

Department of TREASURY AND FINANCE

Annual Report 2018-19



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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 2018-19 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 1993*, and section 12 of the *Financial Management Act 1995* (FMA).

Pursuant to my responsibilities as the Accountable Officer under the *Public Sector Employment and Management Act 1993*, the FMA and the *Information Act 2002*, 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 FMA, 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 FMA
- c) there is no indication of fraud, malpractice, major breach of legislation or delegation, or major error in or omission from the accounts and records
- d) in accordance with the requirements of section 15 of the FMA, 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 2002*.

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 FMA, the Financial Management Regulations and Treasurer's Directions. The Chief Executive of DCIS also advises 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 2019

Purpose of this report

This report is designed to meet the Department of Treasury and Finance's (DTF) annual reporting requirements as specified in the *Public Sector Employment and Management Act 1993*, *Financial Management Act 1995* (FMA) and *Information Act 2002*, and aims to align the department's achievements against the strategic goals in DTF's 2017–2020 Corporate Plan and 2018-19 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 (NTTC) produce their own annual reports. Each forms part of DTF for administrative purposes and summary information of their functions is provided in the *Managing our organisation* section of this report. Additionally, staffing data provided in this report includes staff working in NTTC and Utilities Commission, unless otherwise noted.

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

This report should be read in conjunction with the DTF website treasury.nt.gov.au

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Under Treasurer's review

I am pleased to present the Department of Treasury and Finance Annual Report for the year ended 30 June 2019.

Economic overview

With the first gas exported from the Ichthys liquefied natural gas (LNG) plant in October 2018 and construction of the mega project mostly complete, the Territory economy is now feeling the full effect of subdued investment and construction. Population, employment and economic growth are all estimated to have contracted in 2018-19, before commencing recovery from 2019-20. These conditions follow almost a decade of sustained economic growth led by investment in the Territory.

In the near term, headline economic growth is expected to be underpinned by increased net exports, predominantly LNG. Over the medium term, the rate of growth is expected to be lower than in recent years.

The Territory Government is supporting the economy with targeted stimulus programs such as the Turbo2 tourism package, homeowner assistance packages and strong public sector infrastructure investment across consecutive years. There is a pipeline of major projects across the mining, gas and agricultural sectors, yet to reach final investment decision status, that are also spread across the regions and present an upside to employment, population and economic growth should they occur. In recognition of the importance of these private sector projects, the Territory Government has developed long-term strategies to support private sector investment, including the Economic Development Framework, 10-year Infrastructure Plan, Population Growth Strategy and establishing Investment Territory.



Fiscal overview

Since 2016, the Territory's fiscal outlook has continued to deteriorate with fiscal deficits projected across the forward estimates as a result of unprecedented reductions in forecasts of GST revenue, emerging expenditure pressures and a downturn in economic conditions. To address the period of sustained fiscal deficits faced by the Territory, significant savings and revenue measures were introduced as part of the recent 'root and branch' review and government's response to the Fiscal Strategy Panel's report, *A plan for budget repair*, to set a pathway back to a balanced budget and reduce debt levels over the medium term.

Achieving the expenditure targets set in the 2019-20 Fiscal Strategy remains the key risk to the success of the Territory's budget repair strategy. Accordingly, DTF has established the Budget Repair Office to oversee implementation across government, monitor and report on the progress of reform measures to mitigate this risk, and support government's commitment to return the budget to surplus.

The Territory's credit rating was downgraded from Aa2 to Aa3 in June 2019, reflecting the forecast fiscal deficits. The Territory Government remains focused on progressing reforms in its *A Plan to fix the budget* and operating within the current budget and forward estimates in order to maintain a stable credit rating.

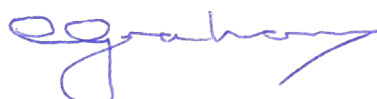
Agency overview

The 2018-19 year was another year of change and achievements for DTF, as we continue to provide quality advice and assistance to government and agencies to inform fiscal and economic management, and demonstrate our capabilities in supporting government priorities.

In addition to business-as-usual priorities such as the 2019-20 Budget, economic and fiscal forecasts, and annual reporting requirements and publications, DTF was the lead agency for several major initiatives such as the government's root and branch review, budget repair strategy, the property activation levy and electricity market reforms.

As we move into 2019-20, DTF will continue to lead the implementation of government's budget repair strategy, working closely with government and agencies to implement the *Plan to fix the budget*. Additionally, DTF will provide policy advice on major projects, fiscal discipline, Commonwealth funding, the economy, intergenerational reporting and microeconomic reform. Our work will assist government with resource allocation decisions and in achieving its fiscal targets.

I would like to thank our hard working staff who continue to contribute to the important work the department is doing in supporting the government's priorities.



Craig Graham
Under Treasurer

The year in review – 2018-19 achievements

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

- Released a new fiscal strategy as part of the 2019-20 Budget.
- Developed the 2019-20 Budget and infrastructure program.
- Assisted the government in conducting an extensive review of programs to determine savings across government.
- Established the Budget Repair Office to coordinate the development and monitoring of implementation plans for reforms in the Territory Government's response to the Fiscal Strategy Panel's report, *A plan for budget repair*.
- Established the Fiscal Repair Standing Committee to oversee implementation of the Territory Government's budget repair strategy in partnership with agencies.
- Established the Program Evaluation Unit to implement a whole of government approach to program evaluation.
- Assisted the Treasurer with her responsibilities as shareholding minister for the government owned corporations.
- Finalised financial negotiations with respect to the Northern Territory's Bilateral Agreement between the Commonwealth and Northern Territory Government (NTG) on the National Disability Insurance Scheme.
- Secured \$28.4 million in funding from Commonwealth's Asset Recycling Initiative.
- Progressed the review of the financial management framework.
- Assisted the Department of Tourism, Sport and Culture to finalise responses to recommendations from a competitive neutrality investigation related to the Territory Wildlife Park.
- Finalised the Small Business Regulatory Reform Agenda agreement with the Commonwealth.
- Implemented Package 3 of the Northern Territory's application of the National Electricity Rules, including the network connection application process for large customers and generators; and electricity metering data management system and settlement requirements.
- Advocated for the Territory's interests in two Australian Energy Market Commission processes to change the National Gas Rules.
- Implemented the *Revenue Legislation Amendment Act 2019*, enacting new housing assistance measures designed to attract and retain Territory residents.
- Introduced and administered the BuildBonus scheme, published guidelines detailing its operation, and assisted applicants with queries.
- Put in place the *Property Activation Levy Act 2019*, engaged in comprehensive consultation with affected property owners, published guidelines, and implemented a dedicated interface with the INTRA tax system for associated lodgements.
- Reviewed electronic gaming machine tax rates and implemented legislative changes as part of 2019-20 Budget.
- Implemented the minimum mining royalty scheme, and modernised associated forms and guidelines.

- Released updated population projections for the Territory, including regional projections for the first time in the Territory.
- Streamlined the risk-based audit program to more efficiently conduct audits and preserve the Territory's revenue schemes.
- Implemented a number of reforms for the management and administration of the Territory's closed public sector defined benefit superannuation schemes, including:
 - transferring the fund within the Northern Territory Government and Public Authorities' Superannuation Scheme (NTGPASS) to an external fund to manage and invest for members, giving them access to the contemporary services provided by a high performing fund
 - closing the Legislative Assembly Members Superannuation (LAMS) Fund, used to pay for parliamentary pensions, without impacting those pensions
 - simplifying the trustee and governance arrangements for NTGPASS, LAMS and the Northern Territory Police Supplementary Benefit Scheme (NTPSBS)
 - moving to real time reporting of superannuation contributions and benefit payments for the Territory's closed public sector defined benefit superannuation schemes, in accordance with new Australian Taxation Office (ATO) requirements.

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

- Supported the operation of the Budget Review Subcommittee of Cabinet, to assist government to achieve its fiscal strategy and targets.
- Supported the Fiscal Strategy Panel in the preparation of its research, reports and stakeholder engagement including an interim report, culminating in the release of the Fiscal Strategy Panel's *A plan for budget repair*, with 76 recommendations aimed at returning the Territory budget to surplus by 2028-29. The government accepted most of its recommendations in its response: *A plan to fix the budget*.
- Supported the operation of the Fiscal Repair Standing Committee, to assist government to achieve its budget repair strategy.
- Established an informal inter-agency network to improve awareness and build capability within the Northern Territory Public Sector (NTPS) of program evaluation and innovative policy approaches (such as behavioural economics or 'nudging') to make programs more effective and efficient.
- With information and data provided by agencies from across government, prepared submissions to the Commonwealth Grants Commission (CGC) 2020 Methodology Review.
- Developed a Territory Government submission to the Productivity Commission's study into remote area tax concessions and payments.
- Consulted with industry and community stakeholders through discussion papers and forums on the form of reliability standards for the Territory's regulated electricity systems and the functional specification for the proposed Northern Territory Electricity Market.

- Entered into a memorandum of understanding with the Australian Bureau of Statistics to increase collaboration, secondment opportunities, data sharing and purposeful improvements to achieve mutually beneficial data outcomes for the Territory.
- Developed new forecast models for key economic indicators.
- Entered into a new five-year demographic research agreement with Charles Darwin University to support skills and knowledge development in DTF.
- Assisted Charles Darwin University in hosting the Australian Population Association Conference.
- Conducted taxpayer education sessions to improve compliance with the payroll tax exemption for hiring resident employees.
- Implemented the first stage of the Commonwealth's natural disaster relief and recovery reforms (the Disaster Recovery Funding Arrangements) in close collaboration with other agencies.
- With agency consultation, developed a Treasurer's Direction to clarify requirements relating to disaster recovery funding.
- With agency consultation, developed seven Treasurer's Directions, including four new and three revised, delivering on a recommendation from the Fiscal Strategy Panel report.
- Delivered agency-wide presentations and workshops to implement changes from Treasurer's Directions.

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

- Integrated corporate services with the Department of the Chief Minister (DCM), and later along with all other agencies, with the Department of Corporate and Information Services (DCIS) as part of *A Plan to fix the budget* reforms.
- Focused on personal planning and professional development with staff through:
 - use of the ROADmap performance agreement
 - implementation of the middle level mobility program, including staff exchanges with South Australian DTF
 - strengthening the study assistance program
 - improving flexible work arrangements to assist staff with family responsibilities
 - offering training opportunities tailored to working in DTF.
- Extended our reach through use of social media and innovative approaches to graduate and other recruitment, attracting more high quality applicants to build capacity.
- Completed implementation of most initiatives from DTF's capability review.

The year ahead – future priorities

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

- Prepare and publish the 2018-19 Treasurer's Annual Financial Report and the 2019-20 Mid-Year Report, and prepare for the August 2020 Pre-Election Fiscal Outlook.
- Assist government to develop and publish the 2020-21 Budget and deliver its fiscal strategy, aligned with revised fiscal and economic conditions in the Territory.
- Continue to drive implementation for each reform in the government's *A plan to fix the budget*, including monitoring, evaluating and reporting on plans for the more complex reforms.
- Implement the Charter of Budget Discipline.
- Enhance the chief executive performance accountability framework including changes to the FMA.
- Implement and enhance the accountability framework for the performance of government owned corporations against their published statements of corporate intent.
- Develop and introduce legislation for a debt ceiling.
- Develop a new across-agency budget management system with capacity to forecast cash flows out 10 years.
- Develop a regulatory cost recovery framework as part of responding to the Hydraulic Fracturing Inquiry recommendations.
- Develop the Territory's first Intergenerational Report.
- Make further submissions to the CGC 2020 Methodology Review as it finalises its review, on behalf of the Territory.
- Support the evaluation and facilitation of major investment projects.

- Develop a commercial assets management framework and a government services pricing framework.
- Review the royalty provisions of the *Petroleum Act 1984* to align them with contemporary practices and principles.
- Review bookmaker and betting exchange taxes in consultation with industry.
- Continue to simplify and improve management and administration of the Territory's closed public sector defined benefit superannuation schemes.

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

- Update policies, processes and systems across government for new accounting standards on revenue and leases.
- Implement a rolling program of organisational reviews and work with agencies to undertake program reviews.
- Implement a whole of government program evaluation framework and toolkit to help enhance the evidence base for future budgets and policy decisions.
- With input from key economic stakeholders, drive further improvements to the current suite of economic data outputs.
- Maintain and improve revenue law transparency, stakeholder experience and ease of compliance by updating Commissioner's Guidelines and payroll tax rulings, improving information technology systems and processes, actively engaging with stakeholders, and delivering relevant taxpayer education seminars and learning materials.
- Improve INTRA and other online systems, particularly for the administration and implementation of the property activation levy, BuildBonus and the Territory home owner discount.

- Migrate legacy systems to INTRA, allowing for enhanced user experience, streamlining of receipting and assessment protocols, and improved reporting.
- In conjunction with key agencies, implement the second stage of the Disaster Recovery Funding Arrangements.
- Continue to develop further Treasurer's Directions as part of the review of the Financial Management Accountability Framework, associated legislation, policies and procedures to ensure best practice.

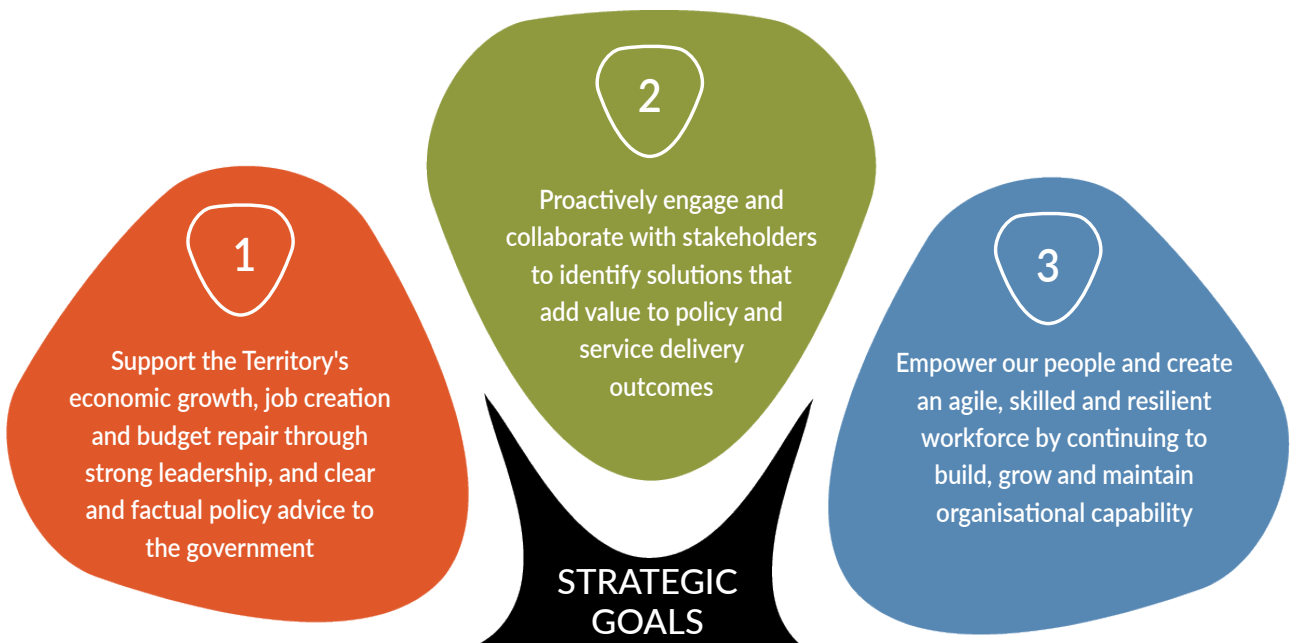
Goal 3: Empower our people and create an agile, skilled and resilient workforce by continuing to build, grow and maintain organisational capability.

- Strengthening quantitative capabilities of staff including implementation and training for econometrics, computable general equilibrium modelling and input/output modelling.
- Build relationships with our outsourced corporate services providers to support our staff and strengthen capacity and capability for DTF.
- Develop career planning skills and systems with staff and their managers, and map out professional development needs.
- Implement an organisational development strategy to ensure corporate policies and structures enable professional growth, productivity and achievement of strategic objectives.
- Develop and implement a robust risk management framework for all aspects of DTF's business.
- Identify opportunities to build leadership capability and strategic thinking skills.

Strategy

Our vision

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



Role

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

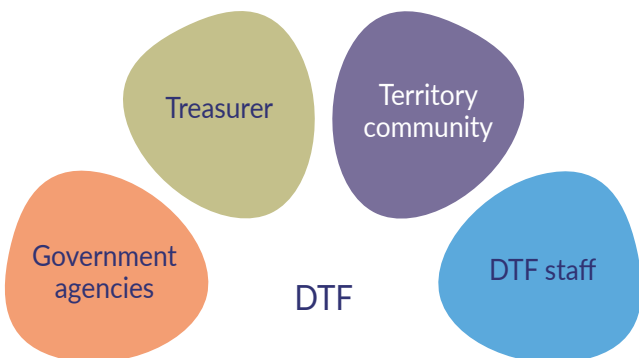
Purpose

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

Values

Commitment to service, ethical practice, respect, accountability, impartiality and diversity.

Our stakeholders



Our customers and priorities

Our key customer is the Northern Territory Government on behalf of the people of the Northern Territory. It has five areas of focus.





2 | Our performance

Key performance indicators

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Financial performance

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Key performance indicators

as presented in Budget Paper No. 3

	2018-19 Budget	2018-19 Estimate	2018-19 Actual	KPI met/ not met	Note
Financial management					
Compliance with financial reporting and disclosure obligations, as specified in the <i>Fiscal Integrity and Transparency Act 2001</i>	-	100%	100%	✓	1
Ministerial advice provided within allotted timeframes	90%	59%	66%	✗	2
Economic					
Variation between economic forecasts and actual outcomes	≤ 1ppt	≤ 1ppt	≤ 1ppt	✓	3
Variation between GSP growth rate forecast and the actual outcome	≤ 2ppt	≤ 2ppt	≤ 2ppt	✓	4
Ministerial advice provided within allotted timeframes	90%	65%	67%	✗	2
Economic briefs published on significant economic data releases	41	41	41	✓	5
Preliminary regulatory impact statements assessed within agreed timeframes	90%	95%	100%	✓	
Territory revenue					
Variation between estimate revenue forecast and actual outcome	≤ 5%	≤ 5%	1.5	✓	
Ministerial advice provided within allotted timeframes	90%	68%	75%	✗	2
Assessments, audits and objections completed within timeframes set out in TRO Service Standards	80%	80%	89%	✓	6
Grant application decisions and payments made within timeframes set out in TRO Service Standards	95%	95%	100%	✓	7
Superannuation					
Member statements issued within approved timeframes	100%	100%	100%	✓	
Economic regulation					
Determinations and approvals issued within statutory timeframes	100%	100%	100%	✓	
Codes, guidelines and licences reviewed for currency and relevance, as planned for the financial year	100%	100%	100%	✓	

KPI: key performance indicator; GSP: gross state product; ppt: percentage point; TRO: Territory Revenue Office

- 1 New measure. *Fiscal Integrity and Transparency Act 2001* establishes the principles underpinning the government's financial policy, management and reporting.
- 2 Refers to advice sought on correspondence to the Treasurer. Other ministerial correspondence requires additional information from the originating agency, which can affect DTF response times.
- 3 Refers to the following economic forecasts: population, employment, unemployment, consumer price index and wage price index. 80 per cent of forecasts were within 1ppt of actuals.
- 4 2017-18 actual as the 2018-19 figure was not available at time of printing (due for release in November).
- 5 Comprises indicators: labour force; GSP; state final demand; population; consumer price index; wage price index; Commsec; Deloitte; Sensis.
- 6 Territory payroll tax, stamp duty and first home owner grant audits completed within 120 days, and mining and petroleum royalty audits completed within 180 days of commencement.
- 7 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 first home owner grant 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.

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) for the Central Holding Authority (CHA).

A summary of the 2018-19 financial performance for DTF and CHA is provided below, with further information in the financial statements section of this report.

Department of Treasury and Finance

Key fiscal results include:

- an operating surplus of \$3.3 million in 2018-19 compared to the estimated budget deficit of \$1.4 million and \$1 million more than the 2017-18 outcome. DTF's improved end of year result is predominantly due to lower staffing costs, timing of major consulting requirements and lower goods and corporate services received free of charge
- \$10.9 million less in appropriation, from \$150.7 million in 2017-18 to \$139.8 million in 2018-19 mainly due to lower community service obligation (CSO) payments on behalf of government
- cash and deposits of \$28.1 million in 2018-19 compared to the estimated budget of \$23.2 million and \$3.5 million more than 2017-18 due to the improved 2018-19 operating result

DTF expenditure

DTF expenditure largely consist of CSOs and grants, which make up 75.3 per cent of expenditure as detailed in Figure 1.

Most of DTF's expenditure is incurred through the Economic group as the facilitators of CSOs and grants, as detailed in Figure 2.

