



ANNUAL REPORT 2023-24

Northern Territory
Treasury Corporation



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 Bill Yan MLA
Treasurer
GPO Box 3146
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Dear Treasurer

I am pleased to provide to you the 2023-24 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 2024 and his report is included.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Tim McManus".

Tim McManus
Under Treasurer

4 October 2024

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
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 government entities 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 – diversifying 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 – providing 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 – 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
Functions	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
Financial outcomes for 2023-24	Outstanding borrowings as at 30 June 2024: \$11 billion Weighted average cost of funds: 3.55%	Outstanding loans as at 30 June 2024: \$10.7 billion	As at 30 June 2024, CHA investment portfolio balances were: Investment portfolio: \$0.6 billion Conditions of Service Reserve (COSR): \$1.3 billion
Key performance indicators for 2023-24	Weighted average cost of borrowing: 5.10% Borrowing rate margin compared to industry peers: 0.17%		Investment portfolio return above benchmark ¹ : 0.52%

1. The benchmark is the Bloomberg AUSBond Bank Bill Index. The benchmark return for 2023-24 was 4.37% while NTTC achieved a return of 4.89%.

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) values 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

Global inflation and volatility in financial markets continued to dominate the international economic environment throughout the 2023-24 financial year. This has been evident with recent economic data showing global economic growth has remained subdued and inflation is above target in many economies. This has been exacerbated by the renewed Israel-Hamas war in the Middle East and the ongoing Russia-Ukraine war. The coordinated action by the major central banks to contain high levels of inflation by tightening monetary policy and imposing consecutive interest rate rises has had some success, however the expected timing of global monetary policy easing has been pushed out into calendar year 2025.

Similarly, domestic inflation data has eased further during the year but remains stubbornly high. The Reserve Bank of Australia (RBA) considers much of the inflation increase in Australia is due to global factors, however strong demand, a tight labour market and capacity constraints are contributing to the upward pressure on prices. Following the significant and consecutive interest rate rises throughout the 2022-23 financial year, the RBA announced one further increase of 0.25%, taking the cash rate to 4.35% in November 2023. Accordingly, higher interest rates, high inflation and tighter lending standards have resulted in increased levels of financial stress among some borrowers. In addition, further escalations in geopolitical tensions remains a prominent risk to global economic activity and the outlook for financial stability.

In 2023-24, NTTC raised a net total of about \$2.5 billion through a number of short, medium and long-term funding strategies, thereby completing the Territory's 2023-24 funding requirement and delivering \$334 million of additional borrowings (pre-funding) to support the delivery of government's commitments in 2024-25.

In August 2024, Moody's reaffirmed NTTC's Aa3 rating with a stable outlook. Moody's assessment of the Territory's financial position incorporates ongoing support from the Commonwealth and recognises the Territory's fiscal balance is expected to remain in deficit over the budget cycle, with a return to surplus now anticipated in 2029-30.

The Territory economy is navigating similar uncertainties with inflation showing signs of easing, having declined to its lowest level in three years. Economic activity remained resilient supported by solid public and private sector investment. The Territory economy is expected to improve in 2024-25 as inflation pressures ease and the stage 3 tax cuts improve household balance sheets. Forecast cuts to the RBA's cash rate in 2025 are expected to further support household and business confidence.

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



Tim McManus
Under Treasurer and Chair

Performance summary

Review of 2023-24

- Successful delivery of \$2.5 billion borrowing program
- Yield curve extension achieved by issuing new benchmark bonds maturing in March 2036 and May 2038.
- Pre-funding of about \$334 million for 2024-25.

Table 1 summarises the 2023-24 results and provides an assessment of actual performance compared to the budget estimate for 2023-24 and 2022-23 results. Key results include:

- total revenue of \$400 million, largely in line with the budget and \$53.9 million greater than 2022-23. The variation from 2022-23 largely relates to an increase in interest rates and loans together with gains recognised following the extinguishment of loans provided to counterparties.

- total expenses of \$344.2 million, largely in line with the budget and \$52.7 million greater than 2022-23. The variation from 2022-23 relates to an increase in interest rates and borrowings.
- net profit after income tax of \$39 million, largely in line with both the budget and 2022-23 outcome, directly resulting from the revenue and expenses variations outlined above.
- a cash position of \$405.8 million, \$351.9 million greater than budget. This is largely due to pre-funding part of the 2024-25 borrowing program that resulted in NTTC raising a further \$334 million, taking the total borrowing program for 2023-24 to \$2.5 billion (see Table 7).

Table 1: Comprehensive operating statement and cash flow overview

	2023-24 Actual	2023-24 Estimate	2022-23 Actual	Variation from estimate	Variation from 2022-23
	\$000	\$000	\$000	\$000	\$000
Statement of comprehensive income					
Income	399 953	398 087	346 104	1 866	53 849
Expenses	344 182	343 159	291 517	1 023	52 665
Profit before income tax	55 771	54 928	54 587	843	1 184
Income tax expense	16 731	16 478	16 376	253	355
Net profit after income tax	39 040	38 450	38 211	590	829
Statement of cash flows					
Cash flows from operating activities	23 488	15 685	24 388	7 803	(900)
Cash flows from investing activities	(1 277 242)	(1 314 243)	273 393	37 001	(1 550 635)
Cash flows from financing activities	1 489 222	1 182 123	(240 026)	307 099	1 729 248
Net increase/(decrease) in cash held	235 468	(116 435)	57 755	351 903	177 713
Cash at beginning of financial year	170 320	170 320	112 565		57 755
Cash at end of financial year	405 788	53 885	170 320	351 903	235 468

Table 2: Financial position overview

	2023-24 Actual	2023-24 Estimate	2022-23 Actual	Variation from estimate	Variation from 2022-23
	\$000	\$000	\$000	\$000	\$000
Statement of financial position					
Cash and cash equivalents	405 788	53 885	170 320	351 903	235 468
Trade and other receivables	7 854	6 884	4 637	970	3 217
Loans	10 714 296	10 751 297	9 425 936	(37 001)	1 288 360
Property, plant and equipment (Leases)	12	13	20	(1)	(8)
Total assets	11 127 951	10 812 079	9 600 914	315 872	1 527 037
Deposits held	779	786	786	(7)	(7)
Trade and other payables	82 217	73 432	67 229	8 785	14 988
Provisions and tax liabilities	55 912	55 099	54 758	813	1 154
Borrowings	10 967 400	10 661 118	9 456 490	306 282	1 510 910
Leases	13	13	21	-	(8)
Total liabilities	11 106 320	10 790 448	9 579 283	315 872	1 527 037
Total equity	21 631	21 631	21 631	-	-

Table 2 compares the net asset position for 2023-24 with both the budget estimate for 2023-24 and the 2022-23 results. Loans and borrowings increased from 2022-23 by \$1.3 billion and \$1.5 billion, respectively. Cash increased by \$235.5 million to \$405.8 million in 2023-24, largely due to pre-funding part of the 2024-25 borrowing program (see Table 7).

Table 3 reports the movement in borrowings with an overall increase of \$1.5 billion compared to 2022-23. This variation is mainly driven by an increase of borrowings in the wholesale market to fund government operating and capital activities in 2023-24.

Table 3: Borrowings movement

	2022-23	Cash flow		Non-cash	2023-24
		Drawdown	Repayment	Premiums and discounts and gain/loss extinguishment	
	\$000	\$000	\$000	\$000	\$000
Wholesale market	8 492 831	2 697 759	(1 004 456)	(16 537)	10 169 597
Retail market	797 445	58 019	(214 493)	-	640 971
Commonwealth	166 214		(9 382)	-	156 832
Total	9 456 490	2 755 778	(1 228 331)	(16 537)	10 967 400

Table 4: Key performance indicators

	2023-24 Budget	2023-24 Estimate	2023-24 Actual	KPI met/ not met
Weighted average cost of borrowings	≤ 5.00%	≤ 5.15%	5.10%	Met
Borrowing rate margin compared to industry peers	≤ 0.40%	≤ 0.25%	0.17%	Met
Investment portfolio return above benchmark ¹	≥ index	≥ index	0.52%	Met
Unqualified audit opinion	Yes	Yes	Yes	Met

1 The benchmark is the Bloomberg AUSBond Bank Bill Index. The benchmark return for 2023-24 was 4.37% while NTTC achieved a return of 4.89%.

Table 4 reports the NTTC's performance against planned outcomes for 2023-24, 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 2023-24 was increased to 5.15% (from 5.0%) in response to higher market interest rates experienced throughout the financial year. The actual outcome achieved for the 2023-24 financial year was 5.10%. The weighted average cost of borrowing on outstanding issued debt at 30 June 2024 was 3.55%.

