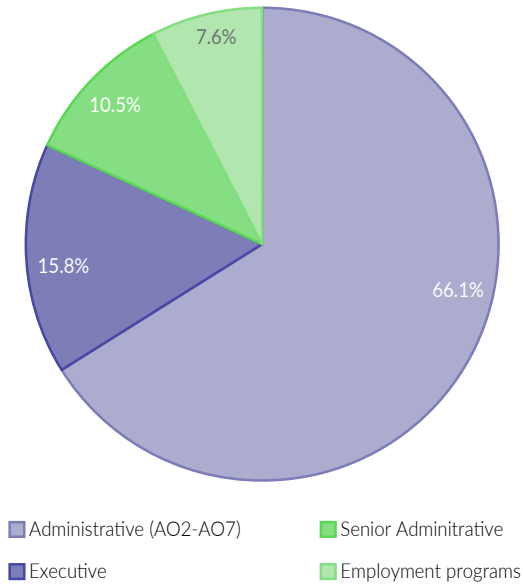


Figure 3: Staff by Age and Gender

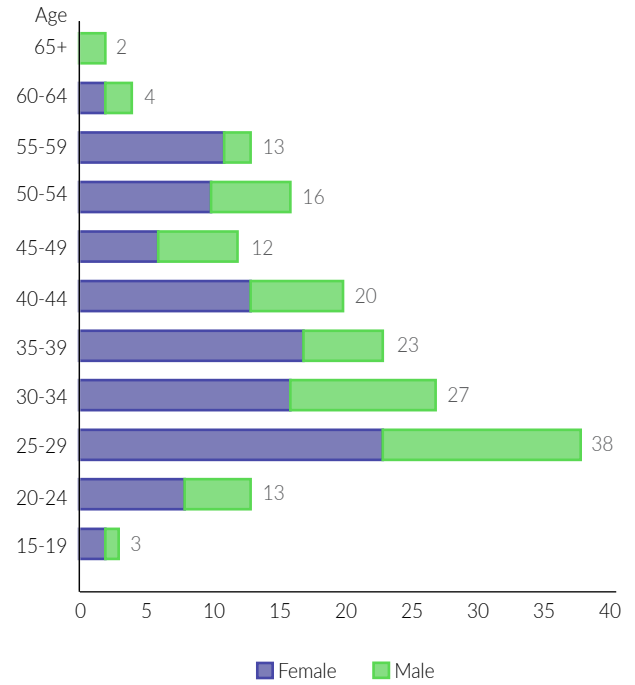
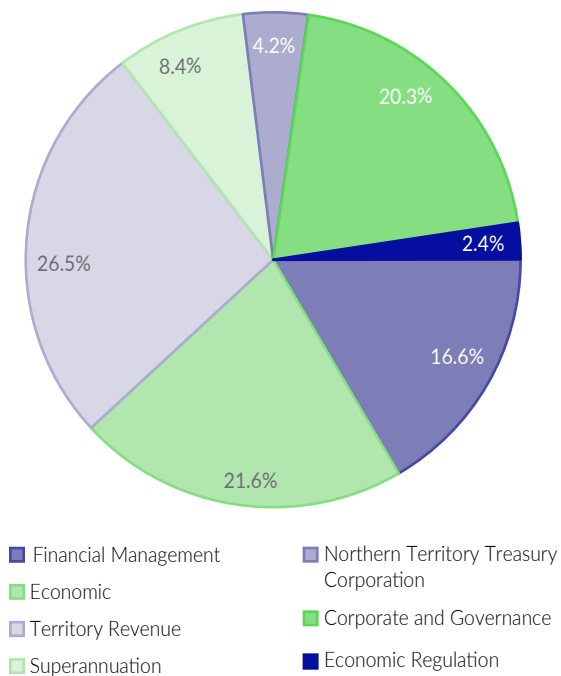


Figure 2: Employees by Output (FTE)



Note: Corporate and Governance includes executive and corporate infrastructure staff.

Graduates are included with their work placement as at 30 June 2017.

Table 22: Classification by Age, as at 30 June 2017


	15-19	20-24	25-29	30-34	35-44	45-54	55+	Total
Employment programs	3	5	3	1	1			13
AO2			2					2
AO3		1	4	2	2	1	1	11
AO4		4	7	3	7		5	26
AO5		3	9	6	4	3	5	30
AO6			9	5	7	3	1	25
AO7			3	4	5	6	1	19
SAO1			1	6	5	3	3	18
SAO2					4	2		6
ECO1					6	3		9
ECO2						4	2	6
ECO3					2	1		3
ECO4						1	1	2
ECO6						1		1
<b>Total</b>	<b>3</b>	<b>13</b>	<b>38</b>	<b>27</b>	<b>43</b>	<b>28</b>	<b>19</b>	<b>171</b>

Table 23: Classification by Length of Service, as at 30 June 2017

	< 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
Employment programs	9	4									13
AO2			2								2
AO3	4	1	4	1			1				11
AO4		12	8	1	2		1		2		26
AO5	1	9	13	2	3	1				1	30
AO6	1	7	7	8		1		1			25
AO7		9	9	1							19
SAO1	1	1	8	1	3	3				1	18
SAO2	1		1	1	1	1	1				6
ECO1		1		3	4			1			9
ECO2		1	1		2	1		1			6
ECO3				1	1		1				3
ECO4				1		1					2
ECO6						1					1
<b>Total</b>	<b>17</b>	<b>45</b>	<b>53</b>	<b>20</b>	<b>16</b>	<b>9</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>171</b>

# CORPORATE GOVERNANCE

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# Corporate Governance

## Corporate Governance Framework

The Department of Treasury and Finance (DTF) has a strong governance culture that places emphasis on sound corporate governance principles, ethical behaviour and risk management.

The Corporate Governance Framework outlines DTF's corporate governance principles, strategic goals and values for effective governance.

The Corporate Governance Framework was reviewed early in 2017 as part of an annual review process.

Figure 4: Corporate Governance Framework



## Corporate Governance Principles

The following corporate governance principles are a fundamental part of DTF's Governance Framework, and ensure DTF delivers its outcomes in a manner consistent with the legal and policy frameworks under which it operates. The management and understanding of risk is an underlying consideration in all our work, which provides assurance to stakeholders that risks are being adequately managed and the integrity and reputation of DTF is protected. Ethical dealings and behaving with integrity at all times is a key requirement for DTF staff, and these requirements are promoted regularly in the department.

Table 24: Corporate Governance Principles

Leadership:	DTF and its staff model and foster behaviour that supports Northern Territory Public Sector (NTPS) values, inspires and influences others, and shapes organisational culture.
Transparency:	Decisions, actions and advice are open to, and can withstand, the scrutiny necessary to ensure stakeholders can have confidence in DTF decision-making processes.
Accountability:	DTF and its staff take responsibility for their decisions and actions.
Integrity:	DTF actively promotes honesty and ethical conduct by upholding appropriate standards of behaviour.
Equity:	Fairness and equity in DTF's decision making ensures decisions are free from bias.

## Strategic Goals

DTF's strategic goals guide our core business areas in the delivery of government outcomes and are set for a four-year period through the Corporate Plan. The plan is reviewed annually by the Senior Management Group (SMG). Achievements are generally reported every six months.

Further details on DTF's performance against the strategic goals are provided in the Our Performance section of this report and later in this section.

## NTPS Values

DTF has aligned its corporate values to the NTPS values. They give us a shared understanding of the values that underpin how we work in delivering services to Territorians, promote collaboration and professionalism, guide us in achieving our best performance, and set common expectations in DTF and across the sector for all public servants.

Table 25: Our Values

Commitment to service:	DTF is professional, hardworking, effective, innovative and efficient, working collaboratively to achieve the best results for the Territory.
Ethical practice:	DTF upholds the highest standards of practice and acts with integrity in all that it does.
Respect:	DTF respects all people and, in particular, their rights as individuals.
Accountability:	DTF is transparent and accountable in all its actions.
Impartiality:	DTF is apolitical and provides the government of the day with advice that is objective, timely and based on the best available evidence.
Diversity:	DTF values the diversity of its workforce as well as the Territory population it serves.

## Corporate Governance Committees

The Under Treasurer is supported in his role by SMG, which comprises the Under Treasurer, Deputy and Assistant Under Treasurers and other senior executives, who provide strategic direction, high level performance monitoring, and decision making in relation to DTF's operations to achieve its key priorities.

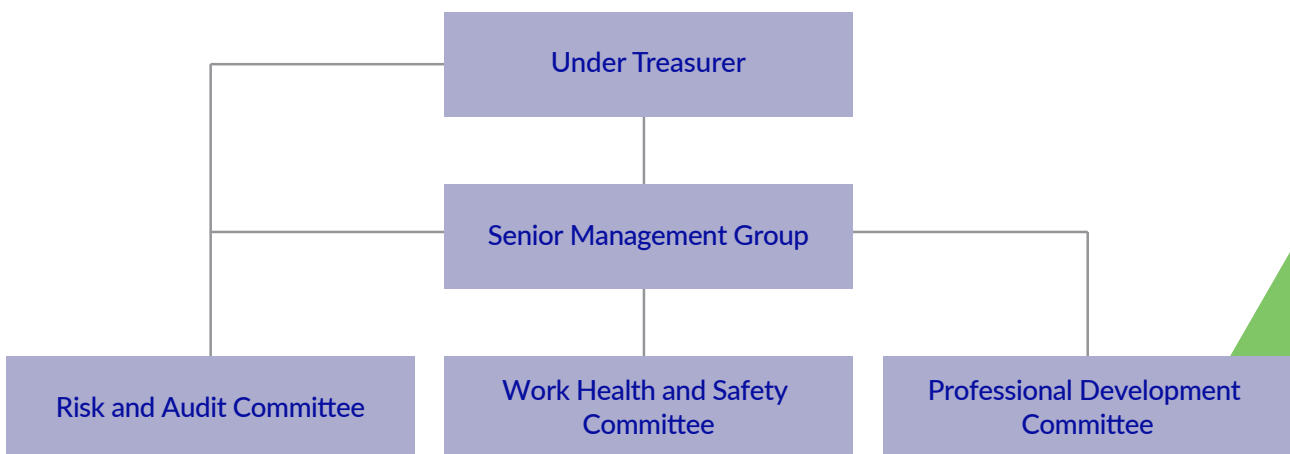
Three standing committees support SMG in carrying out its responsibilities in providing leadership on key issues affecting DTF:

- Risk and Audit Committee
- Work Health and Safety Committee
- Professional Development Committee.

SMG considers reports and briefings from each committee and provides direction to and approval of corporate policy and DTF projects.

Each committee's role, membership and performance in 2016-17 are outlined in this section. Membership is as at 30 June 2017. Strategic resourcing and human resource matters are considered by SMG rather than by separate committees.

Figure 5: Corporate Governance Committees



## Senior Management Group

### Role

SMG is responsible for strategic decision making and policy setting in relation to DTF's operations and internal processes. The group provides leadership and strategic direction to DTF.

### Membership

**Craig Graham**, Under Treasurer (Chair)

**David Braines-Mead**, Deputy Under Treasurer (Policy)

**Catherine Weber**, Deputy Under Treasurer (Corporate)

**Tim McManus**, Acting Assistant Under Treasurer (Finance)

**Sarah Rummery**, Assistant Under Treasurer (Economic)

**Mick Butler**, Assistant Under Treasurer (Revenue)

**Katrina Martin**, Senior Director Economic and Commercial Policy

**Samantha Byrne**, Senior Director Utilities Reform

**Dwayne McInnes**, Senior Director Financial Management (to July 2017)

**David Ryan**, Commissioner of Superannuation

**Alex Pollon**, General Manager Northern Territory Treasury Corporation

**Gerard Taylor**, Director Corporate Support

### Key Functions

SMG develops and reviews the Corporate Plan, monitors performance and sets direction on major strategic priorities and resourcing to ensure Government's objectives can be met.

SMG considers reports and briefings from each committee, and provides direction on and approves corporate policy and DTF projects.

Chaired by the Under Treasurer, SMG generally meets on a fortnightly basis.

## 2016-17 Achievements

- Developed the 2017-2020 Corporate Plan, including reviewing performance for 2016, determining the 2017 key priorities, and undertaking the 2017 Strategic Risk Assessment.
- Provided strategic guidance and direction on a number of major projects and initiatives, including the workers compensation insurance framework, utilities performance and reform, Economic Development Framework, and intergovernmental matters.
- Approved a range of human resource development initiatives, such as enhancing policies and procedures, monitoring graduate performance, and implementing an Emerging Leaders Program.
- Approved the 2016-17 Business Continuity Plan and Cyclone Preparedness Plan.

## Risk and Audit Committee

### Role

The Risk and Audit Committee (RAC) provides independent assurance to the Under Treasurer on DTF's financial and performance reporting responsibilities, risk assessment and management, internal controls, and compliance with relevant laws and policies.

### Membership

**Fotis Papadakis**, Chief Financial Officer, Department of Infrastructure, Planning and Logistics (Chair)

**Mick Butler**, Assistant Under Treasurer (Revenue) (Deputy Chair)

**Samantha Byrne**, Senior Director Utilities Reform (Member)

**David Ryan**, Commissioner of Superannuation (Member)

**Gerard Taylor**, Director Corporate Support (Member)



## Key Functions

RAC monitors business risk assessments and adequacy of established internal controls to manage identified risks, and reviews the appropriateness of policies, practices and procedures that affect those controls.

It oversees the DTF risk and audit management function, including approving internal risk and audit plans, and reviewing responses to and implementation of audit recommendations.

RAC reviews the effectiveness of structures and practices that support the key elements of DTF's corporate governance framework.

RAC also reviews the findings of external audits and monitors implementation of responses to audit recommendations.

## 2016-17 Achievements

- Approved the 2016 and 2017 Internal Audit and Review schedules and the Work Health and Safety Action Plan.
- Provided feedback on the 2017-2020 Corporate Plan and the 2017 key priorities, including reviewing performance for 2016, and undertaking the 2017 Strategic Risk Assessment.
- Noted the work health and safety quarterly reports, Northern Territory Auditor-General's Office External Audit Schedule for 2017, Gifts and Benefits Register, and the human resources, finance, contract and procurement delegations.



*Anna Mitchell, Daniel Susantio and Niki Mastoros*

## Work Health and Safety Committee

### Role

DTF's Work Health and Safety (WHS) Committee develops, implements and monitors improved health and safety measures for DTF employees.

### Membership

**Gerard Taylor**, Director Corporate Support, Treasury Services Group (Chair)

**Lien Bui**, Group Coordinator, Treasury Services Group (Secretary)

**Nadine Parkinson**, Governance and Business Support Coordinator, Treasury Services Group (Project Officer)

**Alvin Teo**, System Administrator, Financial Management Group (Member)

**Sarah Skopellos**, Group Coordinator, Economic Group (Member)

**Tamara Hutcheon**, Executive Assistant, Executive Support Unit (Member)

**Shlok Sharma**, Revenue Analyst, Territory Revenue Office (Member)

### Key Functions

The WHS committee facilitates the provision of safe workplaces and work processes, and develops, implements and monitors measures designed to ensure the health and safety of employees at work.

It also advocates acceptable and responsible work practices by employees and others, and promotes a health and safety ethos for the workplace.

### 2016-17 Achievements

Achievements in WHS are summarised in the [Our People](#) chapter of this report under Health and Wellbeing.

## Professional Development Committee

### Role

The Professional Development Committee (PDC) is responsible for setting policy and considering applications for assistance relating to professional development of staff. Further information about professional training expenditure is provided in the [Our People](#) chapter of this report.

### Membership

**David Braines-Mead**, Deputy Under Treasurer (Policy)

**Catherine Weber**, Deputy Under Treasurer (Corporate)

**Mick Butler**, Assistant Under Treasurer (Revenue)

**Debbie Davis**, Assistant Director Corporate Services

### Key Functions

The focus of the committee is to review and approve study assistance applications each semester, to ensure equitable access by all interested staff.

The committee ensures the study enhances the employee's key skills and strengthens DTF's capacity to achieve its strategic objectives.

### 2016-17 Achievements

- Reviewed and approved study assistance for 23 staff members for semester 2, 2016, and 22 staff members for semester 1, 2017.
- Approved courses included a diploma in human resource management, undergraduate and postgraduate degrees in law, accounting, commerce, management, economics and IT, and studies related to industry professional bodies such as the Chartered Accountant and Certified Practising Accountant qualifications.

# Corporate Planning

## 2014-2016 Corporate Plan

The 2014-2016 Corporate Plan was developed and released in 2014. It concluded in 2016-17 and had six strategic goals that aligned with the previous organisational structure.

A summary of DTF's performance against the 2014-2016 Corporate Plan is provided in the [Our Performance](#) section of this report.

## 2017-2020 Corporate Plan

The 2017-2020 Corporate Plan was released in early 2017. It sets three key priorities (or strategic goals), outlines how these priorities will be achieved,

and specifies key actions to be implemented in 2017. These key actions are then translated into and monitored through business plans and staff performance agreements.

The four-year Corporate Plan will be reviewed annually to assess performance and set key actions for each new year. This will ensure the Corporate Plan continues to be relevant and addresses government priorities and emerging issues.

DTF's performance against the 2017-2020 Corporate Plan is provided in the [Our Performance](#) section of this report.

Progress against priorities outlined in the Corporate Plan and division business plans are generally reported to SMG every six months.

Table 26: 2017-2020 Corporate Plan

Key Priorities	Achieving Our Priorities
Support economic growth, job creation and fiscal sustainability by providing timely and reliable policy advice to inform the Government's strategic priorities.	<ul style="list-style-type: none"> <li>Shape policy to support economic growth, create jobs, inform key policy and investment decisions and support the key fiscal targets of the Government.</li> <li>Provide leadership in microeconomic reform to support a strong, competitive economy and improve productivity and efficiency.</li> <li>Advocate the Territory's interests in Commonwealth-state fiscal relations.</li> <li>Effectively administer the Government's revenue collection system, funds management and superannuation schemes.</li> <li>Provide clear, factual and fearless advice to the Government.</li> </ul>
Strengthen our policy leadership role within the public sector and the community to assist the Government in delivering its objectives.	<ul style="list-style-type: none"> <li>Engage and collaborate with stakeholders to identify solutions that add value to policy and service delivery outcomes.</li> <li>Provide expert economic and financial advice.</li> <li>Improve public sector accountability by supporting and developing contemporary legislative and policy frameworks.</li> <li>Foster strong industry and community partnerships.</li> </ul>
Empower our people and create an agile, skilled and resilient workforce by continuing to build, grow and maintain organisational capability.	<ul style="list-style-type: none"> <li>Attract, retain and reward high calibre people.</li> <li>Develop current and future leaders capable of shaping policy and services for the Territory.</li> <li>Provide efficient systems to support organisational capability.</li> <li>Ensure a safe, productive and fair work place.</li> </ul>

## Accountabilities

As an important component of good governance, the risk management process is applied at all levels and for all activities in the organisation with an emphasis on proactively identifying and managing risks in all work areas, rather than reacting to risks as they emerge. It supports making informed decisions, prioritising activities, and identifying the most effective and efficient course of action to achieve desired outcomes.

### Managing and Mitigating Risk

DTF's Risk Management Framework is based on the Australian/New Zealand Joint Standard ISO 31000:2009. The Risk Management Framework, Risk Management Policy and other supporting documentation ensure information about risk derived from the risk management process is adequately reported and used as a basis for decision making and accountability at all levels.

DTF's risk management framework is reviewed annually to ensure its continued compliance with relevant legislation and national standards.

### Risk Assessment

Divisions undertake a risk assessment annually as part of their business planning. The resultant risk register helps DTF manage risks by discerning potential areas of exposure, implementing appropriate strategies to address these areas, and monitoring the progress and effectiveness of those strategies.

Quarterly updates on selected operational risks are provided to the Risk and Audit Committee.

### Risk Oversight

The Risk and Audit Committee is responsible for overseeing internal review and quality assurance relating to financial management, risk management and fraud control, and considering how these can potentially impact on DTF's ability to achieve its strategic objectives and deliver its services and work plan. The committee ensures the agency has a clear vision of its priority risk areas and recommends review and remedial actions to the Under Treasurer, as required.

### Accounting and Property Manual

The *Financial Management Act* requires the Accountable Officer to issue and maintain an Accounting and Property Manual (APM) for use by DTF's employees. The APM outlines DTF's key financial management procedures and associated internal controls. It is reviewed at least annually, and updated as required.

### Business Continuity Plan

DTF's Business Continuity Plan (BCP) details the action that DTF, as an agency and a central agency, will take following an unexpected event or disaster in order to maintain continuity of business operations in DTF and across government. This includes specific plans for all information and communications technology (ICT) business systems. The BCP is reviewed at least annually and updated as required.

### Confidentiality Agreement

DTF deals with highly sensitive and confidential information on a regular basis. The confidentiality agreement is a reminder to staff members of their obligations as NTPS employees in managing and maintaining the confidentiality of Territory Government information. All staff members sign a confidentiality agreement on commencement of employment.

## Conflict of Interest Management

DTF ensures all conflicts of interest (potential, perceived or actual) are recognised and managed effectively with a transparent and standard declaration process. All staff members sign a declaration on commencement of employment, and staff members are canvassed quarterly to update their declarations if required.

## Control Self-Assessment

Control Self-Assessment (CSA) is a governance tool designed to help managers assess business processes, control organisational effectiveness and ensure legislative requirements are met. CSA uses monthly, quarterly and annual questions on the adequacy of internal controls and mitigation of certain risks, ensuring appropriate action is taken to report and act on these risks.

## Corporate Delegations

Delegations create a clear set of authorities for staff and accountable officers to make decisions on their financial, procurement and human resource actions, and are reviewed annually or as required. Financial, human resource, procurement and contract delegations are reviewed at least annually to ensure they remain contemporary and reflect the organisational structure, and are updated as required.

## Induction Process

On commencement with DTF, all staff members complete a new starter checklist with their supervisor and a representative from Human Resources (HR), undertake an electronic induction process, and are provided with a reference manual to assist with successful onboarding of new staff.

