



Department of Treasury and Finance

# ANNUAL REPORT 2015-16



Department of Treasury and Finance

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

Dear Treasurer

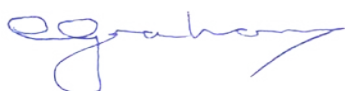
I am pleased to provide to you the 2015-16 Annual Report for the Department of Treasury and Finance (Treasury), which has been prepared in accordance with the provisions of section 28 of the *Public Sector Employment and Management Act*, and section 12 of the *Financial Management Act*.

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

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

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

Yours sincerely,



Craig Graham  
A/Under Treasurer  
30 September 2016

# Purpose of this Report

This report is designed to meet Treasury's annual reporting requirements as specified in the *Public Sector Employment and Management Act*, *Financial Management Act* and *Information Act*, and aims to align the department's achievements against the strategic goals in Treasury's 2014-16 Corporate Plan and 2016-17 Budget Paper No. 3.

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

## Related Annual Reporting

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

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

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# 1 The Agency



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# Under Treasurer's Review



I am pleased to present the Department of Treasury and Finance (Treasury) Annual Report for the year ended 30 June 2016.

## Overview

The Northern Territory's financial position continued to be a focus for Treasury staff in 2015-16, who worked collaboratively with agencies to manage whole of government budget processes. Treasury was also an active participant in major infrastructure projects and reform initiatives during the year.

The 2016-17 Budget and Northern Territory Economy book were tabled in Parliament in May 2016.

This report has been prepared after the 2016 election, in which there was a change of Government and a temporary change in Under Treasurer as Jodie Ryan acts as Chief Executive of the Department of Chief Minister.

## Year in Review

Treasury relocated from Cavenagh House to the Charles Darwin Centre in September 2015 after 37 years in the same building. This major project affected all staff in the lead up to the move and the efforts of all involved should be commended.

In 2015-16, Treasury provided high-level advice and assistance to Government and agencies to inform fiscal management and support sustainable economic growth of the Territory.

Treasury prepared the 2016-17 Budget, the 2014-15 Treasurer's Annual Financial Report, the 2015-16 Mid-Year Report and the Treasurer's quarterly financial reports. Combined, these publications implement Government's medium-term fiscal strategy.

Treasury continued to monitor and report on the Territory fuel market and assisted in the development of policies aimed at reducing fuel prices in the Territory during 2015-16. Treasury also had a pivotal role in establishing of the Northern Territory Infrastructure Development Fund, to invest in infrastructure assets to support the development of the Territory.

Reforms to the Territory's electricity market to promote competition and efficiency progressed during the year, including the transfer of economic regulation of the Territory's electricity networks to the Australian Energy Regulator.

In 2015-16, Treasury reviewed its Corporate Governance Framework and initiated a restructure of the Risk and Audit Committee and Internal Audit Framework, and introduced a number of internal guidance documents for staff.

The emphasis for the Superannuation Office in 2015-16 was on communication with its members, including face-to-face information sessions and updating a number of publications.

Efforts to improve the recruitment, retention and development of Treasury staff continued in 2015-16 with Treasury's award winning Finance Officer in Training graduate program providing a firm foundation to build a skilled, stable workforce.

Treasury's commitment to 'grow our own' staff saw over 70 internal opportunities provided for career development in the form of internal transfers, higher duties and rotation arrangements. Treasury recognised seven staff members who have reached 30 and 35 years of service.

## The Year Ahead

In the year ahead Treasury will take a lead role in supporting the newly-elected Government's priorities to achieve fiscal strength and continued economic growth. Treasury will continue to provide economic, financial and technical advice to the Treasurer and Government as required with primary tasks being the implementation of a new fiscal strategy and active involvement in the development of the Territory's Economic Development Framework.

During the year Treasury will finalise the development of a new three-year Corporate Plan, which will be directed towards aligning internal capabilities to effectively meet the expectations and priorities of government and include an increased focus on strategic economic and fiscal policy development and reform.

With the change of Government in August 2016, and the consequential machinery of government changes to agencies, Treasury will provide support and advice to ensure compliance with the Territory's financial framework and Government objectives. Treasury will also be an active participant in whole of government economic reform and development initiatives and oversee the stable and effective management of the Territory's superannuation schemes and borrowing activities.

Treasury once again recorded many achievements in 2015-16 due to the professionalism and commitment from our staff. On behalf of Jodie and myself, I would like to thank Treasury staff for their hard work and dedication in making our achievements possible.



Craig Graham  
30 September 2016

# Overview

Treasury's primary role is to ensure the long-term economic development of the Territory through the effective management of public sector resources within the fiscal strategies and targets identified by Government. The department achieves this by providing specialist fiscal, economic and commercial policy advice to the Government, focusing on sustainable government finances, strategic positioning and effective risk management.

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

## Vision

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

## Role

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

## Purpose

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

## Services Provided

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

## Stakeholders

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

# Profile

1

As at 30 June 2016 (pay 27), Treasury employed 156.4 full-time equivalent staff (FTE), including those in the Northern Territory Treasury Corporation (NTTC), compared to 150.2 FTE for pay 26 in 2015.

This section provides a snapshot of Treasury workforce staff as at 30 June 2016 (pay 27).

Table 1: Treasury Staff Snapshot as at Pay 27

|   | Number | Percentage | NTPS Comparison |
|---|--------|------------|-----------------|
| <b>Staff numbers</b>                        |        |            |                 |
| FTE yearly average                          | 150.4  |            |                 |
| FTE staff as at last pay                    | 156.4  |            |                 |
| Part-time staff (headcount)                 | 15     | 8.4%       | 10.8%           |
| FTE employment programs (headcount)         | 18     | 10%        | 1.0%            |
| Total number of staff (headcount)           | 179    |            |                 |
| <b>Demographics</b>                         |        |            |                 |
| People with a disability (headcount)        | 6      | 3.3%       | 1.0%            |
| Indigenous staff (headcount)                | 10     | 5.6%       | 10%             |
| Non-English speaking background (headcount) | 18     | 10%        | 9.8%            |
| Average age (years)                         | 36.5   |            | 43              |
| <b>Turnover</b>                             |        |            |                 |
| Commencements <sup>1</sup> (headcount)      | 37     |            |                 |
| Separations <sup>2</sup> (headcount)        | 22     |            |                 |
| Staff turnover rate <sup>3</sup>            |        | 14.6%      | 22%             |

NTPS: Northern Territory Public Sector

1 Includes employees on temporary transfer to Treasury but excludes casual and vacation employees.

2 Includes resignations, end of contract and permanent transfers from Treasury, but excludes casual and vacation employees, and staff on leave without pay prior to resignation.

3 Calculated as the number of permanent separations divided by the FTE average per pay day in 2015-16.

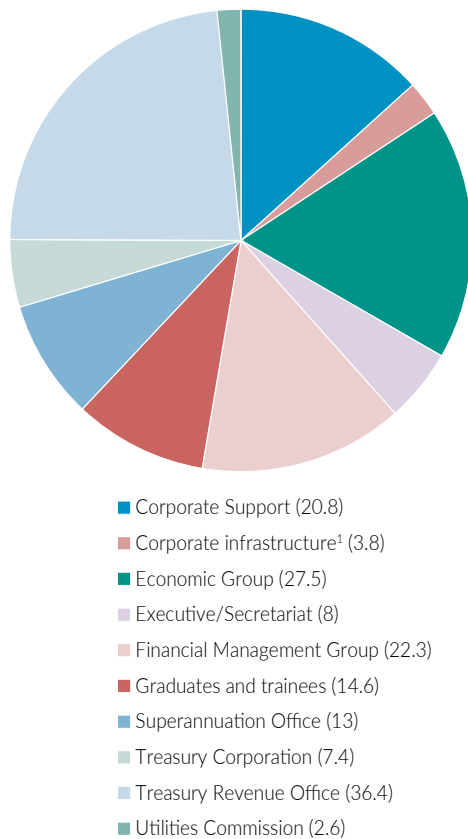
## FACTS

- As at 30 June 2016, 54 staff had 10 or more years of service with Treasury, including 19 employees from 20 to over 30 years of service
- Women comprise 59% of Treasury's workforce, compared to 63 per cent in the NTPS
- Treasury's average age as at 30 June 2016 was 36.5 years, compared to 34.5 years in 2015 and the NTPS average of 43 years

## Staff by Division

As at 30 June 2016 (pay 27), Treasury employed 156.4 FTE staff. The number of staff by division is shown in Figure 1.

Figure 1: Employees by Division (FTE)



1 These figures do not include staff on leave without pay or staff who were employed but unpaid (such as casuals).

## Age and Gender

The average age of Treasury staff is 36.5 years, lower than the NTPS average age of 43 years. This comparatively young age is mostly attributed to staff members either employed under Treasury's graduate, scholarship and apprenticeship programs, or who have since completed their training programs and have been offered ongoing employment.

The ratio of males to females in Treasury has remained consistent over the past 10 years. Of Treasury's 156.4 FTE staff employed as at 30 June 2016 (pay 27), 59 per cent, or 92 staff (179 headcount) were women. Although this represents an increase of 8.2 per cent from the previous year, it is still lower than the NTPS ratio of 63 per cent.

The proportion of Treasury women at the executive level was 38 per cent, an increase from 33 per cent in 2014-15. Treasury's relative proportion of female executives is below the NTPS figure of 49 per cent, however with the introduction of an Executive Leaders Program and internal professional development opportunities, it is anticipated that these figures will move closer to the NTPS figure in time.

## FACTS

- Nearly 59% of Treasury staff are under 35 years of age

The age and gender of Treasury's staff are shown in Figure 2 and the classification by age in Table 2.

Figure 2: Age and Gender Distribution (headcount)

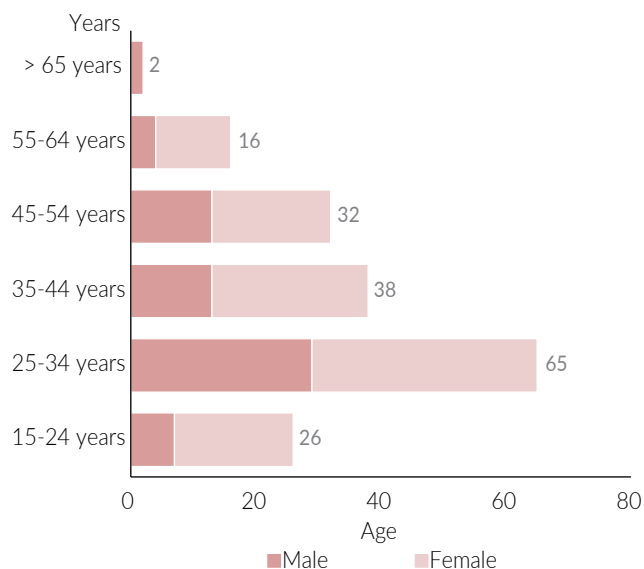


Table 2: Classification by Age (headcount)

| Years               | 15-24 | 25-34 | 35-44 | 45-54 | 55-64 | 65 + |
|---------------------|-------|-------|-------|-------|-------|------|
| Employment programs | 11    | 6     | 1     |       |       |      |
| AO2                 | 1     | 1     | 1     |       |       |      |
| AO3                 | 3     | 3     | 3     | 1     |       |      |
| AO4                 | 9     | 11    | 4     | 1     | 4     |      |
| AO5                 | 2     | 19    | 5     | 3     | 4     |      |
| AO6                 |       | 11    | 8     | 4     |       | 1    |
| AO7                 |       | 9     | 2     | 6     | 1     |      |
| SAO1                |       | 4     | 6     | 2     | 5     |      |
| SAO2                |       | 1     | 4     | 3     |       |      |
| EO1C                |       |       | 2     | 3     |       |      |
| EO2C/EO2            |       |       | 3     | 4     |       | 1    |
| EO3C                |       |       |       |       | 2     |      |
| EO4C                |       |       |       | 3     |       |      |
| EO6C                |       |       |       | 1     |       |      |

AO: Administrative Officer; SAO: Senior Administrative Officer; EO: Executive Officer; C: Contract

## Long-Term Employees

As at 30 June 2016, 54 (30 per cent) of Treasury's 179 paid staff (headcount) had completed 10 or more years' service with the NTPS, including 19 staff (11 per cent) with 20 to over 30 years of service.

Staff with more than 35 years of service were previously employed by the Commonwealth and transferred to Treasury at Self-Government in 1978. Table 3 provides a summary by length of service for each classification level.

Table 3: Classification by Length of Service (headcount)

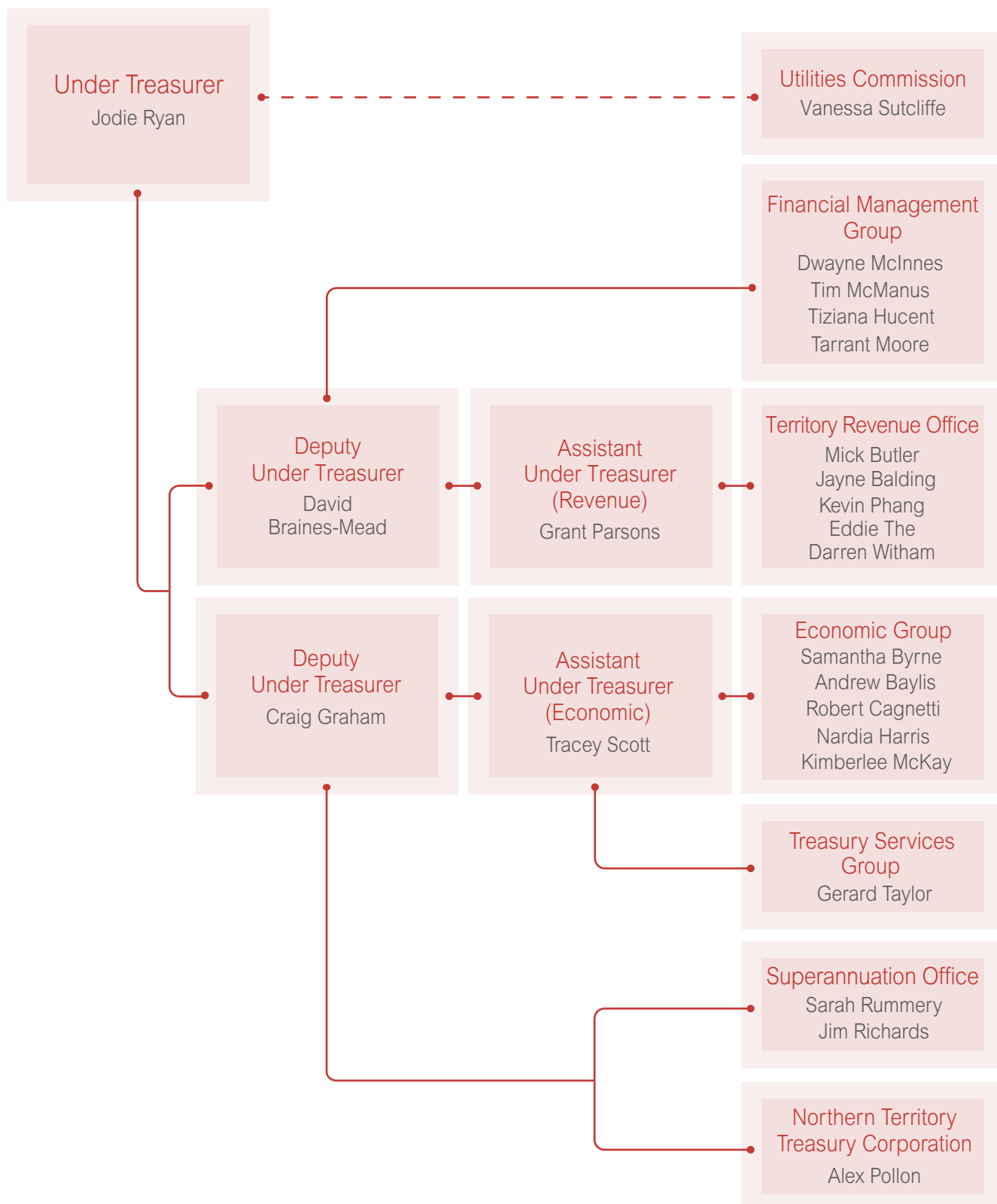
| Years of Service    | < 1 | 1-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40 + | Total |
|---------------------|-----|-----|-----|-------|-------|-------|-------|-------|-------|------|-------|
| Employment programs | 13  | 5   |     |       |       |       |       |       |       |      | 18    |
| AO2                 | 1   |     | 2   |       |       |       |       |       |       |      | 3     |
| AO3                 | 3   |     | 5   | 1     |       | 1     |       |       |       |      | 10    |
| AO4                 | 1   | 16  | 7   |       | 2     |       | 1     |       | 2     |      | 29    |
| AO5                 | 1   | 10  | 16  | 2     | 1     | 1     | 1     |       |       | 1    | 33    |
| AO6                 |     | 3   | 13  | 6     |       | 1     |       | 1     |       |      | 24    |
| AO7                 | 3   | 4   | 6   | 2     | 2     | 1     |       |       |       |      | 18    |
| SAO1                |     | 4   | 6   | 1     | 3     | 2     |       |       |       | 1    | 17    |
| SAO2                |     |     | 1   | 4     | 1     | 1     | 1     |       |       |      | 8     |
| EO1C                |     |     |     | 1     | 3     |       |       | 1     |       |      | 5     |
| EO2C/EO2            |     |     | 1   | 1     | 5     |       |       | 1     |       |      | 8     |
| EO3C                |     | 1   |     | 1     |       |       |       |       |       |      | 2     |
| EO4C                |     |     |     | 1     | 1     | 1     |       |       |       |      | 3     |
| EO6C                |     |     |     |       |       | 1     |       |       |       |      | 1     |

AO: Administrative Officer; SAO: Senior Administrative Officer; EO: Executive Officer; C: Contract

# Organisation Chart

1

Figure 3: Organisation Chart as at 30 June 2016



Note: Craig Graham is acting Under Treasurer as at 30 August 2016.



