

# Northern Territory Treasury Corporation

Annual report  
2022-23



*Department of Treasury and Finance acknowledges the traditional custodians of the lands on which we work and gather. We pay respects to Elders past and present.*

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The Honourable Eva Lawler MLA  
Treasurer  
GPO Box 3146  
DARWIN NT 0801

Dear Treasurer

I am pleased to provide to you the 2022-23 Annual Report for the Northern Territory Treasury Corporation (NTTC), which has been prepared in accordance with section 31 of the *Northern Territory Treasury Corporation Act 1994*, section 28 of the *Public Sector Employment and Management Act 1993* (PSEMA) and section 12 of the *Financial Management Act 1995* (FMA).

Pursuant to my responsibilities as the accountable officer under the PSEMA and FMA, I advise that to the best of my knowledge and belief:

- proper records of all transactions affecting NTTC are kept and employees under my control observe the provisions of the FMA, Financial Management Regulations and Treasurer's Directions
- procedures within NTTC afford proper internal control and a current description of such procedures are recorded in the accounting and property manual, which has been prepared in accordance with the requirements of the FMA
- no instance of fraud, malpractice, major breach of legislation or delegation, or major error in or omission from the accounts and records that has not been appropriately reported and addressed exists. Proper records of incidents of suspected fraud are documented in a fraud register in accordance with the Treasurer's Direction – Fraud Control. The incidents are managed in accordance with the Department of Treasury and Finance's Fraud Control Framework, including notification to the appropriate agencies. There is no impact on NTTC's financial statements
- in accordance with the requirements of section 15 of the FMA, the internal audit capacity available to NTTC is adequate and the results of internal audits have been reported to me
- the financial statements included in the annual report have been prepared from proper accounts and records, and are in accordance with the Treasurer's Directions
- all Employment Instructions issued by the Commissioner for Public Employment have been satisfied
- NTTC is working in compliance with section 131 of the *Information Act 2002*.

I can also advise you that the Auditor-General has audited NTTC's financial statements for the year ended 30 June 2023 and her report is included.

Yours sincerely



Mick Butler  
Acting Under Treasurer

29 September 2023

## List of acronyms

AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
AO	administrative officer
ASX	Australian Securities Exchange Ltd
BBSW	Bank Bill Swap Rate
CHA	Central Holding Authority
CFA	Central Financing Authority
CMC	Department of the Chief Minister and Cabinet
COSR	Conditions of Service Reserve
DTF	Department of Treasury and Finance
EAP	employee assistance program
ECL	expected credit loss
ECO	executive contract officer
FMA	<i>Financial Management Act 1995</i>
FOI	freedom of information
GST	goods and services tax
HR	human resources
ICT	information and communications technology
KMP	key management personnel
NTPS	Northern Territory Public Sector
NTTC	Northern Territory Treasury Corporation
NTTC Act	<i>Northern Territory Treasury Corporation Act 1994</i>
PSEMA	<i>Public Sector Employment and Management Act 1993</i>
RBA	Reserve Bank of Australia
SAO	senior administrative officer
SMG	Senior Management Group
TFS	Treasury Financial Services
WACoB	weighted average cost of borrowing
WHS	work health and safety

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## Purpose of this report

This report is designed to meet NTTC's statutory annual reporting requirements, as specified for public sector agencies in the PSEMA, FMA, *Information Act 2002* and NTTC Act. It reports NTTC's performance to the Treasurer, the Legislative Assembly, government agencies, stakeholders, financial markets and ratings agencies.

# Corporate profile

## Mission

Assist the Territory by providing agencies with cost-effective funding, efficient financial management and reliable service, and advice on banking, finance and investment matters.

NTTC's mission is accomplished by pursuing the following programs:

- Financial Markets Program – the diversification of borrowing and investment activities across the maturity spectrum and utilising a variety of funding sources to meet the Territory's stated funding requirement.
- Client Services Program – the provision of loans to the Territory Government, government business divisions, government owned corporations, local authorities and other government organisations in accordance with commercially based guidelines and practices.
- Administration and Governance Program – the actions taken to ensure NTTC operates in a professional, prudent and cost-effective manner.

NTTC has a policy of risk neutral operation. Risk neutral means NTTC will generally manage financial risk inherent in the financial assets and liabilities of NTTC, avoiding unnecessary or speculative exposures.

## Purpose and functions

NTTC is the central financing authority (CFA) for the Territory Government, responsible for providing specialist financial services and advice to support the delivery of infrastructure and services to Territorians by:

- undertaking sound borrowing and investing activities for the Territory Government
- investing surplus short-term cash balances of government accounts
- providing cost-efficient loans to its public sector clients and government agencies, government owned corporations and local authorities.

Figure 1: Overview of NTTC functions

	Borrowing	Lending	Investing
<b>Functions</b>	Undertaking sound borrowing and investing activities for the Territory Government	Providing cost-efficient loans to public sector clients and government agencies, government owned corporations and local authorities	Managing CHA's investments portfolio. Any associated assets and liabilities are not recognised in NTTC financial statements
<b>Financial outcomes for 2022-23</b>	Outstanding borrowings as at 30 June 2023: <b>\$9.5 billion</b> Weighted average cost of funds: <b>3.14%</b>	Outstanding loans as at 30 June 2023: <b>\$9.4 billion</b>	As at 30 June 2023, CHA investment portfolio balances were: Investment portfolio: <b>\$0.3 billion</b> Conditions of Service Reserve (COSR): <b>\$1.2 billion</b>
<b>Key performance indicators for 2022-23</b>	Weighted average cost of borrowing: <b>4.04%</b> Borrowing rate margin compared to industry peers: <b>0.13%</b>		Investment portfolio return above benchmark <sup>1</sup> : <b>0.19%</b>

1 The benchmark is the Bloomberg AUSBond Bank Bill Index. The benchmark return for 2022-23 was 2.89% while NTTC achieved a return of 3.08%.

## Values

Our values are:

- commitment to service
- ethical practice
- respect
- accountability
- impartiality
- diversity.

In addition, our four key commitments to our customers are in line with the Department of Treasury and Finance (DTF) as our parent agency and are that we will:

- provide trusted expertise
- act with accountability and integrity
- ensure we are engaging effectively
- be professional and respectful at all times.

## Enabling Act

NTTC was established on 1 July 1994 under the *Northern Territory Treasury Corporation Act 1994* (NTTC Act).

## Statutory guarantee

All obligations incurred or assumed by NTTC are guaranteed by the Treasurer on behalf of the Territory under section 20 of the NTTC Act.

## Status

NTTC is a government business division and an administrative unit of DTF for the purposes of the FMA and PSEMA.

## Credit rating

Moody's Investors Service has assigned NTTC a long-term issuer and debt rating of Aa3 with a stable outlook.

## Chairman's address

Persistent inflation and significant volatility in financial markets dominated the global economic environment throughout the 2022-23 financial year. Disruptions to supply chains due to strict COVID-19 restrictions in China, the ongoing Russia-Ukraine conflict and strong demand that has added pressure to productive capacity underpinned this volatility.

The coordinated action by the major central banks to contain high levels of inflation by tightening monetary policy and imposing consecutive interest rises has had mixed success, resulting in increased cost of living pressures internationally. The collapse of several financial institutions in both the United States (US) and Switzerland due to financial and reporting issues during the March 2023 quarter saw interest rate volatility return to the markets.

Inflation in Australia is also high with much of the increase due to global factors. However strong consumer demand, a tight labour market and capacity constraints are also contributing to the upward pressure on prices.

The Reserve Bank of Australia (RBA) has responded through significant and consecutive interest rates rises throughout the financial year, topping out at 4.1% in June 2023. Higher interest rates, high inflation and tightening lending standards will likely lead to stress among some borrowers, particularly if economic growth moderates and labour market conditions soften. In addition, a further escalation in geopolitical tensions remains a prominent risk to global economic activity and the outlook for financial stability.

In April 2023, NTTC returned to the Australian debt capital markets, successfully pricing a new \$650 million 12-year fixed rate benchmark bond maturing in March 2035. In addition, NTTC raised about \$55 million during 2022-23 from retail investors in Territory Bonds.

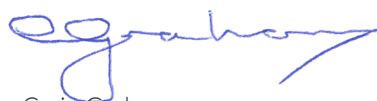
This effectively completed NTTC's 2022-23 borrowing program and delivered \$130 million pre-funding to support the delivery of the Territory government's anticipated infrastructure investment for 2023-24.

In July 2023, Moody's reaffirmed NTTC's Aa3 rating with a stable outlook. Moody's assessment of the Territory's financial position recognises ongoing support from the Commonwealth and the 2022-23 Budget projection that the Territory is estimated to return to fiscal surplus two years earlier than previously anticipated.

Despite ongoing challenges, the Australian economy remains relatively resilient and the labour market remains tight. The unemployment rate at 3.5% remains the lowest in almost 50 years. However, the RBA recognises there is a degree of uncertainty surrounding the economic outlook and while it expects the economy to continue to grow as inflation returns to the 2-3% target range, the path to achieving this balance is a narrow one.

The Territory economy is navigating similar circumstances with year-on-year inflation running at 6.4% at June 2023 and the unemployment rate at historically low levels at 3.3%. However, the Territory government is mitigating these challenges with plans to upgrade infrastructure across the Territory as well as seeking to attract private investment in industry sectors including renewable energy, mining, tourism and advanced manufacturing.

I conclude by expressing my gratitude to the members of the Advisory Board and NTTC staff for their valuable ongoing guidance and dedicated commitment during the year.



Craig Graham  
Under Treasurer and Chair

# Performance summary

## Review of 2022-23

- Debt reduction of approximately \$277 million during 2022-23.
- Successful delivery of \$705 million borrowing program.
- Yield curve extension achieved by issuing new benchmark bond maturing in March 2035.
- Pre-funding of about \$130 million for 2023-24.

Table 1 summarises the 2022-23 results and provides an assessment of actual performance compared to the estimate for 2022-23 and 2021-22 results. Key results include:

- total revenue of \$346.1 million, largely in line with the budget and \$11 million greater than 2021-22. The variation from 2021-22 relates to an increase in interest rates partially compensated by a decrease in loans provided to counterparties

- total expenses of \$291.5 million, close to budget and \$3.6 million greater than 2021-22. The variation from 2021-22 relates to the decrease in borrowings partially compensated by an increase in interest rates
- net profit after tax of \$38.2 million, slightly higher than budget and \$10.2 million greater than 2021-22, directly resulting from the revenue and expenses variations outlined above
- the cash position of \$170.3 million, \$123.9 million greater than budget. This is mainly due to pre-funding part of the 2023-24 borrowing program that resulted in NTTC raising a further \$130 million, taking the total borrowing program for 2022-23 to \$705 million (see Table 7).

Table 1: Comprehensive operating statement and cash flow overview

	2022-23 Actual	2022-23 Estimate	2021-22 Actual	Variation from estimate	Variation from 2021-22 actual
	\$000	\$000	\$000	\$000	\$000
<b>Statement of income</b>					
Revenue	346 104	345 914	335 083	190	11 021
Expenses	291 517	292 766	295 090	(1 249)	(3 573)
Profit before tax	54 587	53 148	39 993	1 439	14 594
Tax expense	16 376	15 944	11 998	432	4 378
Net profit after tax	38 211	37 204	27 995	1 007	10 216
<b>Statement of cash flows</b>					
Cash flows from operating activities	24 388	20 355	3 626	4 033	20 762
Cash flows from (to) investing activities	273 393	272 285	(802 228)	1 108	1 075 621
Cash flows from (to) financing activities	(240 026)	(358 788)	(227 513)	118 762	(12 513)
Cash at beginning of financial year	112 565	112 565	1 138 680	-	(1 026 115)
Cash at end of financial year	170 320	46 417	112 565	123 903	57 755

Table 2: Financial position overview

	2022-23 Actual	2022-23 Estimate	2021-22 Actual	Variation from estimate	Variation from 2021-22 actual
	\$000	\$000	\$000	\$000	\$000
<b>Statement of financial position</b>					
Cash and cash equivalents	170 320	46 417	112 565	123 903	57 755
Trade and other receivables	4 638	5 295	3 610	(657)	1 028
Loans	9 425 936	9 427 018	9 699 302	(1 082)	(273 366)
Property, plant and equipment (Leases)	20	20	28	-	(8)
<b>Total assets</b>	<b>9 600 914</b>	<b>9 478 750</b>	<b>9 815 505</b>	<b>122 164</b>	<b>(214 591)</b>
Deposits held	785	775	775	11	11
Trade and other payables	67 229	64 369	61 646	2 860	5 583
Provisions and tax liabilities	54 758	53 372	40 217	1 386	14 541
Borrowings	9 456 490	9 338 582	9 691 207	117 908	(234 717)
Leases	21	21	29	-	(8)
<b>Total liabilities</b>	<b>9 579 283</b>	<b>9 457 119</b>	<b>9 793 874</b>	<b>122 164</b>	<b>(214 591)</b>
<b>Total equity</b>	<b>21 631</b>	<b>21 631</b>	<b>21 631</b>	<b>-</b>	<b>-</b>

Table 2 compares the net asset position for 2022-23 with the budget and 2021-22. Loans and borrowings decreased from 2021-22 by \$273.4 million and \$234.7 million, respectively. Cash increased by \$57.8 million to \$170.3 million in 2022-23 mainly due to pre-funding part of the 2023-24 borrowing program (see Table 7).

Table 3 reports the movement in borrowings with an overall reduction of \$234.7 million compared to 2021-22, with a net cash outflow of \$212.0 million. The variation is mainly driven by reduced activity in the retail market, partially offset by an increase of the borrowings in the wholesale market.

Table 3: Borrowings movement

	Cash flow			Non-cash	2022-23 \$000
	2021-22 \$000	Drawdown \$000	Repayment \$000	Premiums and discounts and gain/loss on extinguishment \$000	
Wholesale market	8 491 957	1 043 159	(1 020 000)	(22 285)	8 492 831
Retail market	1 023 792	54 769	(280 717)	(399)	797 445
Commonwealth	175 458	-	(9 244)	-	166 214
<b>Total</b>	<b>9 691 207</b>	<b>1 097 928</b>	<b>(1 309 961)</b>	<b>(22 684)</b>	<b>9 456 490</b>

Table 4: Key performance indicators

	2022-23 Budget	2022-23 Estimate	2022-23 Actual	KPI met/ not met
Weighted average cost of borrowings	≤ 3.50%	≤ 4.50%	4.04%	Met
Borrowing rate margin compared to industry peers	≤ 0.50%	≤ 0.40%	0.13%	Met
Investment portfolio return above benchmark <sup>1</sup>	≥ index	≥ index	+ 0.19%	Met
Unqualified audit opinion	Yes	Yes	Yes	Yes

1 The benchmark is the Bloomberg AUSBond Bank Bill Index. The benchmark return for 2022-23 was 2.89% while NTTC achieved a return of 3.08%.

Table 4 reports the NTTC's performance against planned outcomes for 2022-23, as presented in *Budget Paper No. 3* and confirms all key performance indicators have been achieved.

NTTC's weighted average cost of borrowing target for 2022-23 was increased to 4.5% (from 3.5%) in response to the sharp rise in market interest rates experienced throughout the financial year. The actual outcome achieved for the 2022-23 financial year was 4.04%. The weighted average cost of borrowing on outstanding issued debt at 30 June 2023 was 3.14%.

The average recorded spread or borrowing margin achieved on wholesale bonds issued by NTTC during the financial year was about 13 basis points over similar bond maturities issued by NTTC's peers being central financing authorities (CFA's) in other jurisdictions. NTTC-issued bonds were priced at fairly consistent margins to peers throughout the financial year (Figure 2).

Table 5 reports that in 2022-23 NTTC recorded the highest weighted average cost of borrowing in the five years to 2022-23, and also the lowest borrowing rate margin compared with industry peers. The return above benchmark increased compared to 2021-22.