## Policies and Procedures

DTF has a number of policies and procedures, available to staff in the Corporate Manual on DTF's internal intranet page, 'InSite'. These documents describe processes and internal controls embedded in DTF business activities. They are reviewed at least annually and updated as required.

## Procurement

DTF's procurement policies and procedures, including the Agency Procurement Management Plan, are reviewed annually. Procurement advice and assistance is provided by the Department of Trade, Business and Innovation procurement network, which ensures DTF meets its obligations under the Northern Territory Government procurement framework.

## Related Party Disclosures

The Australian Accounting Standards Board (AASB) has extended the scope of AASB 124 Related Party Disclosures to include not-for-profit public sector entities from 1 July 2016, which includes government agencies. The revised standard requires DTF to disclose within the notes to the annual financial statements certain related party information, including the remuneration of key management personnel and transactions between them, their close family members and DTF.

A key management personnel member is a person with authority and responsibility for planning, directing and controlling the activities of DTF directly or indirectly, including a person in a position to influence the strategic direction of DTF. Related party disclosures are included in the [Financial Statements](#) of this report.

## Audits and Reviews

The audit and review schedule is developed annually and comprises external audits and reviews under the Auditor-General's program, and the internal audit and review plan.

All audit and review reports are presented to the Risk and Audit Committee to consider as part of their risk oversight role.

### External Audits and Reviews

The Auditor-General schedules audits on a six-monthly basis and notifies findings to the Under Treasurer from each audit.

Audits by the Northern Territory Auditor-General for the period 1 July 2016 to 30 June 2017 are summarised in [Appendix 4](#).

### Internal Audits and Reviews

The internal audit and review plan is developed in consultation with divisions and SMG during the business planning process each year to test selected internal controls and processes. The plan is approved by the Risk and Audit Committee for implementation.

Training was provided to 11 staff members in 2016-17 by the Institute of Internal Auditors Australia to ensure DTF staff members have appropriate skills and qualifications necessary to conduct audits and reviews. These staff members conducted two travel audits, two cash handling audits and one Cabinet information security measures compliance check in 2016-17. Outcomes for these audits are provided in [Appendix 4](#).

## Insurance Arrangements

Agencies are required under the Treasurer's Directions to detail the mitigation strategies and processes they have in place to reduce the likelihood or severity of their insurable risks. As a central government agency, DTF self-insures its insurable risks, which are generally related to workers compensation, assets and inventories, public liability and indemnities. They exclude financial risks and legal costs in action.

### Workers Compensation

Workers compensation insurance was purchased for one employee working remotely during 2015-16 and 2016-17. Further information on workers compensation is provided in the [Our People](#) chapter.

### Assets and Inventories

DTF maintains an electronic asset register for fixed, leased, and portable and attractive electronic items. Regular stock takes of these assets were conducted during the year.

### Public Liability

Public liability risk is contained by limiting public access to DTF work areas. Quarterly safety risk assessment updates are also provided to the Work Health and Safety Committee.

### Indemnities

Risk assessments are completed for all new agreements.



*Mick Butler, Assistant Under Treasurer (Revenue) and Lynda Hale, Publisher*

# Communication and Collaboration

DTF undertakes a range of activities to provide advice to our stakeholders, such as providing information and updates on DTF's websites, issuing a range of general and technical publications (such as reports, Budget Papers and briefs) and collaborating with a range of stakeholders through participation on various Territory and national boards and committees.

## Websites

DTF manages two public websites: the main site that provides information about the agency's core business and includes Northern Territory Treasury Corporation ([www.treasury.nt.gov.au](http://www.treasury.nt.gov.au)), and the Utilities Commission internet site ([www.utilicom.nt.gov.au](http://www.utilicom.nt.gov.au)). Information is also provided for other agencies on the Territory Government internal intranet, and on DTF's internal website for staff.

## Publications

### 2016-17 Annual Reports

Department of Treasury and Finance

Legislative Assembly Members' Superannuation Fund

Northern Territory Government and Public Authorities' Superannuation Scheme

Northern Territory Police Supplementary Benefit Scheme

Northern Territory Treasury Corporation

Northern Territory Motor Accidents Compensation Commission

Utilities Commission

## Northern Territory Budget Papers

The 2017-18 Budget was handed down on 2 May 2017.

### 2017-18 Budget Papers

#### Budget Paper No. 1 Budget Speech

The Treasurer's speech to the Legislative Assembly describes the Government's Budget strategy and key features of the 2017-18 Budget, together with the Bill presented to Parliament outlining the appropriations for 2017-18.

#### Budget Paper No. 2 Budget Strategy and Outlook

Meets the requirements of the *Fiscal Integrity and Transparency Act* (FITA). Includes a discussion of the Government's fiscal strategy, the fiscal and economic outlook for 2017-18 and the forward estimates period, an overview of expenditure and revenue initiatives in the Budget, and current intergovernmental issues from the Territory's perspective. The financial data provided meets the Territory's obligations under the Uniform Presentation Framework (UPF) as agreed between governments.

#### Budget Paper No. 3 Agency Budget Statements

Provides detailed information on the budgets of agencies and government business divisions in the Northern Territory budget sector, and focuses on the services and outputs delivered across Government.

A summary of revenue information is also provided.

#### Budget Paper No. 4 The Infrastructure Program

Presents a summary of the Government's Infrastructure Program for all budget sector agencies, as well as detailed descriptions of 2017-18 capital projects for each agency. Expected committal dates for major projects in 2017-18 are also provided.

## Related Papers

### Budget Overview

Key features of the 2017-18 Budget are outlined.

### Regional Highlights

A regional overview of the Government's initiatives, programs and expenditures in the 2017-18 Budget.

### Northern Territory Economy

A detailed assessment of the Territory economy, including recent performance, growth prospects, employment, population, trade, and Australian and international conditions. It includes dedicated chapters describing the structure of the economy, the external economic environment, the residential property market, as well as detailed analysis and discussion of the performance and outlook for key Territory industries.

### Northern Territory Economy Overview

Presents a summary of the Northern Territory Economy.

## Treasurer's Financial Statements

### Treasurer's Annual Financial Report

The Treasurer's Annual Financial Report (TAFR) provides information about the financial performance and position of the Territory Government. The TAFR reports under the accrual framework and provides information on a sectoral basis (general government, public non financial corporations, non financial public sector, public financial corporations and total public sector) in accordance with FITA and the UPF Agreement. It also includes notes to the accounts for the total public sector and provides an explanation of key variations on an agency-by-agency basis in an unaudited section.

The 2015-16 TAFR was tabled in the Legislative Assembly on 25 October 2016.

### Mid-Year Report

FITA requires the Territory to publish a report before the end of February that revises the current year's Budget projections and forward estimates. This interim report on the Territory's Budget position also satisfies the Territory's UPF reporting obligations. The report provides updated information to enable an assessment of the Government's fiscal performance against the current fiscal strategy.

The 2016-17 Mid-Year Report was tabled in the Legislative Assembly on 29 November 2016.

### Treasurer's Quarterly Financial Reports

These reports provide statements that summarise the quarterly and year-to-date financial transactions, from a whole of government perspective on a UPF-basis.

Reports were published for the quarters to 30 September 2016, 31 December 2016 and 31 March 2017. The June 2017 quarter results are incorporated into the 2016-17 TAFR.

## Other Publications

### 2016 Pre-Election Fiscal Outlook

FITA requires the public release of a Pre-Election Fiscal Outlook Report within 10 days of the issue of a writ for a Northern Territory general election. Prior to the general election on 27 August 2016, this report provided an update on the Territory's economy, fiscal projections and financial statements, taking into consideration non-policy changes and policy decisions made or commitments entered into since the 2016-17 Budget. The report was published on 18 August 2016.



### Northern Territory Economic Briefs

Northern Territory economic briefs provide up-to-date analysis of the Territory economy and its performance in relation to the Australian economy. These briefs are prepared on a monthly, quarterly or annual basis for various economic indicators. They are generally available on the day data is released and cover a broad range of economic and social indicators. They draw on various sources of data, including the ABS and Deloitte Access Economics.

### Social Indicator Briefs

Released monthly, Northern Territory social indicator briefs provide the most recent key statistics about the Territory. They cover a broad range of social indicators such as population, family and community, health and welfare, education and training, employment, economic resources and other areas of social concern. The briefs draw on various sources of data including the Australian Institute of Health and Welfare, the ABS and the National Centre for Vocational Education Research.

### Territory Economic Review

This publication monitors the latest economic data and is issued on a monthly basis, and provides analysis of major Territory industries, consumption and investment, trade, external economic conditions, business sentiment, price and wage inflation, and other topical issues as they develop. The review also presents a range of relevant time series data and state-by-state comparisons of major economic indicators.

### Territory Bonds Prospectus

Aimed at prospective holders of Territory Bonds, this publication provides background on Territory Bonds and outlines the terms and conditions. An application form is attached to the prospectus.

## Taxes, Royalties and Grants

### Payroll Tax Guide for in the Northern Territory Employers and Businesses (I-PRT-001)

An aid to employers who may have a liability for payroll tax, the guide comprehensively explains the basic provisions of the *Payroll Tax Act* and gives examples of how to calculate payroll tax. The guide was updated to take into account Budget changes, with the revised version published in time for the 2017-18 financial year.

### Commissioner's Guidelines

The Commissioner for Territory Revenue issues Commissioner's Guidelines on specific topics to provide guidance on the Commissioner's interpretation of various provisions of legislation administered by the Commissioner, or details of administrative policies, practices or procedures utilised by the Territory Revenue Office in administering those laws. Six guidelines were issued or revised in 2016-17.

### Revenue Circulars

Revenue circulars provide timely advice to taxpayers and their advisers on new developments to the revenue laws administered by the Commissioner of Territory Revenue. Revenue circulars RC-GEN-018 and 19 were released in 2016-17.

### Payroll Tax Rulings

The Commissioner for Territory Revenue issues Payroll Tax Rulings to provide guidance on the Commissioner's interpretation of the *Payroll Tax Act*, which is largely harmonised with the legislation in most other states and the Australian Capital Territory. The rulings adopt a common structure with these other jurisdictions and are issued in consultation with them to ensure there is nationally consistent administration of the harmonised provisions. Two rulings were updated or released in 2016-17.

### Home Assistance Schemes

The household goods grant (HGG) was introduced on 1 October 2016 to assist eligible first home owners of new homes by providing a grant of up to \$2000 to purchase household goods for use in that home. The HGG is available to eligible first home owners who enter into a contract to purchase or construct a new home from 1 September 2016. A new framework of publications was created to administer and promote the HGG, in conjunction with other home incentive schemes available to first home buyers.

Other related forms and publications were also updated to reflect changes as a result of the increased stamp duty first home owner discount, home renovation grants and the 2017-18 Budget revenue measures.

### Superannuation

#### Northern Territory Government and Public Authorities' Superannuation Scheme (NTGPASS) 2015-16 Report to Members

The report provides summary information to NTGPASS members on the management, investment performance and financial position of the scheme in 2015-16, and on current superannuation issues. It is issued with annual member account statements. A similar report is prepared for members of the Legislative Assembly Members' Superannuation Fund and Northern Territory Police Supplementary Benefits Scheme.

#### Member Information Book

The NTGPASS and Northern Territory Supplementary Superannuation Scheme (NTSSS) Member Information book provides a comprehensive guide to these schemes for members and staff and is available on the Superannuation Office website.

#### Forms and Fact Sheets

The Superannuation Office aims to provide informative material to assist members to understand their NTGPASS entitlements, as well as superannuation in general. Information is available through a range of publications including forms, fact sheets and our website pages. Information is kept up to date and new items are developed as required. In the past year, a number of publications were revised in line with legislative changes or updated practices. In addition, a web page was published that provided all NTPS employees with information regarding the implications of the Commonwealth's changes to superannuation rules.



Lyn Isard, System Administrator

## External Engagement

DTF collaborates with a range of stakeholders through its participation on various Territory and national boards and committees. The key bodies in 2016-17 are listed here.

### Northern Territory

- Aboriginal Land Chief Executive Officers Working Group
- Agents Licensing Fidelity Guarantee Fund Investment Board
- ASNEX Steering Committee
- Banned Drinker Register Steering Committee
- Census Steering Committee and Working Group (Chair)
- Charles Darwin University Audit and Risk Committee
- Chief Finance Officers' Forum (Chair)
- Children and Families Standing Committee
- Core Clinical Systems Renewal Program Procurement Governance Committee
- Core Clinical Systems Renewal Program Steering Committee
- Defence and Territory Government Working Group
- Deputy CEOs Working Group
- Economic Stimulus Grants Steering Committee
- Executive Remuneration Review Panel
- Homelessness Strategy Committee
- Ichthys Industry Participation Plan Steering Committee
- Interagency Taskforce Indigenous Employment Provisional Sum
- Jobs Standing Committee
- Legal Practitioners Funds Management Committee
- Menzies School of Health Research Finance Committee

- National Disability Insurance Scheme Steering Committee
- Northern Territory Electricity Market Stakeholder Working Group (Chair)
- Northern Territory Legal Aid Commission
- NT Build Board
- Northern Territory Government ICT Governance Board
- NTTC Advisory Board (Chair and member)
- Palmerston Regional Hospital Steering Committee
- Public Trustee Investment Board
- Regulation Impact Committee (Chair)
- Statistical Liaison Network (Chair)
- Superannuation Trustee Board
- Territory Taxation Administration Liaison Committee (Chair)

### National

- Australian Statistics Advisory Council
- Australian Taxation Revenue Office Compliance Committee
- Council of Australian Governments Energy Council Senior Committee of Officials Working Group
- GST Administration Subcommittee
- Heads of Treasuries
- Heads of Treasuries Deputies
- National Wagering Tax Working Group
- State Statistical Forum
- State Tax Commissioners
- Steering Committee for the Review of Government Service Provision, including the Indigenous Expenditure Report Working Group

## Records and Information

The Northern Territory *Information Act* combines freedom of information (FOI), privacy and records management legislation. In compliance with section 11 of the *Information Act*, DTF regularly updates its website, which describes DTF's structure and functions and how these affect the public. The website also provides a comprehensive listing of publicly available information and advises how to access other information not publicly available.

### Information Requests

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

Information Policy Officer  
 Department of Treasury and Finance  
 GPO Box 1974  
 DARWIN NT 0801  
 Telephone: 08 8999 6764  
 Email: [foi.dtf@nt.gov.au](mailto:foi.dtf@nt.gov.au)  
 Web: <http://www.treasury.nt.gov.au/InformationAct>

During 2016-17, DTF received three applications for access to government or personal information under the *Information Act*. These requests were all processed on time in accordance with the requirements of the *Information Act*.

Table 27 provides statistical data over the past five years.

### Privacy

There were no privacy complaints received in 2016-17.

### Ombudsman Enquiries

DTF received no enquiries from the Ombudsman during 2016-17.

### Records Management

Pursuant to section 131(2) of the *Information Act*, the Under Treasurer must report on DTF's compliance with Part 9 Records and Archives Management. In compliance with Part 9 of the *Information Act* and the Records Management Standards for Public Sector Organisations, DTF continued to improve its record management practices and existing procedures and policies to ensure full and accurate records are created, captured, discoverable, secure and disposed of in line with approved records disposal schedules.

Table 27: *Information Act* Requests

Application Status	2012-13	2013-14	2014-15	2015-16	2016-17
Applications carried over	-	-	-	-	1
<b>Applications</b>					
Personal information	1	1	1	1	1
Government information	3	3	2	6	2
<b>Requests</b>					
Withdrawn	1	-	-	1	-
For review	-	-	3	-	1
Transferred to another agency	-	1	1	1	-
Completed within 30-day period	3	2	3	5	2
Completed, exceeding 30-day period	1	-	-	-	-
Applications on hand as at 30 June	1	1	-	-	1

Note: DTF also received requests for information that could be dealt with under normal administrative processes. These requests are not included in this table.

# Corporate Social Responsibility

This section summarises DTF's performance regarding its corporate social responsibility to the environment and the community.

## Environmental Reporting

DTF continually seeks innovative approaches to reduce its carbon footprint, and encourages staff members to utilise energy efficient programs and select greener options where possible. These include:

- gifting unwanted assets that are still in good condition such as computer equipment, electronics and furniture to local not-for-profit organisations, reducing unnecessary waste
- purchasing energy-efficient electrical and white goods
- encouraging meetings to be conducted by phone or video conference to reduce the requirement to travel
- enabling access to electronic documents to replace hard copies, purchasing recycled copy paper, where possible, and ensuring all printers have default settings to utilise double-sided printing to reduce the use of paper
- allocating recycle bins for paper/cardboard, confidential and comingled waste across all floors
- restricting lights and airconditioning on all DTF floors to operate between 7 am and 5 pm.

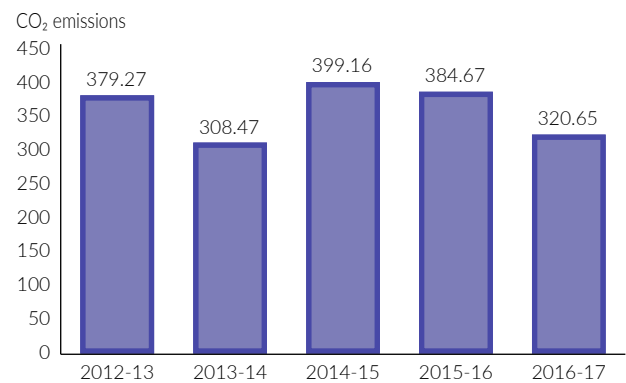
## Carbon Emissions

Each year, DTF calculates its carbon emissions by type to monitor progress and identify any areas that may need further attention. In 2016-17, DTF emitted 320.65 tonnes of carbon dioxide, compared to 384.67 tonnes in 2015-16, a reduction of 16 per cent.

In 2015-16, DTF occupied two buildings over a six-month period during the relocation from Cavenagh House to the Charles Darwin Centre (CDC) building. The new tenancy resulted in a reduction of carbon emissions and power usage.

During 2016-17, DTF fleet vehicles travelled around 204 800 kilometres, creating roughly 38.40 tonnes of carbon dioxide emissions.

Figure 6: Carbon Emissions



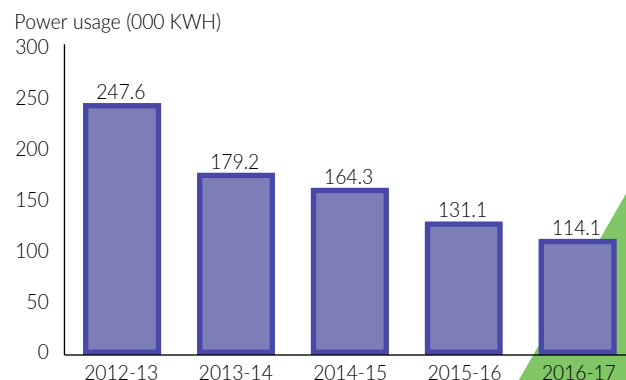
Note: Data is backcast to reflect a change in reporting methodology. Historical data may not match previously published information.

## Energy Reductions

DTF's energy use continued to reduce over time, as shown in Figure 7, reflecting the CDC building owner's aim to achieve a 5-star energy rating under the NABERS energy scheme. In 2016-17, DTF's energy usage was 114 120 kilowatt hours, compared to 247 573 kilowatt hours in 2012-13, a reduction of 54 per cent.

The new premises in the CDC building allow lights and airconditioning on all floors to be restricted to operate between 7 am and 5 pm. After-hours use of lights and airconditioning operates for each half of each floor with separate controls and a two-hour time limit.

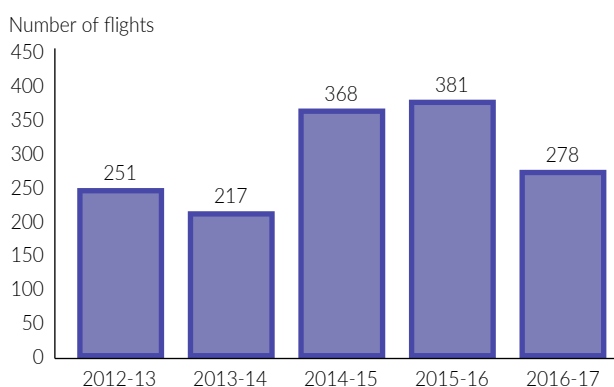
Figure 7: Power Meter Readings



## Air Travel

As per the travel policy framework, air travel has been reduced where possible and replaced instead with teleconferencing or videoconferencing in an effort to reduce carbon emissions and save time and cost. Following on from two years of active air travel, this reduced in 2016-17 by 27 per cent to 278 flights, as shown in Figure 8 below, but remains above the low of 217 flights in 2013-14.

Figure 8: Air Travel



## Paper Consumption

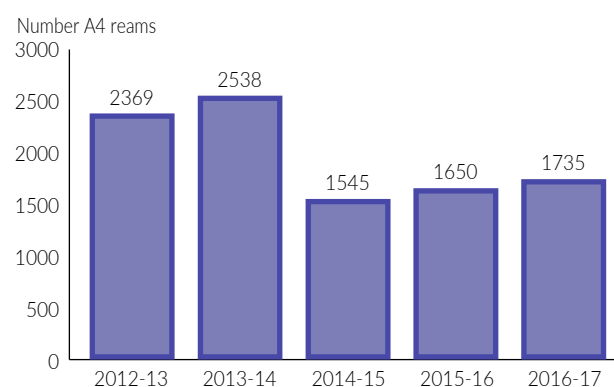
DTF has a number of initiatives to reduce paper waste and consumption, including:

- purchasing 100 per cent recycled paper
- defaulting all printers to double-sided printing
- encouraging staff to use online viewing and document distribution through the internal website
- encouraging online newspaper subscriptions
- promoting electronic record management to replace paper files.

Following a drop in paper consumption in 2014-15, due to an internal campaign to use electronic rather than hard copy documents, paper consumption has risen again in 2016-17.

DTF will continue to monitor consumption and consider ways to further reduce paper use.