## Senior Management Group



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

Jodie has mainly worked in Treasury since commencing as a graduate in 1992, has a Bachelor of Business (Accounting) from Northern Territory University (now Charles Darwin University) and is a Certified Practising Accountant. Jodie is Chair of the Treasury Corporation Advisory Board, a member of the Charles Darwin University Council and has responsibilities in a range of high-level inter-agency and inter-jurisdictional committees.

Jodie is temporarily acting as Chief Executive at the Department of the Chief Minister, the role of Under Treasurer is temporarily filled by Craig Graham and then by David Braines-Mead.



Craig Graham was appointed Assistant Under Treasurer in July 2011, responsible for economic, commercial and inter-governmental financial relations issues, after holding the Senior Director Economic position since August 2008 in the Economic Policy and Public Finance areas.

Craig commenced in Treasury as a graduate in 1998 after completing a Bachelor of Economics at Northern Territory University (now Charles Darwin University).

Craig has been acting in the role of Deputy Under Treasurer since June 2014 and is currently acting Under Treasurer.



**David Braines-Mead** was appointed Deputy Under Treasurer in July 2014, after acting in the position since February 2013.

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

David is responsible for providing high-level policy, strategic and technical advice on the full range of financial and budgetary issues affecting the Territory and has oversight of the operations of the Territory Revenue Office.



**Tracey Scott** was appointed Assistant Under Treasurer in February 2013 and is responsible for providing high-level strategic policy and management advice on a complex range of financial and economic management matters that affect the Territory. Previously, she was the Executive Director of Business Services within the former Department of Lands and Planning.

Tracey joined the NTPS in 2005 with more than 16 years' experience in a multi-national professional services firm where she provided consulting and advisory services to all levels of government as well as the private sector.

Tracey has a Bachelor of Business (Accounting) and is a member of the Australian Institute of Chartered Accountants.



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

Previously, Grant was Executive Director, Operations in the Victorian State Revenue Office, where he held a number of positions over 12 years. Grant has also held senior positions in the Department of Justice in Victoria and the Department of Premier and Cabinet in Queensland.

He completed studies in Political Science and Law at the University of Melbourne and at Oxford University and holds a PhD and a Masters in Public Administration.



**Mick Butler** was appointed Senior Director Revenue in May 2016 and is also the Deputy Commissioner of Territory Revenue. He is responsible for ensuring the strategic alignment and effectiveness of revenue programs, and advising on reforms. Mick has a Bachelor of Laws and Bachelor of Business from Northern Territory University (now Charles Darwin University), a Master of Taxation from the University of New South Wales and is a Chartered Tax Advisor of The Tax Institute.



**Samantha Byrne** was appointed Senior Director Economic Policy in December 2014 and is responsible for providing advice on commercial, economic policy and economic regulatory issues relevant to the Territory. Samantha has a Bachelor of Business from Northern Territory University (now Charles Darwin University), and is a Certified Practising Accountant.



**Dwayne McInnes** was appointed Senior Director Financial Management in September 2011. He is responsible for providing specialist and strategic advice on agency financial and budget management and matters relating to the Territory's whole of government Budget and consolidated financial reports. Dwayne has a Bachelor of Business, majoring in accounting and is a Graduate Member of the Australian Institute of Company Directors.



**Gerard Taylor** was appointed Director Corporate Support in July 2010. Gerard is responsible for all corporate support functions for Treasury including the reporting of the financial aspects of the National Disaster Relief and Recovery Arrangements for the Territory Government.







**Tim McManus** was appointed Senior Director Budget Development in January 2015. His current and previous roles in Financial Management Group have provided him with substantial experience in high-level analysis and assessment of policy and budget proposals. Tim has a Bachelor of Business Studies from Northern Territory University (now Charles Darwin University).



**Alex Pollon** was appointed General Manager of NTTC in May 2010 and is responsible for the overall management of NTTC's staff and resources, ensuring the efficient, effective and appropriate control of the borrowing, lending and investing activities on behalf of government. Alex is a member of the Australian Institute of Company Directors and holds Australian Financial Markets Association dealer accreditation.



**Sarah Rummery** was appointed Commissioner of Superannuation in June 2014 and is responsible for administering a range of statutory superannuation schemes. Sarah has a Bachelor of Economics from the University of Western Australia and a PhD in Economics from the Australian National University.





# 2 Corporate Governance



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# Corporate Governance Framework

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

Treasury's Corporate Governance Framework outlines how Treasury's corporate governance principles, strategies and risk management interact with the Northern Territory Public Sector (NTPS) values, and staff.

Figure 4: Corporate Governance Framework



## Northern Territory Public Sector Values

The Office of the Commissioner for Public Employment released the NTPS values in 2013-14. These values are aimed at embedding the notion that the NTPS is 'one service' that serves the Government of the day.

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

## Strategic Goals

Treasury's strategic goals guide the direction of its core business areas in the delivery of government outcomes. Due to the nature of Treasury's responsibilities, the strategic goals are generally consistent.

## Corporate Governance Principles

These guiding principles assist Treasury in delivering its outcomes effectively and to achieve high levels of performance in a manner consistent with the legal and policy framework under which it operates.

To ensure Treasury achieves its goals, risk management is embedded within these principles as an integrated approach to understanding, managing and communicating risk, and supporting better decision making.

Treasury's business planning, including the Corporate Plan and divisional business plans, provides leadership and strategic direction to the organisation and ensures Treasury meets its corporate requirements.

Enhancing staff management skills has been a key strategic priority for Treasury and will continue to remain an area of focus.

Treasury's transparency is an integral part of its core values and those of NTPS, and is evidenced through its compliance with the *Information Act*. Treasury staff can access all corporate documents on Treasury's intranet site 'InSite'.

The accountability of Treasury and its staff is clearly defined through the organisation structure, which also outlines the reporting structures and relationships between staff and management.

Reporting arrangements between Senior Management Group (SMG), directors, staff and corporate governance committees are summarised in committee charters, and processes are clearly defined in delegations and developed frameworks, which are reviewed annually.

NTPS values are underpinned by the NTPS Code of Conduct, which guide staff on a range of moral and ethical issues they may face during their employment in the NTPS. Agreement to abide by the Code of Conduct is a condition of employment and applies to all employees.

Treasury's strict compliance with legislation, agency and NTPS guidelines ensures fairness and impartiality in its dealings with clients and stakeholders. Treasury reviews policies and procedures annually to maintain compliance.



# Corporate Planning

| Corporate Plan   |  |   |
|--|--|---|
| Business Plans   | Strategic Plans  | Risk Management   |
| <p>Prepared annually by divisions</p> <p>Reported on six-monthly</p> | <ul style="list-style-type: none"> <li>• ICT Strategic Plan 2013-16</li> <li>• Records Management Plan 2013-16</li> <li>• IECD Strategy 2016-24</li> <li>• IECD Strategic Operational Plan 2016-17</li> <li>• NTPS Human Capital Plan</li> <li>• Work Health and Safety Management System</li> </ul> | <p>Further details are provided in Risk Management in this section of the report.</p> |

ICT: Information and communications technology; IECD: Indigenous Employment and Career Development

## Corporate Plan

Treasury's 2014-16 Corporate Plan was developed and released in 2014. The three-year Corporate Plan is reviewed annually to ensure it continues to address emerging issues and government priorities, is endorsed by the Risk and Audit Committee (RAC) and then approved by SMG.

RAC reviewed the 2014-16 Corporate Plan with no changes in January 2016 and SMG provided approval in April 2016.

Planning for the 2017-19 Corporate Plan has commenced.

## 2015 and 2016 Business Plan

Annually, divisions conduct internal strategic planning sessions and identify key goals and outcomes to achieve division and organisational priorities. The results are collated into the agency Business Plan, which is endorsed by RAC, approved by SMG and reported on every six months.

Divisions provided a status update for the 2015 Business Plan in January 2016, which was endorsed by RAC in February 2016 and approved by SMG in March 2016.

The 2016 Business Plans were developed early in 2016 with the final plan endorsed by RAC in February 2016 and approved with minor amendments by SMG in April 2016.

## Administrative Structure and Accountability

Four standing committees support SMG in carrying out its responsibilities in providing leadership on key issues affecting the department:

- RAC;
- Work Health and Safety Committee (WHSC);
- Human Resource Management Committee (HRMC); and
- Professional Development Committee (PDC).

SMG considers reports and briefings from each committee and provides direction and approval of corporate policy and department projects. Each committee's role, membership and performance in 2015-16 are outlined in this section. Membership is as at 30 June 2016.

## Senior Management Group

### Role

Treasury is led by SMG, whose experienced members provide high-level monitoring, strategic direction and decision-making in relation to the department's operations with a focus on a cross-divisional perspective to achieve the department's key priorities.

### Membership

| Member             | Position                             | Division                                |
|--------------------|--------------------------------------|---|
| Jodie Ryan         | Under Treasurer                      | Executive                               |
| David Braines-Mead | Deputy Under Treasurer               | Executive                               |
| Craig Graham       | Acting Deputy Under Treasurer        | Executive                               |
| Tracey Scott       | Assistant Under Treasurer            | Executive                               |
| Grant Parsons      | Assistant Under Treasurer            | Territory Revenue Office                |
| Mick Butler        | Senior Director Revenue              | Territory Revenue Office                |
| Samantha Byrne     | Senior Director Economic Policy      | Economic Group                          |
| Dwayne McInnes     | Senior Director Financial Management | Financial Management Group              |
| Tim McManus        | Senior Director Budget Development   | Financial Management Group              |
| Alex Pollon        | General Manager                      | Northern Territory Treasury Corporation |
| Sarah Rummery      | Commissioner of Superannuation       | Superannuation Office                   |
| Gerard Taylor      | Director Corporate Support           | Treasury Services Group                 |

### 2015-16 Achievements

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

and strategic direction to the department. Chaired by the Under Treasurer, Treasury's SMG generally meets on a fortnightly basis.



SMG members: Dwayne McInnes, David Braines-Mead, Gerard Taylor, Samantha Byrne, Tracey Scott, Grant Parsons, Tim McManus, Jodie Ryan, Sarah Rummery, Alex Pollon and Craig Graham

## Risk and Audit Committee

### Role

RAC is a sub-committee of SMG, established to assist the Under Treasurer to discharge certain responsibilities under the *Financial Management Act* (FMA) in respect of financial and performance reporting, risk oversight

and management, internal control, and compliance with relevant laws and policies. The committee is not responsible for the executive management of these functions.

### Membership

| Member             | Position   | Division                |
|--------------------|--|-------------------------|
| David Braines-Mead | Deputy Under Treasurer (Chair)                       | Executive               |
| Tracey Scott       | Assistant Under Treasurer (Member)                   | Executive               |
| Gerard Taylor      | Director Corporate Support (Member)                  | Treasury Services Group |
| Nadine Parkinson   | Governance and Business Support Coordinator (Member) | Treasury Services Group |
| Lien Bui           | Group Coordinator Corporate Support (Secretariat)    | Treasury Services Group |

RAC met five times in 2015-16.

RAC was separated from SMG, becoming a subcommittee in January 2016. Members have been appointed for three years with an annual review of membership to be approved by the Under Treasurer. The Terms of Reference for RAC were reviewed and approved by the Under Treasurer in January 2016.

### 2015-16 Achievements

- RAC approved the 2015 Internal Audit and Review Schedule, the 2016 Internal Audit and Review Schedule and WHS Action Plan.
- RAC endorsed or noted the WHS quarterly reports, annual review of the 2014-16 Corporate Plan, 2016 Business Plan and Strategic Risk Assessment, Northern Territory Auditor-General's Office Internal Audit Schedule for 2016, Gifts and Benefits Register and Human Resources (HR), Finance, Contract and Procurement Corporate Delegations.
- RAC reviewed the Risk Management Framework and Policy, Gifts and Benefits Policy and Form, and Conflict of Interest Policy and Declaration Form.
- RAC created the Corporate Governance Framework, Fraud Control Framework and Policy Statement.

### 2016-17 Priorities

- Continue development of the Internal Audit function in Treasury.
- Continue development of the Corporate Governance Framework and supporting policies.
- Implement recommendations from internal auditors.
- Coordinate internal reviews and scheduled external audits.



Risk and Audit Committee: Gerard Taylor, Lien Bui, Nadine Parkinson, Tracey Scott and David Braines-Mead

## Work Health and Safety Committee

### Role

Treasury's WHSC deals with health and safety issues that affect all Treasury employees. The focus of the Committee is to:

- facilitate the provision of safe workplaces and systems of work through the cooperative efforts of Treasury and its employees;
- develop, implement and monitor measures designed to ensure the health and safety of employees at work; and
- advocate acceptable and responsible practices by employees and others, and promote the health and safety ethos for the workplace.

### Membership

| Member           | Position  | Division                   |
|------------------|---|----------------------------|
| Gerard Taylor    | Director Corporate Support (Chair)                            | Treasury Services Group    |
| Lien Bui         | Group Coordinator (Secretary)                                 | Treasury Services Group    |
| Nadine Parkinson | Governance and Business Support Coordinator (Project Officer) | Treasury Services Group    |
| Alpha Capaque    | Assistant Analyst (Member)                                    | Territory Revenue Office   |
| Alvin Teo        | System Administrator (Member)                                 | Financial Management Group |
| Sarah Skopellos  | Group Coordinator (Member)                                    | Economic Group             |
| Tamara Hutcheon  | Executive Assistant (Member)                                  | Executive                  |

WHSC met five times during 2015-16 and has a representative from each division.

### 2015-16 Achievements

Treasury's achievements in WHS are summarised later in this section of this report under Health and Wellbeing.

The WHSC focus in 2015-16 was on the relocation from Cavenagh House to Charles Darwin Centre (CDC) and ensuring staff maintained a high level of safety while packing in preparation for the move. After the relocation, WHSC focus was on establishing and amending processes for the new building, including desk set up, training of fire wardens and participation in CDC WHSC.

### 2016-17 Priorities

The WHSC will continue to meet regularly, provide training and educational sessions as required, and review the internal WHS Management System (WHSMS) and associated policies, procedures and guidelines.



Work Health and Safety Committee Chair, Gerard Taylor

## Human Resource Management Committee

### Role

HRMC guides the development and implementation of human resource management policy and planning in Treasury.

### Membership

| Member             | Position                             | Division                                |
|--------------------|--------------------------------------|---|
| Jodie Ryan         | Under Treasurer                      | Executive                               |
| David Braines-Mead | Deputy Under Treasurer               | Executive                               |
| Craig Graham       | Acting Deputy Under Treasurer        | Executive                               |
| Tracey Scott       | Assistant Under Treasurer            | Executive                               |
| Grant Parsons      | Assistant Under Treasurer            | Territory Revenue Office                |
| Mick Butler        | Senior Director Revenue              | Territory Revenue Office                |
| Samantha Byrne     | Senior Director Economic Policy      | Economic Group                          |
| Dwayne McInnes     | Senior Director Financial Management | Financial Management Group              |
| Tim McManus        | Senior Director Budget Development   | Financial Management Group              |
| Alex Pollon        | General Manager                      | Northern Territory Treasury Corporation |
| Sarah Rummery      | Commissioner of Superannuation       | Superannuation Office                   |
| Gerard Taylor      | Director Corporate Support           | Treasury Services Group                 |

### 2015-16 Achievements

- Provided approval on Finance Officer in Training (FOIT) program recruitment and Work Integrated Learning Scholarship (WILS), Indigenous traineeship and Indigenous Cadetship Support (ICS) work placements.
- Provided guidance and approval on staff nominations for training, 2016-20 IECD Strategy and 2016-17 Operation Plan, bulk recruitment activities, Treasury Forum and Career Expo, and internal HR reports.
- Reviewed amendments to the internal performance review process.
- Investigated internal staff development opportunities.
- Developed an Emerging Leaders Program (ELP) targeted at middle management levels across the department.

### 2016-17 Priorities

- Roll-out inaugural ELP.
- HRMC will continue to provide guidance as required.



## Professional Development Committee

### Role

The PDC is responsible for setting policy and considering applications for assistance relating to professional development of staff.

### Membership

| Member             | Position                              | Division                 |
|--------------------|---------------------------------------|--------------------------|
| David Braines-Mead | Deputy Under Treasurer                | Executive                |
| Craig Graham       | Acting Deputy Under Treasurer         | Executive                |
| Grant Parsons      | Assistant Under Treasurer             | Territory Revenue Office |
| Debbie Davis       | Assistant Director Corporate Services | Corporate Support        |

### 2015-16 Achievements

- Approved 36 tertiary units for study assistance, applications were for 25 employees.
- Spent \$236 817 (1.4 per cent of employee expenses) on training and development for Treasury staff, compared to \$165 793 (1.0 per cent of employee expenses) in 2014-15.

### 2016-17 Priorities

- Mapping the effectiveness of study assistance to retention and increased capacity.
- Reviewing partnership opportunities with training bodies to target Administrative Officer 2 (AO2) to AO5 non-tertiary training.
- Deliver and monitor career pathways for Indigenous employees.



Treasury's HR Unit: Tracy Stevens (Acting HR Officer), Debbie Davis (Assistant Director Corporate Services), Janice Johnson (Acting Senior HR Officer). Absent: Wendy Chew (HR Officer)

# Risk Management

Treasury ensures its governance structure is based on its ability to maintain an effective risk management strategy. The risk management process can be applied at all levels and for all activities in the organisation with an emphasis on proactively identifying and managing risks in all work areas, rather than reacting to risks as they emerge. It supports the making of informed choices, prioritising activities and identifying the most effective and efficient course of action.