Figure 2: NTTC weighted average cost of borrowing (WACoB) versus spread to comparative semi-governments

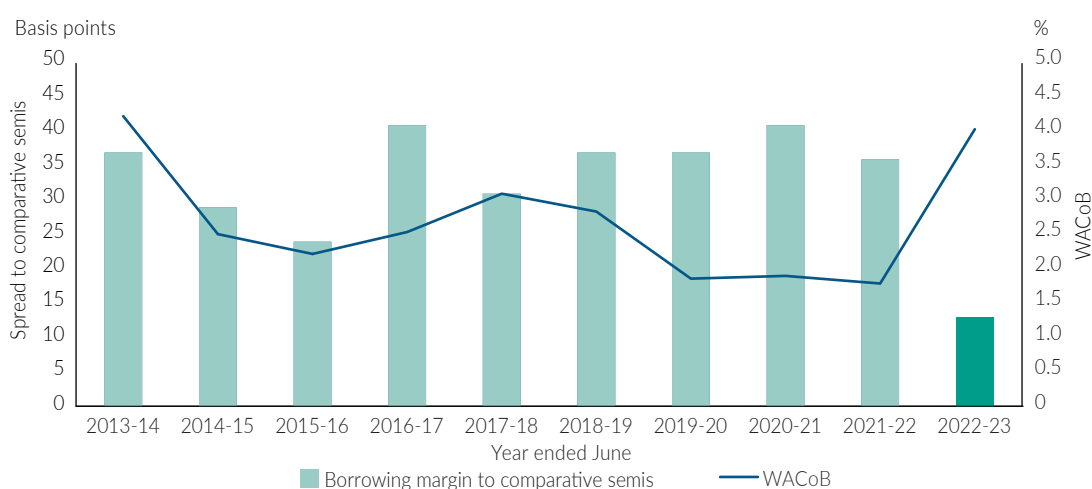


Table 5: Five-year key performance indicators summary

	2022-23	2021-22	2020-21	2019-20	2018-19
Weighted average cost of borrowing	4.04%	1.79%	1.90%	1.86%	2.84%
Borrowing rate margin compared to industry peers	0.13%	0.36%	0.41%	0.37%	0.37%
Investment portfolio return above benchmark <sup>1</sup>	+ 0.19%	+ 0.01%	+ 0.39%	+ 0.45%	+ 0.42%
Unqualified audit opinion	Yes	Yes	Yes	Yes	Yes

1 The benchmark is the Bloomberg AUSBond Bank Bill Index. The benchmark return for 2022-23 was 2.89% while NTTC achieved a return of 3.08%.

Table 6: Five-year financial overview

	2022-23	2021-22	2020-21	2019-20	2018-19
	\$000	\$000	\$000	\$000	\$000
<b>Statement of income</b>					
Revenue	346 104	335 083	318 084	288 828	258 322
Expenses	291 517	295 090	286 424	248 847	226 671
Profit before tax	54 587	39 993	31 660	39 981	31 651
Tax expense	16 376	11 998	9 498	11 994	9 495
Net profit after tax	38 211	27 995	22 162	27 987	22 156
<b>Statement of financial position</b>					
Total assets	9 600 914	9 815 505	10 039 274	7 976 070	6 001 146
Total liabilities	9 579 283	9 793 874	10 017 643	7 954 439	5 979 515
Total equity	21 631	21 631	21 631	21 631	21 631
<b>Statement of cash flows</b>					
Cash flows from operating activities	24 388	3 626	10 720	31 359	16 932
Cash flows from (to) investing activities	273 393	(802 228)	(1 827 999)	(1 116 723)	(735 824)
Cash flows from (to) financing activities	(240 026)	(227 513)	2 053 464	1 943 158	715 576

Table 6 is a summary of NTTC's financial performance over the past five years. Net profit margin increase of 3.8% in 2022-23 to 15.8% compared to prior years. Assets and liabilities have increased in the five years to 2022-23 mainly in relation to loans and borrowings that increased 58.3% and 60.2%, respectively.

### Outlook for 2023-24

- Ongoing challenges in 2023-24 as financial markets focus on uncertainty surrounding the economic outlook and the likely impact of the central bank's tightening over the past year.
- Heightened financial market volatility and ongoing investor uncertainty resulting in higher cost of borrowing assumptions in line with the rising domestic and global interest rate environment.
- Increases to existing select bond series and issuance of new benchmark bond series in Australian debt capital markets.
- Continued use of promissory note facility to fund short-term borrowing requirements.

### Strategic issues for 2023-24

- Securing attractive term funding arrangements in the most cost-effective manner in order to refinance maturing debt and provide flexible and efficient financing options to clients.
- Review target level of interest rate exposure to maturing Territory debt.
- Enhancing existing and developing new NTTC relationships with financial market participants in order to minimise refinancing risk while attempting to satisfy investor demand for liquidity and expand investor diversification.
- Managing the Territory Government's pool of investments efficiently within defined risk management frameworks.

# Financial markets

## Funding

NTTC manages the Territory Government's exposure to funding risk by ensuring it is not subject to a significant refinancing risk in any financial year. NTTC's approach to minimising funding risk involves the diversification of borrowing and investment activities across the maturity spectrum and utilising a variety of funding sources to meet its requirements.

NTTC's funding sources are as follows:

- » Wholesale market
  - fixed interest securities
  - floating rate notes
  - promissory notes
- » Retail market
  - Territory Bonds
  - Designated Investments (migration linked bonds)

Table 7: Five-year borrowing composition

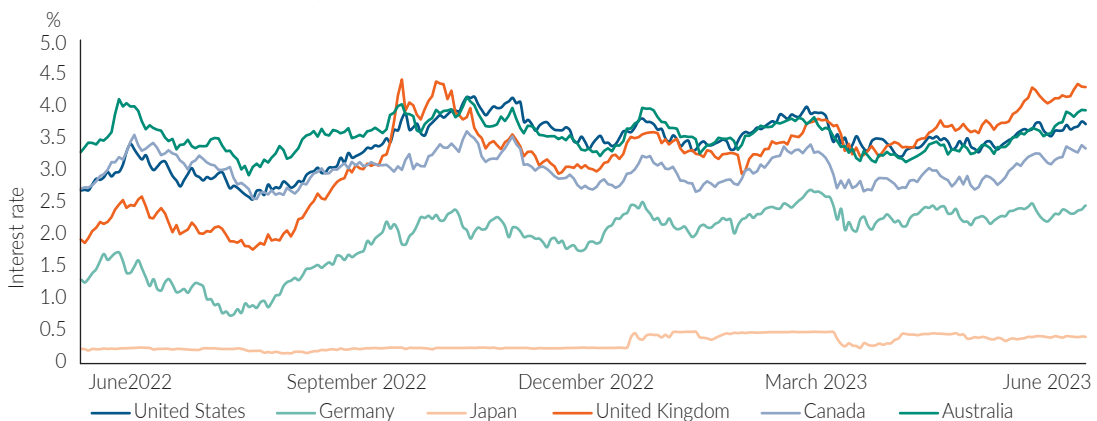
	2022-23	2021-22	2020-21	2019-20	2018-19
	\$M	\$M	\$M	\$M	\$M
Refinancing maturing Territory debt	895	838	98	132	508
New borrowings	-	629	1 790	1 215	1 021
Debt reduction	- 277	-	-	-	-
Pre-funding	- 43	- 870	- 708	- 21	- 291
Borrowing requirement	575	597	1 180	1 326	1 238
Pre-funding	130	43	870	708	21
<b>Total borrowing program</b>	<b>705</b>	<b>640</b>	<b>2 050</b>	<b>2 034</b>	<b>1 259</b>

## Borrowing environment

The global economy has continued to experience relatively high levels of uncertainty and is expected to face ongoing challenges ahead with global inflation surging to multi decade highs in the past year. The mix of stronger demand, supply disruptions and the Russia-Ukraine conflict generated a tremendous rise in commodity and consumer prices. Inflation surged to above 10% in Europe, above 9% in the US and to 8.4% in Australia in late 2022.

Accordingly, the environment in financial markets during the 2022-23 financial year has seen a dramatic rise in market interest rates which has resulted in significantly higher borrowing costs for existing and new borrowers with Australia not being immune to the conditions. Figure 3 shows the trend in global interest rates from June 2022 to June 2023.

Figure 3: Global interest rates – 10-year bond



## Borrowing activity

The borrowing program for 2022-23 produced about \$705 million of new funding compared to \$895 million of maturing debt during the financial year. This reduced borrowing activity resulted in total outstanding issued debt at 30 June 2023 being lower by almost \$200 million from last year's reported balance.

NTTC issued one new benchmark sized bond series to institutional investors in the Australian financial markets during the 2022-23 financial year. This syndicated bond transaction resulted in NTTC issuing a new 12-year

bond for a total of \$650 million at a weighted average interest rate of 4.6%, as shown in Table 8.

In terms of retail borrowings, Territory Bonds returned to pre-pandemic levels of activity, raising about \$55 million at a weighted average interest rate of 3.84% and weighted average term to maturity of about 3.5 years. A full listing of NTTC's issued debt is provided in Appendix A on page 25.

At 30 June 2023, NTTC had 14 institutional benchmark bond issues as detailed in Table 9.

Table 8: Institutional bond issues during 2022-23

Issue date		Amount issued	Maturity date	Coupon	Yield
		\$M		%	%
April 2023	New line	650	21 March 2035	4.50	4.60
<b>Total</b>		<b>650</b>			

Table 9: Institutional bond issues at 30 June 2023

Maturity date	Coupon	Amount on issue	Maturity date	Coupon	Amount on issue
	%	\$M		%	\$M
15 March 2024	6.00	650	21 April 2031	2.00	750
21 October 2024	2.75	500	21 May 2032	2.50	650
15 March 2026	6.00	650	21 April 2033	3.75	750
21 April 2027	2.75	600	21 March 2035	4.60	650
21 April 2028	3.50	750	21 March 2041	2.75	100
21 May 2029	2.00	600	21 November 2042	4.10	650
21 May 2030	3.50	750	21 March 2051	3.00	150

Table 10: Borrowing performance at 30 June

	2023	2022	2021	2020	2019
	%	%	%	%	%
<b>Average borrowing margin</b>					
Short term – margin to BBSW rate	- 0.10	n/a	n/a	0.00	- 0.03
Long term (fixed rate) – margin to comparative semi-government security	0.13	0.36	0.41	0.37	0.37
<b>Cost of borrowing achieved during the year</b>					
Weighted average cost of borrowing	4.04	1.79	1.90	1.86	2.84
<b>Total cost of funds</b>					
Weighted average cost of funds	3.14	2.92	3.06	3.35	3.85

n/a: not assessable

### Portfolio duration and term to maturity

At 30 June 2023, the weighted average duration of Territory debt on issue remained steady at 5.9 years, consistent with 5.9 years reported in June 2022. Similarly, the weighted average term to maturity lengthened slightly to 7.1 years, compared with the 7 years recorded in June 2022.

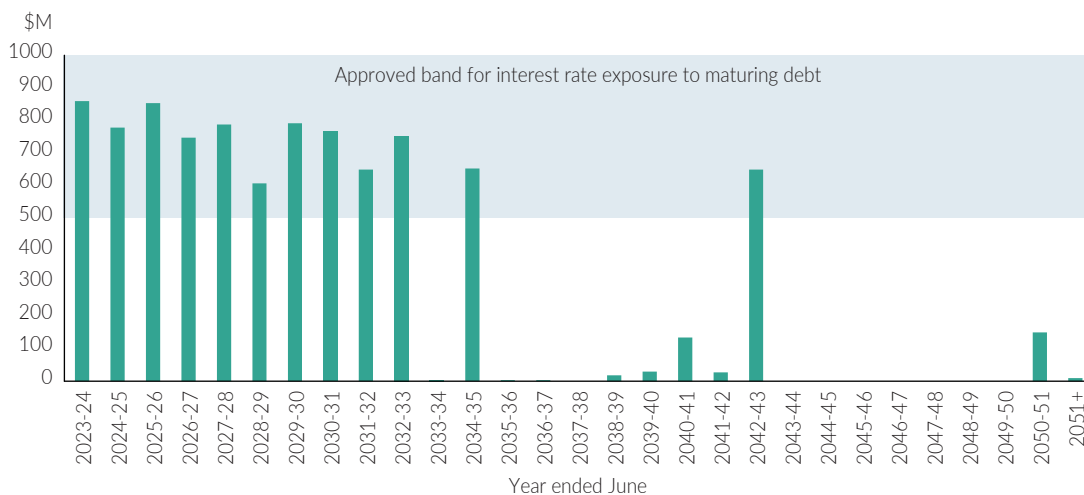
### Interest rate risk management

NTTC's interest rate risk arises from cash flow mismatches in the maturity profiles and repricing dates of its financial assets and liabilities. NTTC manages its exposure to interest rate risk to avoid creating excessive refinancing requirements during periods of high interest rates or unusually low refinancing requirements in periods of low interest rates (see Figure 4). NTTC may use interest rate swaps and forward start interest rate swaps to manage interest rate risk as required.

In March 2020, NTTC established a target level of interest rate exposure to maturing Territory debt in a financial year with a lower limit of \$500 million and an upper limit of \$1 billion. The limits were based on outstanding debt at the time, with the upper limit recognising the strategy of containing interest rate exposure in any one financial year to about 20% of total outstanding debt and the lower limit representing 10% of outstanding debt.

This strategy provides sufficient flexibility to support NTTC's ability to respond to strong demand from institutional investors seeking the creation of slightly larger and more liquid bond series. The target band will support the Territory's borrowing requirements anticipated for the next two to three years to fund the capital and operating expenditure requirements of Territory Government agencies, business divisions and government owned corporations.

Figure 4: Interest rate exposure of maturing debt at 30 June 2023



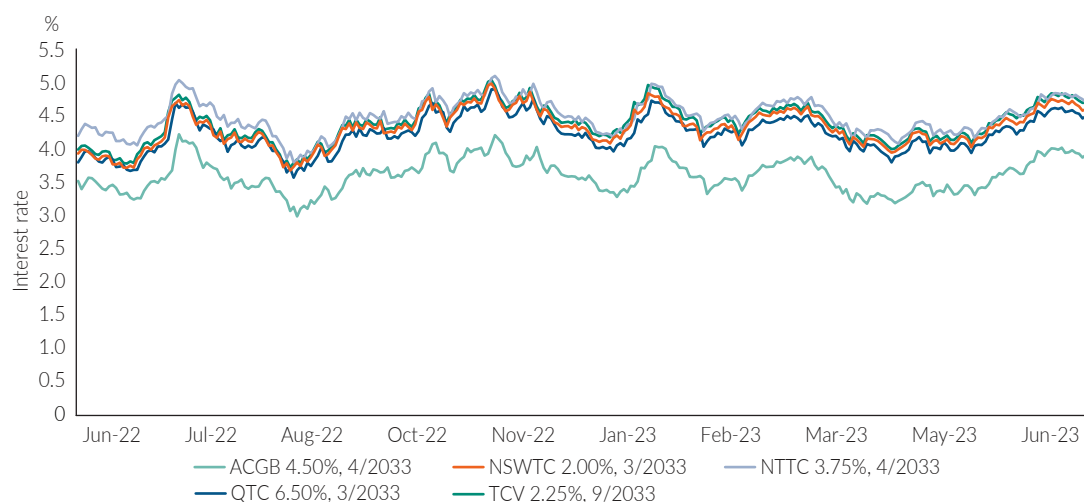
### Trading margin

An important influence on trading margins is the perception of liquidity. The relatively small size of the Territory's borrowing program does not promote significant trading activity. As a result, the borrowing margin is more a reflection of the liquidity premium demanded by institutional investors for supporting NTTC's bond issuances.

The average recorded spread or borrowing margin achieved on NTTC wholesale bond issues during 2022-23 was about 0.13% over similar bond maturities issued by the other AAA-rated CFAs.

Figure 5 shows the implied trading margin between NTTC's 2033 bond series and similar maturities issued by the Commonwealth and other CFAs. Relative to the Commonwealth bond, NTTC's 2033 bond series has been trading at a margin of between 70 and 90 basis points. NTTC's margin relative to comparative bonds issued by other CFAs has been between 10 and 20 basis points.

Figure 5: Trading margin



### Promissory notes

NTTC's short-term funding requirement is met through its promissory note facility. These notes are typically issued by way of tender or via reverse inquiry to our key institutional counterparties. While NTTC has no promissory notes on issue at 30 June 2023, the promissory note facility was used throughout the year to meet short-term funding requirements.

The weighted average yield achieved for the financial year was about 3.15%, with an average margin to BBSW reference rate of -0.10%. The issuing margins to BBSW in 2022-23 ranged from -0.09% to -0.10%.

### Designated investments

The bonds offered by NTTC satisfy the criteria of a 'designated investment' under the following programs administered by the Department of Home Affairs:

- Business Innovation and Investment program
- Investor Retirement Migration.

At 30 June 2023, NTTC had no designated investments on issue.

### Territory Bonds

Territory Bonds is NTTC's retail fixed interest borrowing product and is used to attract funds from the general public. Territory Bonds have been issued since 1979 and offered to investors seeking a safe, secure, government-guaranteed investment.

