

Department of TREASURY AND FINANCE

# ANNUAL REPORT 2020-21

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Enquiries can be directed to:

Department of Treasury and Finance  
Charles Darwin Centre, 19 The Mall Darwin NT 0800  
GPO Box 1974, Darwin NT 0801  
Telephone: +61 8 8999 7425  
Email: [enquiries.dtf@nt.gov.au](mailto:enquiries.dtf@nt.gov.au)

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

Dear Treasurer

In accordance with the provisions of the *Public Sector Employment and Management Act 1993* (PSEMA), I am pleased to submit the 2020-21 Annual Report on the activities and achievements of the Department of Treasury and Finance (DTF).

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

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

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

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

Yours sincerely

A handwritten signature in blue ink, appearing to read "Craig Graham".

Craig Graham  
Under Treasurer

30 September 2021



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## List of acronyms

AASB	Australian Accounting Standards Board	FITA	<i>Fiscal Integrity and Transparency Act 2001</i>
ABS	Australian Bureau of Statistics	FMA	<i>Financial Management Act 1995</i>
AO	administrative officer	FTE	full-time equivalent
ARMC	Audit and Risk Management Committee	GST	goods and services tax
ATO	Australian Taxation Office	HR	human resources
CEO	chief executive officer	ICT	information and communications technology
CGC	Commonwealth Grants Commission	KMP	key management personnel
CHA	Central Holding Authority	NTPS	Northern Territory Public Sector
CMC	Department of the Chief Minister and Cabinet	NTPSBS	Northern Territory Police Supplementary Benefit Scheme
COSR	Conditions of Service Reserve	NTTC	Northern Territory Treasury Corporation
CSO	community service obligation	OCPE	Office of the Commissioner for Public Employment
DCDD	Department of Corporate and Digital Development	PSEMA	<i>Public Sector Employment and Management Act 1993</i>
DGC	Digital Governance Committee	SAO	senior administrative officer
DIPL	Department of Infrastructure, Planning and Logistics	SHRC	Strategic Human Resources Committee
DTF	Department of Treasury and Finance	SMG	Senior Management Group
EAP	employee assistance program	TAFS	Treasurer's Annual Financial Statements
ECL	expected credit loss	TRO	Territory Revenue Office
ECO	executive contract officer	WHS	work health and safety

## Purpose of the report

The Department of Treasury and Finance (DTF) Annual Report 2020-21 has been prepared in accordance with the annual reporting requirements specified in section 28 of the PSEMA, and sections 11 and 13 of the FMA.

Its primary purpose is to report to the Treasurer on DTF's performance in 2020-21 against approved budget outputs and performance measures. Other stakeholders include government, the community, government agencies and DTF staff.

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

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

## Related annual reporting

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

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





# The agency

DTF's primary role is to promote the long-term development of the Territory, focusing on sustainable government finances, economic efficiency and effective risk management.

DTF provides specialist fiscal, economic and commercial policy advice to government, focusing on sustainable government finances, economic efficiency and effective risk management.



## Under Treasurer's review

I am pleased to present the Department of Treasury and Finance's Annual Report for the year ended 30 June 2021.

### Economic overview

The COVID-19 pandemic continued to pervade the economic and business environment throughout 2020-21. Governments around the world have implemented strict measures to slow the transmission and reduce the impact of the virus, some of which have caused substantial economic dislocation. In response, both the Territory and Commonwealth governments implemented substantive economic stimulus measures to support individuals, households and businesses.

The economic recovery in 2020-21 was stronger than anticipated, supported by the Territory's effective health response to COVID-19 and policy and fiscal interventions designed to mitigate the economic risks of COVID-19 as the economy returns to 'normal'. Latest data reports the Territory economy has weathered the impacts of COVID-19 relatively well and is on a growth trajectory, with state final demand increasing by 6.2% in 2020-21. COVID-19 still continues to affect some industries more than others, notably tourism, which is being impacted by reduced visitation due to the closure of international borders and ongoing uncertainty around border restrictions across Australia.

The Territory's population is also growing again, with net interstate migration reporting its best results since 2012 as outflows to other jurisdictions have fallen considerably. This has supported demand for housing, with property prices up, vacancy rates near historical lows and building approvals for private dwellings up over 50% compared with 2019-20. Growth in the Territory's population is forecast to strengthen in the medium term and will be vital to economic growth going forward.

### Fiscal overview

Governments are now managing the global and national economic repercussions of COVID-19 for their budgets and financial systems.

The Territory's fiscal position continues to be influenced by the global and national economic impacts of COVID-19.

Stronger than expected national GST collections, following the easing of restrictions in early 2021, combined with improved returns from financial markets have resulted in a significant improvement in Territory revenue for 2020-21. Operating expenses remained high as the Territory Government continued COVID-19 economic stimulus measures in early 2020-21, as well as the Territory's public health response to COVID-19 and the vaccine roll-out. Additional resources have been directed to the operations of mandatory quarantine facilities for returning Territorians, and repatriated Australians funded by the Commonwealth.

Late 2020-21 saw the resumption of sporadic lockdowns affecting the Territory and other jurisdictions. The unpredictability of lockdowns, their duration and effect on public consumption and spending are posing a significant challenge for all states and territories. It is anticipated that the progression of the vaccine rollout during 2021-22 will reduce the likelihood and severity of lockdowns and return stability to national economic (therefore fiscal) conditions.

The Territory Government continued to progress actions in 2020-21 to return the budget to a sustainable position as part of *A plan to fix the budget*. Two new measures from the plan will commence 1 July 2021 to strengthen budget accountability, including amendments to the FMA requiring chief executives to limit expenditure to within their approved budget, and amendments to the *Fiscal Integrity and Transparency Act 2001* (FITA) to establish a debt ceiling. The introduction of these measures underpin government's commitment to budget repair and strengthened financial accountability.

## Agency overview

In 2020-21, DTF continued to lead the implementation of government's budget repair strategy, working closely with government and agencies to implement *A plan to fix the budget*. Additionally, DTF provided policy advice on major projects, fiscal discipline, Commonwealth funding, own-source revenue, the economy, statistical reporting and microeconomic reform. Our work assisted the government with resource allocation decisions and financial management strategies.

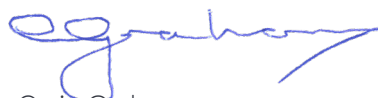
During 2020-21 DTF consistently highlighted the unique fiscal and service delivery challenges faced in the Territory to maximise funding outcomes for the Territory, through submissions to the Council on Federal Financial Relations, Board of Treasurers and ongoing negotiations with funding agreements.

The Territory Revenue Office (TRO) administered payroll tax relief for businesses experiencing hardship due to COVID-19, along with the BuildBonus and HomeBuilder grants that were designed to stimulate residential construction and broader economic activity, while assisting Territorians building a new home.

DTF managed two budget processes, with the 2020-21 Budget delayed due to COVID-19 (as agreed by all jurisdictions) and the 2021-22 Budget handed down at the usual time.

DTF is also taking a broader role, in collaboration with other agencies, in ensuring the government meets all its superannuation obligations. This is in addition to managing the defined benefit schemes.

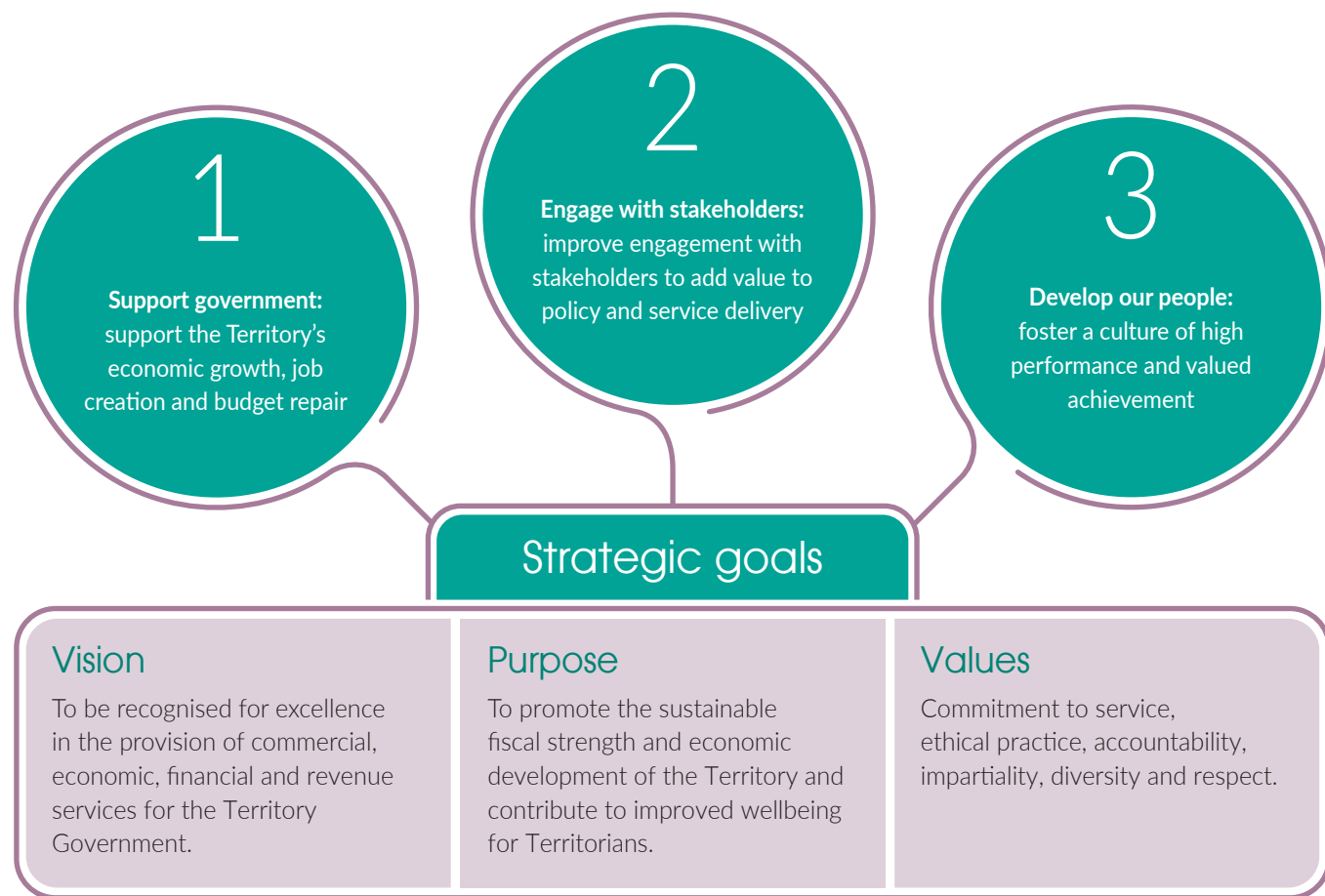
I would like to thank DTF's hard working staff who continue to contribute to the important work DTF does supporting government's priorities.



Craig Graham  
Under Treasurer

# Our strategy

The agency's 2020–2023 Corporate Plan commenced in 2020-21.

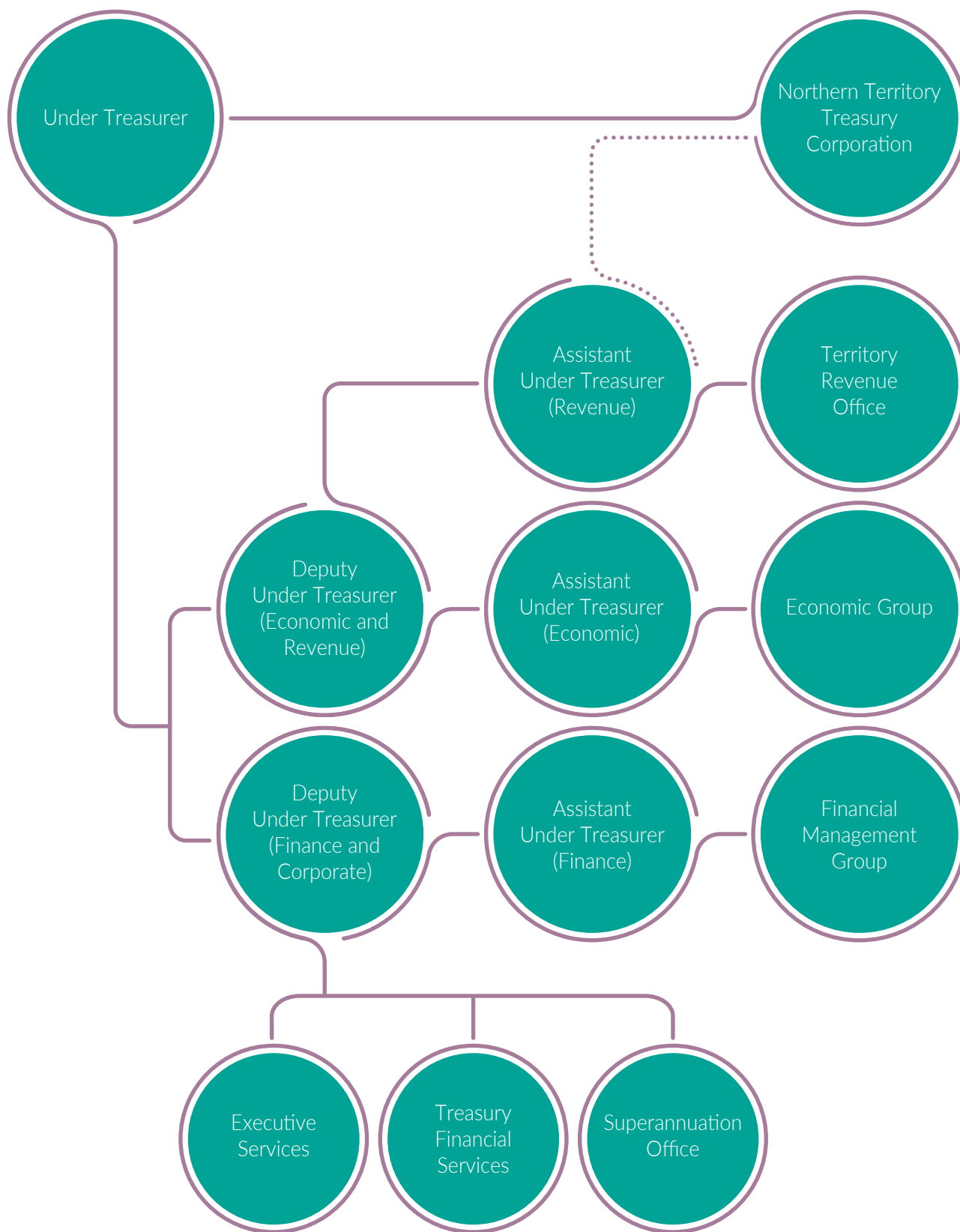


Key actions for 2020-21 were implemented throughout the year, with six-monthly performance monitoring undertaken by the Senior Management Group (SMG) and reported to staff.

Key actions for the 2021-22 year have been determined based on the achievements in 2020-21 outlined later in this report.

# Organisation

as at 30 June 2021



## Functions of the agency

The functions of DTF are provided through six business areas – 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 on compliance with the framework and Australian accounting standards, and financial leadership to the Northern Territory Public Sector (NTPS).
- Analyses and provides advice on whole of government resource allocation issues, including major government projects and initiatives with funding implications to support achievement of key fiscal targets.
- Develops the Territory's infrastructure program from a whole of government perspective.
- Monitors whole of government and agencies' financial performance.
- Manages the Central Holding Authority (CHA).
- Administers and manages reporting obligations as prescribed in the FMA and the FITA, including the fiscal strategy.
- Leads the development and implementation of government's budget repair strategy.
- Coordinates organisational reviews to improve efficiency and accountability across government.
- Maintains the whole of government program evaluation framework to enhance the evidence base for policy decisions.
- Manages whole of government financial data returns to the Australian Bureau of Statistics (ABS) in accordance with the Government Finance Statistics Framework.

### Economic Group

- Undertakes economic analysis and provides economic policy advice to government and other government agencies.
- Provides commercial advice on major projects, initiatives and policies.
- Publishes information on economic and demographic trends that affect the Territory economy.
- Advises on the performance and governance of the Territory's government owned corporations.
- Conducts research and statistical coordination across government.
- Provides strategic advice and coordinates the Territory's participation in various intergovernmental forums.
- Undertakes GST and Commonwealth revenue modelling and forecasting.
- Manages submissions and data returns to the Commonwealth Grants Commission (CGC).
- Negotiates, develops and provides advice on funding agreements with the Commonwealth.
- Manages Territory input to major national economic inquiries and reviews.

## Territory Revenue Office

- Collects Territory revenue in accordance with the relevant tax and royalty legislation.
- Administers and provides advice on grant, tax and royalty legislation.
- Provides information and guidance to assist tax and royalty payers with compliance.
- Reduces risk to revenue and promotes compliance through monitoring, data matching and audit activity.
- Promotes first home ownership through the provision of grants.
- Undertakes revenue modelling and forecasting.
- Modernises and updates tax and royalty-related data systems to improve user experience.

## Northern Territory Superannuation Office

- Provides superannuation services and advice to the Commissioner for Public Employment and various agencies to enable government to meet its obligations.
- Responsible for the NTPS superannuation policy and legislation for a range of defined benefit superannuation schemes.
- Provides services to members of various schemes and supports scheme trustees.
- Administers and makes benefit payments.

## Treasury Financial Services

- Provides financial and reporting services to the NTTC and Northern Territory Superannuation Office.
- Administers the Disaster Recovery 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.
- Provides corporate communications and publishing services for the agency.

## Associated entities

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

### Northern Territory Treasury Corporation

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

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

For further information about NTTC, please visit [treasury.nt.gov.au/nttc](https://treasury.nt.gov.au/nttc)

### Utilities Commission

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

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

For further information about the Utilities Commission, please visit [utilicom.nt.gov.au](https://utilicom.nt.gov.au)



# Our performance

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This chapter reports DTF's achievements in 2020-21 and priorities for 2021-22 in relation to its strategic goals, as well as its output performance against planned outcomes for 2020-21.

DTF's financial responsibilities include preparing both its own financial statements as well as those of CHA, reflecting DTF's whole of government responsibilities.

# The year in review – 2020-21 achievements

## Goal 1: Support the Territory's economic growth, job creation and budget repair

### Achievements:

- Continued coordinating the implementation of recommendations from *A plan to fix the budget*.
- Implemented legislative amendments to FITA and FMA to legislate a debt ceiling and support government's strengthening accountability framework through the *Financial Integrity and Revenue Legislation Amendment Act 2021*.
- Developed the whole of government organisational review framework.
- Delivered the COVID-19 Financial Report, 2019-20 Treasurer's Annual Financial Report, and the 2020-21 and 2021-22 Budgets.
- Provided financial, commercial and economic advice to government and agencies on resource allocation and major infrastructure projects.
- Strengthened the accountability framework for government owned corporations by requiring fiscal strategy targets to be published in their statements of corporate intent.
- Assisted the Treasurer with his responsibilities as shareholding minister for the government owned corporations, including review of performance against the fiscal strategy targets.
- Contributed to the work of the Territory Economic Reconstruction Commission to identify medium and long-term legislative reforms to assist in the Territory's post-COVID-19 economic recovery.
- Developed a draft cost recovery framework for strategic regional environmental and baseline assessment, and petroleum regulatory services in response to the Hydraulic Fracturing Inquiry recommendations.
- Implemented other legislative changes:
  - the *Financial Integrity and Revenue Legislation Amendment Act 2021* amended the *Racing and Betting Act 1983* to reform gambling taxation arrangements for licensed bookmakers and betting exchanges (*A plan for budget repair* action)
  - the *Taxation Administration Amendment Act 2021* improves the legislative framework applicable to special tax return arrangements for conveyancing agents
  - the *Mineral Royalty Amendment Act 2021* restricts the deductibility of mining security levies and associated costs in response to a Supreme Court decision, and modernises the delegations provisions of the *Mineral Royalty Act 1982* to enhance administrative efficiency
  - the *Treasury and Finance Legislation Amendment Act 2020* updated the cessation dates of home owner stamp duty concessions, extended the hiring resident employees payroll tax exemption and froze the value of a revenue unit as a COVID-19 relief measure.
- Administered the BuildBonus Scheme, approving 430 grant applications during the year, and processing a further 220.
- Administered the extended Commonwealth-funded HomeBuilder grant in accordance with the national partnership agreement, approving 270 grant applications and processing a further 250.
- Administered the tax relief component of the Jobs Rescue and Recovery Plan's Business Hardship Package, providing waivers of payroll tax to support over 630 employers.
- Published guidelines and updated forms to enhance transparency and support taxpayer education and engagement with tax and royalty responsibilities.
- Participated in a review of existing revenue management systems and identified priorities for future system development.
- Guided agencies in formulating important policy settings that reflect sound economic principles, including providing ongoing contribution to Northern Territory Electricity Market Priority Reforms, and the Automatic Mutual Recognition scheme, as legislation passed through the Commonwealth Parliament.

- Successfully coordinated submissions to the CGC 2021 data request.
- Provided analysis and clear advice to facilitate the Territory's participation in various intergovernmental forums, at ministerial and officials levels.
- Administered government's defined benefits scheme and assisted in ensuring government meets its superannuation guarantee obligations.
- Commenced implementation of the next phase of disaster recovery funding arrangements reform, which will continue through to 2024.
- Investigated a complaint in accordance with the Northern Territory's Policy Statement on Competitive Neutrality.