Figure 9: Total Reams of Paper Purchased

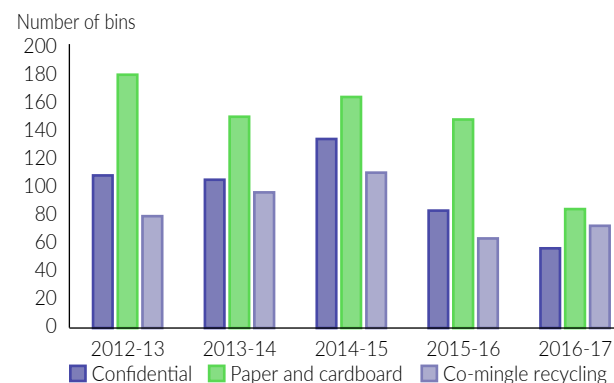


## Recycling

Staff are encouraged to recycle whenever possible to minimise the impact on the environment, by providing recycling bins on each floor. A confidential shredding service is used to destroy confidential documents. DTF also recycles printer toners and cartridges, and mobile phones when required.

A decrease in recycling reflects the ongoing migration to electronic record management.

Figure 10: Recycle Bins



# FINANCIAL STATEMENTS

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## 2016-17 Financial Statements

### Department of Treasury and Finance

The Department of Treasury and Finance (DTF) has a unique role and set of responsibilities in the Territory's financial management framework, which makes the financial statements section of this annual report different from other agencies.

DTF is a central agency, and its primary function is providing advice on issues across Government. Like all government agencies, DTF's activities are mainly funded by appropriations, as set out in the annual budget. In addition to its own agency responsibilities, DTF undertakes certain responsibilities on behalf of the Territory, therefore incurring whole of government expenses through its operating statement. These expenses include the Territory's GST administration costs, payment of community service obligations (CSO) for the utility uniform tariff policy and payment for home incentive schemes on behalf of Government.

Around three-quarters of DTF's financial activities are undertaken on behalf of the Territory rather than for the agency's own operations. This contrasts with most other agencies where, aside from CSOs, agency budgets are for the most part devoted to their service delivery responsibilities. It is important in reviewing DTF's financial statements to understand the effect these whole of government expenses have on its financial position. Administered Territory items are detailed in Note 22 of its financial statements.

Additionally, DTF manages two sets of financial statements: one for its own agency activities and one on behalf of the Territory (whole of government) including the Central Holding Authority (CHA). Both sets of financial statements are presented in this section.

### Central Holding Authority

CHA is considered the parent body of Government and represents government's ownership interest in all government-controlled entities. Given DTF's whole of government focus and responsibilities, it manages CHA on behalf of Government.

CHA records, on behalf of the Territory, assets and liabilities that cannot be assigned to specific agencies. These include the Territory's investment portfolio, Territory borrowings and unfunded employee liabilities, including long service leave and superannuation.

CHA's responsibilities further include the collection of Territory own-source revenues such as payroll tax, conveyance stamp duty, mineral royalties and fines, and the administration of significant Commonwealth funding such as GST revenue and national partnership and special purpose payments passed on to relevant agencies in the form of appropriations.

CHA's expenses are limited and reflect direct costs associated with borrowings and unfunded employee liabilities.

### Audit Process

DTF and CHA are subject to annual end-of-year reviews conducted by the Northern Territory Auditor-General's office. The objective of these reviews is to assess the adequacy of selected controls over reporting and accounting with the purpose of providing support to the audit of the Treasurer's Annual Financial Statements.

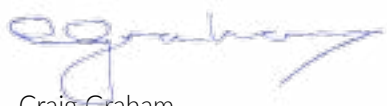


## Certification of the Financial Statements

We certify that the attached financial statements for the Department of Treasury and Finance have been prepared from proper accounts and records in accordance with the prescribed format, the *Financial Management Act* and Treasurer's Directions.

We further state that the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2017 and the financial position on that date.

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



Craig Graham  
Under Treasurer  
30 September 2017



Vicky Coleman  
A/Chief Financial Officer  
30 September 2017

# Comprehensive Operating Statement

For the year ended 30 June 2017

	Note	2017 \$000	2016 Restated <sup>1</sup> \$000
<b>INCOME</b>			
Grants and subsidies revenue			
Current		21	35
Appropriation			
Output		149 535	163 092
Sales of goods and services		379	385
Interest revenue		109	101
Goods and services received free of charge	4	2 738	2 698
<b>TOTAL INCOME</b>	3	<b>152 783</b>	<b>166 311</b>
<b>EXPENSES</b>			
Employee expenses		18 024	16 476
Administrative expenses			
Purchases of goods and services	5	7 431	6 212
Repairs and maintenance		5	2
Depreciation and amortisation	11, 12	7	14
Other administrative expenses <sup>2</sup>		9 748	9 676
Grants and subsidies expenses			
Current		12 088	15 890
Capital		-	50 000
CSOs		102 555	65 831
Interest expenses		25	353
<b>TOTAL EXPENSES</b>	3	<b>149 883</b>	<b>164 454</b>
<b>NET SURPLUS/(DEFICIT)</b>		<b>2 900</b>	<b>1 857</b>
<b>COMPREHENSIVE RESULT</b>		<b>2 900</b>	<b>1 857</b>

<sup>1</sup> Refer to note 25.

<sup>2</sup> Includes DCIS service charges.

The Comprehensive Operating Statement is to be read in conjunction with the notes to the financial statements.

# Balance Sheet

As at 30 June 2017

	Note	2017 \$000	2016 Restated <sup>1</sup> \$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and deposits	7	22 473	14 597
Receivables	8	1 089	5 670
Prepayments	9	5	-
<b>Total current assets</b>		<b>23 567</b>	<b>20 268</b>
<b>Non-current assets</b>			
Advances and investments	10	25 000	25 000
Property, plant and equipment	11, 12	48	43
<b>Total non-current assets</b>		<b>25 048</b>	<b>25 043</b>
<b>TOTAL ASSETS</b>		<b>48 615</b>	<b>45 311</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	13	1 457	1 109
Provisions	14	2 671	2 541
<b>Total current liabilities</b>		<b>4 128</b>	<b>3 650</b>
<b>TOTAL LIABILITIES</b>		<b>4 128</b>	<b>3 650</b>
<b>NET ASSETS</b>		<b>44 487</b>	<b>41 661</b>
<b>EQUITY</b>			
Capital		(21 544)	(21 471)
Accumulated funds		66 031	63 132
<b>TOTAL EQUITY</b>	16	<b>44 487</b>	<b>41 661</b>

<sup>1</sup> Refer to note 25.

The Balance Sheet is to be read in conjunction with the notes to the financial statements.

# Statement of Changes in Equity

For the year ended 30 June 2017

	Note	Equity at 1 July \$000	Comprehensive result \$000	Transactions with owners in their capacity as owners \$000	Equity at 30 June \$000
<b>2016-17</b>					
Accumulated funds		63 132	2 900	-	66 031
<b>Capital - transactions with owners</b>					
Equity injections		(21 471)	-	-	(21 471)
Equity withdrawals					
Equity transfers out		-	-	(73)	(73)
		<b>(21 471)</b>	<b>-</b>	<b>(73)</b>	<b>(21 544)</b>
<b>Total equity at end of financial year</b>	16	<b>41 661</b>	<b>2 900</b>	<b>(73)</b>	<b>44 487</b>
<b>2015-16 Restated</b>					
Accumulated funds		36 698	1 857	-	38 555
Correction of prior period errors		24 577	-	-	24 577
		<b>61 275</b>	<b>1 857</b>	<b>-</b>	<b>63 132</b>
<b>Capital - transactions with owners</b>					
Equity injections		(21 471)	-	-	(21 471)
Equity withdrawals		-	-	-	-
		<b>(21 471)</b>	<b>-</b>	<b>-</b>	<b>(21 471)</b>
<b>Total equity at end of financial year</b>	16	<b>39 804</b>	<b>1 857</b>	<b>-</b>	<b>41 661</b>

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

# Cash Flow Statement

For the year ended 30 June 2017

	Note	2017 \$000	2016 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Operating receipts</b>			
Grants and subsidies received			
Current		21	35
Appropriation			
Output		149 535	163 092
Receipts from sales of goods and services		5 801	660
<b>Total operating receipts</b>		<b>155 357</b>	<b>163 787</b>
<b>Operating payments</b>			
Payments to employees		(17 845)	(17 035)
Payments for goods and services		(14 884)	(19 105)
Grants and subsidies paid			
Current		(12 088)	(15 890)
Capital			(50 000)
CSOs		(102 555)	(65 831)
Interest paid		(25)	(353)
<b>Total operating payments</b>		<b>(147 397)</b>	<b>(168 214)</b>
<b>Net cash from/(used in) operating activities</b>	17	<b>7 960</b>	<b>(4 427)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Investing payments</b>			
Purchases of assets		(11)	-
<b>Total investing payments</b>		<b>(11)</b>	<b>-</b>
<b>Net cash from/(used in) investing activities</b>		<b>(11)</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Financing payments</b>			
Equity withdrawals		(73)	-
<b>Total financing payments</b>		<b>(73)</b>	<b>-</b>
<b>Net cash from/(used in) financing activities</b>		<b>(73)</b>	<b>-</b>
Net increase/(decrease) in cash held		7 876	(4 427)
Cash at beginning of financial year		14 597	19 024
<b>CASH AT END OF FINANCIAL YEAR</b>	17	<b>22 473</b>	<b>14 597</b>

The Cash Flow Statement is to be read in conjunction with the notes to the financial statements.

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## Notes to the Financial Statements

For the year ended 30 June 2017

### 1. Objectives and Funding

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

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

Additional information in relation to DTF and its principal activities are provided in the [Our Performance section](#) of this annual report.

#### a) Machinery of Government Changes

##### Transfers In

Details of transfer: Red Tape Abolition Squad transferred from the Department of Trade, Business and Innovation

Basis of transfer: Administrative Arrangements Order (AAO) 12 September 2016

Date of transfer: Effective from 1 July 2016

The assets and liabilities transferred as a result of this change were as follows:

	2017
	\$000
<b>Assets</b>	
Cash	-
	-
<b>Liabilities</b>	
Payables	18
Provisions	55
	<b>73</b>
<b>Net assets</b>	<b>(73)</b>

As a consequence of AAO changes on 12 September 2016, financial statements of DTF reflect the actual period of responsibility for the outputs, being the period 1 July 2016 to 30 June 2017, for the transfer of output Red Tape Abolition. Comparative amounts for the prior years have not been adjusted.

## Notes to the Financial Statements

For the year ended 30 June 2017

### 2. Statement of Significant Accounting Policies

#### a) Statement of Compliance

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

- (i) a Certification of the Financial Statements
- (ii) a Comprehensive Operating Statement
- (iii) a Balance Sheet
- (iv) a Statement of Changes in Equity
- (v) a Cash Flow Statement
- (vi) applicable explanatory notes to the financial statements.

#### b) Basis of Accounting

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

Except where stated, the financial statements are prepared in accordance with the historical cost convention.

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

The following new and revised accounting standards and interpretations were effective for the first time in 2016-17:

#### AASB 124 Related Party Disclosures

This standard applies to not-for-profit sector for the first time in 2016-17. The accounting standard requires disclosures about the remuneration of key management personnel (KMP), transactions with related parties, and relationships between parent and controlled entities. For any such transactions, disclosures will include the nature of the related party relationship, as well as information about those transactions' terms/conditions and amounts, any guarantees given/received, outstanding receivables/payables, commitments, and any receivables where collection has been assessed as being doubtful.

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



## Notes to the Financial Statements

For the year ended 30 June 2017

### 2. Statement of Significant Accounting Policies (continued)

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

#### AASB 16 Leases

AASB 16 Leases is effective for annual reporting periods beginning on or after 1 January 2019 and will be reported in these financial statements for the first time in 2019-20. When the standard is effective it will supersede AASB 117 Leases and requires the majority of leases to be recognised on the Balance Sheet.

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

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

Consequently, it is expected that approximately \$389 000 in operating lease commitments will be required to be recognised in the Balance Sheet through a lease liability and corresponding right-to-use asset from 2019-20 in accordance with AASB 16 Leases. In the Comprehensive Income Statement, the operating lease expense will be replaced with a depreciation expense relating to the right-to-use asset and interest expense relating to the lease liability. These cannot be quantified at this time.

#### c) Reporting Entity

The financial statements cover DTF as an individual reporting entity. DTF is a Northern Territory department established under the *Interpretation Act* AAO.

The principal place of business of DTF is 19 The Mall, Darwin.

#### d) Agency and Territory Items

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

## Notes to the Financial Statements

For the year ended 30 June 2017

### 2. Statement of Significant Accounting Policies (continued)

#### Central Holding Authority

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

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

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

CHA recognises and records all Territory items and therefore these items are not included in DTF's financial statements. However, as DTF is accountable for certain Territory items managed on behalf of government, these items have been separately disclosed in Note 22 – Schedule of Administered Territory Items.

#### e) Comparatives

Where necessary, comparative information for the 2015-16 financial year has been reclassified to provide consistency with current year disclosures. In addition, 2015-16 has been restated to reflect updated accounting advice in relation to a loan receivable. Refer to notes 10 and 25 for further details.

#### f) Presentation and Rounding of Amounts

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

#### g) Changes in Accounting Policies

There have been no changes to accounting policies adopted in 2016-17 as a result of management decisions.

#### h) Accounting Judgments and Estimates

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

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

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

## Notes to the Financial Statements

For the year ended 30 June 2017

### 2. Statement of Significant Accounting Policies (continued)

#### i) Goods and Services Tax

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

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

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

#### j) Contributions by and Distributions to Government

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

The Statement of Changes in Equity provides additional information in relation to contributions by and distributions to government.

## Notes to the Financial Statements

For the year ended 30 June 2017

### 3. Comprehensive Operating Statement by Output Group

	Note	Financial Management		Economic		Territory Revenue	
		2017	2016	2017	2016 Restated <sup>1</sup>	2017	2016
		\$000	\$000	\$000	\$000	\$000	\$000
<b>INCOME</b>							
Grants and subsidies revenue							
Current		1	7	17	6	2	9
Appropriation output		4 984	4 459	118 910	132 794	16 621	17 049
Sales of goods and services		13	3	301	3	42	4
Interest revenue		-	-	109	101	-	-
Goods and services received free of charge	4	91	540	2 178	486	305	674
<b>TOTAL INCOME</b>		<b>5 089</b>	<b>5 009</b>	<b>121 515</b>	<b>133 390</b>	<b>16 970</b>	<b>17 736</b>
<b>EXPENSES</b>							
Employee expenses		3 358	2 978	4 469	3 502	4 642	4 256
Administrative expenses							
Purchases of goods and services	5	680	770	3 388	2 018	833	692
Repairs and maintenance		1	-	1	-	1	2
Depreciation and amortisation	8	1	3	2	2	2	3
Other administrative expenses <sup>2</sup>		559	540	7 690	7 443	690	683
Grants and subsidies expenses							
Current		-	-	1 916	4 196	10 172	11 694
Capital		-	-	-	50 000	-	-
Community service obligations		-	-	102 555	65 831	-	-
Interest expenses		-	-	-	-	25	353
<b>TOTAL EXPENSES</b>		<b>4 599</b>	<b>4 291</b>	<b>120 021</b>	<b>132 922</b>	<b>16 365</b>	<b>17 683</b>
<b>NET SURPLUS/(DEFICIT)</b>		<b>490</b>	<b>718</b>	<b>1 494</b>	<b>398</b>	<b>605</b>	<b>53</b>
<b>COMPREHENSIVE RESULT</b>		<b>490</b>	<b>718</b>	<b>1 494</b>	<b>398</b>	<b>605</b>	<b>53</b>

<sup>1</sup> Refer to note 25.

<sup>2</sup> Includes DCIS service charges.

This Comprehensive Operating Statement by output group is to be read in conjunction with the notes to the financial statements.

## Notes to the Financial Statements

For the year ended 30 June 2017

3. Comprehensive Operating Statement by Output Group  
(continued)

	Note	Superannuation		Economic Regulation		Corporate and Governance		Total	
		2017	2016	2017	2016	2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	2016 Restated <sup>1</sup>
<b>INCOME</b>									
Grants and subsidies revenue									
Current		-	6	-	1	1	6	21	35
Appropriation output		2 807	3 106	1 387	1 267	4 827	4 417	149 536	163 092
Sales of goods and services		7	3	4	-	12	372	379	385
Interest revenue		-	-	-	-	-	-	109	101
Goods and services received free of charge	4	51	431	25	54	88	513	2 738	2 698
<b>TOTAL INCOME</b>		<b>2 865</b>	<b>3 546</b>	<b>1 416</b>	<b>1 322</b>	<b>4 928</b>	<b>5 308</b>	<b>152 783</b>	<b>166 311</b>
<b>EXPENSES</b>									
Employee expenses		1 576	1 557	523	427	3 456	3 756	18 024	16 476
Administrative expenses									
Purchases of goods and services	5	1 003	1 015	727	793	800	924	7 431	6 212
Repairs and maintenance		1	-	-	-	1	-	5	2
Depreciation and amortisation	8	1	3	-	-	1	3	7	14
Other administrative expenses <sup>2</sup>		231	432	59	54	519	524	9 748	9 676
Grants and subsidies expenses									
Current		-	-	-	-	-	-	12 088	15 890
Capital		-	-	-	-	-	-	-	50 000
Community service obligations		-	-	-	-	-	-	102 555	65 831
Interest expenses		-	-	-	-	-	-	25	353
<b>TOTAL EXPENSES</b>		<b>2 812</b>	<b>3 007</b>	<b>1 309</b>	<b>1 274</b>	<b>4 777</b>	<b>5 207</b>	<b>149 883</b>	<b>164 454</b>
<b>NET SURPLUS/(DEFICIT)</b>		<b>53</b>	<b>539</b>	<b>107</b>	<b>48</b>	<b>151</b>	<b>101</b>	<b>2 900</b>	<b>1 857</b>
<b>COMPREHENSIVE RESULT</b>		<b>53</b>	<b>539</b>	<b>107</b>	<b>48</b>	<b>151</b>	<b>101</b>	<b>2 900</b>	<b>1 857</b>

1 Refer to note 25.

2 Includes DCIS service charges.

This Comprehensive Operating Statement by output group is to be read in conjunction with the notes to the financial statements.

### 3. Comprehensive Operating Statement by Output Group (continued)

#### Income

Income encompasses both revenue and gains.

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

#### Grants and Other Contributions

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

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

#### Appropriation

Output appropriation is the operating payment to each agency for the outputs they provide and is calculated as the net cost of agency outputs after taking into account funding from agency income. It does not include any allowance for major non-cash costs such as depreciation.

Commonwealth appropriation follows from the Intergovernmental Agreement on Federal Financial Relations, resulting in specific purpose payments (SPPs) and national partnership (NP) payments being made by the Commonwealth Treasury to state treasuries, in a manner similar to arrangements for GST payments. These payments are received by DTF on behalf of CHA and then onpassed to the relevant agencies as Commonwealth appropriation.

Revenue in respect of appropriations is recognised in the period in which the agency gains control of the funds.

#### Sale of Goods

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

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

#### Rendering of Services

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

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

## Notes to the Financial Statements

For the year ended 30 June 2017

## 4. Goods and Services Received Free of Charge

	2017	2016
	\$000	\$000
Corporate and information services	2 738	2 698
<b>Total goods and services free of charge</b>	<b>2 738</b>	<b>2 698</b>

## 5. Purchases of Goods and Services

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

	2017	2016
	\$000	\$000
Goods and services expenses:		
Consultants <sup>1</sup>	2 060	2 019
Advertising <sup>2</sup>	4	21
Marketing and promotion <sup>3</sup>	113	7
Document production	92	9
Legal expenses <sup>4</sup>	994	476
Recruitment <sup>5</sup>	60	45
Training and study	245	237
Official duty fares	61	102
Travel allowance	16	25
Agent service arrangements	1 421	548
Information technology charges	1 620	1 723
Communications	125	137
Fees and regulatory charges	88	19
Other	532	844
<b>Total purchases of goods and services</b>	<b>7 431</b>	<b>6 212</b>

1 Includes marketing, promotion and IT consultants.

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

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

4 Includes legal fees, claim and settlement costs.

5 Includes recruitment-related advertising costs.

## Repairs and Maintenance Expense

Funding is received for repairs and maintenance works associated with DTF's assets as part of output appropriation. Costs associated with repairs and maintenance works on DTF's assets are expensed as incurred.

## Interest Expense

Interest expenses include interest and finance lease charges. Interest expenses are expensed in the period in which they are incurred.

Notes to the Financial Statements  
For the year ended 30 June 2017

## 6. Write-Offs, Postponements, Waivers, Gifts and Ex Gratia Payments

	DTF items		DTF items		Territory items		Territory Items	
	2017	No. of trans.	2016	No. of trans.	2017	No. of trans.	2016	No. of trans.
	\$000		\$000		\$000		\$000	
Represented by:								
Irrecoverable amounts payable to the Territory written off	-	-	-	-	-	-	259	12
Losses or deficiencies of money written off	-	-	-	1	-	-	-	-
Public property written off	-	-	12	2	-	-	-	-
<b>Total written off, postponed and waived by delegates</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>259</b>	<b>12</b>
Waiver or postponement of right to receive or recover money or property	-	-	-	-	4 570	4	4 913	10
<b>Total written off, postponed and waived by the Treasurer</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 570</b>	<b>4</b>	<b>4 913</b>	<b>10</b>
<b>Total write-offs, postponements and waivers under the <i>Financial Management Act</i></b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>3</b>	<b>4 570</b>	<b>4</b>	<b>5 172</b>	<b>22</b>
Write-offs, postponements and waivers authorised under other legislation	-	-	-	-	-	-	-	-
Ex gratia payments under the <i>Financial Management Act</i>	-	-	-	-	91	5	11	12

## 7. Cash and Deposits

	2017	2016
	\$000	\$000
Cash on hand	22 473	14 597
<b>Total cash and deposits</b>	<b>22 473</b>	<b>14 597</b>

For the purposes of the Balance Sheet and the Cash Flow Statement, cash includes cash on hand, cash at bank and cash equivalents. Cash equivalents are highly liquid short-term investments that are readily convertible to cash.