## Managing and Mitigating Risk

Treasury manages its risk through understanding its functions and potential areas of exposure, implementing appropriate strategies to address these areas and monitoring the progress and effectiveness of those strategies.

## Risk Management Framework

The risk management framework is applied at varying levels and within specific contexts of the organisation. It ensures information derived from the risk management process is adequately reported and used as a basis for decision-making and accountability at all relevant organisational levels.

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

### External

Failure to comply with processes, rules, regulations or laws could impact negatively on Treasury's reputation or on that of the Treasurer and the Government.

### Internal

Treasury would have a limited ability to pursue its strategic objectives due to difficulty in recruiting and retaining appropriately qualified staff.

## Internal Controls

Table 4 outlines Treasury's main areas of risk at a department level.

Table 4: Internal Risk Controls

| Internal Control   | Description  |
|--|--|
| Accounting and Property Manual (APM) (reviewed January 2016) | The FMA requires the Accountable Officer to issue and maintain an APM for use by Treasury's employees.   |
| Business Continuity Plan (BCP) (reviewed October 2015)       | Treasury's BCP details the action that Treasury, as a central agency, will take following an unexpected event or disaster in order to maintain continuity of business operations.  |
| Confidentiality Agreement (released April 2016)              | Treasury deals with highly sensitive and confidential information on a regular basis. This is a reminder to staff of their obligations as NTPS employees in managing and maintaining the confidentiality of information. |
| Conflict of interest Management (reviewed May 2016)          | Treasury ensures all conflicts of interest (potential, perceived or actual) are recognised and managed effectively with a transparent and standard process.  |

*continued*

| Internal Control                                     | Description   |
|--|---|
| Control self assessment (CSA)                        | CSA is a governance tool designed to help managers assess business processes, control organisational effectiveness and ensure legislative requirements are met by applying adequate controls and ensuring appropriate action. Currently, CSA is used by the Treasury Services Group and Northern Territory Treasury Corporation (NTTC). |
| Corporate delegations (reviewed January 2016)        | Delegations create a clear guideline for staff and accountable officers in Treasury on their financial, procurement and human resource limitations and are reviewed annually, or as required. Treasury has four delegations: financial, HR, procurement and contract.   |
| Corporate Governance Framework (reviewed March 2016) | Treasury's Corporate Governance Framework provides an outline of how Treasury's corporate governance principles, strategies and risk management interact with the NTPS values, and staff.   |
| Fraud Control Policy Framework (released April 2016) | The primary objective of the Fraud Control Policy Framework is to protect public money, information and property, and safeguard the integrity and reputation of Treasury. Treasury's policy towards fraud is in line with the Australian National Audit Office's Fraud Control Framework.   |
| ICT BCP (reviewed October 2015)                      | Treasury's ICT BCP summarises specific ICT requirements for its divisions and is forwarded to the Department of Corporate and Information Services (DCIS) for its records.  |
| Induction process                                    | Treasury staff complete a new starter checklist with his or her supervisor and a representative from HR within the first week of employment. Staff employed from outside the NTPS also undertake an online NTPS and WHS induction. All employees are provided with Treasury's Reference Manual 'About Us' on commencement.              |
| Procurement (reviewed June 2016)                     | Treasury's procurement policies and procedures, including the Procurement Management Plan, are reviewed annually. All procurement is handled by Treasury's Office Services team and the Department of Trade, Business and Innovation procurement services, which ensures compliance and consistency across the department.              |



## Monitoring Risk

Treasury monitors and reports on its risk at least quarterly. Schedules, registers and reports are tabled with RAC at quarterly meetings. Minutes of RAC meetings are tabled with SMG.

### Risk Management and Audit Schedule

Treasury's risk management and audit schedule is developed annually and comprises two parts, the external program including the formal Auditor-General Internal Audit Schedule and Treasury's Internal Audit and Review Schedule.

### External Audits and Reviews

The Auditor-General Office schedules its audits on a six-monthly basis and notifies Treasury of its intended program. Reports are provided by the Auditor-General's Office and a summary of the results added to the External Audit Register.

Any issues raised are added to Treasury's External Audit Issues Register, with progress reports provided quarterly to RAC for review.

Table 5: External Audits and Reviews – Northern Territory Auditor-General's Office

| Audit   | Conducted      | Key Findings   |
|---|----------------|--|
| <b>Treasury – Superannuation Office</b>   |                |  |
| Financial statements – Legislative Assembly Members' Superannuation Fund 2014-15  | September 2015 | There were no matters arising from the audit requiring attention.      |
| Financial statements – Northern Territory Government and Public Authorities Employees Superannuation Fund (NTGPAES) 2014-15 | September 2015 | There were no matters arising from the audit.                          |
| Financial statements – Northern Territory Police Supplementary Benefits Scheme Financial Statements 2014-15                 | September 2015 | There were no matters arising from the audit.                          |
| SuperB IT General Control Review  | October 2015   | Opportunities for improvement were identified and have been addressed. |
| Interim financial statements – NTGPAES  | May 2016       | There were no significant matters arising from this audit.             |

*continued*

| Audit   | Conducted      | Key Findings  |
|---|----------------|---|
| <b>Northern Territory Treasury Corporation</b>  |                |   |
| 2014-15 Financial Statements  | September 2015 | There were no matters arising from the audit.   |
| <b>Treasury – Financial Management Group</b>  |                |   |
| Treasurer's Annual Financial Report for the year ended 30 June 2015   | November 2015  | Opportunities for improvement were identified and have been addressed.  |
| APEX system internal control  | June 2016      | There were no significant matters arising from this audit.  |
| <b>Treasury – Treasury Services Group</b>   |                |   |
| Natural Disaster Recovery and Relief Arrangements Acquittal – Northern Territory eligible expenditure for the year ended 30 June 2015 | January 2016   | There were no matters arising from the audit.   |
| Evaluation of Internal Audit Framework  | May 2016       | No key findings, however minor matters were identified and have been added to the 2016 issues register.                           |
| Agency compliance audit   | May 2016       | No key findings, however minor matters were identified and have been added to the 2016 issues register.                           |
| <b>Treasury – Territory Revenue Office</b>  |                |   |
| Taxes, Royalties and Grants – year ending 30 June 2015  | May 2016       | The accounting and internal control procedures examined were found to be generally satisfactory and provide reasonable assurance. |

## Internal Audits and Reviews

The Internal Audit and Review Schedule is developed in consultation with divisions and SMG during the business planning process to identify any areas they wish to assess during the calendar year. Identified risks are collated by RAC and added to the Strategic Risk Assessment Register, individual summary reports are

provided quarterly to RAC and a summary of results added to the register. Any issues raised are added to the Internal Audit and Review Issues Register, with progress reports provided quarterly to RAC for review. The Department of the Chief Minister also requested audits in 2015-16.

Table 6: Internal Audits

| Audit   | Number Completed | Findings  |
|---|------------------|---|
| ICT asset (quarterly)   | 4                | No adverse findings.  |
| ICT access (quarterly)  | 4                | No adverse findings.  |
| ICT access – After hours (conducted weekly, reviewed quarterly)   | 4                | No adverse findings.  |
| ICT software check (quarterly)  | 4                | No adverse findings.  |
| BCP kit test (annual)   | 1                | No adverse findings.  |
| Location association to access control workgroups (quarterly)   | 43 <sup>1</sup>  | No adverse findings. Minor updates were made as a consequence.            |
| Records census (annual)   | 1                | A report of missing records was forwarded to divisions for investigation. |
| Stock take – landline telecommunications (biannual)   | 2                | No adverse findings.  |
| Stock take – mobile telecommunications (biannual)   | 2                | No adverse findings.  |
| Stock take – portable and attractive asset register (annual)  | 1                | No major discrepancies were identified.                                   |
| Superannuation Trustee Board compliance with Australian Prudential Regulation Authority reporting requirements (annual) | 1                | No adverse findings. Minor updates were made as a consequence.            |

1 Treasury currently has nine work groups in this area to audit, which resulted in a total of 43 audits.

Table 7: Internal Reviews

| Review   | Number Completed | Findings  |
|--|------------------|---|
| Internet exemptions (quarterly)                        | 4                | No adverse findings.  |
| Sentinel device (quarterly)                            | 4                | No adverse findings.  |
| Treasury Corporation Active Directory Report (monthly) | 4                | No adverse findings.  |
| Location security clearance (quarterly)                | 28 <sup>1</sup>  | No adverse findings. Some security record locations updated.                            |
| Review of information held by agency (annual)          | 1                | Review was conducted and findings published March 2015.                                 |
| Security review of declassification of files (annual)  | 1                | No adverse findings. System updated to incorporate changes in security classifications. |
| Establishment position (annual)                        | 1                | No adverse findings. Minor updates were made as a consequence.                          |
| Outside employment (annual)                            | 1                | No adverse findings. Minor updates were made as a consequence.                          |

<sup>1</sup> Treasury currently has eight work groups in this area to audit, which resulted in a total of 28 audits.

Table 8: Internal Audits and Reviews – Department of the Chief Minister

| Audit                                     | Conducted  | Key Findings   |
|---|------------|--|
| <b>Treasury – Treasury Services Group</b> |            |  |
| Cabinet information security measures     | April 2016 | Treasury's measures were found to be of a high standard, with some minor changes recommended to further strengthen security. |
| Travel                                    | April 2016 | While no significant issues were found, opportunities for improvement were identified and have been addressed.               |

## Health and Wellbeing

As a department, Treasury promotes a safe workplace and actively educates staff on appropriate workplace behaviour, WHS and resilience.

Treasury strives for a healthy work-life balance for its employees and has a number of initiatives in place to provide education, training and support to encourage employees to maintain a healthy lifestyle, work in a safe manner and assist them in handling difficult or stressful situations at work or at home.

A dedicated WHS page on Treasury's InSite is consistently maintained and enables staff to access Treasury's WHSMS, including all policies, procedures and forms, information on emergency wardens, first aid officers and committee members, as well as links to NT Worksafe and SafeWork Australia.

Treasury ensures Personal Emergency Evacuation Plans (PEEPs) are written for all staff unable to evacuate with general staff during an emergency situation. In 2015-16 nine PEEPs were written.

## Work Life Balance

In 2015-16, Treasury continued to offer flexible work arrangements to staff, including part-time employment, home-based work, and work and career breaks (Table 9).

Table 9: Number of Staff Utilising a Work-Life Balance Option

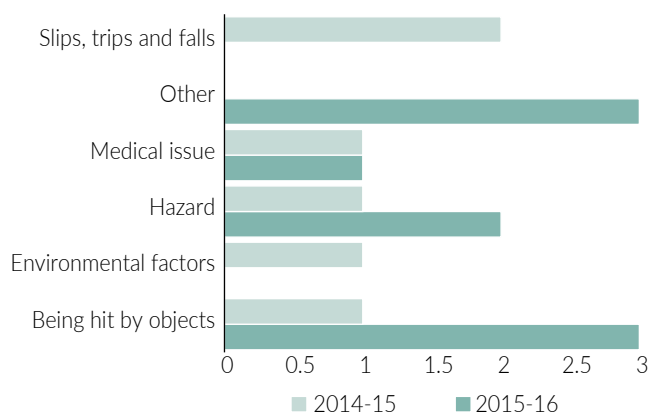
| Application Status  | Female | Male | Total | % of Workforce |
|---|--------|------|-------|----------------|
| Flexible working hours  | 17     | -    | 17    | 9.5            |
| Part-time work (headcount) <sup>1</sup>                       | 13     | 2    | 15    | 8.4            |
| Working from home   | 2      | -    | 2     | 1.1            |
| Short-term absences for family and community responsibilities | -      | 1    | 1     | 0.5            |
| Purchased leave (up to six weeks additional leave)            | 1      | -    | 1     | 0.5            |
| Recreation leave at half pay                                  | 10     | 1    | 11    | 6.2            |
| Career breaks (leave without pay)                             | 21     | 2    | 23    | 12.9           |

<sup>1</sup> Based on headcount as at 30 June 2016.

## Incidents

During 2015-16 there were a total of eight incidents reported through the Online Reporting System which consisted of elevator exit issues, a pre-existing medical condition and water inundation in the fire stairwell.

Figure 5: Total Incidents by Mechanism



## Training

Treasury ensured staff received relevant internal and external training as required for WHS and appropriate workplace behaviour, including:

- 12 staff attended CDC's Emergency Evacuation Training for emergency wardens and chief emergency wardens;
- 11 staff attended information sessions for emergency wardens on cyclone season; and
- one first aid officer completed Apply First Aid training.

**Combat Bullying Training** – As a follow up to the 2014 Northern Territory Government 'People Matter' survey, Treasury arranged for agency-wide Combat Bullying training. Session one was targeted at senior managers and a following three sessions were provided for general staff. In total 122 staff (68.2 per cent) attended.

## Activities

Treasury and WHSC organised and supported a number of activities for 2015-16 in relation to health and wellbeing.

**10 000 Steps** – Treasury participated in two 10 000 Steps Darwin to Alice Springs corporate challenges in November 2015 and June 2016. The challenges encourage participants to monitor daily physical activity levels and decrease incidental activities in the long term. A total of 10 teams consisting of 58 Treasury staff participated in the challenges. All Treasury teams made a fantastic effort, with the winning teams walking 2 671 448 for Toe Jam and 1 396 073 for Walk and a Hard Pace.

**Employee Assistance Programs** – There are six Employee Assistance Program (EAP) providers available for staff to access, which provide counselling services and professional advice. EAP services are promoted to new employees during their induction. There were 31 sessions accessed by staff in 2015-16 and one group session organised by Treasury for Mental Health Week.

**Mental Health Week** – In October 2015, Treasury supported Mental Health Week. The week comprised daily emails with facts, quotes and an online quiz. Staff were also provided with a mental health resource pack.

The week culminated in an afternoon tea with a guest speaker from EASA presenting two information sessions on Busting Stress by Mindfulness.

**Vaccinations** – In April 2016, Treasury offered free in-house influenza vaccinations to all staff. Vaccinations were received by 51 per cent of staff, an increase of 9 per cent from the previous year.

**Work Place Ergonomic Assessment** – Ergonomics is commonly thought of as how employers design tasks and set up work areas to maximise the efficiency and quality of their employees' work. All Treasury staff undergo an ergonomic assessment on commencement or relocation of their workspace.

## Treasury Relocation

After 37 years in Cavenagh House, Treasury relocated to CDC in September 2015. CDC provides a number of bathrooms, showers and bicycle racks for staff use and, as part of the fitout, adjustable desks were provided. Due to the more streamlined layout of CDC, the average office space per employee has reduced to 14.1m<sup>2</sup>.

## Risk Registers

Divisions undertake a strategic risk assessment annually as part of their corporate and business planning, which outlines for each division possible risks, existing controls and measures of the risks. This is assessed by RAC and any further areas of review are identified in consultation with divisions and added to the Internal Audit and Review Schedule for the calendar year.

Treasury risk register records foreseeable risks within a specified area of the workplace and also lists actual risks identified through incidents and quarterly inspections.

Progress reports are provided quarterly to RAC.

## Insurance

Agencies are required to detail the mitigation strategies and processes they have in place to reduce the likelihood or severity of their insurable risks. Insurable risks are risks generally related to workers compensation, assets and inventories, public liability and indemnities. They exclude financial risks and legal costs in action.

## Workers Compensation

Workers compensation insurance was purchased for one employee living and working interstate during 2015-16. This was the only commercial insurance purchased by Treasury.

No new workers compensation claims were lodged during 2015-16.

Table 10: Workers Compensation Claims

|   | 2013-14 | 2014-15 | 2015-16 |
|---|---------|---------|---------|
| Total expenditure                                     | \$9 699 | \$373   | \$0     |
| New claims  | 1       | Nil     | Nil     |
| Claims resolved                                       | 1       | n.a.    | n.a.    |
| Staff receiving ongoing workers compensation payments | Nil     | Nil     | Nil     |

n.a.: not applicable

## Assets and Inventories

Treasury maintains an electronic asset management system, with assets barcoded to enable completion of more efficient and timely stock takes. Asset registers were maintained for fixed, leased and portable and attractive items. Regular stock takes were conducted. Further details are provided earlier in this section in the Internal Audits and Reviews summary.

## Indemnities

Risk assessments are completed for all new agreements.

## Self-insurance

As a general government agency, Treasury self-insures.

## Public Liability

Treasury reduces its public liability risk by limiting public access to Treasury work areas. There are two public front counter areas with no public access to the general Treasury office floor spaces. Treasury WHS staff conduct quarterly risk assessments on the space Treasury occupies in the building, including the public access areas.



## Records and Information

### *Information Act*

Pursuant to section 131(2) of the *Information Act*, the Under Treasurer must report on Treasury's compliance with Part 9 (Records and Archives Management).

### *Website*

The *Information Act* website assists members of the public who are considering applying to access information held by Treasury. The website and supporting documents are reviewed and updated annually. Also, there are links on the website to:

- Treasury's Information Officer's contact details;
- the Act and Regulations;
- a register of government information held by Treasury. The register will assist an applicant to decide if Treasury is likely to have the information they seek and specifies if it is available outside the formal process of lodging a request under the *Information Act*;
- relevant policies, procedures and forms; and
- the Information Commissioner's website.

### *Compliance*

During 2015-16, Treasury received seven information access requests and they were all processed on time in accordance with the requirements under the *Information Act*. The Freedom of Information Annual Report detailing all these requests has been provided to the Office of the Information Commissioner.

In 2015-16, Treasury undertook an annual review of all departmental policies, procedures, forms, manuals and guidelines to ensure documents are in line with relevant legislation including the FMA and *Information Act*.