Figure 1: Expenditure by type

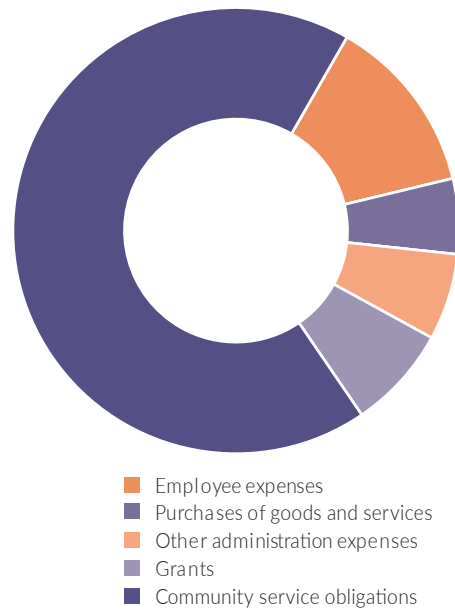
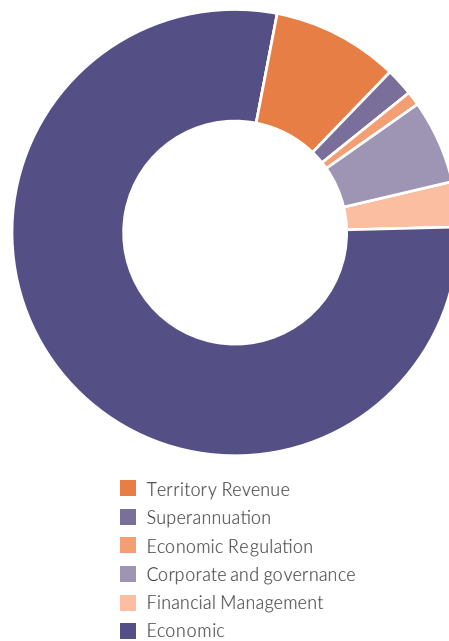


Figure 2: Expenditure by output group



Comprehensive operating statement

Table 1: Comprehensive operating statement overview

	2017-18 Actual \$000	2018-19 Estimate \$000	2018-19 Actual \$000	Variation from estimate \$000
Revenue	154 056	144 015	143 206	- 809
Expenses				
Employee expenses	18 451	19 276	18 116	- 1 160
Administrative expenses	15 223	20 794	16 423	- 4 371
Grants and subsidies	118 122	105 356	105 342	- 14
Interest expenses	-	9	-	- 9
Total expenses	151 796	145 435	139 881	- 5 554
Net surplus/(deficit)	2 260	- 1 420	3 325	4 745

Operating revenue

DTF's revenue consists mainly of output appropriations that relate mostly to non-discretionary expenses such as home owner assistance grants and CSOs paid on behalf of government. In 2018-19, DTF received \$139.8 million in appropriations, representing 98 per cent of total operating income (\$143.2 million), in line with the budget.

Operating expenses

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

Significant improvements in operating expenses compared to the 2018-19 budget estimate included:

- employee expenses below budget by \$1.2 million due to the lower number of full-time equivalent (FTE) staff
- administrative expenses below budget by \$4.4 million mainly due to timing of major reforms and projects requiring specialised advice that will continue in 2019-20; and lower corporate services received free of charge.

Balance sheet

Table 2: Balance sheet overview

	2017-18 Actual \$000	2018-19 Estimate \$000	2018-19 Actual \$000	Variation from 2017-18 actual \$000
Assets				
Cash and deposits	24 617	23 200	28 146	3 529
Receivables and prepayments	714	715	531	- 183
Advances and investments	25 000	25 000	25 000	-
Property, plant and equipment	41	63	34	- 7
	50 372	48 978	53 711	3 339
<i>Less</i>				
Liabilities				
Payables and provisions	3 625	3 626	3 614	- 11
Net assets/equity	46 747	45 352	50 097	3 350

The balance sheet is a derivative of the comprehensive operating statement and cash flow statement, and movement from prior year closing balances. The variation between 2018-19 and 2017-18 actuals is in line with the improved operating result in Table 2.

The cash at bank increase of \$3.53 million to \$28.15 million in 2018-19 compared with \$24.62 million in 2017-18 reflects the improved 2018-19 operating result.

Our performance

Central Holding Authority

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

Its key deliverables include:

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

In 2018-19, the Territory agreed to the intergovernmental agreement to participate in the National Redress Scheme, which commenced 1 July 2018 to compensate survivors of institutional child sexual abuse. Consequently, in 2018-19 CHA recognised the Territory's estimated share of compensation expense and associated liability under the National Redress Scheme.

Key fiscal results include:

- an operating deficit of \$163 million in 2018-19 compared with a \$376 million deficit projected in the 2018-19 Budget estimate
- equity of \$4.07 billion in 2018-19, a \$421 million decrease compared to the 2018-19 Budget estimate and a \$733 million decrease compared to 2017-18 actual.

Comprehensive operating statement

Table 3: Comprehensive operating statement overview

	2017-18 Actual \$M	2018-19 Estimate \$M	2018-19 Actual \$M	Variation from estimate \$M
Revenue	5 223	5 200	5 249	48
Expenses	5 181	5 576	5 411	- 165
Net surplus/(deficit)	42	- 376	- 163	213
Other comprehensive income	11	63	- 571	- 634
Comprehensive result	53	- 312	- 733	- 421

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.

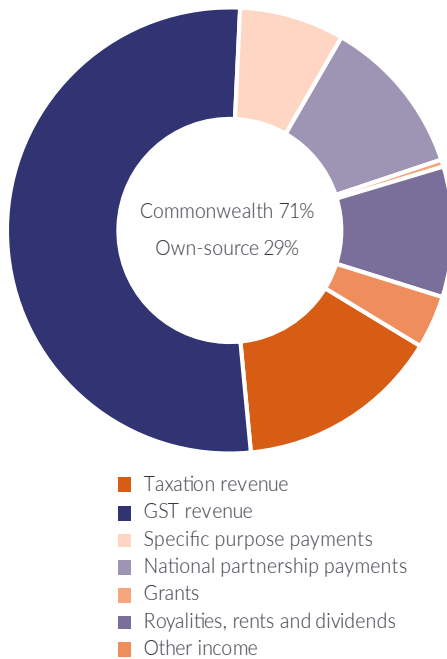
Key fiscal results include:

- an operating deficit of \$163 million, a \$213 million improvement compared to the 2018-19 Budget estimate
- a comprehensive result deficit of \$733 million, \$421 million worse than the \$312 million deficit projected in the 2018-19 Budget estimate.

Operating revenue

The Territory continues to be heavily reliant on Commonwealth revenue, with GST revenue being the largest single transfer from the Commonwealth. GST represents 52 per cent of total CHA revenue followed by general purpose and tied Commonwealth revenue of 19 per cent, and the remaining 29 per cent being Territory own-source revenue.

Figure 3: CHA – revenue by source for 2018-19



For 2018-19, CHA recorded total operating revenue of \$5.25 billion, a \$48 million increase from the 2018-19 Budget estimate. Key variations include:

- additional GST revenue of \$17 million as per Commonwealth estimations of final GST pool and population growth for 2018-19, with a balancing adjustment to impact 2019-20
- increases in taxation revenue of \$16 million, which is largely attributable to increased payroll tax, primarily the result of the slower than expected wind-down of the construction phase of the INPEX LNG project
- increases in royalties, rents and dividends of \$24 million largely the result of \$17 million in additional mining royalties combined with \$7 million in increased dividend income following improved profitability of the NTTC

- a net increase in interest revenue and unrealised gains on investments of \$82 million as a result of improved market conditions
- lower other revenue of \$70 million, largely due to the revised treatment of the one-off transfer of the LAMS Fund investment asset to the Conditions of Service Reserve (COSR) investment in 2018-19
- lower tied and untied Commonwealth funding of \$18 million across multiple agreements.

Operating expenses

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

For 2018-19, CHA recorded total operating expenses of \$5.41 billion, a \$165 million decrease from to the 2018-19 Budget estimate. Key variations include:

- lower superannuation expenses of \$140 million, largely related to the revised treatment of the one-off transfer of the LAMS Fund investment asset to the COSR investment in 2018-19 combined with lower accruing costs and associated interest
- lower output appropriation payments of \$11 million relating to funds paid as capital appropriation.

Other comprehensive income

Other comprehensive income represents other movements in equity affecting revenues and expenses, largely non cash actuarial valuation adjustments to long-term liabilities.

For 2018-19, CHA recorded a deficit \$571 million in total other comprehensive income compared to \$63 million projected in the 2018-19 Budget estimate, predominantly due to the movement in the 10-year bond rate used in valuing the Territory's superannuation liabilities as required by accounting standards.

Balance sheet

Table 4: Balance sheet overview

	2017-18 Actual \$M	2018-19 Estimate \$M	2018-19 Actual \$M	Variation from 2017-18 Actual \$M
Assets				
Cash and deposits	489	255	328	- 161
Receivables and prepayments	52	44	77	25
Advances and investments	1 516	1 194	1 495	- 21
Equity investments	11 272	12 130	12 067	795
	13 328	13 623	13 967	639
<i>Less:</i>				
Liabilities				
Deposits held and payables	888	752	936	48
Borrowings and advances	3 534	4 230	4 230	696
Employee benefits	325	332	338	13
Superannuation liability	3 622	3 631	4 182	560
Other liabilities	159	190	212	54
	8 528	9 135	9 899	1 372
Net assets/equity	4 801	4 488	4 068	- 733

Net assets, being total assets less total liabilities, decreased by \$733 million to \$4.07 billion in 2018-19, compared with \$4.8 billion in 2017-18. This decrease was driven by a \$1.37 billion increase in total liabilities partially offset by an increase in assets of \$639 million.

The increase in total liabilities since 2017-18 predominantly reflects a net increase in Territory borrowings of \$696 million in line with government's fiscal balance deficit, combined with a \$560 million increase in the value of superannuation liabilities.

Accounting standards require governments to value their superannuation liability using the Commonwealth's 10-year bond rate at the time of reporting. As at 30 June 2018, the bond rate was 2.6 per cent but decreased to 1.3 per cent at 30 June 2019, which largely accounts for the increased value of the liability in 2018-19.

Based on the most recent actuarial reviews, the Territory's superannuation liabilities are forecast to peak in 2019 with superannuation payments forecast to peak around 2026.

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

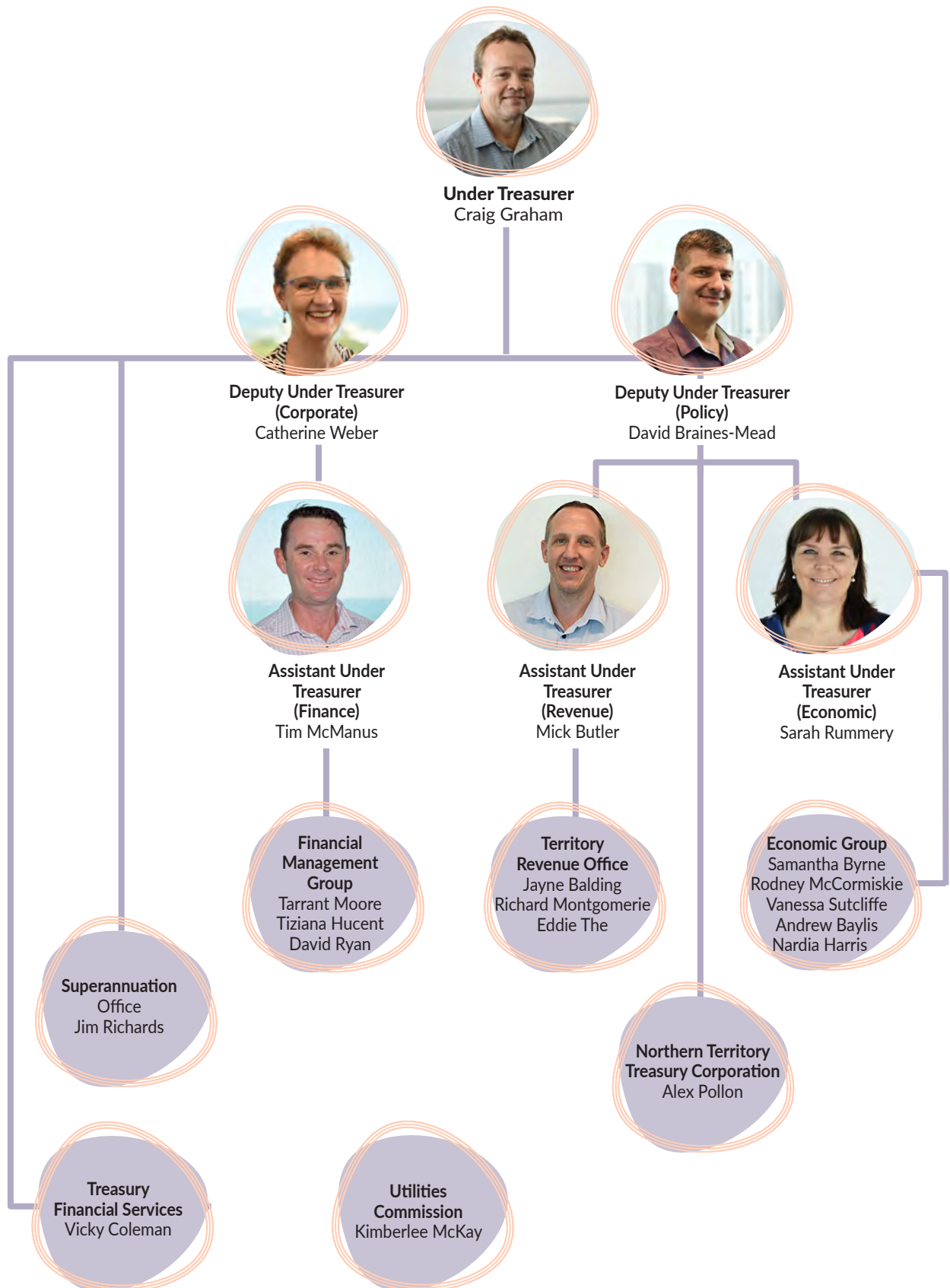
The increase in total assets since 2017-18 of \$639 million reflects an increase in net assets across agencies, offset by lower cash and deposits held by CHA.



3 | Managing our organisation

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Organisation structure



Note: The Utilities Commission is an independent entity. DTF provides resources and support to enable it to carry out its responsibilities.

Leadership team

DTF's leadership team comprises its executive team (as pictured in the organisational chart) and other senior staff members with major business responsibilities, as part of its Senior Management Group (SMG). SMG supports the Under Treasurer and provides leadership and strategic direction to DTF through strategic decision-making and policy setting in relation to DTF's operations and internal processes. Additional support is provided by DCM's Chief Financial Officer, under the shared services arrangement.

Senior Management Group

Craig Graham	Under Treasurer (Chair)
David Braines-Mead	Deputy Under Treasurer (Policy)
Catherine Weber	Deputy Under Treasurer (Corporate)
Tim McManus	Assistant Under Treasurer (Finance)
Sarah Rummery	Assistant Under Treasurer (Economic)
Mick Butler	Assistant Under Treasurer (Revenue)
Samantha Byrne	Senior Director Economic Policy
Jim Richards	Commissioner of Superannuation
Alex Pollon	General Manager NTTC
Robert Csar	Chief Financial Officer, DCM

Note: Senior Director Commercial and Economic Policy, Katrina Martin, left DTF in July 2019.

For further information about DTF leadership team, please visit our website, treasury.nt.gov.au

Functions of DTF

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

Financial Management Group

- Manages and coordinates the Territory budget process and whole of government financial reporting.
- Maintains the Territory's financial management and accountability framework including providing advice to agencies on compliance with the framework and Australian accounting standards.
- Analyses and provides advice on whole of government resource allocation issues, including major government projects and initiatives with funding implications.
- Develops the Territory's infrastructure program from a whole of government perspective.
- Monitors each agency's financial performance.
- Manages the CHA.
- Manages financial and commercial accountabilities and risks as prescribed in the FMA and the *Fiscal Integrity and Transparency Act 2001*, including the fiscal strategy.
- Coordinates the development of implementation plans, monitoring and evaluation for budget repair reforms.
- Coordinates broader financial and functional reviews of agencies to ensure alignment with government priorities and support government's fiscal strategy.
- Manages whole of government financial data returns to the Australian Bureau of Statistics in accordance with the Government Finance Statistics Framework.

Economic Group

- Provides economic and policy advice, and manages economic and regulatory reform.
 - Provides commercial advice on major government infrastructure projects and other initiatives, and on the government owned corporations framework.
 - 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 CGC.
 - Negotiates, develops and provides advice on funding agreements with the Commonwealth.
 - Manages Territory input to major national economic inquiries and reviews.
-

Territory Revenue Office

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

Northern Territory Superannuation Office

- Responsible for the NTPS superannuation policy and legislation for a range of defined benefit superannuation schemes.
- Provides support services to members of various schemes and scheme trustees.
- Administers and makes benefit payments.

Treasury Financial Services

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

Executive Services

- 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.
-

Associated entities

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

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.

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

Utilities Commission

- Regulates prices charged by government and other businesses for providing certain monopoly services (power, water, sewerage and ports).
- 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.

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

Staffing profile

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

Table 5: FTE by level as at 30 June

Output group	2018	2019
Executive Contract Officer (ECO) 6	1.0	1.0
ECO4 ¹	2.0	1.0
ECO3	3.0	3.0
ECO2	4.0	3.0
ECO1	9.0	10.0
Senior Administrative Officer (SAO) 2	6.0	4.0
SAO1	19.0	19.8
Administrative Officer (AO) 7	22.3	20.4
AO6	19.3	16.2
AO5	29.9	26.2
AO4	17.4	20.0
AO3	6.5	2.9
AO2	3.8	0.6
Work Integrated Learning Scholarship (WILS) ²	0.0	0.0
Graduates	9.0	7.0
Total	152.3	135.1

Note: Totals may not add due to rounding.

- 1 DTF has two Executive Contract Officer 4 positions in its structure, however the occupant of one was on temporary transfer to another agency as at 30 June 2019.
- 2 DTF had six cadets during 2018-19 but none were actively employed at 30 June 2019.

Our workforce

As at 30 June 2019, DTF employed 135.1 FTE staff, including those in the NTTC and the Utilities Commission, compared to 152.3 FTE in 2017-18.

The table below outlines FTE classifications as at 30 June 2018 to 30 June 2019. The reduction in FTE is due to the corporate shared services agreement between the DCM and DTF effective 1 February 2019, whereby corporate services staff transferred to DCM.

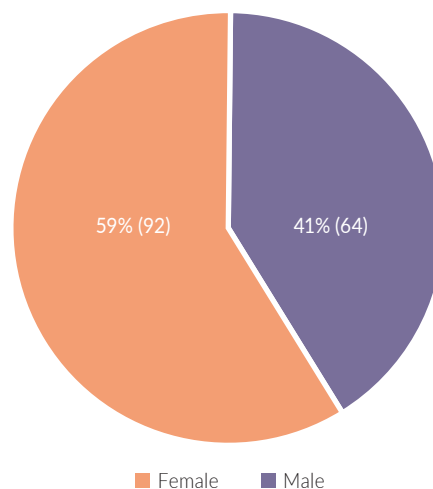
Equity and diversity

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

The average age of DTF staff is 38.6 years, younger than the NTPS average age of 43 years. Almost half of DTF's workforce is under 35 years of age, and less than 18 per cent is over 50 years of age. This comparatively young age can be mostly attributed to DTF's strong and sustained emphasis on early career programs for more than 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 156 staff employed as at 30 June 2019, 59 per cent (92 staff) were women and 41 per cent were men (Figure 4). This is similar to the NTPS ratio of 64 per cent women and 36 per cent men.

Figure 4: Staff by gender as at 30 June 2019



The proportion of DTF executives, that is, directors and above, (19 in total) who are women increased to 47 per cent (9). 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.

DTF has a higher proportion of staff with a culturally diverse background than the NTPS as a whole, however its proportion of Aboriginal staff is lower (Table 6).

Table 6: Staff demographics (head count)

	As at 30 June 2018			As at 30 June 2019		
	DTF		NTPS	DTF		NTPS
	Number	%	%	Number	%	%
Male:female ratio	63:111	36:64	36:64	64:92	41:59	36:64
Male:female executive ratio	14:11	56:44	45:55	10:9	53:47	49:51
People with a disability	7	4.0	1.1	5	2.9	1.2
Aboriginal staff	3	1.7	10.4	4	2.4	10.6
Culturally diverse background	20	11.5	8.6	22	13.2	11.4
Average age (years)	37	-	43	38.6	-	43

Workforce information

DTF has a strong focus on attracting and retaining a highly skilled workforce. As illustrated in figures 5 and 6, DTF's workforce is dominated by staff in the middle levels, more females than males, and between the ages of 25 and 44. The gender balance is more even at the executive levels.