NTTC experienced a far more modest level of funding from Territory Bonds, raising just \$55 million in the 12 months to June 2023 compared to a total of \$390 million raised in 2021-22. This reduced level of funding is consistent with trading conditions prior to the COVID-19 pandemic and can be largely attributed to the closure of RBA's Term Funding Facility (TFF), which provided very low-cost three-year funding to authorised deposit-taking institutions (ADIs). NTTC considers the closure of the TFF resulted in a significant increase to retail term deposit rates where these retail funds were previously invested.

At 30 June 2023, the total outstanding balance in Territory Bonds was about \$797 million with the number of registered investors decreasing to 1,839 compared with 1,996 recorded in June 2022.

In terms of maturity profile (Figure 7), NTTC has been actively monitoring the interest rates offered on Territory Bonds to ensure funds are allocated across all five terms available to investors.

Figure 6 shows NTTC has raised about \$797 million from Territory Bonds at 30 June 2023 with the average investment size recorded at about \$430,000.

Figure 6: Territory Bonds – outstanding balances and average investment at 30 June

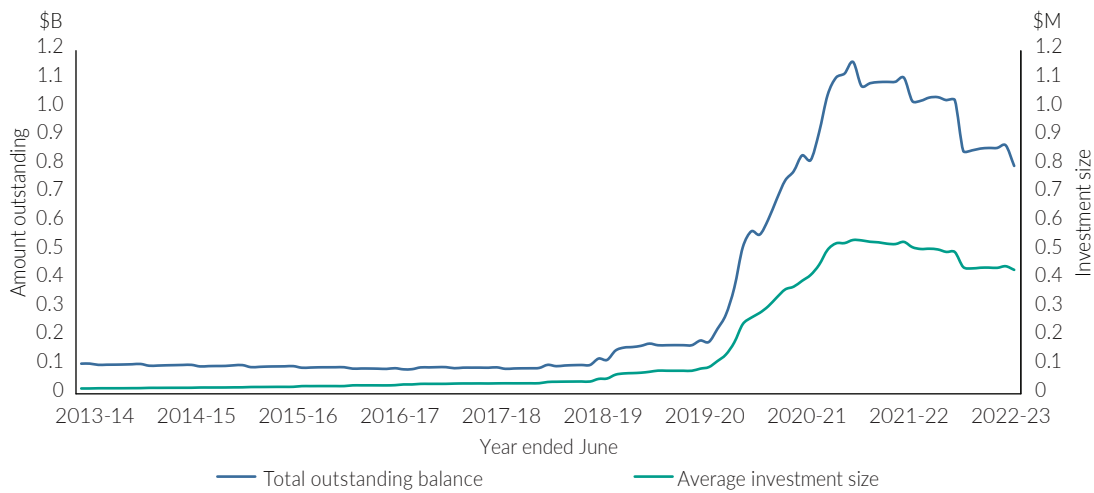
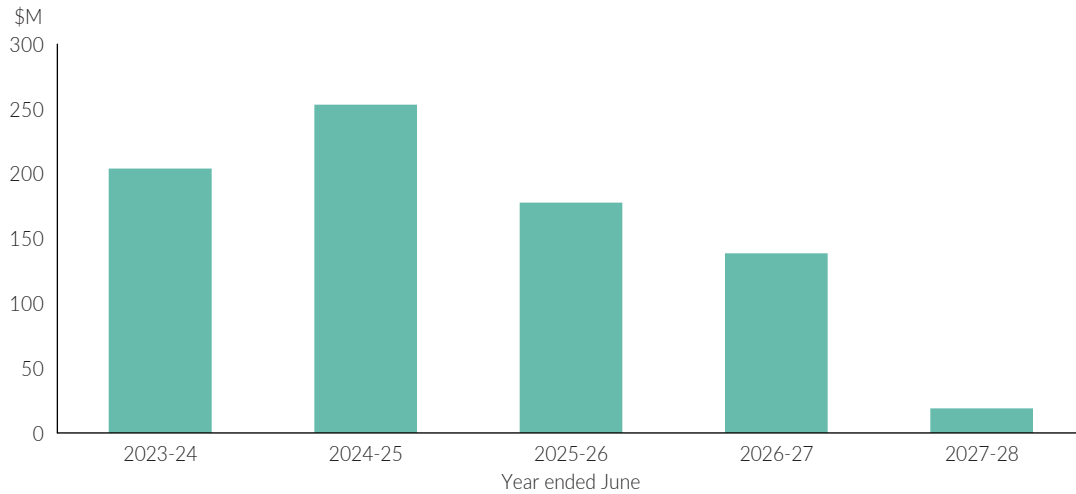


Figure 7: Territory Bonds maturity profile at 30 June



# Client services

## Loans

NTTC lends funds to the Territory Government, government business divisions, government owned corporations, local authorities and other government organisations. Loans are issued in accordance with commercially based guidelines and practices. All loans are approved by the Treasurer in accordance with section 13(2)(b) of the NTTC Act and section 31(1) of the FMA.

At 30 June 2023, NTTC had a total outstanding loan portfolio of \$9.4 billion, about \$273.4 million lower than the balance reported at 30 June 2022. Table 12 (page 16) shows the comparative analysis of total outstanding loans provided by NTTC over the past five years. A full listing of NTTC's loans is provided in Table 13 on page 16.

Table 11 shows the stakeholder satisfaction has remained stable over the five-year period with an overall rating of 5.

Table 11: Five-year stakeholder satisfaction rating

	2022-23	2021-22	2020-21	2019-20	2018-19
Stakeholder satisfaction <sup>1</sup>	5	5	5	5	5

1 A stakeholder satisfaction rating is obtained from government agencies, government business divisions, government owned corporations and local government councils. Ratings range from 1: extremely dissatisfied to 6: extremely satisfied.

### General government agencies

General government agencies are funded through Central Holding Authority (CHA) appropriations, some of which are funded by loans provided by NTTC. CHA is the 'parent body' that represents the Territory Government's ownership interest in government-controlled entities. The funds are used to finance general government activities and the Territory's major infrastructure projects.

At 30 June 2023, loans to the general government sector totalled \$7.8 billion, a decrease of about \$281 million from the previous financial year.

### Government business divisions

Loans to government business divisions represent borrowings by Territory Government-owned entities that operate on a commercial basis. The funds are used to finance capital expenditure requirements.

At 30 June 2023, loans to this sector totalled about \$148 million, around \$23 million lower than the previous financial year. This net movement is a combination of scheduled principal repayments throughout the year on some of NT Home Ownership's structured loans.

### Government owned corporations

Loans to government owned corporations represent borrowings by Territory Government-owned entities that operate on a commercial basis but their operations are not guaranteed by the Crown and do not make the

Territory liable for their debts, liabilities or obligations. The funds are used to finance capital expenditure requirements.

At 30 June 2023, loans to this sector totalled about \$1.4 billion, an increase of about \$31 million from the previous financial year, reflecting new loans issued to Territory Generation and Power and Water Corporation during the 2022-23 financial year.

### Local government councils

Loans to local government councils represent borrowings by municipal, regional and shire councils situated throughout the Territory. The funds are used to finance specific council infrastructure projects, working capital requirements, or to purchase or replace existing plant and equipment. Loans to local government councils are first assessed by the Local Government division in the Department of the Chief Minister and Cabinet (CMC), and must carry the support and recommendation of the minister prior to being submitted for approval to the Treasurer. At 30 June 2023, there were no loans outstanding for local authorities.

### Other government organisations

Loans to other government organisations represent borrowings by non financial public sector organisations with which the Territory Government has an association. At 30 June 2023, NTTC had no outstanding loans to this sector.

Figure 8: Client loans at 30 June 2023

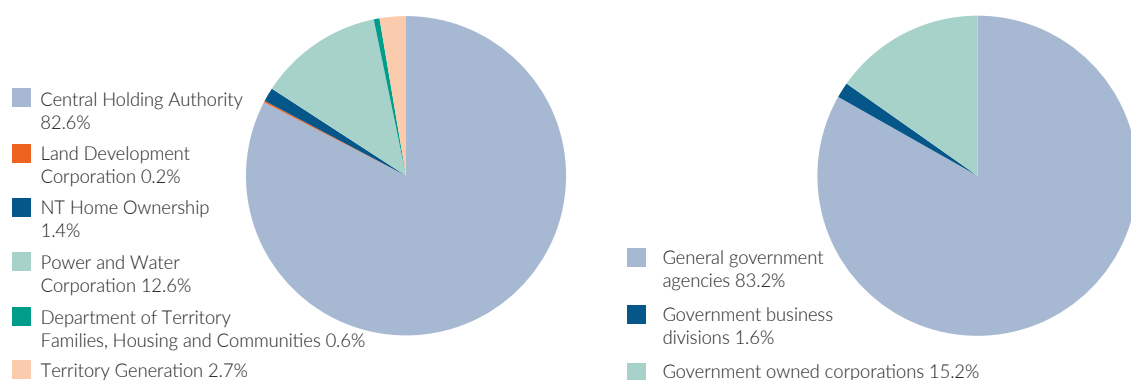


Table 12: Outstanding loans at 30 June

	2023	2022	2021	2020	2019
	\$M	\$M	\$M	\$M	\$M
General government agencies	7 842.4	8 123.5	7 317.4	5 502.8	4 299.8
Government business divisions	147.5	170.8	192.6	204.2	210.5
Government owned corporations	1 436.0	1 405.0	1 387.0	1 362.0	1 442.0
<b>Total</b>	<b>9 425.9</b>	<b>9 699.3</b>	<b>8 897.0</b>	<b>7 069.0</b>	<b>5 952.3</b>

Table 13: Outstanding loans by counterparty at 30 June 2023

	2023	2022
	\$M	\$M
<b>General government agencies</b>		
Central Holding Authority	7 787.4	8 064.1
Department of Territory Families, Housing and Communities	55.0	59.4
<b>Total general government agencies</b>	<b>7 842.4</b>	<b>8 123.5</b>
<b>Government business divisions</b>		
Land Development Corporation	15.0	15.0
NT Home Ownership	132.5	155.8
<b>Total government business divisions</b>	<b>147.5</b>	<b>170.8</b>
<b>Government owned corporations</b>		
Power and Water Corporation	1 186.0	1 175.0
Territory Generation	250.0	230.0
<b>Total government owned corporations</b>	<b>1 436.0</b>	<b>1 405.0</b>
<b>TOTAL</b>	<b>9 425.9</b>	<b>9 699.3</b>

## Administration and governance

The administration and governance program aims to ensure NTTC operates in a professional, prudent and cost-effective manner. This is achieved by implementing policies relating to current financial market and accounting practices, regularly reviewing internal procedures and providing relevant training to employees. Specific functions include:

- providing accurate timely settlement of all financial market transactions
- maintaining NTTC's inscribed stock register by recording details of all inscribed stock and holders in accordance with the Registry Services Agreement and NTTC's Inscribed Stock Regulations
- ensuring NTTC's finances are managed effectively, within stated limits and in accordance with Australian accounting standards and legislative frameworks
- providing administrative support to NTTC's Advisory Board and Audit Committee
- managing NTTC's human resources in accordance with PSEMA
- producing NTTC's annual report in accordance with legislative requirements.

### Corporate objectives

In March 2023 NTTC's objectives were endorsed by the Treasurer in the context of the new Treasurer's Direction – Organisational performance and accountability issued on 3 November 2022 that outlines the minimum planning, reviewing and reporting requirements for Territory Government agencies to manage performance and accountability.

NTTC's objectives are :

- fund loans to government using appropriate borrowing strategies and ensuring compliance with financial reporting obligations
- effective surplus cash management, on behalf of CHA, with the aim of optimising returns within approved guidelines and cash flow requirements

These are realised by:

- safeguarding financial resources by establishing and regularly reviewing credit limits and maintaining adequate internal controls and staffing
- minimising borrowing costs through effective control and management of its interest rate risk, and maintaining interest rate risk at an acceptable level

- ensuring sufficient short and long-term liquidity to meet debts as and when they fall due
- minimising the cost of foreign currency requirements through the effective control and management of its foreign exchange risk, and neutralising foreign exchange risk exposures
- reviewing and evaluating risk management policies and procedures on an annual basis to ensure they remain adequate for NTTC to operate in a risk-neutral manner.

### Structure

NTTC was established as a corporation sole (a corporation that consists solely of a nominated office holder) in July 1994 and is constituted under the NTTC Act. The Under Treasurer of DTF is designated as the office holder of the corporation sole, under the NTTC Act, and as such represents the Crown in right of the Territory. Under section 5 of the NTTC Act, NTTC is subject to the direction of the Treasurer.

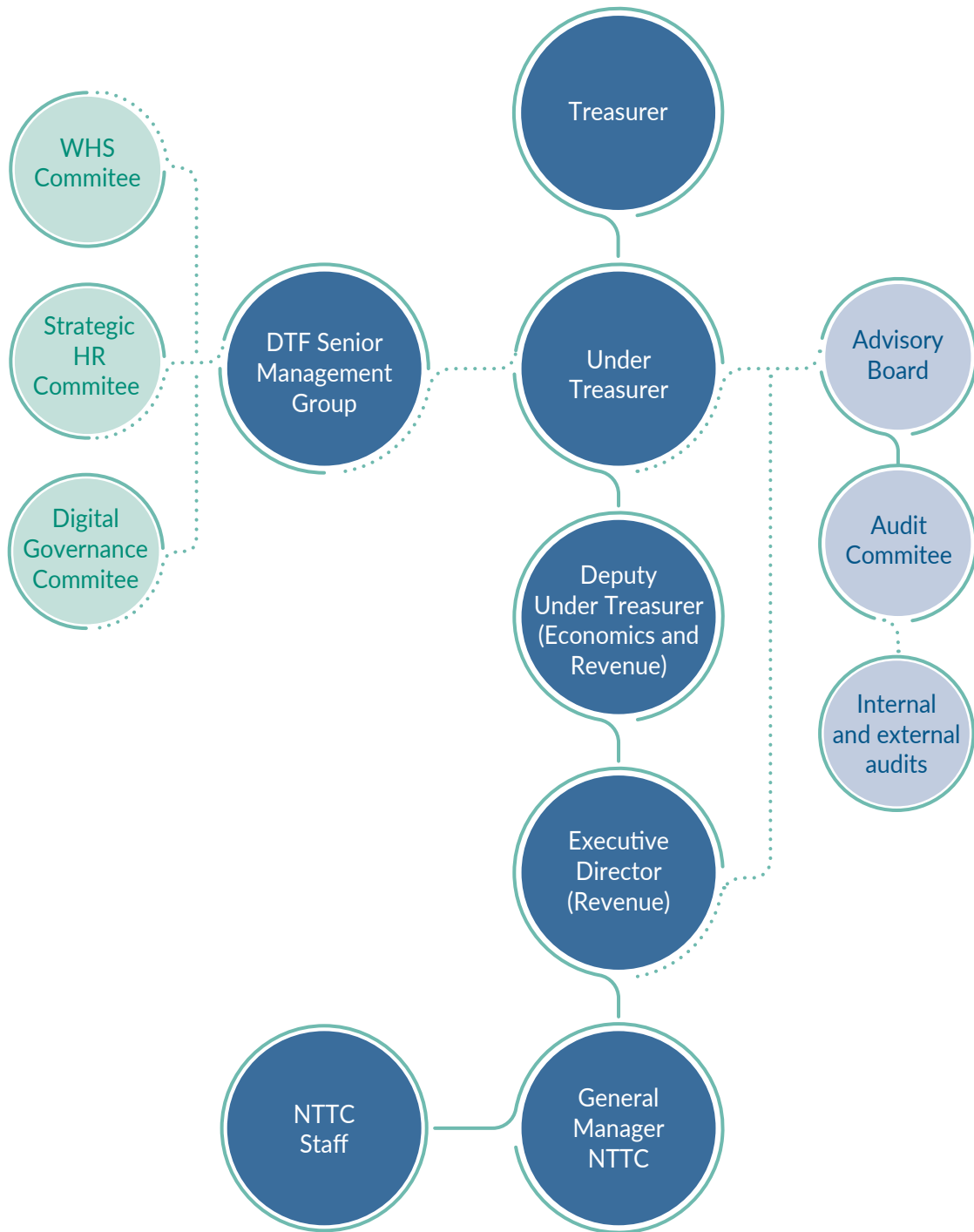
### Department of Treasury and Finance

NTTC reports to DTF as its parent agency through its General Manager, and the Executive Director (Revenue) who is a member of DTF's Senior Management Group (SMG). SMG supports the Under Treasurer and is responsible for strategic decision-making and policy setting of DTF and its business units. This includes managing performance and improving management and business practices. The main role of SMG is corporate governance and to develop DTF's corporate capabilities including people, systems and work environment.