## Notes to the Financial Statements

For the year ended 30 June 2017

## 8. Receivables

	2017	2016
Current	\$000	\$000
Accounts receivable	955	567
Less: Allowance for impairment losses	(2)	-
	953	567
GST receivables	136	5 075
Other receivables	-	28
<b>Total receivables</b>	<b>1 089</b>	<b>5 670</b>

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

The allowance for impairment losses represents the amount of receivables DTF items estimates are likely to be uncollectible and are considered doubtful. Analyses of the age of the receivables that are past due as at the reporting date are disclosed in an aging schedule under credit risk in Note 18 Financial Instruments. Reconciliation of changes in the allowance accounts is also presented.

Accounts receivable are generally settled within 30 days.

## 9. Prepayments

	2017	2016
	\$000	\$000
	5	-
<b>Total prepayments</b>	<b>5</b>	<b>-</b>

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

## 10. Advances and Investment

	2017	2016
	\$000	\$000
	25 000	25 000
<b>Total advances and investments</b>	<b>25 000</b>	<b>25 000</b>

Advances are carried at amortised cost using the effective interest rate method less allowance for impairment. A deferred advance loss is recognised when there is a difference between the advance's fair value (measured using unobservable or inputs that are not quoted on active markets) and the transaction price at initial recognition. Deferred advance losses are subsequently recognised in the Comprehensive Operating Statement using an effective interest rate method consistent with the associated advance, or are re-measured if there is a reduction in the expected loss.

During 2016-17, following updated accounting advice, it was determined that the loan receivable originally provided to the concession holder in relation to the AustralAsia Railway was undervalued by \$24.6 million. The 2015-16 comparatives have been restated retrospectively to reflect the uplift in the fair value of the loan with a corresponding increase in net worth.

## Notes to the Financial Statements

### For the year ended 30 June 2017

## 11. Property, Plant and Equipment

	2017	2016
	\$000	\$000
<b>Plant and Equipment</b>		
At fair value	60	48
Less: Accumulated depreciation	(12)	(5)
<b>Total property, plant and equipment</b>	<b>48</b>	<b>43</b>
<b>Property, Plant and Equipment Reconciliations</b>		
Carrying amount as at 1 July	43	69
Additions	12	-
Disposals	-	(12)
Depreciation	(7)	(14)
<b>Carrying amount as at 30 June</b>	<b>48</b>	<b>43</b>

### Acquisitions

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

### Subsequent Additional Costs

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

### Revaluations and Impairment

#### Revaluation of Assets

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

#### Depreciation and Amortisation Expense

Items of property, plant and equipment, including buildings but excluding land, have limited useful lives and are depreciated or amortised using the straight-line method over their estimated useful lives.

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

## Notes to the Financial Statements

For the year ended 30 June 2017

## 11. Property, Plant and Equipment (continued)

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

	2017	2016
Plant and equipment	3 – 10 years	3 – 10 years

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

**Operating Leases**

Operating lease payments made at regular intervals throughout the term are expensed when the payments are due, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property. Lease incentives under an operating lease of a building or office space is recognised as an integral part of the consideration for the use of the leased asset. Lease incentives are to be recognised as a deduction of the lease expenses over the term of the lease.

## 12. Fair Value Measurement of Non-Financial Assets

**a) Fair Value Hierarchy**

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

	2016-17		2015-16	
	Level 3	Total fair value	Level 3	Total fair value
	\$000	\$000	\$000	\$000
<b>Plant and Equipment Recorded at Cost Approach</b>				
Asset classes				
Plant and equipment (Note 11)	48	48	43	43

There were no transfers between level 1 and levels 2 or 3 during 2016-17.

**b) Additional Information for Level 3 Fair Value Measurements**

	Plant and equipment	
	2017	2016
<b>(i) Reconciliation of recurring level 3 fair value measurements</b>		
	\$000	\$000
Fair value as at 1 July	43	69
Additions	12	(12)
Depreciation	(7)	(14)
<b>Fair value as at 30 June</b>	<b>48</b>	<b>43</b>

**(ii) Sensitivity analysis**

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

## Notes to the Financial Statements

For the year ended 30 June 2017

### 13. Payables

	2017	2016
	\$000	\$000
Accounts payable	28	27
Accrued expenses	1 429	1 082
<b>Total payables</b>	<b>1 457</b>	<b>1 109</b>

Liabilities for accounts payable and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to DTF. Accounts payable are normally settled within 30 days.

### 14. Provisions

	2017	2016
	\$000	\$000
Employee benefits		
Recreation leave	2 113	2 030
Leave loading	221	214
Other employee benefits	19	13
Other current provisions		
Other provisions	318	284
<b>Total provisions</b>	<b>2 671</b>	<b>2 541</b>

DTF employed 144.7 full-time equivalent (FTE) employees as at 30 June 2017 (149 FTEs as at 30 June 2016). This excludes the Northern Territory Treasury Corporation (NTTC) (6.4 FTEs).

#### Employee Benefits

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

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

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

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

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

## Notes to the Financial Statements

For the year ended 30 June 2017

## 15. Commitments

## (i) Operating lease commitments

DTF leases property under non-cancellable operating leases expiring from one to five years. Leases generally provide DTF with a right of renewal at which time all lease terms are renegotiated. Future operating lease commitments not recognised as liabilities are payable as follows:

	2017		2016	
	Internal	External	Internal	External
	\$000	\$000	\$000	\$000
Within one year	159	-	96	-
Later than one year and not later than five years	230	-	65	-
<b>Total commitments</b>	<b>389</b>	<b>-</b>	<b>161</b>	<b>-</b>

## 16. Equity

DTF's equity recorded in the Balance Sheet is consistent with that recorded as equity in the Statement of Changes in Equity.

## 17. Notes to the Cash Flow Statement

	2017	2016
	\$000	\$000
<b>Reconciliation of cash</b>		
The total of DTF's 'cash and deposits' recorded in the Balance Sheet is consistent with that recorded as 'cash' in the Cash Flow Statement	22 473	14 597
<b>Reconciliation of net surplus/(deficit) to net cash from operating activities</b>		
<b>Net surplus/(deficit)</b>	<b>2 900</b>	<b>1 857</b>
Non-cash items:		
Depreciation and amortisation	7	14
Asset write-offs/write-downs	-	12
<b>Changes in assets and liabilities:</b>		
Decrease/(increase) in receivables	4 581	(5 595)
Decrease/(increase) in prepayments	(5)	1
(Decrease)/increase in payables	348	(559)
(Decrease)/increase in provision for employee benefits	95	(85)
(Decrease)/increase in other provisions	34	(72)
<b>Net cash from operating activities</b>	<b>7 960</b>	<b>(4 427)</b>

## Notes to the Financial Statements

### For the year ended 30 June 2017

## 18. Financial Instruments

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

Financial assets and liabilities are recognised on the Balance Sheet when DTF becomes a party to the contractual provisions of the financial instrument. Financial instruments held by DTF include cash and deposits, receivables, advances and payables. DTF has limited exposure to financial risks as discussed below.

Due to the nature of operating activities, certain financial assets and financial liabilities arise under statutory obligations rather than a contract. Such financial assets and liabilities do not meet the definition of financial instruments as per AASB 132 Financial Instruments Presentation. These include statutory receivables arising from taxes including GST and penalties.

Exposure to interest rate risk, foreign exchange risk, credit risk, price risk and liquidity risk arise in the normal course of activities. DTF's investments, loans and placements, and borrowings are predominantly managed through NTTC adopting strategies to minimise the risk. 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.

### a) Categorisation of Financial Instruments

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

2016-17 Categorisation of Financial Instruments	FVTPL		Total
	held for trading	Financial assets - loans and receivables	
	\$000	\$000	\$000
Cash and deposits	22 473	-	22 473
Receivables <sup>1</sup>	-	954	954
Advances	-	25 000	25 000
Other financial assets	-	5	5
<b>Total financial assets</b>	<b>22 473</b>	<b>25 959</b>	<b>48 432</b>
Payables <sup>1</sup>	1 457	-	1 457
<b>Total financial liabilities</b>	<b>1 457</b>	<b>-</b>	<b>1 457</b>

FVTPL: fair value through profit and loss

<sup>1</sup> Total amounts disclosed here exclude statutory amounts.

## Notes to the Financial Statements

For the year ended 30 June 2017

## 18. Financial Instruments (continued)

2015-16 Restated <sup>1</sup> Categorisation of Financial Instruments	FVTPL	Financial assets –	Total
	held for trading	loans and receivables	
	\$000	\$000	\$000
Cash and deposits	14 597	-	14 597
Receivables <sup>1</sup>	-	567	567
Advances	-	25 000	25 000
Other financial assets	-	28	28
<b>Total financial assets</b>	<b>14 597</b>	<b>25 595</b>	<b>40 192</b>
Payables <sup>2</sup>	1 109	-	1 109
<b>Total financial liabilities</b>	<b>1 109</b>	<b>-</b>	<b>1 109</b>

FVTPL: fair value through profit and loss

1 Refer to note 25.

2 Total amounts disclosed here exclude statutory amounts.

## Classification of Financial Instruments

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

Financial assets are classified into the following categories:

- financial assets at fair value through profit or loss (FVTPL)
- held-to-maturity investments
- loans and receivables
- available-for-sale financial assets.

Financial liabilities are classified into the following categories:

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

## Financial Assets or Financial Liabilities at Fair Value through Profit or Loss

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

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

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

## 18. Financial Instruments (continued)

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or
- the instrument forms part of a group of financial instruments that is managed and its performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the grouping is provided internally on that basis, or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 Financial Instruments: Recognition and Measurement permits the contract to be designated as at FVTPL, or
- financial liabilities at FVTPL include deposits held excluding statutory deposits, accounts payable and accrued expenses. Financial assets at FVTPL include short-term securities and bonds.

### Loans and Receivables

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

### Financial Liabilities at Amortised Cost

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

### b) Credit Risk

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

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

### Advances

DTF has granted an advance and issued a financial guarantee to the AARC (disclosed in notes 10 and 25). As the repayment of the advance underlies the same risk as the financial guarantee, the financial guarantee is not disclosed separately.



## Notes to the Financial Statements

For the year ended 30 June 2017

## 18. Financial Instruments (continued)

## Receivables

Receivable balances are monitored on an ongoing basis to ensure exposure to bad debts is not significant. A reconciliation and aging analysis of receivables is presented in the following table.

	Ageing of receivables \$000	Ageing of impaired receivables \$000	Net receivables \$000
<b>Internal receivables</b>			
<b>2016-17</b>			
Not overdue	953	-	953
<b>Total</b>	<b>953</b>	<b>-</b>	<b>953</b>
<b>2015-16 Restated</b>			
Not overdue	564	-	564
<b>Total</b>	<b>564</b>	<b>-</b>	<b>564</b>
<b>External receivables</b>			
<b>2016-17</b>			
Overdue for more than 60 days	3	(2)	1
<b>Total</b>	<b>3</b>	<b>(2)</b>	<b>1</b>
<b>Reconciliation of the allowance for impairment losses</b>			
Opening	-	-	-
Increase/(decrease) in allowance recognised in profit or loss	-	2	-
<b>Total</b>	<b>-</b>	<b>2</b>	<b>-</b>
<b>2015-16 Restated</b>			
Overdue for more than 60 days	3	-	3
<b>Total</b>	<b>3</b>	<b>-</b>	<b>3</b>

## Notes to the Financial Statements

### For the year ended 30 June 2017

## 18. Financial Instruments (continued)

### c) Liquidity Risk

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

The following tables detail DTF's remaining contractual maturity for its financial assets and liabilities.

Maturity analysis for financial assets and liabilities	2017		2016 Restated <sup>1</sup>	
	Non-interest bearing	Total	Non-interest bearing	Total
	\$000	\$000	\$000	\$000
<b>Assets</b>				
Cash and deposits	22 473	22 473	14 597	14 597
Receivables	954	954	567	567
Advances	25 000	25 000	25 000	25 000
Other financial assets	5	5	28	28
<b>Total financial assets</b>	<b>48 432</b>	<b>-</b>	<b>40 192</b>	<b>-</b>
<b>Liabilities</b>				
Payables	1 457	1 457	1 109	1 109
<b>Total financial liabilities</b>	<b>1 457</b>	<b>-</b>	<b>1 109</b>	<b>-</b>

<sup>1</sup> Refer to note 25.

### d) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It comprises interest rate risk, price risk and currency risk. The primary market risk that DTF is likely to be exposed to is interest rate risk.

#### (i) Interest rate risk

DTF has limited exposure to interest rate risk as DTF's financial assets and financial liabilities are non-interest bearing.

#### Market Sensitivity Analysis

Changes in the variable rates of 100 basis points (1 per cent) at reporting date would have the following effect on DTF's profit or loss and equity.

	Profit or loss and equity 100 basis points increase/decrease	
	2017	2016 Restated <sup>1</sup>
	\$000	\$000
Financial assets – cash at bank	± 225	± 146
Net sensitivity	<b>± 225</b>	<b>± 146</b>

<sup>1</sup> Refer to note 25.

## Notes to the Financial Statements

For the year ended 30 June 2017

### 18. Financial Instruments (continued)

#### (ii) Price risk

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

#### (iii) Currency risk

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

#### e) Net Fair Value

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

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

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

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

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

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

Level 1: inputs are quoted prices in active markets for identical assets or liabilities.

Level 2: inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs are unobservable.

The carrying amount of DTF's financial assets and liabilities recorded in the financial statements approximates their fair values and are consequently level 1 instruments.

## Notes to the Financial Statements

### For the year ended 30 June 2017

## 19. Related Parties

### a) Related Parties

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

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

### b) Key Management Personnel

KMP of DTF are those persons having authority and responsibility for planning, directing and controlling the activities of DTF. These include the Treasurer, Under Treasurer, 10 members of the executive team, plus three members of the executive team who ceased employment with DTF before 30 June 2017.

Related party transactions of the former Treasurer have not been assessed as the period served during the 2016-17 financial year is considered minor.

### c) Remuneration of Key Management Personnel

The information below excludes the salaries and other benefits of the Treasurer as the Treasurer's remunerations and allowances are payable by the Department of the Legislative Assembly and are consequently disclosed within the Treasurer's Annual Financial Statements.

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

	2016-17
	\$000
Short-term benefits <sup>1</sup>	2 863
Long-term benefits	-
Post-employee benefits <sup>2</sup>	223
Termination benefits	-
<b>Total remuneration of key management personnel</b>	<b>3 086</b>

<sup>1</sup> Includes salary, annual leave, motor vehicle benefits and parking.

<sup>2</sup> Includes superannuation contributions paid by DTF.

### d) Related Party Transactions

Significant transactions with government-related entities includes funding received from CHA in the form of output and capital appropriation and on-passed Commonwealth national partnership and special purpose payments. The department also transacts with other government entities, however these are not individually significant.

## Notes to the Financial Statements

For the year ended 30 June 2017

### 19. Related Parties (continued)

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

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

### 20. Contingent Liabilities and Contingent Assets

#### a) Contingent Liabilities

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

##### Workers compensation insurance

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

##### Finance

The Territory financial management framework is underpinned by the centralised banking arrangements. The sole provider of banking-related services has been granted indemnities under the whole of government banking contract. The contingent liability resulting from the indemnities is unquantifiable and not reportable.

#### b) Contingent Assets

DTF had no contingent liabilities or contingent assets as at 30 June 2016 or 30 June 2017.

### 21. Events Subsequent to Balance Date

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

## Notes to the Financial Statements

### For the year ended 30 June 2017

## 22. Schedule of Administered Territory Items

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

	2017	2016
	\$000	\$000
<b>TERRITORY INCOME AND EXPENSES</b>		
<b>Income</b>		
Taxation revenue	689 664	705 539
Grants and subsidies revenue		
Current	3 228	4 094
GST revenue	3 157 478	3 265 569
Specific purpose payment	393 935	340 157
National partnership agreements	476 373	657 960
Fees from regulatory services	478	484
Royalties and rents	165 378	192 336
Other income	65	5 948
<b>Total income</b>	<b>4 886 599</b>	<b>5 172 086</b>
<b>Expenses</b>		
Other administrative expenses	4 886 599	5 172 086
<b>Total expenses</b>	<b>4 886 599</b>	<b>5 172 086</b>
<b>Territory income less expenses</b>	<b>-</b>	<b>-</b>
<b>TERRITORY ASSETS AND LIABILITIES</b>		
<b>Assets</b>		
Taxes receivable	78 583	80 258
Other receivables	-	14 126
<b>Total assets</b>	<b>78 583</b>	<b>94 384</b>
<b>Liabilities</b>		
Central Holding Authority income payable	74 781	84 733
Unearned Central Holding Authority income	3 802	9 651
<b>Total liabilities</b>	<b>78 583</b>	<b>94 384</b>
<b>Net assets</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements

For the year ended 30 June 2017

## 23. Budgetary Information

## a) Comprehensive Operating Statement

	2016-17		Variance	Note
	Actual	Original Budget		
	\$000	\$000	\$000	
<b>INCOME</b>				
Grants and subsidies revenue				
Current	21	28	(7)	
Appropriation output	149 535	148 040	1 496	1
Sales of goods and services	379	439	(60)	
Interest revenue	109	-	109	
Goods and services received free of charge	2 738	2 925	(187)	
Other income	-	50	(50)	
<b>TOTAL INCOME</b>	<b>152 783</b>	<b>151 482</b>	<b>1 301</b>	
<b>EXPENSES</b>				
Employee expenses	18 024	19 449	(1 425)	2
Administrative expenses				
Purchases of goods and services	7 431	7 379	52	
Repairs and maintenance	5	19	(14)	
Depreciation and amortisation	7	3	4	
Other administrative expenses	9 748	10 020	(272)	
Grants and subsidies expenses				
Current	12 088	12 920	(832)	3
CSOs	102 555	102 555	-	
Interest expenses	25	9	16	
<b>TOTAL EXPENSES</b>	<b>149 883</b>	<b>152 354</b>	<b>(2 471)</b>	
<b>NET SURPLUS/(DEFICIT)</b>	<b>2 900</b>	<b>(872)</b>	<b>3 772</b>	
<b>COMPREHENSIVE RESULT</b>	<b>2 900</b>	<b>(872)</b>	<b>3 772</b>	

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

- 1 The \$1.5 million increase in output appropriation is mainly due to an increase in cost for outsourced workers compensation claims management services and the transfer in of the Red Tape Abolition Squad as part of the machinery of government changes in September 2016.
- 2 Employee expenses are below budget due to unfilled budgeted positions.
- 3 Current grants have decreased from the original budget largely as a result of lower subsidy payments towards the generation of electricity to the township of Jabiru, and lower take-up of the first home owner grant (FHOG).

Notes to the Financial Statements  
For the year ended 30 June 2017

## 23. Budgetary Information (continued)

### b) Balance Sheet

	2016-17			Note
	Actual	Original Budget	Variance	
	\$000	\$000	\$000	
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and deposits	22 473	17 286	5 187	1
Receivables	1 089	75	1 014	2
Prepayments	5	1	4	
<b>Total current assets</b>	<b>23 567</b>	<b>17 362</b>	<b>6 205</b>	
<b>Non-current assets</b>				
Advances and investments	25 000	423	24 577	3
Property, plant and equipment	48	53	(5)	
<b>Total non-current assets</b>	<b>25 048</b>	<b>476</b>	<b>24 572</b>	
<b>TOTAL ASSETS</b>	<b>48 615</b>	<b>17 838</b>	<b>30 777</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	1 457	1 666	(209)	
Provisions	2 671	2 698	(27)	
<b>Total current liabilities</b>	<b>4 128</b>	<b>4 364</b>	<b>(236)</b>	
<b>TOTAL LIABILITIES</b>	<b>4 128</b>	<b>4 364</b>	<b>(236)</b>	
<b>NET ASSETS</b>	<b>44 487</b>	<b>13 474</b>	<b>31 013</b>	
<b>EQUITY</b>				
Capital	(21 544)	(21 470)	(74)	
Accumulated funds	66 031	34 944	31 087	
<b>TOTAL EQUITY</b>	<b>44 487</b>	<b>13 474</b>	<b>31 013</b>	

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

- 1 The cash at bank increase of \$5.19 million reflects the improved 2016-17 result.
- 2 The higher receivables balance largely reflects expenses incurred by and on behalf of the Motor Accidents Compensation Commission.
- 3 The movement is to correct the accounting treatment of a \$25 million advance DTF has provided the AARC, repayable in 2054. Refer to Note 25 for further details.



## Notes to the Financial Statements

For the year ended 30 June 2017

## 23. Budgetary Information (continued)

## c) Cash Flow Statement

	2016-17		Variance	Note
	Actual	Original Budget		
	\$000	\$000	\$000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Operating receipts</b>				
Grants and subsidies received				
Current	21	28	(7)	
Appropriation output	149 535	148 040	1 495	1
Receipts from sales of goods and services	5 801	489	5 312	2
<b>Total operating receipts</b>	<b>155 357</b>	<b>148 557</b>	<b>6 800</b>	
<b>Operating payments</b>				
Payments to employees	(17 845)	(19 449)	1 604	3
Payments for goods and services	(14 884)	(14 493)	(391)	
Grants and subsidies paid				
Current	(12 088)	(12 920)	832	4
CSOs	(102 555)	(102 555)	-	
Interest paid	(25)	(9)	(16)	
<b>Total operating payments</b>	<b>(147 397)</b>	<b>(149 426)</b>	<b>2 029</b>	
<b>Net cash from/(used in) operating activities</b>	<b>7 960</b>	<b>(869)</b>	<b>8 829</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Investing payments</b>				
Purchases of assets	(11)	-	(11)	
<b>Total investing payments</b>	<b>(11)</b>	<b>-</b>	<b>(11)</b>	
<b>Net cash from/(used in) investing activities</b>	<b>(11)</b>	<b>-</b>	<b>(11)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Financing payments</b>				
Equity withdrawals	(73)	-	(73)	
<b>Total financing payments</b>	<b>(73)</b>	<b>-</b>	<b>(73)</b>	
<b>Net cash from/(used in) financing activities</b>	<b>(73)</b>	<b>-</b>	<b>(73)</b>	
Net increase/(decrease) in cash held	7 876	(869)	8 745	
Cash at beginning of financial year	14 597	18 155	(3 558)	
<b>CASH AT END OF FINANCIAL YEAR</b>	<b>22 473</b>	<b>17 286</b>	<b>5 187</b>	

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

- 1 The \$1.5 million increase in output appropriation is mainly due to an increase in cost for outsourced workers compensation claims management services and the transfer in of the Red Tape Abolition Squad as part of the machinery of government changes in September 2016.
- 2 Higher receipts from goods and services is a result of collecting a \$5 million GST receivable generated from a \$50 million capital grant paid in the prior financial year.
- 3 Employee expenses are below budget due to unfilled budgeted positions.
- 4 Current grants have decreased from the original budget largely as a result of lower subsidy payments towards the generation of electricity to the township of Jabiru, and lower take-up of the FHOOG.