Figure 5: Staff by gender and classification, at 30 June 2019 (head count)

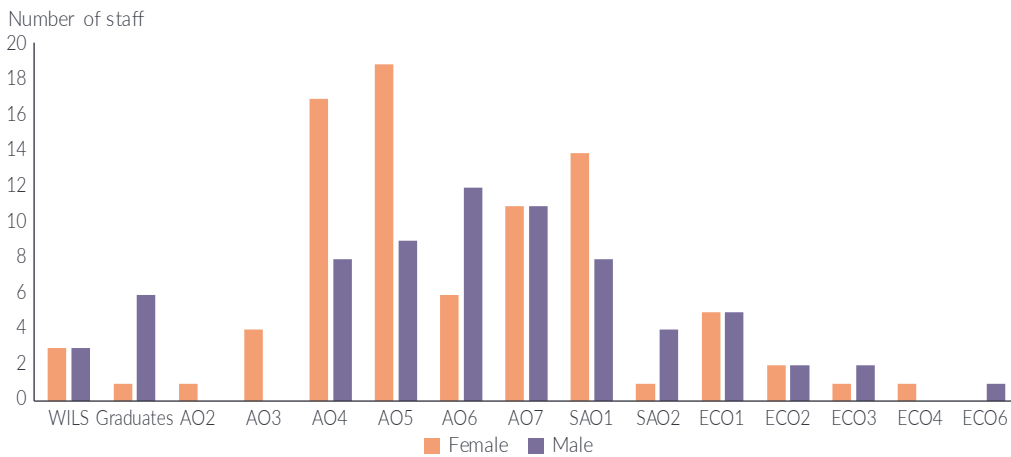
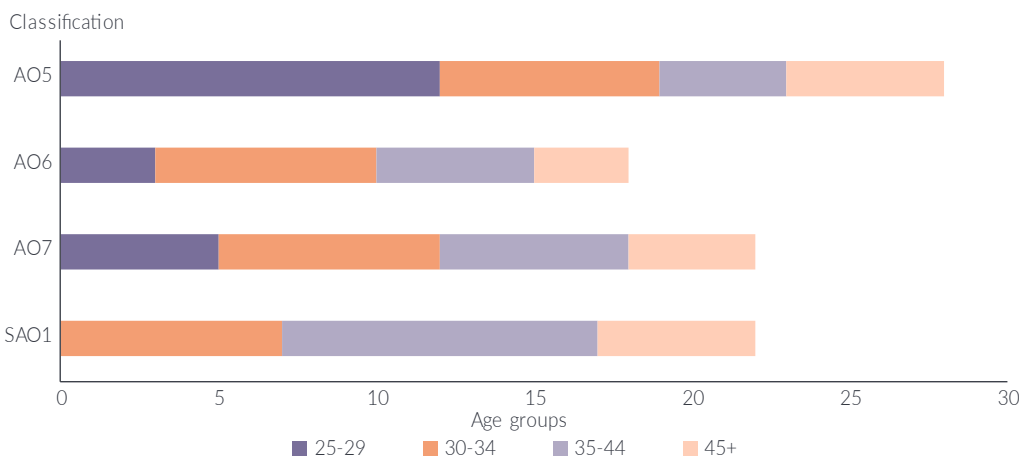


Figure 6: Staff in middle levels by age, at 30 June 2019 (head count)



Middle level career development program

The middle level career development program targets employees in the AO6 to SAO2 levels to identify potential leaders for further development by building and strengthening their capacity, and developing leadership and people management skills. A range of professional development opportunities are offered throughout the program.

The ROADmap process prompts employees to consider their development needs and to consider opportunities to move internally to broaden their knowledge and experience, or consider an inter-agency exchange or secondment outside the NTPS.

The expressed interests are reviewed by the Strategic Human Resources Committee (SHRC) and development opportunities for the employee are identified, ensuring the needs of the employee and agency are being met. The program responds in part to career planning undertaken between employees and their managers.

Management training and staff development programs

DTF recognises that the expert advice it is able to provide to the Territory Government and its agencies is a function of 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 reimbursement
- career pathways through leadership development training for middle and senior managers, including opportunities for secondments, higher duties and work placements
- mobility programs that offer employees lateral movement across the agency, including rotations for second-year graduates
- flexible work arrangements to assist with work-life balance, including part-time arrangements for parents and carers.

Table 7: Training and development expenses

	2014-15	2015-16	2016-17	2017-18	2018-19
Headcount as at 30 June	173	179	171	174	156
Total training and development expenses (\$)	165 793	236 817	244 510	284 128	249 274
Total employee expenses (\$M)	16.66	16.47	18.02	18.45	18.12
Training and development as a percentage of employee expenses (%)	1.01	1.44	1.37	1.54	1.37
Training and development expenditure per employee (\$)	958	1 323	1 429	1 633	1 598

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

Study assistance and training

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

In 2018-19, 17 study applications for 7 staff were approved. Fields of study include: Certified Practising Accountant, Graduate Diploma in Applied Statistics, Diploma in Network Engineering, Masters of Economics and Regional Development, and Masters in Business Administration.

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

Leadership programs

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

During 2018-19, senior staff completed the following executive leadership programs:

- Public Sector Management Program
- executive coaching
- Company Directors course
- MBA Foundation course



4 | Corporate governance

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Corporate Governance Framework

DTF's Corporate Governance Framework outlines the corporate governance practices and foundations used to ensure effective governance.

The Corporate Governance Framework was last revised in 2017 to reflect associated recommendations from the organisational capability review and provide further information on DTF's corporate governance practices.

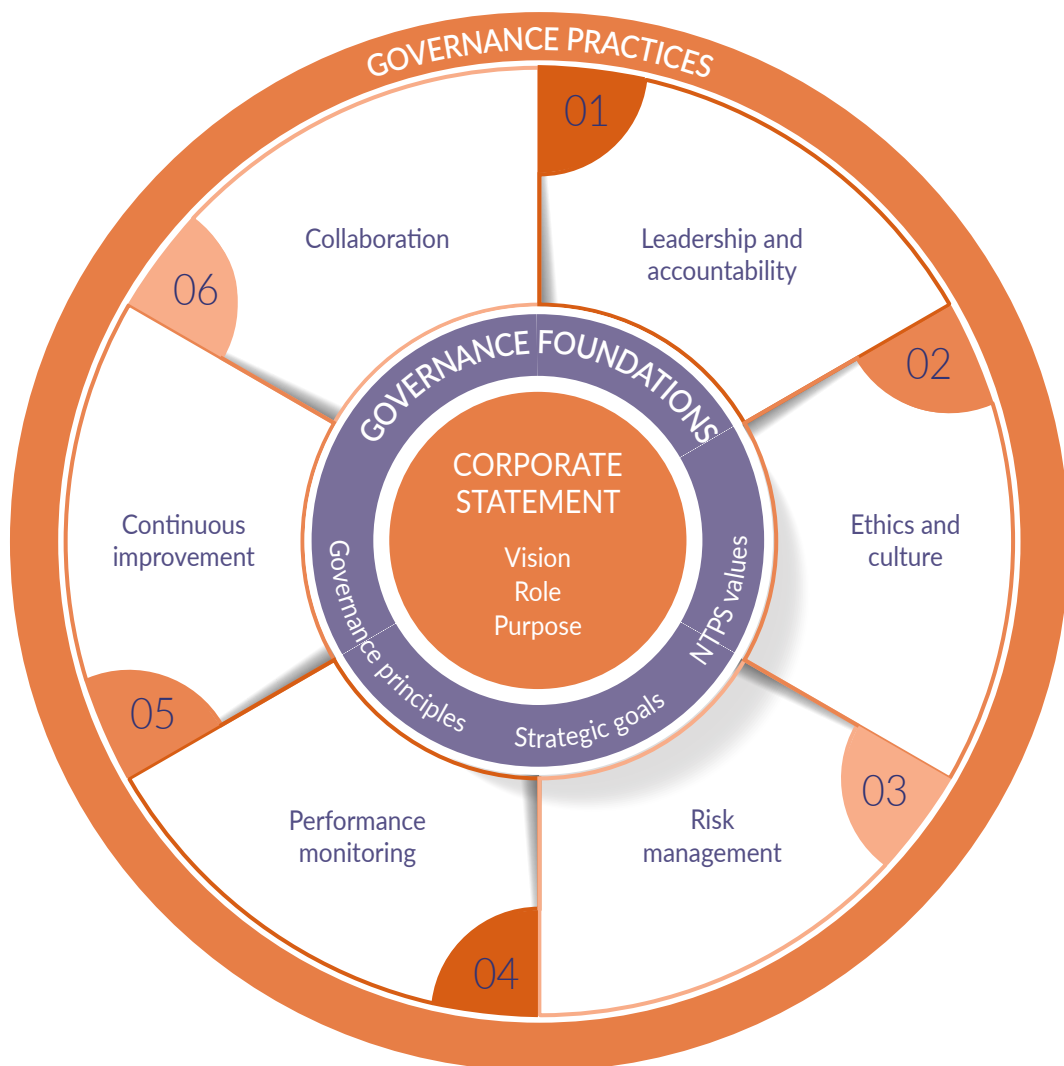
The framework included an accountability structure with four standing committees that provide further support to the Under Treasurer and SMG with

oversight and advice in relation to specific risks and issues affecting the agency.

This structure will be reviewed in 2019-20 once corporate services have fully integrated into DCM and DCIS, and there is greater clarity on how the standing committees can provide effective support in the integrated model.

More detailed information about DTF's corporate governance framework can be found at treasury.nt.gov.au

Figure 7: Corporate Governance Framework



Governance practices

The framework comprises six corporate governance practices, supported by foundations and the corporate statement. The practices commit DTF, as a central agency, to good governance and optimising corporate performance and accountability. They demonstrate strong leadership, provide assurance to stakeholders and promote disclosure and transparency.

As shown in Figure 7, the six corporate governance practices are:

1. leadership and accountability – senior management sets the strategic direction of the organisation, which provides clear objectives and focuses on achieving high performance with accountability
2. ethics and culture – DTF staff behave ethically with transparency and integrity
3. risk management – the management and understanding of risk is an underlying consideration in all our work
4. performance monitoring – DTF has a structured system of regular performance monitoring
5. continuous improvement – DTF has a culture of continuous improvement, driven through regular review and evaluation
6. collaboration – DTF staff engage effectively with external and internal stakeholders.

Governance foundations

The governance foundations provide direction and clear guidance for staff by outlining DTF's strategic goals and focusing on how DTF will deliver these, applying the corporate governance principles and NTPS values.

Governance principles

The governance principles ensure DTF delivers its outcomes in a manner consistent with the legal and policy framework under which it operates. DTF is guided by the principles of leadership, transparency, accountability, integrity and equity.

Strategic goals

The strategic goals guide DTF's core business areas in the delivery of government outcomes and are set for a three-year period through the Corporate Plan. The plan is reviewed annually and adjusted as necessary, by SMG. Achievements are reported to SMG and to staff every six months.

NTPS values

DTF has aligned its corporate values to the NTPS values. They describe the behaviours expected of staff within the workplace and how they are expected to interact with others at work.

Corporate statement

At the core of the framework, the corporate statement describes the vision, role, purpose and values of the organisation (see also the *Agency overview* chapter).

Integrated services arrangement

DTF has undergone two major transitions to integrate corporate services during the 2018-19 financial year.

In 2017 and 2018, DTF and DCM each undertook organisational capability reviews. A recommendation of each review was to combine corporate services functions due to the small size of both agencies. Effective 1 February 2019, back office functions such as human resources, finance, communications and corporate governance transferred from DTF to a shared service arrangement delivered by DCM. This aligns with similar services that DCM provides to Office of the Commissioner for Public Employment (OCPE), the Office of the Chief Minister and the Office of the Leader of the Opposition. Services are provided under a service level agreement.

The shared service model provides staff with increased development opportunities, career pathways and progression opportunities, including succession and career planning. As clients, we are benefiting with improved business continuity, reduced risk to business from staff absences and greater business efficiencies through streamlining corporate policies, business processes and performance monitoring and reporting.

Functions specific to DTF business were retained, including specialised financial services for NTTC and the Northern Territory Superannuation Office, disaster recovery funding arrangements for NTG, and management of the various DTF information and communications technology (ICT) business systems, such as the INTRA tax system and the APEX budget system.

As a result of recommendations from the Fiscal Strategy Panel report: *A plan for budget repair*, corporate services across the NTG have been centralised effective 1 July 2019. This has resulted in services for human resources, information technology, records management and procurement across government transferring to DCIS under an integrated service arrangement. This will achieve improved economies of scale, a reduction in duplicated functions, and standardised and streamlined processes, providing productivity improvements and a more efficient delivery of government services. This resulted in a further transfer of staff from DTF to DCIS for the ICT business systems function, with services to be provided under service level agreements.

DTF maintains a lean support structure of secretariat and executive support, and the agency-specific finance functions of NTTC and the Northern Territory Superannuation Office.

Internal committees

The Under Treasurer is the agency's accountable officer, reporting directly to the Treasurer on DTF's corporate responsibilities and performance. The Under Treasurer is supported by SMG.

The four standing committees that further support the Under Treasurer and SMG with oversight and advice in relation to risks and issues affecting the agency are:

- Information Management Committee (IMC)
- Risk and Audit Committee (RAC)

Senior Management Group

Role

SMG supports the Under Treasurer and provides leadership and strategic direction to DTF. SMG is also responsible for strategic decision-making and policy setting in relation to DTF's operations and internal processes.

Membership

Craig Graham	Under Treasurer (Chair)
David Braines-Mead	Deputy Under Treasurer (Policy)
Catherine Weber	Deputy Under Treasurer (Corporate)
Tim McManus	Assistant Under Treasurer (Finance)
Sarah Rummery	Assistant Under Treasurer (Economic)
Mick Butler	Assistant Under Treasurer (Revenue)
Samantha Byrne	Senior Director Utilities Reform
Katrina Martin	Senior Director Commercial and Economic Policy
Jim Richards	Commissioner of Superannuation
Alex Pollon	General Manager NTTC
Robert Csar	Chief Financial Officer, DCM

Note: Senior Director Commercial and Economic Policy, Katrina Martin, left DTF in July 2019. Deputy Under Treasurer, David Braines-Mead, was on temporary transfer to another agency between May and August 2019.

- SHRC
- Work Health and Safety Committee (WHSC).

Each committee's role, membership and performance in 2018-19 are outlined in this section. Membership is as at 30 June 2019.

The structure of these committees is being reviewed, following the integration of various corporate services with DCM and DCIS.

Key functions

The key functions of SMG are:

- providing strategic leadership on corporate issues and priorities
- providing proactive and strategic leadership in developing policy options, which are responsive to the priorities set by government
- monitoring agency financial performance and other key indicators
- ensuring the department's practices are efficient, effective, ethical and accountable
- promoting, implementing and reviewing governance practices
- overseeing the development, implementation and review of the Corporate Plan, and the business planning process and cycle that supports it
- considering and discussing collaboration opportunities between work units
- monitoring the progress of major projects.

Information Management Committee

Role

The IMC provides strategic direction, review of and advice on DTF's ICT investment. It also oversees DTF's information management and ICT practices to ensure compliance with the ICT series of Treasurer's Directions, Records and Information Management Standard, *Information Act 2002* and related responsibilities.

Membership

Mick Butler	Assistant Under Treasurer (Revenue) (Chair)
Chris Hosking	Deputy Chief Executive, DCIS
Tim McManus	Assistant Under Treasurer (Finance)
Alex Pollon	General Manager, NTTC
Jim Richards	Commissioner of Superannuation
Darren Witham	Director Treasury Systems Services – Chief Information Officer (ex-officio)
Secretariat	Treasury Systems Services

Key functions

The key functions of the IMC are:

- overseeing the development of technology, information and data management policies
- setting technology, information, data management and investment strategic direction
- reviewing and endorsing technology, information, data management and system initiatives to ensure alignment with DTF's technology, information, data management, architecture and strategic objectives.

Risk and Audit Committee

Role

In 2018-19 the DTF RAC was responsible for providing independent assurance to the Under Treasurer on DTF's financial and performance reporting responsibilities, risk oversight and management, and system of internal controls. Following implementation of the shared services arrangements with the DCM, the committee became a joint DCM, DTF and OCPE committee. The new committee did not commence until July 2019.

Membership

Fotis Papadakis	Chief Financial Officer, Department of Infrastructure, Planning and Logistics (External Chair)
Mick Butler	Assistant Under Treasurer (Revenue)
Samantha Byrne	Senior Director Utilities Reform
David Ryan	Project Leader, Department of the Attorney-General and Justice

Key functions

The key functions of the RAC were:

- monitoring strategic risk assessments and the adequacy of established internal controls to manage strategic risks, as identified through these assessments
- overseeing the risk and audit management function in DTF, including internal risk and audit management programs and their outcomes, terms of reference and implementation of recommendations
- reviewing the effectiveness of structures and practices that support the key elements of DTF's Corporate Governance Framework
- reviewing the outcomes and monitor responses to recommendations of external auditors.

Strategic Human Resources Committee

Role

SHRC monitors and oversees strategic human resources planning and management for DTF in compliance with the *Public Sector Employment and Management Act 1993* and the Northern Territory Public Service Human Capital Plan 2015–2020, as well as in the pursuit of the DTF 2017–2020 Corporate Plan.

Membership

Catherine Weber	Deputy Under Treasurer (Corporate) (Chair)
David Braines-Mead	Deputy Under Treasurer (Policy)
Tim McManus	Assistant Under Treasurer (Finance)
Sarah Rummery	Assistant Under Treasurer (Economics)
Mick Butler	Assistant Under Treasurer (Revenue)
Jodie Wheeler	Director Human Resources (Secretariat)

Key functions

The key functions of the SHRC are:

- providing strategic direction for implementation of DTF human resources plans and leadership strategies
- overseeing DTF's recruitment and retention strategy and ensure compliance with NTPS policy and procedures
- overseeing employee mobility and development programs, including the graduate program
- monitoring resourcing and human resources performance data.

Work Health and Safety Committee

Role

Following the integration of the DCM and DTF corporate business units on 1 February 2019, the DCM, OCPE and DTF WHSCs were amalgamated to improve WHS governance and processes across the three agencies.

WHSC develops, implements and monitors health and safety measures in compliance with the *Work Health and Safety (National Uniform Legislation) Act 2011*.

Membership

DTF has one representative on the WHSC.

Key functions

The key functions of the WHSC are:

- providing operational leadership of WHS across the three agencies, and reviewing each agency's WHS-related policies, forms and procedures annually, ensuring legislative compliance
- monitoring and reporting to the three chief executives on the establishment, maintenance and monitoring of hazards in the workplace and facilitating workplace inspections to reduce risk and prevent injury to workers
- ensuring all staff receive regular, relevant, effective training and information, such as cyclone emergency preparation and building evacuation procedures
- promoting a culture of responsibility and accountability for personal health and safety in the workplace with communications through each agency's intranet.

Work health and safety

DTF's work health and safety (WHS) management system provides a structured approach to meeting the requirements of the *Work Health and Safety (National Uniform Legislation) Act 2011*.

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 who may have difficulty evacuating the workplace during an emergency situation. At 30 June 2019, five PEEPs were in place.

Table 8 compares data from 2015-16 through to 2018-19. There were three WHS incidents reported in 2018-19, all of which were low risk and not reportable to NT WorkSafe.

Workers compensation

NTG workers compensation claims management is outsourced to Gallagher Bassett with the objectives of reducing premiums and improving return to work outcomes for injured workers.

No new workers compensation claims were lodged during 2018-19. This is consistent with 2017-18.

Table 8: WHS incidents by type

	2015-16	2016-17	2017-18	2017-18	2018-19
Being hit by objects	3	-	-	-	-
Hazard	2	-	1	-	-
Medical issue	1	1	-	1	1
Other	3	1	1	-	-
Slips, trips and falls	-	1	2	2	2
Total	9	3	4	3	3

Note: The higher numbers in 2015-16 were primarily due to building-related issues with the new Charles Darwin Centre building, following DTF's move from Cavenagh House.

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 the Territory Government's eight 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.

Workplace ergonomic assessments

DTF staff undergo an ergonomic assessment on commencement or when relocating to a new workspace. There were 115 ergonomic assessments of workstations in 2018-19.

Vaccinations

DTF offered free in-house influenza vaccinations to all staff in April 2019 and 60 staff were immunised.

Overall, 35 per cent of staff were vaccinated in 2018-19, on par with 36 per cent in 2017-18.

Records and information

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

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

Information requests

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

Information and Governance Officer
Department of Treasury and Finance
GPO Box 1974
DARWIN NT 0801
Telephone: 08 8999 5429
Email: DTF.FOI@nt.gov.au
Web: treasury.nt.gov.au/InformationAct

As at 30 June 2018, two applications for access to government or personal information under the *Information Act 2002* were outstanding. During 2018-19, DTF received four additional applications. All requests were processed on time in accordance with the requirements of the *Information Act 2002*. There were no outstanding applications as at 30 June 2019.

Privacy complaints and enquiries

DTF received no privacy complaints or enquiries from the Ombudsman during 2018-19.

Records and information management

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

In line with the NTG Records Management Standards for Public Sector Organisations, DTF continued to promote compliant record management practices, including undertaking a records disposal project destroying 1577 records in line with the relevant record retention schedules.