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

- Work Health and Safety (WHS) Committee, provides advice to the Under Treasurer and SMG on WHS issues to facilitate the health and safety of employees and clients in the workplace
- Strategic Human Resources (HR) Committee, monitors and oversees strategic HR planning and management for DTF in compliance with PSEMA and the NTPS HR strategies
- Digital Governance Committee, provides effective governance and prioritises, monitors and controls DTF's program of digital works, and ensures risks associated with the digital program are monitored and aligned with strategic priorities.

Figure 9: NTTC's reporting structure



## Advisory Board

Under section 8 of the NTTC Act, NTTC has established an Advisory Board to assist the Under Treasurer with issues relating to NTTC's operations. The Advisory Board is constituted to be the Under Treasurer and up to five other persons appointed by the Treasurer. The Advisory Board meets quarterly to review and monitor NTTC's business risks and performance in relation to its objectives. It also provides guidance on policy, analysis of economic conditions and advice on aligning borrowing and investing intentions with interest rate expectations.

### Advisory Board members



**Mr Craig Graham, Chair**  
Department of Treasury  
and Finance

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

Craig joined Treasury in February 1997, undertaking the graduate program in February 1998 after completing a Bachelor of Economics at Northern Territory University (now Charles Darwin University), and was in the first intake of the still-current graduate program. In August 2008, Craig was appointed Senior Director in the Economic Policy and Public Finance areas, and in July 2011 he was appointed Assistant Under Treasurer and Deputy Under Treasurer in 2015.



**Dr Sarah Rummery,**  
Executive Director (Revenue)  
Department of Treasury  
and Finance

Sarah was appointed Executive Director (Revenue) in January 2020 and is also the Commissioner of Territory Revenue and Mineral Royalty Secretary. She is responsible for the administration and enforcement of own-source revenue and grants legislation, ensuring the strategic alignment and effectiveness of revenue programs, and providing high level policy, strategic and technical advice.

Sarah's previous roles include Assistant Under Treasurer (Economic) and Commissioner of Superannuation in the Funds Management division of DTF. She joined the NTPS in 2005 after 10 years working as an economics lecturer in the United States. Sarah has a Bachelor of Economics from the University of Western Australia and a PhD in Economics from the Australian National University.



**Mr John Montague**  
External Board Member and  
Chair of the Audit Committee

John was appointed to the Board in November 2014. He has held a variety of senior executive roles over the past 29 years in the public and private sectors. He joined NTTC in 1994 and was General Manager for 14 years before being appointed as DTF's Senior Director Funds Management in 2008, Assistant Under Treasurer (Funds Management) in 2011 and Commissioner of Superannuation in 2012. John was General Manager of Super SA from 2014 to 2017 and is currently a financial services consultant.



**Ms Clare Milikins**  
External Board Member and  
Member of the Audit Committee

Clare was appointed to the Board in May 2021 and is a Fellow of CPA Australia, with a Bachelor of Commerce (Accounting) and a Graduate Certificate in Public Sector Management. She is a graduate of the Australian Institute of Company Directors, a Board Director and member of the Audit and Risk Committee of Venture Housing Company Inc, independent Chair of the Department of Infrastructure, Planning and Logistics' Audit and Risk Management Committee, and independent Audit Committee Chair for City of Palmerston and Wagait Shire Council. She was the Deputy Chair and Chair of Audit and Risk of Jacana Energy from 2014 to 2021. Clare has diversified experience in both the public and private sectors, and provides consultancy and advisory services focused on business redirection, governance, financial and change management.

## Our people

At 30 June 2023, NTTC has a total (headcount) of eight staff. Additionally, one graduate from DTF's graduate program undertook a rotation in NTTC during the year.

NTTC also provides financial services to the NT Superannuation Office, business unit of DTF, under a service level agreement.

### Management team

#### Mr Alex Pollon

##### General Manager

Alex was appointed General Manager of NTTC in May 2010 and is responsible for the overall management of NTTC's staff and resources, ensuring the efficient, effective and appropriate control of the borrowing, lending and investing activities on behalf of government. Alex has over 25 years' experience in the finance and treasury industry and is a member of various inter-agency committees and boards, including the Public Trustee Investment Board, Police Supplementary Benefit Scheme, Agents Licensing Fidelity Guarantee Fund and Legal Practitioners Fidelity Fund. Prior to joining NTTC, Alex held various treasury management positions in the financial services sector. Alex is a member of the Australian Institute of Company Directors and holds Australian Financial Markets Association dealer accreditation.

#### Ms Raffaella Carpine

##### Manager Financial Services

Raffaella joined DTF in January 2021 as the Manager Financial Services and is responsible for NTTC's financial reporting, budgeting, corporate governance and risk management functions. Her key areas of experience cover accounting, risk, corporate governance, mergers and acquisitions, strategy and transformation. Raffaella has 16 years' experience in finance roles, including 10 years in audit and assurance at PricewaterhouseCoopers Italy. Her expertise is in listed and proprietary multinationals and she has worked in various businesses, including the Italian Stock Exchange. She has a Masters of Business Economics and Bachelor of Business Management.

#### Mrs Tania Senga

##### Manager Financial Assets and Liabilities

Tania commenced with NTTC in February 2020 as the Manager Financial Assets and Liabilities and is responsible for the day-to-day activities and operational effectiveness of the treasury functions undertaken by NTTC. Tania has over 18 years' experience in the public accounting industry and has worked across a wide range of industries. She previously worked at Power and Water Corporation as Supervisor Financial Accounting for three years. Tania holds a Bachelor of Business and a Bachelor of Laws from the Northern Territory University (now Charles Darwin University). She also has a Graduate Diploma from the Institute of Chartered Accountants Australia (now Chartered Accountants Australia and New Zealand) and is currently a member of the institute.

## Workforce

At 30 June 2023, NTTC has a total of eight employees (headcount). Additionally, one graduate from DTF's graduate program undertook a rotation in NTTC during the year.

NTTC's staff members are employed under PSEMA. Section 10 of the NTTC Act permits the Under Treasurer to assign staff to NTTC from DTF, on either a full or part-time basis. Employees are required to comply with PSEMA, the Northern Territory Government Code of Conduct and codes of ethics of all relevant professional associations.

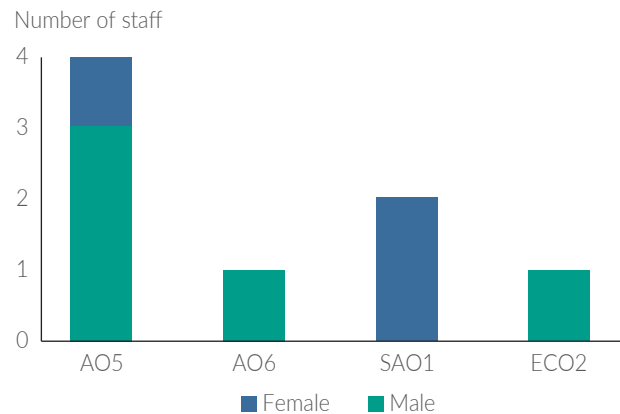
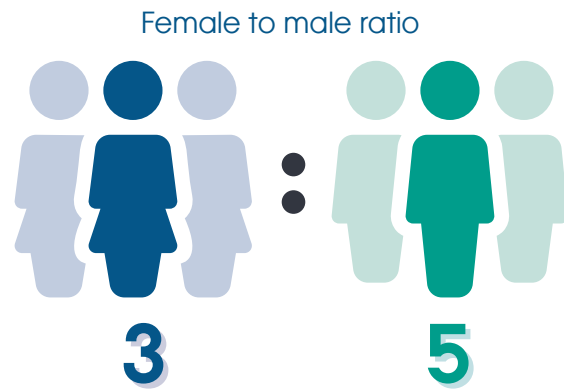
NTTC has a diverse workforce, recognising the value staff bring from different backgrounds, education and work experiences, and values each member's contribution to the workplace and its high performing culture. Of the eight staff paid at 30 June 2023, 62% were men and 38% were women. The graph (right) illustrates a comparison by gender for each classification level.

### Flexible work arrangements

NTTC offers a range of initiatives for work-life balance for staff including flexible work arrangements, purchased leave options and recreation leave at half pay. The initiatives are in line with the NTPS Enterprise Agreement.

### Graduate program

Throughout the year, graduates employed through the DTF graduate program are engaged on a one-year contract and undertake work experience in several work areas in DTF and NTTC. This is coupled with regular training through a comprehensive series of workshops and seminars outlining DTF's functions, government processes and structures, and regular performance feedback. One graduate from DTF's graduate program undertook a rotation in NTTC during the year.



### Training and professional memberships

Employees undertake training and professional development aligned with organisational requirements, generally identified through an employee development framework process. In addition to training, they are encouraged to undertake finance and accounting-related study through various professional bodies and institutions at the post-graduate level. Formal study is supported by DTF's study assistance program and employees are reimbursed half the cost of their annual professional membership fees where membership is relevant to their work role. Additionally, all staff working in NTTC are required to undertake anti-money laundering and counter-terrorism financing awareness training.

In 2022-23, all staff participated in some form of external training or development opportunity. Half of the staff members attended a Treasury management course and 11% took advantage of DTF's study assistance scheme. Fields of study included Certified Practising Accountant.

## Equal opportunity and merit

NTTC is an equal opportunity employer and is committed to providing a workplace free from discrimination and harassment. All employees are required to undertake training on anti-discrimination, cross-cultural and harassment awareness to promote an understanding of such issues, and are informed of policies in place to address any incidents. In addition, DTF has formal and informal complaints processes as well as a grievance resolution procedure in place that staff can access.

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.

## Employee wellness

NTTC employees have access to DTF's Employee Assistance Program (EAP). This program provides an important service to the agency's employees and forms part of our work health and safety commitments. NTTC recognises that staff may be affected by personal, family or work-related issues and EAP is one way NTTC supports staff. The EAP offers up to three free confidential counselling sessions for employees and their family members with DTF's EAP providers.

As part of its annual wellbeing program, DTF offered free flu vaccinations in April 2023 to all staff.

## Other business relationships

The Department of Corporate and Digital Development provides other corporate services, which include HR, ICT, procurement and records management.

## Registry services

NTTC has a key relationship with Link Market Services Pty Ltd (Link), which maintains NTTC's retail inscribed stock register, recording details of all inscribed stock and holders in accordance with the Registry Services Agreement and NTTC's Inscribed Stock Regulations. Link has offices in Melbourne, Sydney, Brisbane and Perth, providing convenient access for most bondholders.

NTTC utilises ASX Austraclear Services Limited (ASX) for the registration of its wholesale domestic borrowings. ASX provides NTTC with the full range of corporate actions relating to the life cycle of the security issued to the financial markets, from origination to maturity. Corporate actions include inscribing the securities in the ASX register, making payments, transferring ownership of the security between seller and buyer, and effecting payments at maturity of securities.

## Risk management

Risk recognition and management is an essential function of NTTC, given the nature of its operations and is the responsibility of all staff. NTTC has various frameworks, policies and controls in place to ensure all key risks are identified and managed.

## Risk management framework

NTTC has developed a framework to capture and articulate all elements of risk management and compliance in the business environment. The framework comprises a risk appetite statement and a comprehensive risk register, which provides a repository for recording each risk and its attributes, evaluation and treatments. Its key function is to provide significant information on the risks faced by NTTC and the mitigation controls in place to address those risks. The risk culture determines the manner in which NTTC manages risks. NTTC management culture embeds risk awareness, integrity, transparency and accountability. The Risk Management Framework is updated on an ongoing basis, at least annually, in response to changes in the NTTC's associated risks. The Risk Appetite statement is approved annually.

Risk appetite is the level of risk that NTTC will accept in pursuit of its strategic goals, and is determined in conjunction with NTTC's strategy and aligned to the strategic goals.

The management of risk is fundamental to the successful execution of NTTC strategy, and risks are classified into four broad categories:

- strategic risks – risks relating to NTTC strategy, including risks associated with reputation
- financial risks – the risk of financial failure, loss as a result of investment activity, lack of liquidity or funding
- operational risks – the risk of direct or indirect loss, or other adverse consequences to the business resulting from inadequate or failed internal processes, people and systems, or from external events
- compliance and fraud risks – the risk of unexpected financial, material or reputational loss as the result of fraudulent action of persons internal or external to NTTC, and or inappropriate recording, reporting and disclosure of financial results, taxation or regulatory information.

### Fraud control

NTTC is subject to DTF's fraud control framework, which provides assurance that fraud control strategies are robust. This is supported by NTTC's internal controls environment and providing mandatory fraud awareness training to all staff.

Proper records of incidents of suspected fraud are documented in a fraud register in accordance with the Treasurer's Direction – Fraud Control. The incidents are managed in accordance with DTF's Fraud Control Framework, including notification to the appropriate agencies.

### Financial control

NTTC has a robust system of financial control, and an appropriate framework of delegated authorities is in place. Comprehensive financial planning, reporting and review procedures are in place, with an annual budget, mid-year report and estimates process. Financial and key performance indicators are reviewed against budget on a monthly basis and quarterly reports are reviewed and considered by the Advisory Board.

### Conflict of interest

Staff and Advisory Board members are required to disclose any actual, potential or perceived conflicts of interest. Formal disclosure declarations are made on an annual basis and verbally on an ad hoc basis where a conflict is identified.

### Anti-money laundering and counter-terrorism financing legislation

NTTC has an exemption to the general requirements of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* but is subject to the suspicious matters reporting requirements.

### Business continuity management

NTTC has a business continuity plan to ensure it is able to meet its financial obligations during an event that disrupts normal processes and procedures. The plan is reviewed at least annually to ensure all critical functions are captured and contingency arrangements are documented.

### Compliance self-assessment reviews

NTTC uses compliance self-assessment reviews to identify and monitor risk areas in its environment. Management completes monthly questionnaires and the Advisory Board reviews the associated quarterly reports, which are reviewed by internal audit on a semi-annual basis.

### Delegations

Clear lines of responsibility and authority to act are specified in agency corporate delegations through DTF and internal policy manuals approved by the Under Treasurer. Both delegations and policy manuals are reviewed annually to ensure they meet current legislative frameworks and business resourcing requirements.

### Work health and safety

Under the shared services arrangements between DTF and CMC, the agencies operate a joint WHS committee that meets regularly and reports to SMG.

## Compliance

NTTC has a high level of compliance and is subject to several audits and review processes during the year. Audits are undertaken by both internal and external auditors, and their focus reflects the importance of risk management and corporate governance. Findings of reviews and audits conducted during the year are reported in Table 13.

### Northern Territory Treasury Corporation Audit Committee

The Audit Committee is a subcommittee of the Advisory Board. It provides advice to the Chair on operational issues and audit matters. It meets prior to all Advisory Board meetings or as necessary. At 30 June 2023, the Audit Committee comprised the two external Advisory Board members and is chaired by Mr Montague.

## External audit

Under section 30 of the NTTC Act, the Northern Territory Auditor-General's Office is required to review and audit NTTC's accounts and operating environment. Under section 31, the Auditor-General will issue an audit opinion on NTTC's financial statements and report to the Treasurer and the Legislative Assembly. The Auditor-General also attends NTTC's Audit Committee meetings as requested.

## Internal audit

NTTC has an internal audit function, reporting directly to its Advisory Board, Audit Committee and DTF's senior executives. The appointed internal auditor reviews NTTC's operational controls environment, focusing on its information technology and general controls, and its control self-assessment process. In March 2023 a review of the Risk Management Framework was also performed as part of the annual review. The internal auditor attends Audit Committee meetings at the request of the Audit Committee.

Table 13: Audits undertaken during the year

Function	Type	Period ending	Internal/external	Outcomes
2021-22 financial statements	Audit	30/06/22	External	Unqualified audit opinion
Internal controls testing	Review	30/09/22	Internal	No significant matters identified
	Review	31/03/23	Internal	No significant matters identified
Interim period review	Audit	30/06/23	External	No significant matters identified

## Policy and procedures

Formal policy and procedure manuals are established and provided to all staff. Policy and procedure manuals are updated annually or as required. Activities and controls are designed to meet the requirements of legislative and regulatory frameworks, codes and practices, and in line with the Risk Management Framework.

## Corporate planning and reporting process

NTTC links into DTF's strategic planning and reporting processes, which guide core business areas in the delivery of government objectives.