## Notes to the Financial Statements

### For the year ended 30 June 2017

## 24. Budgetary Information: Administered Territory Items

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

### Administered Territory Items

	2016-17			Note
	Actual	Original Budget	Variance	
	\$000	\$000	\$000	
<b>TERRITORY INCOME AND EXPENSES</b>				
<b>Income</b>				
Taxation revenue	689 664	648 079	41 585	1
Grants and subsidies revenue				
Current	3 228	32 803	(29 575)	2
GST revenue	3 157 478	3 263 000	(105 522)	3
Specific purpose payment	393 935	377 448	16 487	4
National partnership agreements	476 373	577 861	(101 488)	5
Fees from regulatory services	478	438	40	
Royalties and rents	165 378	131 634	33 744	6
Other income	65	300	(235)	
<b>Total income</b>	<b>4 886 599</b>	<b>5 031 563</b>	<b>(144 964)</b>	7
<b>Expenses</b>				
Other administrative expenses	4 886 599	5 031 563	(144 964)	
<b>Total expenses</b>	<b>4 886 599</b>	<b>5 031 563</b>	<b>(144 964)</b>	
<b>Territory income less expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>TERRITORY ASSETS AND LIABILITIES</b>				
<b>Assets</b>				
Taxes receivable	78 583	49 366	40 543	8
Other receivables	-	32 419	(27 944)	9
<b>Total assets</b>	<b>78 583</b>	<b>81 785</b>	<b>(12 599)</b>	
<b>Liabilities</b>				
Central Holding Authority income payable	74 781	50 395	34 338	10
Unearned Central Holding Authority income	3 802	31 390	(21 739)	9
<b>Total liabilities</b>	<b>78 583</b>	<b>81 785</b>	<b>(12 599)</b>	
<b>Net assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	

Notes to the Financial Statements

For the year ended 30 June 2017

## 24. Budgetary Information: Administered Territory Items (continued)

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

- 1 The \$41.6 million increase in taxation revenue predominantly reflects:
  - higher income tax equivalents of \$25.4 million due to improved profitability within the Northern Territory Treasury Corporation and Power and Water Corporation following the flow-on effect of restatements in 2014-15 and 2015-16
  - increased payroll tax of \$19 million due to growth in both employment and wages, particularly among the large employers forming part of the Territory's payroll tax base, partially offset by
  - a decrease in taxes on gambling of \$4.6 million.
- 2 Current grants has decreased by \$29.6 million predominantly due to the revised timing of Natural Disaster Relief and Recovery Arrangements.
- 3 GST revenue has decreased by \$105.5 million due to lower than anticipated national GST revenue collections and lower share of national population.
- 4 Specific purpose payments has increased by \$16.5 million relating to increased Students First funding.
- 5 National partnership agreements has decreased by \$101.5 million predominantly due to the revised timing of capital funding for roads of \$64.2 million and Remote Indigenous Housing of \$18 million.
- 6 Royalties and rents has increased by \$33.7 million predominantly due to higher than anticipated mining royalty collections.
- 7 The movement reflects the variations to total income.
- 8 The \$40.5 million increase in tax receivables predominantly reflects the timing of income tax equivalent received between years.
- 9 The variation reflects the movement in unearned administered income.
- 10 The variation reflects income collected on behalf of the CHA owing at 30 June.

## Notes to the Financial Statements

### For the year ended 30 June 2017

## 25. Restated Financial Statements

### a) Comprehensive Operating Statement

The following tables report the 2015-16 financial statements restated for each line item effected by error compared to those previously published.

During 2016-17, following updated accounting advice, it was determined that the loan receivable originally provided to the concession holder in relation to the AustralAsia Railway was undervalued by \$24.6 million. The 2015-16 comparatives have been restated retrospectively to reflect the uplift in the fair value of the loan with a corresponding increase in net worth.

	Previously reported for 2015-16	Restatements	2015-16 Comparative reported in 2016-17
	\$000	\$000	\$000
<b>INCOME</b>			
Grants and subsidies revenue			
Current	35	-	35
Appropriation output	163 092	-	163 092
Sales of goods and services	385	-	385
Interest revenue	-	101	101
Goods and services received free of charge	2 698	-	2 698
<b>TOTAL INCOME</b>	<b>166 210</b>	<b>101</b>	<b>166 311</b>
<b>EXPENSES</b>			
Employee expenses	16 476	-	16 476
Administrative expenses			
Purchases of goods and services	6 212	-	6 212
Repairs and maintenance	2	-	2
Depreciation and amortisation	14	-	14
Other administrative expenses	9 575	101	9 676
Grants and subsidies expenses			
Current	15 890	-	15 890
Capital	50 000	-	50 000
Community service obligations	65 831	-	65 831
Interest expenses	353	-	353
<b>TOTAL EXPENSES</b>	<b>164 353</b>	<b>101</b>	<b>164 454</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>1 857</b>	<b>-</b>	<b>1 857</b>
<b>COMPREHENSIVE RESULT</b>	<b>1 857</b>	<b>-</b>	<b>1 857</b>

## Notes to the Financial Statements

For the year ended 30 June 2017

## 25. Restated Financial Statements (continued)

## b) Balance Sheet

	Previously reported for 2015-16	Restatements	2015-16 Comparative reported in 2016-17
	\$000		\$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and deposits	14 597	-	14 597
Receivables	5 670	-	5 670
<b>Total current assets</b>	<b>20 268</b>	<b>-</b>	<b>20 268</b>
<b>Non-current assets</b>			
Advances and investments	423	24 577	25 000
Property, plant and equipment	43	-	43
<b>Total non-current assets</b>	<b>466</b>	<b>24 577</b>	<b>25 043</b>
<b>TOTAL ASSETS</b>	<b>20 734</b>	<b>24 577</b>	<b>45 311</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	1 109	-	1 109
Provisions	2 541	-	2 541
<b>Total current liabilities</b>	<b>3 650</b>	<b>-</b>	<b>3 650</b>
<b>TOTAL LIABILITIES</b>	<b>3 650</b>	<b>-</b>	<b>3 650</b>
<b>NET ASSETS</b>	<b>17 084</b>	<b>24 577</b>	<b>41 661</b>
<b>EQUITY</b>			
Capital	(21 471)	-	(21 471)
Accumulated funds	38 555	24 577	63 132
<b>TOTAL EQUITY</b>	<b>17 084</b>	<b>24 577</b>	<b>41 661</b>

## Certification of the Financial Statements

We certify that the attached financial statements for the Central Holding Authority have been prepared from proper accounts and records in accordance with the prescribed format, the *Financial Management Act* and Treasurer's Directions.

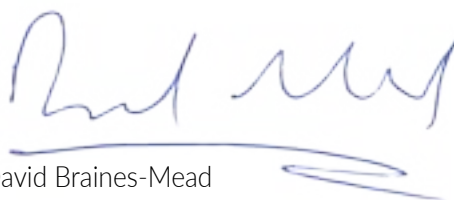
We further state that the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2017 and the financial position on that date.

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



Craig Graham

Under Treasurer  
30 September 2017



David Braines-Mead

Deputy Under Treasurer  
30 September 2017

# Comprehensive Operating Statement

For the year ended 30 June 2017

	Note	2017	2016
		\$000	\$000
<b>INCOME</b>			
Taxation revenue		735 399	751 283
Grants and subsidies revenue			
GST revenue		3 157 478	3 265 569
Specific purpose payments		393 935	340 157
National partnership agreements		476 372	657 960
Current grants		3 228	4 094
Capital grants		23 371	22 906
Fees from regulatory services		33 190	40 513
Interest revenue		60 596	65 709
Unrealised gain/loss on securities marked to market		34 657	(18 033)
Royalties, rents and dividends		212 468	246 035
Employer superannuation contributions		33 015	36 126
Other income		23 552	126 902
<b>TOTAL INCOME</b>		<b>5 187 262</b>	<b>5 539 220</b>
<b>EXPENSES</b>			
Long service leave expense		49 545	53 319
Superannuation expense	12	(404 249)	597 929
Workers compensation expense		14 603	(3 212)
Administrative expenses		873	1 060
Interest expense		133 702	156 374
Output appropriation		3 884 526	3 758 902
Commonwealth appropriation		592 552	712 793
<b>TOTAL EXPENSES</b>		<b>4 271 552</b>	<b>5 277 165</b>
<b>NET SURPLUS/(DEFICIT)</b>		<b>915 710</b>	<b>262 056</b>
<b>COMPREHENSIVE RESULT</b>		<b>915 710</b>	<b>262 056</b>

The Comprehensive Operating Statement is to be read in conjunction with the notes to the financial statements.

# Balance Sheet

As at 30 June 2017

	Note	2017 \$'000	2016 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and deposits	3	221 518	507 850
Receivables	5	86 493	97 714
Advances and investments	6	1 349 598	1 566 678
Prepayments		1 010	883
<b>Total Current Assets</b>		<b>1 658 619</b>	<b>2 173 125</b>
<b>Non-Current Assets</b>			
Investments in agencies		10 747 573	9 912 351
<b>Total Non-Current Assets</b>		<b>10 747 573</b>	<b>9 912 351</b>
<b>TOTAL ASSETS</b>		<b>12 406 192</b>	<b>12 085 476</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Deposits held	7	1 177 512	1 099 953
Payables	8	969	5 921
Borrowings and advances	9	503 199	392 847
Provisions	10	35 190	42 428
Employee benefits	11	206 904	195 551
Superannuation liability	12	255 744	247 095
<b>Total Current Liabilities</b>		<b>2 179 518</b>	<b>1 983 795</b>
<b>Non-Current Liabilities</b>			
Borrowings and advances	9	1 833 950	2 047 149
Provisions	10	119 952	105 482
Employee benefits	11	104 322	99 963
Superannuation liability	12	3 420 409	4 016 755
<b>Total Non-Current Liabilities</b>		<b>5 478 633</b>	<b>6 269 348</b>
<b>TOTAL LIABILITIES</b>		<b>7 658 151</b>	<b>8 253 143</b>
<b>NET ASSETS</b>		<b>4 748 041</b>	<b>3 832 332</b>
<b>EQUITY</b>			
Accumulated funds		4 748 041	3 832 332
<b>TOTAL EQUITY</b>		<b>4 748 041</b>	<b>3 832 332</b>

The Balance Sheet is to be read in conjunction with the notes to the financial statements.



# Statement of Changes in Equity

For the year ended 30 June 2017

	Note	Equity at 1 July \$000	Comprehensive result \$000	Transactions with owners in their capacity as owners \$000	Equity at 30 June \$000
<b>2016-17</b>					
<b>Accumulated funds</b>		3 832 332	915 710	-	4 748 041
Changes in accounting policy		-	-	-	-
Correction of prior period errors		-	-	-	-
Transfers from reserves		-	-	-	-
Other movements directly to equity		-	-	-	-
<b>Total equity at end of financial year</b>		<b>3 832 332</b>	<b>915 710</b>	<b>-</b>	<b>4 748 041</b>
<b>2015-16</b>					
Accumulated funds		3 570 276	262 056	-	3 832 332
Changes in accounting policy		-	-	-	-
Correction of prior period errors		-	-	-	-
Transfers from reserves		-	-	-	-
Other movements directly to equity		-	-	-	-
<b>Total equity at end of financial year</b>		<b>3 570 276</b>	<b>262 056</b>	<b>-</b>	<b>3 832 332</b>

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

# Cash Flow Statement

For the year ended 30 June 2017

Note	2017	2016
	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Operating Receipts</b>		
Taxes received	737 319	725 309
Grants and subsidies received		
GST received	3 157 478	3 265 569
Specific purpose payments	393 935	340 157
National partnership agreements	476 372	657 960
Current grants	3 228	4 094
Capital grants	23 371	22 906
Royalties, rents and dividends	212 406	257 680
Agency superannuation contributions	33 015	36 126
Other agency receipts	59 634	65 791
Interest received	62 318	65 913
<b>Total Operating Receipts</b>	<b>5 159 076</b>	<b>5 441 504</b>
<b>Operating Payments</b>		
Long service leave	36 481	36 126
Superannuation benefits	183 448	171 192
Payments for goods and services	5 987	6
Interest paid	133 659	156 563
Output payments	3 884 526	3 758 902
Commonwealth payments	592 552	712 793
<b>Total Operating Payments</b>	<b>4 836 653</b>	<b>4 835 582</b>
<b>Net Cash From/(Used in) Operating Activities</b>	<b>322 423</b>	<b>605 922</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Investing Receipts</b>		
Equity sales or withdrawals	1 272 431	647 887
<b>Total Investing Receipts</b>	<b>1 272 431</b>	<b>647 887</b>
<b>Investing Payments</b>		
Advances and investing payments	(249 736)	(164 637)
Capital appropriation	468 645	451 995
Commonwealth appropriation	302 327	300 530
Equity acquisitions	1 334 681	246 232
<b>Total Investing Payments</b>	<b>1 855 916</b>	<b>834 119</b>
<b>Net Cash From/(Used in) Investing Activities</b>	<b>(583 486)</b>	<b>(186 232)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Financing Receipts</b>		
Proceeds of borrowings	-	12 000
Deposits received	77 559	149 388
<b>Total Financing Receipts</b>	<b>77 559</b>	<b>161 388</b>
<b>Financing Payments</b>		
Repayment of borrowings	102 829	622 530
<b>Total Financing Payments</b>	<b>102 829</b>	<b>622 530</b>
<b>Net Cash From/(Used in) Financing Activities</b>	<b>(25 270)</b>	<b>(461 142)</b>
Net increase/(decrease) in cash held	(286 332)	(41 452)
Cash at beginning of financial year	507 850	549 302
<b>CASH AT END OF FINANCIAL YEAR</b>	<b>221 518</b>	<b>507 850</b>

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The Cash Flow Statement is to be read in conjunction with the notes to the financial statements.

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## Notes to the Financial Statements

### For the year ended 30 June 2017

## 1. Objectives and Funding

The Central Holding Authority (CHA) is the 'parent body' that represents the Government's ownership interest in Government-controlled entities.

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

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

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

## 2. Statement of Significant Accounting Policies

### a) Statement of Compliance

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

- a Certification of the Financial Statements
- a Comprehensive Operating Statement
- a Balance Sheet
- a Statement of Changes in Equity
- a Cash Flow Statement
- applicable explanatory notes to the financial statements.

### (i) Standards and interpretations effective from 2016-17

The following new and revised accounting standards and interpretations were effective for the first time in 2016-17:

#### AASB 124 Related Party Disclosures

This standard applies to not-for-profit sector for the first time in 2016-17. The accounting standard requires disclosures about the remuneration of key management personnel, transactions with related parties, and relationships between parent and controlled entities. For any such transactions, disclosures will include the nature of the related party relationship, as well as information about those transactions' terms/conditions and amounts, any guarantees given/received, outstanding receivables/payables, commitments, and any receivables where collection has been assessed as being doubtful.

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

## Notes to the Financial Statements

For the year ended 30 June 2017

### 2. Statement of Significant Accounting Policies (continued)

#### (ii) Standards and Interpretations Issued but not yet effective

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

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

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

Under the new AASB 1058 Income for Not-for-Profit Entities, revenue from grants and donations will be recognised when any associated performance obligation to provide goods or services is satisfied, and not immediately upon receipt as currently occurs. Consequently, more liabilities will be recognised in the balance sheet after adoption of this standard.

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

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

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

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

#### b) Comparatives

Where necessary, comparative information for the 2015-16 financial year has been reclassified to provide consistency with current year disclosures.

#### c) Basis of Accounting

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

## 2. Statement of Significant Accounting Policies (continued)

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

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

### d) Presentation and Rounding of Amounts

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

### e) Changes in Accounting Policies

There have been no changes to accounting policies adopted in 2016-17 as a result of management decisions.

### f) Accounting Judgments and Estimates

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

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

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

### g) Goods and Services Tax

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

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

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

## Notes to the Financial Statements

For the year ended 30 June 2017

### 2. Statement of Significant Accounting Policies (continued)

#### h) Income Recognition

Income encompasses both revenue and gains.

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

#### i) Grants and Other Contributions

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

Following the new IGA, effective 1 January 2009, all SPPs and NP payments are now made by the Commonwealth Treasury to state treasuries in a manner similar to arrangements for GST payments. The payments are received by Treasury on behalf of CHA and then on-passed to the relevant agencies as Commonwealth appropriation.

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

#### j) Taxation

Territory taxation is recognised when the underlying transaction or event, which gives rise to the right to collect revenue, occurs and can be measured reliably. Government-assessed revenues are recognised at the time the assessments are issued. An example of an assessment-based tax is conveyance duty.

Taxpayer-assessed revenues, for example payroll tax, are recognised when a taxpayer's self-assessment is received. Additional revenues are recognised for assessments subsequently issued following review of returns lodged by taxpayers.

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

#### k) Interest Revenue

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

#### l) Dividends

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

#### m) Fees from Regulatory Services

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

#### n) Interest Expense

Interest expenses include interest and finance lease charges. Interest expenses are expensed in the period in which they are incurred.

## Notes to the Financial Statements

### For the year ended 30 June 2017

## 2. Statement of Significant Accounting Policies (continued)

### o) Advances and Investments

Advances include investment in financial assets for policy purposes and are recorded at cost.

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

### p) Investments in Agencies

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

### q) Equity

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

### r) Reporting Period

The reporting period is the year ended each 30 June.

## 3. Cash and Deposits

	2017	2016
	\$000	\$000
Cash and short term deposits	221 518	507 850
<b>Total cash and short term deposits</b>	<b>221 518</b>	<b>507 850</b>

For the purposes of the Balance Sheet and the Cash Flow Statement, cash includes cash on hand, cash at bank and cash equivalents. Cash equivalents are highly liquid short-term investments that are readily convertible to cash.



## Notes to the Financial Statements

For the year ended 30 June 2017

## 4. Notes to the Cash Flow Statement

	2017	2016
	\$000	\$000
<b>Reconciliation of cash</b>		
The total of agency cash and deposits of \$221 million (2016: \$508 million) recorded in the Balance Sheet is consistent with that recorded as 'cash' in the Cash Flow Statement.		
<b>Reconciliation of net surplus/(deficit) to net cash from operating activities</b>		
<b>Net surplus/(deficit)</b>	<b>915 710</b>	<b>262 056</b>
Changes in assets and liabilities:		
Unrealised (gain)/loss on securities marked to market	(34 657)	18 033
Profit or loss on sale of equity investments	-	(100 221)
Gain on extinguishment	(18)	(6)
Decrease/(Increase) in receivables	11 220	4 019
Decrease/(Increase) in prepayments	(127)	210
(Decrease)/Increase in payables	(4 952)	779
(Decrease)/Increase in provision for employee benefits	(558 074)	442 457
(Decrease)/Increase in other provisions	(6 679)	(21 405)
<b>Net cash from operating activities</b>	<b>322 423</b>	<b>605 922</b>

## 5. Receivables

	2017	2016
	\$000	\$000
Taxes receivable	58 680	68 934
Royalties, rents and dividends receivable	22 958	23 757
Interest receivable	803	2 543
Other receivables	4 053	2 481
<b>Total receivables</b>	<b>86 493</b>	<b>97 714</b>

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

The allowance for impairment losses represents the amount of receivables the agency estimates are likely to be uncollectible and are considered doubtful.

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

## Notes to the Financial Statements

### For the year ended 30 June 2017

## 6. Advances and Investments

	2017	2016
	\$000	\$000
Advances and Investments	1 349 598	1 566 678
<b>Total advances and investments</b>	<b>1 349 598</b>	<b>1 566 678</b>

Advances include investment in financial assets for policy purposes and are recorded at cost.

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

Advances and investments are managed by the Northern Territory Treasury Corporation on behalf of CHA.

## 7. Deposits Held

	2017	2016
	\$000	\$000
Deposits held	1 177 512	1 099 953
<b>Total deposits held</b>	<b>1 177 512</b>	<b>1 099 953</b>

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

## 8. Payables

	2017	2016
	\$000	\$000
Other payables	969	5 921
<b>Total payables</b>	<b>969</b>	<b>5 921</b>

Liabilities for accounts payable and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the agency. Accounts payable are normally settled within 30 days.

## Notes to the Financial Statements

For the year ended 30 June 2017

## 9. Borrowings and Advances

	2017	2016
	\$000	\$000
<b>Current</b>		
Loans and advances	503 199	392 847
	<b>503 199</b>	<b>392 847</b>
<b>Non-current</b>		
Loans and advances	1 833 950	2 047 149
	<b>1 833 950</b>	<b>2 047 149</b>
<b>Total borrowings and advances</b>	<b>2 337 149</b>	<b>2 439 996</b>

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

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

## 10. Provisions

	2017	2016
	\$000	\$000
<b>Current</b>		
Provisions:		
Provision for workers compensation liability	27 968	28 522
Other provisions	69	74
Unearned revenue	7 153	13 832
	<b>35 190</b>	<b>42 428</b>
<b>Non-current</b>		
Provisions:		
Provision for workers compensation liability	118 633	104 133
Other provisions	1 319	1 349
	<b>119 952</b>	<b>105 482</b>
<b>Total provisions</b>	<b>155 142</b>	<b>147 910</b>
Reconciliation of Provisions		
Balance at 1 July	134 078	137 989
Effect of changes in assumptions	7 700	- 5 800
Increase in claims incurred/recoveries anticipated over the year	6 879	2 720
Reductions arising from payments	(668)	(831)
<b>Balance at 30 June</b>	<b>147 989</b>	<b>134 078</b>

## Notes to the Financial Statements

### For the year ended 30 June 2017

## 10. Provisions (continued)

Provisions represent outstanding compensation claims that are recorded at net present value.