5 | Financial statements

Department of Treasury and Finance
Central Holding Authority

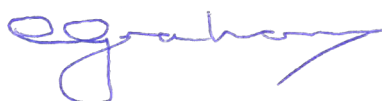
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Certification of the financial statements

We certify that the attached financial statements for the Department of Treasury and Finance have been prepared based on proper accounts and records in accordance with the prescribed format, the *Financial Management Act 1995* 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 2019 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 2019



Kerryn Batten
A/Chief Financial Officer

30 September 2019

Comprehensive operating statement

For the year ended 30 June 2019

	Note	2019	2018
		\$000	\$000
INCOME			
Appropriation			
Output		139 798	150 691
Sales of goods and services		385	385
Interest revenue		128	118
Goods and services received free of charge	4	2 722	2 728
Other income		173	134
TOTAL INCOME	3	143 206	154 056
EXPENSES			
Employee expenses		18 116	18 451
Administrative expenses			
Purchases of goods and services	5	7 643	6 098
Repairs and maintenance		32	11
Depreciation and amortisation	11, 15	7	7
Other administrative expenses ¹		8 741	9 107
Grants and subsidies expenses			
Current		10 479	12 652
Community service obligations		94 863	105 470
TOTAL EXPENSES	3	139 881	151 796
NET SURPLUS/(DEFICIT)		3 325	2 260
OTHER COMPREHENSIVE INCOME			
TOTAL OTHER COMPREHENSIVE INCOME		-	-
COMPREHENSIVE RESULT		3 325	2 260

¹ 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 2019

	Note	2019 \$000	2018 \$000
ASSETS			
Current assets			
Cash and deposits	7	28 146	24 617
Receivables	9	475	668
Prepayments		56	46
Total current assets		28 677	25 331
Non-current assets			
Advances and investments	10	25 000	25 000
Property, plant and equipment	11	34	41
Total non-current assets		25 034	25 041
TOTAL ASSETS		53 711	50 372
LIABILITIES			
Current liabilities			
Payables	12	857	664
Provisions	13	2 757	2 961
Total current liabilities		3 614	3 625
TOTAL LIABILITIES		3 614	3 625
NET ASSETS		50 097	46 747
EQUITY			
Capital		(21 519)	(21 544)
Accumulated funds		71 616	68 291
TOTAL EQUITY		50 097	46 747

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 2019

	Note	Equity at 1 July	Comprehensive result	Transactions with owners in their capacity as owners	Equity at 30 June
		\$000	\$000	\$000	\$000
2018-19					
Accumulated funds		43 714	3 325	-	47 039
Correction of prior period errors		24 577	-	-	24 577
Total accumulated funds		68 291	3 325	-	71 616
Capital – transactions with owners					
Equity injections					
Capital appropriation		3 617	-	-	3 617
Equity transfers in		210 607	-	25	210 632
Other equity injections		1 126	-	-	1 126
Total equity injection		215 350	-	25	215 375
Equity withdrawals					
Capital withdrawal		(220 399)	-	-	(220 399)
Equity transfers out		(16 495)	-	-	(16 495)
Total equity withdrawal		(236 894)	-	-	(236 894)
Total capital – transactions with owners		(21 544)	-	25	(21 519)
Total equity at end of financial year		46 747	3 325	25	50 097
2017-18					
Accumulated funds		41 454	2 260	-	43 714
Correction of prior period errors		24 577	-	-	24 577
Total accumulated funds		66 031	2 260	-	68 291
Capital – transactions with owners					
Equity injections					
Capital appropriation		3 617	-	-	3 617
Equity transfers in		210 607	-	-	210 607
Other equity injections		1 126	-	-	1 126
Total equity injection		215 350	-	-	215 350
Equity withdrawals					
Capital withdrawal		(220 399)	-	-	(220 399)
Equity transfers out		(16 495)	-	-	(16 495)
Total equity withdrawal		(236 894)	-	-	(236 894)
Total capital – transactions with owners		(21 544)	-	-	(21 544)
Total equity at end of financial year		44 487	2 260	-	46 747

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 2019

	Note	2019	2018
		\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating receipts			
Appropriation			
Output		139 798	150 691
Receipts from sales of goods and services		1 525	1 812
Total operating receipts		141 323	152 503
Operating payments			
Payments to employees		(18 331)	(18 152)
Payments for goods and services		(14 121)	(14 085)
Grants and subsidies paid			
Current		(10 479)	(12 652)
Community service obligations		(94 863)	(105 470)
Total operating payments		(137 794)	(150 359)
Net cash from/(used in) operating activities	8	3 529	2 144
Net increase/(decrease) in cash held		3 529	2 144
Cash at beginning of financial year		24 617	22 473
CASH AT END OF FINANCIAL YEAR	7, 8	28 146	24 617

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

DTF did not have any cash flow arising from investing activities and financing activities during 2018-19 or 2017-18.

1. Index of notes to the financial statements

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1. Objectives and funding

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

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

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

Integration of corporate services

On 1 February 2019, the corporate services unit of DTF was integrated into the DCM Shared Services Unit. As a result of this integration, 19 FTE employees and budget of \$0.907 million in 2018-19 were transferred to DCM. Liabilities of \$0.154 million relating to employee entitlements were also transferred.

2. Statement of significant accounting policies

a) Statement of compliance

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

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

b) Basis of accounting

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

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

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

2. Statement of significant accounting policies (continued)

Standards and interpretations effective from 2018-19

AASB 9 Financial Instruments

DTF applied AASB 9 Financial Instruments for the first time in 2018-19. AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. DTF has not restated the comparative information, which continues to be reported under AASB 139. Where applicable, differences arising from the adoption of AASB 9 have been recognised directly in accumulated funds and other components of equity. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

Classification and measurement

Financial instruments have been reclassified into one of three measurement bases – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of these instruments is based on DTF's business model for managing the financial assets and the contractual terms of the cash flows.

The classification and measurement requirements of AASB 9 did not have a significant impact on DTF. The only change in the classification of the financial assets was related to DTF's debt instruments comprising receivables and advances paid. These assets were classified as loans and receivables as at 30 June 2018 under AASB 139 and were measured at amortised cost. As these assets are held to collect contractual cash flows that are solely payments of principal and interest, they continue to be measured at amortised cost from 1 July 2018.

DTF has not designated any financial liabilities as at FVTPL. There are no changes in classification and measurement for the agency's financial liabilities.

In summary, upon the adoption of AASB 9, DTF had the following reclassification as at 1 July 2018:

	Original AASB 139 categories	Balances at 30 June 2018	New AASB 9 categories – balances at 1 July 2018				
			FVTPL		Amortised cost	FVOCI	Other
		\$000	\$000	\$000	\$000	\$000	\$000
Financial assets							
Receivables	Loans and receivables	302	-	-	302	-	-
Advances paid	Loans and receivables	25 000	-	-	25 000	-	-
Total financial assets		25 302¹	-	-	25 302¹	-	-

¹ Restated to exclude prepayments amount.

Impairment

The adoption of AASB 9 requires the loss allowance to be measured using a forward-looking expected credit loss (ECL) approach, replacing AASB 139's incurred loss approach. AASB 9 also requires a loss allowance to be recognised for all debt instruments other than those held at FVTPL.

There has been no change to impairment losses following the adoption of AASB 9.

2. Statement of significant accounting policies (continued)

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

Standards and interpretations issued but not yet effective

No Australian accounting standards have been early adopted for 2018-19.

On 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 an 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 for the first time in 2019-20 financial statements. When effective, the standard will supersede AASB 117 Leases and require the majority of leases to be recognised on the balance sheet.

For lessees with operating leases, a right-of-use asset will now be included in the balance sheet together with a lease liability for all leases with a term of 12 months or more, unless the underlying assets are of low value. The comprehensive operating statement will no longer report operating lease rental payments. Instead, amortisation expense will be recognised relating to the right-of-use asset and interest expense relating to the lease liability.

The right-of-use asset will be amortised generally on a straight-line basis while the lease liability will reduce to reflect lease payments made and increase to reflect the interest on the liability. As the lease term progresses, the carrying amount of the asset (cost less accumulated amortisation) is likely to reduce more quickly than the liability, resulting in a lower net asset in the earlier stages of the lease arrangement.

DTF has inter-agency leases or subleases in the general government sector that will not be reported in future periods.

For lessors, the finance and operating lease distinction remains largely unchanged.

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

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

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

Under AASB 15, revenue from agreements which are enforceable, have sufficiently specific performance obligations, and transfer goods or services to the customer or third-party beneficiary will be recognised when or as performance obligations are satisfied, and not immediately upon receipt as currently occurs. Consequently, more liabilities will be recognised in the balance sheet after adoption of this standard.

Where a transaction does not meet the criteria above or is classified as a donation transaction, revenue will be accounted for in accordance with AASB 1058.

2. Statement of significant accounting policies (continued)

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 will continue to be recognised as revenue on receipt.

The standard is expected to have no material effect on DTF's liabilities.

c) Reporting entity

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

The principal place of business of DTF is 19 The Mall Darwin NT 0800.

d) Agency and Territory items

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

Central Holding Authority

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

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

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

CHA recognises and records all Territory items and, 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 20 Schedule of administered Territory items.

e) Comparatives

Where necessary, comparative information for the 2017-18 financial year has been reclassified to provide consistency with current year disclosures.

2. Statement of significant accounting policies (continued)

f) Presentation and rounding of amounts

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

g) Changes in accounting policies

There have been no changes to accounting policies adopted in 2018-19 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 that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

i) Goods and services tax

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

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

Cash flows are included in the cash flow statement on a gross basis. Commitments and contingencies are disclosed net of the amount of GST recoverable or payable unless otherwise specified.

j) Contributions by and distributions to government

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

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

3. Comprehensive operating statement by output group

	Note	Financial management		Economic		Territory revenue		Superannuation	
		2019	2018	2019	2018	2019	2018	2019	2018
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
INCOME									
Appropriation									
Output		4 851	4 865	112 089	121 145	12 744	15 409	2 922	2 632
Sales of goods and services		13	12	309	310	35	39	8	7
Interest revenue		-	-	128	118	-	-	-	-
Goods and services received free of charge	4	-	88	-	2 193	-	279	-	48
Other income		6	4	139	108	16	14	4	2
TOTAL INCOME		4 870	4 969	112 665	123 874	12 795	15 741	2 934	2 689
EXPENSES									
Employee expenses		3 429	3 503	4 533	4 626	3 420	4 169	1 569	1 554
Administrative expenses									
Purchases of goods and services	5	1 155	652	1 663	2 174	1 568	800	1 231	904
Repairs and maintenance		6	2	7	3	7	3	3	1
Depreciation and amortisation	11, 15	1	1	2	2	1	2	1	1
Other administrative expenses ¹		-	536	6 019	7 034	-	722	-	223
Grants and subsidies expenses									
Current		-	-	2 619	3 781	7 860	8 871	-	-
CSO		-	-	94 863	105 470	-	-	-	-
TOTAL EXPENSES		4 591	4 694	109 706	123 090	12 856	14 567	2 804	2 683
NET SURPLUS/(DEFICIT)		279	275	2 959	784	(61)	1 174	130	6
TOTAL OTHER COMPREHENSIVE INCOME		-	-	-	-	-	-	-	-
COMPREHENSIVE RESULT		279	275	2 959	784	(61)	1 174	130	6

1 Includes DCIS service charges.

Notes to the financial statements

For the year ended 30 June 2019

3. Comprehensive operating statement (continued)

	Note	Economic regulation		Corporate and governance		Total	
		2019	2018	2019	2018	2019	2018
		\$000	\$000	\$000	\$000	\$000	\$000
INCOME							
Appropriation							
Output		1 310	1 290	5 882	5 350	139 798	150 691
Sales of goods and services		4	3	16	14	385	385
Interest revenue		-	-	-	-	128	118
Goods and services received free of charge	4	-	23	2 722	97	2 722	2 728
Other income		1	1	7	5	173	134
TOTAL INCOME		1 315	1 317	8 627	5 466	143 206	154 056
EXPENSES							
Employee expenses		512	487	4 653	4 112	18 116	18 451
Administrative expenses							
Purchases of goods and services	5	919	645	1 107	923	7 643	6 098
Repairs and maintenance		-	-	9	2	32	11
Depreciation and amortisation	11, 15	-	-	2	1	7	7
Other administrative expenses ¹		-	70	2 722	522	8 741	9 107
Grants and subsidies expenses							
Current		-	-	-	-	10 479	12 652
CSO		-	-	-	-	94 863	105 470
TOTAL EXPENSES		1 431	1 202	8 493	5 560	139 881	151 796
NET SURPLUS/(DEFICIT)		(116)	115	134	(94)	3 325	2 260
Items that will not be reclassified to net surplus/deficit							
TOTAL OTHER COMPREHENSIVE INCOME		-	-	-	-	-	-
COMPREHENSIVE RESULT		(116)	115	134	(94)	3 325	2 260

¹ 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 (continued)

Income

Income encompasses both revenue and financial 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 and national partnership 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 passed on 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 that 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 that the economic benefits associated with the transaction will flow to the entity.

4. Goods and services received free of charge

	2019	2018
	\$000	\$000
DCIS	2 722	2 728
Total goods and services free of charge	2 722	2 728

5. Purchases of goods and services

The net surplus has been arrived at after charging the following expenses:

	2019	2018
	\$000	\$000
Goods and services expenses:		
Consultants ¹	2 057	1 033
Advertising ²	48	16
Marketing and promotion ³	202	105
Document production	66	78
Legal expenses ⁴	1 501	461
Recruitment ⁵	96	79
Training and study	249	284
Official duty fares	82	83
Travelling allowance	9	16
Agent service arrangements	513	1 367
Information technology charges	1 556	1 541
Communications	126	135
Fees and regulatory charges	195	155
Other	943	745
Total purchases of goods and services	7 643	6 098

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.

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

	Agency items				Territory items			
	2019 \$000	No. of trans.	2018 \$000	No. of trans.	2019 \$000	No. of trans.	2018 \$000	No. of trans.
Amounts written off, postponed and waived by the Treasurer	-	-	-	-	-	-	-	-
Irrecoverable amounts payable to the Territory or an agency written off	-	-	-	-	1 259	25	-	-
Losses or deficiencies of money written off	-	-	-	-	-	-	-	-
Public property written off	-	-	-	-	-	-	-	-
Waiver or postponement of right to receive or recover money or property	-	-	-	-	45	3	282	4
Total written off, postponed and waived by the Treasurer	-	-	-	-	1 304	28	282	4
Write-offs, postponements and waivers authorised under other legislation	-	-	-	-	-	-	-	-
Gifts under the FMA	-	-	-	-	-	-	-	-
Gifts authorised under other legislation	-	-	-	-	-	-	-	-
Ex gratia payments under the FMA	-	-	-	-	367	1	3	1

7. Cash and deposits

	2019 \$000	2018 \$000
Cash at bank	28 146	24 617
Total cash and deposits	28 146	24 617

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.

8. Cash flow reconciliation

a) Reconciliation of cash

DTF's cash and deposits of \$28.15 million recorded in the balance sheet are consistent with that recorded as cash in the cash flow statement.

	2019	2018
	\$000	\$000
Reconciliation of net surplus/deficit to net cash from operating activities		
Net surplus/deficit	3 325	2 260
Non-cash items:		
Depreciation and amortisation	7	7
Asset write-offs/write-downs	25	-
Changes in assets and liabilities:		
Decrease (increase) in receivables	194	421
Decrease (increase) in prepayments	(10)	(41)
(Decrease) increase in payables	193	(793)
(Decrease) increase in provision for employee benefits	(202)	244
(Decrease) increase in other provisions	(3)	46
Net cash from operating activities	3 529	2 144

b) Reconciliation of liabilities arising from financing activities

DTF did not have any liabilities arising from financing activities during 2018-19 or 2017-18.

c) Non-cash financing and investing activities

During the year \$0.13 million (2018: \$0.12 million) was recognised as interest expense related to the deferred loss amortisation and interest income on the advances paid of \$0.13 million (2018: \$0.12 million) in the comprehensive operating statement. Refer to Note 10 Advances and investments for more information.

9. Receivables

	2019	2018
Current	\$000	\$000
Accounts receivable	126	302
Less: Loss allowance	-	-
	126	302
GST receivables	349	366
	349	366
Total receivables	475	668

Receivables include accounts and other receivables and are recognised at fair value less any loss allowance.

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

The loss allowance reflects lifetime ECL and represents the amount of receivables DTF estimates are likely to be uncollectible and are considered doubtful.

Credit risk exposure of receivables

Receivables are monitored on an ongoing basis to ensure that exposure to bad debts is not significant. DTF applies the AASB 9 simplified approach to measuring ECL. This approach recognises a loss allowance based on lifetime ECL for all accounts receivables. To measure ECL, receivables have been grouped based on shared risk characteristics and days past due.

The expected loss rates are based on historical observed loss rates, adjusted to reflect current and forward-looking information, including macroeconomic factors.

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

Credit risk for the comparative year is assessed under AASB 139 and is based on objective evidence of impairment.

The loss allowance for receivables as at the reporting date is disclosed below.

9. Receivables (continued)

Maturity analysis

	2019				2018		
	Gross receivables	Loss rate	Expected credit losses	Net receivables	Aging of receivables	Impairment allowance	Net receivables
	\$000	%	\$000	\$000	\$000	\$000	\$000
Internal receivables							
Not overdue	126	-	-	126	293	-	293
Overdue for less than 30 days	-	-	-	-	-	-	-
Overdue for 30 to 60 days	-	-	-	-	-	-	-
Overdue for more than 60 days	-	-	-	-	-	-	-
Total internal receivables	126	-	-	126	293	-	293
External receivables							
Not overdue	-	-	-	-	9	-	9
Overdue for less than 30 days	-	-	-	-	-	-	-
Overdue for 30 to 60 days	-	-	-	-	-	-	-
Overdue for more than 60 days	-	-	-	-	-	-	-
Total external receivables	-	-	-	-	9	-	9

Total amounts disclosed exclude statutory amounts.

Reconciliation of loss allowance for receivables

DTF did not have any loss allowance for receivables in 2018-19 or 2017-18.

Prepayments

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

10. Advances and investments

	2019	2018
	\$000	\$000
Non-current		
Advances paid	33 805	33 805
Less: Loss allowance	(8 805)	(8 805)
Total advances and investments	25 000	25 000

a) Advances paid

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

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

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

Included within the advances paid balance is deferred loss of \$23.3 million (2018: \$23.4 million). During the year \$0.13 million (2018: \$0.12 million) was recognised as interest expense related to the deferred loss amortisation and interest income on the advances paid of \$0.13 million (2018: \$0.12 million) in the comprehensive operating statement.

Loss allowance on advances paid reflect lifetime ECL depending on changes in credit risk and represents the amount of advances paid the agency estimates is likely to be uncollectible and is considered doubtful.

10. Advances and investments (continued)

Credit risk exposure of advances paid

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

Credit risk for the comparative year is assessed under AASB 139 and is based on objective evidence of impairment.

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

	2019				2018		
	Gross advances paid	Loss rate	Expected credit losses	Net receivables	Aging of advances paid	Impairment allowance	Net receivables
	\$000	%	\$000	\$000	\$000	\$000	\$000
Not overdue	25 000	-	-	25 000	25 000	-	25 000
Overdue for more than 60 days	8 805	100	(8 805)	-	8 805	(8 805)	-
Total advances paid	33 805		(8 805)	25 000	33 805	(8 805)	25 000

Reconciliation of loss allowance for advances paid

	2019	2018
	\$000	\$000
Opening balance	(8 805)	(8 805)
Adjustment on adoption of AASB 9	-	-
Adjusted opening balance	(8 805)	(8 805)
Written off during the year	-	-
Recovered during the year	-	-
Increase/decrease in allowance recognised in profit or loss	-	-
Total	(8 805)	(8 805)

11. Property, plant and equipment

	2019	2018
	\$000	\$000
Plant and equipment at fair value	60	60
Less: accumulated depreciation	(26)	(19)
Total property, plant and equipment	34	41
<i>Property, plant and equipment reconciliations</i>		
Carrying amount as at 1 July	41	48
Additions	-	-
Depreciation	(7)	(7)
Carrying amount as at 30 June	34	41

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.

Impairment of assets

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

Non-current physical and intangible agency assets are assessed for indicators of impairment on an annual basis or whenever there is indication of impairment. If an indicator of impairment exists, DTF determines the asset's recoverable amount. The asset's recoverable amount is determined as the higher of the asset's current replacement cost and fair value less costs to sell. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

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

11. Property, plant and equipment (continued)

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

DTF property, plant and equipment assets were assessed for impairment as at 30 June 2019. No impairment adjustments were required as a result of this review.

Depreciation and amortisation expense

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

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

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

	2019	2018
Plant and equipment	3 to 10 years	3 to 10 years

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

Leased assets

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

Finance leases

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

Lease payments are allocated between the principal component of the lease liability and the interest expense.

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 should be recognised as a deduction of the lease expenses over the term of the lease.

12. Payables

	2019	2018
	\$000	\$000
Accounts payable	82	33
Accrued expenses	775	631
Total payables	857	664

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.

13. Provisions

	2019	2018
	\$000	\$000
Current		
Employee benefits		
Recreation leave	2 166	2 361
Leave loading	216	230
Other employee benefits	14	6
Other current provisions	361	364
Total provisions	2 757	2 961

DTF employed 130.6 FTE employees as at 30 June 2019 (143.9 FTEs as at 30 June 2018). This excludes the NTTC which has 4.5 FTEs (8.3 FTEs as at 30 June 2018). DTF's FTE is expected to reduce by 13 FTEs due to the DCIS and Department of Trade, Business and Innovation machinery of government changes in 2019-20.