Treasury continues to monitor and make improvements to its information and records management policies and practices to ensure proper preservation of records and compliance with Records Management Standards for Public Sector Organisations in the Territory.



Corporate Support, Information Manager, Lulu Ng

## Reporting Against Employment Instructions

Employment Instructions and agency requirements under the *Public Sector Employment Management Act* (PSEMA):

| Employment Instruction   | Agency Achievement   |
|--|--|
| <b>Number 1 – Filling Vacancies</b>  |  |
| Chief Executive Officer (CEO) must develop a procedure for the filling of vacancies consistent with PSEMA, its subordinate legislation and any relevant award or enterprise agreement.         | All vacancies filled in line with PSEMA and NTPS Recruitment and Selection Policy. In 2015-16, 46 positions were advertised with 737 applicants. No appeals or grievances were lodged against any of the 46 recruitment processes.   |
| <b>Number 2 – Probation</b>  |  |
| CEO must develop a probation procedure consistent with PSEMA, its subordinate legislation and any relevant award or enterprise agreement.  | All probations resulted in employment confirmation with only one probation extension required during the reporting period.   |
| <b>Number 3 – Natural Justice</b>  |  |
| The principles of natural justice are to be observed in all dealings with employees.   | All recruitment processes continue to be monitored by HR and affected delegates to ensure natural justice. All new staff are provided with induction in appropriate workplace behaviour and provided with information on lodging complaints or accessing assistance. In June 2016 training was available to all department staff in identifying and responding appropriately to bullying and harassment in the workplace. Treasury is also currently implementing an expression of interest register to encourage career development opportunities to all staff. |
| <b>Number 4 – Employee Performance Management and Development Systems</b>  |  |
| CEO must develop and implement an employee performance management and development procedure consistent with PSEMA, its subordinate legislation and any relevant award or enterprise agreement. | Treasury's fully integrated employment development and management system resulted in no significant performance issues in 2015-16. Of all staff, 78 per cent participated in the Employment Development Framework process in 2015-16.  |

*continued*

| Employment Instruction  | Agency Achievement  |
|---|---|
| <b>Number 5 – Medical Examinations</b>  |   |
| CEO may engage a health practitioner to undertake an examination of an employee in accordance with section 45 and 49B of PSEMA. The principles of natural justice must be applied.  | Nil medical examinations, either formal or informal, in 2015-16.  |
| <b>Number 6 – Employee Performance and Inability</b>  |   |
| <p>Agency to provide Office of the Commissioner for Public Employment (OCPE) with information relating to performance and inability.</p> <p>The agency has procedures in place for undertaking performance management and inability consistent with PSEMA and its subordinate legislation and any relevant award or enterprise agreement.</p> | Nil performance issues escalated beyond informal stage and nil inability processes in 2015-16.  |
| <b>Number 7 – Discipline</b>  |   |
| <p>Agency to provide OCPE with information on the extent to which this employment instruction has been used by the agency.</p> <p>CEO may establish procedures regarding discipline within his or her agency consistent with the PSEMA, its subordinate legislation and any relevant award of enterprise agreement.</p>                       | Nil performance issues escalated beyond informal stage and nil disciplinary processes in 2015-16.   |
| <b>Number 8 – Internal Agency Complaints and Section 59 Grievance Reviews</b>   |   |
| CEO must develop an internal employee grievance handling policy and procedure consistent with PSEMA, its subordinate legislation and any relevant award or enterprise agreement.  | Nil complaints escalated beyond informal stage and nil section 59 Grievance Reviews in 2015-16.   |
| <b>Number 9 – Employment Records</b>  |   |
| Agency has responsibility for keeping employee's employment records. The agency must comply with the requirements of PSEMA and its subordinate legislation, the <i>Information Act</i> (Northern Territory) regarding correction, collection and handling of personal information contained on an employee's employment record.               | <p>Personnel records for Treasury are maintained by the DCIS payroll unit.</p> <p>All HR-related documents are stored electronically through Territory Records Manager using a secure HR file and security caveat to restrict access.</p> |

*continued*

| Employment Instruction   | Agency Achievement  |
|--|---|
| <b>Number 10 – Equality of Employment Opportunity Programs</b>   |   |
| CEO must develop an equal employment opportunity (EEO) program consistent with PSEMA, its subordinate legislation, the <i>Anti-Discrimination Act</i> and any relevant award or enterprise agreement. EEO programs must be integrated with corporate, strategic and other agency planning processes. CEO is to report annually on programs and initiatives the agency has developed. Report should also include details on specific action relating to IECD. | Treasury has provided the required policies, processes and reports annually to OCPE as part of the State of the Service reporting process.  |
| <b>Number 11 – Occupational Health and Safety (OHS) Standards Programs</b>   |   |
| A CEO must ensure the application of appropriate OHS standards and programs.<br><br>Agency to report annually on OHS programs.   | Treasury has a full WHSMS with associated procedural documentation and reporting. A full review was conducted in January 2016 and tabled with the RAC. Quarterly updates are provided to RAC and boards.  |
| <b>Number 12 – Code of Conduct</b>   |   |
| The Code of Conduct stipulates the basic level of conduct expected of public sector officers as defined in PSEMA.<br><br>CEO may issue an agency-specific Code of Conduct consistent with PSEMA, its associated subordinate legislation, this code and any other relevant legislation.   | Clearly defined expectations on acceptable behaviour in the workplace and obligations as a Treasury employee are provided as part of a face-to-face induction process with HR.  |
| <b>Number 13 – Appropriate Workplace Behaviour</b>   |   |
| CEO must develop and implement an agency policy and procedure to foster appropriate workplace behaviour and a culture of respect, and to deal effectively with inappropriate workplace behaviour and bullying. The policy and procedure are to be consistent with the PSEMA, its subordinate legislation and any relevant award or enterprise agreement.   | Appropriate Workplace Behaviour Policy and Procedure is available to staff through the Corporate Manual on InSite.<br><br>Appropriate workplace behaviour training was provided with 11 attendees.<br><br>Combat Bullying training highlighted in 2015-16, with 68.2 per cent of staff attending. |

*continued*

| Employment Instruction  | Agency Achievement   |
|---|--|
| <b>Number 14 – Redeployment and Redundancy Procedures</b>   |  |
| Agency to ensure an ongoing employee who may be surplus to requirement is afforded the opportunities as outlined in sections 41-43 of PSEMA and the CEO must give a copy of the written notice issued to the employee stating the reasons for a declaration of surplus status to both the commissioner and any employee organisation prescribed by regulation for the employee. | No surplus officers.   |
| <b>Number 15 – Special Measures</b>   |  |
| Sets out the requirements and conditions for approval of agency special measure plans, programs or arrangements.  | Special measures not applicable – Indigenous recruitment mainly through the ICS program.   |
| <b>PSEMA – Reports by the Commissioner of Public Employment</b>   |  |
| Within three months of the end of each financial year, the Commissioner of Public Employment must report in writing to the Minister on HR management in the public sector during that financial year.   | Treasury met all requirements under PSEMA and associated legislation in relation to providing Agency State of Service reporting to OCPE. |
| <b>PSEMA – Reports by the Commissioner of Public Employment</b>   |  |
| The CEO of an agency must present a report to the appropriate minister on the operations of the agency during a financial year within three months of the end of the financial year.  | Annual reports are prepared by Treasury annually.  |

## Legislation Administered

|   |  |
|---|--|
| <i>Advance Bank Integration Act</i>   | <i>Racing and Betting Act (Part IV, Division 5)</i>                                  |
| <i>Appropriation (2015-2016) Act 2015</i>   | <i>Revenue Units Act 2009</i>  |
| <i>Bank of South Australia (Merger with Advance Bank) Act</i>                                   | <i>Soccer Football Pools Act (provisions about duties)</i>                           |
| <i>Competition Policy Reform (Northern Territory) Act</i>                                       | <i>Stamp Duty Act</i>  |
| <i>Electricity Networks (Third Party Access) Act</i>  | <i>Superannuation Act</i>  |
| <i>Electricity Reform Act</i>   | <i>Superannuation Guarantee (Safety Net) Act</i>                                     |
| <i>Financial Agreement between the Commonwealth, States and Territories (Approval) Act 1994</i> | <i>Taxation Administration Act</i>   |
| <i>Financial Management Act</i>   | <i>Territory Insurance Office (Sale) Act 2014</i>                                    |
| <i>Financial Relations Agreement (Consequential Provisions) Act 2000</i>                        | <i>Totalisator Licensing and Regulation Act (provisions about wagering tax)</i>      |
| <i>First Home Owner Grant Act</i>   | <i>Unclaimed Superannuation Benefits Act</i>   |
| <i>Fiscal Integrity and Transparency Act 2001</i>   | <i>Utilities Commission Act</i>  |
| <i>Gaming Control Act (provisions about taxes and levies)</i>                                   | <i>Water Supply and Sewerage Services Act (provisions about economic regulation)</i> |
| <i>Gaming Machine Act (Part 8)</i>  |  |
| <i>Government Owned Corporations Act</i>  |  |
| <i>McArthur River Project Agreement Ratification Act (provisions about royalties)</i>           |  |
| <i>Merlin Project Agreement Ratification Act (provisions about royalties)</i>                   |  |
| <i>Mineral Royalty Act</i>  |  |
| <i>Mining (Gove Peninsula Nabalco Agreement) Act (provisions about royalties)</i>               |  |
| <i>Motor Accidents (Compensation) Act</i>   |  |
| <i>Motor Accidents (Compensation) Commission Act 2014</i>                                       |  |
| <i>Motor Vehicles Act (Part V)</i>  |  |
| <i>National Electricity (Northern Territory) (National Uniform Legislation) Act</i>             |  |
| <i>Northern Territory Treasury Corporation Act</i>  |  |
| <i>Occupational Licensing (National Uniform Legislation) Act 2011</i>                           |  |
| <i>Payroll Tax Act</i>  |  |
| <i>Petroleum Act (provisions about royalties)</i>   |  |
| <i>Ports Management Act (Economic Regulation)</i>   |  |

## Legislative Changes 2015-16

### Economic Management

#### *Electricity Legislation Amendment Act*

To ensure the operation of the National Electricity Law and Rules in the Territory is consistent with other jurisdictions to the extent possible while addressing the Territory's circumstances through amendment to the *National Electricity (Northern Territory) (National Uniform Legislation) Act* and *Electricity Networks (Third Party Access) Act*.

#### National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations

To ensure the Australian Energy Regulator can prepare to regulate the Territory's electricity networks business under the national electricity regulatory framework with necessary modifications suitable for the Territory's unique circumstances.

### Funds Management

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

Amendments were made to remove redundant provisions that applied to adherent the Northern Territory Government and Public Authorities' Superannuation Scheme NTGPASS members and remove ambiguities in definitions.

#### Northern Territory Supplementary Superannuation Scheme Instrument

The Northern Territory Supplementary Superannuation Scheme (NTSSS) Instrument was amended to allow lost and unclaimed NTSSS benefits to be transferred to an eligible rollover fund.

#### *Superannuation Act*

Amendments were made to:

- facilitate the transfer of adherent (retained and spouse) NTGPASS members to a successor fund;
- remove redundant provisions that applied to adherent NTGPASS members;
- remove the ability for active NTGPASS members to retain their superannuation benefits within NTGPASS in the future; and
- allow lost and unclaimed NTGPASS benefits to be transferred to an eligible rollover fund.

## Own-Source Revenue

### 2016-17 Budget

#### *Home Incentive Schemes (Stamp Duty Act, First Home Owner Grant Act)*

As part of the Territory's 2016-17 Budget, the *Stamp Duty Act* was amended to introduce the First Home Owner Discount (FHOD). From 24 May 2016, first home buyers of established homes were eligible for FHOD, which provides a 50 per cent saving on the stamp duty payable on that purchase, up to a maximum amount of \$10 000. Generally, an established home will have been previously occupied or sold as a place of residence.

The cap of \$10 000 equates to a 50 per cent saving on the duty otherwise payable for a home with a value of about \$449 230. At the time of publication, further legislative amendments to the scheme are due for introduction to Parliament following the change in Government in August 2016.



# Membership of Boards and Committees

## Northern Territory

Aboriginal Affairs Senior Officers Working Group

Aboriginal Land Chief Executive Officers Working Group

Aboriginal Land Working Group

Agents Licensing Fidelity Guarantee Fund Investment Board

ASNEX Executive Review Group

ASNEX Steering Committee

Census Steering Committee and Working Group

Charles Darwin University Audit and Risk Committee

Charles Darwin University Council

Charles Darwin University Finance and Infrastructure Development Committee

Chief Executive Officers Strategic Policy Group

Chief Finance Officers' Forum

Chief Information Officers' Forum

Coordination Committee of Northern Territory Government Chief Executives:

- Economic Development Standing Committee

Core Clinical Systems Renewal Program Procurement Governance Committee

Cross Border Infrastructure and Investment Steering Committee

DCIS Risk and Audit Committee (Chair)

Defence and Territory Government Working Group

Department of Correctional Services Risk and Audit Committee (external member)

Department of Housing Risk and Audit Committee (Chair)

Department of Transport Risk and Audit Committee (external member)

Domestic and Family Violence Steering Committee

Environment and Natural Resource Management Standing Committee of Coord and subcommittee – Senior Officers Group

Executive Remuneration Review Panel

Finance Technical Reference Group

HR Management and Development Committee

ICT Governance Board

ICT Leadership Group

Ichthys Industry Participation Plan Steering Committee

IECD Resource Group

Information Management Committee

Information Officers Forum

Infrastructure Standing Committee

Land Development Corporation Board (member and Treasury observer)

Legal Practitioners Funds Management Committee

Major Infrastructure Investment Steering Committee

Menzies Finance Committee

National Australia Bank Steering Committee

National Disability Insurance Scheme Steering Committee

National Superannuation Policy Officers Group

Native Title and Aboriginal Land Working Group

Northern Territory Electricity Market Stakeholder Working Group (Chair)

Northern Territory Government Workers Compensation Scheme Steering Committee

Northern Territory Legal Aid Commission

Northern Territory Police Legacy Board

NT Build Board

NTTC Advisory Board (Chair and member)

Ord Stage 3 Steering Committee

Palmerston Regional Hospital Operational Costing Oversight Group

Palmerston Regional Hospital Steering Committee

Port Steering Committee  
 Public Trustee Investment Board  
 Records Management Reference Group  
 Records Managers Forum  
 Regulation Impact Committee (Chair)  
 Security Assessment Board  
 Statistical Liaison Network  
 Superannuation Trustee Board  
 Territory Taxation Administration Liaison Committee (Chair)  
 Youth Justice Framework Committee

## National

Australian Statistics Advisory Council  
 Australian Taxation Revenue Office Compliance Committee  
 Council of Australian Governments Energy Council Senior Committee of Officials Working Group  
 Defence Support Industry Working Group  
 GST Administration Subcommittee  
 GST Policy and Administration Advisory Group  
 Heads of Treasuries  
 Heads of Treasuries committees/working parties:
 

- Accounting and Reporting Advisory Committee
- Budget and Financial Framework Advisory Committee

 Heads of Treasuries Deputies  
 Indigenous Expenditure Report Working Group (Subgroup of Steering Committee for Review of Government Service Provision)

National Disability Insurance Scheme Senior Officials Working Group and Design Working Group  
 Northern Performance Reporting Urban Water Policy Working Group

Natural Disaster Relief and Recovery Arrangements Stakeholder Group

State Accounts Users Group

State Heads of Treasuries

State Statistical Forum

State Tax Commissioners committees and subcommittees:

- Business Practices Committee
  - National First Home Owner Grant subcommittee
- Commissioners Group
- Information and Communication Technology Committee
- Revenue Offices Compliance Committee
- Royalty Administration Committee
- Tax Law Committee
- Training and Customer Education Committee

State Taxation Organising Committee

Steering Committee for the Review of Government Service Provision

Treasury Corporate Services Directors' Forum

Working groups for third-party reporting:

- Property Exchange Australia Working Group
- Australian Registrar's National Electronic Conveyancing Council Change Control Subgroup
- Australian Charities and Not-for-profits Commission Working Party



# 3 Achievements



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# Our People

The Department of Treasury and Finance (Treasury) recognises that in order to continue to meet high standards in providing expert advice to the Northern Territory Government and its agencies, it needs to continue to attract, develop and retain talented staff. Treasury strives to maintain an employment strategy strongly focused on training and development, and

offering a range of career pathways and leadership development opportunities. The Territory Government People Matter survey in May 2016 found Treasury's overall employee satisfaction rating was 82 per cent, giving us a strong position from which to continue to meet future demands through innovative, progressive human resource practices.

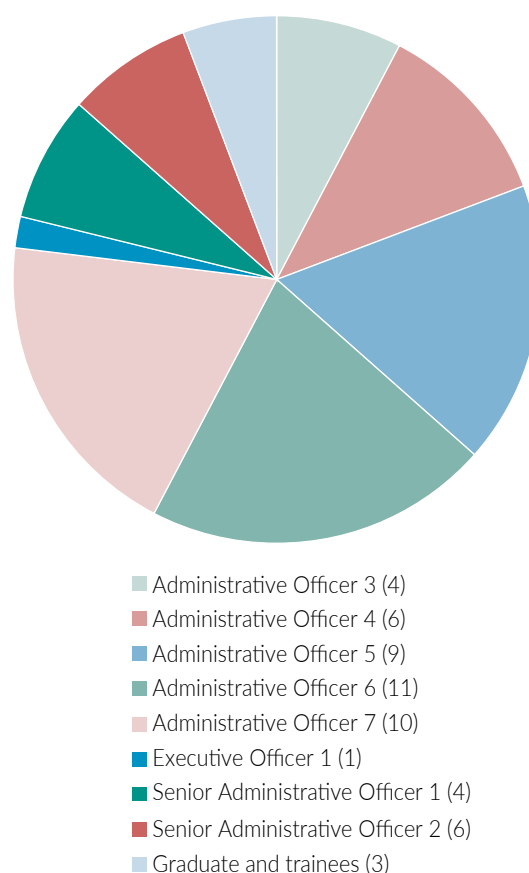
## FACTS

- 37 new staff commenced during 2015 -16, an increase of 15 or 40.5% on previous year
- 737 applications were received for the 46 positions advertised
- 193 applicants were NTPS employees
- 20 applicants identified as Aboriginal and Torres Strait Islander
- 2 applicants identified as having a disability
- 717 applications were lodged online

## Recruitment

The new Northern Territory Public Sector (NTPS) Recruitment and Selection Policy came into effect on 1 June 2016 and was successfully rolled out in Treasury.