The average recorded spread or borrowing margin achieved on wholesale bonds issued by NTTC during the financial year was about 17 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 2023-24 NTTC recorded the highest weighted average cost of borrowing in the five years to 2023-24, and the second lowest borrowing rate margin compared with industry peers. The return above benchmark increased from 0.19% in 2022-23 to 0.52% in 2023-24.

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

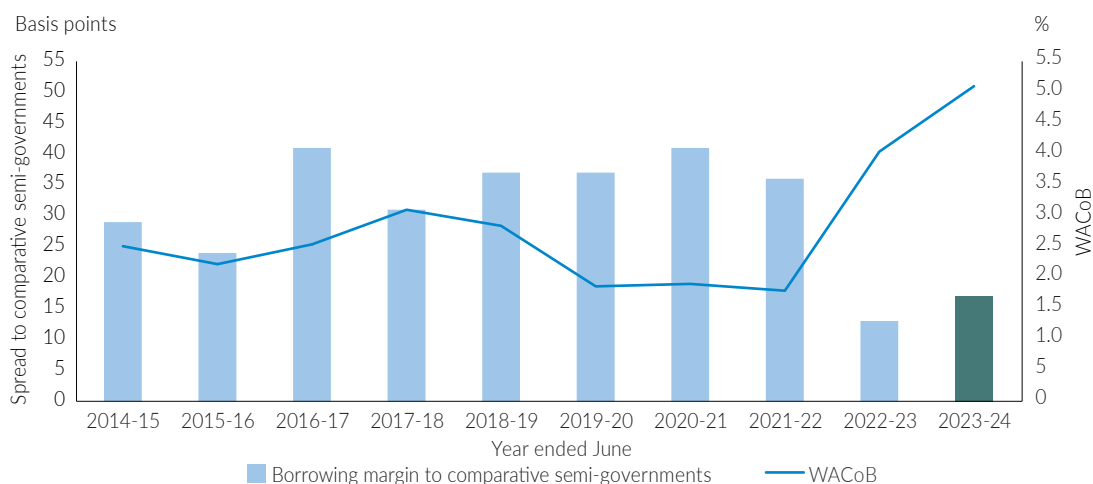


Table 5: Five-year key performance indicators summary

	2023-24	2022-23	2021-22	2020-21	2019-20
Weighted average cost of borrowing	5.10%	4.04%	1.79%	1.90%	1.86%
Borrowing rate margin compared to industry peers	0.17%	0.13%	0.36%	0.41%	0.37%
Investment portfolio return above benchmark ¹	0.52%	+ 0.19%	+ 0.01%	+ 0.39%	+ 0.45%
Unqualified audit opinion	Yes	Yes	Yes	Yes	Yes

1 The benchmark is the Bloomberg AUSBond Bank Bill Index. The benchmark return for 2023-24 was 4.37% while NTTC achieved a return of 4.89%.

Table 6: Five-year financial overview

	2023-24	2022-23	2021-22	2020-21	2019-20
	\$000	\$000	\$000	\$000	\$000
Statement of income					
Net profit after income tax	39 040	38 211	27 995	22 162	27 987
Statement of financial position					
Total assets	11 127 951	9 600 914	9 815 505	10 039 274	7 976 070
Total liabilities	11 106 320	9 579 283	9 793 874	10 017 643	7 954 439
Total equity	21 631	21 631	21 631	21 631	21 631

Table 6 presents a summary of NTTC's financial performance over the past five years. It shows NTTC's net profit has steadily grown, providing consistent returns to government.

In the five years to 2023-24, total assets and liabilities have largely fluctuated in line with government yearly net cash requirements, increasing by around \$3 billion over the period.

Outlook for 2024-25

- Ongoing challenges in 2024-25 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 2024-25

- 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.
- 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

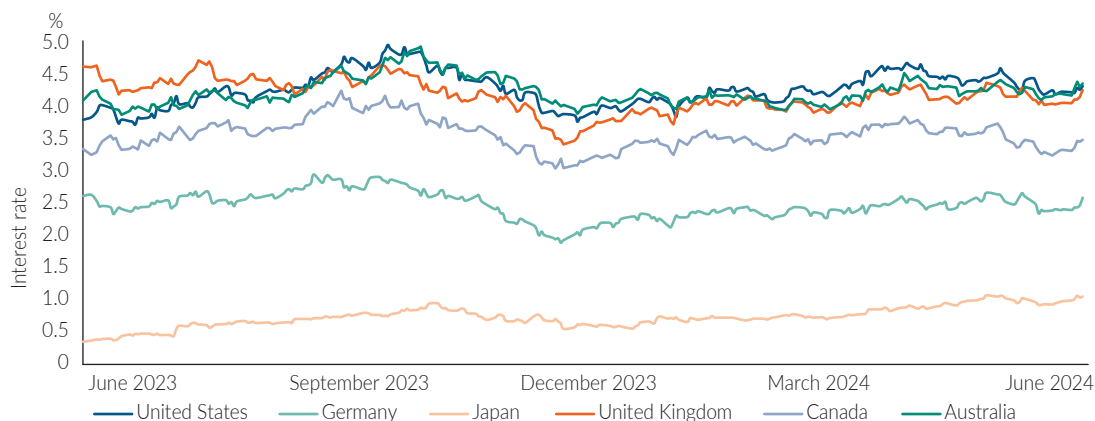
	2023-24	2022-23	2021-22	2020-21	2019-20
	\$M	\$M	\$M	\$M	\$M
Refinancing maturing Territory debt	860	895	838	98	132
New borrowings	1 394	-	629	1 790	1 215
Debt reduction	-	(277)	-	-	-
Pre-funding	(130)	(43)	(870)	(708)	(21)
Borrowing requirement	2 124	575	597	1 180	1 326
Pre-funding	334	130	43	870	708
Total borrowing program	2 458	705	640	2 050	2 034

Borrowing environment

The global economy has continued to experience relatively high levels of uncertainty and is expected to face ongoing challenges, with global inflation remaining high in the past year as a result of strong demand, supply disruptions and the Russia-Ukraine and Israel-Hamas wars.

Accordingly, the environment in financial markets during the 2023-24 financial year experienced elevated market interest rates that has resulted in significantly higher borrowing costs for existing and new borrowers. Figure 3 shows the trend in global interest rates from June 2023 to June 2024.

Figure 3: Global interest rates – 10-year bond



Borrowing activity

The borrowing program for 2023-24 produced about \$2.5 billion of new funding compared to \$860 million of maturing debt during the financial year. This increased borrowing activity resulted in total outstanding issued debt at 30 June 2024 being higher by \$1.5 billion from last year's reported balance.

In addition to increasing a number of existing select lines, NTTC issued three new benchmark-sized bond series to institutional investors in the Australian financial markets during the 2023-24 financial year.

These syndicated bond transactions resulted in NTTC issuing a total of \$2.4 billion at a weighted average interest rate of 5.22%, as shown in Table 8.

In terms of retail borrowings, Territory Bonds returned to pre-pandemic levels of activity, raising about \$58 million at a weighted average interest rate of 4.39% and weighted average term to maturity of about four years. A full listing of NTTC's issued debt is provided in Appendix A on page 24.

At 30 June 2024, NTTC had 16 institutional benchmark bond issues as detailed in Table 9.

Table 8: Institutional bond issues during 2023-24

Issue date		Amount issued	Maturity date	Coupon	Yield
		\$M		%	%
September 2023	Existing line	150	21 May 2029	2.00	4.33
November 2023	New line	650	21 March 2036	5.50	5.54
December 2023	Existing line	150	21 April 2027	2.75	4.22
January 2024	Existing line	100	21 May 2032	2.50	4.85
February 2024	New line	500	21 May 2038	5.25	5.34
May 2024	New line	850	21 March 2034	5.25	5.29
Total		2 400	Weighted average		5.22

Table 9: Institutional bond issues at 30 June 2024

Maturity date	Coupon	Amount on issue	Maturity date	Coupon	Amount on issue
	%	\$M		%	\$M
21 October 2024	2.75	500	21 April 2033	3.75	750
15 March 2026	6.00	650	21 March 2034	5.25	850
21 April 2027	2.75	750	21 March 2035	4.60	650
21 April 2028	3.50	750	21 March 2036	5.50	650
21 May 2029	2.00	750	21 May 2038	5.25	500
21 May 2030	3.50	750	21 March 2041	2.75	100
21 April 2031	2.00	750	21 November 2042	4.10	650
21 May 2032	2.50	750	21 March 2051	3.00	150

Portfolio duration and term to maturity

At 30 June 2024, the weighted average duration of Territory debt on issue remained steady at around 6.1 years, consistent with 5.9 years reported in June 2023. Similarly, the weighted average term to maturity lengthened slightly to 7.6 years, compared with 7.1 years recorded in June 2023.