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 are measured at amounts expected to be paid. Non-current employee benefit liabilities that fall due after 12 months of the reporting date are measured at present value, calculated using the government long-term bond rate.

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

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

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

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

13. Provisions (continued)

Financial guarantee contracts

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

DTF had no financial guarantee contracts as at 30 June 2019 or 30 June 2018.

Superannuation

Employees' superannuation entitlements are provided through the:

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

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

14. Commitments

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

Disclosures in relation to capital and other commitments, including lease commitments.

(i) Operating lease commitments

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

Disclosures in relation to capital and other commitments, including lease commitments:	2019		2018	
	Internal	External	Internal ¹	External ²
	\$000	\$000	\$000	\$000
Within one year	1 989	-	1 981	-
Later than one year and not later than five years	7 621	-	7 579	-
Later than five years	11 064	-	12 933	-
	20 674	-	22 493¹	-

(ii) Other expenditure commitments

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

Within one year	-	2 994	-	848
Later than one year and not later than five years	-	3 292	-	528
Later than five years	-	-	-	-
	-	6 286	-	1 376

1 Restated to include office lease commitments and exclude photocopier subscriptions.

2 Restated to include contract commitments.

15. Fair value measurement of non-financial assets

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 that are relevant to the characteristics of the assets and liabilities being valued.

Unobservable inputs are data, assumptions and judgments that are not available publicly but are relevant to the characteristics of the assets and liabilities being valued. Such inputs include internal agency adjustments to observable data to take account of particular and potentially unique characteristics and 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 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.

15. Fair value measurement of non-financial assets (continued)

a) Fair value hierarchy

DTF does not recognise any financial assets or liabilities at fair value as these are recognised at amortised cost. The carrying amounts of these financial assets and liabilities approximates their fair value. Fair values of non-financial assets categorised by levels of inputs used to compute fair value are:

	Level 3		Total fair value	
	2019	2018	2019	2018
Plant and equipment recorded at cost approach	\$000	\$000	\$000	\$000
Assets classes				
Plant and equipment (Note 11)	34	41	34	41
Total assets	34	41	34	41

There were no transfers between Level 1 and Level 2 or 3 during 2018-19.

b) Additional information for level 3 fair value measurements

(i) Reconciliation of recurring level 3 fair value measurements

	Plant and equipment	
	2019	2018
	\$000	\$000
Fair value as at 1 July	41	48
Additions	-	-
Disposals	-	-
Depreciation	(7)	(7)
Fair value as at 30 June	34	41

(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.

16. Financial instruments

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

Financial assets and liabilities are recognised on the balance sheet when DTF becomes a party to the contractual provisions of the financial instrument. DTF's financial instruments include cash and deposits, receivables, advances paid and payables.

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

DTF has limited exposure to financial risks as discussed below.

Exposure to interest rate risk, foreign exchange risk, credit risk, price risk and liquidity risk arise in the normal course of activities.

2018-19 Categorisation of financial instruments

	FVTPL				Total
	Mandatory	Designated	Amortised cost	FVOCI	
	\$000	\$000	\$000	\$000	\$000
Cash and deposits	-	-	28 146	-	28 146
Receivables ¹	-	-	126	-	126
Advances	-	-	25 000	-	25 000
Total financial assets	-	-	53 272	-	53 272
Payables ¹	-	-	82	-	82
Total financial liabilities	-	-	82	-	82

¹ Total amounts disclosed here exclude statutory amounts.

16. Financial instruments (continued)

2017-18 Categorisation of financial instruments

	FVTPL		Held to maturity investments	Loans and receivables	Available for sale	Financial liabilities – amortised cost	Total
	Held for trading	Designated					
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash and deposits	24 617	-	-	-	-	-	24 617
Receivables ¹	-	-	-	302	-	-	302
Advances	-	-	-	25 000	-	-	25 000
Total financial assets	24 617	-	-	25 302	-	-	49 919²
Payables ¹	-	-	-	33	-	-	33
Total financial liabilities	-	-	-	33	-	-	33

1 Total amounts disclosed exclude statutory amounts.

2 Restated to exclude prepayment amount.

Classification of financial instruments from 1 July 2018

From 1 July 2018, DTF classifies its financial assets at amortised cost under AASB 9. The agency reclassifies debt investments when and only when its business model for managing those assets changes. At initial recognition, the agency measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset.

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

Debt instruments

Debt instruments include receivables and advances paid. Subsequent measurement of debt instruments depends on the agency's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the agency classifies its debt instruments and DTF has elected the following method:

- amortised cost: assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is calculated using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses).

16. Financial instruments (continued)

Classification of financial instruments until 30 June 2018

DTF has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with AASB 139.

Financial assets are classified into the following categories:

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

DTF's financial instruments are classified as 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. Loans and receivables are measured initially at fair value and subsequently at amortised cost using the effective interest rate method less impairment.

a) 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.

Credit risk relating to receivables is disclosed in Note 9 and advances paid in Note 10.

b) Liquidity risk

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

16. Financial instruments (continued)

The following table details the DTF's remaining contractual maturity for its financial liabilities:

	Carrying amount	Less than a year	1 to 5 years	More than 5 years	Total
	\$000	\$000	\$000	\$000	\$000
2019 Maturity analysis for financial liabilities					
Liabilities					
Payables	82	82	-	-	82
Total financial liabilities	82	82	-	-	82
2018 Maturity analysis for financial liabilities					
Liabilities					
Payables	33	33	-	-	33
Total financial liabilities	33	33	-	-	33

c) 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.

(i) Interest rate risk

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

(ii) Price risk

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

(iii) Currency risk

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

17. Related parties

a) Related parties

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

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

b) Key management personnel

DTF's KMP include people having authority and responsibility for planning, directing and controlling the activities of DTF. These include the Treasurer, Under Treasurer and 10 members of the executive team as listed on page 39.

c) Remuneration of KMP

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

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

	2019	2018
	\$000	\$000
Short-term benefits	2 257	2 369
Long-term benefits	-	-
Post-employment benefits	268	269
Termination benefits	-	-
Total remuneration of KMP	2 525	2 638

17. Related parties (continued)

d) Related-party transactions:

Transactions with NTG controlled entities

DTF's primary ongoing source of funding is received from CHA in the form of output appropriation and on-passed Commonwealth national partnership and specific purpose payments.

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

	Revenue from related parties	Payments to related parties	Amounts owed by related parties	Amounts owed to related parties
	\$000	\$000	\$000	\$000
2019				
NTG departments	2 722	4 552	6	452
Subsidiaries	385	95 262	120	2
Total	3 107	99 814	126	454
2018				
NTG departments	2 728	4 275	-	456
Subsidiaries	385	105 906	293	-
Total	3 113	110 181	293	456

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

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

18. Contingent liabilities and contingent assets

a) Contingent liabilities

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

Financial guarantee given to the AustralAsia Railway Company (AARC)

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

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

If GWA defaults, DTF is obliged to waive the advance to AARC, thereby guaranteeing the repayment of principal by GWA to AARC. It is probable that GWA will be able to repay the entire principal.

Workers compensation insurance

The NTG has indemnified private sector insurers that provide workers compensation insurance in the Territory. The indemnity covers insurers for losses that arise as a result of acts of terrorism. 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 assets as at 30 June 2019 or 30 June 2018.

19. 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.

20. 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)).

	2019	2018
	\$000	\$000
TERRITORY INCOME AND EXPENSES		
Income		
Taxation revenue	723 055	687 261
Grants and subsidies revenue		
Current	2 444	277 787
GST revenue	2 741 825	2 944 958
Specific purpose payment	399 697	408 197
National partnership agreements	605 024	216 036
Fees from regulatory services	508	493
Royalties and rents	441 135	335 700
Other income	(44)	5
Total income	4 913 644	4 870 437
Expenses		
CHA income transferred	4 912 328	4 864 181
Doubtful debts	57	6 256
Bad debts	1 259	-
	-	-
Total expenses	4 913 644	4 870 437
Territory income less expenses	-	-
TERRITORY ASSETS AND LIABILITIES		
Assets		
Taxes receivable	73 499	39 576
Total assets	73 499	39 576
Liabilities		
CHA income payable	54 326	36 637
CHA unearned income	19 173	2 939
Total liabilities	73 499	39 576
Net assets	-	-

21. Budgetary information

a) Comprehensive operating statement

	2018-19 Actual	2018-19 Original budget	Variance	Note
	\$000	\$000	\$000	
INCOME				
Grants and subsidies revenue				
Current	-	14	(14)	
Appropriation output	139 798	140 607	(809)	1
Sales of goods and services	385	385	-	
Interest revenue	128	-	128	
Goods and services received free of charge	2 722	2 925	(203)	2
Other income	173	-	173	
TOTAL INCOME	143 206	143 931	(725)	
EXPENSES				
Employee expenses	18 116	19 862	(1 746)	3
Administrative expenses				
Purchases of goods and services	7 643	6 203	1 440	4
Repairs and maintenance	32	19	13	
Depreciation and amortisation	7	3	4	
Service free of charge	2 722	2 925	(203)	2
Other administrative expenses	6 019	7 095	(1 076)	5
Grants and subsidies expenses				
Current	10 479	12 955	(2 476)	6
Capital				
Community service obligations	94 863	94 863	-	
Interest expenses	-	9	(9)	
TOTAL EXPENSES	139 881	143 934	(4 053)	
NET SURPLUS/(DEFICIT)	3 325	(3)	3 328	
COMPREHENSIVE RESULT	3 325	(3)	3 328	

The following notes relate to variances greater than \$0.2 million or where multiple significant variances have occurred.

1. Lower than budget due to the transfer of DTF's corporate services to DCM offset by funding for the BuildBonus Scheme.
2. Lower than budget due to the integration of DTF and DCM corporate services.
3. Below original budget due to DTF employees and associated budget transferring to DCM corporate services from 1 February 2019, and unfilled budgeted positions.
4. Higher than budget mainly as a result of legal expenses, an ex gratia payment and consultants.
5. GST administration charges were lower than original budget.
6. Lower than original budget as a result of lower first home owner grants offset by BuildBonus scheme grants.

21. Budgetary information (continued)

b) Balance sheet

	2018-19 Actual	2018-19 Original budget	Variance	Note
	\$000	\$000	\$000	
ASSETS				
Current assets				
Cash and deposits	28 146	20 042	8 104	1
Receivables	475	1 092	(617)	2
Prepayments	56	5	51	
Total current assets	28 677	21 139	7 538	
Non-current assets				
Advances and investments	25 000	25 000	-	
Property, plant and equipment	34	42	(8)	
Total non-current assets	25 034	25 042	(8)	
TOTAL ASSETS	53 711	46 181	7 530	
LIABILITIES				
Current liabilities				
Payables	857	1 459	(602)	3
Provisions	2 757	2 671	86	
Total current liabilities	3 614	4 130	(516)	
TOTAL LIABILITIES	3 614	4 130	(516)	
NET ASSETS	50 097	42 051	8 046	
EQUITY				
Capital	(21 519)	(21 544)	25	
Accumulated funds	71 616	63 595	8 021	
TOTAL EQUITY	50 097	42 051	8 046	

DTF did not have any cash flow arising from investing activities and financing activities during 2018-19 or 2017-18.

The following notes relate to variances greater than \$0.2 million or where multiple significant variances have occurred.

1. Higher than budget reflecting lower operating payments combined with higher opening cash balance from 2017-18.
2. Lower than budget due to the movement in Motor Accidents Compensation Commission receivables.
3. Lower than budget due to lower accrued expenses.

21. Budgetary information (continued)

c) Cash flow statement

	2018-19 Actual	2018-19 Original budget	Variance	Note
	\$000	\$000	\$000	
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating receipts				
Grants and subsidies received				
Current	-	14	(14)	
Appropriation output	139 798	140 607	(809)	1
Receipts from sales of goods and services	1 525	385	1 140	2
Total operating receipts	141 323	141 006	317	
Operating payments				
Payments to employees	(18 331)	(19 862)	1 531	3
Payments for goods and services	(14 121)	(13 317)	(804)	4
Grants and subsidies paid				
Current	(10 479)	(12 955)	2 476	5
Community service obligations	(94 863)	(94 863)	-	
Interest paid	-	(9)	9	
Total operating payments	(137 794)	(141 006)	3 212	
Net cash from/(used in) operating activities	3 529	-	3 529	
Net increase/(decrease) in cash held	3 529	-	3 529	
Cash at beginning of financial year	24 617	20 042	4 575	
CASH AT END OF FINANCIAL YEAR	28 146	20 042	8 104	

DTF did not have any cash flow arising from investing activities and financing activities during 2018-19 or 2017-18.

The following notes relate to variances greater than \$0.2 million or where multiple significant variances have occurred.

1. Lower than budget due to the transfer of DTF corporate services to DCM, offset by funding for the BuildBonus scheme.
2. The increase is mainly due to the timing of GST refunds and movement in accounts receivables.
3. Lower than budget due to DTF employees and associated budget transferring to DCM corporate services from 1 February 2019, and unfilled budgeted positions.
4. Higher than budget mainly as a result of legal expenses, an ex gratia payment and consultants, offset by lower GST administration charges.
5. Below original budget as a result of lower FHOGs offset by BuildBonus Scheme grants.

22. Budgetary information: administered Territory items

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

Administered Territory items	2018-19 Actual \$000	2018-19 Original budget \$000	Variance \$000	Note
TERRITORY INCOME AND EXPENSES				
Income				
Taxation revenue	723 055	611 690	111 365	1
Grants and subsidies revenue				
Current	2 444	262 086	(259 642)	2
GST revenue	2 741 825	2 713 000	28 825	3
Specific purpose payments	399 697	366 996	32 701	4
National partnership agreements	605 024	518 892	86 132	5
Fees from regulatory services	508	438	70	
Royalties and rents	441 135	271 807	169 328	6
Other income	(44)	300	(344)	
Total income	4 913 644	4 745 209	168 435	
Expenses				
CHA income transferred	4 912 328	4 745 209	167 119	
Doubtful debts	57	-	57	
Bad debts	1 259	-	1 259	
Total expenses	4 913 644	4 745 209	168 435	
Territory income less expenses	-	-	-	
TERRITORY ASSETS AND LIABILITIES				
Assets				
Taxes receivable	73 499	94 737	(21 238)	7
Other receivables	-	3 802	(3 802)	
Total assets	73 499	98 539	(25 040)	
Liabilities				
CHA income payable	54 326	94 737	(40 411)	8
CHA unearned income	19 173	3 802	15 371	
Total liabilities	73 499	98 539	(25 040)	
Net assets	-	-	-	

22. Budgetary information: administered Territory items (continued)

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

1. The \$111.4 million increase in taxation revenue from 2018–19 Budget reflects:
 - increased stamp duties on financial and capital transactions of \$92.2 million due to a small number of very large commercial transactions increasing receipts in 2018–19
 - increased payroll tax of \$20.2 million due to a slower than expected wind-down of the construction phase of the INPEX LNG project and the associated transition from the workforce of employers associated with the project, offset by
 - lower other taxes of \$1 million.
2. Current grants decreased by \$259.6 million primarily related to the early receipt of the Commonwealth's financial assistance payment for 2018–19 that was paid in 2017–18.
3. GST revenue increased by \$28.8 million as per Commonwealth estimations of the final GST pool and population growth for 2018–19.
4. Specific purpose payments increased by \$32.7 million relating to Quality Schools funding.
5. National partnerships payments increased by \$86.1 million predominantly due to the revised timing of NT Remote Aboriginal Investment funding of \$94.4 million combined with remote housing of \$35.4 million, offset by a net decrease in funding for roads and infrastructure projects of \$40.1 million.
6. Royalties, rents and dividends increased by \$169.3 million predominantly due to higher mining royalties reflecting an increase in the value of mineral production and stronger than expected commodity prices.
7. Receivables decreased by \$21.2 million reflecting lower than anticipated income tax and dividend receivables from government owned corporations.
8. The variation reflects income collected on behalf of CHA owing at 30 June 2019.

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 1995* 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 2019 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 2019



Tim McManus
Assistant Under Treasurer
30 September 2019

Comprehensive operating statement

For the year ended 30 June 2019

	Note	2019	2018 ¹
		\$000	\$000
INCOME			
Taxation revenue		777 173	739 670
Grants and subsidies revenue			
GST revenue		2 741 825	2 944 959
Specific purpose payments		399 697	408 197
National partnership agreements		605 024	216 036
Current grants		2 444	277 787
Capital grants		24 607	19 045
Fees from regulatory services		63 257	63 936
Interest revenue		66 161	86 119
Royalties, rents and dividends		496 330	399 624
Employer superannuation contributions		31 424	32 998
Unrealised gain/loss on investments		18 244	9 412
Other income		22 330	25 122
TOTAL INCOME		5 248 516	5 222 905
EXPENSES			
Long service leave expense		50 980	55 886
Superannuation expense	11	149 365	149 807
Workers compensation expense		30 887	37 776
Administrative expenses		3 522	7 185
Grant and subsidies expense		24 100	-
Interest expense		178 165	152 928
Output appropriation		4 208 682	4 243 873
Commonwealth appropriation		765 389	533 358
TOTAL EXPENSES		5 411 090	5 180 813
NET SURPLUS/(DEFICIT)		(162 574)	42 091
OTHER COMPREHENSIVE INCOME			
Remeasurement of superannuation liability	11	(554 132)	8 604
Revaluations and asset impairment		(16 418)	2 094
TOTAL OTHER COMPREHENSIVE INCOME		(570 550)	10 698
COMPREHENSIVE RESULT		(733 125)	52 789

1 The 2018 comprehensive operating statement has been reclassified to provide consistency with 2019 disclosures.

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

Balance sheet

As at 30 June 2019

	Note	2019 \$000	2018 \$000
ASSETS			
Current assets			
Cash and deposits	3	327 530	488 502
Receivables	5	74 084	48 562
Advances and investments	6	1 495 274	1 516 079
Prepayments		2 876	3 400
Total current assets		1 899 764	2 056 543
Non current assets			
Equity investments		12 067 182	11 271 808
Total non current assets		12 067 182	11 271 808
TOTAL ASSETS		13 966 946	13 328 351
LIABILITIES			
Current liabilities			
Deposits held	7	934 519	886 917
Payables	8	1 373	1 090
Borrowings and advances	9	9 045	513 596
Employee benefits	10	239 582	217 432
Superannuation liability	11	245 532	250 457
Other liabilities	12	55 255	41 581
Total current liabilities		1 485 306	1 911 073
Non current liabilities			
Borrowings and advances	9	4 221 308	3 020 354
Employee benefits	10	98 696	107 491
Superannuation liability	11	3 936 805	3 371 630
Other liabilities	12	157 125	116 973
Total non current liabilities		8 413 934	6 616 448
TOTAL LIABILITIES		9 899 240	8 527 521
NET ASSETS		4 067 706	4 800 830
EQUITY			
Accumulated funds		4 067 706	4 800 830
TOTAL EQUITY		4 067 706	4 800 830

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 2019

	Note	Equity at 1 July	Comprehensive result	Transactions with owners in their capacity as owners	Equity at 30 June
		\$000	\$000	\$000	\$000
2018-19					
Accumulated funds		4 800 830	(733 125)	-	4 067 706
Changes in accounting policy		-	-	-	-
Correction of prior period errors		-	-	-	-
Transfers from reserves		-	-	-	-
Other movements directly to equity		-	-	-	-
Total equity at end of financial year		4 800 830	(733 125)	-	4 067 706
2017-18					
Accumulated funds		4 748 041	52 789	-	4 800 830
Changes in accounting policy		-	-	-	-
Correction of prior period errors		-	-	-	-
Transfers from reserves		-	-	-	-
Other movements directly to equity		-	-	-	-
Total equity at end of financial year		4 748 041	52 789	-	4 800 830

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 2019

	Note	2019 \$000	2018 ¹ \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating receipts			
Taxes received		774 561	770 991
Grants and subsidies received			
GST received		2 741 825	2 944 959
Specific purpose payments		399 697	408 197
National partnership agreements		605 024	216 036
Current grants		2 444	277 787
Capital grants		24 607	19 045
Royalties, rents and dividends		493 768	398 211
Employer superannuation contributions		31 424	32 998
Other receipts		83 455	91 404
Interest received		66 066	85 823
Total operating receipts		5 222 871	5 245 451
Operating payments			
Long service leave		42 370	40 086
Superannuation benefits		143 247	195 269
Other salary payments		32 246	36 449
Payments for goods and services		1 499	1 431
Interest paid		178 091	152 911
Output payments		4 208 682	4 243 873
Commonwealth payments		765 389	533 358
Total operating payments		5 371 524	5 203 377
Net cash from/(used in) operating activities	4	(148 653)	42 074
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing receipts			
Equity sales or withdrawals		122 151	17 271
Other investing receipts		202 941	11 000
Total investing receipts		325 092	28 271
Investing payments			
Advances and investing payments		178 592	179 069
Capital appropriation		569 962	357 196
Commonwealth appropriation		262 061	114 720
Equity injections		70 801	58 590
Total investing payments		1 081 417	709 575
Net cash from/(used in) investing activities		(756 325)	(681 304)
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing receipts			
Proceeds of borrowings		700 000	1 200 000
Deposits received		47 603	(290 595)
Total financing receipts		747 603	909 405
Financing payments			
Repayment of borrowings		3 596	3 191
Total financing payments		3 596	3 191
Net cash from/(used in) financing activities	4	744 006	906 214
Net increase/(decrease) in cash held		(160 972)	266 984
Cash at beginning of financial year		488 502	221 518
CASH AT END OF FINANCIAL YEAR	3	327 530	488 502

1 2018 cash flow statement has been reclassified to provide consistency with 2019 disclosures.