Figure 6: Advertisements by Designation



## Retention

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

- Investment in leadership development at various levels of the department has seen Treasury introduce an Emerging Leaders Program (ELP), targeting Administrative Officer (AO) 5 and 6 staff. This will complement the existing Leadership and Executive training offered for AO7 staff and above.
- The annual graduate intake provides a foundation on which the workforce relies for stability with 24 per cent of graduates recruited staying between one and four years and a further 32 per cent staying between five and nine years with Treasury.
- The Finance Officer in Training (FOIT) graduate program has been running for 19 years, with a total intake of 243 graduates. Of the 243 graduates, 74 staff (30 per cent) have continued to be employed in Treasury and a further 34 staff (14 per cent) work in the NTPS. After 19 years of the program, 44 per cent of FOIT graduates are still working within the NTPS or Treasury specifically, and 41 per cent of current Treasury staff were initially recruited through the FOIT program. These figures include the 2015-16 FOIT intake of 10 graduates.
- Professional development opportunities through flexible work design, higher duty opportunities and study assistance seek to keep the interest of staff post appointment and foster a culture of continuous learning.
- With a young workforce, where over 50 per cent of staff are under the age of 35, continually reviewing options around flexible work arrangements, work-life balance and development opportunities for staff investing in raising young families, continues to be a focus.

## Workforce Development

### Employment Programs

Employment programs are important components of Treasury's staff recruitment and retention. Treasury's very successful and award winning FOIT program provides a firm foundation to ensure Treasury has a highly skilled, flexible and resilient workforce.

Table 11: Employment Programs

|         | FOIT | Apprenticeship<br>or traineeship | WILS | ICS | Vacation<br>or work<br>experience |
|---------|------|----------------------------------|------|-----|-----------------------------------|
| 2011-12 | 18   | 1                                | 10   | 2   | 6                                 |
| 2012-13 | 7    | 1                                | 5    | 2   | 2                                 |
| 2013-14 | 12   | 2                                | 6    | 4   | 2                                 |
| 2014-15 | 8    | -                                | 6    | 2   | -                                 |
| 2015-16 | 10   | -                                | 3    | 3   | 2                                 |

### Finance Officer in Training

The FOIT program employs local and interstate graduates from a variety of disciplines, including accounting, economics, business, commerce and law. The program is an important ongoing component of Treasury's recruitment strategy and succession planning.

Graduates undertake a year-long learning opportunity where they undergo work experience in up to four different business units across Treasury, as well as regular in-house training workshops and seminars to further personal and professional development.

Each graduate is also matched with a member of Treasury's Senior Management Group (SMG) under the FOIT mentoring program. The main focus of the mentoring relationship is to enhance the professional abilities of the graduate by providing on-the-job support, through mentors sharing knowledge of the department and providing constructive feedback that supports the mentee's development.

Throughout the year, Graduates assist with fundraising for a variety of charities. This is done as part of Treasury's Social Club, encouraging teamwork within the graduate group and networking across the agency.

## 2015 FOIT Program

The graduating class of 2015 completed their training ahead of schedule and all eight FOITs received offers of permanency as AO4 on 2 November 2015.

Seven FOITs are still employed with Treasury.

| Name              | Placement  |
|-------------------|--|
| Chloe Alderman    | Economic Group – Economic Policy                                   |
| Fraser Byrnes     | Economic Group – Commercial  |
| Alpha Capaque     | Treasury Revenue Office – Royalty and Assurance                    |
| Despina Glynatsis | Financial Management Group – Financial Analysis                    |
| Liana Jongue      | Financial Management Group – Budget Development                    |
| Hannah Skewes     | Economic Group – Economic Analysis                                 |
| Niall Stone       | Corporate Support and Economic Group – Intergovernmental Relations |



2015 FOITs: Hannah Skewes, Rachel Gleeson (resigned), Liana Jongue, Fraser Byrnes, Despina Glynatsis, Chloe Alderman, Alpha Capaque and Niall Stone



## 2016 FOIT Program

Treasury welcomed 10 graduates into the 2016 FOIT program, one of which has since resigned.

| Name               | Degree   |
|--------------------|--|
| Kevin Huynh        | Bachelor of Commerce   |
| Jessica Lim        | Bachelor of Accounting (Work Integrated Learning (WILS) cadet) |
| Mark Langeluddecke | Bachelor of International Business Finance and Trade           |
| Tuuli Haapasalo    | Bachelor of Business Administration (Overseas)                 |
| Ari Stoltze        | Bachelor of Economics (Honours)                                |
| Vaanathy Kandiah   | Bachelor of Commerce (Economics)                               |
| Emma Kotzur        | Bachelor of Economics and Finance                              |
| Haydn Lee          | Bachelor of Finance and Bachelor of Economics                  |
| Vipin Mehta        | Masters of Management (Accounting and Finance)                 |



2016 FOITs: Jorge Constantino Torres (resigned), Jessica Lim, Haydn Lee, Vaanathy Kandiah, Vipin Mehta, Mark Langeluddecke, Emma Kotzur, Kevin Huynh and Ari Stoltze. Absent: Tuuli Haapasalo



WILS and ICS: Darren Johnson, Amelia Jape, Tamara Connop, Jacinta Barbour, Pov Sok and Zach Hughes. Absent: Chloe Ford

## Work Integrated Learning Scholarship

The Work Integrated Learning Scholarship (WILS) is an agreement between Treasury and Charles Darwin University (CDU) that invites full-time students enrolled in economics and accounting at CDU to apply for a scholarship with Treasury. It involves financial assistance with university fees and undertaking work placements during university breaks through the students' studies.

Vaanathy Kandiah and Jessica Lim, WILS cadets with Treasury since 2013, successfully completed their degrees in Economics and Accounting and were accepted into the FOIT program for 2016.

Pov Sok, Tamara Connop and Amelia Jape joined Treasury in 2016 as WILS cadets. Pov is in his first year of study at CDU for Bachelor of Commerce; Amelia and Tamara are both in their first year of Bachelor of Accounting at CDU.

## Indigenous Cadetship Support

The Indigenous Cadetship Support (ICS) program provides financial assistance and work experience to Indigenous students for the duration of their tertiary studies.

Chloe Ford, who is in her final year of the ICS program with Treasury, was successful in winning a scholarship placement to Cambridge University in the United Kingdom. Chloe will be returning to complete her final placement with Treasury in December 2016 and has accepted an offer for the 2017 FOIT program.

Jacinta Barbour is in her second semester of study and is currently undertaking undergraduate studies in the Cross-Institutional Program at CDU. She has completed her first semester at University of Adelaide in Bachelor of International Development Studies and achieved three distinctions and a credit. Jacinta has gained previous work experience in the administration field while living in Alice Springs.

Zach Hughes is in his first year of a Bachelor of Business (majoring in Advanced Leadership) at Flinders University. Zach received multiple awards during high school including a School Leadership Award, Anzac and Australia Day Awards. Among his many achievements, Zach also volunteered at an orphanage in Cambodia during his school holidays.

## Australian Apprenticeships NT

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

Treasury had no apprentices in 2015-16.

## Other Trainees

Phillip Ahwong and Alex Lei both joined Treasury as trainees in Accounting and Information Technology (IT), respectively. Phillip is studying towards a Bachelor of Accounting part time while working with the Treasury Revenue Office (TRO). Alex has completed his Bachelor of Technology in 2015 and is working with the Corporate Support IT unit to further his work experience in the field.

## Community Engagement and Promotion

Treasury also works with the Territory community to encourage future leaders by forming partnerships with schools for awards to recognise academic excellence, and CDU to offer scholarships and work placements to young Territorians. Treasury joins other agencies in providing scholarship support and work placements to young Indigenous staff completing their degrees, with 2015-16 seeing an additional two appointments accepted through the ICS program and one through the WILS program.

## Treasury Forum

The Treasury Forum invites year 11 and 12 students from the Darwin region studying economics, accounting, business, politics and legal studies to learn about what the department does and gain an understanding of the wider career options available in Treasury and NTPS. Treasury also extends an invitation to Certified Public Accountant (CPA) students in Darwin who may be interested in career options.

In addition, the forum provides participants with a better understanding of Treasury's role in developing the budget and also raises awareness of financial management issues from a whole of government perspective.

## Work Experience

Treasury was able to provide a school-based work experience placement in 2015 for an Indigenous student interested in IT.

## Vacation Employment

Students in relevant degree fields are employed during university breaks for periods of up to two months across various Treasury business units. This program enables students to develop an understanding of the functions of the NTPS and develop a range of skills and knowledge relevant to their studies. Treasury commits to an average of 80 weeks' placement for scholarship holders each year.

## Sponsorship

Treasury sponsors a number of academic awards at CDU, the Northern Territory Board of Studies, as well as awards at year 11 and 12 graduation ceremonies at local high schools for excellence in mathematics, accounting, economics and business studies. In 2015 Treasury continued to support a number of award sponsorships for academic performance including Casuarina and Centralian senior colleges and Darwin High School. Overall, Treasury supported two academic awards and 11 graduation awards.

## Career Expo

Treasury promotes various career options available in the agency and NTPS through participation in public events. This included the Darwin Careers Expo and attending a number of events held at CDU, including Orientation Day and 2016 Careers Fair.

## Indigenous Employment and Career Development Strategy

Treasury is committed to improving Indigenous employment outcomes within the agency, across the NTPS and in the Territory community. As a department that values its staff and diversity, Treasury actively seeks ways to enhance Indigenous representation and career progression. Treasury's 2016-21 Indigenous Employment and Career Development (IECD) strategy details how Treasury will recruit Indigenous people and ensure career development opportunities for both our existing and new Indigenous employees.

In 2015, Treasury recruited one external (outside of government) staff member who identified as Indigenous through the open merit process; one Indigenous cadet was recruited through the WILS scholarship program and two Indigenous cadets were recruited through the ICS scholarship program. One full-time trainee was also employed and is being supported to complete his accounting degree on a part-time basis.

Additionally, one of Treasury's long-standing Indigenous staff members completed her Diploma in Management (CDU) through the Lookrukin Leadership development program.

## Grow Your Own

Treasury recognises that the quality of its workforce is reflected in the expert advice it is able to provide to the Territory Government and its agencies. Treasury prides itself on providing a working environment in which employees are challenged to grow and develop both professionally and personally by encouraging further study and offering professional development opportunities.

## Resilient, Flexible Workforce

Treasury is supportive of transfers and secondment opportunities as they assist in building the NTPS' overall capability by providing employees with the opportunity to advance careers and develop personal skills, experience and knowledge. During 2015-16, Treasury had up to 20 staff on temporary transfers to other agencies. As at 30 June 2016, five had accepted permanent transfers, four had returned to Treasury and 11 remain on temporary transfers.

In 2015-16 Treasury continued to support movement of staff between internal business units with over 70 opportunities provided for career development in the form of internal transfers, higher duties and rotation arrangements.

Rotation arrangements are also in place for all staff participating in employment programs such as apprenticeships, scholarship programs and the FOIT program.

## Professional Membership Assistance

Treasury assists staff by reimbursing 50 per cent of fees for annual membership of relevant professional bodies. These include CPA Australia, Institute of Chartered Accountants Australia, Taxation Institute of Australia and Australian Human Resources Institute. In 2015-16, \$4105 was provided in professional membership reimbursement to 17 staff.

## Succession Planning

In addition to offering over 70 opportunities for on-the-job training and higher duties throughout the year, Treasury has now added an expression of interest process for staff members to register their interest in developing skills in particular output groups or roles. This commenced in June 2016 and will be monitored and reported on every six months to measure its success in increasing opportunities over the next financial year.

## Training and Development

Staff is encouraged to continue tertiary study with Treasury supporting study assistance by way of financial reimbursement of enrolment fees and time off to attend courses. Treasury also provides a full program

of in-house training opportunities and a range of initiatives to encourage staff development through study assistance, seminars, conferences, short courses and workshops.

Table 12: Training and Development Expenses

|   | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|---|---------|---------|---------|---------|---------|
| Headcount as at 30 June   | 178     | 169     | 161     | 173     | 179     |
| Total training and development expenses (\$)                      | 261 112 | 159 457 | 129 265 | 165 793 | 236 817 |
| Total employee expenses (\$)                                      | 17.43M  | 18.30M  | 17.16M  | 16.66M  | 16.47M  |
| Training and development as a percentage of employee expenses (%) | 1.5     | 0.87    | 0.75    | 1.0     | 1.4     |
| Training and development expenditure per employee (\$)            | 1 467   | 944     | 803     | 958     | 1 323   |

Note: Training figures above do not incorporate the value of training sessions provided to staff by in-house experts and specialists or the non-monetary assistance provided.

Training provided in 2015-16 included but was not limited to:

- Combat Bullying – say it like it is
- ANZSOG Advanced Leadership training
- Future Leaders Program
- Giving and receiving feedback
- Appropriate workplace behaviour
- Business writing
- Clear writing workshop
- Cross-cultural training
- *Information Act and Privacy*
- Machinery of Government
- Merit selection
- Mock Budget
- Performance management
- Tools and skills for policy practitioner
- Procurement awareness
- Practical Public Policy Design in the NTPS
- Funds managements

## FACTS

- 573 training episodes occurred (this does not include induction)
- Treasury supported 36 tertiary course units for 25 staff through the Study Assistance program
- \$200 544 was spent on training-related expenses
- Training was offered face-to-face, online, distance learning and in-house
- Up to 2.5 hours paid study leave per week for staff to attend lectures, tutorials and exams within working hours, to study online or by distance learning
- Reimbursement of course costs upon successful completion of up to two units per semester (capped at \$1500 per unit)

# Performance Management

## Employee Development Framework

Treasury's automated performance management system, the Employee Development Framework (EDF) remains a fundamental element in developing staff. It comprises a performance management system based on assessment against the NTPS' Capability Leadership Framework, annual feedback reviews and goal-setting, upward feedback from employees to managers and identification of development opportunities.

Through Treasury's performance management system, employees have the opportunity to meet with their managers at least once a year to discuss their career aspirations, professional development and opportunities for future roles. In addition, Treasury's SMG reviews professional development opportunities for middle and senior management staff on a quarterly basis.

## FACTS

- 78% of all Treasury employees completed the EDF process with their supervisor in 2015-16
- 100% of Executive reviews and EDFs were completed
- There were 22 promotions approved (12% of staff)
- One staff member was placed on a formal performance improvement plan and one on a performance development plan
- Graduates complete an individual work plan on commencement of each rotation with a six week review during and on completion of each rotation
- ICS and WILS cadets completed individual work plans on commencement of and review on completion of each placement
- No grievances or formal complaints were received
- One informal complaint at an exit interview was received, investigated and actioned to the reporting staff member's satisfaction



## Staff Achievements

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

### Celebrating Years of Service

On 28 October 2015 the NTPS recognition of service awards was held for staff who reached 30, 35, 40 and 50 years of service. The service awards were a reward and recognition initiative approved by Cabinet in October 2014 and will supplement the Treasury's own biannual service recognition awards.

Treasury had seven staff presented with awards:



Colin Jakobson  
35 years



Gloria Lui  
35 years



Marie Tonks  
35 years



Heidi Maruna  
35 years



William (John) Kidd  
35 years



Gerard Taylor  
30 years



Ursula Sulatycki-Holloway  
30 years



## Economic Group

- Provides economic and policy advice, and assists Government in undertaking economic and regulatory reform.
- Publishes information and analysis on economic and demographic trends that affect the Territory economy.
- Provides research, advice and statistical coordination across government.
- Provides advice and analysis on intergovernmental financial relations including GST revenue distribution.
- Manages submissions and data returns to the Commonwealth Grants Commission (CGC).
- Negotiates, develops and provides advice on funding agreements with the Commonwealth.
- Provides commercial advice on major government infrastructure projects and initiatives and on the government owned corporations framework.



Zovuyo Mazibuko, Principal Policy Analyst, Economic Group

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

## Strategic Goals and Priorities

### Strategic Goal 1

To provide quality analysis and public policy advice on economic and commercial issues.

- 1.1 Undertake analysis and formulate advice on the economic and commercial implications of policy proposals, to assist in informed Government decision-making.
- 1.2 Provide advice to facilitate private investment in public infrastructure and to assist in managing the Government's commercial agreements.
- 1.3 Develop effective corporate governance and policy frameworks for government owned businesses.
- 1.4 Develop regulatory frameworks that promote economic efficiency and performance of the Territory economy.

### Strategic Goal 2

To maintain and develop effective intergovernmental financial relations.

- 2.1 Represents the Territory's interests in CGC processes, which is an important determinant of the Territory's share of GST.
- 2.2 Analyse and advise in relation to national agreements and national partnership agreements including implementation plans and other national reform initiatives.