## Goal 2: Improve engagement with stakeholders to add value to policy and service delivery

### Achievements:

- Issued new and revised Treasurer's Directions for carryovers, fraud control, infrastructure and Treasurer's Advance to contemporise and streamline policy and guidance for agencies.
- Developed an online toolkit to support the whole of government evaluation framework, and coordinated the Program Evaluation Community of Practice.
- Delivered whole of government presentations and workshops on program evaluation, new Treasurer's Directions and accounting policy.
- Engaged with and provided advice and assistance to other government agencies on major investment projects and government contracts.
- Worked closely with DCDD and the Office of the Commissioner for Public Employment (OCPE) to address a number of the findings and recommendations arising from the Auditor-General's June 2020 Incorrect Payment of Superannuation (Section 14 Directive) Audit.
- Assisted government, agencies and stakeholders in developing policies, proposals and budget strategies, providing expert economic and financial advice.
- Provided analysis and advice to assist the Territory Economic Reconstruction Commission, Team Territory and the Department of Industry, Tourism and Trade.
- Promoted fiscal transparency and met reporting obligations as specified in the FITA, FMA and PSEMA.
- Continued to engage with relevant Territory government agencies and the Commonwealth in reviewing applications to the Foreign Investment Review Board.
- Conducted significant stakeholder consultation on electricity market dispatch and settlement arrangements, including releasing position and consultation papers on a reliability framework.
- Continued to engage with the Commonwealth to reach better outcomes and funding arrangements for the Territory.
- Collaborated with the Department of Industry, Tourism and Trade to administer applications under COVID-19 business hardship programs.
- Conducted industry consultation on opportunities to modernise the Territory's petroleum royalty regime.
- Engaged in industry briefings with agents and conveyancers to provide information and guidance on changes to conveyance-by-return special tax return arrangements.
- Provided information and assistance to stakeholders in relation to Disaster Recovery Funding Arrangements requirements, and to the Royal Commission into National Natural Disaster Recovery Arrangements.

## Goal 3: Foster a culture of high performance and valued achievement

### Achievements:

- Implemented key actions of the first year of the 2020–2023 Corporate Plan, including regular monitoring and reporting against key objectives.
- Facilitated secondment and mobility opportunities to broaden the skills and capabilities of staff, and assist with career and succession planning.
- Focused on personal career planning and professional development with staff through:
  - the ROADmap performance agreement
  - targeted seminars and academic publications to increase subject matter expertise (Tax Institute) and core workplace skills (LinkedIn Learning)
  - study assistance, a development framework and on-the-job training that is of mutual benefit to staff and the agency as a whole
  - middle level career development program
  - training opportunities tailored to working in DTF, including the cadetship program, DTF graduate program, vacation employment program and internal and external secondments
  - in-house training in a range of subject areas including fraud, procurement, program evaluation and risk.
- Supported staff to maintain a range of professional memberships to ensure skills remain contemporary.
- In consultation with staff, developed DTF’s People Matter Response Plan for implementation over the next two years.
- Implemented DTF’s Disability Action Plan and Special Measures Recruitment Plan.
- Formulated and implemented strong agency financial management, corporate governance, internal audit, risk management and control processes, with support from the Department of the Chief Minister and Cabinet (CMC) Shared Services.
- Collaborated with DCDD Shared Services to deliver strategic human resources (HR), and information and communications technology (ICT) priorities for DTF.
- Strengthened work health and safety (WHS) awareness in the workplace by regular and consistent messaging and quarterly workplace inspections.
- Complied with obligations under the Northern Territory Police Supplementary Benefit Scheme (NTPSBS) Trust Deed. An unmodified audit opinion was issued for the year ended 30 June 2020.
- Complied with obligations under the *Northern Territory Treasury Corporation Act 1994*, PSEMA and FMA. An unmodified audit opinion was issued for the year ended 30 June 2020.

# Future priorities

## Goal 1: Support the Territory's economic growth, job creation and budget repair

### Priorities:

- Continue to lead implementation of the government's fiscal strategy.
- Assess and report agency and chief executive financial performance in accordance with the budget accountability framework.
- Continue to coordinate the implementation of recommendations from *A plan to fix the budget*.
- Coordinate the organisational review schedule.
- Develop a performance reporting Treasurer's Direction.
- Continue to provide comprehensive economic and commercial advice on major projects and initiatives to government and other government agencies.
- Support the evaluation and facilitation of major investment projects by government and agencies.
- Shape policy to inform Territory Government investment decisions and support its key fiscal targets.
- Pursue an appropriate balance between a competitive tax environment and the Territory's own-source revenue requirements.
- Continue to review and identify reform opportunities for revenue laws, systems and educational tools to enhance taxpayer engagement and understanding, and modernise the administration of the Territory's royalty regimes.
- In collaboration with DCDD, progress procurement and development of an integrated revenue management system.
- Collaborate with internal and external stakeholders to progress necessary reforms to facilitate electronic conveyancing.
- Enhance the accountability and governance framework for government owned corporations and continue to monitor performance against their statements of corporate intent and fiscal strategy targets.
- Implement a regulatory cost recovery framework as part of responding to the Hydraulic Fracturing Inquiry recommendations.
- Finalise and implement frameworks for managing commercial interests and pricing government services.
- Contribute to national and Territory water policy reform, including developing options to improve economic regulation of water and sewerage services.
- Ensure appropriate taxation arrangements are implemented to support the Territory's electric vehicle strategy.
- Provide leadership in microeconomic reform to support a strong, competitive economy and improve productivity and efficiency.
- Continue to support the Treasurer and senior officials to participate in intergovernmental responsibilities as part of the Council on Federal Financial Relations, the Board of Treasurers and a range of other inter-jurisdictional forums.
- On behalf of the Territory, make submissions to the CGC Methodology Update 2022.
- Strongly advocate the Territory's interests in its fiscal relations with the Commonwealth.

## Goal 2: Improve engagement with stakeholders to add value to policy and service delivery

### Priorities:

- As part of the continuing review of the Financial Management and Accountability Framework, contemporise Treasurer's Directions, associated legislation, policies and procedures to ensure best practice, in consultation with agencies.
- In collaboration with DCDD, implement 'SAGE' a single, consolidated budget management system to be utilised by all agencies.
- In collaboration with DCDD, develop a whole of government professional services panel contract to support agency program evaluations.
- Coordinate the rolling schedule of program evaluations and provide advice to government.
- Provide expert economic and financial advice that is sought and valued by key stakeholders.
- Continue to support taxpayers affected by COVID-19 by prioritising refunds, and facilitating arrangements for instalment arrangements where appropriate.
- Continue to work with agencies to enhance data sharing opportunities to improve tax and royalty compliance, as well as analysis and forecasting integrity.
- Engage with prospective mineral and petroleum producers to educate and assist them prepare for their future royalty obligations.
- Design and implement reforms of the onshore petroleum royalty regime to improve investment certainty.
- Consider opportunities for improved funds management and investment outcomes across government.
- With input from key economic stakeholders, continue to improve the current suite of economic data and analysis outputs.
- Using DTF's collaboration principles, continue to actively engage with agencies and work closely with relevant stakeholders to identify and assess economic policy options and regulatory reform priorities that achieve the best value for Territory outcomes.
- Strengthen relationships with agencies to ensure advice is clear, concise and meets government and agency needs.
- Work closely with the ABS and agencies to improve the quality of Census 2021 data for the Territory.
- Continue to engage with stakeholders on electricity market reform.
- Conduct a review of the Property Activation Levy in consultation with relevant stakeholders.
- Advise and work with various departments, such as DCDD, OCPE, DTF and the Department of the Attorney-General and Justice, to ensure the government meets its superannuation obligations.
- Provide information and assistance to stakeholders in relation to Disaster Recovery Funding Arrangements requirements to enable the Territory to make its claim.
- Continue implementing the next phases of disaster recovery funding arrangements reform through to 2024.

## Goal 3: Foster a culture of high performance and valued achievement

### Priorities:

- Implement DTF's People Matter Response Plan and track progress.
- Develop a strategic workforce plan, and implement workforce development strategies to build capacity, capability and succession planning through secondment, exchange opportunities (including with South Australia's DTF), higher duties, participation in working groups, mobility and other career development approaches.
- Attract talented staff through innovative recruitment activities and promotion of DTF as an employer of choice on the web and other channels.
- Manage key person risk through succession planning and development of a leadership strategy, and improving cross-training and staff rotation opportunities at all levels across DTF.
- Ensure all staff have a ROADmap and career plan in place, and encourage staff to identify development needs and opportunities with their managers.
- Continue to facilitate flexible work arrangements that suit business needs and ensure preparedness for pandemic lockdowns and other potential business interruptions.
- Work with DCDD to deliver HR, digital governance and information technology priorities to ensure DTF has the right technology, systems and processes to meet its strategic objectives.
- Continue to strengthen effective agency financial management, corporate governance, internal audit, risk management and control processes, in collaboration with CMC Shared Services.
- Monitor and regularly report on the Corporate Plan and corporate governance.
- Develop and implement a wellbeing and resilience strategy.
- Develop and implement a diversity and inclusion policy, including DTF's 2022–2027 Indigenous Employment and Career Development Strategy.

# Output performance reporting

This section reports the agency's performance against planned outcomes for 2020-21, as presented in Budget Paper No. 3.

Output group	2020-21 Budget	2020-21 Actual	KPI met/ not met	Note
<b>Financial management</b>				
Compliance with financial reporting and disclosure obligations, as specified in the FITA	100%	100%	Met	
Ministerial advice provided within allotted timeframes	≥ 80%	77%	Not met	1
<b>Economic</b>				
Variation between key economic forecasts and actual outcomes	≤ 1 ppt	≤ 1 ppt	Met	2
Variation between GSP growth rate forecast and the actual outcome	≤ 2 ppt	≤ 2 ppt	Met	
Ministerial advice provided within allotted timeframes	≥ 80%	66%	Not met	1
<b>Territory revenue</b>				
Variation between revenue forecast and actual outcome	≤ 5%	0.76%	Met	
Ministerial advice provided within allotted timeframes	≥ 80%	88%	Met	1
Assessments, audits and objections completed within timeframes set out in TRO Service Charter	≥ 80%	89.2%	Met	
Grant application decisions and payments made within timeframes set out in TRO Service Charter	≥ 95%	100%	Met	
<b>Superannuation</b>				
Member statements issued within the approved timeframes	100%	100%	Met	
<b>Economic regulation</b>				
Determinations and approvals issued within statutory timeframes	100%	100%	Met	
Codes, guidelines and licences reviewed for currency and relevance, as planned for the financial year	100%	100%	Met	

ppt: percentage point; KPI: key performance indicator; GSP: gross state product

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

2 Refers to the following economic forecasts: population, employment, unemployment, consumer price index and wage price index.

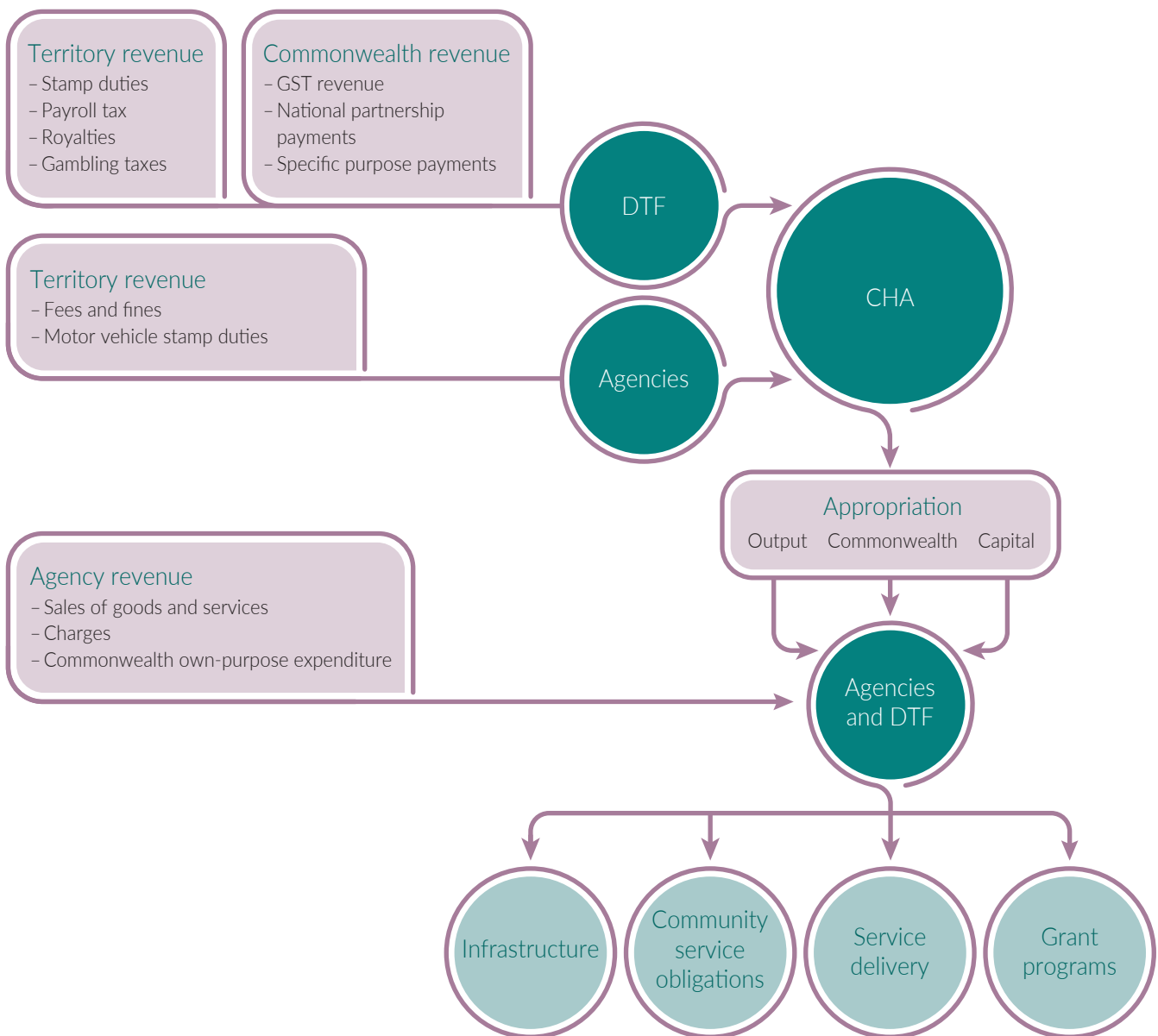
# Financial performance

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

A diagram of the interaction between DTF, CHA and other government agencies is provided at Figure 1, with information on the financial performance of DTF and CHA provided later in this report.

NTTC is part of DTF for organisational purposes but is also a government business division with separate financial reporting requirements. Its financial statements are presented in its own annual report.

Figure 1: Relationship between DTF and CHA, and agencies



# Department of Treasury and Finance

## Overview

The primary role of DTF is to provide specialist fiscal, economic and commercial policy advice to government. Its transactions with the public are limited to the collection of Territory revenue and payment of home owner subsidies. Its other key deliverable is the payment of community service obligation payments (CSOs) to government owned corporations on behalf of government.

This section summarises the 2020-21 results and provides an assessment of actual performance compared to the final budget for 2020-21 and 2019-20 results.

Key fiscal results include:

- total revenue of \$160.9 million, largely in line with budget, however \$12.5 million lower when compared to 2019-20
- total expenses of \$170.3 million, \$6.7 million lower than budgeted and \$13.5 million greater when compared to 2019-20
- net deficit of \$9.4 million, a change of \$25.9 million compared to 2019-20, directly resulting from the revenue and expenses variations outlined above.

## Comprehensive operating statement

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

Table 1: Comprehensive operating statement overview

	2019-20 Actual	2020-21 Final budget	2020-21 Actual	Variation from final budget	Variation from 2019-20 actual
	\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>					
Output appropriation	167 239	147 865	147 865		- 19 374
Commonwealth appropriation		4 825	6 770	1 945	6 770
Goods and services received free of charge	5 712	7 036	5 792	- 1 244	80
Other income	477	305	523	218	46
	<b>173 428</b>	<b>160 031</b>	<b>160 950</b>	<b>919</b>	<b>- 12 478</b>
<b>Expenses</b>					
Employee expenses	15 853	15 939	16 376	437	523
Administrative expenses	16 545	18 368	15 538	- 2 830	- 1 007
Grants and subsidies	124 452	142 668	138 387	- 4 281	13 935
Interest expenses		9	7	- 2	7
<b>Total expenses</b>	<b>156 850</b>	<b>176 984</b>	<b>170 308</b>	<b>- 6 676</b>	<b>13 458</b>
<b>Net surplus/(deficit)</b>	<b>16 578</b>	<b>- 16 953</b>	<b>- 9 358</b>	<b>7 595</b>	<b>- 25 936</b>

## Operating revenue

DTF's revenue consists mainly of output appropriation that relates to non-discretionary expenses such as home owner assistance programs and CSOs paid on behalf of government. In 2020-21, DTF received \$147.9 million in output appropriation, representing 92% of total operating income (\$160.9 million), in line with the budget.

Output appropriation was \$19.4 million lower than \$167.2 million received in 2019-20, mainly due to one-off funding received in 2019-20 for the COVID-19 Business Hardship Package and CSO funding to be passed on to government owned corporations.

In 2020-21, DTF recognised Commonwealth appropriation for the HomeBuilder grants initiative of \$6.8 million. The other major item is notional revenue for goods and services received free of charge from DCDD, which was lower in 2020-21 than budgeted and largely in line when compared to 2019-20.

## Operating expenses

DTF's expenditure largely consists of CSO payments and grants, which make up 81% of expenditure as detailed in Figure 2. These are payments made on behalf of government and are non-discretionary in nature.

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

Key variations in operating expenses compared to the 2020-21 final budget include:

- lower administrative expenses of \$2.8 million, mainly due to lower consumption of shared services from DCDD and revised timing of consultancy expenditure
- lower grants and subsidies of \$4.3 million, predominantly due to lower than anticipated uptake of the COVID-19 Business Hardship Package and other subsidies.

When compared to 2019-20, total expenses increased by \$13.5 million to \$170.3 million in 2020-21, mainly due to grants relating to the Commonwealth-funded HomeBuilder program and CSO payments.

Figure 2: 2020-21 expenditure by type

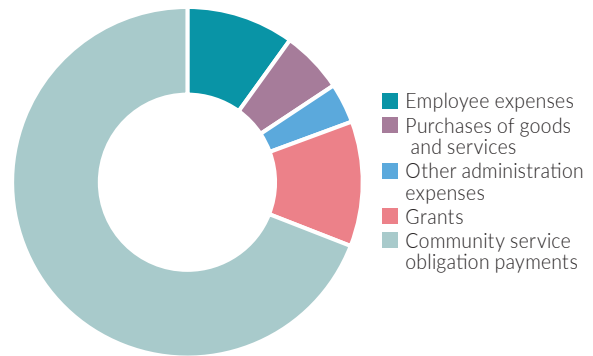
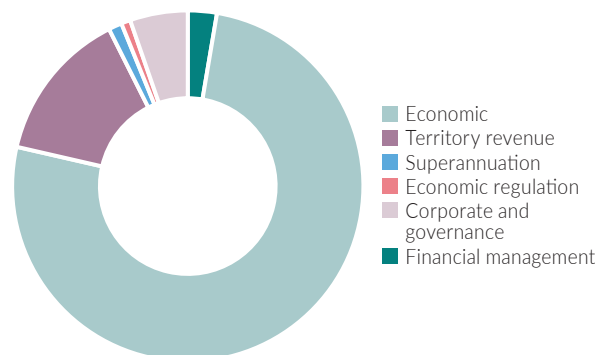


Figure 3: 2020-21 expenditure by output group



## Balance sheet

The balance sheet represents the stock of assets and liabilities of the agency. Table 2 compares the net asset position for 2020-21 with 2019-20.

Cash and deposits increased from 2019-20 by \$10.1 million to \$55 million in 2020-21 and reflects lower operating expenses against the final budget.

The increase in receivables of \$1.9 million in 2020-21 is mainly due to accrued revenue relating to grants paid under the HomeBuilder grants initiative for which cash has yet to be received.

Payables and provisions have increased by \$21.4 million from 2019-20 due to the timing of CSO payments.

**Table 2: Balance sheet overview**

	2019-20 Actual	2020-21 Actual	Variation from 2019-20 actual
	\$000	\$000	\$000
<b>Assets</b>			
Cash and deposits	44 874	55 008	10 134
Receivables	170	2 110	1 940
Advances and investments	25 000	25 000	
Property, plant and equipment	27	73	46
	<b>70 071</b>	<b>82 191</b>	<b>12 120</b>
<i>Less</i>			
<b>Liabilities</b>			
Payables and provisions	3 396	24 814	21 418
<b>Net assets/equity</b>	<b>66 675</b>	<b>57 377</b>	<b>- 9 298</b>

# Central Holding Authority

## Overview

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

Its key deliverables include:

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

This section summarises the 2020-21 results and provides an assessment of actual performance compared to the final budget for 2020-21 and 2019-20 results. The final budget comprises the 2020-21 revised budget as published in the 2021-22 Budget in May 2021 plus all approved budget adjustments affecting 2020-21 since that publication.

Key fiscal results include:

- a net operating deficit of \$432 million in 2020-21, a \$243 million improvement when compared to the \$675 million deficit projected in the 2020-21 final budget
- net assets of \$3.4 billion, a \$109 million decrease when compared to 2019-20.

## Comprehensive operating statement

Table 3: Comprehensive operating statement overview

	2019-20 Actual	2020-21 Final budget	2020-21 Actual	Variation from final budget
	\$M	\$M	\$M	\$M
Revenue	4 994	5 433	5 377	- 56
Expenses	5 408	6 108	5 809	- 299
Net surplus/(deficit)	- 414	- 675	- 432	243
Other comprehensive income	- 173	420	323	- 97
<b>Comprehensive result</b>	<b>- 587</b>	<b>- 254</b>	<b>- 109</b>	<b>145</b>

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

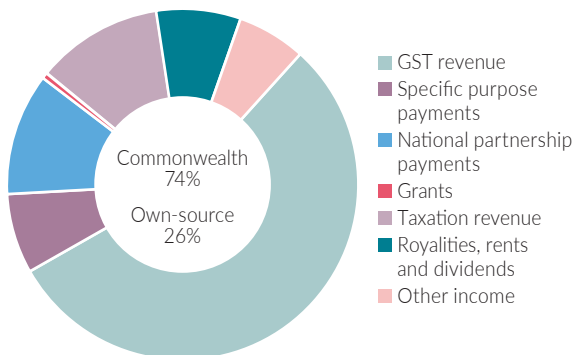
## Operating revenue

The Territory continues to be heavily reliant on Commonwealth revenue, with GST revenue being the largest single transfer from the Commonwealth. GST revenue represents 55% of total CHA revenue, followed by general purpose and tied Commonwealth revenue of 19%. The remaining 26% is Territory own-source revenue.