### Workers compensation

Provisions represent workers compensation liabilities, which comprise those under the *Return to Work Act* and Comcare liabilities under Commonwealth legislation.

The change in liability for the year ended 30 June 2017 is based on an actuarial assessment of the value of outstanding claims at the end of the period and takes into account revisions to earlier years' estimates of the value of outstanding claims.

## 11. Employee Benefits

	2017	2016
	\$'000	\$'000
<b>Current</b>		
Long service leave	206 904	195 551
	<b>206 904</b>	<b>195 551</b>
<b>Non-current</b>		
Long service leave	104 322	99 963
	<b>104 322</b>	<b>99 963</b>
<b>Total employee benefits</b>	<b>311 226</b>	<b>295 514</b>

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

### Long service leave

As part of the introduction of Working for Outcomes, the CHA assumed the long service leave liabilities of Government agencies with the actual liability transferred from agency ledgers during 2002-03.

Liabilities recognised in respect of employee benefits not expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

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

## Notes to the Financial Statements

For the year ended 30 June 2017

### 12. Superannuation Liabilities

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

#### Defined Contribution Plans

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

#### Defined Benefit Plans

For defined benefit superannuation plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations carried out at each reporting date. The projected unit credit method calculates the accrued liability by discounting the value of the expected future benefit payments, after allowing for future salary increases, future interest and future pension increases where applicable, arising from membership completed prior to the reporting date.

#### 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, the following benefits are payable:

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

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

##### Northern Territory Supplementary Superannuation Scheme

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

## Notes to the Financial Statements

### For the year ended 30 June 2017

## 12. Superannuation Liabilities (continued)

### Northern Territory Government Death and Invalidation Scheme

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

The NTPSBS, LAMS, Administrator and judges schemes are all pension-based schemes.

	30 June 2017	30 June 2016
	\$000	\$000
Current	255 744	247 095
Non current	3 420 409	4 016 755
<b>Total superannuation liabilities (a)</b>	<b>3 676 153</b>	<b>4 263 850</b>

### a) The Northern Territory Government Superannuation Schemes Comprise:

LAMS	62 116	102 277
CSS	2 159 200	2 560 900
NTGPASS	961 860	1 058 316
NTSSS	240 310	270 478
NTPSBS	68 124	74 509
Northern Territory Government Death and Invalidation Scheme (NTGDIS)	82 740	83 731
Statutory schemes <sup>1</sup>	101 803	113 639
	<b>3 676 153</b>	<b>4 263 850</b>

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

### Key Assumptions

	30 June 2017	30 June 2016
	%	%
<b>Key assumptions as at balance date and for following year expense:</b>		
Discount rate (gross of tax)	2.70	2.00
Salary rate <sup>1</sup>	3.00	3.00
Expected return on scheme assets (net of tax)	6.50	6.50
Inflation (pensions)	2.00	2.50
Imputed cost of interest	2.00	3.00
Tax rate for employer contributions <sup>2</sup>	-	-

<sup>1</sup> Salary rate (3 per cent in 2017-18 and 3.5 per cent onwards).

<sup>2</sup> Tax rate for employer contributions for LAMS is 15 per cent.

## Notes to the Financial Statements

For the year ended 30 June 2017

## 12. Superannuation Liabilities (continued)

The values reported above are based on estimates of the size and timing of future benefit payments obtained through actuarial reviews conducted at three-yearly intervals that are updated on an annual basis. NTGPASS, NTSSS, Supreme Court Judges Pension Scheme, NTGDIS, Administrators Pension Scheme and the LAMS Fund are based on triannual reviews conducted 30 June 2016, however updated for 30 June 2017. The NTPSBS and CSS are based on triannual reviews as at 30 June 2015, however updated for 30 June 2017. The movement in the liability between years is predominantly due to the movement in bond rate from 2.0 per cent to 2.7 per cent.

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

	30 June 2017	30 June 2016
<b>Amounts in the Financial Statements</b>		
<b>Balance Sheet</b>		
Present value of the defined benefit obligation at end of year	3 703 651	4 283 555
Fair value of plan assets at end of year	(68 408)	(65 130)
Net present value of creditors	40 910	45 425
<b>Net liability/(asset) recognised in balance sheet at end of year</b>	<b>3 676 153</b>	<b>4 263 850</b>
1 NTGPASS, NTSSS and NTGDIS		
<b>Operating Statement</b>		
Employer service cost	75 567	75 027
Net interest cost	82 617	111 465
Remeasurements	(561 789)	397 794
Movement in superannuation creditors	(4 515)	9 970
Variations between payments and contributions	3 871	3 672
<b>Total included in the operating statement</b>	<b>(404 249)</b>	<b>597 929</b>
<b>Explanation of Amounts in the Financial Statements</b>		
<b>Remeasurements in other comprehensive income (OCI)</b>		
Actual return on Fund assets less interest income	(6 466)	1 965
Actuarial (gains)/losses on liability	(555 323)	395 829
<b>Total remeasurement included in OCI</b>	<b>(561 789)</b>	<b>397 794</b>
<b>Reconciliation of the net defined benefit liability/(asset)</b>		
Net defined benefit liability/(asset) at beginning of year	4 218 426	3 801 660
Expense recognised in income statement	158 184	186 492
Employer contributions	(179 577)	(167 520)
Remeasurements in OCI	(561 789)	397 794
<b>Net defined benefit liability/(asset) at end of year</b>	<b>3 635 244</b>	<b>4 218 426</b>

Notes to the Financial Statements  
For the year ended 30 June 2017

## 12. Superannuation Liabilities (continued)

	30 June 2017	30 June 2016
<b>Reconciliation from Opening to Closing Balance of the Following:</b>		
<b>Reconciliation of plan assets</b>		
Fair value of the plan assets at the beginning of the year	65 130	67 773
Employer contributions	179 577	167 520
Participant contributions	473	287
Benefit payments	(183 448)	(171 192)
Taxes and expenses paid	(1 048)	714
Interest income	1 258	1 993
Actual return on plan assets less interest income	6 466	(1 965)
<b>Assets at year end</b>	<b>68 408</b>	<b>65 130</b>
<b>Reconciliation of the present value of the defined benefit obligation</b>		
Total defined benefit obligation at the beginning of the year	4 283 555	3 869 432
Employer service cost	75 567	75 027
Interest expense	83 875	113 458
Participant contributions	473	287
Taxes and expenses paid	(1 048)	714
Benefit payments	(183 448)	(171 192)
Actuarial (gain)/loss on liabilities due to changes in demographic assumptions	-	(6 488)
Actuarial (gain)/loss on liabilities due to changes in financial assumptions	(601 461)	443 463
Actuarial (gain)/loss on liabilities due to changes in liability experience	46 138	(41 146)
<b>Total defined benefit obligation at year end</b>	<b>3 703 651</b>	<b>4 283 555</b>

Note: LAMS is the only unfunded scheme that has assets.



## Notes to the Financial Statements

For the year ended 30 June 2017

## 12. Superannuation Liabilities (continued)

## Sensitivity Analysis – LAMS

The entity's total defined benefit obligation as at 30 June 2017 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		130 524		
Discount rate	1.0	110 187	(20 338)	(15.6)
Discount rate	(1.0)	156 438	25 914	19.9
Salary	1.0	155 156	24 631	18.9
Salary	(1.0)	110 726	(19 798)	(15.2)
Mortality rates	10.0	126 681	(3 843)	(2.9)
Mortality rates	(10.0)	134 848	4 324	3.3

## Maturity Profile of Defined Benefit Obligation – LAMS

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

## Sensitivity Analysis – Supreme Court JPS

The entity's total defined benefit obligation as at 30 June 2017 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		97 606		
Discount rate	1.0	85 282	(12 324)	(12.6)
Discount rate	(1.0)	112 846	15 240	15.6
Inflation	1.0	112 348	14 742	15.1
Inflation	(1.0)	85 404	(12 202)	(12.5)
Mortality rates	10.0	94 406	(3 200)	(3.3)
Mortality rates	(10.0)	101 225	3 619	3.7

## Maturity Profile of Defined Benefit Obligation – Supreme Court JPS

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

## Notes to the Financial Statements

### For the year ended 30 June 2017

## 12. Superannuation Liabilities (continued)

### Sensitivity Analysis – NTPSBS

The entity's total defined benefit obligation as at 30 June 2017 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		68 124		
Discount rate	1.0	58 932	(9 192)	(13.5)
Discount rate	(1.0)	79 729	11 605	17.0
Inflation	1.0	79 243	11 119	16.3
Inflation	(1.0)	59 116	(9 008)	(13.2)
Mortality rates	10.0	66 544	(1 580)	(2.3)
Mortality rates	(10.0)	69 887	1 764	2.6
Commutation rate	0.0	69 803	1 680	2.5
Commutation rate	30.0	66 444	(1 680)	(2.5)

### Maturity Profile of Defined Benefit Obligation – NTPSBS

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

### Sensitivity Analysis – Administrator Scheme

The entity's total defined benefit obligation as at 30 June 2017 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		4 197		
Discount rate	1.0	3 867	(330)	(7.9)
Discount rate	(1.0)	4 579	381	9.1
Inflation	1.0	4 572	374	8.9
Inflation	(1.0)	3 866	(331)	(7.9)
Mortality rates	10.0	4 015	(183)	(4.3)
Mortality rates	(10.0)	4 406	209	5.0

### Maturity Profile of Defined Benefit Obligation – Administrator Scheme

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

## Notes to the Financial Statements

For the year ended 30 June 2017

## 12. Superannuation Liabilities (continued)

## Sensitivity Analysis – NTGPASS

The entity's total defined benefit obligation as at 30 June 2017 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		943 200		
Discount rate	1.0	874 000	(69 200)	(7.3)
Discount rate	(1.0)	1 022 400	79 200	8.4
Salary	1.0	1 037 300	94 100	10.0
Salary	(1.0)	859 800	(83 400)	(8.8)
Pension	1.0	943 200		
Pension	(1.0)	943 200		

## Maturity Profile of Defined Benefit Obligation – NTGPASS

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

## Sensitivity Analysis – NTSSS

The entity's total defined benefit obligation as at 30 June 2017 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		231 900		
Discount rate	1.0	214 500	(17 400)	(7.5)
Discount rate	(1.0)	251 800	19 900	8.6
Salary	1.0	251 400	19 500	8.4
Salary	(1.0)	214 500	(17 400)	(7.5)
Pension	1.0	231 900		
Pension	(1.0)	231 900		

## Maturity Profile of Defined Benefit Obligation – NTSSS

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

## Notes to the Financial Statements

### For the year ended 30 June 2017

## 12. Superannuation Liabilities (continued)

### Sensitivity Analysis – CSS

The entity's total defined benefit obligation as at 30 June 2017 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		2 159 200		
Discount rate	1.0	1 882 200	(277 000)	(12.8)
Discount rate	(1.0)	2 504 600	345 400	16.0
Salary	1.0	2 168 200	9 000	0.4
Salary	(1.0)	2 150 800	(8 400)	(0.4)
Pension	1.0	2 473 400	314 200	14.6
Pension	(1.0)	1 898 800	(260 400)	(12.1)

### Maturity Profile of Defined Benefit Obligation – CSS

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

### Sensitivity Analysis – NTGDIS

The entity's total defined benefit obligation as at 30 June 2017 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		68 900		
Discount rate	1.0	63 000	(5 900)	(8.6)
Discount rate	(1.0)	75 700	6 800	9.9
Salary	1.0	75 600	6 700	9.7
Salary	(1.0)	63 000	(5 900)	(8.6)
Pension	1.0	68 900		
Pension	(1.0)	68 900		

### Maturity Profile of Defined Benefit Obligation – NTGDIS

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

## Notes to the Financial Statements

For the year ended 30 June 2017

### 13. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments held by CHA include cash and deposits, receivables and payables. CHA has limited exposure to financial risks as discussed below.

Due to the nature of operating activities, certain financial assets and financial liabilities arise under statutory obligations rather than a contract. Such financial assets and liabilities do not meet the definition of financial instruments as per AASB 132 Financial Instruments Presentation. These include statutory receivables arising from taxes including GST and penalties.

Exposure to interest rate risk, foreign exchange risk, credit risk, price risk and liquidity risks arise in the normal course of activities. CHA's advances and investments, and borrowings are predominantly managed through the Northern Territory Treasury Corporation. Financial assets and liabilities are recognised on the Balance Sheet when CHA becomes a party to the contractual provisions of the financial instrument. CHA has the following financial instruments:

- cash and cash equivalents
- loans and receivables
- non-trading financial assets
- financial assets that held-to-maturity investments
- non-trading financial liabilities.

#### Fair Value of Financial Instruments

The fair value of financial instruments is determined based on quoted market prices, where available, or on estimates using present values or other valuation techniques. These techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. When market prices are not readily available, fair value is either based on estimates obtained from independent experts or quoted market prices of comparable instruments. Financial liabilities at fair value through profit or loss include deposits held excluding statutory deposits, accounts payable and accrued expenses. Financial assets at fair value through profit or loss include short-term securities and bonds.

## Notes to the Financial Statements

### For the year ended 30 June 2017

## 13. Financial Instruments (continued)

### a) Categorisation of Financial Instruments

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

	Fair value through profit or loss		Held to maturity investments	Financial assets – loans and receivables	Financial assets – available for sale	Financial assets – other	Financial Liabilities – amortised cost	Total
	Held for trading	Designated at fair value						
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2016-17</b>								
Cash and deposits	-	-	-	-	-	221 518	-	221 518
Receivables <sup>1</sup>	-	-	-	27 734	-	-	-	27 734
Advances and investments	-	1 011 756	337 842	-	-	-	-	1 349 598
<b>Total financial assets</b>	<b>-</b>	<b>1 011 756</b>	<b>337 842</b>	<b>27 734</b>	<b>-</b>	<b>221 518</b>	<b>-</b>	<b>1 598 850</b>
Deposits held <sup>1</sup>	-	1 177 512	-	-	-	-	-	1 177 512
Payables <sup>1</sup>	-	969	-	-	-	-	-	969
Borrowings and advances	-	-	-	-	-	-	2 337 149	2 337 149
<b>Total financial liabilities</b>	<b>-</b>	<b>1 178 481</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 337 149</b>	<b>3 515 629</b>

<sup>1</sup> Total amounts disclosed here exclude statutory amounts.

	Fair value through profit or loss		Held to maturity investments	Financial assets – loans and receivables	Financial assets – available for sale	Financial assets – other	Financial Liabilities – amortised cost	Total
	Held for trading	Designated at fair value						
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2015-16</b>								
Cash and deposits	-	-	-	-	-	507 850	-	507 850
Receivables <sup>1</sup>	-	-	-	32 702	-	-	-	32 702
Advances and investments	-	1 049 909	516 769	-	-	-	-	1 566 678
<b>Total financial assets</b>	<b>-</b>	<b>1 049 909</b>	<b>516 769</b>	<b>32 702</b>	<b>-</b>	<b>507 850</b>	<b>-</b>	<b>2 107 230</b>
Deposits held <sup>1</sup>	-	1 099 953	-	-	-	-	-	1 099 953
Payables <sup>1</sup>	-	5 921	-	-	-	-	-	5 921
Borrowings and advances	-	-	-	-	-	-	2 439 995	2 439 995
<b>Total financial liabilities</b>	<b>-</b>	<b>1 105 874</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 439 995</b>	<b>3 545 870</b>

<sup>1</sup> Total amounts disclosed here exclude statutory amounts.

## Notes to the Financial Statements

For the year ended 30 June 2017

## 13. Financial Instruments (continued)

## b) Credit Risk

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

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

## c) Liquidity Risk

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

The following tables detail the agency's remaining contractual maturity for its financial assets and liabilities.

## 2016-17 Maturity analysis for financial assets and liabilities

	Variable interest rate			Fixed interest rate			Non interest bearing	Total	Weighted average
	More			Less than a year	1 to 5 years	More than 5 years			
	Less than a year	1 to 5 years	More than 5 years						
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	%	
<b>Assets</b>									
Cash and deposits	221 518	-	-	-	-	-	-	221 518	1.50
Receivables	-	-	-	-	-	-	27 734	27 734	-
Advances and investments	1 011 756	-	-	339 000	-	-	-	1 350 756	2.16
<b>Total financial assets</b>	<b>1 233 274</b>	<b>-</b>	<b>-</b>	<b>339 000</b>	<b>-</b>	<b>-</b>	<b>27 734</b>	<b>1 600 008</b>	<b>-</b>
<b>Liabilities</b>									
Deposits held	-	-	-	-	-	-	1 177 512	1 177 512	-
Payables	-	-	-	-	-	-	969	969	-
Borrowings and advances	-	-	-	500 000	515 000	1 322 149	-	2 337 149	5.31
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>500 000</b>	<b>515 000</b>	<b>1 322 149</b>	<b>1 178 481</b>	<b>3 515 629</b>	<b>-</b>

## Notes to the Financial Statements

### For the year ended 30 June 2017

## 13. Financial Instruments (continued)

### 2015-16 Maturity analysis for financial assets and liabilities

	Variable interest rate			Fixed interest rate			Non interest bearing	Total	Weighted average
	More			Less than a year	1 to 5 years	More than 5 years			
	Less than a year	1 to 5 years	More than 5 years						
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	%	
<b>Assets</b>									
Cash and deposits	507 850	-	-	-	-	-	-	507 850	1.75
Receivables	-	-	-	-	-	-	32 702	32 702	-
Advances and investments	1 049 909	-	-	520 000	-	-	-	1 569 909	2.62
<b>Total financial assets</b>	<b>1 557 759</b>	<b>-</b>	<b>-</b>	<b>520 000</b>	<b>-</b>	<b>-</b>	<b>32 702</b>	<b>2 110 461</b>	<b>-</b>
<b>Liabilities</b>									
Deposits held	-	-	-	-	-	-	1 099 953	1 099 953	-
Payables	-	-	-	-	-	-	5 921	5 921	-
Borrowings and advances	-	-	-	390 000	1 015 000	1 034 995	-	2 439 995	5.45
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>390 000</b>	<b>1 015 000</b>	<b>1 034 995</b>	<b>1 105 874</b>	<b>3 545 869</b>	<b>-</b>

#### d) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It comprises interest rate risk, price risk and currency risk. The primary market risk that the CHA is likely to be exposed to is interest rate risk.

#### (i) Interest Rate Risk

Interest rate risk is the risk of financial loss and or increased cost due to adverse movements in the values of financial assets and liabilities as a result of changes in interest rates.

#### Interest Rate Sensitivity Analysis

Changes in the variable rates of 100 basis points (1 per cent) at reporting date would have the following effect on the agency's profit or loss and equity.

	Profit or Loss and Equity	
	100 basis points increase/decrease	
	2017	2016
	\$000	\$000
Financial assets – cash at bank	± 2 215	± 5 078
Financial assets – receivable loans	± 3 390	± 5 200
<b>Net Sensitivity</b>	<b>± 5 605</b>	<b>± 10 278</b>



## Notes to the Financial Statements

For the year ended 30 June 2017

## 13. Financial Instruments (continued)

## (ii) Price Risk

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

Price risk arises when an agency holds units in unit trusts and there is a change in the market value of these units as advised by respective fund managers.

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

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

## (iii) Price Sensitivity Analysis

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

	Change in value	2017 Impact on profit or loss and equity	2016 Impact on profit or loss and equity
	%	\$000	\$000
Equities	± 10	± 40 730	± 35 715
Property securities	± 10	± 12 711	± 11 895
Interest bearing	± 1	± 1 851	± 1 777

## e) Net Fair Value

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

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

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

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

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

## 13. Financial Instruments (continued)

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

Level 1 – inputs are quoted prices in active markets for identical assets or liabilities

Level 2 – inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – inputs are unobservable.

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

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

## Notes to the Financial Statements

For the year ended 30 June 2017

## 13. Financial Instruments (continued)

For financial instruments measured and disclosed at fair value, the following table groups the instruments based on the level of inputs used.

	Total carrying amount	Net fair value			Total
		Level 1	Level 2	Level 3	
	\$000	\$000	\$000	\$000	\$000
<b>2017</b>					
<b>Financial assets</b>					
Advances and investments	497 414	-	497 537	-	497 537
<b>Total financial assets</b>	<b>497 414</b>	<b>-</b>	<b>497 537</b>	<b>-</b>	<b>497 537</b>
<b>Financial Liabilities</b>					
Borrowings and advances	2 337 149	-	2 560 810	-	2 560 810
<b>Total financial liabilities</b>	<b>2 337 149</b>	<b>-</b>	<b>2 560 810</b>	<b>-</b>	<b>2 560 810</b>

	Total Carrying Amount	Net Fair Value			Total
		Level 1	Level 2	Level 3	
	\$000	\$000	\$000	\$000	\$000
<b>2016</b>					
<b>Financial assets</b>					
Advances and investments	935 000	-	935 563	-	935 563
<b>Total financial assets</b>	<b>935 000</b>	<b>-</b>	<b>935 563</b>	<b>-</b>	<b>935 563</b>
<b>Financial liabilities</b>					
Borrowings and advances	2 439 995	-	2 724 121	-	2 724 121
<b>Total financial liabilities</b>	<b>2 439 995</b>	<b>-</b>	<b>2 724 121</b>	<b>-</b>	<b>2 724 121</b>

There were no changes in valuation techniques during the period.