## Achievements 2015-16

In 2015-16, the Economic Group:

- Provided economic and commercial advice to Government and agencies in relation to:
  - the development of a number of government policies and strategies related to infrastructure funding development and delivery;
  - the development of national competition and productivity reforms;
  - reform of the Territory Government's self-insurance framework; and
  - the development of major projects.
- Published the 2016-17 Northern Territory Economy book, tabled in Parliament in May 2016, providing a detailed assessment of the Territory's economic performance including estimates and forecasts of key economic indicators and industries over the forward estimates period.
- Produced, as new data is released, briefs analysing key indicators of economic activity in the Territory to inform Government decision-making.
- Monitored the Territory fuel market and provided data and advice to support the Government's initiatives to reduce fuel prices in the Territory.
- Established the Northern Territory Infrastructure Development Fund (NTIDF), an independent infrastructure fund intended to attract up to \$1 billion in capital to invest in infrastructure assets that deliver commercial rates of return for the fund's investors.
- Managed the development of the Northern Territory's Schedule to the National Partnership (NP) Agreement on Asset Recycling, which was approved by the Commonwealth Treasurer in May 2016. The schedule details new infrastructure projects for which the Territory is eligible to receive Commonwealth funding contributions of \$40 million.
- Provided support to the Motor Accidents (Compensation) Commissioner in overseeing the management of the Motor Accidents Compensation Scheme and outsourced management agreement with Allianz.
- Reviewed existing corporate governance and policy framework and drafted specific Northern Territory Government Owned Corporations Corporate Governance and Reporting Guidelines.
- Conducted first phase of reforms to the Territory's electricity market to promote competition and efficiency, with the economic regulation of the Territory's regulated electricity networks transferred to the Australian Energy Regulator (AER) and aspects of the national electricity regulatory framework commenced in the Territory.
- Continued the transition from an interim to full wholesale electricity market in the Darwin-Katherine region.
- Introduced a six-month trial of a contestable electricity community service obligation (CSO) subsidy, making the subsidy available to all licenced electricity retailers to encourage competition.
- Commenced work in partnership with the Commonwealth and other jurisdictional governments to implement findings of the Harper report on competition policy.
- Provided written submissions and conducted bilateral consultations with CGC staff to present the Territory's interests in the CGC's 2016 Update of State Revenue Sharing Relativities.
- Conducted analysis and provided advice on a range of new and renegotiated NP agreements and project agreements, including the NP Agreement on Remote Aboriginal Investment and related schedules.

# Performance

## Future Priorities

During 2016-17, the Economic Group priorities are to:

- Continue to develop a regulatory framework and market mechanisms for the Territory's electricity market to encourage competition and efficiency, and adopt national arrangements where suitable to the Territory's circumstances.
- Establish a strengthened electricity retail customer protection framework in the Territory.
- Coordinate the Territory's contribution to the 2017 Indigenous Expenditure Report.
- Conduct analysis and provide advice on the Commonwealth's tax and federation reform agendas.
- Continue to provide high quality economic and commercial advice to Government relating to infrastructure, major projects, land release, gaming applications, and corporate and financial due diligence.
- Continue to provide analysis and advice on key economic indicators and industries in the Territory to support government decision-making and policy development.
- Progress development of an updated Territory population model in collaboration with the Northern Institute at CDU.

Table 13: Economic Management Output Performance

| Performance Measures  | Previous Years    |                   | Current Year        |                   | Target            |
|---|-------------------|-------------------|---------------------|-------------------|-------------------|
|   | 2013-14<br>Actual | 2014-15<br>Actual | 2015-16<br>Estimate | 2015-16<br>Actual | 2016-17<br>Budget |
| <b>Quantity</b>   |                   |                   |                     |                   |                   |
| Capacity to provide policy advice and analysis on economic and related issues               | \$4.95M           | \$5.27M           | \$6.79M             | \$6.38M           | \$8.34M           |
| Publish Northern Territory Economy book   | 1                 | 1                 | 1                   | 1                 | 1                 |
| Provide Territory economic briefs   | 176               | 174               | 174                 | 176               | 174               |
| Publish Territory Economic Review   | 12                | 11                | 11                  | 12                | 11                |
| Publish social indicators briefs  | 12                | 11                | 11                  | 11                | 11                |
| <b>Quality</b>  |                   |                   |                     |                   |                   |
| Treasurer satisfaction survey rating  | 5                 | 5                 | ≥ 5                 | 5                 | ≥ 5               |
| <b>Timeliness</b>   |                   |                   |                     |                   |                   |
| Briefings on Australian Bureau of Statistics (ABS) economic data provided on day of release | 100%              | 100%              | 100%                | 100%              | 100%              |
| Economic publications published by agreed date  | 100%              | 100%              | 100%                | 100%              | 100%              |

Table 14: Payments on Behalf of Government

| Performance Measures                   | Previous Years    |                   | Current Year        |                   | Target            |
|--|-------------------|-------------------|---------------------|-------------------|-------------------|
|  | 2013-14<br>Actual | 2014-15<br>Actual | 2015-16<br>Estimate | 2015-16<br>Actual | 2016-17<br>Budget |
| <b>Quantity</b>                        |                   |                   |                     |                   |                   |
| CSO payment for uniform tariff subsidy | \$64.58M          | \$64.23M          | \$65.83M            | \$65.83M          | \$104.55M         |
| Grants and subsidies                   |                   |                   | \$53.80M            | \$53.82M          |                   |
| GST collection costs                   | \$7.32M           | \$7.10M           | \$7.09M             | \$6.86M           | \$7.09M           |

## Financial Management Group

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



Suzette Hunt, Matthew Spratt, Josh Miles, Zoe Iliou and Liana Jongue

*Effective financial management analysis, reporting and strategic policy advice to the Government regarding whole of government resource issues and major government priorities.*

## Strategic Goals and Priorities

### Strategic Goal 3

To produce a budget and financial management system that supports stable and sustainable economic growth.

- 3.1 Provide accurate and timely advice on key fiscal targets to support key decision-making.
- 3.2 Ensure expenditure is kept within appropriate and authorised amounts.
- 3.3 Support initiatives to achieve allocation of resources to high value areas.
- 3.4 Work collaboratively with agencies to minimise the cost of delivering government services and update delivery models as required.

## Achievements 2015-16

Treasury is responsible for developing several major government financial publications, which in 2015-16 included the 2016-17 Budget, the 2014-15 Treasurer's Annual Financial Report (TAFR), the 2015-16 Mid-Year Report and the Treasurer's quarterly financial reports. These publications were developed in accordance with the Government's fiscal strategy and provide detailed analysis on the Territory's current fiscal position and future years' projections.

Treasury continued to ensure expenditure was kept within appropriate and authorised amounts by:

- providing advice on budgetary and financial issues affecting the Territory's financial resources;
- analysing agency budget requirements and proposals;
- continuing to monitor and analyse monthly agency budget versus actual outcomes, and CHA transactions and its effect on fiscal targets;
- facilitating early engagement with agencies experiencing budget pressures through regular agency meetings to provide advice and pre-empt budgetary issues;
- reporting and analysing infrastructure budget requirements;

- taking a more proactive approach towards financial management and compliance through regular meetings with agencies; and
- managing financial accountabilities as prescribed in the FMA, including the continued development, review and amendment to Treasurer's Directions (TDs).

To assist in providing a better understanding of project resource requirements and availability, Treasury continued to be involved in the early development stages of major government projects and initiatives. In 2015-16, this included input into the Territory's infrastructure program incorporating investment in urban public housing, major health information technology system upgrades and review of funding arrangements to support correctional services.

In 2015-16, Treasury continued to develop relationships and work collaboratively with agencies to manage whole of government budget processes. Treasury also continued to capture and disseminate agency information through ongoing communications with agencies, including reviewing and addressing emerging agency budget issues as they arose, and contributed towards professional development for agency finance teams.

## Future Priorities:

During 2016-17, the Financial Management Group's (FMG's) priorities are to:

- prepare and publish the 2016 Pre-Election Fiscal Outlook (PEFO);
- prepare and publish the 2015-16 TAFR and the 2016-17 Mid-Year Report;
- assist Government in the development of the 2017-18 Budget and updated fiscal strategy;
- provide advice and support to agencies to implement machinery of government changes for the incoming Government;
- continue to monitor, develop and publish critical whole of government financial information;
- enhance and strengthen the existing Budget Monitoring Framework ;
- establish bi-monthly finance education sessions for agencies to discuss emerging financial reporting and technical improvements;

- continue to provide advice, analysis and assistance on whole of government major projects and agency issues that have resource implications; and
- continue to develop, review and amend the TDs.

In addition to the above priorities, there are a number of significant changes to the Australian Accounting Standards that require implementation in 2016-17. To enable the Government to meet its reporting obligations, Treasury will be increasing its presence at meetings with other jurisdictions to develop consistent policies and approaches in implementing the new Accounting Standards. Changes to reporting obligations will be disseminated to agencies through the commencement of bi-monthly agency finance education sessions.

In addition, the ABS has released an updated Government Finance Statistics Manual, which requires significant revisions to systems and data collection across government. This is a key priority in 2016-17 as reporting on the revised framework commences 1 July 2017.



Table 15: Financial Management Output Performance

| Performance Measures  | Previous Years    |                   | Current Year        |                   | Target            |
|---|-------------------|-------------------|---------------------|-------------------|-------------------|
|   | 2013-14<br>Actual | 2014-15<br>Actual | 2015-16<br>Estimate | 2015-16<br>Actual | 2016-17<br>Budget |
| <b>Quantity</b>   |                   |                   |                     |                   |                   |
| Develop and present the Budget  | 1                 | 1                 | 1                   | 1                 | 1                 |
| Financial reporting – PEFO, TAFR, Mid-Year Report, Treasurer's quarterly financial reports                  | 5                 | 5                 | 5                   | 5                 | 6                 |
| Capacity to provide policy advice and analysis on financial management issues                               | \$4.80M           | \$4.36M           | \$5.40M             | \$4.29M           | \$5.66M           |
| <b>Quality</b>  |                   |                   |                     |                   |                   |
| Compliance with the Uniform Presentation Framework requirements for whole of government financial reporting | 100%              | 100%              | 100%                | 100%              | 100%              |
| Treasurer satisfaction survey rating  | 5                 | 6                 | ≥ 5                 | 6                 | ≥ 5               |
| <b>Timeliness</b>   |                   |                   |                     |                   |                   |
| Budget published by date set by Treasurer   | yes               | yes               | yes                 | yes               | yes               |
| TAFR published in accordance with legislation   | yes               | yes               | yes                 | yes               | yes               |
| Mid-Year Report published in accordance with legislation  | yes               | yes               | yes                 | yes               | yes               |
| Treasurer's quarterly financial reports published in accordance with legislation                            | yes               | yes               | yes                 | yes               | yes               |

## Funds Management

### Superannuation Office

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



Corinne Pohlman, Senior Benefits Officer, Superannuation Office

*Effective and responsive superannuation services that meet the expectations of fund beneficiaries, members and employers.*

## Northern Territory Treasury Corporation

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



Daniel Susantio, Senior Accounting Officer, Treasury Corporation

## Strategic Goals and Priorities

### Strategic Goal 4

To provide effective funds management and public sector superannuation.

- 4.1 Provide the Government with cost-effective funding, efficient financial management and reliable service.
- 4.2 Undertake borrowing and investment activities appropriate to prevailing and prospective conditions in financial markets.
- 4.3 Provide effective and responsive superannuation services that meet the expectations of fund beneficiaries, members and employers.
- 4.4 Continue efficiency drive through simplification of legislation and scheme rules administered by the Superannuation Office.

## Achievements 2015-16

The following indicators are provided as measures of funds management performance:

- weighted average cost of term borrowings during the 2015-16 year – 2.75 per cent;
- weighted average cost of issued debt at 30 June 2016 – 5.00 per cent;
- weighted average duration of borrowings – 4.2 years;
- weighted average term to maturity of borrowings – 5.0 years;
- weighted average interest rate of loans issued during the 2015-16 year – 4.24 per cent;
- weighted average interest rate of outstanding loans at 30 June 2016 – 5.38 per cent;
- weighted average duration of loans – 3.3 years; and
- weighted average term to maturity of loans – 4.3 years.

In terms of Superannuation assets, investment markets were volatile in 2015-16, with the Northern Territory Government and Public Authorities' Superannuation Scheme (NTGPASS) default 'Growth' option returning a very modest 1.66 per cent. This largely reflected the slowdown in China's economic growth, decreasing oil prices, uncertainty around Brexit and the Australian economy's transition out of the resources boom.

The Superannuation Office continued to put a strong emphasis on communication with members during 2015-16. This included delivery of face-to-face information sessions, preparation and publication of annual reports, and ongoing review and updating of other publications, such as fact sheets, the Superannuation Office website and information books.

## Future Priorities

During 2016-17, the Funds Management Group priorities are to:

- commence transferring lost and unclaimed superannuation accounts to AUSfund, an eligible rollover fund;
- implement Government's 2016-17 borrowing program; and
- continue to ensure the Territory's funding, investment and liquidity benchmarks are met.

Table 16: Superannuation Output Performance

| Performance Measures   | Previous Years    |                   | Current Year        |                     | Target            |
|--|-------------------|-------------------|---------------------|---------------------|-------------------|
|  | 2013-14<br>Actual | 2014-15<br>Actual | 2015-16<br>Estimate | 2015-16<br>Actual   | 2016-17<br>Budget |
| <b>Quantity</b>  |                   |                   |                     |                     |                   |
| Capacity to provide policy advice and services on superannuation | \$3.80M           | \$3.70M           | \$3.84M             | \$3.01M             | \$2.99M           |
| <b>Quality</b>   |                   |                   |                     |                     |                   |
| Benefits processed   | 1 590             | 1 751             | 4 3761              | 5 329               | 1 743             |
| Benefits paid  | \$232.51M         | \$263.35M         | \$515M <sup>1</sup> | \$558M <sup>1</sup> | \$174M            |
| Seminars held  | 17                | 7                 | 10                  | 7                   | 5                 |
| <b>Stakeholder satisfaction survey rating</b>                    |                   |                   |                     |                     |                   |
| Members and associated boards                                    | 5                 | 5                 | ≥ 5                 | 5                   | ≥ 5               |
| Treasurer  | 4                 | 5                 | ≥ 5                 | 5                   | ≥ 5               |

1 2015-16 included the one-off transfer of retained NTGPASS members to a successor fund.

Table 17: Northern Territory Treasury Corporation (NTTC) Business Line Performance

| Performance Measures  | Previous Years    |                   | Current Year        |                   | Target            |
|---|-------------------|-------------------|---------------------|-------------------|-------------------|
|   | 2013-14<br>Actual | 2014-15<br>Actual | 2015-16<br>Estimate | 2015-16<br>Actual | 2016-17<br>Budget |
| <b>Quantity</b>   |                   |                   |                     |                   |                   |
| Weighted average cost of borrowings during the year           | 4.23%             | 2.51%             | 3.00%               | 2.22%             | 4.50%             |
| <b>Quality</b>  |                   |                   |                     |                   |                   |
| Borrowing rate margin compared to industry peers <sup>1</sup> | + 0.38%           | n.a.              | ≤ 0.25%             | n.a               | ≤ 0.25%           |
| Investment portfolio return above benchmark <sup>2</sup>      | + 0.28%           | + 0.27%           | ± 0.25%             | + 0.31%           | ± 0.25%           |
| <b>Stakeholder satisfaction survey rating</b>                 |                   |                   |                     |                   |                   |
| Clients <sup>3</sup>  | 5                 | 5                 | ≥ 5                 | 5                 | ≥ 5               |
| Treasurer   | 5                 | 5                 | ≥ 5                 | 5                 | ≥ 5               |

n.a.: not available

- 1 State and territory governments' central financing authorities. NTTC did not issue any term funding into the wholesale financial market during the financial year 2015-16.
- 2 The benchmark is the weighted relevant Bloomberg AusBond indices. The composite benchmark return for 2015-16 was 2.24 per cent while NTTC achieved a return of 2.55 per cent.
- 3 A stakeholder satisfaction rating is obtained from government owned business divisions, the government owned corporation and local government authorities.

## Territory Revenue Office

- Collects Territory revenue in accordance with the relevant tax and royalty legislation.
- Provides advice on, and administration of, tax and royalty legislation.
- Provides education and information programs to assist tax and royalty payers' compliance.
- Minimises losses to revenue through compliance activity.
- Administers the First Home Owner Grant (FHOG) and other home incentive schemes.
- Provides revenue modelling and forecasting.
- Develops tax and royalty-related systems.



Kausalya Ajaykumar, Principal Business Analyst and Ken Li, Information Analyst, Revenue Information and Systems, Territory Revenue Office

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

## Strategic Goals and Priorities

### Strategic Goal 5

To provide a fair and efficient Territory revenue system.

- 5.1 Ensure the integrity of tax, royalty and benefits schemes.
- 5.2 Deliver value for money across all operations.
- 5.3 Make it easier to do business with the Government.

## Achievements 2015-16

- Advice was provided to government on taxation reform options following the release by the Commonwealth of the 2015 White Paper.
- Significant work proceeded on the long-term project to renew the core revenue information systems to ensure these are robust and contemporary including a major overhaul of the systems for the electronic lodgement of payroll tax returns and reconciliation of monthly payments.
- Improvements were made to the online stamp duty assessment module used by conveyancers based on participant feedback and identified efficiency measures with the system moved to a more contemporary platform.
- Continued efforts were made to source external datasets to strengthen data matching and compliance activities such as data from land title registry and work health to assist with improving compliance and revenue laws.
- Correspondence and other communications were refined to draw on lessons learned from behavioural economics by accounting for the effects of psychological, social, cognitive and emotional factors on the decisions of individuals to make paying taxes a priority.
- TRO delivered various training and participated with other revenue offices in the delivery of weekly harmonised payroll tax webinars.
- Stakeholders were actively engaged to identify opportunities for greater cooperation, together with better targeted communication and education, resulting in improved services.
- Red tape and compliance costs were assessed and steps have been taken to meet red tape reduction targets.
- Website content was provided for employers in the Territory, on property taxes and getting financial help to build or buy a home.
- The Territory's non-renewable mineral and petroleum resources continued to be promoted.
- Commissioner's Guidelines and payroll tax rulings were maintained.
- Revenue circular RC-GEN-017 was released in 2015-16. Other related forms and publications were also updated to reflect stamp duty changes as a result of the new discount.
- Employers' Guide to Payroll Tax in the Northern Territory (I-PRT-001) was updated and the revised version published in time for the 2016-17 financial year.
- Conveyance by Return User Guide was updated and the revised version published in conjunction with system upgrades in 2016.