For 2020-21, CHA recorded total operating revenue of \$5.4 billion, \$56 million lower than projected in the 2020-21 final budget. Key variations include:

- lower national partnership payments of \$224 million largely relating to lower than expected reimbursements from the Commonwealth under the agreement for the Provision of COVID-19 Quarantine Arrangements at the Northern Territory Centre for National Resilience for Organised National Repatriation of Australians, combined with the revised delivery of Commonwealth-funded capital projects for roads, children and schooling, and community safety infrastructure
- partially offset by additional GST revenue of \$64 million due to higher than expected growth in the national GST pool
- increased returns and growth on investments of \$97 million reflecting improved market conditions.

Figure 4: CHA – revenue by source for 2020-21



## Operating expenses

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

For 2020-21, CHA recorded total operating expenses of \$5.8 billion, a \$299 million decrease compared to the 2020-21 final budget. Key variations include:

- lower superannuation expenses of \$137 million, largely due to lower accruing costs reflecting the flow-on effect of the NTPS wages policy
- lower Commonwealth appropriation passed on to agencies of \$164 million in line with lower national partnership and specific purpose payments revenue combined with the revised delivery of project milestones.

## Other comprehensive income

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

For 2020-21, CHA recorded a surplus of \$323 million in total other comprehensive income compared to a \$420 million surplus projected in the 2020-21 final budget, predominantly due to the movement in the 10-year bond rate used in valuing the Territory's superannuation liabilities as required by accounting standards.

## Balance sheet

Table 4: Balance sheet overview

	2019-20 Actual	2020-21 Actual	Variation from 2019-20
	\$M	\$M	\$M
<b>Assets</b>			
Cash and deposits	1 344	2 477	1 133
Receivables	277	325	48
Advances and investments	1 516	1 347	- 169
Prepayments	218	218	
Equity investments	12 618	13 470	852
	<b>15 973</b>	<b>17 838</b>	<b>1 865</b>
<i>Less:</i>			
<b>Liabilities</b>			
Deposits held	1 907	2 422	515
Payables	42	109	67
Borrowings and advances	5 436	7 254	1 818
Employee benefits	361	369	8
Superannuation liability	4 269	3 873	- 396
Other liabilities	450	411	- 39
	<b>12 464</b>	<b>14 439</b>	<b>1 975</b>
<b>Net assets/equity</b>	<b>3 508</b>	<b>3 399</b>	<b>- 109</b>

Table 4 compares the net asset position for 2020-21 with 2019-20. Net assets in CHA, being total assets less total liabilities, decreased by \$109 million from \$3.5 billion in 2019-20 to \$3.4 billion in 2020-21. This decrease was driven by a \$2 billion increase in total liabilities, more than offset by an increase in assets of \$1.9 billion.

The increase in total liabilities since 2019-20 predominantly reflects a net increase in Territory borrowings of \$1.8 billion, in line with the Territory's 2020-21 borrowing requirements. A \$516 million increase in deposits held is primarily a result of increased cash balances held on behalf of NTTC and government owned corporations combined with a \$67 million increase in payables. This is partially offset by a \$396 million decrease in superannuation liabilities combined with decreased other liabilities of \$39 million reflecting lower unearned revenue relating to cash received in prior years from the Commonwealth that has now been spent.

The underlying increase in total assets since 2019-20 of \$1.9 billion reflects improved cash balances as a result of the revised timing of operational and capital spending within agencies that will now be spent in future years, improved equity investment in government trading entities, combined with lower superannuation liabilities.





# Our people

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

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

As at 30 June 2021, DTF employed 124.1 full-time equivalent (FTE) staff, including those in NTTC, compared to 122.3 FTE on 30 June 2020.

# Our workforce

At 30 June 2021, DTF (including NTTC and the Utilities Commission) paid 131 staff, or 124.1 FTE.

DTF has a strong focus on attracting and retaining a highly skilled workforce. As illustrated, DTF's workforce is dominated by staff in their mid career stage, more females than males, and between the ages of 25 and 44.

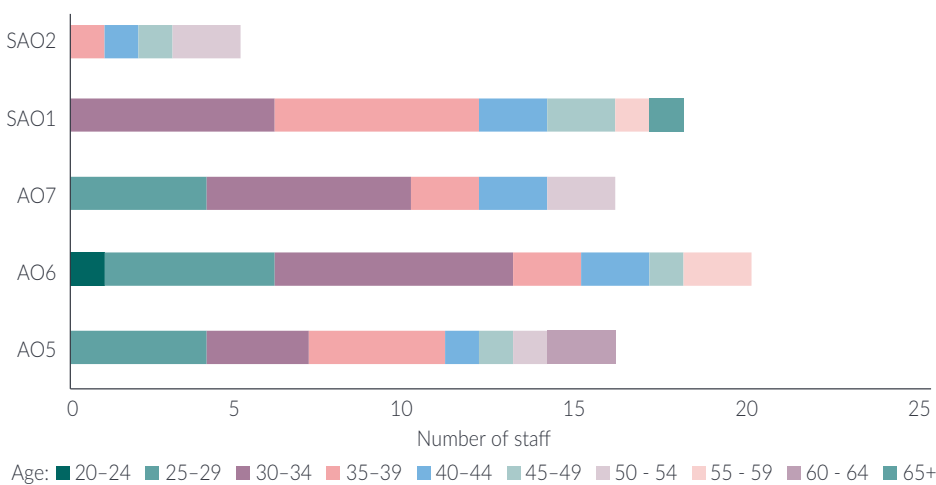
## Full-time equivalent staff by designation

	2019-20	2020-21
ECO6	1.0	1.0
ECO4	3.0	2.0
ECO3	2.0	3.0
ECO2	4.0	5.5
ECO1	6.0	6.0
SAO2	5.0	4.8
SAO1	16.2	17.8
AO7	15.7	15.3
AO6	17.1	18.3
AO5	19.6	15.0
AO4	20.8	24.6
AO3	2.9	1.9
Graduate trainees	8.9	9.0
<b>Total</b>	<b>122.3</b>	<b>124.1</b>

## Staff by gender and designation as at 30 June 2021 (headcount)



## Staff in mid-career levels by age as at 30 June 2021 (headcount)



## Equity and diversity

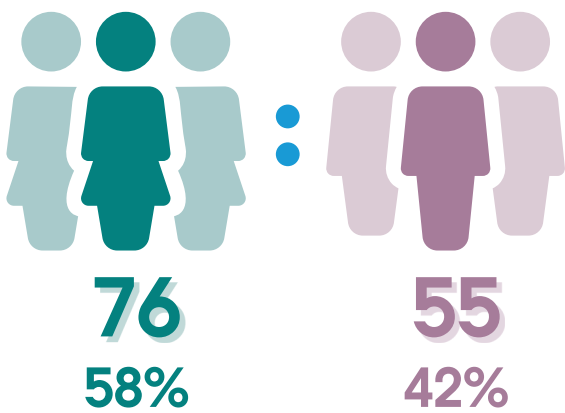
DTF has a diverse workforce, one that reflects the community we serve. DTF recognises the value staff bring from different backgrounds, education and work experiences, and values each member's contribution to the workplace and its high performing culture.

Of the 131 staff paid as at 30 June 2021, 58% were women and 42% were men. This compares to the NTPS ratio of 64% women to 36% men.

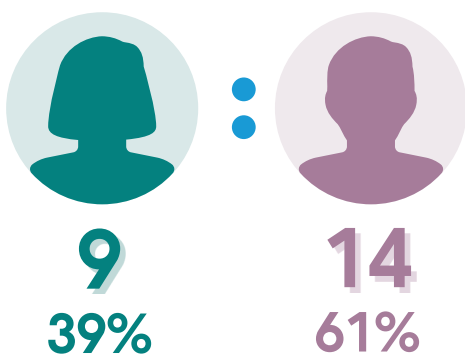
The proportion of DTF executives, directors and above (23 in total) who are women was 39%. DTF's relative proportion of female executives is below the NTPS figure of 53%, however succession and career planning continues to focus on developing our highly capable staff.

DTF has a much higher proportion of staff who have self identified as having a culturally diverse background (16.1%) than the NTPS as a whole (14.3%). One person with a disability has self identified, and one person identifies as Aboriginal.

Female to male ratio



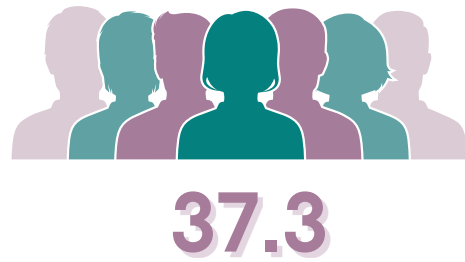
Female to male executive ratio



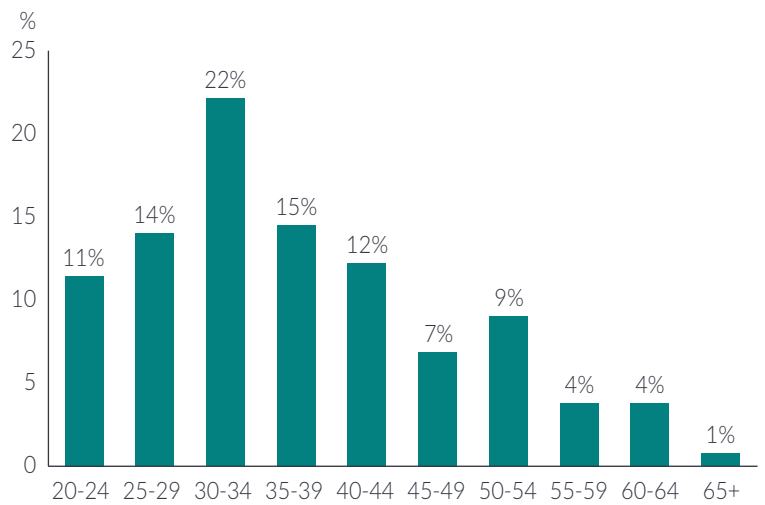
The average age of DTF staff is 37.3 years, younger than the NTPS average age of 43 years. More than half DTF's workforce is 35 years of age or younger, while one in five are over 50 years of age. This comparatively young demographic can be mostly attributed to DTF's strong and sustained emphasis on early career programs for over 20 years, including graduates, scholarships and cadetships, and participants' subsequent employment and advancement in DTF.

During 2020-21, DTF adapted to changing working conditions as a result of COVID-19. Staff were enabled with remote access options to provide necessary work flexibility. In addition, flexible work arrangements enabled 11 staff to work part time.

Average age (years)



Staff by age profile (years)



Part-time work



## Career pathways

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

### Career pathways

	2019-20	2020-21
Scholarship cadets	3	3
Graduate trainees	9	9
Total	12	12

## Study assistance and training

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

In 2020-21, four staff took advantage of DTF's study assistance scheme. Fields of study included Certified Practising Accountant and Chartered Financial Analyst.

However, due to COVID-19 restrictions, training opportunities were limited during the year. In response, a face-to-face LinkedIn Learning training series (Launchpad) was created and promoted to DTF staff. During the year, 54 staff participated in nine Launchpad sessions, and 58 independent online courses were completed.

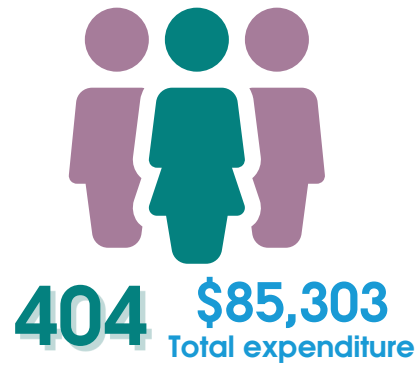
DTF also provides a range of initiatives to encourage staff development through seminars, conferences, short courses and workshops.

## Leadership programs

DTF invests in leadership development at various levels to enhance strategic leadership skills and create succession planning opportunities. One DTF executive is undertaking the Australia and New Zealand School of Government executive masters program and one completed the Australian Institute of Company Directors course in 2020-21, with the aim of developing and strengthening the quality of public sector leadership.

During 2020-21, despite interruptions due to the impact of COVID-19, staff continued with programs supported by the department, including two staff progressing with the Graduate Certificate in Business (Public Sector Management).

### Training and development courses



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

## People Matter survey

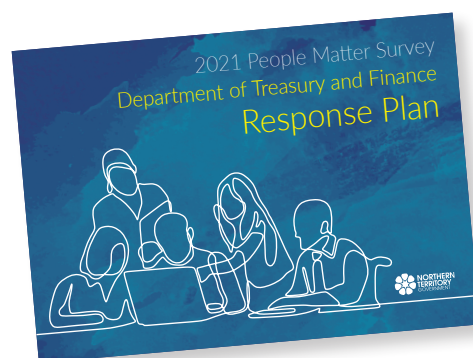
DTF's results from the 2021 People Matter survey were very positive and indicated a high level of engagement and satisfaction among staff. DTF results demonstrated improvement since 2018, and were for the most part stronger than the whole of government results and better than the group of like agencies used as a comparator to DTF.

Overall, employee engagement (71%) and employee satisfaction (76%) scores improved since the 2018 survey.

They demonstrated how important acting with integrity and ethical conduct are for our agency and all our staff.

Results indicated the supportive environment DTF provides for staff and their professional growth, and that staff understand their jobs and what is required of them, which makes for a strong, high performing organisation.

Developed in consultation with staff, DTF's response plan is being implemented over the next two years.



# Employment instructions

Under PSEMA, the Commissioner for Public Employment issues employment instructions that provide direction to agencies on HR matters. DTF met all obligations as required under each of the 15 employment instructions in 2020-21.

## Public sector principles

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

In 2020-21, DTF complied with all the prescribed principles.

### Administration Management Principle

(PSEMA section 5B)

DTF provided effective, efficient and appropriate services to the community and government, ensuring appropriate use of public resources while working cooperatively and responsively carrying out our functions objectively, impartially and with integrity.

### Human Resource Management Principle

(PSEMA section 5C)

Workplace diversity and equity is upheld and provides everyone equal opportunity to make the most of their talents and abilities in the workplace. Our workplace environment ensures our employees are treated fairly, reasonably and in a non-discriminatory way.

### Merit Principle

(PSEMA section 5D)

DTF appointments are based on the principles of merit. Employees are capable and competent to perform their duties, having the knowledge, skills, experience and qualifications required to be successful in their role and having consideration of their potential for future development.

### Equality of Employment Opportunity Principle

(PSEMA section 5E)

DTF encourages staff to continually develop and access career development opportunities, which also includes exchange, transfer and mobility. Implementation of a special measures policy is enabling DTF to eliminate unlawful discrimination while promoting diversity in its workforce.

### Performance and Conduct Principle

(PSEMA section 5F)

DTF champions NTPS values, treating the workforce fairly, equitably, and with proper courtesy and consideration. DTF officers avoid actual or apparent conflicts of interest and ensure personal conduct does not adversely affect their performance or that of other public sector officers while performing their duties objectively, impartially, professionally and to the best of their ability with integrity.

An aerial photograph of a city, likely Darwin, Australia, showing a mix of modern high-rise buildings and older structures. In the foreground, a large, white, classical-style building with a prominent portico is visible. A circular inset in the upper right shows two people, a woman with glasses and a man in a light blue shirt, smiling. A dark green text box is overlaid on the left side of the image.

# Governance

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

## Committees

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

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

## Senior Management Group

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

## Senior Management Group membership as at 30 June 2021

Craig Graham	Under Treasurer (Chair)
Catherine Weber	Deputy Under Treasurer
Mick Butler	Deputy Under Treasurer
Tim McManus	Assistant Under Treasurer (Finance)
Sarah Rummery	Assistant Under Treasurer (Revenue)
Samantha Byrne	Assistant Under Treasurer (Economic)
Tarrant Moore	Senior Director Budget Development
Tiziana Hucent	Senior Director Financial Reporting
Jason Robertson	Senior Director Economic Policy
Jim Richards	Commissioner of Superannuation
Alex Pollon	General Manager, NTTC
Robert Csar	Chief Financial Officer, CMC

## Audit and Risk Management Committee

DTF and CMC (including OCPE) have a combined Audit and Risk Management Committee (ARMC), established under the shared services arrangements for the agencies.

The ARMC provides independent and objective advice to the CEOs on the effectiveness of the agencies' risk, control and compliance frameworks.

It comprises five members – two independent of the agencies (one of whom is chair) and one member from each of CMC, DTF and OCPE.

The ARMC has a formal charter under which it is responsible for undertaking the following functions on behalf of the CEOs:

- monitor and advise on strategic and operational risk management frameworks
- through internal audit and other reporting, review the adequacy of the internal controls, which may include requesting specific reviews from time to time

- review the adequacy of and make recommendations on the corporate governance framework in the context of managing strategic risk
- monitor the internal audit function, including review and endorsement of the annual internal audit plan and review of the follow-up logs at each meeting
- monitor the Northern Territory Auditor-General's audit program for the agencies including follow up logs at each meeting
- review assurance activities related to procurement governance practices
- within the context of the committee's purpose, undertake any other functions determined from time to time by the CEOs.

The committee met five times during 2020-21.

## External and internal audit

The following internal audits and reviews were conducted in 2020-21:

Review	Objective	Outcome
Value for Territory annual assurance program	To test DTF's compliance with the obligations set out under the Value for Territory assurance program, which arise from the <i>Procurement Act 1995</i> , Procurement Regulations, Procurement Governance Policy and Rules, and the Buy Local plan.	One instance (out of 12) was identified where a tier 2 transaction was non-compliant in relation to procurement approvals and delegation requirements.  Across tiers 1 to 3, there were deficiencies in record-keeping practices and contract management.  All matters of non-compliance are being addressed by an ongoing program of work to improve procurement and contract controls.
Cabinet information security measures – annual compliance check	To review breaches of information involving Cabinet material, performance compliance and security measures.	No matters were identified.

DTF is subject to the Northern Territory Auditor-General's audit program under the powers and responsibilities established by the *Audit Act 1995*. In 2020-21, the Auditor-General audits and reviews comprised:

Audit/review	Objective	Outcome
Audit of the Territory's claim under the Natural Disaster Recovery and Relief Arrangements and Disaster Recovery Funding Arrangements for 30 June 2020	To complete sufficient audit verification to enable an opinion to be expressed upon the audited financial statement claim by the Territory in respect of outlays during the financial year.	An unqualified audit opinion was issued.
Financial statements audit of the NTPSBS for the Year ending 30 June 2020	To undertake sufficient procedures relating to the accounts and records of the NTPSBS Fund to form an opinion on the financial statements of the fund.	An unmodified audit opinion was issued. No matters were identified.
Agency compliance audit for the year ending 30 June 2021	To test compliance against the FMA, Treasurer's Directions, <i>Procurement Act 1994</i> and whole of government policies, for example, information management.	Issues identified included: <ul style="list-style-type: none"> <li>instances of non-compliance in relation to travel acquittal procedures</li> <li>improvements required to the internal audit function.</li> </ul> These findings have been addressed.
TRO – Treasurer's annual financial statements (TAFS) interim audit – taxes, royalties and grants	To determine whether TRO internal controls provide reasonable assurance that all revenue due to the Territory from taxes, fees and fines is received into the Public Account, or appropriate recovery action is pursued; and revenues from the Commonwealth are appropriately based on returns made by the Territory and received on a timely basis.	The review found no material weakness in controls, and the control procedures and processes were found to be generally satisfactory.  Three matters were identified as opportunities for improvement and have been addressed by management.
Review of annual leave entitlements for the period ending 30 June 2020	To examine leave accruals for NTPS employees at 30 June 2020 in order to identify any employees who had accumulated annual recreation leave entitlements greater than 12 weeks for management review and follow up.	The assessment examined data on employees with excess leave balances. Management actively monitors excess leave reports and plans agreed with affected staff to reduce those leave balances and the associated risk exposure.

Review of COVID-19 stimulus initiatives – jobs rescue and recovery plan	To assess whether the systems DTF implemented enabled the agency to manage the stimulus initiatives announced under the Jobs Rescue and Recovery Plan relating to the waiver or deferral of payroll tax and concession relief applicable to the cost of utilities.	The audit did not identify any significant weaknesses in the delivery or administration of the initiatives. Opportunities for improvement were identified and have been addressed by management.
Agency compliance audit for the year ending 30 June 2021	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.	Management letter not finalised before 30 June.
DTF TAFS – planning	To determine whether the government’s financial records contained in TAFS are complete and accurate.	Three matters were identified. These have been addressed by management.
DTF status of action taken to deliver <i>Root and branch review</i> savings for the period April 2019 to February 2021	Examine actions and processes taken by DTF to action the immediate savings identified within the <i>Root and branch review</i> .	There were no significant matters arising from this audit.
DTF status of action taken to deliver <i>A plan for budget repair</i>	To examine actions taken by the Territory Government and monitored by DTF to address the recommendations contained within the report <i>A plan for budget repair</i> .	Management letter not finalised before 30 June.
End of year review for the year ending 30 June 2021	To assess the adequacy of selected aspects of DTF’s end of financial year controls over reporting, accounting and material financial transactions and balances with the primary purpose of providing support to the audit of the TAFS.	The review found no material weakness in controls, and the accounting and control procedures were found to be generally satisfactory. One minor matter was identified during the review, which is being addressed.

## Strategic Human Resources Committee

Strategic Human Resources Committee (SHRC) monitors and oversees strategic (HR) planning and management for DTF in compliance with PSEMA and the NTPS HR strategies, and the DTF 2020–2023 Corporate Plan.