## Information Act 2002

NTTC is subject to the requirements of the *Information Act 2002*, which include records management, freedom of information (FOI) and privacy. DTF is responsible for managing all information requests on behalf of NTTC. In 2022-23, the Department of Corporate and Digital Development managed FOIs for DTF and other Territory Government agencies under a centralised model. Details about how to apply for access to information, with links to relevant legislation and related agencies, can be found on DTF's website, [treasury.nt.gov.au/InformationAct](https://treasury.nt.gov.au/InformationAct). Further assistance can be provided by contacting:

Freedom of Information Services  
GPO Box 2391 DARWIN NT 0800

Telephone: 08 8999 1793  
Email: [FOI@nt.gov.au](mailto:FOI@nt.gov.au)

# Appendix A: Outstanding domestic borrowings

at 30 June 2023

Maturity date	Coupon rate	Face value	Maturity date	Coupon rate	Face value
	%	\$000		%	\$000
<b>2023-24</b>			15-Jun-24	2.45	189
15-Dec-23	0.45	5	15-Jun-24	2.50	2 124
15-Dec-23	0.50	9 000	15-Jun-24	2.60	5 128
15-Dec-23	0.55	42	15-Jun-24	2.95	253
15-Dec-23	0.60	46 648	15-Jun-24	3.00	200
15-Dec-23	0.65	7	15-Jun-24	3.10	2 387
15-Dec-23	0.70	1 750	15-Jun-24	3.35	1 050
15-Dec-23	0.80	29 605	15-Jun-24	3.40	100
15-Dec-23	0.90	556	15-Jun-24	3.50	466
15-Dec-23	1.00	23 034	15-Jun-24	3.55	278
15-Dec-23	1.20	7 625	15-Jun-24	3.60	1 957
15-Dec-23	1.50	20	15-Jun-24	3.70	1 836
15-Dec-23	1.60	2 547	<b>TOTAL 2023-24</b>	<b>4.82</b>	<b>860 409</b>
15-Dec-23	1.90	2 500			
15-Dec-23	2.00	10	<b>2024-25</b>		
15-Dec-23	2.10	5 135	21-Oct-24	2.75	500 000
15-Dec-23	2.50	167	15-Dec-24	0.70	13 250
15-Dec-23	2.60	95	15-Dec-24	0.80	129
15-Dec-23	2.95	340	15-Dec-24	0.90	19 502
15-Dec-23	3.00	584	15-Dec-24	1.00	66 314
15-Dec-23	3.10	3 560	15-Dec-24	1.10	39 040
15-Dec-23	3.25	123	15-Dec-24	1.15	117
15-Dec-23	3.30	1 319	15-Dec-24	1.20	468
15-Dec-23	3.40	1 326	15-Dec-24	1.30	15 002
15-Mar-24	6.00	650 000	15-Dec-24	1.55	271
20-May-24	5.00	5 000	15-Dec-24	1.60	378
15-Jun-24	0.60	6 500	15-Dec-24	1.70	11 683
15-Jun-24	0.70	35	15-Dec-24	1.85	100
15-Jun-24	0.75	75	15-Dec-24	2.00	2 725
15-Jun-24	0.80	41 835	15-Dec-24	2.10	130
15-Jun-24	0.90	3 245	15-Dec-24	2.20	5 590
15-Jun-24	1.15	11	15-Dec-24	2.60	5
15-Jun-24	1.20	216	15-Dec-24	2.70	40
15-Jun-24	1.30	217	15-Dec-24	2.80	10
15-Jun-24	1.60	260	15-Dec-24	3.30	60
15-Jun-24	2.00	8	15-Dec-24	3.50	90
15-Jun-24	2.10	250	15-Dec-24	3.60	474
15-Jun-24	2.35	428	15-Mar-25	6.00	18 900
15-Jun-24	2.40	364			

Maturity date	Coupon rate	Face value	Maturity date	Coupon rate	Face value
	%	\$000		%	\$000
20-May-25	8.50	5 000	15-Dec-25	3.90	480
15-Jun-25	0.90	33 040	15-Mar-26	6.00	650 000
15-Jun-25	0.95	5	15-Jun-26	0.85	210
15-Jun-25	1.00	140	15-Jun-26	1.00	13 393
15-Jun-25	1.10	34 606	15-Jun-26	1.15	586
15-Jun-25	1.25	435	15-Jun-26	1.20	394
15-Jun-25	1.30	310	15-Jun-26	1.30	25 194
15-Jun-25	1.35	10	15-Jun-26	1.60	40
15-Jun-25	1.40	2 083	15-Jun-26	2.70	15
15-Jun-25	1.50	2 634	15-Jun-26	3.05	52
15-Jun-25	1.55	86	15-Jun-26	3.20	16
15-Jun-25	1.60	122	15-Jun-26	3.75	570
15-Jun-25	1.65	10	15-Jun-26	3.80	412
15-Jun-25	1.70	430	15-Jun-26	3.90	2 585
15-Jun-25	1.80	269			
15-Jun-25	2.60	3 138	<b>TOTAL 2025-26</b>	<b>5.07</b>	<b>853 914</b>
15-Jun-25	2.85	152			
15-Jun-25	2.90	160	<b>2026-27</b>		
15-Jun-25	3.00	829	15-Dec-26	1.35	1 762
15-Jun-25	3.65	14	15-Dec-26	1.40	34 150
15-Jun-25	3.70	402	15-Dec-26	1.50	62 237
15-Jun-25	3.80	572	15-Dec-26	1.65	80
			15-Dec-26	1.70	462
<b>TOTAL 2024-25</b>	<b>2.34</b>	<b>778 724</b>	15-Dec-26	1.80	2 610
			15-Dec-26	3.50	10
<b>2025-26</b>			15-Dec-26	3.60	10 070
15-Sep-25	8.50	24 974	15-Dec-26	3.80	50
15-Dec-25	0.80	7 000	15-Dec-26	3.90	65
15-Dec-25	0.85	167	15-Dec-26	3.95	19
15-Dec-25	0.90	88	15-Dec-26	4.00	50
15-Dec-25	1.00	35 646	15-Dec-26	4.10	204
15-Dec-25	1.10	22 500	15-Mar-27	6.00	8 400
15-Dec-25	1.20	57 055	21-Apr-27	2.75	600 000
15-Dec-25	1.25	61	15-Jun-27	1.75	92
15-Dec-25	1.30	79	15-Jun-27	1.90	4 345
15-Dec-25	1.40	11 400	15-Jun-27	2.10	56
15-Dec-25	3.10	80	15-Jun-27	2.20	673
15-Dec-25	3.30	455	15-Jun-27	2.95	50
15-Dec-25	3.45	20	15-Jun-27	3.00	18
15-Dec-25	3.60	100	15-Jun-27	3.10	10 325
15-Dec-25	3.75	192	15-Jun-27	3.35	35
15-Dec-25	3.80	150	15-Jun-27	3.40	372

Maturity date	Coupon rate	Face value
	%	\$000
15-Jun-27	3.50	1 875
15-Jun-27	3.90	35
15-Jun-27	4.00	293
15-Jun-27	4.10	9 434
<b>TOTAL 2026-27</b>	<b>2.64</b>	<b>747 772</b>
<b>2027-28</b>		
15-Dec-27	3.65	12
15-Dec-27	3.70	628
15-Dec-27	3.80	1 184
15-Dec-27	3.95	30
15-Dec-27	4.00	194
15-Dec-27	4.10	2 320
15-Dec-27	4.15	482
15-Dec-27	4.20	352
15-Dec-27	4.30	1 012
15-Mar-28	6.00	7 900
21-Apr-28	3.50	750 000
15-Jun-28	3.85	28
15-Jun-28	3.90	322
15-Jun-28	3.95	172
15-Jun-28	4.00	10 145
15-Jun-28	4.00	310
15-Jun-28	4.10	963
15-Jun-28	4.20	10
15-Jun-28	4.30	737
<b>TOTAL 2027-28</b>	<b>3.54</b>	<b>776 800</b>
<b>2028-29</b>		
15-Mar-29	6.00	7 500
21-May-29	2.00	600 000
<b>TOTAL 2028-29</b>	<b>2.05</b>	<b>607 500</b>
<b>2029-30</b>		
15-Mar-30	6.00	42 000
21-May-30	3.50	750 000
<b>TOTAL 2029-30</b>	<b>3.63</b>	<b>792 000</b>

Maturity date	Coupon rate	Face value
	%	\$000
<b>2030-31</b>		
21-Apr-31	2.00	750 000
<b>TOTAL 2030-31</b>	<b>2.00</b>	<b>750 000</b>
<b>2031-32</b>		
21-May-32	2.50	650 000
<b>TOTAL 2031-32</b>	<b>2.50</b>	<b>650 000</b>
<b>2032-33</b>		
21-Apr-33	3.75	750 000
<b>TOTAL 2032-33</b>	<b>3.75</b>	<b>750 000</b>
<b>2034-35</b>		
21-Mar-35	4.50	650 000
<b>TOTAL 2034-35</b>	<b>4.50</b>	<b>650 000</b>
<b>2040-41</b>		
21-Mar-41	2.75	100 000
<b>TOTAL 2040-41</b>	<b>2.75</b>	<b>100 000</b>
<b>2042-43</b>		
21-Nov-42	4.10	650 000
<b>TOTAL 2042-43</b>	<b>4.10</b>	<b>650 000</b>
<b>2050-51</b>		
21-Mar-51	3.00	150 000
<b>TOTAL 2050-51</b>	<b>3.00</b>	<b>150 000</b>
<b>TOTAL</b>	<b>3.44</b>	<b>9 117 119</b>

## Appendix B: Glossary of terms

### Advisory Board

The board established under section 8 of the *Northern Territory Treasury Corporation Act 1994* to exercise powers and perform functions as determined by the Treasurer.

### Agency

A unit of government administration, or office or statutory corporation, nominated in an Administrative Arrangements Order, as an agency for the purpose of the *Financial Management Act 1995*.

### Bank bill swap rate (BBSW)

Australian Stock Exchange (ASX) bank bill reference rates available via live feed from a financial markets information service or published daily with a 24-hour delay on the ASX benchmark rates webpage.

### Bond

A bond is a negotiable certificate or debt security that acknowledges the indebtedness of the bond issuer to the holder. It is a formal agreement to pay interest at defined fixed intervals and repay the borrowed principal at maturity.

### Central financing authorities

Central financing authorities (CFAs) are institutions established by state and territory governments primarily to provide finance for their respective governments and other corporations owned or controlled by those governments. CFAs borrow funds, mainly by issuing securities, and on-lend them to their public sector clients. CFAs also administer and invest surplus funds on behalf of government. However, they also engage in other financial intermediation activity for investment purposes and may engage in the financial management activities of the parent government.

### Credit foncier loan

A loan that is repaid in instalments comprising both principal and interest components.

### Debt

A debt is an obligation owed by one party (the debtor) to a second party (the creditor). A debt is created when a creditor agrees to lend or invest a stated principal amount of funds to a debtor.

### Designated investments

NTTC provides Territory Bonds as designated investments under the Australian Department of Home Affairs' Business Innovation and Investment program and Investor Retirement Migration visa (subclass 405) program.

### Discount

The amount by which the value of a security is less than its face value.

### Face value

The amount of money indicated on a security or inscribed in relation to a security as being due to be paid on maturity.

### Fixed interest

Interest on investments such as bonds and debentures, paid at a predetermined and unchanging rate for a specified period, over the life of the bond or debenture.

### Floating rate note

Medium to long-term debt securities carrying a variable interest rate adjusted periodically by a margin against a benchmark rate.

### Government business division

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

### Government owned corporation

An entity in which its objectives are to operate at least as efficiently as any corporate business and maximise a sustainable return to government. The *Government Owned Corporations Act 1993* adopts the shareholder model of corporate governance.

### Inscribed stock

Securities for which the ownership is recorded in a registry. The owner is issued with a certificate, which is not itself transferable. The stock can only be transferred by use of the appropriate documents.

### Local government councils

Municipal, regional and shire councils within the Territory.

### Margin

The difference between a benchmark interest rate and the rate charged to an individual borrower. It is sometimes called the spread.

### Maturity date

The date on which the final bond payment is to be made.

### Migration linked bonds

Bonds offered by NTTC that satisfy the criteria of a designated investment under the relevant programs administered by the Department of Home Affairs. Refer to designated investments for details.

### Operational risk

The risk of loss, whether direct or indirect, arising from inadequate or failed internal processes, people or systems, or from external events. It encompasses risks inherent in the agency's operating activities such as fraud risk, settlement risk, legal risk, accounting risk, personnel risk and reputation risk.

### Premium

The amount by which the value of a security is greater than its face value.

### Principal

The nominal amount or face value of a bond.

### Promissory note

Issue of a debt security by NTTC with the undertaking to pay the stated amount to the note holder on a specified date.

### Security

A security is generally a fungible, negotiable financial instrument representing financial value.

### Territory Bonds

Issues of NTTC inscribed stock to retail investors.



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**Auditor-General**  
**Independent Auditor's Report**  
**to the Treasurer**  
**Northern Territory Treasury Corporation**

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## **Opinion**

I have audited the accompanying financial report of Northern Territory Treasury Corporation, which comprises the statement of financial position as at 30 June 2023, and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, a summary of significant accounting policies and other explanatory notes, and the certification of the financial statements by the Under Treasurer and General Manager.

In my opinion:

- the financial report is based on proper accounts and is in agreement with the accounts and has been properly drawn up so as to present a true and fair view of the transactions for the financial year ended 30 June 2023 and the financial position at the end of the year;
- the financial report is presented in accordance with Australian Accounting Standards and the *Northern Territory Treasury Corporation Act 1994*; and
- the receipt and expenditure of money and the acquisition and disposal of property by the Corporation during the year have been in accordance with the *Northern Territory Treasury Corporation Act 1994*.

## **Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of Northern Territory Treasury Corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Key Audit Matters**

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



## Auditor-General

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Key Audit Matter	Audit Response to the Key Audit Matter
<b><i>Economic volatility affecting recoverability of loans receivable and discharge of loans payable</i></b>	
<p>As disclosed in the financial statements, Northern Territory Treasury Corporation has loans receivable of \$9.426 billion (Note 12) and corresponding borrowings payable of \$9.457 billion (Note 16). The significant exposure to risks affecting the global financial market necessitates effective risk recognition and management by Northern Territory Treasury Corporation.</p>	<p>To address the identified risk, my audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"><li>▪ Identifying the controls in place to monitor and manage risks.</li><li>▪ Confirming that all arrangements are transacted in Australian currency to minimise foreign exchange risk.</li><li>▪ Determining the extent to which terms and conditions of borrowing transactions are matched to loan transactions to minimise liquidity risk and interest risk.</li><li>▪ Confirming that all loans counterparties are within the Northern Territory Public Sector. Assessing the process used by Northern Territory Treasury Corporation to assess the recoverability of loans receivable.</li><li>▪ Evaluating diversification of borrowing activities intended to minimise funding risk.</li><li>▪ Obtaining confirmation of outstanding borrowings as at 30 June 2023 and testing movements affecting borrowings throughout the financial year.</li><li>▪ Obtaining independent confirmation of outstanding loan balances as at 30 June 2023 and testing movements affecting loans throughout the financial year.</li></ul>
<b><i>Fair value of financial instruments</i></b>	
<p>At Note 21 to the financial statements, Northern Territory Treasury Corporation discloses the fair value of financial assets and liabilities that are recognised in the financial statements at amortised cost.</p> <p>The determination of the fair value of financial assets and liabilities by management is a key audit matter due to the complexity involved in calculating fair value.</p>	<p>My audit procedures included but were not limited to:</p> <ul style="list-style-type: none"><li>▪ Engaging treasury specialists to perform independent valuation testing for a sample of loans and borrowings and assessing the reasonableness of the methodology and assumptions used by Northern Territory Treasury Corporation in the fair value calculations.</li><li>▪ Assessing the market inputs used by Northern Territory Treasury Corporation in the valuation of the loans and borrowings and comparing them to independently sourced rates.</li><li>▪ Recalculating the fair value of a sample of loans and borrowings using a methodology consistent with that applied by Northern Territory Treasury Corporation.</li></ul>



## Auditor-General

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#### Other Information

The General Manager of Northern Territory Treasury Corporation is responsible for the other information. The other information comprises the information included in Northern Territory Treasury Corporation's Annual Report for the year ended 30 June 2023, but does not include the financial report and my auditor's report thereon.

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

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

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

#### Responsibilities of the Under Treasurer and Those Charged with Governance for the Financial Report

The Under Treasurer is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Northern Territory Treasury Corporation Act 1994*, and for such internal control as the Under Treasurer determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the ability of Northern Territory Treasury Corporation to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intend to liquidate Northern Territory Treasury Corporation or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of Northern Territory Treasury Corporation.

#### Auditor's Responsibilities for the Audit of the Financial Report

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



## Auditor-General

### Page 4 of 4

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Northern Territory Treasury Corporation's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Northern Territory Treasury Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report however future events or conditions may cause Northern Territory Treasury Corporation to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A handwritten signature in blue ink, appearing to read 'Julie Crisp'.