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 2024, NTTC increased the interest rate exposure band from a lower limit of \$500 million and a maximum limit of \$1 billion, to a lower limit of \$600 million and a maximum limit of \$1.2 billion. The revised limits recognise the current level of outstanding debt, with the upper limit respecting 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 2024

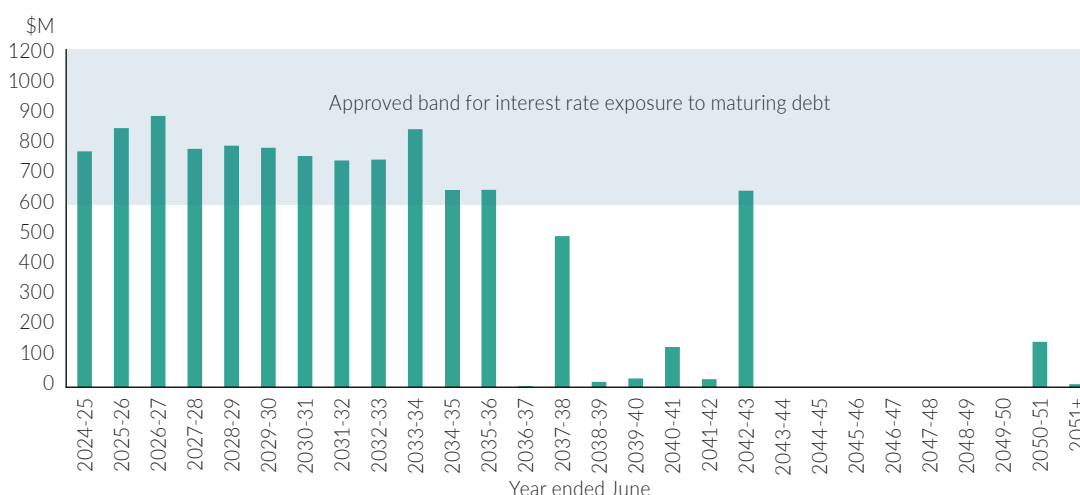


Table 10: Borrowing performance at 30 June

	2023-24	2022-23	2021-22	2020-21	2019-20
	%	%	%	%	%
Average borrowing margin					
Short term – margin to BBSW rate	- 0.04	- 0.10	n/a	n/a	0.00
Long term (fixed rate) – margin to comparative semi-government security	0.17	0.13	0.36	0.41	0.37
Cost of borrowing achieved during the year					
Weighted average cost of borrowing	5.10	4.04	1.79	1.90	1.86
Total cost of funds					
Weighted average cost of funds	3.55	3.14	2.92	3.06	3.35

n/a: not assessable

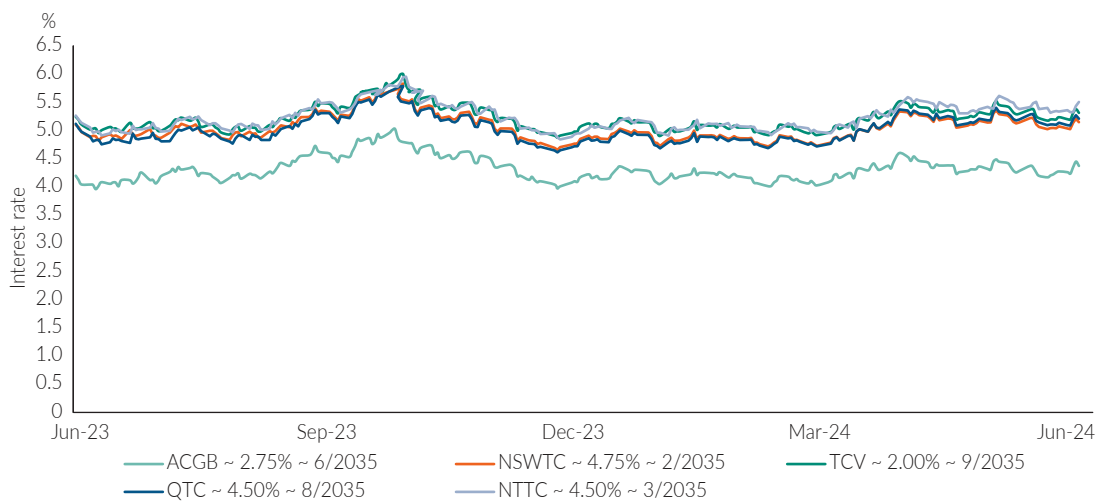
Borrowing margin

An important influence on borrowing 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.

As shown in Table 10, the average recorded spread or borrowing margin achieved on NTTC wholesale bond issues during 2023-24 was about 0.17% over similar bond maturities issued by the other AAA-rated CFAs.

Figure 5 shows the implied trading margin between NTTC's 2035 bond series and similar maturities issued by the Commonwealth and other CFAs. Relative to the Commonwealth bond, NTTC's 2035 bond series has been trading at a margin of between 70 and 125 basis points. NTTC's margin relative to comparative bonds issued by other CFAs has been between 15 and 30 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 2024, 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 4.37%, with an average margin to BBSW reference rate of -0.04%. The issuing margins to BBSW in 2023-24 ranged from +0.03% to -0.11%.

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 2024, 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 raised about \$58 million in the 12 months to June 2024 compared with \$55 million in 2022-23. At 30 June 2024, the total outstanding balance in Territory Bonds was about \$641 million, with the number of registered investors decreasing to 1,585 compared with 1,839 recorded in June 2023.

Figure 6 shows NTTC has raised about \$641 million from Territory Bonds at 30 June 2024 with the average investment size recorded at about \$400,000.

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

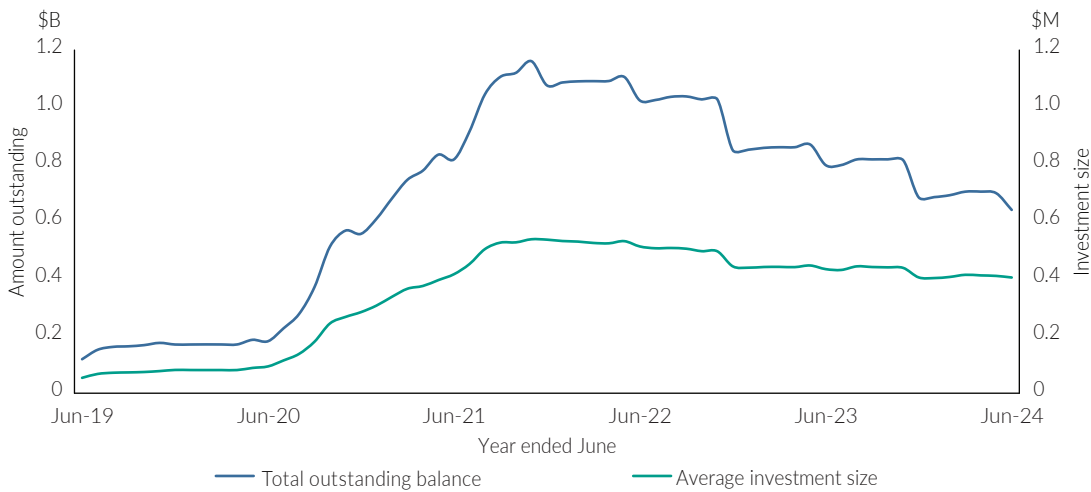
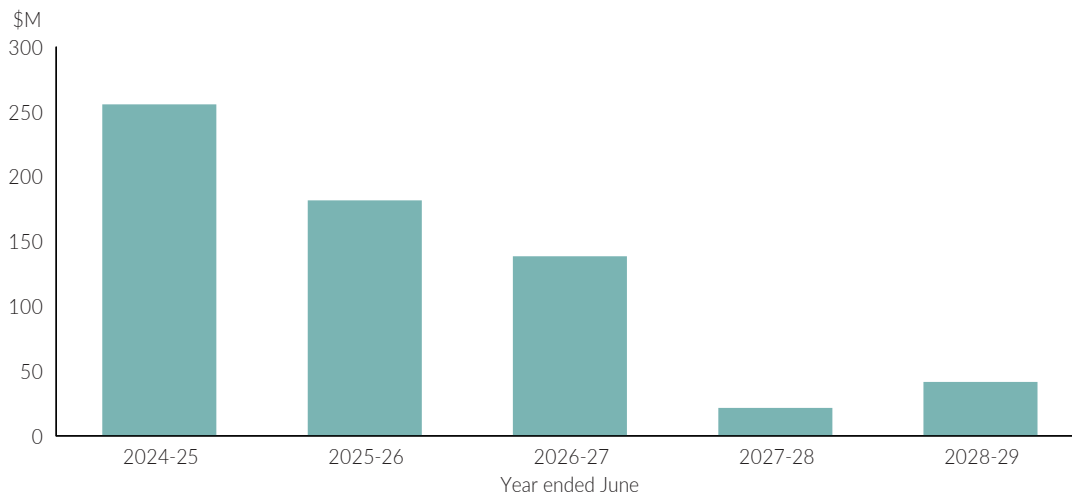


Figure 7: Territory Bonds maturity profile at 30 June



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 2024, NTTC had a total outstanding loan portfolio of \$10.7 billion, about \$1.3 billion higher than the balance reported at 30 June 2023. 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.