The key functions of SHRC are:

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

The committee met fortnightly throughout 2020-21.

Key outcomes of SHRC during 2020-21 included:

- implemented DTF's Special Measures Plan 2021–2025 and Disability Action Plan 2020–2022
- reviewed the results of the 2021 People Matter survey and developed DTF's response plan
- provided input into the NTPS Workforce Strategy
- oversaw the 2020 and 2021 DTF graduate programs, mobility and leadership programs and succession plans
- considered requests for flexible workplace agreements and study assistance
- monitored excess leave, ensuring plans are in place with staff to use that leave
- monitored DTF's performance on all staffing matters.

## Digital Governance Committee

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

The committee's key responsibilities include:

- reviewing and endorsing business cases and project plans for digital initiatives and investment decisions, including submissions for major digital investments or initiatives for approval by the Territory Government ICT Governance Board
- overseeing the delivery of digital initiatives and reviewing project performance
- overseeing the development and monitoring of digital strategic decisions and policies
- periodic monitoring of the agency's digital environment to ensure risks and issues are identified and appropriately managed within the shared environment
- providing oversight to ensure information is managed in accordance with risk, including risks associated with security, access, privacy, business continuity and investment.

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

The DGC reviewed the status of the whole of government budget system (SAGE) project in addition to the own-source revenue management system project. It also identified and actioned ICT and digital issues (including automatic remote access) for the agency during lockdown.

The committee met three times during 2020-21.

## Work Health and Safety Committee

DTF and CMC (including OCPE) have a combined WHS Committee, established under the shared services arrangements for the agencies.

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

The committee is chaired by an Executive Director from CMC and includes a range of representative members from the agencies. The committee oversees WHS obligations under the *Work Health and Safety (National Uniform Legislation) Act 2011*, including:

- advising the CEOs on establishing, maintaining and monitoring programs, measures and procedures in the workplace relating to the health and safety of employees
- developing and maintaining a WHS management system incorporating policies and programs in accordance with relevant legislation
- promoting a culture of responsibility and accountability for personal health and safety in the workplace
- ensuring WHS issues are considered in the planning and implementation of any major workplace changes or new work processes
- information sharing and coordination relating to the strategic, cross-government WHS reform context
- training of first aid and fire warden office holders.

The committee met four times during 2020-21. Key achievements include:

- a refreshed terms of reference, in line with the 2020-21 machinery of government changes, and improved member understanding of their roles and responsibilities

- adopting COVID-19 safety supervisor training as a core requirement of the committee and COVID-19 as a standing agenda item for all meetings
- developing an annual communications strategy, including web-based communications and updates aimed at educating, informing and empowering DTF, CMC and OCPE staff on WHS matters
- regular, appropriate and documented risk and incident notification, reporting and management across the agencies, with escalation of identified WHS notifications to the relevant management body where required
- developing capability of the committee with respect to the legislative and operational context of WHS in the NTPS, including developing a comprehensive WHS Manual and other training material, to be available to all staff in 2021-22.

As part of its annual wellbeing program, DTF offered free flu vaccinations in April 2021 to all staff, held personal development sessions through Launchpad and shared regular WHS posts on the agency's intranet that encouraged a proactive approach to wellness. St John Ambulance first aid training was also made available to staff and was taken up by 11 people.

Ten workplace assessments were conducted in 2020-21, to assist affected staff with their work station setup.

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

### Employee assistance program uptake

	2019-20	2020-21
Expenditure for financial year	\$16 673	\$13 356
Number of people assisted by EAP providers	38	21
Number of sessions	77	64

## Records and information

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

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

### Information requests

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

Manager Governance  
Governance, Information and Reporting  
GPO Box 4396 DARWIN NT 0801  
Telephone: 08 8999 5429  
Email: [FOI.DTF@nt.gov.au](mailto:FOI.DTF@nt.gov.au)  
Web: [treasury.nt.gov.au/InformationAct](https://treasury.nt.gov.au/InformationAct)

During 2020-21, DTF received six applications. All requests were processed on time in accordance with the requirements of the *Information Act 2002*. There were no outstanding applications at 30 June 2021.

### Privacy complaints and enquiries

DTF received no privacy complaints or enquiries from the Ombudsman during 2020-21.

## Records and information management

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

In line with the Northern Territory Government Records Management Standards for Public Sector Organisations, DTF continued to use compliant record management practices.

## Competitive neutrality

The Northern Territory's Policy Statement on Competitive Neutrality requires the Territory to disclose all allegations of non-compliance with the Territory's Policy Statement on Competitive Neutrality and report findings of the investigations. During 2020-21, one complaint was received.

The policy provides a process for complaints to be made and investigations undertaken by DTF for alleged contraventions of the principles of competitive neutrality.

At 30 June 2021, the investigation was being finalised for the decision-maker to decide if there had been non-compliance with the principles of competitive neutrality.

## Legislation administered

<i>Administrators Pensions Act 1981</i>	<i>Merlin Project Agreement Ratification Act 1998</i> (provisions about royalties)
<i>Advance Bank Integration Act 1998</i>	<i>Mineral Royalty Act 1982</i>
<i>Appropriation (2020-2021) Act 2020</i>	<i>Mining (Gove Peninsula Nabalco Agreement) Act 1968</i> (provisions about royalties)
<i>Appropriation (2021-2022) Act 2021</i>	<i>Motor Accidents (Compensation) Act 1979</i>
<i>Bank of South Australia (Merger with Advance Bank) Act 1996</i>	<i>Motor Accidents (Compensation) Commission Act 2014</i>
<i>Competition Policy Reform (Northern Territory) Act 1996</i>	<i>Motor Vehicles Act 1949 (Part V)</i>
<i>Electricity Reform Act 2000</i> (provisions about price regulation)	<i>Payroll Tax Act 2009</i>
<i>Financial Agreement Between the Commonwealth, States and Territories (Approval) Act 1994</i>	<i>Petroleum Act 1984</i> (provisions about royalties)
<i>Financial Integrity and Revenue Legislation Amendment Act 2021</i>	<i>Property Activation Act 2019</i>
<i>Financial Management Act 1995</i>	<i>Racing and Betting Act 1983</i> (Part IV, Division 5 and Part IVA, Division 5)
<i>Financial Relations Agreement (Consequential Provisions) Act 2000</i>	<i>Revenue Units Act 2009</i>
<i>First Home Owner Grant Act 2000</i>	<i>Soccer Football Pools Act 1978</i> (provisions about duties)
<i>Fiscal Integrity and Transparency Act 2001</i>	<i>Stamp Duty Act 1978</i>
<i>Gaming Control Act 1993</i> (provisions about taxes and levies)	<i>Superannuation Act 1986</i>
<i>Gaming Machine Act 1995 (Part 8)</i>	<i>Superannuation Guarantee (Safety Net) Act 1993</i>
<i>Government Owned Corporations Act 2001</i>	<i>Supply (2020-2021) Act 2020</i>
<i>Legislative Assembly Members' Pensions Act 1979</i>	<i>Taxation Administration Act 2007</i>
<i>Legislative Assembly Members' Superannuation Contributions Act 2004</i>	<i>Territory Insurance Office (Sale) Act 2014</i>
<i>McArthur River Project Agreement Ratification Act 1992</i> (provisions about royalties)	<i>Totalisator Licensing and Regulation Act 2000</i> (provisions about wagering tax)
	<i>Unclaimed Superannuation Benefits Act 1998</i>
	<i>Water Supply and Sewerage Services Act 2000</i> (except sections 32(1) and (5), 46, 49(3), 50(2), 52(2), 55(1), 57(2), 61(1) and 63(5), (6) and (7))

# Financial statements



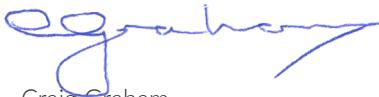
# Department of Treasury and Finance

## 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 2021 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 2021



Robert Csar  
Chief Financial Officer

30 September 2021

# Comprehensive operating statement

For the year ended 30 June 2021

	Note	2020-21	2019-20
		\$000	\$000
<b>INCOME</b>			
Appropriation			
Output	4b	147 865	167 239
Commonwealth	4b	6 770	
Sales of goods and services	4c	306	305
Interest revenue		149	138
Goods and services received free of charge	5	5 792	5 712
Other income	4d	68	34
<b>TOTAL INCOME</b>	3	<b>160 950</b>	<b>173 428</b>
<b>EXPENSES</b>			
Employee expenses		16 376	15 853
Administrative expenses			
Purchases of goods and services	6	3 661	4 468
Depreciation and amortisation	12, 18	11	7
Other administrative expenses <sup>1</sup>		11 866	12 070
Grants and subsidies expenses			
Current		19 016	9 991
Community service obligations		119 371	114 461
Interest expenses		7	
<b>TOTAL EXPENSES</b>	3	<b>170 308</b>	<b>156 850</b>
<b>NET SURPLUS/(DEFICIT)</b>		<b>- 9 358</b>	<b>16 578</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>			
<b>COMPREHENSIVE RESULT</b>		<b>- 9 358</b>	<b>16 578</b>

1 Includes DCDD service charges, Department of Infrastructure, Planning and Logistics (DIPL) repairs and maintenance service charges and CMC shared services provided.

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

## Balance sheet

As at 30 June 2021

	Note	2020-21	2019-20
		\$000	\$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and deposits	8	55 008	44 874
Receivables	10	2 110	170
<b>Total current assets</b>		<b>57 118</b>	<b>45 044</b>
<b>Non-current assets</b>			
Advances and investments	11	25 000	25 000
Property, plant and equipment	12	73	27
<b>Total non-current assets</b>		<b>25 073</b>	<b>25 027</b>
<b>TOTAL ASSETS</b>		<b>82 191</b>	<b>70 071</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	14	22 000	828
Provisions	16	2 814	2 568
<b>Total current liabilities</b>		<b>24 814</b>	<b>3 396</b>
<b>TOTAL LIABILITIES</b>		<b>24 814</b>	<b>3 396</b>
<b>NET ASSETS</b>		<b>57 377</b>	<b>66 675</b>
<b>EQUITY</b>			
Capital		- 21 459	- 21 519
Accumulated funds		78 836	88 194
<b>TOTAL EQUITY</b>		<b>57 377</b>	<b>66 675</b>

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

# Statement of changes in equity

For the year ended 30 June 2021

	Note	Equity at 1 July	Comprehensive result	Transactions with owners in their capacity as owners	Equity at 30 June
		\$000	\$000	\$000	\$000
<b>2020-21</b>					
Accumulated funds		88 194	- 9 358		78 836
<b>Total accumulated funds</b>		<b>88 194</b>	<b>- 9 358</b>		<b>78 836</b>
<b>Capital – transactions with owners</b>					
Equity injections					
Capital appropriation		3 617		60	3 677
Equity transfers in		210 632			210 632
Other equity injections		1 126			1 126
<b>Total equity injections</b>		<b>215 375</b>		<b>60</b>	<b>215 435</b>
Equity withdrawals					
Capital withdrawal		- 220 399			- 220 399
Equity transfers out		- 16 495			- 16 495
<b>Total equity withdrawals</b>		<b>- 236 894</b>			<b>- 236 894</b>
<b>Total capital – transactions with owners</b>		<b>- 21 519</b>		<b>60</b>	<b>- 21 459</b>
<b>Total equity at end of financial year</b>		<b>66 675</b>	<b>- 9 358</b>	<b>60</b>	<b>57 377</b>
<b>2019-20</b>					
Accumulated funds		71 616	16 578		88 194
<b>Total accumulated funds</b>		<b>71 616</b>	<b>16 578</b>		<b>88 194</b>
<b>Capital – transactions with owners</b>					
Equity injections					
Capital appropriation		3 617			3 617
Equity transfers in		210 632			210 632
Other equity injections		1 126			1 126
<b>Total equity injections</b>		<b>215 375</b>			<b>215 375</b>
Equity withdrawals					
Capital withdrawal		- 220 399			- 220 399
Equity transfers out		- 16 495			- 16 495
<b>Total equity withdrawals</b>		<b>- 236 894</b>			<b>- 236 894</b>
<b>Total capital – transactions with owners</b>		<b>- 21 519</b>			<b>- 21 519</b>
<b>Total equity at end of financial year</b>		<b>50 097</b>	<b>16 578</b>		<b>66 675</b>

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

# Cash flow statement

For the year ended 30 June 2021

	Note	2020-21 \$000	2019-20 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Operating receipts</b>			
Appropriation			
Output		147 865	167 239
Commonwealth		4 825	
Receipts from sales of goods and services		650	1 067
<b>Total operating receipts</b>		<b>153 340</b>	<b>168 306</b>
<b>Operating payments</b>			
Payments to employees		- 16 063	- 15 945
Payments for goods and services		- 9 802	- 11 181
Grants and subsidies paid			
Current		- 19 016	- 9 991
Community service obligations		- 98 321	- 114 461
Interest paid		- 7	
<b>Total operating payments</b>		<b>- 143 209</b>	<b>- 151 578</b>
<b>Net cash from/(used in) operating activities</b>	9	<b>10 131</b>	<b>16 728</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Investing receipts</b>			
Repayment of advances			2
<b>Total investing receipts</b>			<b>2</b>
<b>Investing payments</b>			
Purchases of assets		- 57	
Advances and investing payments			- 2
<b>Total investing payments</b>		<b>- 57</b>	<b>- 2</b>
<b>Net cash from/(used in) investing activities</b>		<b>- 57</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Financing receipts</b>			
Equity injections			
Capital appropriation		60	
<b>Total financing receipts</b>		<b>60</b>	
<b>Financing payments</b>			
Equity withdrawals			
<b>Total financing payments</b>			
<b>Net cash from/(used in) financing activities</b>	9	<b>60</b>	
Net increase/(decrease) in cash held		10 134	16 728
Cash at beginning of financial year		44 874	28 146
<b>CASH AT END OF FINANCIAL YEAR</b>	8	<b>55 008</b>	<b>44 874</b>

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

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# Notes to the financial statements

For the year ended 30 June 2021

## 1. Objectives and funding

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

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

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

## 2. Statement of significant accounting policies

### a) Statement of compliance

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

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

### b) Basis of accounting

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

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

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

### Standards and interpretations effective from 2020-21

Several 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 AAS have been early adopted for 2020-21.

# Notes to the financial statements

For the year ended 30 June 2021

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

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

### c) Reporting entity

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

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

### d) Agency and Territory items

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

### Central Holding Authority

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

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

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

CHA recognises and records all Territory items and 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 23 Schedule of administered Territory items.

### e) Comparatives

Where necessary, comparative information for the 2019-20 financial year has been reclassified to provide consistency with current year disclosures.

### f) Presentation and rounding of amounts

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

### g) Changes in accounting policies

There have been no changes to accounting policies adopted in 2020-21 as a result of management decisions.

## Notes to the financial statements

For the year ended 30 June 2021

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

#### h) Accounting judgments and estimates

The preparation of the financial report requires the making of judgments and estimates that affect the recognised amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors 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 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 goods and services tax (GST), except where the amount of GST incurred on a purchase of goods and services is not recoverable from the Australian Taxation Office (ATO). In these circumstances, GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

#### j) Contributions by and distributions to government

DTF may receive contributions from the government where 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.

# Notes to the financial statements

For the year ended 30 June 2021

## 3. Comprehensive operating statement by output group

	Note	Financial management		Economic		Territory revenue		Superannuation	
		2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>INCOME</b>									
Appropriation									
Output	4b	4 279	4 772	121 539	140 481	15 841	15 308	1 969	2 044
Commonwealth	4b					6 770			
Sales of goods and services	4c								
Interest revenue				149	138				
Goods and services received free of charge	5								
Other income	4d			36	8				
<b>TOTAL INCOME</b>		<b>4 279</b>	<b>4 772</b>	<b>121 724</b>	<b>140 627</b>	<b>22 611</b>	<b>15 308</b>	<b>1 969</b>	<b>2 044</b>
<b>EXPENSES</b>									
Employee expenses		4 125	4 108	3 904	4 043	3 749	3 600	1 369	1 102
Administrative expenses									
Purchases of goods and services	6	276	558	936	1 573	662	468	657	725
Depreciation and amortisation	12, 18								
Other administrative expenses <sup>1</sup>				6 074	6 351		7		
Grants and subsidies expenses									
Current				360	380	18 656	9 611		
Community service obligation				119 371	114 461				
Interest expense						7			
<b>TOTAL EXPENSES</b>		<b>4 401</b>	<b>4 666</b>	<b>130 645</b>	<b>126 808</b>	<b>23 074</b>	<b>13 686</b>	<b>2 026</b>	<b>1 827</b>
<b>NET (DEFICIT)/SURPLUS</b>		<b>- 122</b>	<b>106</b>	<b>- 8 921</b>	<b>13 819</b>	<b>- 463</b>	<b>1 622</b>	<b>- 57</b>	<b>217</b>
<b>OTHER COMPREHENSIVE INCOME</b>									
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>									
<b>COMPREHENSIVE RESULT</b>		<b>- 122</b>	<b>106</b>	<b>- 8 921</b>	<b>13 819</b>	<b>- 463</b>	<b>1 622</b>	<b>- 57</b>	<b>217</b>

1 Includes DCDD service charges, DIPL repairs and maintenance service charges and CMC shared services provided.

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

## Notes to the financial statements

For the year ended 30 June 2021

### 3. Comprehensive operating statement (continued)

	Note	Economic regulation		Corporate and governance		Total	
		2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
		\$000	\$000	\$000	\$000	\$000	\$000
<b>INCOME</b>							
Appropriation							
Output	4b	1 356	1 564	2 881	3 070	147 865	167 239
Commonwealth	4b					6 770	
Sales of goods and services	4c			306	305	306	305
Interest revenue						149	138
Goods and services received free of charge	5			5 792	5 712	5 792	5 712
Other income	4d			32	26	68	34
<b>TOTAL INCOME</b>		<b>1 356</b>	<b>1 564</b>	<b>9 011</b>	<b>9 113</b>	<b>160 950</b>	<b>173 428</b>
<b>EXPENSES</b>							
Employee expenses		636	590	2 593	2 410	16 376	15 853
Administrative expenses							
Purchases of goods and services	6	759	809	371	335	3 661	4 468
Depreciation and amortisation	12, 18			11	7	11	7
Other administrative expenses <sup>1</sup>				5 792	5 712	11 866	12 070
Grants and subsidies expenses							
Current						19 016	9 991
Community service obligation						119 371	114 461
Interest expense						7	
<b>TOTAL EXPENSES</b>		<b>1 395</b>	<b>1 399</b>	<b>8 767</b>	<b>8 464</b>	<b>170 308</b>	<b>156 850</b>
<b>NET (DEFICIT)/SURPLUS</b>		<b>- 39</b>	<b>165</b>	<b>244</b>	<b>649</b>	<b>- 9 358</b>	<b>16 578</b>
<b>OTHER COMPREHENSIVE INCOME</b>							
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>							
<b>COMPREHENSIVE RESULT</b>		<b>- 39</b>	<b>165</b>	<b>244</b>	<b>649</b>	<b>- 9 358</b>	<b>16 578</b>

<sup>1</sup> Includes DCDD service charges, DIPL repairs and maintenance service charges and CMC shared services provided.

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

# Notes to the financial statements

For the year ended 30 June 2021

## 4. Revenue

### a) Grants and subsidies revenue

Grants revenue is recognised at fair value exclusive of the amount of GST.

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

A financing component for consideration is only recognised if it is significant to the contract and the period between the transfer of goods and services and receipt of consideration is more than one year. For the 2020-21 and 2019-20 reporting periods, there were no adjustments for the effects of a significant financing component.

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

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

DTF does not have grant and subsidies revenue.

### b) Appropriation

	2020-21			2019-20		
	Revenue from contracts with customers	Other	Total	Revenue from contracts with customers	Other	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Output		147 865	147 865		167 239	167 239
Commonwealth	6 770		6 770			
<b>Total appropriation</b>	<b>6 770</b>	<b>147 865</b>	<b>154 635</b>		<b>167 239</b>	<b>167 239</b>

Output appropriation is the operating payment to each agency for the outputs they provide as specified in the *Appropriation Act*. It does not include any allowance for major non-cash costs such as depreciation. Output appropriations do not have sufficiently specific performance obligations and are recognised on receipt of funds.

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.

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

## Notes to the financial statements

For the year ended 30 June 2021

### 4. Revenue (continued)

Revenue from contracts with customers have been disaggregated below into categories to enable users of these financial statements to understand the nature, amount, timing and uncertainty of income and cash flows. These categories include a description of the type of product or service line, type of customer and timing of transfer of goods and services.

	2020-21	2019-20
	\$000	\$000
<b>Type of good and service:</b>		
Service delivery	6 770	
<b>Total revenue from contracts with customers</b>	<b>6 770</b>	
<b>Type of customer:</b>		
Commonwealth	6 770	
<b>Total revenue from contracts with customers</b>	<b>6 770</b>	
<b>Timing of transfer of goods and services:</b>		
Point in time	6 770	
<b>Total revenue from contracts with customers</b>	<b>6 770</b>	

#### c) Sales of goods and services

	2020-21			2019-20		
	Revenue from contracts with customers	Other	Total	Revenue from contracts with customers	Other	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Sales of goods and services		306	306		305	305
<b>Total sales of goods and services</b>		<b>306</b>	<b>306</b>		<b>305</b>	<b>305</b>

Revenue from rendering of services is recognised when the agency satisfies the performance obligation by transferring the promised services. DTF provides services to NTTC for finance and executive support and charges a monthly overhead fee. This is not considered as revenue from contracts with customers.

#### d) Other income

	2020-21			2019-20		
	Revenue from contracts with customers	Other	Total	Revenue from contracts with customers	Other	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Other income		68	68		34	34
<b>Total other income</b>		<b>68</b>	<b>68</b>		<b>34</b>	<b>34</b>

# Notes to the financial statements

For the year ended 30 June 2021

## 5. Goods and services received free of charge

	2020-21	2019-20
	\$000	\$000
Corporate and information services <sup>1</sup>	4 828	4 578
Shared corporate services <sup>2</sup>	936	1 119
Repairs and maintenance <sup>3</sup>	28	15
<b>Total goods and services free of charge</b>	<b>5 792</b>	<b>5 712</b>

1 DCDD service charges.

2 CMC shared services.

3 DIPL repairs and maintenance service charges.

Services received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Repairs and maintenance expenses and associated employee costs are centralised and provided by DIPL and forms part of goods and services free of charge of the agency.