Julie Crisp  
Auditor-General for the Northern Territory

Darwin, Northern Territory

26 September 2023

# Statement of comprehensive income

For the year ended 30 June 2023

	Note	2023	2022
		\$000	\$000
<b>REVENUE</b>		<b>346 104</b>	<b>335 083</b>
Interest	4	345 123	334 261
Other revenue	5	981	822
<b>EXPENSES</b>		<b>291 517</b>	<b>295 090</b>
Interest	6	289 443	292 930
Administration	7	2 074	2 160
<b>PROFIT BEFORE INCOME TAX</b>		<b>54 587</b>	<b>39 993</b>
Income tax expense	8	16 376	11 998
<b>NET PROFIT AFTER INCOME TAX</b>	9	<b>38 211</b>	<b>27 995</b>
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>38 211</b>	<b>27 995</b>
Total comprehensive income attributable to:			
Northern Territory Government		38 211	27 995
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>38 211</b>	<b>27 995</b>

Notes to the financial statements are included on pages 40 to 66.

# Statement of financial position

As at 30 June 2023

	Note	2023	2022
		\$000	\$000
<b>TOTAL ASSETS</b>		<b>9 600 914</b>	<b>9 815 505</b>
Cash and cash equivalents	10	170 320	112 565
Trade and other receivables	11	4 638	3 610
Loans	12	9 425 936	9 699 302
Property, plant and equipment	13	20	28
<b>TOTAL LIABILITIES</b>		<b>9 579 283</b>	<b>9 793 874</b>
Deposits held		785	775
Trade and other payables	14	67 229	61 646
Provisions	15	38 382	28 219
Tax liabilities	8	16 376	11 998
Borrowings	16	9 456 490	9 691 207
Leases	17	21	29
<b>NET ASSETS</b>		<b>21 631</b>	<b>21 631</b>
<b>TOTAL EQUITY</b>		<b>21 631</b>	<b>21 631</b>
Contributed capital	18	21 631	21 631

Notes to the financial statements are included on pages 40 to 66.

# Statement of cash flows

For the year ended 30 June 2023

	Note	2023 Inflows (outflows)	2022 Inflows (outflows)
		\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	19a	<b>24 388</b>	<b>3 626</b>
Interest received from operating activities		343 698	334 166
Interest and other costs of finance paid		(306 079)	(319 868)
Other receipts:			
Management fee		878	820
Other fees		103	2
Payments to suppliers and employees		(2 214)	(1 996)
Income tax paid		(11 998)	(9 498)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>273 393</b>	<b>(802 228)</b>
Repayment of loans		587 393	35 772
Drawdown of loans		(314 000)	(838 000)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	19b	<b>(240 026)</b>	<b>(227 513)</b>
Repayment of borrowings		(1 309 961)	(847 171)
Finance Lease Payments		(8)	(8)
Drawdown of borrowings		1 097 928	641 768
Deposits received		10	60
Dividend paid		(27 995)	(22 162)
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>57 755</b>	<b>(1 026 115)</b>
Cash and cash equivalents at the beginning of the financial year		112 565	1 138 680
Cash and cash equivalents at the end of period	10	170 320	112 565

Notes to the financial statements are included on pages 40 to 66.

# Statement of changes in equity

For the year ended 30 June 2023

	Note	2023	2022
		\$000	\$000
<b>CONTRIBUTED CAPITAL</b>			
Balance at the beginning of the financial year		21 631	21 631
Movement for the year		-	-
Balance at the end of the financial year	18	21 631	21 631
<b>RETAINED PROFITS</b>			
Balance at the beginning of the financial year		-	-
Net profit	9	38 211	27 995
Dividends provided for	15	(38 211)	(27 995)
Balance at the end of the financial year		-	-
<b>TOTAL EQUITY</b>		<b>21 631</b>	<b>21 631</b>

Notes to the financial statements are included on pages 40 to 66.

# Notes to the financial statements

For the financial year ended 30 June 2023

## 1. Objectives and associated guarantees

### a) Objectives

The Northern Territory Treasury Corporation (NTTC) is the central financing authority for the Territory, responsible for providing special financial advice and services to the Territory Government. Additional information in relation to NTTC and its principal activities may be found on page 3 of the Annual Report.

### b) Statutory guarantee

Under section 20 of the *Northern Territory Treasury Corporation Act 1994* (NTTC Act), all financial obligations incurred or assumed by NTTC are guaranteed by the Treasurer on behalf of the Northern Territory Government of Australia.

## 2. Statement of significant accounting policies

### a) Statement of compliance

The financial statements are general purpose financial statements prepared in accordance with the NTTC Act, Australian Accounting Standards (AAS) as issued by the Australian Accounting Standards Board (AASB), the requirements of the *Financial Management Act 1995* (FMA) and the Treasurer's Directions.

The financial statements were authorised for issue by the Under Treasurer on 26 September 2023.

### b) Basis of accounting

In accordance with section 10(2) of the FMA, the financial statements of NTTC were prepared based on commercial accounting principles and comply with AAS.

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. NTTC's financial statements are 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.

### c) Reporting entity

The financial statements cover NTTC as an individual entity. The Treasurer has determined that NTTC is a government business division as defined in section 3(1) of the FMA.

NTTC is domiciled in Australia. Its registered address is 19 The Mall Darwin NT 0800.

### d) Agency and Territory items

The financial statements of NTTC include income, expenses, assets, liabilities and equity over which NTTC has control. Certain items, while managed by NTTC, are controlled and recorded by the Territory rather than NTTC. Territory items are recognised and recorded in the Central Holding Authority (CHA). CHA holds certain Territory liabilities that are not practical or effective to assign to individual agencies, such as unfunded superannuation and long service leave, and therefore these liabilities are not recognised in NTTC's financial statements.

### e) Comparatives

Where necessary, comparative information for the 2022-23 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.

# Notes to the financial statements

For the financial year ended 30 June 2023

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

### g) Changes in accounting policies

There have been no changes to accounting policies adopted in 2022-23 other than the adoption of the new accounting standards and interpretations, as described in Note 3.

### h) Accounting judgements and estimates

The preparation of the financial report requires making judgements, assumptions and estimates that affect the recognised amounts of assets, liabilities, revenues and expenses. Except where stated, the financial statements were prepared on the basis of historical cost. Cost is based on fair values of the consideration given in exchange for assets.

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. Actual results may differ from these estimates.

Use of estimates and judgements in preparing these financial statements has been limited. Information about areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is described in Note 21.

### i) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of the acquisition of an asset or as part of an item of expense
- or for receivables and payables that are recognised inclusive of GST.

The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities that is recoverable from or payable to the taxation authority is classified as operating cash flows.

### j) Distributions to government

NTTC may make distributions to government in the form of dividends in accordance with the NTTC Act, the FMA and Treasurer's Directions. These designated distributions are treated by NTTC as adjustments to equity. The statement of changes in equity provides additional information in relation to any distributions to government.

### k) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which NTTC expects to be entitled in exchange for those goods or services. Performance obligations may be completed at a point in time or over time.

### l) Expense recognition

An expense is recognised to the extent it is a probable outflow of economic sacrifice and will flow from the entity, and the expense can be reliably measured.

# Notes to the financial statements

For the financial year ended 30 June 2023

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

### m) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be settled within 12 months in exchange for that service. Provisions made in respect to employee benefits not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by NTTC in respect to services provided by employees up to the reporting date.

### n) Financial instruments

#### (i) Financial assets

Financial assets include cash and cash equivalents, trade and other receivables (mainly interest) and loan receivables. Loans and receivables are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, such financial assets are measured at amortised cost using the effective interest method (less impairment) with any difference between the initial recognised amount and the amortised cost (less impairment) amount recognised in the statement of comprehensive income over the period of the financial asset.

#### (ii) Financial liabilities

Financial liabilities include deposits held, trade and other payables, and borrowings. Financial liabilities are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortised cost with any difference between the initial recognised amount and the redemption amount recognised in the statement of comprehensive income over the period of the financial liability using the effective interest method.

#### (iii) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments (including all fees and basis points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial assets or liabilities, or where appropriate, a shorter period. Interest income and expense is recognised on an effective interest rate basis for debt instruments.

#### (iv) Financial instruments issued by NTTC

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

#### (v) Impairment of financial assets

NTTC recognises an allowance for expected credit losses (ECLs) for loans and other financial assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that NTTC expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses resulting from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

# Notes to the financial statements

For the financial year ended 30 June 2023

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

NTTC considers a financial asset in default when contractual payments are past due. However, in certain cases, NTTC may also consider a financial asset to be in default when internal or external information indicates that NTTC is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by NTTC. In assessing whether the credit risk has increased significantly since initial recognition, NTTC considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### (vi) Derecognition

Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or been transferred. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expired.

### (vii) Gains and losses on extinguishment

Gains and losses on extinguishment occur when a loan or borrowing is redeemed prior to the scheduled maturity date. A gain or loss is derived where the fair value at redemption is higher or lower than the value of the instrument at amortised cost. These gains and losses are recognised in the period in which the instrument is extinguished.

### o) Provisions

Provisions are recognised when NTTC has a present obligation as a result of a past event, it is probable that it will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of these cash flows.

### p) Leases

The assessment on whether a contract is, or contains, a lease is performed at inception of the contract.

NTTC recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets with a fair value of \$10,000 or less. For these leases, NTTC has elected to recognise the lease payments as an operating expense on a straight-line basis over the term of the lease.

Right-of-use assets are initially measured at the amount of initial measurement of the lease liability, adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset.

The lease liability is initially measured at the present value of the lease payments discounted by using the rate implicit in the lease. If this rate cannot be readily determined, NTTC uses its incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (such as changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The lease liability is presented as a separate line of the financial position.

# Notes to the financial statements

For the financial year ended 30 June 2023

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

### q) Impact of COVID-19

NTTC has not identified any impact to its business environment due to COVID-19 to date. This assessment is based on the following considerations:

- there have been no write-offs, postponements or waivers, or expected credit or impairment losses due to COVID-19
- NTTC's borrowing program for 2023-24 is similar to the borrowing requirement set down by the Territory Government in prior years. This was established when the Territory Budget was finalised and tabled by the Treasurer of the Northern Territory on 9 May 2023
- Investor demand remains strong and the Commonwealth is expected to continue to support financial markets, ensuring the ability for semi-governments to raise funds in financial markets and maintain liquidity
- NTTC's clients are Territory Government agencies, business divisions and government owned corporations who continue to meet the contractual payments of their loans, which based on available information, are considered fully recoverable
- NTTC's financial instruments are recorded at amortised cost as they are generally held to maturity, not traded or redeemed early. Therefore, movements in fair value do not impact the statement of income but are disclosed in the fair value disclosures at Note 21
- under section 20 of the NTTC Act, all financial obligations incurred or assumed by NTTC are guaranteed by the Treasurer on behalf of the Territory Government.

## 3. New standards and interpretations

No accounting standard has been adopted earlier than the applicable dates as stated in the standard.

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

### Standards and interpretations issued but not yet effective

No Australian accounting standards have been adopted early for 2022-23. Several other amending standards and AASB interpretations have been issued that apply to future reporting periods but are considered to have limited or no impact on NTTC financial reporting.

# Notes to the financial statements

For the financial year ended 30 June 2023

## 4. Interest revenue

	2023	2022
	\$000	\$000
<b>Interest from loans:</b>		
General government agencies	270 318	273 062
Government owned corporations	58 194	52 299
Government business divisions	7 486	8 055
Gain on extinguishment	426	5
<b>Interest from cash balances:</b>		
General government agencies	8 699	840
<b>TOTAL INTEREST REVENUE</b>	<b>345 123</b>	<b>334 261</b>

	2023		2022	
	Average balance	Average rate	Average balance	Average rate
	\$000	%	\$000	%
<b>Loans to:</b>				
General government agencies	7 982 927	3.39	7 720 459	3.54
Government owned corporations	1 420 500	4.10	1 396 000	3.75
Government business divisions	159 192	4.70	181 730	4.43
<b>TOTAL</b>	<b>9 562 619</b>		<b>9 298 189</b>	

	2023	2022
	\$000	\$000
<b>Gains on extinguishment:</b>		
Gains on extinguishment of borrowings at amortised cost	399	5
Gains on extinguishment of loans at amortised cost	27	-
<b>TOTAL GAINS ON EXTINGUISHMENT</b>	<b>426</b>	<b>5</b>

Interest revenue includes interest from loans to government, gain on extinguishment from retail borrowings and gain on extinguishment from loans. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

# Notes to the financial statements

For the financial year ended 30 June 2023

## 5. Other revenue

	2023	2022
	\$000	\$000
Management fees	878	820
Other revenue	103	2
<b>TOTAL OTHER REVENUE</b>	<b>981</b>	<b>822</b>

Other revenue includes fees for services provided to government, including services provided to CHA of \$0.9 million for the management of the investment portfolio (as described in Note 25) and financial services provided to DTF for \$0.1 million (see page 20). These fees charged for providing ongoing services are recognised as income over the period the service is provided.

## 6. Interest expense

	2023	2022
	\$000	\$000
<b>Interest to:</b>		
Wholesale borrowings	263 283	272 481
Debt to Commonwealth	8 108	8 528
Retail borrowings	11 237	11 918
Promissory notes	6 815	-
Losses on extinguishment	-	3
<b>TOTAL INTEREST EXPENSE</b>	<b>289 443</b>	<b>292 930</b>

	2023		2022	
	Average balance	Average rate	Average balance	Average rate
	\$000	%	\$000	%
<b>Borrowings from:</b>				
Wholesale market				
Fixed interest securities	8 492 394	3.10	8 704 412	3.13
Promissory notes	219 452	3.11	-	-
Debt to Commonwealth	170 836	4.75	179 874	4.74
Retail market	910 618	1.23	920 678	1.29
<b>TOTAL</b>	<b>9 793 300</b>		<b>9 804 964</b>	

	2023	2022
	\$000	\$000
<b>Losses on extinguishment:</b>		
Losses on extinguishment of borrowings at amortised cost	-	3
<b>TOTAL LOSSES ON EXTINGUISHMENT</b>	<b>-</b>	<b>3</b>

Interest expense includes accrued interest, losses on extinguishment and amortisation of discount and premiums on borrowings. Interest expense is recognised on an effective-yield basis.

# Notes to the financial statements

For the financial year ended 30 June 2023

## 7. Administration expenses

	2023	2022
	\$000	\$000
Salaries and related employee expenses	1 115	1 095
Agent service arrangements – external	338	353
Other service arrangements – internal	129	273
IT charges and communications	255	236
Subscriptions	112	114
General property management	86	36
Document production	15	22
Amortisation	8	8
Other operating expenses	16	23
<b>TOTAL OTHER EXPENSES</b>	<b>2 074</b>	<b>2 160</b>

Expenses for administration charges are recognised in the period in which the service is provided on an accrual basis.

## 8. Tax expense and liabilities

	2023	2022
	\$000	\$000
Notional income tax payable	16 376	11 998
<b>TOTAL TAX LIABILITIES</b>	<b>16 376</b>	<b>11 998</b>

NTTC is exempt from the payment of income tax under section 50-25 of the *Income Tax Assessment Act 1997* (as amended).

In accordance with the requirements of the Treasurer's Directions, NTTC is required to pay notional income tax on its accounting profits at the company tax rate of 30%. Tax for current and prior periods is recognised as a liability to the extent that it is unpaid.

## 9. Retained profits

	2023	2022
	\$000	\$000
Balance at the beginning of the financial year	–	–
Net profit	38 211	27 995
Dividends provided for	(38 211)	(27 995)
<b>BALANCE AT THE END OF THE FINANCIAL YEAR</b>	<b>–</b>	<b>–</b>

# Notes to the financial statements

For the financial year ended 30 June 2023

## 10. Cash and cash equivalents

	2023	2022
	\$000	\$000
Cash at bank	170 320	112 565
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>170 320</b>	<b>112 565</b>

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents include cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to insignificant risk of changes in value, and have a maturity of three months or less at date of acquisition. They are measured at face value or the gross value of the outstanding balance.

The carrying amount of cash and cash equivalents approximate fair value due to their short-term nature.

## 11. Trade and other receivables

	2023	2022
	\$000	\$000
Accrued interest on loans	4 476	3 478
Prepayments	162	132
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<b>4 638</b>	<b>3 610</b>

All receivables are current and deemed collectable. There are no known expected credit losses identified as at 30 June 2023.

The carrying amount of trade and other receivables approximate fair value due to their short-term nature.