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 2024, loans to the general government sector totalled \$9 billion, an increase of about \$1.2 billion 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 2024, loans to this sector totalled about \$115 million, around \$32 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 2024, loans to this sector totalled about \$1.6 billion, an increase of \$172 million from the previous financial year, reflecting new loans issued to Territory Generation and Power and Water Corporation during the 2023-24 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, formerly 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 2024, 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 2024, NTTC had no outstanding loans to this sector.

Figure 8: Client loans at 30 June 2024

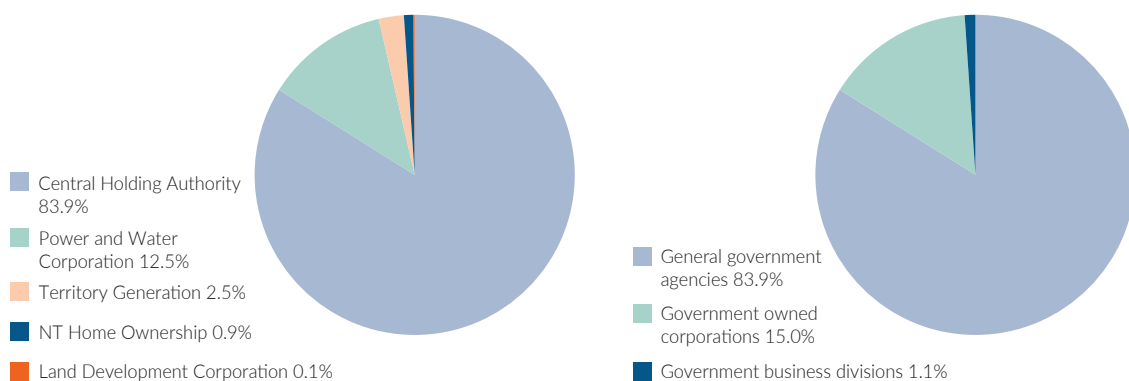


Table 12: Outstanding loans

	2023-24	2022-23	2021-22	2020-21	2019-20
	\$M	\$M	\$M	\$M	\$M
General government agencies	8 991	7 842	8 124	7 317	5 503
Government business divisions	115	148	171	193	204
Government owned corporations	1 608	1 436	1 405	1 387	1 362
Total	10 714	9 426	9 699	8 897	7 069

Table 13: Outstanding loans by counterparty

	2023-24	2022-23
	\$M	\$M
General government agencies		
Central Holding Authority	8 991	7 787
Department of Territory Families, Housing and Communities	-	55
Total general government agencies	8 991	7 842
Government business divisions		
Land Development Corporation	15	15
NT Home Ownership	100	133
Total government business divisions	115	148
Government owned corporations		
Power and Water Corporation	1 336	1 186
Territory Generation	272	250
Total government owned corporations	1 608	1 436
TOTAL	10 714	9 426

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

	2023-24	2022-23	2021-22	2020-21	2019-20
Stakeholder satisfaction ¹	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.

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

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
- minimising the cost of foreign currency requirements through the effective control and management of its foreign exchange risk, and neutralising foreign exchange risk exposures

- ensuring sufficient short and long-term liquidity to meet debts as and when they fall due
- 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.

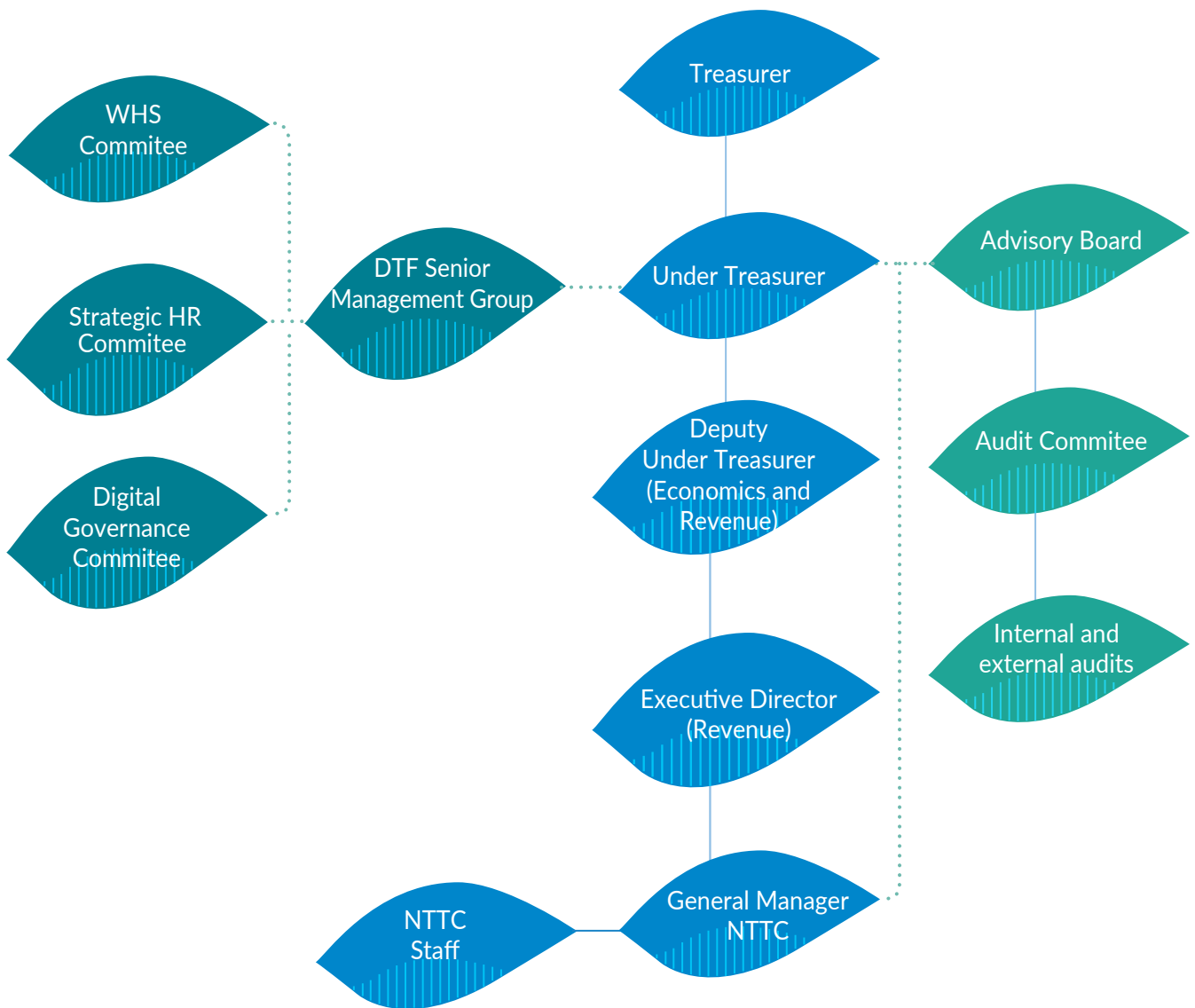
Department of Treasury and Finance

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, Former Chair Department of Treasury and Finance

Craig was appointed Under Treasurer in April 2017 and held the role until September 2024.

Craig joined Treasury in 1997 and participated in the graduate program in 1998 after completing a Bachelor of Economics at Northern Territory University (now Charles Darwin University). Craig was appointed Senior Director Economic Policy and Public Finance in 2008, Assistant Under Treasurer in 2011 and Deputy Under Treasurer in 2015.