In addition, corporate services staff and functions are centralised and provided by DCDD and forms part of goods and services received free of charge by the agency.

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

## Notes to the financial statements

For the year ended 30 June 2021

### 6. Purchases of goods and services

	2020-21	2019-20
	\$000	\$000
Consultants <sup>1</sup>	1 220	1 589
Agent service arrangement	730	529
Other	650	735
Information technology charges and communications <sup>2</sup>	551	897
Legal expenses <sup>3</sup>	167	242
Communications	101	107
Training and study	85	191
Recruitment <sup>4</sup>	74	38
Document production	63	8
Fees and regulatory charges	13	47
Advertising <sup>5</sup>	5	26
Marketing and promotion <sup>6</sup>	1	4
Official duty fares	1	49
Travelling allowance		6
<b>Total purchases of goods and services</b>	<b>3 661</b>	<b>4 468</b>

1 Includes marketing, promotion and ICT consultants.

2 Reduction in 2020-21 due to machinery of government changes in 2019-20.

3 Includes legal fees, claim and settlement costs.

4 Includes recruitment-related advertising costs.

5 Does not include recruitment-related advertising or advertising for marketing and promotion.

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

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

# Notes to the financial statements

For the year ended 30 June 2021

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

	Agency items		Territory items					
	2020-21 \$000	No. of trans.	2019-20 \$000	No. of trans.	2020-21 \$000	No. of trans.	2019-20 \$000	No. of trans.
<b>Amounts written off, postponed and waived by the Treasurer</b>								
Write-offs, postponements and waivers due to COVID-19 <sup>1</sup>					2 770	488	2 743	110
Irrecoverable amounts payable to the Territory or an agency written off <sup>2</sup>					5 826	46		
Losses or deficiencies of money written off								
Waiver or postponement of right to receive or recover money or property					87	4		
<b>Total written off, postponed and waived by the Treasurer</b>					<b>8 683</b>	<b>538</b>	<b>2 743</b>	<b>110</b>
Write-offs, postponements and waivers authorised under other legislation								
Gifts under the FMA								
Gifts authorised under other legislation								
Ex gratia payments under the FMA								

1 Includes waivers associated with payroll tax business hardship relief and property activation levy due to the Territory Government economic response to COVID-19.

2 Includes write-offs associated with payroll tax and stamp duty approved by the Treasurer to ease financial hardship faced by individuals and businesses impacted by COVID-19.

## 8. Cash and deposits

	2020-21 \$000	2019-20 \$000
Cash at bank	55 008	44 874
<b>Total cash and deposits</b>	<b>55 008</b>	<b>44 874</b>

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

## Notes to the financial statements

For the year ended 30 June 2021

### 9. Cash flow reconciliation

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

	2020-21	2019-20
	\$000	\$000
<b>Net surplus/(deficit)</b>	<b>- 9 358</b>	<b>16 578</b>
Non-cash items:		
Depreciation and amortisation	11	7
Changes in assets and liabilities:		
Decrease/(increase) in receivables	- 1 940	361
(Decrease)/increase in payables	21 172	- 29
(Decrease)/increase in provision for employee benefits	186	- 172
(Decrease)/increase in other provisions	60	- 17
<b>Net cash from operating activities</b>	<b>10 131</b>	<b>16 728</b>

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

During the year capital appropriation was received for the acquisition of video conferencing equipment. DTF did not have any liabilities arising from financing activities during 2019-20.

#### c) Non-cash financing and investing activities

During the year \$0.15 million (2020: \$0.14 million) was recognised as interest expense related to the deferred loss amortisation and interest income on advances paid of \$0.15 million (2020: \$0.14 million) in the comprehensive operating statements. Refer to Note 11 Advances and investment for more information.

### 10. Receivables

	2020-21	2019-20
	\$000	\$000
<b>Current</b>		
Accounts receivable	37	8
Less: loss allowance		
	<b>37</b>	<b>8</b>
Accrued contract revenue	1 945	
Less: loss allowance		
	<b>1 945</b>	
Prepayments	96	56
GST receivables	29	100
Other receivables	3	6
	<b>128</b>	<b>162</b>
<b>Total receivables</b>	<b>2 110</b>	<b>170</b>

# Notes to the financial statements

For the year ended 30 June 2021

## 10. Receivables (continued)

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

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

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

The loss allowance reflects lifetime expected credit losses (ECLs) and represents the amount of receivables the agency estimates are likely to be uncollectible and are considered doubtful. DTF did not recognise any loss allowance on receivables in 2020-21 or 2019-20.

### Accrued contract revenue

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

As at 30 June 2021, DTF recognised accrued contract revenue of \$1.94 million for the HomeBuilder grants initiative.

### Credit risk exposure of receivables

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

The expected loss rates are based on historical observed loss rates, adjusted to reflect current and forward-looking information. DTF did not have any ECLs in 2020-21 or 2019-20.

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 include a failure to make contractual payments for a period greater than 90 days past due.

## Notes to the financial statements

For the year ended 30 June 2021

### 10. Receivables (continued)

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

#### Reconciliation of loss allowance for receivables

	2020-21				2019-20			
	Gross receivables	Loss rate	ECL	Net receivables	Gross receivables	Loss rate	ECL	Net receivables
	\$000	%	\$000	\$000	\$000	%	\$000	\$000
<b>Internal receivables</b>								
Not overdue	33			33	8			8
Overdue for less than 30 days								
Overdue for 30 to 60 days								
Overdue for more than 60 days	4			4				
<b>Total internal receivables</b>	<b>37</b>			<b>37</b>	<b>8</b>			<b>8</b>
<b>External receivables</b>								
Not overdue	1 945			1 945				
Overdue for less than 30 days								
Overdue for 30 to 60 days								
Overdue for more than 60 days								
<b>Total external receivables</b>	<b>1 945</b>			<b>1 945</b>				

ECL: expected credit loss

Total amounts disclosed exclude statutory amounts and prepayments, and include contract receivables and accrued contract revenue.

#### Reconciliation of loss allowance for receivables

DTF did not have any loss allowance for receivables in 2020-21 or 2019-20.

#### 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.

# Notes to the financial statements

For the year ended 30 June 2021

## 11. Advances and investments

	2020-21	2019-20
	\$000	\$000
<b>Non-current</b>		
Advances paid	33 805	33 805
Less: loss allowance	- 8 805	- 8 805
<b>Total advances and investments</b>	<b>25 000</b>	<b>25 000</b>

### a) Advances paid

Advances paid are recognised initially at fair value plus or minus relevant transaction costs and are recognised in the balance sheet when DTF becomes party to the contractual provisions of the financial instruments. Where the advances are provided with interest-free periods or at concessional interest rates, they are considered to have a fair value 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 income statement except when the loss is deferred.

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

Included with the advances paid is a deferred loss of \$23 million (2020: \$23.2 million). During the year, \$0.15 million (2020: \$0.14 million) was recognised as interest expense related to the deferred loss amortisation and interest income on advances paid of \$0.15 million (2020: \$0.14 million) in the comprehensive operating statement.

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

### Credit risk exposure of advances paid

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

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

	2020-21				2019-20			
	Gross advances paid	Loss rate	ECL	Net advances paid	Gross advances paid	Loss rate	ECL	Net advances paid
	\$000	%	\$000	\$000	\$000	%	\$000	\$000
Not overdue	25 000			25 000	25 000			25 000
Overdue for less than 30 days								
Overdue for 30 to 60 days								
Overdue for more than 60 days <sup>1</sup>	8 805	100	- 8 805		8 805	100	- 8 805	
<b>Total advances paid</b>	<b>33 805</b>		<b>- 8 805</b>	<b>25 000</b>	<b>33 805</b>		<b>- 8 805</b>	<b>25 000</b>

ECL: Expected credit loss

1 Reflects loan to Jabiru Township Development Authority.

## Notes to the financial statements

For the year ended 30 June 2021

### 11. Advances and investments (continued)

#### Reconciliation of loss allowance for advances paid

	2020-21	2019-20
	\$000	\$000
Opening balance	- 8 805	- 8 805
Written off during the year		
Recovered during the year		
Increase/decrease in allowance recognised in profit or loss		
<b>Total loss allowance advances paid</b>	<b>- 8 805</b>	<b>- 8 805</b>

### 12. Property, plant and equipment

#### a) Total property, plant and equipment

	2020-21	2019-20
	\$000	\$000
<b>Plant and equipment</b>		
At fair value	117	60
Less: accumulated depreciation	- 44	- 33
<b>Total property, plant and equipment</b>	<b>73</b>	<b>27</b>

DTF owns all its assets and there is no right-of-use assets. The following table is reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2020-21:

	Plant and equipment	
	2020-21	2019-20
	\$000	\$000
Carrying amount at 1 July	27	34
Additions	57	
Disposals		
Depreciation/amortisation expense	- 11	- 7
<b>Carrying amount at 30 June</b>	<b>73</b>	<b>27</b>

#### Acquisitions

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

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

# Notes to the financial statements

For the year ended 30 June 2021

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

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

### Subsequent additional costs

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

### Revaluations and impairment

#### Revaluation

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

#### Impairment

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

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

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

In certain situations, an impairment loss may subsequently be reversed. Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognised in the comprehensive operating statement as income.

DTF property, plant and equipment assets were assessed for impairment as at 30 June 2021. 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:

	2020-21	2019-20
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.

## Notes to the financial statements

For the year ended 30 June 2021

### 13. Agency as a lessee

#### Intergovernmental leases

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

### 14. Payables

	2020-21	2019-20
	\$000	\$000
Accounts payable		3
Accrued expenses <sup>1</sup>	22 000	825
<b>Total payables</b>	<b>22 000</b>	<b>828</b>

1 Recognition of CSO accrual as at 30 June 2021.

Liabilities for accounts payable and accrued expenses are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the agency. Accounts payable are normally settled within 20 days from receipt of valid invoices under \$1 million, or 30 days for invoices over \$1 million.

### 15. Borrowings and advances

DTF had no borrowings and advances in 2020-21 or 2019-20.

#### Lease liabilities

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

	2020-21		2019-20	
	Internal	External	Internal	External
	\$000	\$000	\$000	\$000
Within one year	85		86	
Later than one year and not later than 5 years	130		97	
Later than 5 years				
	<b>215</b>		<b>183</b>	

# Notes to the financial statements

For the year ended 30 June 2021

## 16. Provisions

	2020-21	2019-20
	\$000	\$000
<b>Current</b>		
Employee benefits		
Recreation leave	2 204	2 036
Leave loading	194	182
Other employee benefits	13	6
Other provisions	403	344
<b>Total provisions</b>	<b>2 814</b>	<b>2 568</b>
<b>Reconciliations of other provisions</b>		
Balance at 1 July	344	361
Additional provisions recognised	629	600
Reductions arising from payments	- 570	- 617
<b>Balance at 30 June</b>	<b>403</b>	<b>344</b>

DTF employed 124.1 FTE employees as at 30 June 2021 (122.3 FTEs as at 30 June 2020), including NTTC.

### Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, and recreation leave. Liabilities arising in respect of wages and salaries, recreation leave and other employee benefit liabilities that fall due within 12 months of the reporting date are classified as current liabilities and 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 agency financial statements.

### Financial guarantee contracts

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

DTF had no quantifiable financial guarantee contracts as at 30 June 2021 or 30 June 2020.

## Notes to the financial statements

For the year ended 30 June 2021

### 16. Provisions (continued)

#### Superannuation

Employees' superannuation entitlements are provided through the:

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

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

### 17. Commitments

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

Disclosures in relation to other commitments are detailed below, noting DTF did not have any capital commitments in 2020-21 or 2019-20.

#### Other expenditure commitments<sup>1</sup>

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

	2020-21		2019-20	
	Internal	External	Internal	External
	\$000	\$000	\$000	\$000
Within one year	85	2 142	86	1 832
Later than one year and not later than 5 years	130	1 936	97	2 643
Later than 5 years				
	<b>215</b>	<b>4 078</b>	<b>183</b>	<b>4 475</b>

<sup>1</sup> Excludes capital and lease commitments, but includes maintenance contracts.

### 18. Fair value measurement

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

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

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

# Notes to the financial statements

For the year ended 30 June 2021

## 18. Fair value measurement (continued)

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

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

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

- level 1 – inputs are quoted prices in active markets for identical assets or liabilities
- level 2 – inputs 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.

### a) Fair value hierarchy

DTF recognises financial assets and liabilities at amortised cost. The carrying amounts of these financial assets and liabilities approximates their fair value.

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

	Level 1		Level 2		Level 3		Total fair value	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Assets</b>								
Plant and equipment (Note 12)					73	27	73	27
<b>Total assets</b>					<b>73</b>	<b>27</b>	<b>73</b>	<b>27</b>

There were no transfers between level 1, 2 or 3 during 2020-21.

## Notes to the financial statements

For the year ended 30 June 2021

### 18. Fair value measurement (continued)

#### b) Valuation techniques and inputs

Valuation techniques used to measure fair value of the level 3 asset class plant and equipment (Note 12) in 2020-21 was the cost approach.

There were no changes in valuation techniques from 2019-20 to 2020-21.

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

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

	Plant and equipment	
	2020-21	2019-20
	\$000	\$000
Fair value at 1 July	27	34
Additions	57	
Depreciation	- 11	- 7
<b>Fair value at 30 June</b>	<b>73</b>	<b>27</b>

##### (ii) Sensitivity analysis

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

### 19. Financial instruments

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

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

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

DTF has limited exposure to financial risks.

# Notes to the financial statements

For the year ended 30 June 2021

## 19. Financial instruments (continued)

### a) Categories of financial instruments

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

	FVTPL		Amortised cost	FVOCI	Total
	Mandatorily at fair value	Designated at fair value			
	\$000	\$000	\$000	\$000	\$000
<b>2020-21</b>					
Cash and deposits			55 008		55 008
Receivables <sup>1</sup>			37		37
Advances paid			25 000		25 000
<b>Total financial assets</b>			<b>80 045</b>		<b>80 045</b>
Payables <sup>1</sup>					
<b>Total financial liabilities</b>					
<b>2019-20</b>					
Cash and deposits			44 874		44 874
Receivables <sup>1</sup>			8		8
Advances paid			25 000		25 000
<b>Total financial assets</b>			<b>69 882</b>		<b>69 882</b>
Payables <sup>1</sup>			3		3
<b>Total financial liabilities</b>			<b>3</b>		<b>3</b>

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

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

### Categories of financial instruments

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

Financial assets are classified under the following categories:

- amortised cost
- fair value through other comprehensive income (FVOCI)
- fair value through profit and loss (FVTPL).

Financial liabilities are classified under the following categories:

- amortised cost
- FVTPL.

These classifications are based on DTF'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.

# Notes to the financial statements

For the year ended 30 June 2021

## 19. Financial instruments (continued)

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

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

### Financial assets at amortised cost

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

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

### Financial assets at fair value through other comprehensive income

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

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

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

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

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

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

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

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

### Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest rate method. The agency's financial liabilities categorised at amortised cost include all accounts payable.

# Notes to the financial statements

For the year ended 30 June 2021

## 19. Financial instruments (continued)

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

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

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

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

### b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation.

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 into account the value of any collateral or other security obtained.

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

### c) Liquidity risk

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

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

## Notes to the financial statements

For the year ended 30 June 2021

### 19. Financial instruments (continued)

	Carrying amount	Less than a year	1 to 5 years	More than 5 years	Total
	\$000	\$000	\$000	\$000	\$000
2020-21					
Payables					
<b>Total financial liabilities</b>					
2019-20					
Payables	3	3			3
<b>Total financial liabilities</b>	<b>3</b>	<b>3</b>			<b>3</b>

#### d) Market risk

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

##### (i) Interest rate risk

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

##### (ii) Price risk

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

##### (iii) Currency risk

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

## 20. Related parties

### a) Related parties

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

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

# Notes to the financial statements

For the year ended 30 June 2021

## 20. Related parties (continued)

### c) Remuneration of key management personnel

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

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

	2020-21	2019-20
	\$000	\$000
Short-term benefits	2 260	2 068
Post-employment benefits	241	218
Long-term benefits		
Termination benefits		
<b>Total remuneration of key management personnel</b>	<b>2 501</b>	<b>2 286</b>

### d) Related-party transactions:

#### Transactions with Northern Territory Government-controlled entities

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

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

	Revenue from related parties	Payments to related parties	Amounts owed by related parties	Amounts owed to related parties
	\$000	\$000	\$000	\$000
<b>2020-21</b>				
Territory Government departments	5 821	7 516		336
Other Territory Government-controlled entities	309	112 770	36	
<b>Total</b>	<b>6 130</b>	<b>120 286</b>	<b>36</b>	<b>336</b>
<b>2019-20</b>				
Territory Government departments	5 724	7 406	6	389
Other Territory Government-controlled entities	309	113 964		42
<b>Total</b>	<b>6 033</b>	<b>121 370</b>	<b>6</b>	<b>431</b>

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

Other related-party transactions are as follows:

- Given the breadth and depth of Territory Government activities, related parties will transact with the Territory public sector in a manner consistent with other members of the public including paying stamp duty and other government fees and charges. Therefore these transactions have not been disclosed.
- Outside normal citizen-type transactions with the Territory, there were no related-party transactions that involved KMP and their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

## Notes to the financial statements

For the year ended 30 June 2021

### 21. Contingent liabilities and contingent assets

#### a) Contingent liabilities

Unquantifiable contingent liabilities are:

##### Financial guarantee given to the AustralAsia Railway Corporation

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

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

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

##### Workers compensation insurance

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

#### b) Contingent assets

DTF had no contingent assets as at 30 June 2021 or 30 June 2020.

### 22. Events subsequent to balance date

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

# Notes to the financial statements

For the year ended 30 June 2021

## 23. Schedule of administered Territory items

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

	2020-21	2019-20
	\$000	\$000
<b>TERRITORY INCOME AND EXPENSES</b>		
<b>Income</b>		
Taxation revenue	575 214	578 850
Grants and subsidies revenue		
GST revenue	2 960 426	2 658 960
Specific purpose payments	395 516	442 949
National partnership agreements	603 915	434 742
Current	10 879	267 318
Fees from regulatory services	529	512
Royalties and rents	366 695	371 664
Other income	1	19
<b>Total income</b>	<b>4 913 175</b>	<b>4 755 014</b>
<b>Expenses</b>		
Central Holding Authority income transferred	4 909 459	4 748 620
Doubtful debts	- 4 967	6 394
Bad debts	8 683	
<b>Total expenses</b>	<b>4 913 175</b>	<b>4 755 014</b>
<b>Territory income less expenses</b>		
<b>TERRITORY ASSETS AND LIABILITIES</b>		
<b>Assets</b>		
Taxes receivable	42 385	51 148
Other receivables	458 074	405 537
<b>Total assets</b>	<b>500 459</b>	<b>456 685</b>
<b>Liabilities</b>		
Central Holding Authority income payable	298 240	250 643
Unearned Central Holding Authority income	202 219	206 042
<b>Total liabilities</b>	<b>500 459</b>	<b>456 685</b>
<b>Net assets</b>		

# Notes to the financial statements

For the year ended 30 June 2021

## 24. Budgetary information

### a) Comprehensive operating statement

	2020-21			Note
	Actual	Original budget	Variance	
	\$000	\$000	\$000	
<b>INCOME</b>				
Appropriation				
Output	147 865	150 662	- 2 797	1
Commonwealth	6 770		6 770	2
Sales of goods and services	306	305	1	
Interest revenue	149		149	
Goods and services received free of charge	5 792	7 037	- 1 245	3
Other income	68		68	
<b>TOTAL INCOME</b>	<b>160 950</b>	<b>158 004</b>	<b>2 946</b>	
<b>EXPENSES</b>				
Employee expenses	16 376	15 939	437	
Administrative expenses				
Purchases of goods and services	3 661	5 911	- 2 250	4
Depreciation and amortisation	11	3	8	
Other administrative expenses	11 866	13 515	- 1 649	3
Grants and subsidies expenses				
Current	19 016	33 505	- 14 489	5
Community service obligations	119 371	106 075	13 296	6
Interest expenses	7	9	- 2	
<b>TOTAL EXPENSES</b>	<b>170 308</b>	<b>174 957</b>	<b>- 4 649</b>	
<b>NET SURPLUS/(DEFICIT)</b>	<b>- 9 358</b>	<b>- 16 953</b>	<b>7 595</b>	
<b>COMPREHENSIVE RESULT</b>	<b>- 9 358</b>	<b>- 16 953</b>	<b>7 595</b>	

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

1. The \$2.8 million reduction in output appropriation reflects the transfer of funding to other agencies to support government initiatives including antisocial behaviour, return to country and FibreSense, offset by additional funding to be passed on for utility tariffs.
2. The \$6.8 million increase reflects new Commonwealth funding for the HomeBuilder grants initiative.
3. The variation reflects lower than anticipated DCDD services received free of charge.
4. The \$2.3 million reduction in purchases of goods and services is the result of revised timing of consultant and legal fees to future years.
5. Lower current grants of \$14.5 million reflects lower uptake of home owner assistance schemes, revised timing of other subsidies to future years, partially offset by uptake of HomeBuilder grants.
6. The \$13.3 million increase reflects increased funding for uniform electricity tariffs, and COVID-19 business hardship subsidies and relief passed on to government owned corporations.