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

## 12. Loans

	2023	2022
	\$000	\$000
<b>General government agencies</b>		
Fixed rate loans	7 718 700	7 989 700
Credit foncier loans	123 667	133 786
<b>Government owned corporations</b>		
Fixed rate loans	1 436 000	1 405 000
Floating rate loans	-	-
<b>Government business divisions</b>		
Fixed rate loans	80 000	95 000
Credit foncier loans	67 569	75 816
<b>TOTAL LOANS</b>	<b>9 425 936</b>	<b>9 699 302</b>

NTTC issues loans to government. Loans are measured at amortised cost using the effective interest rate method.

Information on NTTC's exposure to market risk and fair value measurements is included in notes 20 and 21.

# Notes to the financial statements

For the financial year ended 30 June 2023

## 13. Property, plant and equipment

	2023	2022
	\$000	\$000
Right-of-use asset – motor vehicles		
At capitalised cost	32	32
Less: accumulated amortisation	(12)	(4)
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>20</b>	<b>28</b>

As at 30 June 2023, NTTC leased assets relating to vehicles and are typically made for fixed periods of four years but may have extension options. These right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The following amounts were recognised in the statement of comprehensive income for the year in respect of leases where NTTC is the lessee:

	2023	2022
	\$000	\$000
Amortisation expense of right-of-use assets	8	8
Interest expense on lease liabilities	–	–
<b>TOTAL AMOUNT RECOGNISED IN THE COMPREHENSIVE OPERATING STATEMENT</b>	<b>8</b>	<b>8</b>

## 14. Trade and other payables

	2023	2022
	\$000	\$000
Creditors and accruals	236	252
Accrued interest on borrowings	66 967	61 319
Accrued salaries	26	75
<b>TOTAL TRADE AND OTHER PAYABLES</b>	<b>67 229</b>	<b>61 646</b>

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

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

# Notes to the financial statements

For the financial year ended 30 June 2023

## 15. Provisions and tax liabilities

	2023	2022
	\$000	\$000
<b>Employee benefits</b>		
Recreation leave:		
Opening balance	181	119
Recreation leave paid	(128)	(104)
Recreation leave provided for	82	166
Closing balance	135	181
Leave bonus:		
Opening balance	19	9
Leave bonus paid	(6)	(17)
Leave bonus provided for	4	27
Closing balance	17	19
Leave airfares:		
Opening balance	-	2
Leave airfares paid	-	(2)
Leave airfares provided for	-	-
Closing balance	-	-
Superannuation external on provisions:		
Opening balance	23	18
Superannuation paid	(23)	(12)
Superannuation provided for	18	17
Closing balance	18	23
<b>Total employee benefits</b>	<b>170</b>	<b>223</b>
Fringe benefit tax	1	1
Dividend payable	38 211	27 995
<b>TOTAL PROVISIONS</b>	<b>38 382</b>	<b>28 219</b>

### Annual leave

Provision is made for benefits accruing to employees in respect to annual leave in the period the related service is rendered at the amount of the benefits expected to be paid in exchange for that service.

NTTC's long service leave liabilities are recorded by CHA. This is in accordance with the Territory Government's current policy where all government agencies' long service leave liabilities are assumed by CHA.

### Superannuation

Employee superannuation entitlements are provided through the:

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

NTTC makes superannuation contributions on behalf of its employees. Any liability for superannuation is met directly by the Territory Government, and NTTC has and will continue to have no other direct superannuation liability.

# Notes to the financial statements

For the financial year ended 30 June 2023

## 15. Provisions and tax liabilities (continued)

### Dividends

NTTC has provided for a dividend of \$38.2 million, which is at the rate of 100% of its net profit for the 2022-23 year in accordance with the Treasurer's budget direction.

## 16. Borrowings

	2023	2022
	\$000	\$000
<b>Wholesale market</b>		
Fixed interest securities	8 492 831	8 491 957
<b>Retail market</b>		
Territory Bonds	797 445	1 023 792
<b>Commonwealth</b>		
Credit foncier loans	166 214	175 458
<b>TOTAL BORROWINGS</b>	<b>9 456 490</b>	<b>9 691 207</b>

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, these are measured at amortised cost using the effective interest method. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

Information on NTTC's exposure to market risk and fair value measurements is included in notes 20 and 21.

## 17. Leases

	2023	2022
	\$000	\$000
Lease liabilities	21	29
<b>TOTAL LEASE LIABILITIES</b>	<b>21</b>	<b>29</b>

At the commencement date of the lease where NTTC is the lessee, the lease liability is recognised and measured at the present value of lease payments to be made over the lease term. After the commencement date, the amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

The movement of the period is as follows:

	2023	2022
	\$000	\$000
Balance at 1 July	29	4
Additions/re-measurements	-	32
Interest expenses	-	-
Payments	(8)	(7)
<b>BALANCE AT 30 JUNE</b>	<b>21</b>	<b>29</b>

# Notes to the financial statements

For the financial year ended 30 June 2023

## 18. Contributed capital

	2023	2022
	\$000	\$000
Balance at the beginning of the financial year	21 631	21 631
Movement for the year	-	-
<b>BALANCE AT THE END OF THE FINANCIAL YEAR</b>	<b>21 631</b>	<b>21 631</b>

## 19. Reconciliations of net profit from operating activities

	2023	2022
	\$000	\$000
a) Net profit	38 211	27 995
<b>Reconciliation flows in net profit</b>		
Add (gain)/loss on extinguishment	(426)	(2)
Add amortisation	8	8
Less (premium) and discount amortisation	(22 284)	(22 110)
<b>Changes in assets and liabilities</b>		
Less decrease/(increase) in interest receivable	(998)	(90)
Add decrease/(increase) in prepayments and other receivables	(30)	(4)
Add increase/(decrease) in employee benefits	(53)	75
Add increase/(decrease) in creditors and accruals	(66)	85
Add increase/(decrease) in tax liabilities	4 378	2 500
Add increase/(decrease) in interest payable	5 648	(4 831)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>24 388</b>	<b>3 626</b>

# Notes to the financial statements

For the financial year ended 30 June 2023

## 19. Reconciliations of net profit from operating activities (continued)

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

	2022	Cash flow	Non-cash			2023
			Provision	Premiums and discounts and gain/loss extinguishment	Leases	
	\$000	\$000	\$000	\$000	\$000	\$000
Borrowings	9 691 207	(212 033)	-	(22 684)	-	9 456 490
Lease liabilities	29	(8)	-	-	-	21
Deposits held	775	10	-	-	-	785
Dividends	27 995	(27 995)	38 211	-	-	38 211
<b>TOTAL LIABILITIES</b>	<b>9 720 006</b>	<b>(240 026)</b>	<b>38 211</b>	<b>(22 684)</b>	<b>-</b>	<b>9 495 507</b>

	2021	Cash flow	Non-cash			2022
			Provision	Premiums and discounts and gain/loss extinguishment	Leases	
	\$000	\$000	\$000	\$000	\$000	\$000
Borrowings	9 918 722	(205 404)	-	(22 111)	-	9 691 207
Lease liabilities	4	(7)	-	-	32	29
Deposits held	715	60	-	-	-	775
Dividends	22 162	(22 162)	27 995	-	-	27 995
<b>TOTAL LIABILITIES</b>	<b>9 941 603</b>	<b>(227 513)</b>	<b>27 995</b>	<b>(22 111)</b>	<b>32</b>	<b>9 720 006</b>

## 20. Financial instruments and risk management

### Objectives and policies

NTTC's objectives are:

- fund loans to government using appropriate borrowing strategies and ensuring compliance with financial reporting obligations
- effective surplus cash management, on behalf of CHA, with the aim of optimising returns within approved guidelines and cash flow requirements

These are realised by:

- safeguarding financial resources by establishing and regularly reviewing counterparty credit limits and maintaining adequate internal controls
- minimising borrowing costs through effective control and management of interest rate risk, and maintain interest rate risk at an acceptable level
- ensuring there is sufficient short and long-term liquidity to meet debts as and when they fall due
- minimising the cost of foreign currency requirements through the effective control and management of its foreign exchange risk, and neutralise foreign exchange exposures

# Notes to the financial statements

For the financial year ended 30 June 2023

## 20. Financial instruments and risk management (continued)

- reviewing and evaluate risk management policies and procedures on an annual basis to ensure they remain adequate for NTTC to operate in a risk-neutral manner.

NTTC is exposed to financial risks arising from its activities, such as market risk (interest rate risk and foreign exchange risk), credit risk, liquidity risk and funding risk. These risks are managed by NTTC within risk management framework, policies and limits endorsed by the Under Treasurer.

### Management of capital

NTTC is not subject to any legislative requirement to maintain a minimum level of equity, however NTTC reviews capital adequacy at least annually in line with the risk management framework and on a risk-based approach. The current level of contributed equity is deemed appropriate for the risks inherent to NTTC's business.

### Categories of financial instruments

The carrying amount of financial instruments by category is as follows:

	2023	2022
	\$000	\$000
<b>Financial assets:</b>		
Cash and cash equivalents	170 320	112 565
Loans and receivables at amortised cost:		
Trade and other receivables	4 476	3 478
Loans	9 425 936	9 699 302
<b>TOTAL LOANS AND RECEIVABLES AT AMORTISED COST</b>	<b>9 430 412</b>	<b>9 702 780</b>
<b>Financial liabilities:</b>		
Financial liabilities at amortised cost:		
Deposits held	786	775
Trade and other payables	67 228	61 646
Borrowings	9 456 490	9 691 207
Leases	21	29
<b>TOTAL FINANCIAL LIABILITIES AT AMORTISED COST</b>	<b>9 524 525</b>	<b>9 753 657</b>

### Market risk

NTTC adopts a policy of a risk-neutral operation. Risk-neutral means NTTC will generally manage interest rate and foreign exchange risk by matching assets and liabilities where possible, and then utilising a variety of derivative financial instruments to manage any residual exposures.

In the normal course of business, NTTC may utilise the following derivative instruments:

- interest rate swaps to mitigate the risk of rising interest rates
- cross-currency swaps to manage the foreign currency risk associated with foreign currency-denominated borrowings.

NTTC does not enter into or trade in derivative financial instruments for speculative purposes.

# Notes to the financial statements

For the financial year ended 30 June 2023

## 20. Financial instruments and risk management (continued)

Market risk is reported at each meeting of the Advisory Board. To the extent there are mismatches between assets and liabilities, the sensitivity to interest rate risk is measured by a parallel shift in the current market yield curve of 1%. There is currently no exposure to foreign exchange risk, therefore no sensitivity analysis is undertaken. However, should NTTC borrow in foreign currency in the future, the sensitivity to foreign exchange risk can similarly be measured by shifting spot exchange rates by an appropriate margin.

Market risks are discussed in more detail below.

### a) Interest rate risk

Interest rate risk is the risk of financial loss or increased costs due to adverse movements in the value of financial assets and liabilities as a result of changes in interest rates. NTTC's interest rate risk arises from cash flow mismatches in the maturity profiles and repricing dates of its financial assets and liabilities.

NTTC aims to manage the interest rate exposure on its financial assets and liabilities at an acceptable level in an attempt to minimise the cost of its borrowing requirements within stated guidelines.

NTTC's interest rate risk on its financial assets and liabilities is significantly reduced as a result of its relationship with CHA. As at 30 June 2023, about 82% (2022: 83%) of NTTC's debt is on-lent to CHA. The interest rates and maturity dates set on these loans are closely matched to the debt issued by NTTC to external counterparties. NTTC's loans to CHA attract a margin over the cost of servicing the debt.

When interest rate swaps are used to manage interest rate risk, those that convert floating rate debt to a fixed rate are designated as cash flow hedges. By using interest rate swaps, NTTC agrees to exchange the difference between fixed and floating interest rate amounts calculated by reference to agreed notional principal, thereby enabling NTTC to reduce the risk of rising interest rates now or at a future date.

NTTC enters into interest rate swaps that entitle it to receive interest at floating rates and oblige it to pay interest at fixed rates on the same amount. Interest rate swaps allow NTTC to raise long-term borrowings at floating rates and effectively swap them into fixed rates.

Notional principal amounts represent the contract or face value of the swap. The notional amounts do not represent amounts exchanged by the parties to the contract.

As at 30 June 2023, NTTC did not hold any derivative transactions.

### (i) Sensitivity analysis

Assuming the financial assets and liabilities at 30 June 2023 were to remain until maturity or settlement without any action by NTTC to alter the resulting interest rate risk exposure, an immediate and sustained increase or decrease of 1% in market interest rates across all maturities would have the impact on profit before tax for the financial year as outlined in the following table.

	Impact on profit before tax 2023		Impact on profit before tax 2022	
	Rates up by 1%	Rates down by 1%	Rates up by 1%	Rates down to 0%
	\$000	\$000	\$000	\$000
Financial assets:				
Cash at bank	1 703	(1 703)	1 126	(113)
<b>NET SENSITIVITY</b>	<b>1 703</b>	<b>(1 703)</b>	<b>1 126</b>	<b>(113)</b>

# Notes to the financial statements

For the financial year ended 30 June 2023

## 20. Financial instruments and risk management (continued)

(ii) Interest rate risk exposures

NTTC's exposure to interest rate risk, re-pricing maturities and the effective interest rates at 30 June 2023 is:

30 June 2023	Weighted average interest rate	Interest rate reset due in				Non-interest bearing	Total
		0 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years		
	%	\$000	\$000	\$000	\$000	\$000	\$000
<b>Financial assets:</b>							
Cash	4.10	170 320	-	-	-	-	170 320
Trade and other receivables	-	-	-	-	-	4 476	4 476
<b>Loans:</b>							
Fixed rate loans	3.48	100 000	926 000	3 715 200	4 493 500	-	9 234 700
Floating rate loans	-	-	-	-	-	-	-
Credit foncier loans	9.52	-	-	14 321	176 916	-	191 236
<b>TOTAL FINANCIAL ASSETS</b>		<b>270 320</b>	<b>926 000</b>	<b>3 729 521</b>	<b>4 670 416</b>	<b>4 476</b>	<b>9 600 732</b>
<b>Financial liabilities:</b>							
Deposits held	-	-	-	-	-	786	786
Trade and other payables	-	-	-	-	-	67 228	67 228
Leases	0.77	2	6	13	-	-	21
<b>Borrowings:</b>							
Fixed interest securities	3.14	-	865 408	3 163 472	5 261 396	-	9 290 276
Promissory notes	-	-	-	-	-	-	-
Credit foncier loans	4.61	-	-	11 337	154 877	-	166 214
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>2</b>	<b>865 414</b>	<b>3 174 822</b>	<b>5 416 273</b>	<b>68 014</b>	<b>9 524 525</b>

# Notes to the financial statements

For the financial year ended 30 June 2023

## 20. Financial instruments and risk management (continued)

For comparative purposes, NTTC's exposure to interest rate risk, repricing maturities and the effective interest rates at 30 June 2022 was as follows:

30 June 2022	Weighted average interest rate	Interest rate reset due in				Non-interest bearing	Total
		0 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years		
	%	\$000	\$000	\$000	\$000	\$000	\$000
<b>Financial assets:</b>							
Cash	0.85	112 565	-	-	-	-	112 565
Trade and other receivables	-	-	-	-	-	3 478	3 478
<b>Loans:</b>							
Fixed rate loans	3.38	94 000	755 000	3 648 300	4 992 400	-	9 489 700
Floating rate loans	-	-	-	-	-	-	-
Credit foncier loans	9.49	-	282	16 988	192 332	-	209 602
<b>TOTAL FINANCIAL ASSETS</b>		<b>206 565</b>	<b>755 282</b>	<b>3 665 288</b>	<b>5 184 732</b>	<b>3 478</b>	<b>9 815 345</b>
<b>Financial liabilities:</b>							
Deposits held	-	-	-	-	-	775	775
Trade and other payables	-	-	-	-	-	61 646	61 646
Leases	0.77	2	6	21	-	-	29
<b>Borrowings:</b>							
Fixed interest securities	2.92	5 000	890 679	3 231 132	5 388 938	-	9 515 749
Credit foncier loans	4.62	-	278	-	175 180	-	175 458
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>5 002</b>	<b>890 963</b>	<b>3 231 153</b>	<b>5 564 118</b>	<b>62 437</b>	<b>9 753 657</b>

### b) Foreign exchange risk

Foreign exchange risk is the risk of financial loss due to adverse movements in foreign exchange rates. NTTC's assets are denominated solely in Australian dollars, therefore exposure to foreign exchange risk arises only if and when borrowings are denominated in foreign currencies. NTTC does not currently issue any foreign currency debt, however should it do so in the future, foreign exchange exposures will be neutralised using cross-currency interest rate swaps.