**Mr Tim McManus, Chair
Department of Treasury
and Finance**

Tim was appointed Under Treasurer in September 2024.

Tim joined Treasury in 2000 as a graduate program participant after completing a Bachelor Business Studies, Northern Territory University (now Charles Darwin University). He was appointed Senior Director Budget Development in 2013, Executive Director (Finance) in 2017 and Deputy Under Treasurer (Finance and Performance) in December 2023.

Tim was Deputy Chief Executive Strategic and Corporate Services, Department of the Chief Minister and Cabinet from May 2022 to June 2023.

Tim also has completed a Graduate Certificate in Management, Curtin University and the Masterclass of Business Administration Foundation, Australian Institute of Management and Deputies Leadership Program, Australia and New Zealand School of Government.



**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. She was the Deputy Chair and Chair of Audit and Risk of Jacana Energy from 2014 to 2021. Clare has experience in both the public and private sectors, and provides consultancy and advisory services focused on business redirection, governance, financial and change management.

Workforce

At 30 June 2024, NTTC paid a total of seven employees (headcount). Additionally, two graduates 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 also provides financial services to the NT Superannuation Office, a business unit of DTF, under a service level agreement.

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 seven staff paid at 30 June 2024, 71% are from culturally and linguistically diverse backgrounds.

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. Two graduates 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 of approved courses 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 2023-24, all staff participated in some form of external training or development opportunity. 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 2024 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 CounterTerrorism 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.

Control self assessment

NTTC uses control 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 semiannual 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 2024, 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 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 August 2023 a review of the Business Continuity 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	External/ internal	Outcomes
2022-23 financial statements	Audit	30/06/23	External	Unqualified audit opinion
Internal controls testing	Review	30/09/23	Internal	No significant matters identified
	Review	31/03/24	Internal	No significant matters identified
Business continuity review	Review	August 2023	Internal	<ul style="list-style-type: none">• 3 recommendations to enhance business continuity governance – NTTC addressed all recommendations where possible and referred those relevant to the DTF Digital Governance Committee for DCDD's consideration• 4 opportunities for improvement identified – NTTC addressed all recommendations where possible and referred those relevant to the DTF Digital Governance Committee for DCDD's consideration
Interim period review	Audit	30/06/24	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 2023-24, 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. 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

Appendix A: Outstanding domestic borrowings

at 30 June 2024

Maturity date	Coupon rate	Face value	Maturity date	Coupon rate	Face value
	%	\$000		%	\$000
2024-25			15-Jun-25	1.55	86
21-Oct-24	2.75	500 000	15-Jun-25	1.60	122
15-Dec-24	0.70	13 250	15-Jun-25	1.65	10
15-Dec-24	0.80	129	15-Jun-25	1.70	390
15-Dec-24	0.90	18 202	15-Jun-25	1.80	269
15-Dec-24	1.00	64 304	15-Jun-25	2.60	3 138
15-Dec-24	1.10	39 040	15-Jun-25	2.85	152
15-Dec-24	1.15	117	15-Jun-25	2.90	160
15-Dec-24	1.20	463	15-Jun-25	3.00	829
15-Dec-24	1.30	15 002	15-Jun-25	3.65	14
15-Dec-24	1.55	271	15-Jun-25	3.70	402
15-Dec-24	1.60	378	15-Jun-25	3.80	572
15-Dec-24	1.70	11 548	15-Jun-25	4.00	30
15-Dec-24	1.85	100	15-Jun-25	4.10	115
15-Dec-24	2.00	2 725	15-Jun-25	4.15	734
15-Dec-24	2.10	130	15-Jun-25	4.20	422
15-Dec-24	2.20	5 585	15-Jun-25	4.30	2 259
15-Dec-24	2.60	5	TOTAL 2024-25	2.36	780 329
15-Dec-24	2.70	40	2025-26		
15-Dec-24	2.80	10	15-Sep-25	8.50	24 974
15-Dec-24	3.30	60	15-Dec-25	0.80	7 000
15-Dec-24	3.50	90	15-Dec-25	0.85	112
15-Dec-24	3.60	474	15-Dec-25	0.90	81
15-Dec-24	3.90	5	15-Dec-25	1.00	35 555
15-Dec-24	4.10	5	15-Dec-25	1.10	22 500
15-Dec-24	4.15	280	15-Dec-25	1.20	57 035
15-Dec-24	4.20	1 221	15-Dec-25	1.25	61
15-Dec-24	4.30	1 125	15-Dec-25	1.30	79
15-Mar-25	6.00	18 900	15-Dec-25	1.40	10 900
20-May-25	8.50	5 000	15-Dec-25	3.10	80
15-Jun-25	0.90	33 040	15-Dec-25	3.30	455
15-Jun-25	0.95	5	15-Dec-25	3.45	20
15-Jun-25	1.00	120	15-Dec-25	3.60	100
15-Jun-25	1.10	34 606	15-Dec-25	3.75	192
15-Jun-25	1.25	435	15-Dec-25	3.80	150
15-Jun-25	1.30	310	15-Dec-25	3.90	357
15-Jun-25	1.35	10	15-Dec-25	4.05	5
15-Jun-25	1.40	2 008	15-Dec-25	4.20	69
15-Jun-25	1.50	1 634			

Maturity date	Coupon rate	Face value	Maturity date	Coupon rate	Face value
	%	\$000		%	\$000
15-Dec-25	4.25	33	15-Dec-26	4.50	463
15-Dec-25	4.30	139	15-Mar-27	6.00	8 400
15-Dec-25	4.40	161	21-Apr-27	2.75	750 000
15-Mar-26	6.00	650 000	15-Jun-27	1.75	92
15-Jun-26	0.85	210	15-Jun-27	1.90	4 337
15-Jun-26	1.00	13 353	15-Jun-27	2.10	56
15-Jun-26	1.15	586	15-Jun-27	2.20	673
15-Jun-26	1.20	394	15-Jun-27	2.95	50
15-Jun-26	1.30	25 116	15-Jun-27	3.00	18
15-Jun-26	1.60	40	15-Jun-27	3.10	10 285
15-Jun-26	2.70	15	15-Jun-27	3.35	35
15-Jun-26	3.05	52	15-Jun-27	3.40	372
15-Jun-26	3.20	16	15-Jun-27	3.50	1 791
15-Jun-26	3.75	570	15-Jun-27	3.90	35
15-Jun-26	3.80	412	15-Jun-27	4.00	293
15-Jun-26	3.90	2 579	15-Jun-27	4.10	9 434
15-Jun-26	4.10	80	15-Jun-27	4.20	130
15-Jun-26	4.20	2 500	15-Jun-27	4.30	90
15-Jun-26	4.25	57	15-Jun-27	4.35	1 031
15-Jun-26	4.30	26	15-Jun-27	4.40	440
15-Jun-26	4.40	1 099	15-Jun-27	4.50	554
TOTAL 2025-26	5.07	857 162	TOTAL 2026-27	2.67	897 272

2026-27

15-Dec-26	1.35	1 762
15-Dec-26	1.40	34 150
15-Dec-26	1.50	58 928
15-Dec-26	1.65	80
15-Dec-26	1.70	462
15-Dec-26	1.80	2 570
15-Dec-26	3.50	10
15-Dec-26	3.60	10 070
15-Dec-26	3.80	50
15-Dec-26	3.90	65
15-Dec-26	3.95	19
15-Dec-26	4.00	50
15-Dec-26	4.10	215
15-Dec-26	4.15	10
15-Dec-26	4.30	45
15-Dec-26	4.35	35
15-Dec-26	4.40	173

2027-28

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	4.05	15
15-Dec-27	4.10	2 315
15-Dec-27	4.15	482
15-Dec-27	4.20	408
15-Dec-27	4.30	972
15-Dec-27	4.40	30
15-Dec-27	4.45	25
15-Dec-27	4.50	35
15-Dec-27	4.60	105
15-Mar-28	6.00	7 900
21-Apr-28	3.50	750 000
15-Jun-28	3.85	28