# Notes to the financial statements

For the year ended 30 June 2021

## 24. Budgetary information (continued)

### b) Balance sheet

	2020-21			Note
	Actual	Original budget	Variance	
	\$000	\$000	\$000	
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and deposits	55 008	27 923	27 085	1
Receivables	2 110	171	1 939	2
<b>Total current assets</b>	<b>57 118</b>	<b>28 094</b>	<b>29 024</b>	
<b>Non-current assets</b>				
Advances and investments	25 000	25 000		
Property, plant and equipment	73	24	49	
<b>Total non-current assets</b>	<b>25 073</b>	<b>25 024</b>	<b>49</b>	
<b>TOTAL ASSETS</b>	<b>82 191</b>	<b>53 118</b>	<b>29 073</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	22 000	828	21 172	1
Provisions	2 814	2 569	245	
<b>Total current liabilities</b>	<b>24 814</b>	<b>3 397</b>	<b>21 417</b>	
<b>TOTAL LIABILITIES</b>	<b>24 814</b>	<b>3 397</b>	<b>21 417</b>	
<b>NET ASSETS</b>	<b>57 377</b>	<b>49 721</b>	<b>7 656</b>	
<b>EQUITY</b>				
Capital	- 21 459	- 21 519	60	
Accumulated funds	78 836	71 240	7 596	
<b>TOTAL EQUITY</b>	<b>57 377</b>	<b>49 721</b>	<b>7 656</b>	

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

1. The increase in cash and deposits largely reflects the timing of CSO and other payments.
2. The \$1.9 million increase in receivables reflects accrued contract revenue relating to the HomeBuilder grants initiative for which consideration has not yet been received.

# Notes to the financial statements

For the year ended 30 June 2021

## 24. Budgetary information (continued)

### c) Cash flow statement

	2020-21			Note
	Actual	Original budget	Variance	
	\$000	\$000	\$000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Operating receipts</b>				
Appropriation				
Output	147 865	150 662	- 2 797	1
Commonwealth	4 825		4 825	2
Receipts from sales of goods and services	650	305	345	
<b>Total operating receipts</b>	<b>153 340</b>	<b>150 967</b>	<b>2 373</b>	
<b>Operating payments</b>				
Payments to employees	- 16 063	- 15 939	- 124	
Payments for goods and services	- 9 802	- 12 389	2 587	3
Grants and subsidies paid				
Current	- 19 016	- 33 505	14 489	4
Community service obligations	- 98 321	- 106 075	7 754	5
Interest paid	- 7	- 9	2	
<b>Total operating payments</b>	<b>- 143 209</b>	<b>- 167 917</b>	<b>24 708</b>	
<b>Net cash from/(used in) operating activities</b>	<b>10 131</b>	<b>- 16 950</b>	<b>27 081</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Investing receipts</b>				
Sales of investments				
<b>Total investing receipts</b>				
<b>Investing payments</b>				
Purchases of assets	- 57		- 57	
<b>Total investing payments</b>	<b>- 57</b>		<b>- 57</b>	
<b>Net cash from/(used in) investing activities</b>	<b>- 57</b>		<b>- 57</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Financing receipts</b>				
Proceeds of borrowings				
Deposits received				
Equity injections				
Capital appropriation	60		60	
<b>Total financing receipts</b>	<b>60</b>		<b>60</b>	
<b>Financing payments</b>				
Equity withdrawals				
<b>Total financing payments</b>				
<b>Net cash from/(used in) financing activities</b>	<b>60</b>		<b>60</b>	
Net increase/(decrease) in cash held	10 134	- 16 950	27 084	
Cash at beginning of financial year	44 874	44 873	1	
<b>CASH AT END OF FINANCIAL YEAR</b>	<b>55 008</b>	<b>27 923</b>	<b>27 085</b>	

# Notes to the financial statements

For the year ended 30 June 2021

## 24. Budgetary information (continued)

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

1. The \$2.8 million reduction in output appropriation reflects the transfer of funding to other agencies to support government initiatives including antisocial behaviour, return to country and FibreSense, offset by additional funding to be passed on for utility tariffs.
2. The \$4.8 million increase in Commonwealth appropriation receipts reflects new funding for the HomeBuilder grants initiative.
3. The \$2.6 million reduction in payments for goods and services is the result of revised timing of consultant and legal fees to future years.
4. Lower current grants paid of \$14.5 million reflect lower uptake of home owner assistance schemes, revised timing of other subsidies to future years, partially offset by uptake of HomeBuilder grants.
5. Lower CSO payments of \$7.8 million reflects timing of payments.

## Notes to the financial statements

For the year ended 30 June 2021

### 25. Budgetary information: administered Territory items

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

	2020-21			Note
	Actual	Original budget	Variance	
	\$000	\$000	\$000	
<b>TERRITORY INCOME AND EXPENSES</b>				
<b>Income</b>				
Taxation revenue	575 214	570 436	4 778	
Grants and subsidies revenue				
Current	10 879	14 505	- 3 626	
GST revenue	2 960 426	2 516 648	443 778	1
Specific purpose payments	395 516	399 305	- 3 789	
National partnership agreements	603 915	673 668	- 69 753	2
Fees from regulatory services	529	438	91	
Royalties and rents	366 695	316 878	49 817	3
Other income	1	300	- 299	
<b>Total income</b>	<b>4 913 175</b>	<b>4 492 178</b>	<b>420 997</b>	
<b>Expenses</b>				
Central Holding Authority income transferred	4 909 459	4 492 178	417 281	
Doubtful debts	- 4 967		- 4 967	
Bad debts	8 683		8 683	
<b>Total expenses</b>	<b>4 913 175</b>	<b>4 492 178</b>	<b>420 997</b>	
<b>Territory income less expenses</b>				
<b>TERRITORY ASSETS AND LIABILITIES</b>				
<b>Assets</b>				
Tax receivables	42 385	55 444	- 13 059	
Other receivables	458 074	228 855	229 219	4
<b>Total assets</b>	<b>500 459</b>	<b>284 299</b>	<b>216 160</b>	
<b>Liabilities</b>				
Central Holding Authority income payable	298 240	235 866	62 374	5
Unearned Central Holding Authority income	202 219	48 433	153 786	6
<b>Total liabilities</b>	<b>500 459</b>	<b>284 299</b>	<b>216 160</b>	
<b>Net assets</b>				

# Notes to the financial statements

For the year ended 30 June 2021

## 25. Budgetary information: administered Territory items (continued)

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

1. GST revenue has increased by \$443.8 million since the original 2020-21 budget, due to the national economic recovery from COVID-19 being quicker than anticipated, resulting in higher than estimated GST collections.
2. National partnership payments decreased by \$69.8 million predominantly relating to:
  - revised delivery of Commonwealth funded roads and infrastructure projects of \$63.9 million, remote housing and community safety infrastructure programs of \$20.1 million and various other projects of \$13.6 million
  - a reclassification of the Indigenous Advancement Strategy funding agreement of \$9.5 million from a national partnership to a Commonwealth own-purpose expense grant
  - partially offset by new and increased funding for the Provision of COVID-19 Quarantine Arrangements for Repatriated Australians of \$30.9 million and the HomeBuilder grants initiative of \$6.8 million to support the residential construction sector impacted by COVID-19.
3. Royalties and rents increased by \$49.8 million predominantly due to higher mining royalties reflecting an increase in the value of mineral production and stronger than expected commodity prices.
4. Other receivables increased by \$229.2 million largely due to prepayments of \$166.8 million reflecting consideration received in advance from the Commonwealth and passed on to agencies, accrued current and capital grant revenue of \$92.4 million relating to various Commonwealth-funded programs for which cash has not yet been receipted and passed on to government agencies, partially offset by other receivables of \$13.1 million, and royalty and rent receivables of \$16.9 million.
5. Payables increased by \$62.4 million in line with accrued current and capital grant revenue totalling \$92.4 million relating to works undertaken for various Commonwealth-funded programs for which cash has not yet been receipted and passed on to government agencies, partially offset by taxes receivables of \$13.1 million and royalties and rent of \$16.9 million.
6. Unearned CHA income increased by \$153.8 million predominantly due to consideration received in advance from the Commonwealth in respect of national partnership agreements, specific purpose payments and Commonwealth own-purpose expenditure.

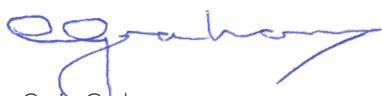
# Central Holding Authority

## Certification of the financial statements

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

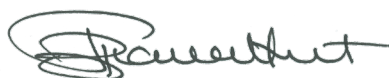
We further state that the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2021 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 2021



Tiziana Hucent  
Senior Director Financial Reporting

30 September 2021

# Comprehensive operating statement

For the year ended 30 June 2021

	Note	2020-21	2019-20
		\$000	\$000
<b>INCOME</b>			
Taxation revenue		630 795	633 233
Grants and subsidies revenue	3a		
GST revenue		2 960 426	2 658 960
Specific purpose payments		395 516	442 949
National partnership agreements		603 915	434 742
Current grants		10 879	267 318
Capital grants		17 588	19 023
Sales of goods and services	3b	80 273	59 894
Interest revenue		63 566	57 405
Royalties, rents and dividends		418 102	438 412
Employer superannuation contributions		27 862	28 699
Unrealised gain/(loss) on investments		130 052	- 66 764
Other income		37 878	20 036
<b>TOTAL INCOME</b>		<b>5 376 851</b>	<b>4 993 908</b>
<b>EXPENSES</b>			
Long service leave expense		62 838	59 899
Superannuation expense	13	87 023	116 358
Workers compensation expense		32 401	41 323
Administrative expense		5 673	8 416
Grants and subsidies expense		- 100	- 7 800
Interest expense		247 485	210 337
Output appropriation		4 615 455	4 285 506
Commonwealth appropriation		758 506	693 877
<b>TOTAL EXPENSES</b>		<b>5 809 281</b>	<b>5 407 916</b>
<b>NET SURPLUS/(DEFICIT)</b>		<b>- 432 430</b>	<b>- 414 008</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Remeasurement of superannuation liability	13	306 717	- 159 656
Revaluations and asset impairment		16 224	- 13 512
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>322 941</b>	<b>- 173 168</b>
<b>COMPREHENSIVE RESULT</b>		<b>- 109 489</b>	<b>- 587 176</b>

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

# Balance sheet

As at 30 June 2021

	Note	2020-21 \$000	2019-20 \$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and deposits	4	2 476 851	1 344 023
Receivables	6	324 983	276 959
Advances and investments	7	1 347 393	1 516 052
Prepayments	8	186 666	201 185
<b>Total current assets</b>		<b>4 335 893</b>	<b>3 338 219</b>
<b>Non current assets</b>			
Prepayments	8	31 712	16 940
Equity investments		13 470 268	12 617 575
<b>Total non current assets</b>		<b>13 501 981</b>	<b>12 634 516</b>
<b>TOTAL ASSETS</b>		<b>17 837 874</b>	<b>15 972 735</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Deposits held	9	2 422 417	1 906 610
Payables	10	109 364	42 130
Borrowings and advances	11	660 127	4 553
Employee benefits	12	291 169	255 859
Superannuation liability	13	254 554	255 332
Other liabilities	14	218 080	271 181
<b>Total current liabilities</b>		<b>3 955 712</b>	<b>2 735 665</b>
<b>Non current liabilities</b>			
Borrowings and advances	11	6 594 128	5 431 755
Employee benefits	12	78 245	105 412
Superannuation liability	13	3 618 167	4 013 292
Other liabilities	14	192 870	178 370
<b>Total non current liabilities</b>		<b>10 483 410</b>	<b>9 728 829</b>
<b>TOTAL LIABILITIES</b>		<b>14 439 122</b>	<b>12 464 494</b>
<b>NET ASSETS</b>		<b>3 398 752</b>	<b>3 508 240</b>
<b>EQUITY</b>			
Accumulated funds		3 398 752	3 508 240
<b>TOTAL EQUITY</b>		<b>3 398 752</b>	<b>3 508 240</b>

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

# Statement of changes in equity

For the year ended 30 June 2021

	Equity at 1 July	Comprehensive result	Transactions with owners in their capacity as owners	Equity at 30 June
	\$000	\$000	\$000	\$000
<b>2020-21</b>				
<b>Accumulated funds</b>	<b>3 508 240</b>	<b>- 109 489</b>		<b>3 398 752</b>
Changes in accounting policy				
Correction of prior period errors				
Transfers from reserves				
Other movements directly to equity				
<b>Total equity at end of financial year</b>	<b>3 508 240</b>	<b>- 109 489</b>		<b>3 398 752</b>
<b>2019-20</b>				
<b>Accumulated funds</b>	<b>4 028 169</b>	<b>- 587 176</b>		<b>3 440 993</b>
Adjustment on adoption of AASB15/1058/2016-8	67 247			67 247
Changes in accounting policy				
Correction of prior period errors				
Transfers from reserves				
Other movements directly to equity				
<b>Total equity at end of financial year</b>	<b>4 095 416</b>	<b>- 587 176</b>		<b>3 508 240</b>

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

# Cash flow statement

For the year ended 30 June 2021

	Note	2020-21 \$000	2019-20 <sup>1</sup> \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Operating receipts</b>			
Taxes received		635 090	609 294
Grants and subsidies received			
GST received		2 960 426	2 658 960
Specific purpose payments		395 516	442 949
National partnership agreements		526 764	450 983
Current grants		10 879	267 318
Capital grants		29 635	18 495
Royalties, rents and dividends		438 192	490 030
Employer superannuation contributions		27 862	28 699
Other receipts		105 243	84 350
Interest received		64 087	57 903
<b>Total operating receipts</b>		<b>5 193 695</b>	<b>5 108 981</b>
<b>Operating payments</b>			
Long service leave		35 494	38 074
Superannuation benefits		179 539	186 897
Other salary payments		69 259	39 687
Payments for goods and services		2 046	1 224
Interest paid		247 716	210 164
Output payments		4 615 455	4 285 506
Commonwealth payments		726 766	668 848
<b>Total operating payments</b>		<b>5 876 275</b>	<b>5 430 402</b>
<b>Net cash from/(used in) operating activities</b>	5a	<b>- 682 580</b>	<b>- 321 421</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Investing receipts</b>			
Equity sales or withdrawals		97 480	21 633
Advances and investing receipts		355 000	
<b>Total investing receipts</b>		<b>452 480</b>	<b>21 633</b>
<b>Investing payments</b>			
Advances and investing payments		56 289	87 543
Capital appropriation		506 229	465 262
Commonwealth appropriation		225 659	246 966
Equity injections		182 648	61 994
<b>Total investing payments</b>		<b>970 825</b>	<b>861 765</b>
<b>Net cash from/(used in) investing activities</b>		<b>- 518 345</b>	<b>- 840 132</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Financing receipts</b>			
Proceeds of borrowings		1 822 500	1 215 000
Deposits received		515 807	972 091
<b>Total financing receipts</b>		<b>2 338 307</b>	<b>2 187 091</b>
<b>Financing payments</b>			
Repayment of borrowings		4 553	9 045
<b>Total financing payments</b>		<b>4 553</b>	<b>9 045</b>
<b>Net cash from/(used in) financing activities</b>	5b	<b>2 333 754</b>	<b>2 178 045</b>
Net increase/(decrease) in cash held		1 132 829	1 016 493
Cash at beginning of financial year		1 344 023	327 530
<b>CASH AT END OF FINANCIAL YEAR</b>	4	<b>2 476 851</b>	<b>1 344 023</b>

1 2019-20 cash flow statement has been reclassified to provide consistency with 2020-21 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 2021

## 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 agencies on behalf of CHA 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 AAS. 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.

# Notes to the financial statements

For the year ended 30 June 2021

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

### Standards and interpretations effective from 2020-21

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

### Standards and interpretations issued but not yet effective

No Australian accounting standards have been adopted early for 2020-21.

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

### c) Comparatives

Where necessary, comparative information for the 2019-20 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 2020-21 as a result of management decisions.

### f) Accounting judgements and estimates

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

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

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

### g) Goods and services tax

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

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable or payable unless otherwise specified.

## Notes to the financial statements

For the year ended 30 June 2021

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

#### h) Grants and other contributions

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

#### i) Taxation revenue

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

Territory taxation is recognised when the underlying transaction or taxable event gives rise to the right to collect revenue and the revenue can be measured reliably.

Where revenue cannot be reliably measured, revenue is recognised on the earlier of lodgement of assessment or receipt of cash.

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.

#### j) Interest revenue

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

#### k) Dividends

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

#### l) Interest expense

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

#### m) Equity investments

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

#### n) Equity

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

#### o) Reporting period

The reporting period is the year ended each 30 June.

# Notes to the financial statements

For the year ended 30 June 2021

## 3. Revenue

### a) Grants and subsidies revenue

	Revenue from contracts with customers	Other	Total
2020-21	\$000	\$000	\$000
GST revenue		2 960 426	2 960 426
Specific purpose payments		395 516	395 516
National partnership agreements	187 158	416 757	603 915
Current grants		10 879	10 879
Capital grants		17 588	17 588
<b>Total grants and subsidies revenue</b>	<b>187 158</b>	<b>3 801 167</b>	<b>3 988 324</b>
2019-20 <sup>1</sup>			
GST revenue		2 658 960	2 658 960
Specific purpose payments		442 949	442 949
National partnership agreements	92 956	341 787	434 742
Current grants		267 318	267 318
Capital grants		19 023	19 023
<b>Total grants and subsidies revenue</b>	<b>92 956</b>	<b>3 730 037</b>	<b>3 822 992</b>

1 2019-20 disclosures have been reclassified to provide consistency with 2020-21 disclosures.

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

Grants revenue is recognised at fair value exclusive of the amount of GST.

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

Where grant agreements do not meet the criteria above, it is accounted for under AASB 1058 and income is recognised on receipt of funding, except for capital grants revenue received for the purchase or construction of non financial assets to be controlled by the receiving agency.

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

Specific purpose payments funding is received from the Commonwealth to support the Territory's efforts in delivering services in key sectors and do not have sufficiently specific performance obligations. Hence revenue is recognised upfront, when the agency obtains control of the funds and is consistent with treatment in prior years.

## Notes to the financial statements

For the year ended 30 June 2021

### 3. Revenue (continued)

Capital grants are enforceable contracts with sufficiently specific obligations. Funds are initially recognised as an unearned revenue liability when received and subsequently recognised progressively as revenue in CHA as or when the receiving agency satisfies its obligations under the agreement. Where a non financial asset is purchased, revenue is recognised in CHA at the point in time the asset is acquired and control transfers to the receiving agency. For constructed assets, revenue is recognised over time, using the percentage of completion method.

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

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

	2020-21	2019-20 <sup>1</sup>
Type of good or service	\$000	\$000
Service delivery	187 005	92 843
Research services	152	112
<b>Total revenue from contracts with customers</b>	<b>187 158</b>	<b>92 956</b>
Type of customer		
Commonwealth Government	187 158	92 956
<b>Total revenue from contracts with customers</b>	<b>187 158</b>	<b>92 956</b>
Timing of transfer of goods and services		
Over time	103 892	31 915
Point in time	83 265	61 040
<b>Total revenue from contracts with customers</b>	<b>187 158</b>	<b>92 956</b>

<sup>1</sup> 2019-20 disclosures have been reclassified to provide consistency with 2020-21 disclosures.

#### b) Sales of goods and services

	Revenue from contracts with customers	Other	Total
2020-21	\$000	\$000	\$000
Fees from regulatory services	33 819	8 154	41 973
Workers compensation premiums		38 300	38 300
<b>Total sales of goods and services</b>	<b>33 819</b>	<b>46 454</b>	<b>80 273</b>
2019-20 <sup>1</sup>			
Fees from regulatory services	14 170	7 424	21 594
Workers compensation premiums		38 300	38 300
<b>Total sales of goods and services</b>	<b>14 170</b>	<b>45 724</b>	<b>59 894</b>

<sup>1</sup> 2019-20 disclosures have been reclassified to provide consistency with 2020-21 disclosures.

# Notes to the financial statements

For the year ended 30 June 2021

## 3. Revenue (continued)

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

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

	2020-21	2019-20 <sup>1</sup>
Type of good or service	\$000	\$000
Regulatory services	33 819	14 170
<b>Total revenue from contracts with customers</b>	<b>33 819</b>	<b>14 170</b>
Type of customer		
Territory Government entities	1 482	1 579
Non-government entities	32 337	12 591
<b>Total revenue from contracts with customers</b>	<b>33 819</b>	<b>14 170</b>
Timing of transfer of goods and services		
Over time		
Point in time	33 819	14 170
<b>Total revenue from contracts with customers</b>	<b>33 819</b>	<b>14 170</b>

1 2019-20 disclosures have been reclassified to provide consistency with 2020-21 disclosures.

## 4. Cash and deposits

	2020-21	2019-20
	\$000	\$000
Cash and deposits	2 476 851	1 344 023
<b>Total cash and deposits</b>	<b>2 476 851</b>	<b>1 344 023</b>

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 2021

## 5. Cash flow reconciliation

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

	2020-21	2019-20
	\$000	\$000
<b>Net surplus/(deficit)</b>	<b>- 432 430</b>	<b>- 414 008</b>
Changes in assets and liabilities:		
Revaluation and asset impairments other comprehensive income	322 941	- 173 168
Unrealised (gain)/loss on investments	- 130 052	66 764
Gain on extinguishment		
Decrease/(increase) in receivables	- 48 024	16 804
Decrease/(increase) in prepayments <sup>1</sup>	- 5 962	- 805
(Decrease)/increase in payables <sup>1</sup>	37 307	27 935
(Decrease)/increase in employee benefits	8 143	22 993
(Decrease)/increase in superannuation liability	- 395 903	86 287
(Decrease)/increase in other liabilities	- 38 601	45 776
<b>Net cash from operating activities</b>	<b>- 682 580</b>	<b>- 321 421</b>

1 Amounts exclude expenditure that is classified as investing payments.

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

	Cash flows from financing activities					
	1 July	Borrowings and advances received/ (repaid)	Deposits held receipts/ (payments)	Total cash flows	Other changes	30 June
	\$000	\$000	\$000	\$000	\$000	\$000
<b>2020-21</b>						
Deposits held	1 906 610		515 807	515 807		2 422 417
Borrowings and advances	5 436 308	1 817 947		1 817 947		7 254 255
<b>Total</b>	<b>7 342 919</b>	<b>1 817 947</b>	<b>515 807</b>	<b>2 333 754</b>		<b>9 676 672</b>
<b>2019-20</b>						
Deposits held	934 519		972 091	972 091		1 906 610
Borrowings and advances	4 230 354	1 205 955		1 205 955		5 436 308
<b>Total</b>	<b>5 164 873</b>	<b>1 205 955</b>	<b>972 091</b>	<b>2 178 045</b>		<b>7 342 919</b>

# Notes to the financial statements

For the year ended 30 June 2021

## 6. Receivables

	2020-21	2019-20
<b>Current</b>	\$000	\$000
Taxes receivable	40 070	47 033
Royalties, rents and dividends receivable	181 170	201 396
Interest receivables	167	688
Other receivables	9 925	3 024
<i>Less: Loss allowance</i>	- 11 458	- 14 931
Accrued contract revenue	66 296	28 612
Accrued capital grants	38 813	11 136
<b>Total receivables</b>	<b>324 983</b>	<b>276 959</b>

Receivables are recognised at fair value plus any directly attributable transaction costs. Receivables are subsequently measured at amortised cost using the effective interest method, less any allowance for impairment. The loss allowance represents the amount of receivables CHA estimates are likely to be uncollectible and considered doubtful.