## Notes to the Financial Statements

For the year ended 30 June 2017

### 14. Budgetary Information

#### a) Comprehensive Operating Statement

	2016-17			Note
	Actual	Original Budget	Variance	
	\$000	\$000	\$000	
<b>INCOME</b>				
Taxation revenue	735 399	696 647	38 752	1
Commonwealth revenue				
GST revenue	3 157 478	3 263 000	(105 522)	2
Specific purpose payments	393 935	377 448	16 487	3
National partnership agreements	476 372	577 861	(101 489)	4
Current grants	3 228	32 803	(29 575)	5
Capital grants	23 371	19 496	3 875	
Fees from regulatory services	33 190	29 055	4 135	
Interest revenue	60 596	54 963	5 633	
Royalties, rents and dividends	212 468	179 769	32 699	6
Employer superannuation contributions	33 015	40 772	(7 757)	
Other income	58 209	31 289	26 920	7
<b>TOTAL INCOME</b>	<b>5 187 262</b>	<b>5 303 103</b>	<b>(115 841)</b>	
<b>EXPENSES</b>				
Long service leave expense	49 545	44 155	5 390	
Superannuation expense	(404 249)	32 674	(436 923)	8
Other salary expenses	14 603	5 633	8 970	
Administrative expenses	873	835	38	
Interest expense	133 702	136 857	(3 155)	
Appropriation expenses	4 477 078	4 428 803	48 275	9
<b>TOTAL EXPENSES</b>	<b>4 271 552</b>	<b>4 648 957</b>	<b>(377 405)</b>	
<b>NET SURPLUS/(DEFICIT)</b>	<b>915 710</b>	<b>654 146</b>	<b>261 564</b>	
<b>COMPREHENSIVE RESULT</b>	<b>915 710</b>	<b>654 146</b>	<b>261 564</b>	

## Notes to the Financial Statements

For the year ended 30 June 2017

### 14. Budgetary Information (continued)

Note: The following note descriptions relate to variances greater than \$10 million or where multiple significant variances have occurred.

- 1 The \$38.8 million increase in taxation revenue from May 2016 Budget reflects:
  - Higher income tax equivalents of \$25.4 million due to improved profitability within the Northern Territory Treasury Corporation and Power and Water Corporation following the flow-on effect of restatements in 2014-15 and 2015-16, partially offset by reduced profitability within Territory Generation
  - increased payroll tax of \$19 million due to growth in both employment and wages, particularly among the large employers forming part of the Territory's payroll tax base, partially offset by
  - a decrease in taxes on gambling of \$4.6 million.
- 2 GST revenue has decreased by \$105.5 million due to lower than anticipated national GST revenue collections and lower share of national population.
- 3 Specific purpose payments has increased by \$16.5 million relating to increased Students First funding.
- 4 National partnership agreements have decreased by \$101.5 million predominantly due to the revised timing of capital funding for roads of \$64.2 million and Remote Indigenous Housing of \$18 million.
- 5 Current grants has decreased by \$29.6 million predominantly due to the revised timing of Natural Disaster Relief and Recovery Arrangements.
- 6 Royalties, rents and dividends has increased by \$32.7 million predominantly due to higher than anticipated mining royalty collections.
- 7 Other income has increased by \$26.9 million predominantly due to greater than anticipated returns on investments relating to the Conditions of Service Reserve.
- 8 Superannuation expenses have decreased by \$436.9 million predominantly as a result of the year on year increase in the bond rate (2017: 2.7 per cent, original budget: 2.5 per cent) combined with a reduced pensioner increase rate (2.5 per cent to 2.0 per cent) used in valuing the Territory's superannuation liabilities as required by the accounting standards.
- 9 Appropriation increased by \$48.3 million largely as a result of new funding decisions approved by Cabinet.

## Notes to the Financial Statements

### For the year ended 30 June 2017

## 14. Budgetary Information (continued)

### b) Balance Sheet

	2016-17			Note
	Actual	Original Budget	Variance	
	\$000	\$000	\$000	
<b>ASSETS</b>				
Cash and deposits	221 518	261 605	(40 087)	1
Receivables	86 493	92 700	(6 207)	
Prepayments	1 010	1 093	(83)	
Advances and investments	1 349 598	1 199 354	150 244	2
Equity investments	10 747 573	10 804 417	(56 844)	3
<b>TOTAL ASSETS</b>	<b>12 406 192</b>	<b>12 359 169</b>	<b>47 023</b>	
<b>LIABILITIES</b>				
Deposits held	1 177 512	945 171	232 341	4
Creditors and accruals	969	4 959	(3 990)	
Borrowings and advances	2 337 149	2 407 148	(69 999)	5
Superannuation liability	3 676 153	3 519 113	157 040	6
Provision for long service leave	311 295	305 495	5 800	
Provision for workers' compensation	146 601	136 678	9 923	
Other liabilities	8 472	36 480	(28 008)	7
<b>TOTAL LIABILITIES</b>	<b>7 658 151</b>	<b>7 355 044</b>	<b>303 107</b>	
<b>NET ASSETS</b>	<b>4 748 041</b>	<b>5 004 125</b>	<b>(256 084)</b>	
<b>EQUITY</b>				
Accumulated funds	4 748 041	5 004 125	(256 084)	
<b>TOTAL EQUITY</b>	<b>4 748 041</b>	<b>5 004 125</b>	<b>(256 084)</b>	

Note: The following note descriptions relate to variances greater than \$10 million or where multiple significant variances have occurred.

- 1 The decrease in cash and deposits of \$40.1 million reflects lower revenues and increased expenditure commitments.
- 2 Advances and investments increased by \$150.2 million predominantly due to higher than projected growth in investments.
- 3 The \$56.8 million reduction in equity investments reflects a decrease in net assets across agencies.
- 4 Deposits held has increased by \$232.3 million due to higher than anticipated cash balances held and invested by CHA on behalf of government entities.
- 5 Borrowings and advances has decreased by \$70 million reflecting the repayment of maturing loans.
- 6 The \$157 million increase in superannuation liabilities is predominantly due to the movement in bond rate (Original Budget: 4.0 per cent, 2017: 2.7 per cent) offset by a pension rate decrease of 0.5 per cent used in valuing the Territory's superannuation liabilities as required by accounting standards.
- 7 Other liabilities has decreased by \$28 million largely reflecting a decrease in unearned tax revenue.

# CENTRAL HOLDING AUTHORITY

## Notes to the Financial Statements

For the year ended 30 June 2017

### 14. Budgetary Information (continued)

#### c) Cash Flow Statement

	2016-17		Variance \$000	Note
	Actual \$000	Original Budget \$000		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Operating receipts</b>				
Taxes received	737 319	713 165	24 154	1
Grants and subsidies received				
GST received	3 157 478	3 263 000	(105 522)	2
Specific purpose payments	393 935	377 448	16 487	3
National partnership agreements	476 372	577 861	(101 489)	4
Current grants	3 228	32 803	(29 575)	5
Capital grants	23 371	19 496	3 875	
Receipts from regulatory services	33 190	29 055	4 135	
Interest received	62 318	54 963	7 355	
Royalties, rents and dividends	212 406	183 564	28 842	6
Superannuation contributions	33 015	40 772	(7 757)	
Other receipts	26 444	16 670	9 744	
<b>Total operating receipts</b>	<b>5 159 076</b>	<b>5 308 797</b>	<b>(149 721)</b>	
<b>Operating payments</b>				
Long service leave	33 960	40 155	(6 195)	
Superannuation benefits	183 448	191 674	(8 226)	
Other salary payments	2 521	5 633	(3 112)	
Payments for goods and services	5 988	820	5 168	
Interest paid	133 659	136 929	(3 270)	
Appropriation payments	4 477 078	4 428 803	48 275	7
<b>Total operating payments</b>	<b>4 836 653</b>	<b>4 804 014</b>	<b>32 639</b>	
<b>Net cash from/(used in) operating activities</b>	<b>322 423</b>	<b>504 783</b>	<b>(182 360)</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Investing receipts</b>				
Equity withdrawals from agencies	1 272 431	30 000	1 242 431	8
<b>Total investing receipts</b>	<b>1 272 431</b>	<b>30 000</b>	<b>1 242 431</b>	
<b>Investing payments</b>				
Advance payments	(249 736)	(283 113)	33 377	9
Appropriation payments	770 972	905 053	(134 081)	10
Equity injections to agencies	1 334 681	68 300	1 266 381	8
<b>Total investing payments</b>	<b>1 855 917</b>	<b>690 240</b>	<b>1 165 677</b>	
<b>Net cash from/(used in) investing activities</b>	<b>(583 486)</b>	<b>(660 240)</b>	<b>76 754</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Financing receipts</b>				
Proceeds of borrowings				
Deposits received	77 559	(210 838)	288 397	11
<b>Total financing receipts</b>	<b>77 559</b>	<b>(210 838)</b>	<b>288 397</b>	
<b>Financing payments</b>				
Repayment of borrowings	102 829	2 847	99 982	12
<b>Total financing payments</b>	<b>102 829</b>	<b>2 847</b>	<b>99 982</b>	
<b>Net cash from/(used in) financing activities</b>	<b>(25 270)</b>	<b>(213 685)</b>	<b>188 415</b>	
Net increase/(decrease) in cash held	(286 332)	(369 142)	82 810	
Cash at beginning of financial year	507 850	630 747	(122 897)	
<b>CASH AT END OF FINANCIAL YEAR</b>	<b>221 518</b>	<b>261 605</b>	<b>(40 087)</b>	

## Notes to the Financial Statements

For the year ended 30 June 2017

### 14. Budgetary Information (continued)

Note: The following note descriptions relate to variances greater than \$10 million or where multiple significant variances have occurred.

- 1 The \$24.2 million increase in tax receipts from the May 2016 Budget largely reflects increased payroll tax collections and income tax equivalents.
- 2 The reduction in GST revenue of \$105.5 million is due to lower than anticipated national GST collections and lower share of national population.
- 3 The \$16.5 million increase in specific purpose payments relates to increased Students First funding.
- 4 National partnership agreements have decreased by \$101.5 million due to the revised timing of capital funding for roads of \$64.2 million and Remote Indigenous Housing of \$18 million.
- 5 Current grants has decreased by \$29.6 million predominantly due to the revised timing of Natural Disaster Relief and Recovery Arrangements.
- 6 Royalties, rents and dividends has increased by \$28.8 million predominantly due to higher than anticipated mining royalty collections.
- 7 Appropriation increased by \$48.3 million largely as a result of new funding decisions approved by Cabinet.
- 8 The movement represents the net growth in investments in government trading entities.
- 9 The \$33.4 million movement reflects the improvement in investments.
- 10 Appropriation payments decreased by \$134.1 million due to the revised timing of capital projects (\$59.4 million) and reduced Commonwealth appropriation in line with decreased Commonwealth tied revenue (\$74.7 million).
- 11 Deposits received increased by \$288.4 million due to higher than anticipated cash balances held and invested by CHA on behalf of government entities.
- 12 The decrease in borrowings reflects the repayment of maturing loans and lower borrowing requirements in 2016-17.



## Notes to the Financial Statements

For the year ended 30 June 2017

### 15. Related Parties

#### (i) Related Parties

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

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

#### (ii) Key Management Personnel (KMP)

Key management personnel of CHA are those persons having authority and responsibility for planning, directing and controlling the activities of CHA. The KMP of CHA for 2016-17 were:

- the Treasurer
- the Under Treasurer
- the two Accountable Officers.

#### (iii) Remuneration of Key Management Personnel

CHA does not make any direct payments to its KMP. The Treasurer's remunerations and allowances are payable by the Department of the Legislative Assembly and consequently disclosed within the Treasurer's Annual Financial Statements. The Under Treasurers and Accountable Officers' remunerations and allowances are payable by DTF.

#### (iv) Transactions with Northern Territory Government controlled entities

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

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


### 16. Events Subsequent to Reporting Date

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



# APPENDICES

# 6



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## Appendix 1 – Directory

### Department of Treasury and Finance

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#### Executive

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Under Treasurer

David Braines-Mead  
Deputy Under Treasurer (Policy)

Catherine Weber  
Deputy Under Treasurer (Corporate)

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Tarrant Moore  
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Rodney McComiskie  
Director Economic Policy

Andrew Baylis  
Director Economic Analysis

Kimberlee McKay  
Director Utilities Reform

Nardia Harris  
Director Intergovernmental Relations

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Assistant Under Treasurer (Revenue)

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Mineral Royalty Secretary

Jayne Balding

Director Revenue Collections

Deputy Commissioner of Territory Revenue

Kevin Phang

Director Legislation, Advisory and Review

Deputy Commissioner of Territory Revenue

Eddie The

Director Royalties and Assurance

Deputy Commissioner of Territory Revenue

Darren Witham

Director Revenue Information Systems

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David Ryan

Commissioner of Superannuation

Jim Richards

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## Northern Territory Treasury Corporation

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Patrick Walsh

Utilities Commissioner

Justin Martyn

Director Utilities Commission

## Appendix 2 – Abbreviations

AARC	Australasia Railway Corporation	FTE	full-time equivalent
AASB	Australian Accounting Standards Board	FVTPL	fair value through profit or loss
ABS	Australian Bureau of Statistics	GST	goods and services tax
AO	Administrative Officer	HFE	horizontal fiscal equalisation
APM	Accounting and Property Manual	HGG	household goods grant
ATO	Australian Taxation Office	HR	Human Resources
BCP	Business Continuity Plan	ICS	Indigenous Cadetship Support
CDC	Charles Darwin Centre	ICT	information and communications technology
CDU	Charles Darwin University	IECD	Indigenous Employment and Career Development
CEO	Chief Executive Officer	IGA	intergovernmental agreement
CFO	Chief Finance Officer	IT	information technology
CGC	Commonwealth Grants Commission	JPS	Supreme Court Judges' Pension Scheme
CHA	Central Holding Authority	KMP	key management personnel
CSA	control self-assessment	LAMS	Legislative Assembly Members' Superannuation
CSO	community service obligation	NABERS	National Australian Built Environment Rating System
CSS	Commonwealth Superannuation Scheme	NDRRA	Natural Disaster Relief and Recovery Arrangements
DCIS	Department of Corporate and Information Services	NP	national partnership
DTF	Department of Treasury and Finance	NTGDIS	Northern Territory Government Death and Invalidation Scheme
EAP	Employee Assistance Program	NTGPAES	Northern Territory Government and Public Authorities' Employees Superannuation Fund
EDF	Employee Development Framework	NTGPASS	Northern Territory Government and Public Authorities' Superannuation Scheme
EEO	equal employment opportunity	NTPS	Northern Territory Public Sector
ELP	Emerging Leaders Program	NTPSBS	Northern Territory Police Supplementary Benefit Scheme
EO	Executive Officer		
FHOD	first home owner discount		
FHOG	first home owner grant		
FITA	<i>Fiscal Integrity and Transparency Act</i>		
FMA	<i>Financial Management Act</i>		
FMG	Financial Management Group		
FOIT	Finance Officer in Training		

NTSSS	Northern Territory Supplementary Superannuation Scheme	SAO	Senior Administrative Officer
NTTC	Northern Territory Treasury Corporation	SMG	Senior Management Group
OCI	other comprehensive income	SPP	specific purpose payment
OCPE	Office of the Commissioner for Public Employment	TAFR	Treasurer's Annual Financial Report
PDC	Professional Development Committee	TD	Treasurer's Direction
PEEPs	Personal Emergency Evacuation Plans	TIO	Territory Insurance Office
PEFO	Pre-Election Fiscal Outlook Report	TRO	Territory Revenue Office
PSEMA	<i>Public Sector Employment and Management Act</i>	UPF	Uniform Presentation Framework
PWC	Power and Water Corporation	WHS	work health and safety
RAC	Risk and Audit Committee	WHSC	Work Health and Safety Committee
		WILS	Work Integrated Learning Scholarship

## Appendix 3 – Glossary

### Accountable Officer's Trust Account

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

### Accounts payable

Refers to the value of short and long-term trade debt and accounts payable, interest payable and prepayments received.

### Accounts receivable

Refers to the value of short and long-term trade credit and accounts receivable, interest receivable and prepayments made.

### Administrative officer

One of the Northern Territory Public Sector (NTPS) employee classification streams. Occupations in this stream include assistant directors, managers, analysts and officers.

### Advances

Amounts paid or received for policy purposes rather than for liquidity management purposes.

### Agency

A unit of government administration, office or statutory corporation, nominated in an Administrative Arrangements Order for the purposes of the FMA and includes a part or division of an agency.

### Appropriation

An authority given by the Legislative Assembly to make payments, now or in the future, for the purposes stated, up to the limit of the amount in an *Appropriation Act*.

### Australian Accounting Standards (AAS)

Statements of accounting standards that can be applied in preparing and presenting financial statements.

### Australian Bureau of Statistics (ABS)

Australia's official national statistical agency, providing statistics on economic and social matters covering government, business and population.

### Australian Prudential Regulation Authority

Australia's agency responsible for overseeing banks, credit unions, building societies, general insurance and reinsurance companies, life insurance, private health insurance, friendly societies and most members of the superannuation industry.

### Capital appropriation

Represents an increase in Government's investment in an agency for asset purchases and capital works projects and is provided to agencies by the Central Holding Authority (CHA) for capital items.

### Central Holding Authority

Established under section 5 of the FMA, CHA is a representation of the revenue, expenses, assets and liabilities of the Territory. Credited to this account is all money received by or on behalf of the Territory or an agency, except that required or permitted by or under the FMA or any other Act to be credited to an Operating Account or Accountable Officer's Trust Account.



## Commonwealth appropriation

A form of appropriation that commenced in 2008-09 as a result of the Intergovernmental Agreement on Federal Financial Relations (IGA) agreed by the Council of Australian Governments (COAG) in late 2008 and effective from 1 January 2009. The arrangements result in specific purpose payments (SPPs) and national partnership (NP) payments from the Commonwealth being received by DTF, on behalf of CHA. To pass these on to relevant agencies, a new form of appropriation was required and the FMA was amended accordingly in June 2009.

## Commonwealth Grants Commission (CGC)

The body that advises on per capita relativities for distributing, among the states and territories, a pool of revenue from the Commonwealth.

## Community service obligation (CSO)

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

## 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.

## Corporate governance

A structured framework by which DTF directs and controls its business, and which guides how decisions are made, risks are managed and the agency's future is planned. These decisions in turn guide the necessary planning, budgeting and management of performance, and support DTF's Senior Management Group (SMG) in its leadership of DTF.

## Council of Australian Governments

The peak intergovernmental forum comprising the Prime Minister, Premiers, Chief Ministers and President of the Australian Local Government Association.

## Employee Development Framework

DTF's performance management system, where staff performance (planned and actual), job satisfaction and training needs are reviewed and discussed between manager and each staff member on a six-monthly basis, and targets are set for the next six months. The performance management system is based on the NTPS Capability and Leadership Framework.

## Executive officer

Executive officers, other than a Chief Executive, are employees of the NTPS employed on an executive contract, with terms and conditions as set out in Determination 13 of 2011.

## Expense

A cost or outflow of financial resources from an agency.

## Full-time equivalent (FTE)

Used in reference to staffing numbers where one FTE is equivalent to one employee working full-time hours of 36.75 hours per week. Employees working part-time or casual hours are represented as a fraction of this. For example, part-time hours of 29.40 hours (or four days) a week equates to 0.8 FTE.

## Goods and services tax (GST)

GST is a Commonwealth tax on consumption of most goods and services. Total GST collected is distributed to states and territories, in the form of untied GST revenue grants.

## Indemnity

A written undertaking to compensate, protect or insure another person or entity against future financial loss, damage or liability.

## Intergovernmental Agreement on Federal Financial Relations

A funding agreement signed by all states and the Commonwealth in December 2008 defining the framework for federal financial relations, encompassing Commonwealth funding to states through general revenue assistance, SPPs and NP payments.

## National partnership agreement

An agreement between one or more jurisdictions and the Commonwealth, defining the objectives, outputs and performance benchmarks related to the delivery of specified projects, to facilitate reforms or to reward those jurisdictions that deliver on national reforms or achieve service delivery improvements.

## Northern Territory Civil and Administrative Tribunal (NTCAT)

NTCAT, the 'super tribunal' for the Northern Territory, is designed to be a one stop shop for reviewing a wide range of administrative decisions and resolving certain civil disputes.

## Office of the Commissioner for Public Employment (OCPE)

Under section 12 of the *Public Sector Employment and Management Act* (PSEMA), the Commissioner for Public Employment is deemed to be the employer of all employees in the NTPS, and is responsible for establishing policy and practice frameworks for the management of all Northern Territory public servants. OCPE supports the Commissioner for Public Employment's statutory employer role, as defined in section 13 of the PSEMA.

## Outcomes

Outcomes are expressions of the intended results, impacts or consequences on the Territory community of outputs provided by agencies. Outcomes represent the objectives that the Government is seeking to achieve.

## Output appropriation

The appropriation provided to fund the delivery of outputs and is determined at the whole of agency level. Output appropriation provides the Government's funding for agency operations after taking into account funding from agency revenue. Although output appropriation is based on accrual costs, it does not encompass non-cash accrual costs, such as depreciation. This will result in agencies generally reporting deficits.

## Output groups

Output groups aggregate similar or related agency outputs and are applied primarily for reporting purposes.

## Outputs

Outputs are the services provided or the goods produced by an agency for users external to the agency. The Government purchases outputs in order to achieve policy objectives or outcomes.

## Provisions

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

## Revenue

An inflow of financial resources into an agency related to its operations.

## Risk assessment

Determining the nature and level of business risk to the agency and divisions.

## Risk management

The steps taken to manage risks, including identifying (both actual and potential), assessing, eliminating or controlling risks.

## Specific purpose payments

SPPs are tied grants received from the Commonwealth that are earmarked for specific purposes.

## Uniform Presentation Framework (UPF)

A uniform reporting framework agreed by the Australian Loan Council in 2000, a revision of the agreement reached at the 1991 Premiers' Conference. The UPF was further updated and reissued in April 2008 to incorporate the new accounting standards AASB 1049 Whole of Government and General Government Sector Financial Reporting. The UPF specifies the Commonwealth, state and territory governments will present a minimum set of budget and financial outcome information on the Government Finance Statistics basis, according to an agreed format and specified Loan Council reporting arrangements.

## Appendix 4 – Audit Findings

### Audits by the Auditor-General for the period 1 July 2016 to 30 June 2017

#### Department of Treasury and Finance

##### End-of-Year Review – 30 June 2016

**Audit objective:** To assess the adequacy of selected aspects of end-of-year controls over reporting, accounting and material financial transactions and balances, with the primary purpose of providing support to the audit of the Treasurer's Annual Financial Statement (TAFS).