Maturity date	Coupon rate	Face value
	%	\$000
15-Jun-28	3.90	322
15-Jun-28	3.95	172
15-Jun-28	4.00	10 455
15-Jun-28	4.10	963
15-Jun-28	4.20	10
15-Jun-28	4.25	10
15-Jun-28	4.30	737
15-Jun-28	4.40	2 209
15-Jun-28	4.45	206
15-Jun-28	4.60	79
TOTAL 2027-28	3.54	779 525
2028-29		
15-Dec-28	4.15	62
15-Dec-28	4.20	100
15-Dec-28	4.30	20 245
15-Dec-28	4.50	165
15-Dec-28	4.55	170
15-Dec-28	4.60	294
15-Dec-28	4.70	1 655
15-Mar-29	6.00	7 500
21-May-29	2.00	750 000
15-Jun-29	4.35	10
15-Jun-29	4.40	30
15-Jun-29	4.50	16 193
15-Jun-29	4.55	374
15-Jun-29	4.60	417
15-Jun-29	4.70	2 143
TOTAL 2028-29	2.16	799 357
2029-30		
15-Mar-30	6.00	42 000
21-May-30	3.50	750 000
TOTAL 2029-30	3.63	792 000
2030-31		
21-Apr-31	2.00	750 000
TOTAL 2030-31	2.00	750 000

Maturity date	Coupon rate	Face value
	%	\$000
2031-32		
21-May-32	2.50	750 000
TOTAL 2031-32	2.50	750 000
2032-33		
21-Apr-33	3.75	750 000
TOTAL 2032-33	3.75	750 000
2033-34		
21-Mar-34	5.25	850 000
TOTAL 2033-34	5.25	850 000
2034-35		
21-Mar-35	4.50	650 000
TOTAL 2034-35	4.50	650 000
2035-36		
21-Mar-36	5.50	650 000
TOTAL 2035-36	5.50	650 000
2037-38		
21-May-38	5.25	500 000
TOTAL 2037-38	5.25	500 000
2040-41		
21-Mar-41	2.75	100 000
TOTAL 2040-41	2.75	100 000
2042-43		
21-Nov-42	4.10	650 000
TOTAL 2042-43	4.10	650 000
2050-51		
21-Mar-51	3.00	150 000
TOTAL 2050-51	3.00	150 000
TOTAL	3.65	10 705 645

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 (also known as the coupon).

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 2001* 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 bond

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.

Financial statements

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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 2024, and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including material accounting policy information, 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 2024 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.

Key Audit Matter	Audit Response to the Key Audit Matter
<i>Fair value of financial instruments</i>	
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.	My audit procedures included but were not limited to: <ul style="list-style-type: none">▪ Engaging treasury specialists to perform independent valuation testing for a sample of loans and borrowings and assessing the reasonableness of the methodology and



Auditor-General

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Key Audit Matter	Audit Response to the Key Audit Matter
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.	assumptions used by Northern Territory Treasury Corporation in the fair value calculations. <ul style="list-style-type: none">▪ 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.▪ Recalculating the fair value of a sample of loans and borrowings using a methodology consistent with that applied by Northern Territory Treasury Corporation.

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 2024, 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-General

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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.
- 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.



Auditor-General

Page 4 of 4

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 'Jara K Dean'.

Jara K Dean
Auditor-General for the Northern Territory

Darwin, Northern Territory

20 September 2024

Certification of financial statements

For the financial year ended 30 June 2024

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 2024 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.



Tim McManus
Under Treasurer
20 September 2024



Alex Polton
General Manager
20 September 2024

Statement of comprehensive income

For the year ended 30 June 2024

	Note	2023-24	2022-23
		\$000	\$000
INCOME			
Interest	4	398 926	345 123
Other revenue	5	1 027	981
TOTAL INCOME		399 953	346 104
EXPENSES			
Interest	6	341 988	289 443
Administration	7	2 194	2 074
TOTAL EXPENSES		344 182	291 517
PROFIT BEFORE INCOME TAX		55 771	54 587
Income tax expense	8	16 731	16 376
NET PROFIT AFTER INCOME TAX		39 040	38 211
Other comprehensive income			
TOTAL OTHER COMPREHENSIVE INCOME		39 040	38 211
COMPREHENSIVE RESULT	19	39 040	38 211

Notes to the financial statements are included on pages 39 to 63.

Statement of financial position

At 30 June 2024

	Note	2023-24	2022-23
		\$000	\$000
ASSETS			
Cash and cash equivalents	9	405 788	170 320
Trade and other receivables	11	7 854	4 637
Loans	12	10 714 296	9 425 936
Property, plant and equipment	13	12	20
TOTAL ASSETS		11 127 951	9 600 914
LIABILITIES			
Deposits held		779	786
Trade and other payables	14	82 217	67 229
Provisions	15	39 181	38 382
Tax liabilities	8	16 731	16 376
Borrowings	16	10 967 400	9 456 490
Leases	17	13	21
TOTAL LIABILITIES		11 106 320	9 579 283
NET ASSETS		21 631	21 631
EQUITY			
Contributed capital	18	21 631	21 631
TOTAL EQUITY		21 631	21 631

Notes to the financial statements are included on pages 39 to 63.

Statement of cash flows

For the year ended 30 June 2024

	Note	2023-24	2022-23
		\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received from operating activities		384 062	343 698
Interest and other costs of finance paid		(342 953)	(306 079)
Other receipts:			
Management fee		922	878
Other fees		105	103
Payments to suppliers and employees		(2 271)	(2 214)
Income tax paid		(16 376)	(11 998)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	10a	23 488	24 388
CASH FLOWS FROM INVESTING ACTIVITIES			
Repayment of loans		129 758	587 393
Drawdown of loans		(1 407 000)	(314 000)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES		(1 277 242)	273 393
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(1 228 331)	(1 309 961)
Finance lease payments		(8)	(8)
Proceeds from borrowings		2 755 778	1 097 928
Deposits received		(7)	10
Dividend paid		(38 211)	(27 995)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	10b	1 489 222	(240 026)
NET INCREASE/(DECREASE) IN CASH HELD		235 468	57 755
Cash and cash equivalents at the beginning of the financial year		170 320	112 565
Cash and cash equivalents at the end of period	9	405 788	170 320

Notes to the financial statements are included on pages 39 to 63.

Statement of changes in equity

For the year ended 30 June 2024

	Note	2023-24	2022-23
		\$000	\$000
CONTRIBUTED CAPITAL			
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
RETAINED PROFITS			
Balance at the beginning of the financial year			
Net profit		39 040	38 211
Dividends provided for	19	(39 040)	(38 211)
Balance at the end of the financial year			
TOTAL EQUITY		21 631	21 631

Notes to the financial statements are included on pages 39 to 63.

Notes to the financial statements

For the year ended 30 June 2024

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 this 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 material accounting policy information

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 related Treasurer's Directions.

The financial statements were authorised for issue by the Under Treasurer on 30 August 2024.

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 reporting 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 and is able to utilise to further its own objectives. Certain items, while managed by NTTC, are controlled and recorded by the Territory rather than NTTC (Territory items). Territory items are recognised and recorded in the Central Holding Authority (CHA).

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

The CHA also 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.

Notes to the financial statements

For the year ended 30 June 2024

2. Statement of material accounting policy information (continued)

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. Figures in the financial statements and notes may not equate due to rounding.

g) Changes in accounting policies

There have been no changes to accounting policies adopted in 2023-24 as a result of management decisions.

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.

3. New standards and interpretations

Standards and interpretations effective from 2023-24 financial year

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.

NTTC adopted the amendments to AASB 101 for the first time in the current year. The amendments change the requirements in AASB 101 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of financial statements make on the basis of those financial statements.

The application of the amendments did not have a material impact on the NTTC financial statements.

Standards and interpretations issued but not yet effective

No Australian accounting standards have been adopted early for 2023-24. 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 year ended 30 June 2024

4. Interest income

	2023-24	2022-23
	\$000	\$000
Interest from loans:		
General government agencies	289 796	270 318
Government owned corporations	69 904	58 194
Government business divisions	6 683	7 486
Gain on extinguishment	11 662	426
Interest from cash balances:		
General government agencies	20 881	8 699
TOTAL INTEREST INCOME	398 926	345 123

Interest income includes interest from loans to government, gain on extinguishment from retail borrowings and gain on extinguishment from loans. Interest income 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.

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.

5. Other revenue

	2023-24	2022-23
	\$000	\$000
Management fees	922	878
Other	105	103
TOTAL OTHER REVENUE	1 027	981

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.

Other revenue includes fees for services provided to government, including services provided to CHA of about \$1 million to manage 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.

Notes to the financial statements

For the year ended 30 June 2024

6. Interest expense

	2023-24	2022-23
	\$000	\$000
Interest to:		
Wholesale borrowings	316 591	263 283
Debt to Commonwealth	7 669	8 108
Retail borrowings	11 339	11 237
Promissory notes	6 388	6 815
TOTAL INTEREST EXPENSE	341 988	289 443

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 in the reporting period in which they are incurred.