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 2019

1. Objectives and funding

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

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

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

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

2. Statement of significant accounting policies

a) Statement of compliance

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

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

b) Basis of accounting

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

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

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

2. Statement of significant accounting policies (continued)

Standards and interpretations effective from 2018–19

The following new and revised accounting standards and interpretations were effective for the first time in 2018–19.

AASB 9 Financial Instruments

This standard applies to the not-for-profit sector for the first time in 2018–19. AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. CHA has not restated the comparative information, which continues to be reported under AASB 139. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

Classification and measurement

Financial instruments have been reclassified into one of three measurement bases – amortised cost, FVOCI and FVTPL. The classification of these instruments is based on CHA's business model for managing the financial assets and the contractual terms of the cash flows.

The classification and measurement requirements of AASB 9 did not have a significant impact on CHA. The following are the changes in the classification of the financial assets:

- Receivables previously classified as loans and receivables under AASB 139 are now classified as amortised cost as these assets are held to collect contractual cash flows that are solely payments of principal and interest.
- Advances and investments previously classified as held to maturity investments under AASB 139 are now classified as amortised cost as these assets are held to collect contractual cash flows that are solely payments of principal and interest.
- Advances and investments previously classified as FVTPL (held for trading) under AASB 139 are now classified as FVTPL (mandatory) as these assets are held for trading.

CHA has not designated any financial liabilities as FVTPL. There are no changes in classification and measurement for CHA's financial liabilities.

Notes to the financial statements

For the year ended 30 June 2019

2. Statement of significant accounting policies (continued)

In summary, upon the adoption of AASB 9, CHA had the following reclassifications as at 1 July 2018:

	Original AASB 139 categories	Balances at 30 June 2018	New AASB 9 categories – balances at 1 July 2018				
			FVTPL		Amortised cost	FVOCI	Other
			Mandatory	Designated			
		\$000	\$000	\$000	\$000	\$000	\$000
Financial assets		\$000	\$000	\$000	\$000	\$000	\$000
Cash and deposits	Other	488 502	-	-	-	-	488 502
Receivables	Loans and receivables	26 002	-	-	26 002	-	-
Advances and investments	Held for trading	1 087 744	1 087 744	-	-	-	-
Advances and investments	Held to maturity investments	428 335	-	-	428 335	-	-
Total financial assets		2 030 582	1 087 744	-	454 337	-	488 502

Standards and interpretations issued but not yet effective

No Australian accounting standards have been early adopted for 2018–19.

On the date of authorisation of the financial statements, the following standards and interpretations were issued but are not yet effective and expected to have an 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 from contracts with customers are effective for not-for-profit entities for annual reporting periods beginning on or after 1 January 2019 and will be reported for the first time in 2019–20 financial statements.

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

Under AASB 15, revenue from agreements that are enforceable, have sufficiently specific performance obligations and transfer goods or services to the customer or third-party beneficiary will be recognised when or as performance obligations are satisfied, and not immediately upon receipt as currently occurs. Consequently, more liabilities will be recognised in the balance sheet after adoption of this standard.

Where a transaction does not meet the criteria above or is classified as a donation transaction, revenue will be accounted for in accordance with AASB 1058.

The modified retrospective approach has been elected to transition to the new revenue standards. This approach does not require restatement of comparative year with the cumulative impact adjusted to the opening accumulated funds.

2. Statement of significant accounting policies (continued)

The majority of income received by CHA will continue to be recognised on receipt as it does not satisfy AASB 15 principles. National partnership payments that are receipted in CHA and subsequently on-passed to relevant agencies are likely to satisfy AASB 15 recognition principles. Respective agencies will assess these agreements and recognise unearned income liabilities as appropriate. CHA will accordingly reflect matching adjustments within its accounts.

AASB 16 Leases

AASB 16 Leases is effective for annual reporting periods beginning on or after 1 January 2019 and will be reported for the first time in 2019–20 financial statements. When effective, the standard will supersede AASB 117 Leases and require the majority of leases to be recognised on the balance sheet. The CHA is unaffected by this standard as it does not recognise any operating or finance leases.

c) Comparatives

Where necessary, comparative information for the 2017–18 financial year has been reclassified to provide consistency with current year disclosures.

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 2018-19 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 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.

g) Goods and services tax

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

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

2. Statement of significant accounting policies (continued)

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

h) Income recognition

Income encompasses both revenue and gains.

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

i) Grants and other contributions

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

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

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

k) Interest revenue

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

Interest revenue for 2018-19 includes a net loss of \$12 million on the disposal of the Territory's investment in the Northern Territory Infrastructure Development Fund.

l) Dividends

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

2. Statement of significant accounting policies (continued)

m) Fees from regulatory services

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

n) Interest expense

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

o) Advances and investments

Advances include investments in financial assets for policy purposes and are recorded at amortised 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 reporting date.

p) Equity investments

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

Cash and deposits

Total cash and deposits

2019	2018
\$000	\$000
327 530	488 502
327 530	488 502

For the purpose of the balance sheet and the cash flow statement, cash includes cash on hand, cash at bank and cash equivalents. Cash equivalents are highly liquid short-term investments that are readily convertible to cash.

Notes to the financial statements

For the year ended 30 June 2019

4. Cash flow reconciliation

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

	2019	2018 ¹
	\$000	\$000
Net surplus/(deficit)	(162 574)	42 091
Changes in assets and liabilities:		
Revaluation and asset impairments other comprehensive income	(570 550)	10 698
Gain/loss on investments	(18 244)	(9 412)
Gain on extinguishment	-	(8)
Decrease/(increase) in receivables	(25 522)	37 931
Decrease/(increase) in prepayments	524	(2 390)
(Decrease)/increase in payables	283	121
(Decrease)/increase in employee benefits	13 355	13 697
(Decrease)/increase in superannuation liability	560 250	(54 066)
(Decrease)/increase in other liabilities	53 824	3 413
Net cash from operating activities	(148 653)	42 074

1. 2018 disclosures have been reclassified to provide consistency with 2019 disclosures.

b) Reconciliation of liabilities arising from financing activities

	Cash flows from financing activities					
	1 July	Borrowings and advances received/ (repaid)	Deposits held receipts/ (payments)	Total cash flows	Other changes	30 June
	\$000	\$000	\$000	\$000	\$000	\$000
2018-19						
Deposits held	886 917	-	47 603	47 603	-	934 519
Payables	1 090	-	-	-	283	1 373
Borrowings and advances	3 533 950	696 404	-	696 404	-	4 230 354
Employee benefits	324 923	-	-	-	13 355	338 278
Superannuation liability	3 622 087	-	-	-	560 250	4 182 337
Other liabilities	158 555	-	-	-	53 824	212 379
Total	8 527 521	696 404	47 603	744 006	627 712	9 899 240
2017-18						
Deposits held	1 177 512	-	(290 595)	(290 595)	-	886 917
Payables	969	-	-	-	121	1 090
Borrowings and advances	2 337 149	1 196 809	-	1 196 809	(8)	3 533 950
Employee benefits	311 226	-	-	-	13 697	324 923
Superannuation liability	3 676 153	-	-	-	(54 066)	3 622 087
Other liabilities	155 142	-	-	-	3 413	158 555
Total	7 658 151	1 196 809	(290 595)	906 214	(36 843)	8 527 521

5. Receivables

	2019	2018 ¹
	\$000	\$000
Current		
Taxes receivable	47 897	27 833
Royalties, rents and dividends receivable	27 360	25 001
Interest receivable	1 186	1 091
Other receivables	6 025	2 692
Less: Loss allowance	(8 383)	(8 055)
Total receivables	74 084	48 562

1 2018 receivables has been reclassified to provide consistency with 2019 disclosures.

Receivables include accounts receivable and other receivables and are recognised at fair value less any allowance for impairment losses. The loss allowance represents the amount of receivables CHA estimates are likely to be uncollectible and considered doubtful.

6. Advances and investments

	2019	2018
	\$000	\$000
Advances and investments	1 495 274	1 516 079
Total advances and investments	1 495 274	1 516 079

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

Investments are managed by the NTTC on behalf of CHA.

7. Deposits held

	2019	2018
	\$000	\$000
Deposits held	934 519	886 917
Total deposits held	934 519	886 917

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

Notes to the financial statements

For the year ended 30 June 2019

8. Payables

	2019	2018
	\$000	\$000
Other payables	1 373	1 090
Total payables	1 373	1 090

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 CHA. Accounts payable are normally settled within 20 days.

9. Borrowings and advances

	2019	2018
	\$000	\$000
Current		
Borrowings and advances	9 045	513 596
	9 045	513 596
Non current		
Borrowings and advances	4 221 308	3 020 354
	4 221 308	3 020 354
Total borrowings and advances	4 230 354	3 533 950

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

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

10. Employee benefits

	2019	2018
	\$000	\$000
Current		
Long service leave	239 582	217 432
	239 582	217 432
Non current		
Long service leave	98 696	107 491
	98 696	107 491
Total employee benefits	338 278	324 923

Long service leave

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

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

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

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

11. Superannuation liability

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

11. Superannuation liability (continued)

The defined superannuation plans include:

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

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

Scheme information

Commonwealth Superannuation Scheme

The benefits provided by the scheme include an employer-financed defined benefit and the members' accumulation balances.

The amount of retirement benefit is the sum of:

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

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

Northern Territory Government and Public Authorities' Superannuation Scheme

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

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

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

Northern Territory Supplementary Superannuation Scheme

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

Northern Territory Government Death and Invalidity Scheme (NTGDIS)

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

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

11. Superannuation liability (continued)

	2019	2018
	\$000	\$000
Current	245 532	250 457
Non current	3 936 805	3 371 630
Total superannuation liabilities (a)	4 182 337	3 622 087

a) The NTG superannuation schemes comprise:

CSS	2 547 200	2 149 300
LAMS	126 389	50 820
NTGDIS	104 827	84 721
NTGPASS	958 310	934 267
NTPSBS	85 668	70 105
NTSSS	239 398	231 236
Statutory schemes ¹	120 545	101 638
	4 182 337	3 622 087

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

The values reported above are based on estimates of the size and timing of future benefit payments obtained through actuarial reviews conducted at three-yearly intervals that are updated on an annual basis. NTGPASS, NTSSS, Supreme Court Judges Pension Scheme, NTGDIS, Administrator's Pension Scheme and the LAMS Fund are based on triannual reviews conducted 30 June 2019. The NTPSBS and CSS are based on triannual reviews as at 30 June 2018, however updated for 30 June 2019. The movement in the liability between years is predominantly due to a reduction in the discount rate from 2.6 per cent in 2017-18 to 1.3 per cent in 2018-19, partially offset by a reduction in the short-term salary rate.

Furthermore, in 2018-19 the LAMS Fund was closed and transferred into CHA's COSR investment. In accordance with AASB 119 Employee Benefits, the LAMS Fund investment no longer qualifies as a superannuation plan asset and consequently cannot be offset against the liability. This has resulted in a gross-up to the LAMS liability equal to the investment.

Notes to the financial statements

For the year ended 30 June 2019

11. Superannuation liability (continued)

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

Key assumptions

Key assumptions as at balance date and for following year expense

	2019	2018
	%	%
Discount rate (gross of tax)	1.30	2.60
Short-term salary rate	2.50	3.50
Long-term salary rate	3.00	3.00
Expected return on scheme assets (net of tax) ¹	4.00	6.50
Inflation (pensions)	1.50	1.50
Imputed cost of interest	2.60	2.70
Tax rate for employer contributions	nil	nil

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

Amounts in the financial statements

Balance sheet

	2019	2018 ³
	\$000	\$000
Present value of the defined benefit obligation at end of year	4 155 802	3 664 636
Fair value of plan assets at end of year	-	(70 073)
Net present value of creditors ²	26 535	27 524
Net liability/(asset) recognised in balance sheet at end of year	4 182 337	3 622 087

Operating statement

Employer service cost	58 484	63 042
Net interest cost	90 673	95 756
Movement in superannuation creditors	(989)	(13 386)
Variations between payments and contributions	1 197	4 395
Total included in employee benefit expense	149 365	149 807

3 2018 disclosures have been reclassified to provide consistency with 2019 disclosure.

2 NTGPASS, NTSSS and NTGDIS.

11. Superannuation liability (continued)

	2019	2018 ¹
	\$000	\$000
Explanation of amounts in the financial statements		
Remeasurements		
Actual return on fund assets less interest income	(1 207)	(4 626)
Actuarial (gains)/losses on liability	555 339	(3 978)
Total remeasurement	554 132	(8 604)
Reconciliation of the net defined benefit liability/(asset)		
Net defined benefit liability/(asset) at beginning of year	3 594 563	3 635 244
Employer and interest cost	149 157	158 798
Employer contributions	(142 050)	(190 874)
Remeasurements	554 132	(8 604)
Net defined benefit liability/(asset) at end of year	4 155 802	3 594 563

Reconciliation from opening to closing balance of the following:

	2019	2018
Reconciliation of plan assets		
Fair value of the plan assets at the beginning of the year	70 073	68 408
Employer contributions	(68 848)	-
Participant contributions	21	20
Benefit payments	(4 037)	(3 973)
Taxes and expenses paid	(183)	(791)
Interest income	1 767	1 783
Actual return on plan assets less interest income	1 207	4 626
Assets at the year end	-	70 073

¹ 2018 disclosures have been reclassified to provide consistency with 2019 disclosures.

Note: LAMS was the only scheme that had assets until 12 April 2019, at which time the fund was closed and assets were transferred to the COSR investments. The effect of this transfer is shown as a negative employer contribution, sufficient to leave the closing fund balance at zero.

Notes to the financial statements

For the year ended 30 June 2019

11. Superannuation liability (continued)

	2019	2018
	\$000	\$000
Reconciliation of the present value of the defined benefit obligation		
Total defined benefit obligation at the beginning of the year	3 664 636	3 703 651
Employer service cost	58 484	63 042
Interest expense	92 440	97 539
Participant contributions	513	442
Taxes and expenses paid	(183)	(791)
Benefit payments	(215 427)	(195 269)
Actuarial (gain)/loss on liabilities due to changes in demographic assumptions	9 264	-
Actuarial (gain)/loss on liabilities due to changes in financial assumptions	556 728	(2 820)
Actuarial (gain)/loss on liabilities due to changes in liability experience	(10 653)	(1 158)
Total defined benefit obligation at year end	4 155 802	3 664 636

Sensitivity analysis – CSS

The entity's total defined benefit obligation as at 30 June 2019 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		2 547 200		
Discount rate	1	2 203 800	(343 400)	(13.5)
Discount rate	(1)	2 978 700	431 500	16.9
Salary increase	1	2 555 600	8 400	0.3
Salary increase	(1)	2 539 500	(7 700)	(0.3)
Pension increase	1	2 941 200	394 000	15.5
Pension increase	(1)	2 222 900	(324 300)	(12.7)

Maturity profile of defined benefit obligation – CSS

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

11. Superannuation liability (continued)

Sensitivity analysis – LAMS

The entity's total defined benefit obligation as at 30 June 2019 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		126 389		
Discount rate	1	108 065	(18 324)	(14.5)
Discount rate	(1)	149 805	23 416	18.5
Salary increase	1	145 698	19 309	15.3
Salary increase	(1)	110 711	(15 678)	(12.4)
Mortality rates	10	122 419	(3 970)	(3.1)
Mortality rates	(10)	130 895	4 506	3.6

Maturity profile of defined benefit obligation – LAMS

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

Sensitivity analysis – NTGDIS

The entity's total defined benefit obligation as at 30 June 2019 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		88 200		
Discount rate	1	79 900	(8 300)	(9.4)
Discount rate	(1)	98 000	9 800	11.1
Salary increase	1	97 700	9 500	10.8
Salary increase	(1)	79 900	(8 300)	(9.4)
Pension increase	1	88 200	-	-
Pension increase	(1)	88 200	-	-

Maturity profile of defined benefit obligation – NTGDIS

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

11. Superannuation liability (continued)

Sensitivity analysis – NTGPASS

The entity's total defined benefit obligation as at 30 June 2019 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		953 200		
Discount rate	1	880 900	(72 300)	(7.6)
Discount rate	(1)	1 036 200	83 000	8.7
Salary increase	1	1 050 000	96 800	10.2
Salary increase	(1)	867 600	(85 600)	(9.0)
Pension increase	1	953 200	-	-
Pension increase	(1)	953 200	-	-

Maturity profile of defined benefit obligation – NTGPASS

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

Sensitivity analysis – NTPSBS

The entity's total defined benefit obligation as at 30 June 2019 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		85 668		
Discount rate	1	73 368	(12 300)	(14.4)
Discount rate	(1)	101 325	15 657	18.3
Inflation	1	99 009	13 341	15.6
Inflation	(1)	74 862	(10 806)	(12.6)
Mortality rates	10	83 283	(2 385)	(2.8)
Mortality rates	(10)	88 359	2 691	3.1
Commutation rate	zero	87 397	1 729	2.0
Commutation rate	30	83 939	(1 729)	(2.0)

Maturity profile of defined benefit obligation – NTPSBS

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

11. Superannuation liability (continued)

Sensitivity analysis – NTSSS

The entity's total defined benefit obligation as at 30 June 2019 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		234 600		
Discount rate	1	216 500	(18 100)	(7.7)
Discount rate	(1)	255 300	20 700	8.8
Salary increase	1	254 800	20 200	8.6
Salary increase	(1)	216 600	(18 000)	(7.7)
Pension increase	1	234 600	-	-
Pension increase	(1)	234 600	-	-

Maturity profile of defined benefit obligation – NTSSS

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

Sensitivity analysis – Administrator's Scheme

The entity's total defined benefit obligation as at 30 June 2019 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		4 077		
Discount rate	1	3 766	(311)	(7.6)
Discount rate	(1)	4 434	357	8.8
Inflation	1	4 330	254	6.2
Inflation	(1)	3 849	(227)	(5.6)
Mortality rates	10	3 879	(198)	(4.9)
Mortality rates	(10)	4 306	229	5.6

Maturity profile of defined benefit obligation – Administrator's Scheme

The weighted average term of the defined benefit obligation is 10 years.

11. Superannuation liability (continued)

Sensitivity analysis – Supreme Court Judges Pension Scheme

The entity's total defined benefit obligation as at 30 June 2019 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		116 468		
Discount rate	1	101 192	(15 276)	(13.1)
Discount rate	(1)	135 476	19 008	16.3
Inflation	1	131 904	15 436	13.3
Inflation	(1)	103 609	(12 858)	(11.0)
Mortality rates	10	112 313	(4 154)	(3.6)
Mortality rates	(10)	121 201	4 733	4.1

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

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

12. Other liabilities

	2019	2018
	\$000	\$000
Current		
Provisions:		
Workers compensation liability	28 422	34 655
National redress liability	1 000	-
Other	72	71
Unearned revenue	25 760	6 856
	55 255	41 581
Non current		
Provisions:		
Workers compensation liability	131 647	115 673
National redress liability	24 200	-
Other	1 278	1 300
	157 125	116 973
Total other liabilities	212 379	158 555
Reconciliations of provisions		
Balance at 1 July	151 699	147 989
Effect of changes in assumptions	11 149	2 400
Increase in claims incurred/recoveries anticipated over the year	30 948	37 812
Reductions arising from payments	(32 378)	(36 502)
Other movements	25 200	-
Balance at 30 June	186 619	151 699

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

Workers compensation

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

The change in liability for the year ended 30 June 2019 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.

National redress liability

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

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

Notes to the financial statements

For the year ended 30 June 2019

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, advances and investments, deposits held, payables and borrowings. CHA has limited exposure to financial risks as discussed below.

Due to the nature of operating activities, certain financial assets and financial liabilities arise under statutory obligations rather than a contract. Such financial assets and liabilities do not meet the definition of financial instruments as per AASB 132 Financial Instruments: Presentation and have been excluded in the following tables. These include statutory receivables arising from tax receivables, GST input tax credits recoverable, and fines and penalties.

Exposure to interest rate risk, foreign exchange risk, credit risk, price risk and liquidity risks arise in the normal course of activities. CHA's advances, investments and borrowings are predominantly managed through the NTTC. Financial assets and liabilities are recognised on the balance sheet when CHA becomes a party to the contractual provisions of the financial instrument.

a) Categorisation of financial instruments

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

2018–19 Categories of financial instruments

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

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

13. Financial instruments (continued)

2017-18¹ Categories of financial instruments

	FVTPL		Held to maturity investments	Loans and receivables	Available for sale	Other	Amortised cost	Total
	Held for trading	Designated						
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash and deposits	-	-	-	-	-	488 502	-	488 502
Receivables ²	-	-	-	26 002	-	-	-	26 002
Advances and investments	1 087 744	-	428 335	-	-	-	-	1 516 079
Total financial assets	1 087 744	-	428 335	26 002	-	488 502	-	2 030 582
Deposits held	-	-	-	-	-	-	886 917	886 917
Payables ²	-	-	-	-	-	-	871	871
Borrowings and advances	-	-	-	-	-	-	3 533 950	3 533 950
Total financial liabilities	-	-	-	-	-	-	4 421 738	4 421 738

1 2017-18 disclosures have been reclassified to provide consistency with 2018-19 disclosures.