## Future Priorities

During 2016-17, the TRO's priorities are to:

- continue modernisation of the revenue laws and improve levels of understanding and compliance with these laws;
- enhance the administration of taxes through access to better data and business intelligence approaches;
- upgrade core information technology systems;
- develop information and educational tools that make it easy for taxpayers to comply with their obligations; and
- advise on, develop and implement budget revenue and home incentive options for Government.

Table 18: Revenue Management Output Performance

| Performance Measures  | Previous Years    |                   | Current Year        |                   | Target            |
|---|-------------------|-------------------|---------------------|-------------------|-------------------|
|   | 2013-14<br>Actual | 2014-15<br>Actual | 2015-16<br>Estimate | 2015-16<br>Actual | 2016-17<br>Budget |
| <b>Quantity</b>   |                   |                   |                     |                   |                   |
| Territory revenue collected <sup>1</sup>                        | \$766.87M         | \$915.29M         | \$885.77M           | \$855.41M         | \$779.71M         |
| Capacity to manage Territory revenue-related activities         | \$5.96M           | \$6.70M           | \$7.27M             | \$5.99M           | \$6.97M           |
| Subsidy payments  | \$18.80M          | \$18.97M          | \$10.50M            | \$11.69M          | \$10.50M          |
| <b>Quality</b>  |                   |                   |                     |                   |                   |
| Territory revenue forecast accuracy <sup>2</sup>                | - 1.65%           | + 17.29%          | ± 5%                | - 2.54%           | ± 5%              |
| <b>Stakeholder satisfaction survey rating</b>                   |                   |                   |                     |                   |                   |
| Taxpayers <sup>3</sup>  | 5.21              | 5.21              | ≥ 5                 | 5.11              | ≥ 5               |
| Treasurer   | 5                 | 6                 | ≥ 5                 | 5                 | ≥ 5               |
| Assessment accuracy <sup>4</sup>                                | 99.9%             | 99.9%             | ≥ 99%               | 99.9%             | ≥ 99%             |
| Accuracy of FHOG payments processed                             | 100%              | 100%              | 100%                | 100%              | 100%              |
| <b>Timeliness</b>   |                   |                   |                     |                   |                   |
| Revenue received within agreed timeframes                       | 93.0%             | 93.3%             | ≥ 95%               | 96.7%             | ≥ 95%             |
| Services completed within agreed service standards <sup>5</sup> | 96.7%             | 96.4%             | ≥ 95%               | 97.9%             | ≥ 95%             |

<sup>1</sup> Includes taxes, gambling revenue and mining royalties.

<sup>2</sup> Reflects the difference between the estimate and actual revenue collected.

<sup>3</sup> Determined via an email survey issued to more than 2300 clients.

<sup>4</sup> The percentage of assessments issued for the year not revised by way of allowed objections and appeals.

<sup>5</sup> The weighted average performance of a series of lower level measures in the TRO Service Charter as published on the TRO website. Table 19 details the components that comprise the weighted average.

Table 19: TRO Standards Published in the Service Charter

| Performance Measures   | Previous Years    |                   | Current Year        |                   | Target            |
|--|-------------------|-------------------|---------------------|-------------------|-------------------|
|  | 2013-14<br>Actual | 2014-15<br>Actual | 2015-16<br>Estimate | 2015-16<br>Actual | 2016-17<br>Budget |
|  | %                 | %                 | %                   | %                 | %                 |
| Stamp duty assessing document turnaround<br>(proportion assessed within five working days) | 96                | 93                | 90                  | 92                | 90                |
| Response to written inquiries within 14 days of receipt                                    | 85                | 85                | 90                  | 95                | 90                |
| Audits completed within respective timeframes <sup>1</sup>                                 | 87                | 87                | 80                  | 76 <sup>2</sup>   | 80                |
| Objections determined within 120 days  | 83                | 74                | 80                  | 62 <sup>3</sup>   | 80                |
| Other grant applications determined within<br>respective timeframes <sup>4</sup>           | 100               | 100               | 100                 | 100               | 100               |

- 1 Territory payroll tax, stamp duty and FHOG audits completed within 120 days, and mining and petroleum royalty audits completed within 180 days of commencement.
- 2 The number of audits doubled in 2015-16 compared with 2014-15 in a considered effort to reduce the number of outstanding royalty assessments. As a result the percentage of audits completed within 180 days has fallen below the agreed service standard.
- 3 There were a number of complex long-running objections determined in 2015-16 from a small base, however the target was missed by three objections.
- 4 The measure is the weighted average performance of other grant applications processed within the timeframes stated in the TRO Service Charter. The relevant standards are that 95 per cent of approved FHOG payments are made within 24 hours of the payment eligibility date and other grant applications are paid within five business days of receipt of all relevant information.

## Treasury Services Group

The Treasury Services Group provides services to Treasury, including:

- finance, procurement and office services;
- human resource management, recruitment, employment and staff development programs;
- IT, communications and records management;
- publishing services;
- overseeing Natural Disaster Relief and Recovery Arrangements (NDRRA) on behalf of the Territory; and
- central coordination and liaison between the Treasurer's Office, Ministers, Cabinet Office, Legislative Assembly and other government agencies on Cabinet and ministerial business.



Aimee Williams, Nadine Parkinson and Petros Pastrikos, Office Services, Corporate Support

*Provide a range of corporate and governance services to support the functions of the agency and NTTC, ensuring the agency is compliant with legislation and strategic goals are achieved through the provision of essential core services and advice to staff.*

## Strategic Goals and Priorities

### Strategic Goal 6

To develop the capability of Treasury and its people.

- 6.1 Enhance open and effective communication between staff in Treasury.
- 6.2 Develop productive and relevant partnerships with agencies and key external stakeholders.
- 6.3 Recruit and retain appropriately skilled staff.
- 6.4 Develop management and leadership capability of staff.
- 6.5 Strive for a healthy work/life balance.
- 6.6 Ensure systems meet current and emerging business needs.
- 6.7 Develop and review processes to meet Treasury's vision.

## Achievements 2015-16

Treasury Services Group achievements in human resources, finance, organisational development, and risk and audit are also provided in The Agency, Corporate Governance and Financial Performance sections of this report.

Treasury enhances open and effective communication through its intranet site, InSite, which makes all policies, procedures and forms available to all staff, and through regular staff meetings and formal email correspondence.

In 2015-16, Treasury developed and maintained cooperative partnerships with its stakeholders, and staff sit on a number of boards and committees. Treasury's role in working with the community to promote Treasury as a possible future employer is outlined in the Community Engagement and Promotion section earlier in this chapter.

### Treasury Relocation

Treasury relocated from Cavenagh House to Charles Darwin Centre (CDC) in September 2015. After 37 years in the same building, this major project affected all staff in the lead up to the move but in particular the Treasury Services Group, as assets and records needed to be assessed and relocated or disposed.

In preparation for the move, the following was achieved:

- reduced on-site record holdings by 83.2 per cent;
- conversion to Electronic Document Record Management (EDRM) for the agency;
- coordination of the information and communication technology (ICT) component of the building relocation to CDC, including conference rooms, desk and network setup;
- upgrade of NTTC devices prior to building relocation to mitigate risk; and
- installation of a new video conferencing facility into CDC.

### Information Communications and Technology Strategic Plan 2013-16

- Reviewed and updated Treasury internal policies to reflect ICT Services TDs.
- Significant reduction in leased assets (primarily computers).
- Created a staff intranet site to replace the existing site as it was unable to function at CDC.
- Rolled out Internet Explorer 11 (IE11) to Treasury, replacing Internet Explorer 8 (IE8).
- Updated the billing process and streamlined the Telstra mobile fleet plans.
- Created an Information and Records Management Unit project site.
- Implemented a new self-service password reset solution to enable end users to reset passwords without contacting the service centre.
- Quarterly meetings with business information system owners held.

### Records Management Plan 2013-16

- Government Revenue Management Disposal Schedule has been developed and authorised by the Northern Territory Archives Service.
- The disposal schedule for Northern Territory Government Economic and Commercial Management (ECM) and FMG has been developed and submitted to the Retention and Disposal Workgroup and Committee for approval.
- Imported approximately 7000 electronic documents in Territory Records Manager (TRM) for the Superannuation Office.

## Future Priorities

During 2016-17, the Treasury Services Group's priorities are to:

- review, update and release Corporate Support's Service Guide to provide clarity to stakeholders as to the role of Corporate Support;
- continue focus on governance, risk and audit, and accountability of agency processes and procedures;
- review the inaugural ELP to ensure it meets Treasury's requirements in developing middle management levels across the department, ensuring it complements the existing Leadership and Executive training programs;
- review the People Matter survey results and develop an action plan including an implementation timeline;
- review the Commonwealth's proposed changes to NDRRA, including running a pilot program to assess the impact on the Territory;
- review and revitalise the recruitment advertising and processes regarding the FOIT program to maximise recruitment returns;
- provide relevant training courses to ensure Treasury employees are aware of their obligations in line with NTPS values;
- IECD strategy – continue to actively seek ways to enhance Indigenous representation and career progression within the Treasury workforce;
- finalise the ECM and FMG disposal schedule and review the Superannuation disposal schedule;
- develop disposal projects for Treasury records that are due for destruction in accordance with the relevant disposal schedule, including TRO;
- continue to revise and review annual budget production processes; and
- develop TRM workflow/action and templates for the transition of eCab from SharePoint to TRM.

Table 20: Corporate and Governance Output Performance

| Performance Measures  | Previous Years    |                   | Current Year        |                   | Target            |
|---|-------------------|-------------------|---------------------|-------------------|-------------------|
|   | 2013-14<br>Actual | 2014-15<br>Actual | 2015-16<br>Estimate | 2015-16<br>Actual | 2016-17<br>Budget |
| <b>Quantity</b>   |                   |                   |                     |                   |                   |
| Capacity to provide corporate and governance services to support the function of the agency | \$4.33M           | \$4.65M           | \$5.36M             | \$5.21M           | \$5.23M           |
| Internal audits and reviews conducted   | 35                | 98                | 98                  | 114               | 98                |
| <b>Quality</b>  |                   |                   |                     |                   |                   |
| Stakeholder satisfaction survey rating <sup>1</sup>   | n.a.              | 5                 | ≥ 5                 | 5                 | ≥ 5               |
| <b>Timeliness</b>   |                   |                   |                     |                   |                   |
| Accounts paid within 30 days  | 90.7%             | 94.9%             | 94%                 | 94%               | 94%               |
| Procurement completed within 60 days  | 75%               | 100%              | 90%                 | 100%              | 90%               |

n.a.: not applicable

<sup>1</sup> Stakeholders are internal clients of the Treasury Services Group.

## Utilities Commission (Economic Regulation)

The Utilities Commission manages the Territory's economic regulatory regime in relation to the provision of utilities services (that is, electricity, water and sewerage service industries and declared ports) and, as necessary, promotes competition or, in its absence, simulates a competitive market to prevent the misuse of monopoly power. Services include:

- regulating prices charged by government and other businesses for providing certain monopoly services;
- performing licensing functions;
- developing, monitoring and enforcing compliance with, and promoting improvement in, standards and conditions of service and supply;
- making and monitoring the operation of codes and rules relating to the conduct or operations of a regulated industry or licensed entities;
- investigating complaints relating to the conduct or operations of licensed entities;
- assisting consumers, industry participants, potential market participants and other stakeholders with information; and
- advising the Minister on any matter referred by the Minister.

*An economic regulatory framework for the delivery of utility services that serves the long-term interests of Territory consumers.*

### Strategic Goals and Objectives

|  |   |   |
|--|---|---|
| <b>Strategic Goal</b><br><br>To provide an economic regulatory framework for the delivery of utility services that serves the long-term interest of Territory consumers. | 1 | To contribute to a measurable improvement in the technical performance of the power system.   |
|  | 2 | To contribute to the development and implementation of the reform program for the Territory's electricity industry.   |
|  | 3 | To contribute to ensuring customers benefit from competition and efficiency.  |
|  | 4 | To ensure the Commission's existing functions in all industries, including water, sewerage and ports were undertaken in an effective and efficient manner including through collaborative work with regulatory bodies from other jurisdictions. |



## Achievements 2015-16

In 2015-16, the Utilities Commission:

- continued to focus on technical performance and the impact of structural separation of the Power and Water Corporation (PWC) on the Territory's power system as part of its annual Power System Review;
- varied the Retail Supply Code to reflect arrangements post-structural separation of PWC and considered an application for further amendments to the Code;
- reviewed PWC's water asset management plans in 2015-16 in its efforts to encourage more timely and robust asset planning. The Commission also provided advice to licensees and stakeholders on water licencing issues;
- commenced its role as the economic regulator for prescribed ports;
- published updated Compliance Framework and Reporting Guidelines;
- received Compliance Reports from licensees in relation to breaches occurring in the previous financial year and published a summary Compliance Report on the breaches reported;
- provided advice in relation to the Territory's licensing and regulatory frameworks, and the Commission's licence application process;
- on 30 June 2016, the Commission granted electricity retail and standard generation licences to EDL NGD (NT) Pty Ltd;
- commenced an audit of PWC in relation to the 2014-19 Network Price Determination;
- provided advice to the Treasurer on issues related to electricity retail pricing, associated CSOs and small customer protections; and
- continued to engage with national bodies such as the Australian Energy Market Operator (AEMO) and the AER.

## Future Priorities

During 2016-17, the Commission's priorities are to:

- monitor progress of actions arising from major system incidents and encourage greater focus on planning and performance of the power system consistent with the national electricity market;
- encourage market participants to adopt policies and procedures consistent with those used by national bodies and representing good electricity industry practice;
- provide advice and assistance in implementing the Territory electricity market;
- continue to engage with national bodies, such as AER and AEMO, and other jurisdictional regulators;
- continue to focus on ensuring the compliance systems of licensees and industry participants are robust;
- ensure access and price regulation of the Port of Darwin is undertaken in an efficient and effective manner; and
- engage with Government on the future role of the Commission and contribute, where possible, to the Government's reform program.

Table 21: Utilities Commission Output Performance

| Performance Measures   | Previous Years    |                   | Current Year        |                   | Target            |
|--|-------------------|-------------------|---------------------|-------------------|-------------------|
|  | 2013-14<br>Actual | 2014-15<br>Actual | 2015-16<br>Estimate | 2015-16<br>Actual | 2016-17<br>Budget |
| <b>Quantity</b>  |                   |                   |                     |                   |                   |
| Capacity to administer regulatory regime                                     | \$0.99M           | \$0.91M           | \$0.94M             | \$0.89M           | \$0.71M           |
| Capacity to advise Regulatory Minister                                       | \$0.42M           | \$0.39M           | \$0.41M             | \$0.38M           | \$0.31M           |
| <b>Quality</b>   |                   |                   |                     |                   |                   |
| Treasurer satisfaction survey rating   | 5                 | 5                 | ≥ 5                 | 5                 | ≥ 5               |
| <b>Timeliness</b>  |                   |                   |                     |                   |                   |
| Determinations and approvals issued within statutory timeframes <sup>1</sup> | 100%              | 100%              | 100%                | 100%              | 100%              |

1 Covers determinations and approvals on monopoly pricing, minimum service standards and other activities as provided for under the *Utilities Commission Act* and other relevant industry regulation legislation.

# Corporate Social Responsibility

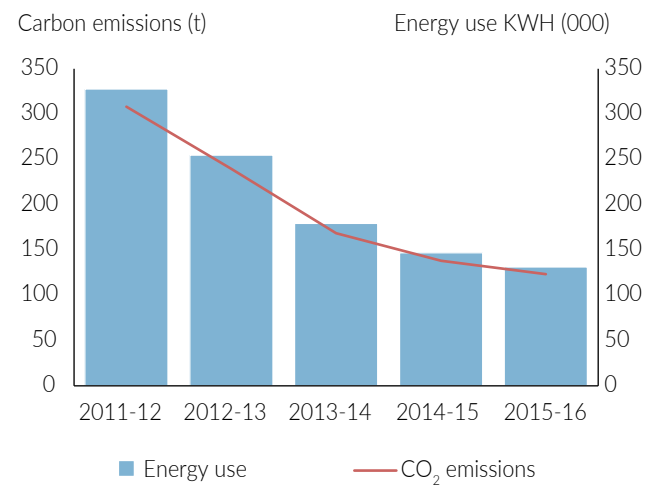
3

## Environmental Reporting

### Energy Use

Treasury's energy use has continually decreased over the past five years due to the strategies implemented while at Cavenagh House. During the relocation in 2015, Treasury recorded energy use at both CDC and Cavenagh House in August with both buildings in use. Even with this additional energy used, the overall energy use by Treasury has decreased by 10.7 per cent from the previous year, which is attributed to the energy efficiency of CDC and the cooperation of staff in reducing overall usage.