7. Administration expenses

	2023-24	2022-23
	\$000	\$000
Salaries and related employee expenses	1 098	1 115
Agent service arrangements – external	398	338
Other service arrangements – internal	162	129
IT charges and communications	271	255
Subscriptions	124	112
General property management	95	86
Document production	21	15
Amortisation	8	8
Other operating expenses	17	16
TOTAL OTHER EXPENSES	2 194	2 074

Administration expenses represent day-to-day running costs of NTTC, including supplies and service costs, recognised in the period in which they are incurred.

8. Tax expense and liabilities

	2023-24	2022-23
	\$000	\$000
Income tax expense/payable	16 731	16 376
TOTAL TAX EXPENSE/LIABILITIES	16 731	16 376

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% to the CHA as the parent entity of government. Tax for current and prior periods is recognised as a liability to the extent that it is unpaid.

Notes to the financial statements

For the year ended 30 June 2024

9. Cash and cash equivalents

	2023-24	2022-23
	\$000	\$000
Cash at bank	405 788	170 320
TOTAL CASH AND CASH EQUIVALENTS	405 788	170 320

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents includes 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.

10. Cash flow reconciliation

a) Reconciliation of net profit after tax to net cash flows from operating activities

	2023-24	2022-23
	\$000	\$000
Net profit after income tax	39 040	38 211
Adjustments		
Add (gain)/loss on extinguishment	(11 662)	(426)
Add amortisation	8	8
Less (premium) and discount amortisation	(15 993)	(22 284)
Changes in assets and liabilities		
Less decrease/(increase) in interest receivable	(3 202)	(998)
Add decrease/(increase) in prepayments and other receivables	(15)	(30)
Add increase/(decrease) in employee benefits	(31)	(53)
Add increase/(decrease) in creditors and accruals	(39)	(66)
Add increase/(decrease) in tax liabilities	355	4 378
Add increase/(decrease) in interest payable	15 028	5 648
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	23 488	24 388

Notes to the financial statements

For the year ended 30 June 2024

10. Cash flow reconciliation (continued)

b) Reconciliation of liabilities arising from financing activities

	2022-23	Cash flow	Non-cash			2023-24
			Provision	Premiums and discounts and gain/loss extinguishment	Leases	
	\$000	\$000	\$000	\$000	\$000	\$000
Borrowings	9 456 490	1 527 447		(16 537)		10 967 400
Leases	21	(8)				13
Deposits held	786	(7)				779
Dividends	38 211	(38 211)	39 040			39 040
TOTAL	9 495 507	1 489 222	39 040	(16 537)		11 007 231

	2021-22	Cash flow	Non-cash			2022-23
			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
Leases	29	(8)				21
Deposits held	775	10				786
Dividends	27 995	(27 995)	38 211			38 211
TOTAL	9 720 006	(240 026)	38 211	(22 684)		9 495 507

11. Trade and other receivables

	2023-24	2022-23
	\$000	\$000
Accrued interest on loans	7 678	4 476
Debtors	4	
Prepayments	172	161
TOTAL TRADE AND OTHER RECEIVABLES	7 854	4 637

All receivables are current and deemed collectable. There are no known expected credit losses identified at 30 June 2024.

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.

Notes to the financial statements

For the year ended 30 June 2024

12. Loans

	2023-24	2022-23
	\$000	\$000
General government agencies		
Fixed rate loans	8 928 700	7 718 700
Credit foncier loans	62 141	123 667
Government owned corporations		
Fixed rate loans	1 608 000	1 436 000
Government business divisions		
Fixed rate loans	55 000	80 000
Credit foncier loans	60 455	67 569
TOTAL LOANS	10 714 296	9 425 936

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.

13. Property, plant and equipment

	2023-24	2022-23
	\$000	\$000
Right-of-use asset – motor vehicles		
At capitalised cost	32	32
Less: accumulated amortisation	(20)	(12)
TOTAL PROPERTY, PLANT AND EQUIPMENT	12	20

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, and 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.

At 30 June 2024, NTTC leased assets relating to vehicles and are typically made for fixed periods of four years but may have extension options.

Notes to the financial statements

For the year ended 30 June 2024

13. Property, plant and equipment (continued)

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

	2023-24	2022-23
	\$000	\$000
Amortisation expense of right-of-use assets	8	8
Interest expense on lease liabilities		
TOTAL AMOUNT RECOGNISED IN THE COMPREHENSIVE OPERATING STATEMENT	8	8

14. Trade and other payables

	2023-24	2022-23
	\$000	\$000
Creditors and accruals	197	236
Accrued interest on borrowings	81 995	66 967
Accrued salaries	25	26
TOTAL TRADE AND OTHER PAYABLES	82 217	67 229

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

Salaries and wages that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the amounts expected to be paid.

Notes to the financial statements

For the year ended 30 June 2024

15. Provisions and tax liabilities

	2023-24	2022-23
	\$000	\$000
Employee benefits		
Recreation leave:		
Opening balance	135	181
Recreation leave paid	(152)	(128)
Recreation leave provided for	129	82
Closing balance	112	135
Leave bonus:		
Opening balance	17	19
Leave bonus paid	(8)	(6)
Leave bonus provided for	1	4
Closing balance	10	17
Superannuation external on provisions:		
Opening balance	18	23
Superannuation paid	(18)	(23)
Superannuation provided for	17	18
Closing balance	17	18
Total employee benefits	139	170
Fringe benefit tax	2	1
Dividend payable	39 040	38 211
TOTAL PROVISIONS	39 181	38 382

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.

NTTC's long service leave liabilities are recorded by CHA. As part of the financial management framework, CHA assumes the long service leave liabilities of government agencies, including NTTC and therefore no long service leave liability is recognised within these financial statements.

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 year ended 30 June 2024

15. Provisions and tax liabilities (continued)

Dividends

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.

NTTC's dividend is equivalent to 100% of its net profit for the financial year and is in accordance with the Treasurer's budget direction.

16. Borrowings

	2023-24	2022-23
	\$000	\$000
Wholesale market		
Fixed interest securities	10 169 597	8 492 831
Retail market		
Territory Bonds	640 971	797 445
Commonwealth		
Credit foncier loans	156 832	166 214
TOTAL BORROWINGS	10 967 400	9 456 490

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

	2023-24	2022-23
	\$000	\$000
Leases	13	21
TOTAL LEASES	13	21

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 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.

Notes to the financial statements

For the year ended 30 June 2024

17. Leases (continued)

The movement of the period is as follows:

	2023-24	2022-23
	\$000	\$000
Balance at 1 July	21	29
Additions/remeasurements		
Interest expenses		
Payments	(8)	(8)
BALANCE AT 30 JUNE	13	21

18. Contributed capital

	2023-24	2022-23
	\$000	\$000
Balance at 1 July	21 631	21 631
Movement for the year		
BALANCE AT 30 JUNE	21 631	21 631

19. Retained profits

	2023-24	2022-23
	\$000	\$000
Balance at 1 July		
Net profit	39 040	38 211
Dividends paid	(39 040)	(38 211)
BALANCE AT 30 JUNE		

20. Financial instruments and risk management

A financial instrument is a contract that gives rise to a financial asset of one entity or financial liability or equity instrument of another entity. Financial assets and liabilities are recognised in the statement of financial position when NTTCC becomes a party to the contractual provisions of the financial instrument.

a) 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.

Notes to the financial statements

For the year ended 30 June 2024

20. Financial instruments and risk management (continued)

(i) 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. No credit loss provision is made for receivables from Territory Government entities due to the low credit risk of these entities.

(ii) 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.

b) 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.

c) 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.

d) 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.

e) 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

Notes to the financial statements

For the year ended 30 June 2024

20. Financial instruments and risk management (continued)

- 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
- 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 the risk management framework, policies and limits endorsed by the Under Treasurer.

f) 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.

g) Categories of financial instruments

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

	2023-24	2022-23
	\$000	\$000
Financial assets		
Cash and cash equivalents	405 788	170 320
Loans and receivables at amortised cost:		
Trade and other receivables	7 683	4 476
Loans	10 714 296	9 425 936
TOTAL LOANS AND RECEIVABLES AT AMORTISED COST	10 721 979	9 430 412
TOTAL FINANCIAL ASSETS AT AMORTISED COSTS	11 127 767	9 600 732
Financial liabilities		
Financial liabilities at amortised cost:		
Deposits held	779	786
Trade and other payables	82 217	67 229
Borrowings	10 967 400	9 456 490
Leases	13	21
TOTAL FINANCIAL LIABILITIES AT AMORTISED COST	11 050 409	9 524 525

Notes to the financial statements

For the year ended 30 June 2024

20. Financial instruments and risk management (continued)

h) 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.