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

## 7. Advances and investments

	2020-21	2019-20
	\$000	\$000
Advances and investments	1 347 393	1 516 052
<b>Total advances and investments</b>	<b>1 347 393</b>	<b>1 516 052</b>

Investments include investments in financial assets for liquidity management purposes. Advances and investments are initially recorded at cost and subsequently measured at amortised cost or at net market value, after deducting estimated costs of realisation at reporting date. Investments largely comprise Conditions of Service Reserve (COSR) investments, these investments relate to funds set aside to fund the Territory Government's employee-related liabilities including leave entitlements and superannuation payments.

Investments are managed by NTTC on behalf of CHA.

## Notes to the financial statements

For the year ended 30 June 2021

### 8. Prepayments

	2020-21	2019-20
	\$000	\$000
<b>Current</b>		
Prepaid contract revenue	8 956	3 011
Prepaid capital grants	175 910	196 391
Other prepaid expenses	1 800	1 783
	<b>186 666</b>	<b>201 185</b>
<b>Non current</b>		
Prepaid capital grants	31 712	16 940
	<b>31 712</b>	<b>16 940</b>
<b>Total prepayments</b>	<b>218 378</b>	<b>218 125</b>

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

### 9. Deposits held

	2020-21	2019-20
	\$000	\$000
Deposits held	2 422 417	1 906 610
<b>Total deposits held</b>	<b>2 422 417</b>	<b>1 906 610</b>

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

### 10. Payables

	2020-21	2019-20
	\$000	\$000
Accounts payable	2 004	2 382
Accrued contract expense	66 296	28 612
Accrued capital grants	41 063	11 136
<b>Total payables</b>	<b>109 364</b>	<b>42 130</b>

Liabilities for accounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to CHA. Accounts payable are normally settled within 20 days.

Accrued contract expense and capital grants comprise Commonwealth funding, for which cash has not yet been receipted and passed on to government agencies in respect of national partnership agreements, specific purpose payments and Commonwealth own-purpose expenditure, in line with accrued revenue recognised as receivables.

# Notes to the financial statements

For the year ended 30 June 2021

## 11. Borrowings and advances

	2020-21	2019-20
	\$000	\$000
<b>Current</b>		
Borrowings and advances	660 127	4 553
	<b>660 127</b>	<b>4 553</b>
<b>Non current</b>		
Borrowings and advances	6 594 128	5 431 755
	<b>6 594 128</b>	<b>5 431 755</b>
<b>Total borrowings and advances</b>	<b>7 254 255</b>	<b>5 436 308</b>

Borrowings represent funds raised for liquidity management purposes from the following sources: loans raised by the Commonwealth on behalf of the Territory; domestic and international 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 and are recorded at fair value, net of transaction costs.

## 12. Employee benefits

	2020-21	2019-20
	\$000	\$000
<b>Current</b>		
Long service leave	291 169	255 859
	<b>291 169</b>	<b>255 859</b>
<b>Non current</b>		
Long service leave	78 245	105 412
	<b>78 245</b>	<b>105 412</b>
<b>Total employee benefits</b>	<b>369 414</b>	<b>361 271</b>

### Long service leave

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

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

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

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

# Notes to the financial statements

For the year ended 30 June 2021

## 13. Superannuation liability

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

### Defined contribution plans

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

### Defined benefit plans

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

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

The defined superannuation plans include:

- CSS
- Legislative Assembly Members' Superannuation Fund
- NTGPASS
- NTPSBS
- Northern Territory Supplementary Superannuation Scheme (NTSSS)
- other statutory schemes.

The Territory Government provides a free death and invalidity scheme to eligible NTPS 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. CSS was closed on 1 October 1986 to all new NTPS employees except police who were eligible to join until 1 January 1988.

# Notes to the financial statements

For the year ended 30 June 2021

## 13. Superannuation liability (continued)

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

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

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

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

### Northern Territory Supplementary Superannuation Scheme

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

### Northern Territory Government Death and Invalidity Scheme

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

The NTPSBS, LAMS, Administrators Pension Scheme and Supreme Court Judges Pension Scheme are all pension-based schemes.

	2020-21	2019-20
	\$000	\$000
Current	254 554	255 332
Non current	3 618 167	4 013 292
<b>Total superannuation liabilities (a)</b>	<b>3 872 721</b>	<b>4 268 624</b>

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

CSS	2 394 400	2 582 900
LAMS	105 780	132 580
NTGDIS	102 003	114 037
NTGPASS	863 681	984 810
NTPSBS	89 443	83 791
NTSSS	209 408	243 258
Statutory schemes <sup>1</sup>	108 006	127 248
	<b>3 872 721</b>	<b>4 268 624</b>

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, Judges Pension Scheme, NTGDIS, Administrators Pension Scheme and the LAMS Fund values are based on triannual reviews conducted on 30 June 2019, and are updated for 30 June 2021. The NTPSBS and CSS values are based on triannual reviews as at 30 June 2021.

# Notes to the financial statements

For the year ended 30 June 2021

## 13. Superannuation liability (continued)

The downward movement in the liability between years is predominantly due to an increase in the discount rate from 0.9% in 2019-20 to 1.49% in 2020-21 combined with the reduction in the short-term salary rate from 2.5% in 2019-20 to 0% in 2020-21 reflecting the NTPS wages policy.

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

### Key assumptions

#### Key assumptions as at balance date and for following year expense

	2020-21	2019-20
	%	%
Discount rate (gross of tax)	1.49	0.90
Short-term salary rate	nil	2.50
Long-term salary rate	3.00	3.00
Inflation (pensions)	1.50	1.50
Imputed cost of interest	0.90	1.30
Tax rate for employer contributions	nil	nil

### Amounts in the financial statements

#### Balance sheet

	2020-21	2019-20
	\$000	\$000
Present value of the defined benefit obligation at end of year	3 850 529	4 240 319
Net present value of creditors <sup>1</sup>	22 192	28 305
<b>Net liability/(asset) recognised in balance sheet at end of year</b>	<b>3 872 721</b>	<b>4 268 624</b>

#### Comprehensive operating statement

Employer service cost	58 448	58 650
Net interest cost	37 471	52 790
Movement in superannuation creditors	- 6113	1 770
Variations between payments and contributions	547	318
Losses/(gains) on settlements		
<b>Total included in employee benefit expense</b>	<b>90 353</b>	<b>113 528</b>
<b>Remeasurements in other comprehensive income</b>		
Actuarial (gains)/losses on liability	- 306 717	159 656
<b>Total remeasurement included in other comprehensive income</b>	<b>- 306 717</b>	<b>159 656</b>

1 NTGPASS, NTSSS and NTGDIS.

# Notes to the financial statements

For the year ended 30 June 2021

## 13. Superannuation liability (continued)

	2020-21	2019-20
Explanation of amounts in the financial statements	\$000	\$000
<b>Reconciliation of the net defined benefit liability/(asset)</b>		
Net defined benefit liability/(asset) at beginning of year	4 240 319	4 155 802
Expense recognised in comprehensive operating statement	95 919	111 440
Employer contributions	- 178 992	- 186 579
Remeasurements in other comprehensive income	- 306 717	159 656
<b>Net defined benefit liability/(asset) at end of year</b>	<b>3 850 529</b>	<b>4 240 319</b>
<b>Present value of the defined benefit obligation</b>		
Total defined benefit obligation at beginning of year	4 240 319	4 155 802
Employer service cost	58 448	58 650
Interest expense	37 471	52 790
Participant contributions	547	318
Taxes and expenses paid	nil	nil
Benefit payments	- 179 539	- 186 897
Actuarial (gain)/loss on liabilities due to changes in demographic assumptions	6 087	nil
Actuarial (gain)/loss on liabilities due to changes in financial assumptions	- 421 024	33 920
Actuarial (gain)/loss on liabilities due to changes in liability experience	108 220	125 736
<b>Total defined benefit obligation at end of year</b>	<b>3 850 529</b>	<b>4 240 319</b>

### Sensitivity analysis – CSS

The Territory's total defined benefit obligation as at 30 June 2021 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		2 394 400		
Discount rate	1.0	2 089 700	- 304 700	- 12.7
Discount rate	- 1.0	2 773 000	378 600	15.8
Salary increase	1.0	2 399 800	5 400	0.2
Salary increase	- 1.0	2 389 400	- 5 000	- 0.2
Pension increase	1.0	2 748 000	353 600	14.8
Pension increase	- 1.0	2 101 400	- 293 000	- 12.2

### Maturity profile of defined benefit obligation – CSS

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

## Notes to the financial statements

For the year ended 30 June 2021

### 13. Superannuation liability (continued)

#### Sensitivity analysis – LAMS

The Territory's total defined benefit obligation as at 30 June 2021 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		105 780		
Discount rate	1.0	91 510	- 14 270	- 13.5
Discount rate	- 1.0	123 783	18 004	17.0
Salary increase	1.0	118 442	12 662	12.0
Salary increase	- 1.0	95 276	- 10 504	- 9.9
Mortality rates	10.0	102 419	- 3 361	- 3.2
Mortality rates	- 10.0	109 596	3 816	3.6

#### Maturity profile of defined benefit obligation – LAMS

The weighted average term of the defined benefit obligation is 15 years.

#### Sensitivity analysis – NTGDIS

The Territory's total defined benefit obligation as at 30 June 2021 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		87 200		
Discount rate	1.0	79 200	- 8 000	- 9.2
Discount rate	- 1.0	96 600	9 400	10.8
Salary increase	1.0	96 400	9 200	10.6
Salary increase	- 1.0	79 200	- 8 000	- 9.2
Pension increase	1.0	87 200	nil	nil
Pension increase	- 1.0	87 200	nil	nil

#### Maturity profile of defined benefit obligation – NTGDIS

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

# Notes to the financial statements

For the year ended 30 June 2021

## 13. Superannuation liability (continued)

### Sensitivity analysis – NTGPASS

The Territory's total defined benefit obligation as at 30 June 2021 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		859 300		
Discount rate	1.0	800 600	- 58 700	- 6.8
Discount rate	- 1.0	925 800	66 500	7.7
Salary increase	1.0	931 700	72 400	8.4
Salary increase	- 1.0	794 400	- 64 900	- 7.6
Pension increase	1.0	859 300	nil	nil
Pension increase	- 1.0	859 300	nil	nil

### Maturity profile of defined benefit obligation – NTGPASS

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

### Sensitivity analysis – NTPSBS

The Territory's total defined benefit obligation as at 30 June 2021 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		89 443		
Discount rate	1.0	76 322	- 13 121	- 14.7
Discount rate	- 1.0	106 287	16 844	18.8
Inflation	1.0	102 693	13 250	14.8
Inflation	- 1.0	78 721	- 10 722	- 12.0
Mortality rates	10.0	86 766	- 2 677	- 3.0
Mortality rates	- 10.0	92 456	3 013	3.4
Commutation rate	zero	90 337	894	1.0
Commutation rate	20.0	88 549	- 894	- 1.0

### Maturity profile of defined benefit obligation – NTPSBS

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

## Notes to the financial statements

For the year ended 30 June 2021

### 13. Superannuation liability (continued)

#### Sensitivity analysis – NTSSS

The Territory's total defined benefit obligation as at 30 June 2021 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		206 400		
Discount rate	1.0	192 100	- 14 300	- 6.9
Discount rate	- 1.0	222 700	16 300	7.9
Salary increase	1.0	222 500	16 100	7.8
Salary increase	- 1.0	192 000	- 14 400	- 7.0
Pension increase	1.0	206 400	nil	nil
Pension increase	- 1.0	206 400	nil	nil

#### Maturity profile of defined benefit obligation – NTSSS

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

#### Sensitivity analysis – Administrator's Scheme

The Territory's total defined benefit obligation as at 30 June 2021 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		3 299		
Discount rate	1.0	3 075	- 223	- 6.8
Discount rate	- 1.0	3 553	254	7.7
Inflation	1.0	3 437	139	4.2
Inflation	- 1.0	3 172	- 126	- 3.8
Mortality rates	10.0	3 132	- 167	- 5.1
Mortality rates	- 10.0	3 492	193	5.9

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

The weighted average term of the defined benefit obligation is 7 years.

# Notes to the financial statements

For the year ended 30 June 2021

## 13. Superannuation liability (continued)

### Sensitivity analysis – Supreme Court Judges Pension Scheme

The Territory's total defined benefit obligation as at 30 June 2021 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		104 707		
Discount rate	1.0	91 718	- 12 988	- 12.4
Discount rate	- 1.0	120 759	16 052	15.3
Inflation	1.0	115 986	11 279	10.8
Inflation	- 1.0	95 175	- 9 532	- 9.1
Mortality rates	10.0	100 993	- 3 714	- 3.5
Mortality rates	- 10.0	108 939	4 232	4.0

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

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

# Notes to the financial statements

For the year ended 30 June 2021

## 14. Other liabilities

	2020-21	2019-20
	\$000	\$000
<b>Current</b>		
Provisions		
Workers compensation liability	30 562	32 281
National redress liability	2 100	1 500
Other	74	37 417
Unearned revenue		
Unearned contract revenue	8 956	3 011
Unearned capital grants	175 931	196 391
Other unearned revenue	457	581
	<b>218 080</b>	<b>271 181</b>
<b>Non current</b>		
Provisions		
Workers compensation liability	144 913	143 775
National redress liability	14 900	16 400
Other	1 345	1 255
Unearned revenue		
Unearned contract revenue		
Unearned capital grants	31 712	16 940
Other unearned revenue		
	<b>192 870</b>	<b>178 370</b>
<b>Total other liabilities</b>	<b>410 951</b>	<b>449 551</b>
<b>Reconciliation of provisions</b>		
Balance at 1 July	232 628	226 156
Effect of changes in assumptions	2 994	11 251
Increase in claims incurred/recovered anticipated over the year	32 029	51 274
Reductions arising from payments	- 70 426	- 56 053
Other movements	- 3 330	
<b>Balance at 30 June</b>	<b>193 894</b>	<b>232 628</b>

### 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 2021 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.

# Notes to the financial statements

For the year ended 30 June 2021

## 14. Other liabilities (continued)

### National redress liability

National redress liability represents the Territory's estimated costs relating to compensation payable in accordance with the National Redress Scheme for institutional child sexual abuse.

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

### Other provisions

A provision for superannuation guarantee underpayments owed to ATO that was fully extinguished during 2020-21.

### Unearned contract revenue

Unearned contract revenue relates to consideration received in advance from the Commonwealth by CHA and passed on to agencies in respect of current national partnership agreements and specific purpose payments.

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

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

	2020-21	2019-20
	\$000	\$000
No later than one year	8 956	3 011
Later than one year and not later than five years		
Later than five years		
<b>Total unearned contract revenue</b>	<b>8 956</b>	<b>3 011</b>

### Unearned capital grants

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

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

	2020-21	2019-20
	\$000	\$000
Balance at 1 July	213 332	175 783
<i>Add:</i> Cash received during the financial year for capital grants	200 823	64 160
<i>Less:</i> Income recognised during the financial year	206 511	26 612
<b>Balance at 30 June</b>	<b>207 644</b>	<b>213 332</b>

## Notes to the financial statements

For the year ended 30 June 2021

### 14. Other liabilities (continued)

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

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

	2020-21	2019-20
	\$000	\$000
No later than one year	175 931	196 391
Later than one year and not later than five years	31 712	16 940
Later than five years		
<b>Total unearned capital grants</b>	<b>207 644</b>	<b>213 332</b>

### 15. Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments held by CHA include cash and deposits, receivables, advances and investments, deposits held, payables and borrowings. CHA has limited exposure to financial risks as discussed below.

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

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

# Notes to the financial statements

For the year ended 30 June 2021

## 15. Financial instruments (continued)

### a) Categorisation of financial instruments

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

	FVTPL		Amortised cost	FVOCI	Other	Total
	Mandatory	Designated				
	\$000	\$000	\$000	\$000	\$000	\$000
<b>2020-21</b>						
Cash and deposits					2 476 851	2 476 851
Receivables <sup>1</sup>			6 284			6 284
Advances and investments	1 177 508		169 885			1 347 393
<b>Total financial assets</b>	<b>1 177 508</b>		<b>176 170</b>		<b>2 476 851</b>	<b>3 830 529</b>
Deposits held			2 422 417			2 422 417
Payables <sup>1</sup>			887			887
Borrowings and advances			7 254 255			7 254 255
<b>Total financial liabilities</b>			<b>9 677 559</b>			<b>9 677 559</b>
<b>2019-20</b>						
Cash and deposits					1 344 023	1 344 023
Receivables <sup>1</sup>			1 131			1 131
Advances and investments	991 633		524 420			1 516 052
<b>Total financial assets</b>	<b>991 633</b>		<b>525 551</b>		<b>1 344 023</b>	<b>2 861 206</b>
Deposits held			1 906 610			1 906 610
Payables <sup>1</sup>			1 118			1 118
Borrowings and advances			5 436 308			5 436 308
<b>Total financial liabilities</b>			<b>7 344 036</b>			<b>7 344 036</b>

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

<sup>1</sup> 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.

# Notes to the financial statements

For the year ended 30 June 2021

## 15. Financial instruments (continued)

### Categories of financial instruments

Financial assets are classified under the following categories:

- amortised cost
- FVOCI
- FVTPL.

Financial liabilities are classified under the following categories:

- amortised cost
- FVTPL.

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

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

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

### Financial assets at amortised cost

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

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

### Financial assets at fair value through other comprehensive income

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

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

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

CHA does not have any financial assets under this category.

# Notes to the financial statements

For the year ended 30 June 2021

## 15. Financial instruments (continued)

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

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

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

### Financial liabilities at amortised cost

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

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

Financial liabilities are classified at FVTPL when the liabilities are either held for trading or designated as FVTPL.

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

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

CHA does not have any financial liabilities under this category.

### b) Credit risk

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

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

## Notes to the financial statements

For the year ended 30 June 2021

### 15. Financial instruments (continued)

#### c) Liquidity risk

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

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

	Carrying amount	Less than one year	1 to 5 years	More than 5 years	Total
	\$000	\$000	\$000	\$000	\$000
<b>2020-21</b>					
Deposits held	2 422 417	2 422 417			2 422 417
Payables <sup>1</sup>	887	887			887
Borrowings and advances	7 254 255	902 706	3 177 321	4 795 719	8 875 746
<b>Total financial liabilities</b>	<b>9 677 559</b>	<b>3 326 010</b>	<b>3 177 321</b>	<b>4 795 719</b>	<b>11 299 050</b>
<b>2019-20</b>					
Deposits held	1 906 610	1 906 610			1 906 610
Payables <sup>1</sup>	1 118	1 118			1 118
Borrowings and advances	5 436 308	228 554	3 075 343	3 549 786	6 853 683
<b>Total financial liabilities</b>	<b>7 344 036</b>	<b>2 136 281</b>	<b>3 075 343</b>	<b>3 549 786</b>	<b>8 761 410</b>

<sup>1</sup> Amounts disclosed exclude statutory amounts and accruals (such as accrued revenue and provisions) as these do not meet the definition of a financial instrument and therefore amounts will not reconcile to the balance sheet.

#### 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. CHA is unlikely to be exposed to currency risk.

##### (i) Interest rate risk

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

# Notes to the financial statements

For the year ended 30 June 2021

## 15. Financial instruments (continued)

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

	Interest bearing		Non-interest bearing	Total	Weighted average
	Variable	Fixed			
	\$000	\$000	\$000	\$000	%
<b>2020-21</b>					
Cash and deposits	2 476 851			2 476 851	0.10
Receivables <sup>1</sup>			6 284	6 284	
Advances and investments		169 885	1 177 508	1 347 393	0.31
<b>Total financial assets</b>	<b>2 476 851</b>	<b>169 885</b>	<b>1 183 792</b>	<b>3 830 529</b>	
Deposits held			2 422 417	2 422 417	
Payables <sup>1</sup>			887	887	
Borrowing and advances		7 254 255		7 254 255	3.65
<b>Total financial liabilities</b>		<b>7 254 255</b>	<b>2 423 304</b>	<b>9 677 559</b>	
<b>2019-20</b>					
Cash and deposits	1 344 023			1 344 023	0.25
Receivables <sup>1</sup>			1 131	1 131	
Advances and investments		524 420	991 633	1 516 052	0.75
<b>Total financial assets</b>	<b>1 344 023</b>	<b>524 420</b>	<b>992 764</b>	<b>2 861 207</b>	
Deposits held			1 906 610	1 906 610	
Payables <sup>1</sup>			1 118	1 118	
Borrowing and advances		5 436 308		5 436 308	4.12
<b>Total financial liabilities</b>		<b>5 436 308</b>	<b>1 907 728</b>	<b>7 344 036</b>	

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.