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

13. Financial instruments (continued)

Categories of financial instruments from 1 July 2018

From 1 July 2018, CHA classifies its financial instruments in accordance with AASB 9.

Financial assets are classified under the following categories:

- amortised cost
- FVOCI
- FVTPL.

Financial liabilities are classified under the following categories:

- amortised cost
- FVTPL.

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

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

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

Financial assets at amortised cost

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

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

Financial assets at fair value through other comprehensive income

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

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

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

CHA does not have any financial assets under this category.

13. Financial instruments (continued)

Financial assets at fair value through profit or loss

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

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

Financial liabilities at amortised cost

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

Financial liabilities at fair value through profit or loss

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

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

CHA does not have any financial liabilities under this category.

Classification of financial instruments until 30 June 2018

CHA has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with AASB 139.

CHA classifies its financial assets into the following categories:

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

Financial liabilities are classified into the following categories:

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

13. Financial instruments (continued)

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

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

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

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

Financial assets recognised in CHA determined as held for trading include the COSR.

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

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

Held-to-maturity investments

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

Loans and receivables

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. Receivables exclude statutory receivables and accruals.

Financial liabilities at amortised cost

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

Other financial instruments

Debt and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual agreement.

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

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

	Carrying amount	Less than one year	1 to 5 years	More than 5 years	Total
	\$000	\$000	\$000	\$000	\$000
2018-19 Maturity analysis for financial liabilities					
Deposits held	934 519	934 519	-	-	934 519
Payables	945	945	-	-	945
Borrowings and advances	4 230 354	194 111	2 480 449	2 789 035	5 463 594
Total financial liabilities	5 165 818	1 129 575	2 480 449	2 789 035	6 399 059

2017-18¹ Maturity analysis for financial liabilities

Deposits held	886 917	886 917	-	-	886 917
Payables	871	871	-	-	871
Borrowings and advances	3 533 950	661 040	1 705 900	2 024 967	4 391 907
Total financial liabilities	4 421 738	1 548 828	1 705 900	2 024 967	5 279 695

¹ 2017-18 disclosures have been reclassified to provide consistency with 2018-19 disclosures.

d) Market risk

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

Notes to the financial statements

For the year ended 30 June 2019

13. Financial instruments (continued)

(i) Interest rate risk

Interest rate risk is the risk of financial loss and or increased cost due to adverse movements in the values of financial assets and liabilities as a result of changes in interest rates. The interest rate exposure arises from unmatched maturity patterns.

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

	Interest bearing		Non-interest bearing	Total	Weighted average
	Variable	Fixed			
	\$000	\$000	\$000	\$000	%
2018-19 Interest rate risk for financial assets and liabilities					
Cash and deposits	327 530	-	-	327 530	1.50
Receivables ¹	-	-	4 572	4 572	
Advances and investments	-	478 866	1 016 408	1 495 274	2.19
Total financial assets	327 530	478 866	1 020 980	1 827 376	
Deposits held	-	-	934 519	934 519	
Payables ¹	-	-	945	945	
Borrowing and advances	-	4 230 354	-	4 230 354	4.38
Total financial liabilities	-	4 230 354	935 464	5 165 818	
2017-18² Interest rate risk for financial assets and liabilities					
Cash and deposits	488 502	-	-	488 502	1.50
Receivables ¹	-	-	26 002	26 002	
Advances and investments	-	428 335	1 087 744	1 516 079	2.33
Total financial assets	488 502	428 335	1 113 746	2 030 582	
Deposits held	-	-	886 917	886 917	
Payables ¹	-	-	871	871	
Borrowing and advances	-	3 533 950	-	3 533 950	4.74
Total financial liabilities	-	3 533 950	887 788	4 421 738	

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

² 2017-18 disclosures have been reclassified to provide consistency with 2018-19 disclosures.

13. Financial instruments (continued)

Assuming the financial assets and liabilities at 30 June 2019 were to remain until maturity or settlement without any action by CHA to alter the resulting interest rate exposure, changes in the variable rates of 100 basis points (1 per cent) at reporting date would have the following effect on CHA's profit or loss and equity.

Sensitivity analysis

	Profit or loss and equity 100 basis points increase/decrease	
	2018-19	2017-18
	\$000	\$000
Cash and deposits	± 3 275	± 4 885
Net sensitivity	± 3 275	± 4 885

(ii) Price risk

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

Price risk arises when an agency holds units in unit trusts and there is a change in the market value of these units as advised by respective fund managers.

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

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

Sensitivity analysis

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

	Change in unit price	Impact on profit or loss and equity	
		2018-19	2017-18
	%	\$000	\$000
Equities	± 10	± 62 950	± 54 823
Property securities	± 10	± 12 173	± 11 468
Interest bearing	± 1	± 2 652	± 4 118
Net sensitivity		± 77 775	± 70 409

13. Financial instruments (continued)

e) Net fair value

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

- the fair value of cash, deposits, receivables and payables approximates their carrying amount, which is also their amortised cost
- the fair value of advances and investments have been determined using market values
- the fair value of other monetary financial assets and liabilities is based on discounting to present value the expected future cash flows by applying current market interest rates for assets and liabilities with similar risk profiles.

Financial instruments that are measured at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

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

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

	Total carrying amount	Net fair value			Total
		Level 1	Level 2	Level 3	
	\$000	\$000	\$000	\$000	\$000
2018-19					
Advances and investments					
Units in unit trusts	1 016 408	-	1 016 408	-	1 016 408
Total financial assets	1 016 408	-	1 016 408	-	1 016 408
2017-18¹					
Advances and investments					
Units in unit trusts	1 087 744	-	1 087 744	-	1 087 744
Total financial assets	1 087 744	-	1 087 744	-	1 087 744

1 2017-18 disclosures have been reclassified to provide consistency with 2018-19 disclosures.

13. Financial instruments (continued)

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

	Total carrying amount	Net fair value			Total
		Level 1	Level 2	Level 3	
	\$000	\$000	\$000	\$000	\$000
2018-19					
Advances and investments					
Short-term deposits	130 000	-	131 298	-	131 298
Securities	480 000	-	479 391	-	479 391
Total financial assets	610 000	-	610 689	-	610 689
Borrowings and advances	4 230 354	-	4 843 945	-	4 843 945
Total financial liabilities	4 230 354	-	4 843 945	-	4 843 945
2017-18¹					
Advances and investments					
Short-term deposits	218 499	-	219 696	-	219 696
Securities	430 000	-	428 500	-	428 500
Total financial assets	648 499	-	648 196	-	648 196
Borrowings and advances	3 533 950	-	3 833 824	-	3 833 824
Total financial liabilities	3 533 950	-	3 833 824	-	3 833 824

1 2017-18 disclosures have been reclassified to provide consistency with 2018-19 disclosures.

There were no changes in valuation techniques during the period.

Notes to the financial statements

For the year ended 30 June 2019

14. Budgetary information

a) Comprehensive operating statement

	2018-19 ¹			Note
	Actual ²	Original Budget	Variance	
	\$000	\$000	\$000	
INCOME				
Taxation revenue	777 173	663 797	113 376	1
Commonwealth revenue				
GST revenue	2 741 825	2 713 000	28 825	2
Specific purpose payments	399 697	366 996	32 701	3
National partnership agreements	605 024	518 892	86 132	4
Current grants	2 444	262 086	(259 642)	5
Capital grants	24 607	13 674	10 933	6
Fees from regulatory services	63 257	63 986	(729)	
Interest revenue	66 161	42 107	24 054	7
Royalties, rents and dividends	496 330	334 373	161 957	8
Employer superannuation contributions	31 424	32 687	(1 263)	
Unrealised gain/loss on investments	18 244	28 799	(10 555)	9
Other revenue	22 330	20 986	1 344	
TOTAL INCOME	5 248 516	5 061 383	187 133	
EXPENSES				
Long service leave expense	50 980	45 155	5 825	10
Superannuation expense	149 365	214 856	(65 491)	11
Workers compensation expense	30 887	30 190	697	
Unallocated savings		(9 900)	9 900	12
Administrative expense	3 522	835	2 687	
Grants and subsidies expense	24 100		24 100	13
Interest expense	178 165	187 760	(9 595)	14
Appropriation expense	4 974 071	4 679 534	294 537	15
TOTAL EXPENSES	5 411 090	5 148 430	262 660	
NET SURPLUS/(DEFICIT)	(162 574)	(87 047)	(75 527)	
OTHER COMPREHENSIVE INCOME				
Remeasurement of superannuation liability	(554 132)	149 653	(703 785)	16
Revaluations and asset impairment	(16 418)		(16 418)	17
TOTAL OTHER COMPREHENSIVE INCOME	(570 550)	149 653	(720 203)	
COMPREHENSIVE RESULT	(733 125)	62 606	(795 731)	

1 2018 original budget has been reclassified to provide consistency with reporting on other comprehensive income. Further, amounts exclude the gross-up effect of payroll tax revenue and expenses on employee benefits.

2 Actuals have been presented consistent with original budget.

14. Budgetary information (continued)

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

1. The \$113.4 million increase in taxation revenue from 2018–19 Budget reflects:
 - increased stamp duties on financial and capital transactions of \$89.9 million due to a small number of very large commercial transactions increasing receipts in 2018–19
 - increased payroll tax of \$22.5 million due to a slower than expected wind-down of the construction phase of the INPEX LNG project and the associated transition from the workforce of employers associated with the project.
2. GST revenue increased by \$28.8 million as per Commonwealth estimations of the final GST pool and population growth for 2018–19.
3. Specific purpose payments increased by \$32.7 million relating to Quality Schools funding.
4. National partnerships payments increased by \$86.1 million predominantly due to the revised timing of NT Remote Aboriginal Investment funding of \$94.4 million combined with remote housing of \$35.4 million, offset by a net decrease in funding for roads and infrastructure projects of \$40.1 million.
5. Current grants decreased by \$259.6 million primary related to the early receipt of the Commonwealth's financial assistance payment for 2018–19 that was paid in 2017–18.
6. Capital grants increased by \$10.9 million largely due to greater than anticipated funding for Roads to Recovery and other critical infrastructure upgrades (\$5.7 million), combined with school council contributions for capital improvements (\$4.5 million).
7. Interest revenue increased by \$24.1 million predominantly due to the realisation of gains within the COSR investments, offset by a net loss of \$12 million on the disposal of the Territory's investment in the Northern Territory Infrastructure Development Fund.
8. Royalties, rents and dividends increased by \$162 million predominantly due to higher mining royalties reflecting an increase in the value of mineral production and stronger than expected commodity prices of \$170 million, offset by lower dividend and income tax equivalents of \$12.9 million due to lower profitability within government owned corporations.
9. Variation reflects the movement in the market price of the investments held by CHA.
10. Long service leave payments increased by \$5.8 million largely due to wages growth, timing of entitlement payments and changes in staffing numbers.
11. Superannuation expenses decreased by \$65.5 million largely due to a reduction in employer-funded contributions reflecting the one-off transfer of the LAMS Fund into the CHA.
12. Unallocated savings and budget repair measures, including sustainable workforce strategies allocated to individual agencies in 2018–19.
13. Grants and subsidies expense increased by \$24.1 million reflecting the one-off recognition of the Territory's present liability under the National Redress Scheme.
14. Interest expense has decreased by \$9.6 million reflecting lower borrowing requirements.
15. Appropriation increased by \$294.5 million as a result of new government initiatives funded across various agencies and in line with tied Commonwealth funding agreements.
16. The variation reflects the movement in the bond rate used in valuing the Territory's superannuation liabilities as required by accounting standards.
17. Variation reflects actuarial adjustments to long service leave and workers compensation liabilities.

Notes to the financial statements

For the year ended 30 June 2019

14. Budgetary information (continued)

b) Balance sheet

	2018-19 ¹			Note
	Actual ²	Original Budget	Variance	
ASSETS	\$000	\$000	\$000	
Cash and deposits	327 530	66 673	260 857	1
Receivables	74 084	128 700	(54 616)	2
Advances and investments	1 495 274	1 366 077	129 197	3
Prepayments	2 876	1 010	1 866	
Equity investments	12 067 182	12 236 185	(169 003)	4
TOTAL ASSETS	13 966 946	13 798 645	168 301	
LIABILITIES				
Deposits held	934 519	683 821	250 698	5
Payables	1 373	3 484	(2 111)	
Borrowings and advances	4 230 354	4 435 354	(205 000)	6
Employee benefits	338 278	315 818	22 460	7
Superannuation liability	4 182 337	3 357 677	824 660	8
Other liabilities	212 379	155 142	57 237	9
TOTAL LIABILITIES	9 899 240	8 951 296	947 944	
NET ASSETS	4 067 706	4 847 349	(779 643)	
EQUITY				
Accumulated funds	4 067 706	4 847 349	(779 643)	
TOTAL EQUITY	4 067 706	4 847 349	(779 643)	

1 Amounts exclude the gross-up effect of payroll tax revenue and expenses on employee benefits.

2 Actuals have been presented consistent with original budget.

14. Budgetary information (continued)

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

1. Cash and deposits increased by \$260.9 million largely reflecting lower operating and capital expenditure across government agencies and cash held on behalf of government trading entities.
2. Receivables decreased by \$54.6 million reflecting lower than anticipated income tax and dividend receivables from government owned corporations.
3. Advances and investments increased by \$129.2 million largely due to increases in COSR investments as a result of improved market conditions combined with the one-off transfer of the LAMS Fund investment following the closure of the fund.
4. Equity investment reflects CHA ownership in public sector entities with variations reflecting lower than anticipated net assets across entities.
5. Deposits held increased by \$250.7 million due to higher than anticipated cash balances held by CHA on behalf of government trading entities.
6. Borrowing and advances decreased by \$205 million due to the improved total public sector fiscal outcome for 2018-19.
7. Employee benefits increased by \$22.5 million largely reflecting an increase in long service leave liabilities due to employment and wages growth, timing of entitlement payments and changes in bond rates.
8. The \$824.7 million increase in superannuation liabilities was predominantly due to the movement in the bond rate used in valuing the Territory's superannuation liabilities as required by accounting standards.
9. Other liabilities increased by \$57.2 million predominantly due to the recognition of the Territory's liability under the National Redress Scheme of \$25.2 million, combined with an increase in unearned taxation revenue of \$25.6 million.

Notes to the financial statements

For the year ended 30 June 2019

14. Budgetary information (continued)

c) Cash flow statement

	2018-19 ¹			Note
	Actual	Original budget	Variance	
	\$000	\$000	\$000	
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating receipts				
Taxes received	774 561	659 158	115 403	1
Grants and subsidies received				
GST received	2 741 825	2 713 000	28 825	2
Specific purpose payments	399 697	366 996	32 701	3
National partnership agreements	605 024	518 892	86 132	4
Current grants	2 444	262 086	(259 642)	5
Capital grants	24 607	13 674	10 933	6
Royalties, rents and dividends	493 768	327 235	166 533	7
Employer superannuation contributions	31 424	32 687	(1 263)	
Other receipts	83 455	85 419	(1 964)	
Interest received	66 066	42 107	23 959	8
Total operating receipts	5 222 871	5 021 254	201 617	
Operating payments				
Long service leave	42 370	45 155	(2 785)	
Superannuation benefits paid	143 247	209 965	(66 718)	9
Other salary payments	32 246	20 290	11 956	10
Payments for goods and services	1 499	820	679	
Interest paid	178 091	185 150	(7 059)	11
Appropriation payments	4 974 071	4 679 534	294 537	12
Total operating payments	5 371 524	5 140 914	230 610	
Net cash from/(used in) operating activities	(148 653)	(119 660)	(28 993)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Investing receipts				
Equity sales or withdrawals	122 151	5 809	116 342	13
Other investing receipts	202 941		202 941	14
Total investing receipts	325 092	5 809	319 283	
Investing payments				
Advance and investing payments	178 592	56 409	122 183	15
Appropriation payments	832 023	793 716	38 307	16
Equity injections	70 801	1 000	69 801	13
Total investing payments	1 081 417	851 125	230 292	
Net cash from/(used in) investing activities	(756 325)	(845 316)	88 991	

14. Budgetary information (continued)

Cash flow statement (continued)

	2018-19 ¹			Note
	Actual	Original budget	Variance	
	\$000	\$000	\$000	
CASH FLOWS FROM FINANCING ACTIVITIES				
Financing receipts				
Proceeds of borrowings	700 000	1 155 000	(455 000)	17
Deposits received	47 603	(251 362)	298 965	18
Total financing receipts	747 603	903 638	(156 035)	
Financing payments				
Repayment of borrowings	3 596	3 596		
Total financing payments	3 596	3 596		
Net cash from/(used in) financing activities	744 006	900 042	(156 036)	
Net increase/(decrease) in cash held	(160 972)	(64 934)	(96 038)	
Cash at beginning of financial year	488 502	131 607	356 895	
CASH AT END OF FINANCIAL YEAR	327 530	66 673	260 857	

1 Budget amounts exclude the gross-up effect of payroll tax revenue and expenses on employee benefits.

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

- The \$115.4 million increase in taxes received from the 2018-19 Budget reflects:
 - increased stamp duties on financial and capital transactions of \$89.6 million due to a small number of very large commercial transactions increasing receipts in 2018-19
 - increased payroll tax of \$22.5 million due to a slower than expected wind-down of the construction phase of the INPEX LNG project and the associated transition from the workforce of employers associated with the project
 - an increase in unearned taxation receipts.
- GST revenue increased by \$28.8 million as per Commonwealth estimations of final GST pool and population growth for 2018-19.
- Specific purpose payments increased by \$32.7 million relating to Quality Schools funding.
- National partnerships payments increased by \$86.1 million predominantly due to the revised timing of NT Remote Aboriginal Investment funding of \$94.4 million combined with remote housing of \$35.4 million, offset by a net decrease in capital funding for roads and infrastructure projects of \$40.1 million.
- Current grants decreased by \$259.6 million primarily related to the early receipt of the Commonwealth's financial assistance payment for 2018-19 that was paid in 2017-18.
- Capital grants increased by \$10.9 million largely due to greater than anticipated funding for Roads to Recovery and other critical infrastructure upgrades (\$5.7 million), combined with school council contributions for capital improvements (\$4.5 million).

14. Budgetary information (continued)

7. Royalties, rents and dividends increased by \$166.5 million predominantly due to higher mining royalty collections of \$170 million, offset by lower dividends and income tax equivalents of \$7.8 million due to lower profitability within government owned corporations and timing of receipts.
8. Interest received has increased by \$24 million predominantly due to the realisation of gains within the COSR investments.
9. Superannuation benefits paid decreased by \$66.7 million predominantly due to a reduction in employer-funded contributions reflecting the one-off transfer of the LAMS Fund into CHA that was previously recognised as a superannuation plan asset and offset against the liability.
10. Other salary payments increased by \$12 million reflecting budgeted unallocated savings and budget repair allocated to respective agencies in 2018-19.
11. Interest paid decreased by \$7.1 million reflecting reduced borrowing requirements.
12. Appropriation payments increased by \$294.5 million as a result of new cabinet approved funding across various agencies and in line with Commonwealth tied funding agreements.
13. Net withdrawals and injections of \$46.5 million largely reflects the transfer of excess cash from general government agencies to CHA.
14. Other investing receipts increased by \$202.9 million reflecting the wind-up of the Northern Territory Infrastructure Development fund in 2018-19.
15. Advances and investments increased by \$122.2 million largely due to increases in COSR investments, combined with the one-off transfer of the LAMS Fund investment following the closure of the fund.
16. The increase of \$38.3 million reflects new government initiatives funded across various agencies and in line with tied Commonwealth capital funding agreements.
17. The decrease in borrowings reflects pre-funding a portion of the 2018-19 borrowing program in 2017-18 to take advantage of improved market conditions.
18. Deposits received increased by \$299 million due to higher than anticipated cash balances held by CHA on behalf of government entities.

15. Related parties

a) Related parties

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

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

b) Key management personnel

KMP of CHA are those persons having authority and responsibility for planning, directing and controlling the activities of CHA. The KMP of CHA for 2018–19 were:

- the Treasurer
- the Under Treasurer.

c) Remuneration of KMP

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

d) Related party transactions

Transactions with Northern Territory government-controlled entities

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

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

16. Contingent liabilities

In 2018–19, the Territory agreed to the intergovernmental agreement to participate in the National Redress Scheme which commenced 1 July 2018 for survivors of institutional child sexual abuse. While the Territory has recognised its share of compensation expense and associated liability, the scheme's legislation allows for a 'funder of last resort' provision with respect to defunct institutions where the Territory has agreed to accept the liability for the defunct institution.

At the date of this report, the Territory has not received any requests under the 'funder of last resort' provision. The risks of this liability are considered low, as it is assumed that most of the 'last resort' exposure will relate to the period before self-government in 1978 and will be the responsibility of the Commonwealth.

17. 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.



6 | Appendices

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Appendix 1 – 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 below.