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.

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. At 30 June 2024, about 82% (2023: 82%) 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.

At 30 June 2024, NTTC did not hold any derivative transactions.

Notes to the financial statements

For the year ended 30 June 2024

20. Financial instruments and risk management (continued)

(i) Sensitivity analysis

Assuming the financial assets and liabilities at 30 June 2024 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 2023-24		Impact on profit before tax 2022-23	
	Rates up by 1%	Rates down by 1%	Rates up by 1%	Rates down by 1%
	\$000	\$000	\$000	\$000
Financial assets:				
Cash at bank	4 058	(4 058)	1 703	(1 703)
NET SENSITIVITY	4 058	(4 058)	1 703	(1 703)

(ii) Interest rate risk exposures

NTTC's exposure to interest rate risk, re-pricing maturities and the effective interest rates at 30 June 2024 is:

30 June 2024	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
Financial assets:							
Cash	4.35	405 788					405 788
Trade and other receivables						7 683	7 683
Loans:							
Fixed rate loans	3.80	72 000	748 900	4 207 800	5 563 000		10 591 700
Credit foncier loans	8.16			11 330	111 266		122 596
TOTAL FINANCIAL ASSETS		477 788	748 900	4 219 130	5 674 266	7 683	11 127 767
Financial liabilities:							
Deposits held						779	779
Trade and other payables						82 217	82 217
Leases	0.77	2	6	5			13
Borrowings:							
Fixed interest securities	3.55		779 909	3 312 493	6 718 165		10 810 567
Credit foncier loans	4.61			9 285	147 547		156 832
TOTAL FINANCIAL LIABILITIES		2	779 915	3 321 783	6 865 712	82 996	11 050 408

Notes to the financial statements

For the year ended 30 June 2024

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 2023 was as follows:

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
Financial assets:							
Cash	4.1	170 320					170 320
Trade and other receivables						4 476	4 476
Loans:							
Fixed rate loans	3.48	100 000	926 000	3 715 200	4 493 500		9 234 700
Credit foncier loans	9.52			14 321	176 916		191 236
TOTAL FINANCIAL ASSETS		270 320	926 000	3 729 521	4 670 416	4 476	9 600 732
Financial liabilities:							
Deposits held						786	786
Trade and other payables						67 229	67 229
Leases	0.77	2	6	13			21
Borrowings:							
Fixed interest securities	3.14		865 408	3 163 472	5 261 396		9 290 276
Credit foncier loans	4.61			11 337	154 877		166 214
TOTAL FINANCIAL LIABILITIES		2	865 414	3 174 822	5 416 273	68 014	9 524 525

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.

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 year ended 30 June 2024

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.

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.

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.

Notes to the financial statements

For the year ended 30 June 2024

20. Financial instruments and risk management (continued)

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 \$10.17 billion (2023: \$8.49 billion) or 93% (2023: 90%) of all outstanding issued debt at 30 June 2024. 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.

	2023-24	2022-23
Territory Bonds at 30 June		
Number of investors	1 585	1 839
Bonds on issue (\$000)	640 971	797 445
Average investment size (\$000)	404	434

(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 leave balance date.

Notes to the financial statements

For the year ended 30 June 2024

20. Financial instruments and risk management (continued)

30 June 2024	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
Loans:						
General government agencies						
Fixed rate loans		80 687	750 982	3 947 622	6 610 278	11 389 569
Credit foncier loans		3 362	10 710	47 252	42 324	103 648
Government owned corporations						
Fixed rate loans		82 363	267 385	1 380 915	114 766	1 845 429
Government business divisions						
Fixed rate loans		10 775	16 576	32 223		59 574
Credit foncier loans		2 542	7 626	40 671	20 336	71 175
TOTAL LOANS		179 729	1 053 279	5 448 683	6 787 704	13 469 395
Deposits held	779					779
Borrowings due to other financial institutions:						
Wholesale market						
Fixed interest securities		81 540	815 640	4 214 745	8 196 420	13 308 345
Retail market						
Territory Bonds		63	267 238	402 103		669 404
Commonwealth						
Credit foncier loans			17 045	65 494	148 085	230 624
TOTAL BORROWINGS	779	81 603	1 099 923	4 682 342	8 344 505	14 209 152

Notes to the financial statements

For the year ended 30 June 2024

20. Financial instruments and risk management (continued)

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
Loans:						
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
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
TOTAL LOANS		189 779	1 179 735	4 690 042	5 356 100	11 415 656
Deposits held	786					786
Borrowings due to other financial institutions:						
Wholesale market						
Fixed interest securities		60 852	897 303	3 467 680	6 150 540	10 576 375
Retail market						
Territory Bonds		51	216 159	610 134		826 344
Commonwealth						
Credit foncier loans			17 052	68 140	162 484	247 676
TOTAL BORROWINGS	786	60 903	1 130 514	4 145 954	6 313 024	11 651 181

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.

Notes to the financial statements

For the year ended 30 June 2024

21. Fair values of financial instruments (continued)

- 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).

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
30 June 2024					
Financial assets					
Loans:					
Fixed rate loans	10 591 700	9 700 278		9 700 278	
Credit foncier loans	122 596	126 156		126 156	
TOTAL FINANCIAL ASSETS	10 714 296	9 826 434		9 826 434	
Financial liabilities					
Borrowings and advances:					
Wholesale	10 169 597	9 356 824		9 356 824	
Retail	640 971	622 388		622 388	
Commonwealth	156 832	147 731		147 731	
TOTAL FINANCIAL LIABILITIES	10 967 400	10 126 944		10 126 944	

Notes to the financial statements

For the year ended 30 June 2024

21. Fair values of financial instruments (continued)

	Total carrying amount	Net fair value total	Net fair value level 1	Net fair value level 2	Net fair value level 3
30 June 2023	\$000	\$000	\$000	\$000	\$000
Financial assets					
Loans:					
Fixed rate loans	9 234 700	8 382 931		8 382 931	
Credit foncier loans	191 236	208 109		208 109	
TOTAL FINANCIAL ASSETS	9 425 936	8 591 040		8 591 040	
Financial liabilities					
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	
TOTAL FINANCIAL LIABILITIES	9 456 490	8 646 535		8 646 535	

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

Notes to the financial statements

For the year ended 30 June 2024

22. Related parties (continued)

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:

	2023-24	2022-23
	\$000	\$000
Short-term benefits ¹	215	212
Long-term benefits		
Post-employee benefits ²	28	27
Termination benefits		
TOTAL	243	239

1 Includes salary, paid leave, motor vehicle benefits.

2 Includes superannuation contributions paid by NTTC.

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.

	2023-24	2022-23
	\$000	\$000
Receipts from related parties	514 847	932 072
Payments to related parties	1 461 888	354 266

Notes to the financial statements

For the year ended 30 June 2024

23. Auditor and review services

	2023-24	2022-23
	\$000	\$000
External audit – Northern Territory Auditor-General's Office		
Audit and review of financial statements	94	93
Internal audit – KPMG		
Internal audit	69	61
Review services		26
TOTAL	163	180

24. Fees and commissions

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

	2023-24	2022-23
	\$000	\$000
Link Market Services Pty Ltd	115	115
FIS Asia Pacific Inc	163	146
Austraclear Ltd	216	154
Refinitiv Australia Pty Ltd	39	36

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 2023-24 year was \$922,000 (2023: \$878,000).

At 30 June, CHA investment portfolio balances were:

	2023-24	2022-23
	\$000	\$000
Investment portfolio	575 000	313 000
Conditions of Service Reserve	1 315 415	1 190 815
TOTAL	1 890 415	1 503 815

Notes to the financial statements

For the year ended 30 June 2024

26. Advisory Board

The NTTC Advisory Board was established in October 1994. At 30 June 2024, Mr Craig Graham was the Under Treasurer and Chair of the Board, and the following people held the position of member:

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 2024 four advisory board meetings were held and only two members were entitled to receive Advisory Board sitting fees, amounting to \$39,644 (2023: \$39,644). Members who are employed under the *Public Sector Employment and Management Act 1993*, or on similar terms, are not entitled to fees.

	2023-24	2022-23
	\$000	\$000
Sitting fees	40	40
Superannuation	4	4
TOTAL	44	44

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.