**Audit outcome:** DTF's accounting and control procedures were found to be generally satisfactory.

One matter was identified during the audit: the loan receivable from Australasia Railway Corporation was not recorded at its amortised cost as at 30 June 2016, however the recognition of the loan receivable was consistent with the GFS framework and the Treasurer's Directions. A schedule of minor matters was also provided.

**Action:** A formal actuarial valuation will be sought in 2016-17 for year-end reporting.

##### Treasurer's Annual Financial Statement for the Year Ended 30 June 2016

**Audit objective:** To express an opinion on TAFS for the year ended 30 June 2016.

**Audit outcome:** A qualified opinion was provided in respect of the public non financial corporation sector, non financial public sector and total public sector and unmodified in respect of the general government sector and public financial corporation sector.

Details of findings were provided from the end-of-year reviews conducted at other agencies and entities as part of the overall audit opinion as they may affect the TAFS in the future. There were a number of significant findings regarding reporting practices within a number of other agencies that may become either quantitatively or qualitatively material in future years if not addressed.

**Action:** DTF noted the significant findings, however further noted DTF can only address these variations from a whole of government perspective.

##### Territory Revenue Office – Taxes, Royalties and Grants – Year Ending 30 June 2017

**Audit objective:** To assess whether internal control provides reasonable assurance that:

- all revenue to the Territory from taxes, fees and fines, collectable by DTF, is being received into the Public Account, or appropriate recovery action is pursued
- revenues from the Commonwealth (goods and services taxes and grants) are appropriate based on returns made by the Territory and are received on a timely basis.

**Audit outcome:** The accounting and internal control procedures examined were found to be generally satisfactory and provide reasonable assurance on the above objectives.

**Action:** No action required.

## APEX System Internal Control

**Audit objective:** To understand, risk assess and test the internal controls over the APEX application system, relating to financial audit requirements. The following areas of general computer controls relating to the APEX application system were tested for the period 1 July 2016 to 27 March 2017:

- application security
- database security
- operating system security
- user access management
- change management.

Selected application controls within APEX were also tested to ascertain if the deficiencies noted in the previous audit had been remediated. The scope was focused on meeting systems assurance requirements related to the external financial audit.

**Audit outcome:** Information and changes to the information security and change management for the APEX environment were summarised in the key findings. There were no significant matters arising from this audit, however a schedule of minor matters was provided.

**Action:** No action required, although minor matters are being addressed.

## Agency Compliance Audit for the Year Ending 30 June 2017

**Audit objective:** To examine selected aspects of systems in use in DTF as required, in particular by Treasurer's Direction part 3, section 1 and Procurement Directions, with the objective of obtaining reasonable assurance those selected requirements were being achieved.

**Audit outcome:** In general, the accounting and control procedures examined provide reasonable assurance that the responsibilities of the Accountable Officer will be met if those systems continue to operate in the manner identified in the audit. There were no significant matters arising from this audit, however a schedule of minor matters was provided.

**Action:** No action required, although minor matters are being addressed.

## Natural Disaster Relief and Recovery Arrangements Acquittal for the Year Ended 30 June 2016

**Audit objective:** To complete sufficient audit verification to enable an opinion to be expressed upon the Audited Financial Statement Claim Form by the Territory for assistance in respect of its budget outlay during the financial year.

**Audit outcome:** An unmodified audit opinion on the claim was issued. A claims analysis was provided in the key findings. There were no significant matters arising from this audit, however a schedule of minor matters was provided.

**Action:** No action required, although minor matters are being addressed.

## Fraud Assessment Framework Review

**Audit objective:** To undertake a survey of the fraud control arrangements in selected Territory government agencies and analyse the responses to determine the maturity of agencies' fraud assessment frameworks.

**Audit outcome:** Based on the survey responses received, the maturity of DTF's fraud assessment framework as being reasonably mature, with some areas of improvement noted.

**Action:** The Risk and Audit Committee has noted the findings and requested further review of DTF's current fraud assessment framework to identify possible areas for improvement.

### Excessive Leave Entitlements

**Audit objective:** To examine annual and long service leave accruals for employees of DTF at 28 February 2017 in order to identify any employees with excessive leave accruals and to provide information about those employees to DTF's management for review and follow up.

**Audit outcome:** DTF had 171 employees recorded on both the annual leave and long service leave reports as at 28 February 2017.

Seventeen employees (10 per cent) were identified with annual leave credits in excess of 12 weeks, representing a liability (excluding on-costs) of approximately \$0.7 million.

Twenty-nine employees (17 per cent) were identified with long service leave in excess of the allowable credit balance. One employee (0.6 per cent) had between 12 and 15 months long service leave.

**Action:** SMG has approved a Leave Liability Management Policy, including a monitoring process, and affected staff have been contacted about their excess leave balances. It is anticipated that reducing excess leave without impacting service delivery could take up to two years.

### Northern Territory Superannuation Office

#### Financial Statements Audit – Legislative Assembly Members' Superannuation Fund for the Year Ended 30 June 2016

**Audit objective:** To audit the accounts and records and financial statements of the Legislative Assembly Members' Superannuation (LAMS) Fund pursuant to Section 7(2) of the *Legislative Assembly Members' Superannuation Fund Act*.

**Audit outcome:** An unmodified audit opinion on the financial statements of LAMS was issued to the Superannuation Trustee Board.

**Action:** No action required.

#### Financial Statements Audit – Northern Territory Government and Public Authorities' Employees Superannuation Fund for the Year Ended 30 June 2016

**Audit objective:** To audit the financial statements of the Northern Territory Government and Public Authorities' Employees Superannuation (NTGPAES) Fund pursuant to Section 43(2) of the *Superannuation Act*.

**Audit outcome:** An unmodified audit opinion on the financial statements of NTGPAES was issued to the Superannuation Trustee Board.

**Action:** No action required.

#### Financial Statements Audit – Northern Territory Police Supplementary Benefit Scheme for the Year Ended 30 June 2016

**Audit objective:** To express an opinion as to the fairness of financial statements of the Northern Territory Police Supplementary Benefit Scheme (NTPSBS) for the year ended 30 June 2016, which are required to be prepared pursuant to clause 11 (g) of the Trust Deed established for the scheme.

**Audit outcome:** An unmodified audit opinion on the financial statements of NTPSBS was issued to the Superannuation Trustee Board.

**Action:** No action required.

## Interim Financial Statements Audit – NTGPAES Fund

**Audit objective:** To perform work to facilitate the end-of-year audit of the NTGPAES Fund financial statements required by section 43(2) of the *Superannuation Act*.

**Audit outcome:** There were no significant matters identified during the audit.

**Action:** No action required.

## Northern Territory Treasury Corporation

### Financial Statements of the Northern Territory Treasury Corporation (NTTC) for the Year Ended 30 June 2016

**Audit objective:** To complete the audit of the accounts and records and form an opinion on the financial statements of NTTC for the year ended 30 June 2016.

**Audit outcome:** An unmodified audit opinion on the financial statements of NTTC was issued.

There were no significant matters identified during the audit, and relevant information was provided in the key findings. A schedule of minor matters was also provided.

**Action:** No action required, although minor matters are being addressed.

### Interim Financial Statements Audit – NTTC

**Audit objective:** To perform such work as can be accomplished within the budget to facilitate the end-of-year audit of NTTC's financial statements required by section 31 of the *Northern Territory Treasury Corporation Act*.

**Audit outcome:** There were no significant matters identified during the audit.

**Action:** No action required.

## Fraud Assessment Framework Review

**Audit objective:** To undertake a survey of the fraud control arrangements in selected Territory government agencies and analyse the responses to determine the maturity of agencies' fraud assessment frameworks.

**Audit outcome:** Based on the survey responses received, the maturity of NTTC's fraud assessment framework as being reasonably mature, with some areas of improvement noted.

**Action:** The Risk and Audit Committee has noted the findings and requested further review of DTF's current fraud assessment framework to identify possible areas for improvement.

## Excessive Leave Entitlements

**Audit objective:** To examine annual and long service leave accruals for employees of NTTC at 28 February 2017 in order to identify any employees with excessive leave accruals and to provide information about those employees to DTF's management for review and follow up.

**Audit outcome:** NTTC had nine employees recorded on both the annual leave and long service leave reports as at 28 February 2017.

Two employees (22 per cent) were identified with annual leave credits in excess of 12 weeks. Three employees (33 per cent) were identified with long service leave in excess of the allowable credit balance.

**Action:** SMG has approved a Leave Liability Management Policy, including a monitoring process, and affected staff have been contacted about their excess leave balances. It is anticipated that reducing excess leave without impacting service delivery could take up to two years.

## Internal Audits and Reviews

### Department of Treasury and Finance

#### Travel

**Audit objective:** As per the Northern Territory Government Travel Policy Framework, agencies must undertake annual audits of official travel to test compliance with the travel policy framework, and respond to audit findings.

**Audit outcome:** Two audits were conducted: one for the period 1 January to 30 June 2016 and the second for the period 1 July to 31 December 2016. No weakness in controls were identified.

**Action:** Minor updates to administrative processes were implemented to further strengthen internal controls.

#### Cash Handling

**Audit objective:** To assess the adequacy of cash handling internal controls regarding safeguarding assets, segregation of duties, accountability, reconciliations and control procedures for the two public counters in the Superannuation Office and Territory Revenue Office.

**Audit outcome:** For both audits, internal controls were found to be predominantly adequate, however a number of recommendations were made to strengthen internal controls.

**Action:** Recommendations have been tabled with the Risk and Audit Committee and will be implemented in 2017-18.

### Cabinet Information Security Measures – Agency Compliance Check

**Audit objective:** As requested by the Chief Executive Officer of the Department of the Chief Minister, agencies are asked to complete a compliance check assessment form for their agency on the effectiveness of Cabinet information security measures in place.

**Audit outcome:** No weakness in controls were identified.

**Action:** Minor updates to administrative processes were implemented to further strengthen internal controls.



## Appendix 5 – Legislation Administered

<i>Advance Bank Integration Act</i>	<i>Motor Accidents (Compensation) Act</i>
<i>Appropriation (2016-2017) Act 2016</i>	<i>Motor Accidents (Compensation) Commission Act 2014</i>
<i>Bank of South Australia (Merger with Advance Bank) Act</i>	<i>Motor Vehicles Act (Part V)</i>
<i>Competition Policy Reform (Northern Territory) Act</i>	<i>National Electricity (Northern Territory) (National Uniform Legislation) Act</i>
<i>Electricity Networks (Third Party Access) Act</i>	<i>Northern Territory Treasury Corporation Act</i>
<i>Electricity Reform Act (provisions about economic regulation)</i>	<i>Occupational Licensing (National Uniform Legislation) Act 2011</i>
<i>Financial Agreement between the Commonwealth, States and Territories (Approval) Act 1994</i>	<i>Payroll Tax Act</i>
<i>Financial Management Act</i>	<i>Petroleum Act (provisions about royalties)</i>
<i>Financial Relations Agreement (Consequential Provisions) Act 2000</i>	<i>Racing and Betting Act (Part IV, Division 5)</i>
<i>First Home Owner Grant Act</i>	<i>Revenue Units Act 2009</i>
<i>Fiscal Integrity and Transparency Act 2001</i>	<i>Soccer Football Pools Act (provisions about duties)</i>
<i>Gaming Control Act (provisions about taxes and levies)</i>	<i>Stamp Duty Act</i>
<i>Gaming Machine Act (Part 8)</i>	<i>Superannuation Act</i>
<i>Government Owned Corporations Act</i>	<i>Superannuation Guarantee (Safety Net) Act</i>
<i>McArthur River Project Agreement Ratification Act (provisions about royalties)</i>	<i>Taxation Administration Act</i>
<i>Merlin Project Agreement Ratification Act (provisions about royalties)</i>	<i>Territory Insurance Office (Sale) Act 2014</i>
<i>Mineral Royalty Act</i>	<i>Totalisator Licensing and Regulation Act (provisions about wagering tax)</i>
<i>Mining (Gove Peninsula Nabalco Agreement) Act (provisions about royalties)</i>	<i>Unclaimed Superannuation Benefits Act</i>
	<i>Utilities Commission Act</i>
	<i>Water Supply and Sewerage Services Act (provisions about economic regulation)</i>

## Appendix 6 – Legislative Changes 2016-17

### Economic Management

#### *National Electricity (Northern Territory) (National Uniform Legislation) Amendment Act*

To ensure the National Electricity Law continues to be legally and practically applied in the Northern Territory in a manner that is fit-for-purpose for the Territory.

#### *National Electricity (NT) (National Uniform Legislation) (Modification) Amendment Regulations*

To make modifications and transitional arrangements to the National Electricity Rules and the National Electricity Regulations as part of the Territory's phased application of the national electricity regulatory framework.

#### *National Electricity (NT) (National Uniform Legislation) (Act Amendment) Regulations*

To clarify that the Australian Energy Market Commission may not make Territory-specific rules inconsistent with modifications and transitional arrangements made to the National Electricity Rules by the Territory.

### Own-Source Revenue

#### *Home Owner Incentives (Stamp Duty Act, First Home Owner Grant Act)*

From 1 September 2016, the *Stamp Duty Act* was amended to increase the first home owner discount (FHOD), which provides stamp duty assistance for first home buyers who purchase an established home in the Territory up to the value of \$650 000. Generally, an established home has been previously occupied or sold as a place of residence.

The FHOD is a full stamp duty concession on the initial \$500 000 value of the home, which equates to stamp duty savings of up to \$23 928.60. For established homes valued at more than \$650 000, a stamp duty saving of \$10 000 was available until 31 December 2016.

### 2017-18 Budget

#### *Stamp Duty Act*

As part of the 2017-18 Budget, the *Stamp Duty Act* was amended to change the stamp duty rate for a conveyance of dutiable property (that is, property acquisitions) where the unencumbered value or the consideration payable is \$3 million or more. A new rate of 5.75 per cent applies to contracts signed on or after 1 July 2017, where the dutiable value of the property is \$3 million or more but less than \$5 million, and a new rate of 5.95 per cent applies where the dutiable value is \$5 million or more.

Up until 30 June 2017, the rate was 5.45 per cent where the dutiable value was \$3 million or more. The rate of 4.95 per cent continues to apply where the dutiable property has a value exceeding \$525 000 but under \$3 million.

The *Stamp Duty Act* was also amended to enable pensioners and carers who are eligible for, but have not yet received, a Northern Territory Pensioner and Carer concession card at the time they purchase their home, to receive a senior, pensioner and carer stamp duty concession of up to \$10 000 once they receive their card.

Furthermore, an exemption from stamp duty was inserted into the *Stamp Duty Act* for the transfer of renewable energy certificates created under the *Renewable Energy (Electricity) Act 2000* (Cth).

## **Motor Vehicles (Fees and Charges) Regulations**

As part of the Territory's 2017-18 Budget, the Motor Vehicles (Fees and Charges) Regulations were amended to increase registration fees towards but lower than the average of the other states. The amendments commenced on 1 July 2017.

## **Gaming Machine Regulations**

The Gaming Machine Regulations were amended to return tax thresholds to pre-2009 levels for clubs and to increase taxes on hotel gaming machines. The amendments commenced on 1 July 2017.

## **Gaming Control Act**

Minor amendments were made to the *Gaming Control Act* to align legislative references in relation to the payment of taxes and levies by casinos and ensure administrative provisions operate as intended.

## **Payroll Tax Act**

Minor amendments were also made to the *Payroll Tax Act* to update motor vehicle allowances to reflect recent Commonwealth income tax legislative changes under which separate rates based on the size of the engine are no longer available. This update does not affect the substantive operation of the provisions and maintains harmonisation with other jurisdictions.

## **Taxation Administration Act**

Amendments have been made to the *Taxation Administration Act* to ensure the Commissioner of Territory Revenue can collect and disclose reportable information to the Commonwealth, as required by the Commonwealth and consistent with amendments made interstate. Any information collected and disclosed under the new provisions will be subject to the existing strict confidentiality provisions, which apply to information collected for taxation purposes.

## Appendix 7 – Reporting against Employment Instructions

Under the *Public Sector Employment and Management Act* (PSEMA), Employment Instructions provide direction to agencies on human resource matters. DTF's performance against the instructions are reported in Table 28.

Table 28: Employment Instruction Reporting

Employment Instruction	Performance
<p><b>Number 1 – Filling Vacancies</b></p> <p>Chief Executive Officer (CEO) must develop a procedure for the filling of vacancies consistent with PSEMA, its subordinate legislation and any relevant award or enterprise agreement.</p>	<p>Vacancies were filled in line with PSEMA and Northern Territory Public Sector Recruitment and Selection Policy. In 2016-17, 48 positions were advertised, attracting 872 applicants. No appeals or grievances were lodged against any of the 48 recruitment processes.</p>
<p><b>Number 2 – Probation</b></p> <p>CEO must develop a probation procedure consistent with PSEMA, its subordinate legislation and any relevant award or enterprise agreement.</p>	<p>Ongoing employment was confirmed for all staff on probation with the exception of one staff member who is on temporary transfer to another agency.</p>
<p><b>Number 3 – Natural Justice</b></p> <p>The principles of natural justice are to be observed in all dealings with employees.</p>	<p>All recruitment processes are monitored and quality assured to ensure natural justice is correctly and adequately observed. All new staff are inducted in appropriate workplace behaviour, and provided with information on lodging complaints or accessing assistance. In June and July 2016, training was provided to all staff in identifying and responding appropriately to bullying and harassment in the workplace. DTF has since implemented further bullying awareness training and requires all staff to undertake disability confidence training and unconscious bias training.</p>
<p><b>Number 4 – Employee Performance Management and Development Systems</b></p> <p>CEO must develop and implement an employee performance management and development procedure consistent with PSEMA, its subordinate legislation and any relevant award or enterprise agreement.</p>	<p>DTF operates a fully integrated employment development and management system.</p> <p>A total of 86 per cent of staff have a current employment development framework (EDF) agreement in place, an increase from 78 per cent in the previous year.</p>

Employment Instruction	Performance
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**Number 5 – Medical Examinations**

CEO may engage a health practitioner to undertake an examination of an employee in accordance with section 45 and 49B of PSEMA. The principles of natural justice must be applied.

No medical examinations were undertaken in 2016-17.

**Number 6 – Employee Performance and Inability**

Agency to provide Office of the Commissioner for Public Employment (OCPE) with information relating to performance and inability.

The agency has procedures in place for undertaking performance management and inability consistent with PSEMA and its subordinate legislation and any relevant award or enterprise agreement.

One employee was retired on inability grounds at the employee's request during 2016-17.

Appropriate performance management procedures are in place, and no staff were placed on performance improvement plans during 2016-17.

**Number 7 – Discipline**

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

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

No performance issues escalated beyond informal stage and there were no disciplinary processes in 2016-17.

**Number 8 – Internal Agency Complaints and Section 59 Grievance Reviews**

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

No complaints escalated beyond the informal stage and there were no section 59 Grievance Reviews in 2016-17.

**Number 9 – Employment Records**

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

Personnel records for DTF are maintained by the Department of Corporate and Information Services (DCIS) payroll unit.

All Human Resources-related documents are stored electronically through HP TRM using secure HR files and security caveats to restrict access. Security and access reviews are undertaken quarterly.

Employment Instruction

Performance

Number 10 – Equality of Employment Opportunity (EEO) Programs

CEO must develop an EEO program consistent with PSEMA, its subordinate legislation, the *Anti-Discrimination Act* and any relevant award or enterprise agreement. EEO programs must be integrated with corporate, strategic and other agency planning processes. CEO is to report annually on programs and initiatives the agency has developed. Report should also include reports detailing specific action relating to Indigenous Employment and Career Development (IECD).

DTF has the required policies and processes in place, and reports annually as part of the State of the Service reporting process. Initiatives in 2016-17 focused on raising awareness in relation to bullying and inappropriate workplace behaviour.

Number 11 – Occupational Health and Safety Standards Programs

A CEO must ensure the application of appropriate occupational health and safety (OHS) standards and programs.

Agency to report annually on OHS programs.

DTF has a complete work health and safety (WHS) management system with associated procedural documentation, reporting and governance. The WHS Action Plans for 2016 and 2017 were individually approved at the start of each calendar year by the WHS Committee and Senior Management Group (SMG), and noted by the Risk and Audit Committee. Quarterly WHS reports are provided to SMG and external boards.

Number 12 – Code of Conduct

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

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

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

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

Number 13 – Appropriate Workplace Behaviour

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

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

Appropriate workplace behaviour training is required of all staff and provided by DTF.

## Employment Instruction

## Performance

### Number 14 – Redeployment and Redundancy Procedures

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

There were no surplus officers in 2016-17.

### Number 15 – Special Measures

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

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

Aboriginal recruitment is mainly through the Indigenous Cadetship Support program.

### PSEMA – Reports by the Commissioner of Public Employment

Within three months of the end of each financial year, the Commissioner of Public Employment must report in writing to the minister on human resource management in the public sector during that financial year.

DTF met all requirements in providing information for agency State of Service and IECD reporting to OCPE.

### PSEMA – Reports by the Commissioner of Public Employment

The CEO of an agency must present a report to the appropriate minister on the operations of the agency during a financial year within three months of the end of the financial year.

An annual report is prepared by the Under Treasurer annually to meet this requirement.

### Photographs:

**Cover:** Matthew Spratt, Principal Infrastructure Analyst and Tuuli Haapasalo, Budget Analyst, Financial Management Group

**The Agency, page 3:** Many of the staff who contributed towards development of the 2017-18 Budget.

**Our Performance, page 15:** Tolga Hucent, Principal Information Systems Developer and Ken Li, Senior Information Analyst, Territory Revenue Office

**Our People, page 43:** Marianne Parris, Senior Financial Analyst, Financial Management Group

**Corporate Governance, page 57:** Lien Bui, Executive Assistant, Executive Support Unit

**Financial Statements, page 75:** Bintang Daly, Finance Officer in Training, Territory Revenue Office

**Appendices, page 151:** Natasha Yuen, Principal Financial Analyst, Financial Management Group