### Sensitivity analysis

Assuming the financial assets and liabilities at 30 June 2021 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%) at reporting date would have the following effect on CHA's profit or loss and equity.

	Profit or loss and equity 100 basis points increase/decrease	
	2020-21	2019-20
	\$000	\$000
Cash and deposits	± 24 769	± 13 440
<b>Net sensitivity</b>	<b>± 24 769</b>	<b>± 13 440</b>

# Notes to the financial statements

For the year ended 30 June 2021

## 15. Financial instruments (continued)

### (ii) Price risk

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

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

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

### Sensitivity analysis

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

	Change in unit price	Impact on profit or loss and equity	
		2020-21	2019-20
	%	\$000	\$000
Equities	± 10	± 64 423	± 54 076
Property securities	± 10	± 21 624	± 15 574
Interest bearing	± 1	± 3 170	± 2 951
<b>Net sensitivity</b>		<b>± 89 218</b>	<b>± 72 601</b>

### e) Net fair value

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

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

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

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

# Notes to the financial statements

For the year ended 30 June 2021

## 15. Financial instruments (continued)

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

	Total carrying amount	Net fair value			Total
		Level 1	Level 2	Level 3	
	\$000	\$000	\$000	\$000	\$000
<b>2020-21</b>					
Advances and investments					
Units in unit trusts	1 177 508		1 177 508		1 177 508
<b>Total financial assets</b>	<b>1 177 508</b>		<b>1 177 508</b>		<b>1 177 508</b>
<b>2019-20</b>					
Advances and investments					
Units in unit trusts	991 633		991 633		991 633
<b>Total financial assets</b>	<b>991 633</b>		<b>991 633</b>		<b>991 633</b>

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
<b>2020-21</b>					
Cash and deposits					
Short-term deposits	125 000		125 229		125 229
Advances and investments					
Securities	169 885		169 984		169 984
<b>Total financial assets</b>	<b>294 885</b>		<b>295 213</b>		<b>295 213</b>
Borrowings and advances	7 254 255		7 951 872		7 951 872
<b>Total financial liabilities</b>	<b>7 254 255</b>		<b>7 951 872</b>		<b>7 951 872</b>
<b>2019-20</b>					
Cash and deposits					
Short-term deposits	200 000		200 951		200 951
Advances and investments					
Securities	524 420		524 942		524 942
<b>Total financial assets</b>	<b>724 420</b>		<b>725 893</b>		<b>725 893</b>
Borrowings and advances	5 436 308		6 264 030		6 264 030
<b>Total financial liabilities</b>	<b>5 436 308</b>		<b>6 264 030</b>		<b>6 264 030</b>

There were no changes in valuation techniques during the period.

# Notes to the financial statements

For the year ended 30 June 2021

## 16. Budgetary information

### a) Comprehensive operating statement

	2020-21 <sup>1</sup>			Note
	Actual	Original Budget	Variance	
	\$000	\$000	\$000	
<b>INCOME</b>				
Taxation revenue	630 795	622 962	7 833	1
Commonwealth revenue				
GST revenue	2 960 426	2 516 648	443 778	2
Specific purpose payments	395 516	399 305	- 3 789	
National partnership agreements	603 915	673 668	- 69 753	3
Current grants	10 879	14 505	- 3 626	
Capital grants	17 588	26 710	- 9 122	4
Sales of goods and services	80 273	59 661	20 612	5
Interest revenue	63 566	46 963	16 603	6
Royalties, rents and dividends	418 102	384 212	33 890	7
Employer superannuation contributions	27 862	33 557	- 5 695	8
Unrealised gain/(loss) on investments	130 052	19 214	110 838	9
Other revenue	37 878	23 504	14 374	10
<b>TOTAL INCOME</b>	<b>5 376 851</b>	<b>4 820 909</b>	<b>555 942</b>	
<b>EXPENSES</b>				
Long service leave expense	62 838	45 155	17 683	11
Superannuation expense	87 023	216 479	- 129 456	12
Workers compensation expense	32 401	30 190	2 211	
Administrative expense	5 673	820	4 853	
Grants and subsidies expense	- 100		- 100	
Interest expense	247 485	248 315	- 830	
Appropriation expense	5 373 961	5 382 781	- 8 820	13
<b>TOTAL EXPENSES</b>	<b>5 809 281</b>	<b>5 923 740</b>	<b>- 114 459</b>	
<b>NET SURPLUS/(DEFICIT)</b>	<b>- 432 430</b>	<b>- 1 102 831</b>	<b>670 401</b>	
<b>OTHER COMPREHENSIVE INCOME</b>				
Remeasurement of superannuation liability	306 717	111 708	195 009	14
Revaluations and asset impairment	16 224		16 224	15
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>322 941</b>	<b>111 708</b>	<b>211 233</b>	
<b>COMPREHENSIVE RESULT</b>	<b>- 109 489</b>	<b>- 991 123</b>	<b>881 634</b>	

1 Actuals have been presented consistent with original budget.

# Notes to the financial statements

For the year ended 30 June 2021

## 16. Budgetary information (continued)

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

1. The \$7.8 million increase in taxation revenue from the 2020-21 Budget is predominantly due to:
  - a net increase of \$14.6 million in casino and gambling taxes likely due to delayed demand for recreational gambling, as community gaming machine venues closed in response to COVID-19 between March and June 2020
  - increased stamp duty on conveyances of \$8.4 million, reflecting an improvement in housing values and market activity in 2020-21
  - partially offset by a decrease in income tax equivalents of \$13.3 million predominantly due to lower profitability in the Power and Water Corporation and Jacana Energy, partially offset by higher than anticipated income from Territory Generation and the Land Development Corporation.
2. GST revenue has increased by \$443.8 million since the 2020-21 Budget, due to the economic recovery from the COVID-19 pandemic being quicker than anticipated, resulting in higher than estimated GST collections.
3. National partnership payments decreased by \$69.8 million predominantly relating to:
  - revised delivery of Commonwealth funded roads and infrastructure projects of \$63.9 million, remote housing and community safety infrastructure programs of \$20.1 million and various other projects of \$13.6 million
  - a reclassification of the Indigenous Advancement Strategy funding agreement of \$9.5 million from a national partnership to a Commonwealth own-purpose expense grant
  - partially offset by new and increased funding for the provision of COVID-19 quarantine arrangements for repatriated Australians of \$30.9 million and the HomeBuilder grants initiative of \$6.8 million to support the residential construction sector impacted by COVID-19.
4. The variation of \$9.1 million in capital grants is largely due to lower than anticipated revenue from:
  - Roads to Recovery of \$5.1 million
  - Flood Mitigation Program of \$2.8 million
  - Regional Aviation Program of \$2 million
  - School minor new works program of \$1.4 million
  - partially offset by additional revenue on Local Roads and Community Infrastructure Program of \$2.3 million.
5. Sales of goods and services increased by \$20.6 million predominantly due to mandatory quarantine fees in response to COVID-19 of \$17.7 million and increased licence, permit and registration fee revenue of \$4.2 million.
6. Interest revenue increased by \$16.6 million largely due to the realisation of gains within the COSR investments.
7. Royalties, rents and dividends increased by \$33.9 million predominantly due to higher mining royalties of \$49.8 million reflecting an increase in the value of mineral production and stronger than expected commodity prices, partially offset by a net decrease in dividends declared of \$15.6 million within the government owned corporations and the NTTC.
8. The variation reflects lower contributions from agencies for closed defined benefit schemes.
9. The variation reflects the movement in the market price of the investments held by CHA as a result of a greater than anticipated improvement in market conditions.
10. Other income increased by \$14.4 million largely reflecting the return of unspent grant funding from the Darwin City Council for the velodrome project, a contribution from Bunnings for the Tulagi Road upgrades, combined with higher unclaimed and seized monies held by the public trustee.
11. Long service leave payments increased by \$17.7 million largely due to timing of entitlement payments and changes in bond rates and staffing numbers.
12. Superannuation expenses decreased by \$129.5 million largely due to lower accruing costs reflecting the flow-on effect of the NTPS wages policy.

## Notes to the financial statements

For the year ended 30 June 2021

### 16. Budgetary information (continued)

13. The decrease of \$8.8 million in output appropriation was largely due to:
- revised timing of major ICT, infrastructure and various other projects of \$77.7 million
  - lower than anticipated utilisation of the Treasurer's Advance of \$23.9 million
  - reclassification of repairs and maintenance funding to capital and minor new works of \$16.9 million
  - partially offset by new government initiatives across various agencies of \$57 million, reclassifications between capital and output appropriation of \$26.6 million combined with increased Commonwealth appropriation of \$26.3 million largely in line with tied Commonwealth funding agreements.
14. The variation reflects the movement in the bond rate used in valuing the Territory's superannuation liabilities as required by accounting standards, combined with the flow-on effect of the NTPS wages policy.
15. The variation reflects actuarial adjustments to long service leave and workers compensation liabilities.

# Notes to the financial statements

For the year ended 30 June 2021

## 16. Budgetary information (continued)

### b) Balance sheet

	2020-21 <sup>1</sup>			Note
	Actual	Original Budget	Variance	
	\$000	\$000	\$000	
<b>ASSETS</b>				
Cash and deposits	2 476 851	262 243	2 214 608	1
Receivables	324 983	245 960	79 023	2
Advances and investments	1 347 393	1 583 307	- 235 914	3
Prepayments	218 378	52 176	166 202	4
Equity investments	13 470 268	13 686 170	- 215 902	5
<b>TOTAL ASSETS</b>	<b>17 837 874</b>	<b>15 829 856</b>	<b>2 008 018</b>	
<b>LIABILITIES</b>				
Deposits held	2 422 417	763 901	1 658 516	6
Payables	109 364	14 596	94 768	7
Borrowings and advances	7 254 255	7 784 755	- 530 500	8
Employee benefits	369 414	361 271	8 143	9
Superannuation liability	3 872 721	4 146 368	- 273 647	10
Other liabilities	410 951	241 848	169 103	11
<b>TOTAL LIABILITIES</b>	<b>14 439 122</b>	<b>13 312 739</b>	<b>1 126 383</b>	
<b>NET ASSETS</b>	<b>3 398 752</b>	<b>2 517 117</b>	<b>881 635</b>	
<b>EQUITY</b>				
Accumulated funds	3 398 752	2 517 117	881 635	
<b>TOTAL EQUITY</b>	<b>3 398 752</b>	<b>2 517 117</b>	<b>881 635</b>	

1 Actuals have been presented consistent with original budget.

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

- Cash and deposits increased by \$2.2 billion largely reflecting revised timing of expenditure and capital to forward years combined with increased cash associated with prefunding a portion of the 2021-22 borrowing program to take advantage of investor demand.
- Receivables increased by \$79 million largely due to accrued current and capital grant revenue of \$94.4 million relating to various Commonwealth funded programs for which cash has not yet been receipted and passed on to government agencies, partially offset by lower taxes receivables resulting from reduced profitability in the Power and Water Corporation and Jacana Energy.
- Advances and investments decreased by \$235.9 million predominantly due to lower than budgeted short-term and fixed interest investments, partially offset by increases in the COSR investments as a result of improved market conditions.
- Prepayments increased by \$166.2 million largely reflecting consideration received in advance from the Commonwealth and passed on to agencies in respect of national partnership agreements, specific purpose payments and Commonwealth own-purpose expenditure.
- Equity investments represents CHA's ownership in public sector entities with variations reflecting lower than anticipated net assets across entities largely due to the revised timing of expenditure and capital to forward years.

## Notes to the financial statements

For the year ended 30 June 2021

### 16. Budgetary information (continued)

6. Deposits held increased by \$1.7 billion due to higher than anticipated cash balances held by CHA on behalf of government trading entities.
7. Payables increased by \$94.8 million in line with accrued current and capital grant revenue totalling \$96.6 million relating to works undertaken for various Commonwealth funded programs for which cash has not yet been receipted and passed on to government agencies.
8. Net borrowings and advances decreased by \$530.5 million largely due to an improvement in the Territory's GST revenue and revised timing of expenditure between years.
9. Net employee benefits increased by \$8.2 million largely due to an increase in long service leave liabilities with increased leave entitlements as a result of continued COVID-19 travel restrictions affecting take up of leave, combined with changes in bond rates and staffing numbers.
10. The net decrease of \$273.6 million in superannuation liabilities reflects the movement in the bond rate used in valuing the Territory's superannuation liabilities as required by accounting standards, combined with the flow-on effect of the NTPS wages policy.
11. Net other liabilities increased by \$169.1 million predominantly due to the increase in unearned revenue largely reflecting consideration received in advance from the Commonwealth in respect of national partnership agreements, specific purpose payments and Commonwealth own-purpose expenditure.

# Notes to the financial statements

For the year ended 30 June 2021

## 16. Budgetary information (continued)

### c) Cash flow statement

	2020-21 <sup>1</sup>			
	Actual	Original budget	Variance	Note
	\$000	\$000	\$000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Operating receipts</b>				
Taxes received	635 090	618 205	16 885	1
Grants and subsidies received				
GST received	2 960 426	2 516 648	443 778	2
Specific purpose payments	395 516	399 305	- 3 789	
National partnership agreements	526 764	535 130	- 8 366	3
Current grants	10 879	14 505	- 3 626	
Capital grants	29 635	28 302	1 333	
Royalties, rents and dividends	438 192	390 501	47 691	4
Employer superannuation contributions	27 862	33 557	- 5 695	5
Other receipts	105 243	83 627	21 616	6
Interest received	64 087	46 963	17 124	7
<b>Total operating receipts</b>	<b>5 193 695</b>	<b>4 666 743</b>	<b>526 952</b>	
<b>Operating payments</b>				
Long service leave	35 494	45 155	- 9 661	8
Superannuation benefits paid	179 539	227 027	- 47 488	9
Other salary payments	69 259	70 445	- 1 186	
Payments for goods and services	2 046	2 320	- 274	
Interest paid	247 716	246 842	874	
Appropriation payments	5 342 221	5 403 482	- 61 261	10
<b>Total operating payments</b>	<b>5 876 275</b>	<b>5 995 271</b>	<b>- 118 996</b>	
<b>Net cash from/(used in) operating activities</b>	<b>- 682 580</b>	<b>- 1 328 528</b>	<b>645 948</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Investing receipts</b>				
Equity sales or withdrawals	97 480	126 256	- 28 776	11
Advances and investing receipts	355 000		355 000	12
<b>Total investing receipts</b>	<b>452 480</b>	<b>126 256</b>	<b>- 28 776</b>	
<b>Investing payments</b>				
Advance and investing payments	56 289	48 040	8 249	12
Appropriation payments	731 888	782 196	- 50 308	13
Equity injections	182 648	255 009	- 72 361	11
<b>Total investing payments</b>	<b>970 825</b>	<b>1 085 245</b>	<b>- 469 420</b>	
<b>Net cash from/(used in) investing activities</b>	<b>- 518 345</b>	<b>- 958 989</b>	<b>440 644</b>	

# Notes to the financial statements

For the year ended 30 June 2021

## 16. Budgetary information (continued)

### c) Cash flow statement (continued)

	2020-21 <sup>1</sup>			Note
	Actual	Original budget	Variance	
	\$000	\$000	\$000	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Financing receipts</b>				
Proceeds of borrowings	1 822 500	2 353 000	- 530 500	14
Deposits received	515 807	- 1 142 710	1 658 517	15
<b>Total financing receipts</b>	<b>2 338 307</b>	<b>1 210 290</b>	<b>1 128 017</b>	
<b>Financing payments</b>				
Repayment of borrowings	4 553	4 553		
<b>Total financing payments</b>	<b>4 553</b>	<b>4 553</b>		
<b>Net cash from/(used in) financing activities</b>	<b>2 333 754</b>	<b>1 205 737</b>	<b>1 128 017</b>	
Net increase/(decrease) in cash held	1 132 829	- 1 081 780	2 214 609	
Cash at beginning of financial year	1 344 023	1 344 023		
<b>CASH AT END OF FINANCIAL YEAR</b>	<b>2 476 851</b>	<b>262 243</b>	<b>2 214 608</b>	

1 Actuals have been presented consistent with original budget.

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

- The \$16.9 million increase in taxes received compared to the 2020-21 Budget reflects:
  - a net increase in casino and gambling taxes due to delayed demand for recreational gambling, as community gaming machine venues closed in response to COVID-19 between March and June 2020
  - increased stamp duty on conveyances, reflecting an improvement in housing values and market activity in 2020-21.
- GST revenue has increased by \$443.8 million since the 2020-21 Budget, due to the economic recovery from the COVID-19 pandemic being quicker than anticipated, resulting in higher than estimated GST collections.
- National partnerships payments decreased by \$8.4 million predominantly due to revised delivery of Commonwealth funded roads and infrastructure projects.
- Royalties, rents and dividends increased by \$47.7 million predominantly due to higher mining royalties of \$49.8 million reflecting an increase in the value of mineral production and stronger than expected commodity prices.
- The variation reflects lower contributions from agencies for closed defined benefit schemes.
- Other receipts increased by \$21.6 million largely reflecting the return of unspent grant funding from the Darwin City Council for the Velodrome project, a contribution from Bunnings for the Tulagi Road upgrades, combined with higher unclaimed and seized monies held by the public trustee.
- Interest received increased by \$17.1 million largely due to the realisation of gains within the COSR investments.
- Long service leave paid decreased by \$9.7 million largely as a result of continued COVID-19 travel restrictions affecting take up of leave.
- Superannuation benefits paid decreased by \$47.5 million predominantly due to fewer members retiring in 2020-21 than anticipated.
- Appropriation payments decreased by \$61.3 million largely due to the revised timing of major ICT, infrastructure and other projects across various agencies, partially offset by increased Commonwealth payments largely in line with tied Commonwealth funding agreements.

# Notes to the financial statements

For the year ended 30 June 2021

## 16. Budgetary information (continued)

11. Net withdrawals and injections of \$43.6 million largely reflect the transfer of cash from CHA to general government agencies.
12. The net variation in advances and investing receipts and payments of \$346.8 million predominantly reflects the redemption of short-term and fixed interest investments.
13. The decrease of \$50.3 million reflects government initiatives across various agencies and in line with tied Commonwealth capital funding agreements.
14. Proceeds of borrowings decreased by \$530.5 million largely due to an improvement in the Territory's GST revenue and revised timing of expenditure between years.
15. Deposits held increased by \$1.7 billion due to higher than anticipated cash balances held by CHA on behalf of government trading entities.

## 17. Related parties

### a) Related parties

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

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

### b) Key management personnel

KMP of CHA are those persons having authority and responsibility for planning, directing and controlling the activities of CHA. The KMP of CHA for 2020-21 were:

- the Treasurer
- the Under Treasurer.

### c) Remuneration of key management personnel

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

### d) Related-party transactions

#### Transactions with 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 Commonwealth national partnership and specific purpose payments passed on to agencies.

## Notes to the financial statements

For the year ended 30 June 2021

### 18. Contingent liabilities

In 2018-19, the Territory agreed to the intergovernmental agreement to participate in the National Redress Scheme, which commenced 1 July 2018 for survivors of institutional child sexual abuse. The Commonwealth has proposed a number of new and revised measures under the National Redress Scheme, that if agreed to by the states and territories, will expand the Territory's potential liability in respect of the scheme. These measures include expansion of the Funder of Last Resort arrangements, whereby the Territory is responsible for the liability of defunct institutions, changes to the calculation of indexation of prior payments, as well as expansion of the scheme to child migrants.

### 19. Events subsequent to reporting date

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

# Contacts

## Department of Treasury and Finance

[treasury.nt.gov.au](http://treasury.nt.gov.au)

Charles Darwin Centre  
19 The Mall, Darwin NT 0800  
GPO Box 1974, Darwin NT 0801  
Email: [Enquiries.DTF@nt.gov.au](mailto:Enquiries.DTF@nt.gov.au)

## Executive

Telephone: +61 8 8999 7425

## Financial Management Group

[treasury.nt.gov.au/df/financial-management-group](http://treasury.nt.gov.au/df/financial-management-group)

Telephone: +61 8 8999 6087  
Email: [DTF.FinancialPolicy@nt.gov.au](mailto:DTF.FinancialPolicy@nt.gov.au)  
[DTF.BudgetCoordination@nt.gov.au](mailto:DTF.BudgetCoordination@nt.gov.au)

## Economic Group

[treasury.nt.gov.au/df/economic-group](http://treasury.nt.gov.au/df/economic-group)

Telephone: +61 8 8999 6718  
Email: [Economics.DTF@nt.gov.au](mailto:Economics.DTF@nt.gov.au)

## Territory Revenue Office

[revenue.nt.gov.au](http://revenue.nt.gov.au)

Telephone: 1300 305 353  
Email: [NTRevenue@nt.gov.au](mailto:NTRevenue@nt.gov.au)

## Treasury Financial Services

Telephone: +61 8 8901 4264

## Northern Territory Superannuation Office

[super.nt.gov.au](http://super.nt.gov.au)

GPO Box 4675, Darwin NT 0801  
Telephone: +61 8 8901 4200 or 1800 631 630  
Email: [NTSuperannuation@nt.gov.au](mailto:NTSuperannuation@nt.gov.au)

## Northern Territory Treasury Corporation

[treasury.nt.gov.au/df/nttc](http://treasury.nt.gov.au/df/nttc)

GPO Box 2035, Darwin NT 0801  
Telephone: +61 8 8999 7745  
Email: [NTTC@nt.gov.au](mailto:NTTC@nt.gov.au)

## Utilities Commission

[utilicom.nt.gov.au](http://utilicom.nt.gov.au)

GPO Box 915, Darwin NT 0801  
Telephone: +61 8 8999 5480  
Email: [Utilities.Commission@nt.gov.au](mailto:Utilities.Commission@nt.gov.au)

## Information Officer

[treasury.nt.gov.au/InformationAct](http://treasury.nt.gov.au/InformationAct)

Telephone: +61 8 8999 7818  
Email: [FOI.DTF@nt.gov.au](mailto:FOI.DTF@nt.gov.au)