### c) Credit risk

Credit risk is the risk of financial loss or increased costs due to the failure of a counterparty to meet its financial obligations. NTTC's exposure to credit risk arises out of lending and derivative transactions. This risk is mitigated by the fact that lending activities are limited to Territory Government entities and its wholly-owned corporations.

NTTC aims to ensure its exposures to individual and group counterparties are within acceptable levels, and to minimise the likelihood that a counterparty will fail to execute its financial obligations. NTTC's dealings in physical securities or derivative financial instruments are transacted only with counterparties possessing strong or extremely strong credit rating criteria using NTTC's internal credit rating, which is guided by issued credit ratings. In addition, derivative financial instruments are only transacted with counterparties that have signed an International Swaps and Derivatives Association Master Agreement with NTTC.

# Notes to the financial statements

For the financial year ended 30 June 2023

## 20. Financial instruments and risk management (continued)

The credit risk arising from funds advanced to loan counterparties is considered minimal as loans are only advanced to counterparties within the Northern Territory public sector, as approved by the Treasurer. Accordingly, ultimate responsibility for loans advanced by NTTC lies with the Territory Government. The NTTC internal credit rating criteria is not applied to loan counterparties.

In the case of recognised financial assets, the carrying amount of the assets recorded in the statement of financial position represents NTTC's maximum exposure to credit risk.

### d) Liquidity risk

Liquidity risk is the risk of financial loss or increased costs due to unanticipated events or errors in cash flow forecasts, which result in additional borrowing costs, reduced investment income, or an inability to meet financial or operational commitments as they fall due. NTTC's exposure to liquidity risk may arise due to inadequate or inaccurate communication of actual cash flows and the need to fund unanticipated operating cash requirements when an insufficient cash balance forces NTTC to liquidate investments or utilise backup funding facilities at higher costs.

NTTC seeks to ensure adequate cash reserves or funding sources are available at all times to meet its short-term commitments as they arise.

NTTC's approach in minimising liquidity risk involves diversification of physical borrowing and investment activities across the maturity spectrum and utilising a variety of funding sources to meet NTTC's requirements.

In addition, NTTC at all times maintains:

- minimum cash balances
- a committed overdraft facility
- an uncommitted short-term borrowing program through NTTC's promissory note facility
- a diverse list of counterparties
- its borrowing exposures in a manner that avoids undue reliance on any one counterparty.

# Notes to the financial statements

For the financial year ended 30 June 2023

## 20. Financial instruments and risk management (continued)

### e) Funding risk

Funding risk refers to the medium to long-term risk that NTTC may be unable to raise funds when required or at a cost substantially higher than could be achieved under normal market conditions. Funding risk typically relates to periods greater than one year, whereas liquidity risk relates to periods less than one year. The objective of funding risk management is to ensure NTTC is not exposed to a significant refinancing risk in any financial year.

NTTC's approach to minimising funding risk involves diversification of physical borrowing and investment activities across the maturity spectrum and utilising a variety of funding sources to meet its requirements.

NTTC has limited funding risk, as the Territory Government supports the financial viability of NTTC under section 20 of the NTTC Act. Such a government guarantee is believed to be sufficient to allow NTTC to issue debt at competitive rates under normal market conditions.

NTTC's current funding sources are as follows:

- wholesale market:
  - fixed interest securities
  - floating rate notes
  - promissory notes
- retail market:
  - Territory Bonds
  - Migration Linked Bonds.

Wholesale market issues account for about \$8.49 billion (2022: \$8.49 billion) or 90% (2022: 88%) of all outstanding issued debt as at 30 June 2023. Borrowing from the retail market is primarily sourced through the Territory Bonds program. NTTC constantly monitors credit markets and maintains key investor relationships to ensure there is sufficient diversification of available funding sources.

### Territory Bonds as at 30 June

Number of investors  
Bonds on issue (\$000)  
Average investment size (\$000)

2023	2022
1 839	1 996
797 445	1 023 792
434	513

# Notes to the financial statements

For the financial year ended 30 June 2023

## 20. Financial instruments and risk management (continued)

### (i) Maturity analysis

The following tables detail the maturity analysis of NTTC's financial instruments including deposits held, loans and borrowings. The maturity analysis for loans is based on expected timing of receipts. The maturity analysis for domestic borrowings is based on the earliest possible date on which NTTC can be required to pay.

The tables are based on undiscounted cash flows and hence include both interest and principal cash flows. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected cash flows as illustrated by the yield curves existing at balance date.

30 June 2023	At call	0 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Loans:</b>						
General government agencies						
Fixed rate loans	-	64 459	838 905	3 291 166	5 247 492	9 442 022
Credit foncier loans	-	6 296	19 518	98 706	78 104	202 624
Government owned corporations						
Fixed rate loans	-	105 485	281 432	1 216 482	-	1 603 399
Floating rate loans	-	-	-	-	-	-
Government business divisions						
Fixed rate loans	-	10 997	32 254	43 017	-	86 268
Credit foncier loans	-	2 542	7 626	40 671	30 504	81 343
<b>TOTAL LOANS</b>	<b>-</b>	<b>189 779</b>	<b>1 179 735</b>	<b>4 690 042</b>	<b>5 356 100</b>	<b>11 415 656</b>
Deposits held	786	-	-	-	-	786
<b>Borrowings due to other financial institutions:</b>						
Wholesale market						
Fixed interest securities	-	60 852	897 303	3 467 680	6 150 540	10 576 375
Promissory notes	-	-	-	-	-	-
Retail market						
Territory Bonds	-	51	216 159	610 134	-	826 344
Migration Linked Bonds	-	-	-	-	-	-
Commonwealth						
Credit foncier loans	-	-	17 052	68 140	162 484	247 676
<b>TOTAL BORROWINGS</b>	<b>786</b>	<b>60 903</b>	<b>1 130 514</b>	<b>4 145 954</b>	<b>6 313 024</b>	<b>11 651 181</b>

# Notes to the financial statements

For the financial year ended 30 June 2023

## 20. Financial instruments and risk management (continued)

30 June 2022	At call	0 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Loans:</b>						
General government agencies						
Fixed rate loans	-	81 186	702 413	3 254 273	5 750 715	9 788 587
Credit foncier loans	-	6 296	19 525	103 216	99 408	228 445
Government owned corporations						
Fixed rate loans	-	77 607	249 794	1 211 309	-	1 538 710
Floating rate loans	-	-	-	-	-	-
Government business divisions						
Fixed rate loans	-	16 009	27 076	58 727	-	101 812
Credit foncier loans	-	2 659	7 978	41 379	41 379	93 395
<b>TOTAL LOANS</b>	<b>-</b>	<b>183 757</b>	<b>1 006 786</b>	<b>4 668 904</b>	<b>5 891 502</b>	<b>11 750 949</b>
Deposits held	775	-	-	-	-	775
<b>Borrowings due to other financial institutions:</b>						
Wholesale market						
Fixed interest securities	-	51 734	850 727	3 360 466	6 214 909	10 477 836
Promissory notes	-	-	-	-	-	-
Retail market						
Territory Bonds	-	39	286 602	769 591	-	1 056 232
Migration Linked Bonds	-	-	-	-	-	-
Commonwealth						
Credit foncier loans	-	-	17 354	68 167	179 509	265 030
<b>TOTAL BORROWINGS</b>	<b>775</b>	<b>51 773</b>	<b>1 154 683</b>	<b>4 198 224</b>	<b>6 394 418</b>	<b>11 799 873</b>

# Notes to the financial statements

For the financial year ended 30 June 2023

## 21. Fair values of financial instruments

AASB 7 requires NTTC to provide fair value information through supplementary disclosures for any financial assets or financial liabilities not measured at fair value in its statement of financial position.

Fair values of financial instruments are determined on the following basis:

- The fair value of cash and non-interest-bearing monetary financial assets and liabilities approximate their carrying value, which is defined as their amortised cost.
- The fair value of other monetary financial assets is based on discounting the expected future cash flows by applying current market yields. Current market yields used for valuing loans to counterparties, excluding loans to government agencies, are determined with reference to the Refinitiv Eikon Australian dollar interest rate swaps plus a margin. Market yields used for valuing loans to government agencies are derived from current market interest rates for debt securities issued by NTTC plus a margin. The market yields are then used to discount the expected future cash flows arising from the financial assets to their present value. The margins applied to the current market yields on NTTC's loans take into account credit quality and liquidity considerations.
- The fair value of other monetary financial liabilities is determined using valuation models, whereby appropriate direct market inputs are used to benchmark, extrapolate or otherwise derive a fair value on the instrument's risk characteristics and correlations. The market rates are then used to discount the expected future cash flows arising from the financial liabilities to their present value.
- The fair values of derivative financial instruments are derived using current market yields and exchange rates appropriate to the instrument.

The fair values represent NTTC's best estimate of the replacement cost of the financial transactions undertaken by the entity. NTTC concedes that in its estimation of fair value there is an element of subjectivity involved in the calculations, given that NTTC's financial assets and liabilities are not readily priced and not frequently traded in the financial markets.

The carrying value of all other assets and liabilities not recorded at fair value approximates fair value.

The following table presents financial assets and liabilities measured at fair value for disclosure purposes in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the degree to which the fair value is observable.

- level 1 – derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- level 2 – derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- level 3 – derived from valuation techniques that include inputs for the asset or liability not based on observable market data (unobservable inputs).

# Notes to the financial statements

For the financial year ended 30 June 2023

## 21. Fair values of financial instruments (continued)

The fair value of loans and domestic borrowings not recorded at fair value is as follows:

	Total carrying amount	Net fair value total	Net fair value level 1	Net fair value level 2	Net fair value level 3
	\$000	\$000	\$000	\$000	\$000
<b>30 June 2023</b>					
<b>Financial assets</b>					
Loans:					
Fixed rate loans	9 234 700	8 382 931	-	8 382 931	-
Floating rate loans	-	-	-	-	-
Credit foncier loans	191 236	208 109	-	208 109	-
<b>TOTAL FINANCIAL ASSETS</b>	<b>9 425 936</b>	<b>8 591 040</b>	<b>-</b>	<b>8 591 040</b>	<b>-</b>
<b>Financial liabilities</b>					
Borrowings and advances:					
Wholesale	8 492 831	7 726 173	-	7 726 173	-
Retail	797 445	759 263	-	759 263	-
Commonwealth	166 214	161 099	-	161 099	-
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>9 456 490</b>	<b>8 646 535</b>	<b>-</b>	<b>8 646 535</b>	<b>-</b>
<b>30 June 2022</b>					
<b>Financial assets</b>					
Loans:					
Fixed rate loans	9 489 700	9 021 102	-	9 021 102	-
Floating rate loans	-	-	-	-	-
Credit foncier loans	209 602	239 289	-	239 289	-
<b>TOTAL FINANCIAL ASSETS</b>	<b>9 699 302</b>	<b>9 260 391</b>	<b>-</b>	<b>9 260 391</b>	<b>-</b>
<b>Financial liabilities</b>					
Borrowings and advances:					
Wholesale	8 491 957	8 069 139	-	8 069 139	-
Retail	1 023 792	988 359	-	988 359	-
Commonwealth	175 458	182 122	-	182 122	-
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>9 691 207</b>	<b>9 239 620</b>	<b>-</b>	<b>9 239 620</b>	<b>-</b>

# Notes to the financial statements

For the financial year ended 30 June 2023

## 22. Related parties

### a) Related parties

NTTC is a government administrative entity and is wholly owned and controlled by the Territory Government. Under section 5 of the NTTC Act, NTTC is subject to the direction of the Treasurer. NTTC is a government business division and an administrative unit of the Department of Treasury and Finance (DTF). Under the NTTC Act, the Under Treasurer of DTF is designated as the office holder, the corporation sole, and as such represents the Crown in right of the Territory.

Related parties of NTTC include:

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

### b) Key management personnel

KMP of NTTC are those persons having authority and responsibility for planning, directing and controlling the activities of NTTC. The following people have been identified as KMPs for NTTC:

- the Treasurer
- the Under Treasurer
- the two Deputy Under Treasurers
- the Executive Director (Revenue)
- the NTTC General Manager.

### c) Remuneration of key management personnel

The detail below excludes the salaries and other benefits of the Treasurer as the minister's remunerations and allowances are payable by the Department of the Legislative Assembly and consequently disclosed within the Treasurer's Annual Financial Statements. NTTC does not make any direct payments to the Under Treasurer, Deputy Under Treasurers or the Executive Director (Revenue), whose remunerations and allowances are payable by DTF and therefore also excluded.

The aggregate compensation of KMP of NTTC is as follows:

	2023	2022
	\$000	\$000
Short-term benefits <sup>1</sup>	212	209
Long-term benefits	-	-
Post-employee benefits <sup>2</sup>	27	32
Termination benefits	-	-
<b>TOTAL</b>	<b>239</b>	<b>241</b>

1 Includes salary, paid leave, motor vehicle benefits.

2 Includes superannuation contributions paid by NTTC.

# Notes to the financial statements

For the financial year ended 30 June 2023

## 22. Related parties (continued)

d) Related-party transactions – Territory Government-controlled entities

Transactions with related parties during the year include:

- loans, loan repayments and associated interest from public sector entities (refer notes 4 and 12)
- interest on investment of cash surpluses (refer notes 4 and 12)
- management fees for services provided to government agencies (refer Note 5)
- payment for services provided by government agencies (refer Note 7)
- tax payments made to DTF (refer Note 8)
- dividend payments made to CHA (refer Note 15).

The above transactions were in the normal course of business and on commercial terms and conditions. Outstanding balances with related parties are discussed throughout the financial statements.

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

	2023	2022
	\$000	\$000
Receipts from related parties	932 072	370 760
Payments to related parties	354 266	869 942

## 23. Auditor and review services

	2023	2022
	\$000	\$000
External audit – Northern Territory Auditor-General’s Office		
Audit and review of financial statements	93	89
Internal audit – KPMG		
Internal audit	61	60
Review services	26	30
<b>TOTAL</b>	<b>180</b>	<b>179</b>

## 24. Fees and commissions

NTTC currently has commission and maintenance arrangements with the following service providers:

	2023	2022
	\$000	\$000
Link Market Services Pty Ltd	115	117
FIS Asia Pacific Inc	146	133
Austraclear Ltd	154	147
Refinitiv Australia Pty Ltd	36	32

# Notes to the financial statements

For the financial year ended 30 June 2023

## 25. Fiduciary activities

NTTC acts as manager of CHA's investments portfolio. Any associated assets and liabilities are not recognised in these financial statements. Management fees generated in carrying out these activities are included in the statement of comprehensive income. The aggregate income from fiduciary activities for the 2022-23 year was \$878,000 (2022: \$820,000).

As at 30 June, CHA investment portfolio balances were:

	2023	2022
	\$000	\$000
Investment portfolio	313 000	1 500 000
Conditions of Service Reserve	1 190 815	1 080 331
<b>TOTAL</b>	<b>1 503 815</b>	<b>2 580 331</b>

## 26. Advisory Board

The NTTC Advisory Board was established in October 1994. The Under Treasurer of the DTF, Mr Craig Graham, is the Chair of the Board and the following people held the position of member as at 30 June 2023:

Mr John R P Montague External Advisory Board member  
Ms Clare Milikins External Advisory Board member  
Dr Sarah Rummery DTF, Executive Director (Revenue)

During the year ended 30 June 2023 four advisory board meetings were held and only two members were entitled to receive Advisory Board sitting fees, amounting to \$39,644 (2022: \$39,644). Members who are employed under the Public Sector Employment and Management Act 1993, or on similar terms, are not entitled to fees.

	2023	2022
	\$000	\$000
Sitting fees	40	40
Superannuation	4	4
<b>TOTAL</b>	<b>44</b>	<b>44</b>

## 27. Segment information

NTTC acts predominantly in the finance industry, and lends funds and provides financial advice to the Territory Government, its government owned corporations and government business divisions, and local authorities. NTTC operates mainly in one geographical area, being the Northern Territory of Australia.

## 28. Events subsequent to reporting date

There were no subsequent events.

# Certification of financial statements

For the financial year ended 30 June 2023

We certify that the attached financial statements for the Northern Territory Treasury Corporation have been prepared from proper accounts and records in accordance with the prescribed format, the *Financial Management Act 1995*, *Northern Territory Treasury Corporation Act 1994* and Treasurer's Directions.

We further state that the information set out in the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and notes to and forming part of the financial statements presents fairly the financial performance and cash flows for the year ended 30 June 2023 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.



Mick Butler  
Acting Under Treasurer  
26 September 2023



Alex Pollon  
General Manager  
26 September 2023