Employment Instructions	Performance
<p>Number 1 – Filling vacancies</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 NTPS Recruitment and Selection Policy. In 2018-19, 14 positions were advertised. No appeals or grievances were lodged in 2018-19.</p>
<p>Number 2 – Probation</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.</p>
<p>Number 3 – Natural justice</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. DTF requires all staff to undertake disability confidence training and unconscious bias training.</p>
<p>Number 4 – Employee performance management and development systems</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>The new DTF performance planning and review procedure 'ROADmap' (reflection, objective, action and development) has been successfully rolled out across the agency. Information on the ROADmap process is available to all DTF employees on the DTF staff intranet, and included in the agency induction provided to all new DTF employees. Regular scheduled reporting of staff uptake is provided to the SHRC.</p>
<p>Number 5 – Medical examinations</p> <p>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.</p>	<p>No medical examinations were undertaken in 2018-19.</p>

Employment Instructions	Performance
Number 6 – Employee performance and inability	
Agency to provide OCPE with information relating to performance and inability.	No employee was retired on inability grounds at the employee’s request during 2018-19.
The agency has procedures in place for undertaking performance management and inability consistent with PSEMA and its subordinate legislation and any relevant award or enterprise agreement.	Appropriate performance management procedures are in place, and no staff were placed on performance improvement plans during 2018-19.
Number 7 – Discipline	
Agency to provide OCPE with information on the extent to which this employment instruction has been used by the agency.	No performance issues escalated beyond informal stage and there were no disciplinary processes in 2018-19.
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.	
Number 8 – Internal agency complaints and section 59 grievance reviews	
CEO must develop an internal employee grievance handling policy and procedure consistent with PSEMA, its subordinate legislation and any relevant award or enterprise agreement.	DTF has an internal employee grievance handling policy and procedure in place. There was one internal employee grievance lodged in 2018-19 which resulted in the Under Treasurer supporting the original decision made by SHRC in relation to the employee. There were no section 59 grievance reviews in 2018-19.
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 <i>Information Act (NT) 2002</i> regarding correction, collection and handling of personal information contained on an employee’s employment record.	Personnel records for DTF are maintained by the DCIS payroll unit. All human resources related documents are stored electronically through HP TRM using secure human resource files and security caveats to restrict access. Security and access reviews are undertaken quarterly.
Number 10 – Equality of employment opportunity (EEO) programs	
CEO must develop an EEO program consistent with PSEMA, its subordinate legislation, the <i>Anti-Discrimination Act 1992</i> 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.	DTF has the required policies and processes in place, and reports annually as part of the State of the Service reporting process. Initiatives in 2018-19 focused on raising awareness in relation to bullying and inappropriate workplace behaviour, and providing training on challenging unconscious bias.

Employment Instructions	Performance
<p>Number 11 – Occupational health and safety standards programs</p> <p>A CEO must ensure the application of appropriate occupational health and safety (OHS) standards and programs.</p> <p>Agency to report annually on OHS programs.</p>	<p>DTF has a complete work health and safety management system with associated procedural documentation, reporting and governance.</p>
<p>Number 12 – Code of Conduct</p> <p>The Code of Conduct stipulates the minimum standard of conduct expected of public sector officers as defined in PSEMA.</p> <p>CEO may issue an agency specific Code of Conduct consistent with PSEMA, its associated subordinate legislation, this code and any other relevant legislation.</p>	<p>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.</p> <p>Bullying awareness, disability confidence and unconscious bias training is to be undertaken by all staff.</p>
<p>Number 13 – Appropriate workplace behaviour</p> <p>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.</p>	<p>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.</p> <p>Appropriate workplace behaviour training is required of all staff and provided by DTF.</p>
<p>Number 14 – Redeployment and redundancy procedures</p> <p>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.</p>	<p>There were no surplus officers in 2018-19.</p>
<p>Number 15 – Special measures</p> <p>Sets out the requirements and conditions for approval of agency special measure plans, programs or arrangements.</p>	<p>DTF's Aboriginal Employment and Career Development Strategy aims to increase the Aboriginal workforce to 6.6 per cent by December 2021, with all participating in career development, training pathways and employment programs.</p> <p>Aboriginal recruitment is mainly through the Aboriginal employment programs.</p>

Appendix 2 – Audits and reviews

DTF is subject to the NT Auditor-General's audit program under the powers and responsibilities established by the *Audit Act 1995*. In 2018-19, the Auditor-General undertook the following agency audits and reviews:

Audit or review	Objective	Outcome
NTPS Superannuation Schemes	To review the seven NTPS public sector superannuation schemes and assess compliance with the Commonwealth's retirement income policy.	No significant matters were identified during the review.
Official Travel	To review DTF's compliance against the NTG travel policy and framework for staff for the period 1 July 2017 to 30 June 2018.	No significant matters were identified as a result of the review.
Value for Territory Audit	To test DTF's compliance with the obligations set out under the <i>Value for Territory</i> assurance program, which arises from the <i>Procurement Act 1995</i> , Procurement Regulations, Procurement Governance Policy and Rules and the Buy Local Plan.	No significant matters were identified during the audit.
Treasurer's Annual Financial Statements for the year ended 30 June 2018	To complete the audit of the accounts and records and form an opinion on the financial statements of TAFS for the year ended 30 June 2018.	An unmodified opinion was provided in respect of all sectors.
Natural Disaster Recovery and Relief Arrangements acquittal for the year ended 30 June 2018	Undertake audit verification to enable an opinion to be expressed upon the audited financial statement claim by the Territory under the Commonwealth's Natural Disaster Recovery and Relief Arrangements.	An unqualified audit opinion was issued.
End of Year Review for the year ended 30 June 2018	To assess the adequacy of selected aspects of controls over reporting, accounting and material financial transactions and balances with the primary purpose of providing support to the audit of the TAFS.	No significant matters were identified during the audit.
Performance management system audit – Northern Territory Infrastructure Development Fund for the period 1 May 2015 to 30 June 2018	To examine how the Northern Territory accounts for its investment in the NTIDF and the performance management system in place to ensure the Territory, through the NTIDF, realises its objectives economically, efficiently and effectively.	Observations were made in relation to the performance management system.
Financial statements of the Northern Territory Treasury Corporation for the year ended 30 June 2018	To audit the accounts and records and form an opinion on the financial statements of NTTC for the year ended 30 June 2018.	No significant matters identified during the audit.

Audit or review	Objective	Outcome
Financial statements audit – Legislative Assembly Members' Superannuation Fund for the year ended 30 June 2018	To audit the accounts and records and financial statements of the LAMS Fund pursuant to Section 7(2) of the <i>Legislative Assembly Members' Superannuation Contribution Act 2004</i> .	An unmodified audit opinion on the financial statements of LAMS was issued to the Superannuation Trustee Board.
Financial statements audit – Northern Territory Government and Public Authorities Employees' Superannuation Fund for the year ended 30 June 2018	To audit the accounts and records and form an opinion of the financial statements of the NTGPAES Fund pursuant to Section 43(2) of the <i>Superannuation Act 1986</i> .	An unmodified audit opinion on the financial statements of NTGPAES was issued to the Superannuation Trustee Board.
Financial statements audit – Northern Territory Police Supplementary Benefit Scheme for the year ended 30 June 2018	To audit the accounts and records and form an opinion of the financial statements of the NTPSBS for the year ended 30 June 2018.	An unmodified audit opinion on the financial statements of NTPSBS was issued to the Superannuation Trustee Board.
Agency Compliance Audit for the year ending 30 June 2019	To assess whether internal control systems include necessary features to ensure compliance with financial legislative obligations, in particular responsibilities under Treasurer's Directions and the Procurement Governance Policy and Rules by examining selected aspects of DTF's systems.	No significant matters were identified during the audit.
Expenditure Analytics	To identify the reasons for significant changes in the amount of DTF's expenditure for consulting and legal services in 2016, 2017 and 2018 financial years.	DTF provided explanations for the variances identified.
APEX System Internal Control	Audit of the APEX system to understand, risk assess and test the internal controls over the APEX application system, relating to financial audit requirements.	No significant matters were identified during the audit.
Treasurer's Annual Financial Statements Interim Audit and Territory Revenue Office for the year ending 30 June 2019	To plan and agree timetable and audit of TAFS and assess as to whether the internal controls in the TRO provide reasonable assurance in relation to revenue (e.g. taxes, fees, fines and Commonwealth GST and grants) due to the Territory.	The review found that the accounting and control procedures examined during the audit were generally satisfactory.
Interim financial statements audit – NTGPAES Fund Interim Financial Statements for the year ending 30 June 2019	The objective of the interim audit was to perform work to facilitate the end of financial year audit of the NTGPAES Fund's financial statements required, at the time of the interim audit, by section 43 (2) of the <i>Superannuation Act 1986</i> .	No significant matters were identified during the audit.

Appendix 3 – Legislation administered

Advance Bank Integration Act 1998

Appropriation (2018-19) Act 2018

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

Competition Policy Reform (Northern Territory) Act 1996

Electricity Networks (Third Party Access) Act 2000

Electricity Reform Act (provisions about economic regulation) 2000

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

Financial Management Act 1995

Financial Relations Agreement (Consequential Provisions) Act 2000

First Home Owner Grant Act 2000

Fiscal Integrity and Transparency Act 2001

Gaming Control Act (provisions about taxes and levies) 1993

Gaming Machine Act (Part 8) 1995

Government Owned Corporations Act 2001

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

Merlin Project Agreement Ratification Act 1998 (provisions about royalties)

Mineral Royalty Act 1982

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

Motor Accidents (Compensation) Act 1979

Motor Accidents (Compensation) Commission Act 2014

Motor Vehicles Act (Part V) 1949

National Electricity (Northern Territory) (National Uniform Legislation) Act 2015

Northern Territory Treasury Corporation Act 1994

Occupational Licensing (National Uniform Legislation) Act 2011

Payroll Tax Act 2009

Petroleum Act 3(provisions about royalties) 1984

Property Activation Act 2019

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

Revenue Units Act 2009

Soccer Football Pools Act (provisions about duties) 1978

Stamp Duty Act 1978

Superannuation Act 1986

Superannuation Guarantee (Safety Net) Act 1993

Taxation Administration Act 2007

Territory Insurance Office (Sale) Act 2014

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

Unclaimed Superannuation Benefits Act 1998

Utilities Commission Act 2000

Water Supply and Sewerage Services Act 2000 (provisions about economic regulation)

Appendix 4 – Legislative changes 2018-19

Home owner assistance scheme

As part of the 2019-20 Budget, changes were made to the Territory home owner assistance schemes. The *Stamp Duty Act 1978* was amended to introduce a new Territory home owner discount from 8 February 2019, cease the principal place of residence rebate from 8 February 2019, cease the first home owner discount from 7 May 2019 and cease all stamp duty assistance schemes from 30 November 2020. The *First Home Owner Grant Act 2000* was also amended, to reduce the grant to \$10 000 from 7 May 2019.

Gaming Machine Regulations

The 2019-20 Budget also included a measure to amend the Gaming Machine Regulations to remove the ability to increase the gaming machine tax rates and thresholds for hotels and taverns by Gazette. This change provides certainty for venues that community and capital investment can be undertaken on the basis that current taxation rates will be maintained.

Property Activation Levy

The *Property Activation Act 2019* was passed as part of the 2019-20 Budget and provides for a levy on vacant land and unoccupied non-residential buildings in the Darwin central business district. The levy is imposed at a rate of 1 per cent of the unimproved capital value for unoccupied non-residential buildings and 2 per cent for vacant land. Owners can prevent the levy applying by activating their property and ensuring it is maintained to a reasonable standard.

A Guideline, CG-PAA-001: Activation of Lots, has been issued to assist owners in identifying potential activation options that may be appropriate for their property.

Superannuation arrangements

During 2018 a number of reforms were announced to the management and administration of closed public sector defined benefit superannuation and pension schemes. The majority of those reforms were introduced by the *Superannuation Legislation Amendment Act 2019*, which:

- amended and renamed the *Legislative Assembly Members' Pensions Act 1979* (formerly the *Legislative Assembly Members' Superannuation Fund Act 1979*) by:
 - transferring the fund established that Act to CHA, with pensions under the Act then paid from CHA
 - transferring responsibility for administering the Act from the Superannuation Trustee Board to the Commissioner of Superannuation (Commissioner)
- amended the *Superannuation Act 1986* and NTGPASS Rules to:
 - allow the transfer of the NTGPAES Fund, to a new trustee to manage and invest on behalf of NTGPASS members
 - ensure NTGPASS members still contribute to their superannuation savings, and continue to accrue their entitlement to receive Territory-funded defined benefits
 - expand the Commissioner's reporting obligations so the Commissioner is required to report on all the superannuation schemes administered by that position, not only NTGPASS
 - abolish the nine-member Superannuation Trustee Board after all other reforms had occurred, and transferred its remnant functions and powers to the Commissioner.

Importantly, none of the reforms made by the *Superannuation Legislation Amendment Act 2019* reduce the defined benefits paid to NTGPASS members or the pensions and benefits payable under the *Legislative Assembly Members' Pensions Act 1979*.

Motor Accidents (Compensation) Act 1979 amendments

In 2018-19, the *Motor Accidents (Compensation) Act 1979* was amended to ensure anybody who is working and injured in a motor vehicle accident, regardless of their age, is eligible to receive loss of earning capacity benefits, subject to a two-year time limit for those who have reached or exceed pension age. The change will ensure a fairer outcome for claimants who have reached retirement age.

Appendix 5 – Abbreviations

AARC	AustralAsia Railway Corporation	LAMS	Legislative Assembly Members' Superannuation Scheme
AASB	Australian Accounting Standards Board	LNG	liquefied natural gas
AO	administrative officer	NTG	Northern Territory Government
ATO	Australian Taxation Office	NTGDIS	Northern Territory Government Death and Invalidity Scheme
CEO	chief executive officer	NTGPAES	Northern Territory Government and Public Authorities' Employees Superannuation Fund
CGC	Commonwealth Grants Commission	NTGPASS	Northern Territory Government and Public Authorities' Superannuation Scheme
CHA	Central Holding Authority	NTPS	Northern Territory Public Sector
COSR	Cost of Service Reserve	NTPSBS	Northern Territory Police Supplementary Benefit Scheme
CSO	community service obligation	NTSSS	Northern Territory Supplementary Superannuation Scheme
CSS	Commonwealth Superannuation Scheme	NTTC	Northern Territory Treasury Corporation
DCIS	Department of Corporate and Information Services	OCPE	Office of the Commissioner for Public Employment
DCM	Department of the Chief Minister	PEEPs	Personal Emergency Evacuation Plans
DTF	Department of Treasury and Finance	ppt	percentage point
EAP	employee assistance program	PSEMA	<i>Public Sector Employment and Management Act 1993</i>
ECL	expected credit loss	RAC	Risk and Audit Committee
ECO	executive contract officer	SAO	senior administrative officer
FMA	<i>Financial Management Act 1995</i>	SHRC	Strategic Human Resources Committee
FTE	full-time equivalent	SMG	Senior Management Group
FVOCI	fair value through other comprehensive income	TAFS	Treasurer's Annual Financial Statement
FVTPL	fair value through profit or loss	TRO	Territory Revenue Office
GSP	gross state product	UPF	Uniform Presentation Framework
GST	goods and services tax	WHS	work health and safety
GWA	GWA (North) Pty Ltd	WHSC	Work Health and Safety Committee
ICT	information and communications technology	WILS	Work Integrated Learning Scholarship
IMC	Information Management Committee		
IT	information technology		
JPS	Supreme Court Judges' Pension Scheme		
KMP	key management personnel		
KPI	key performance indicator		

Appendix 6 – Glossary

Accountable Officer's Trust Account

Established under section 7(1) of the *Financial Management 1995* (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 Arrangements Order

A list of ministers of the Northern Territory, agencies, Acts and principal areas of government for which they are responsible.

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 at some future time, for the purposes stated, up to the limit of the amount in the particular Act.

Australian Accounting Standards

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

Australian Bureau of Statistics

Australia's official national statistical agency, providing statistics on economic and social matters covering government, business and population.

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 CHA for capital items.

Capital grants

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

Central Holding Authority (CHA)

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.

Commitment

A binding agreement for the exchange of a specified quantity of resources at a specified price on a specified future date or dates. Includes operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Commonwealth appropriation

A form of appropriation resulting from the Intergovernmental Agreement on Federal Financial Relations agreed by the Council of Australian Governments, effective from 1 January 2009. Specific purpose and national partnership payments from the Commonwealth are received by DTF, on behalf of CHA and passed on to agencies authorised through Commonwealth appropriations.

Commonwealth Grants Commission

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 government to achieve identifiable community or social objectives that would not be achieved if left to commercial considerations.

Comprehensive result

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

Contingent liability

A potential financial obligation arising out of a condition, situation, guarantee or indemnity, the ultimate effect of which will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

Corporate governance

A structured framework by which DTF directs and controls its business, and which guides how decisions are made, risks managed and the agency's future is planned. These decisions in turn guide the necessary planning, budgeting and management of agency performance, and support DTF's 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.

Current grants

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

Doubtful debt

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

Executive contract officer

Executive contract 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 5 of 2019.

Expense

A cost or outflow of financial resources from an agency.

Fair value

A 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.

Finance lease

Lease agreements that transfer substantially all the risks and benefits relating to ownership of an asset from the lessor (legal owner) to the lessee (party using the asset).

Financial asset

Any asset that is:

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

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

Financial guarantee

A financial guarantee is an undertaking to make payments to reimburse a lender for a loss incurred should a specified borrower default.

Financial instrument

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

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.

Government owned corporation

An entity in which its objectives are to operate at least as efficiently as any corporate business and maximise sustainable returns to government. The *Government Owned Corporations Act 2001* adopts the shareholder model of corporate governance. The Territory has three government owned corporations: Power and Water Corporation, power generation corporation (Territory Generation) and power retail corporation (Jacana Energy).

Grants

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

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

Guarantee

An undertaking to assume responsibility for the debt of, or performance obligations by another party should the party default.

Indemnity

A written undertaking to compensate, protect or insure another person or entity against future financial loss, damage or liability.

Interest expense

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

Intergovernmental agreement

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

Key management personnel (KMP)

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

Loss allowance

Loss allowance is an estimate of expected credit loss on a financial asset for which a provision has been made.

National partnership agreements

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

National partnership payments

National partnership payments are tied Commonwealth grants provided to states and territories to enable them to achieve the outcomes and outputs of a national partnership agreement.

Non financial assets

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

Office of the Commissioner for Public Employment (OCPE)

Under section 12 of the *Public Sector Employment and Management Act 1993* (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's statutory employer role, as defined in section 13 of the PSEMA.

Operating account

A government business division operating account or an agency operating account established under section 6(1) of the FMA.

Operating result

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

Outcomes

Outcomes are expressions of the intended results, impacts or consequences on the Territory community of outputs provided by agencies. Outcomes represent the objectives 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.

Outputs/output groups

Outputs/output groups are the services provided or the goods produced by an agency for users external to the agency. Government purchases outputs in order to achieve policy objectives or outcomes. Output groups aggregate similar or related agency outputs and are applied primarily for reporting purposes.

Payables

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

Provisions

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

Public account

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

Receivables

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

Related parties

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

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

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

Total public sector

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

Transactions

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

Uniform Presentation Framework (UPF)

Under the UPF, Commonwealth, state and territory governments have agreed to publish information in a standard format in budget papers. The UPF is based on accounting standard AASB 1049 Whole of Government and General Government Sector Financial Reporting, which harmonises Government Finance Statistics and generally accepted accounting principles with the objective of improving the clarity and transparency of government financial statistics.

Whole of government financial report

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

Appendix 7 – Directory

Department of Treasury and Finance

treasury.nt.gov.au

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19 The Mall, Darwin NT 0800
GPO Box 1974, Darwin NT 0801
(unless stated otherwise, please use the above postal address)

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Business hours: 8:00 am to 4:30 pm

Executive

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Financial Management Group

treasury.nt.gov.au/dtf/financial-management-group

Telephone: +61 8 8999 6087

Email: financialmanagementgroup.dtf@nt.gov.au

Economic Group

treasury.nt.gov.au/dtf/economic-group

Telephone: +61 8 8999 6801

Email: economics.dtf@nt.gov.au

Territory Revenue Office

revenue.nt.gov.au

GPO Box 154, Darwin NT 0801

Telephone: 1300 305 353

Email: ntrevenue@nt.gov.au

Northern Territory Superannuation Office

super.nt.gov.au

GPO Box 4675, Darwin NT 0801

Telephone: +61 8 8901 4200 or 1800 631 630

Facsimile: +61 8 8901 4222

Email: ntsuperannuation@nt.gov.au

Northern Territory Treasury Corporation

treasury.nt.gov.au/dtf/nttc

GPO Box 2035, Darwin NT 0801

Telephone: +61 8 8999 7745

Facsimile: +61 8 8999 7449

Email: nttc@nt.gov.au

Treasury Financial Services

Telephone: +61 8 8999 6158

Utilities Commission

utilicom.nt.gov.au

GPO Box 915, Darwin NT 0801

Telephone: +61 8 8999 5480

Email: utilities.commission@nt.gov.au

Information Policy Officer

treasury.nt.gov.au/InformationAct

Telephone: +61 8 8999 5429

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