Figure 7: Energy Use

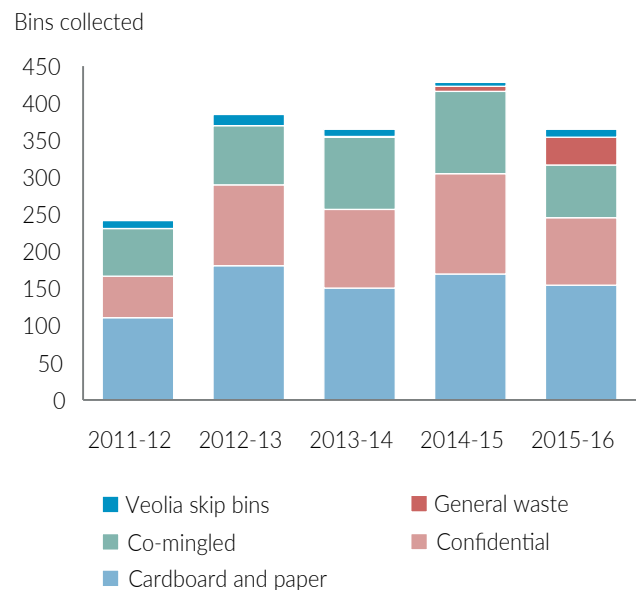


### Recycling

Treasury relocated to CDC September 2015 and as shown in Figure 8 there was a spike in the use of general waste bins during the moving period from July to September 2015.

Due to the movement to electronic records management, the need to recycle paper and cardboard materials has reduced. Treasury continues to supply three different types of bins on each floor consisting of confidential bins, co-mingled bins, and paper and cardboard bins. Treasury also continues to recycle printer toners, cartridges and mobile phones.

Figure 8: Recycling and Waste



## Supporting the Community

### Social Club

Through Treasury's Social Club, staff members support a number of charitable and social events each year, with graduates and trainees taking an active role in the club as business unit representatives and event organisers. The events are an important opportunity for staff to gather socially and contribute toward local community events and fundraising appeals.

In 2015-16, Treasury's charitable and social events raised over \$4758 with donations going to a number of charity organisations. These events included: Movember, which raises funds and awareness for men's health; Jeans for Genes Day with donations towards the Children's Medical Research Institute; National Youth Week with donations towards Headspace; Red Nose Day to support SIDS and Kids; and Australia's Biggest Morning Tea to support the Cancer Council.

### Movember



Simon Lawrence, Lance Dolan, Eric Vo, Shlok Sharma

During November 2015 several Treasury staff members participated in Movember. The event is held in Australia and around the world and aims to raise vital funds and awareness for men's health, specifically prostate cancer and male mental health issues. For the month of November, male staff members grew moustaches and sought sponsorship for their moustache-growing efforts, raising a combined total of \$3155.

### Katherine to Darwin Challenge



Staff member Andrew Baylis participated again this year in the Katherine to Darwin Challenge, 25 to 27 June 2016, a cycling event with 30 riders completing over 300km in three consecutive days. The aim was to raise funds for Total Recreation, a community-based not-for-profit organisation that provides opportunities for people with disabilities to participate in sporting and recreational activities. This year the ride raised a massive \$57 500, Andrew was successful in raising nearly \$2000 through donations.

## World's Greatest Shave



Staff member Tarrant Moore participated in the World's Greatest Shave on 18 March 2016, sporting a coloured Mohawk for the day before going for the overall shave of his luscious curly locks and raising \$1581 for the Leukaemia Foundation.

## Community Champion

The Community Champions Program is coordinated by the Office of Aboriginal Affairs from the former Department of Local Government and Community Services. The aim of the program is to appoint an agency Chief Executive to a specific remote community to enable the identification of local issues and coordination of local solutions. There is also funding available to Community Champions to provide assistance for priority small to medium projects that are economically viable, contribute to building a more sustainable local economy and create local employment opportunities.

Jodie Ryan was appointed as Community Champion to Utopia and outstations in May 2015 and visited the community four times in 2015-16. While in Alparra, Jodie met with members of the community and local service providers to listen to issues that were a priority to the Community. As a result, work has commenced on the delivery of transitional accommodation pending the construction of new housing in Arlparra. As a Community Champion, Jodie also provided grant funding to the Alparra Learning Centre and the Urapuntja Health Service.

Treasury staff initiated a Christmas toy drive, and with the assistance of youth workers with the Central Australian Youth Link-Up Service (CAYLUS), 'Santa' was able to deliver 151 gifts donated by staff, which were enjoyed by children ranging from babies to teenagers.







# 4 Financial Performance



|  |     |
|--|-----|
| 2015-16 Financial Statements – Treasury                  | 84  |
| 2015-16 Financial Statements – Central Holding Authority | 125 |



# 2015-16 Financial Statements – Treasury

## Dual Role

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

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

A brief overview is provided with each set of financial statements and its accompanying notes to assist the reader in understanding the performance of each entity.

Second, around three-quarters of the agency's financial activities are undertaken on behalf of the Territory rather than for Treasury's own operations. This contrasts with most other agencies where, aside from community service obligations (CSOs), agency budgets are for the most part devoted to their service delivery responsibilities.

The Northern Territory Treasury Corporation (NTTC) is part of Treasury for organisational purposes but is also a government business division with separate financial reporting requirements. NTTC undertakes borrowings and investments on behalf of CHA. Its financial statements are included in its own Annual Report.

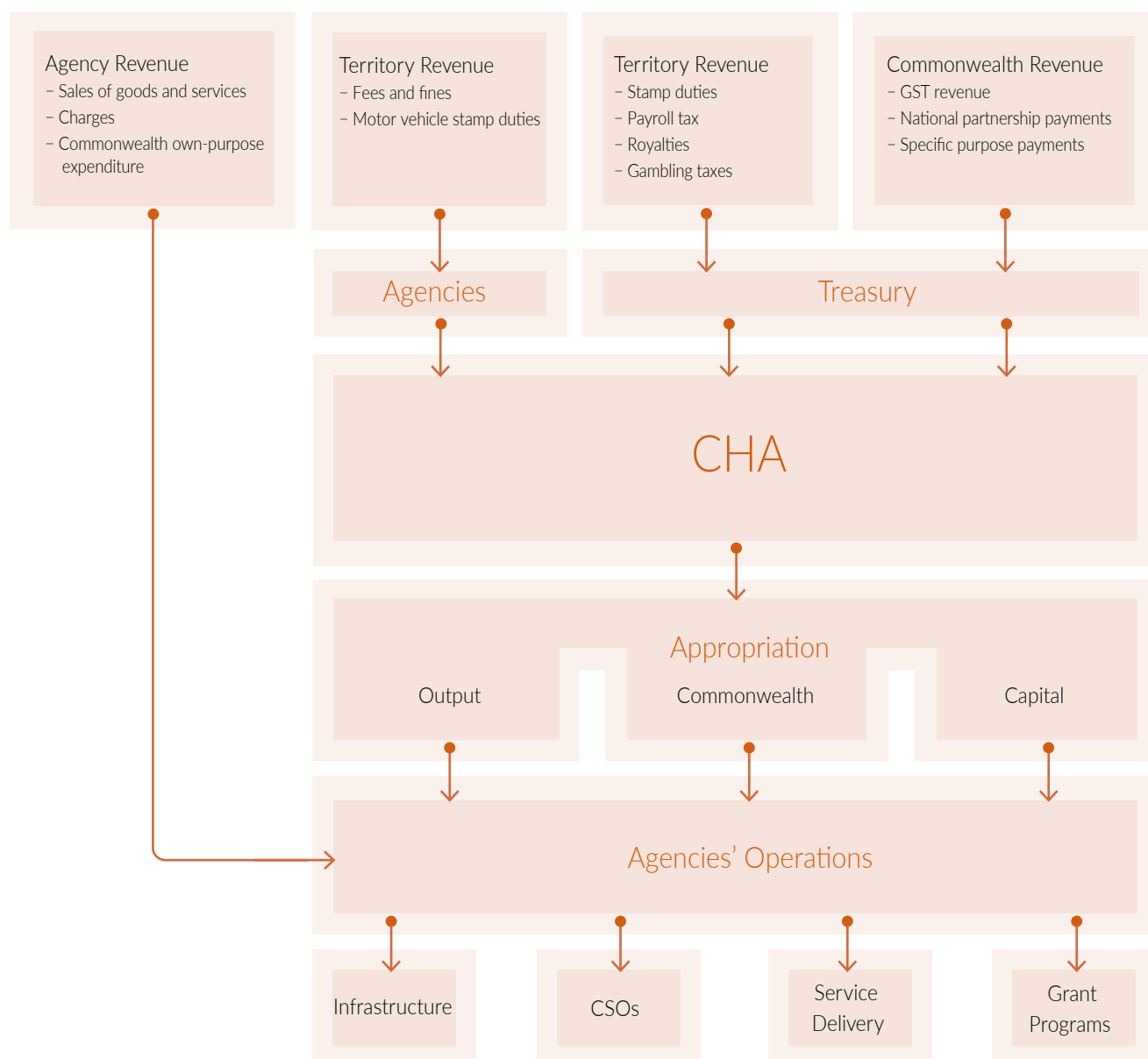
## The Central Agency Role

Treasury is a central agency, and its primary function is providing advice to Government. Like all government agencies, Treasury's activities are mainly funded by appropriations, as set out in the annual Budget.

Treasury undertakes certain responsibilities on behalf of the Territory, therefore incurring Government expenses through Treasury's Operating Statement. These expenses include the Territory's GST administration costs, payment of CSOs for the utility uniform tariff policy and payment of home incentive schemes on behalf of Government. It is important in reviewing Treasury's financial statements to understand the effect these whole of government expenses have on Treasury's financial position.

Treasury's financial performance in 2015-16 and comparatives for 2014-15 are reported in four financial statements: the Comprehensive Operating Statement; Balance Sheet; Statement of Changes in Equity; and Cash Flow Statement. These statements have been prepared in accordance with the whole of government financial management framework and accounting standards. Treasury also collects substantial government revenue on behalf of CHA for use across government. Information on income collected is also provided.

Figure 9: Relationship Between CHA, Treasury and Other Agencies



## Financial Statement Overview

### For the Year Ended 30 June 2016

- Treasury reported an operating surplus of \$1.86 million in 2015-16, compared with a \$7.25 million surplus in 2014-15 and an estimated deficit for 2015-16 of \$0.88 million. Lower purchases of goods and services and general operating efficiencies are the main reason for the improved result over the estimate.
- The increase in income from \$123.53 million in 2014-15 to \$166.21 million is due to higher output

appropriation to fund higher grants and subsidies expenses, partly offset by lower first home owner grants (FHOGs) paid on behalf of government.

- Expenses are higher as a result of a one-off \$50 million capital grant to support the upgrade of Owen Springs and Tennant Creek power stations and higher CSO payments, partly offset by lower FHOGs paid on behalf of government. Agency expenses remain largely consistent.

- Total assets increased by \$1.1 million in 2015-16. While cash at bank reduced by \$4.4 million as a result of the timing of large GST-inclusive payments late in June, this was more than countered by an increase in receivables of \$5.6 million, which included \$5 million in GST receivables.
- Total liabilities reduced by \$0.72 million to \$3.7 million due to a reduction in payables of \$0.56 million and reduced provisions for employee benefits.

**Table 22: Comprehensive Operating Statement**

|                                      | 2015-16      | 2014-15      | Variation      |    |
|--------------------------------------|--------------|--------------|----------------|----|
|                                      | \$000        | \$000        | \$000          | %  |
| Operating income                     | 166 210      | 123 526      | 42 684         | 35 |
| Operating expenses                   | 164 353      | 116 273      | 48 080         | 41 |
| <b>Net operating deficit/surplus</b> | <b>1 857</b> | <b>7 253</b> | <b>- 5 396</b> |    |

The increase in operating income reflects increased appropriation to fund higher payments for grants, subsidies and CSO payments on behalf of government. Operating expenses are higher as a result of these increases to payments on behalf of the government. Treasury's own expenses increased by less than 1 per cent in 2015-16.

**Table 23: Operating Income**

|  | 2015-16        | 2014-15        | Variation     |     |
|--|----------------|----------------|---------------|-----|
|  | \$000          | \$000          | \$000         | %   |
| Output appropriation                       | 163 092        | 120 674        | 42 418        | 35  |
| Goods and services received free of charge | 2 698          | 2 427          | 271           | 11  |
| Other income                               | 420            | 425            | - 5           | - 1 |
| <b>Total income</b>                        | <b>166 210</b> | <b>123 526</b> | <b>42 684</b> |     |

Output appropriation is Treasury's principal source of revenue at \$163 million, which represents 98 per cent of total operating income. The remaining 2 per cent of revenue is for services received free of charge and other income. Despite a \$3.5 million decrease in FHOs, overall output appropriation increased to fund a \$50 million capital grant and a modest rise in CSO payments.

Approximately 84 per cent of Treasury's output appropriation is for payments Treasury makes on behalf of Government.

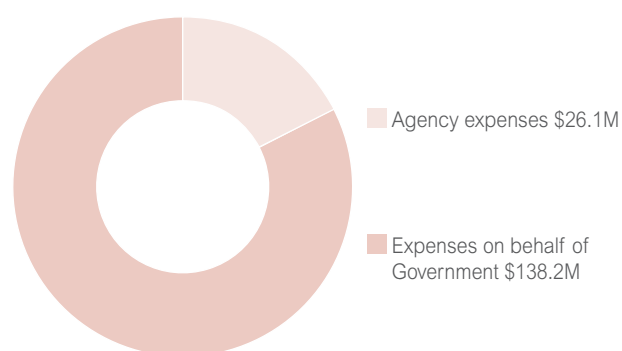
**Table 24: Operating Expenses**

|  | 2015-16        | 2014-15        | Variation     |      |
|--|----------------|----------------|---------------|------|
|  | \$000          | \$000          | \$000         | %    |
| Employee expenses                          | 16 476         | 16 664         | - 188         | - 1  |
| Administrative expenses                    |                |                |               |      |
| Purchases of goods and services            | 6 212          | 6 509          | - 297         | - 5  |
| Goods and services received free of charge | 2 698          | 2 427          | 271           | 11   |
| GST administration                         | 6 866          | 7 107          | - 241         | - 3  |
| Other expenses                             | 380            | 321            | 59            | 19   |
| Grants and subsidies                       |                |                |               |      |
| Current                                    | 15 890         | 19 019         | - 3 129       | - 16 |
| Capital                                    | 50 000         |                | 50 000        |      |
| CSOs                                       | 65 831         | 64 225         | 1 606         | 3    |
| <b>Total expenses</b>                      | <b>164 353</b> | <b>116 273</b> | <b>48 080</b> |      |

Expenses incurred by Treasury during the year were predominantly whole of government items paid from Treasury's budget. Figure 10 shows that 16 per cent or \$26.1 million of the 2015-16 operating expenses related to Treasury's own agency operations, while 84 per cent or \$138.2 million were whole of government expenses managed by Treasury. There has been a 6 per cent increase in the proportion of total expenses paid on behalf of government compared to 2014-15. Treasury has no discretion as to how resources are spent on behalf of government.

The expenses incurred on behalf of government include grants and subsidies consisting of FHOs for new home buyers, CSO payments to Power and Water Corporation, Jacana Energy and other electricity retailers to maintain uniform tariffs for households and small businesses, GST administration costs paid to the Australian Taxation Office (ATO) and a grant to Territory Generation to support the upgrade of Owen Springs and Tennant Creek power stations.

Figure 10: Treasury's Operating Expenses



Treasury's own agency expenses relate to employee and administrative costs, including Information Communications and Technology (ICT), and legal and consultants' services. There has been only a marginal increase of \$0.22 million from 2014-15, the result of established efficiency measures.

## Employee Expenses

Employee expenses in 2015-16 are marginally lower than in 2014-15 due to movements in provisions.

## Administrative Expenses

Administrative expenses comprise the purchase of goods and services, repairs and maintenance, depreciation, GST administration payments to the Commonwealth and other expenses such as legal, travel, training and consultancy costs. It also reflects the notional cost of shared services provided by the Department of Corporate and Information Services (DCIS) to Treasury as an agency. Overall administrative expenses decreased by 1 per cent compared with 2014-15 as a result of lower purchases of goods and services and lower property management costs.

Purchases of goods and services decreased by \$0.18 million largely due to lower legal services and ICT charges, partly offset by higher consultancy costs. Property maintenance reduced by \$0.11 million, reflecting efficiencies of the new premises at Charles Darwin Centre.

Goods and services received free of charge increased by 11 per cent to cover the cost of depreciation of the new premise's fitout.

## Grants and Subsidies

Table 25 provides details of grants and subsidies paid in 2015-16 and 2014-15.

There was a 3 per cent increase in CSO obligations in 2015-16 over 2014-15. These higher costs were largely offset by a decline in the demand for FHOs. There were no costs associated with the BuildBonus scheme due to its cessation on 31 December 2012.

Other grants include payments to the Charles Darwin University for Demography Research and support for the Chair of Economics, and grants in relation to the provision of electricity to the township of Jabiru for the period 1 July 2013 to 30 June 2015.

A one-off capital grant was paid to support the upgrade of Owen Springs and Tennant Creek power stations.

CSO payments of \$65.83 million were made during the year to support the uniform tariff policy for electricity, water and sewerage, providing assistance to households and businesses in the main urban population centres of the Territory. The Department of Housing and Community Development provides CSOs in relation to utility services in remote areas.

Table 25: Grants and Subsidies

|                                   | 2015-16        | 2014-15       | Variation     |       |
|-----------------------------------|----------------|---------------|---------------|-------|
|                                   | \$000          | \$000         | \$000         | %     |
| CSOs                              | 65 831         | 64 225        | 1 606         | 3     |
| FHOs                              | 11 694         | 17 609        | - 5 915       | - 34  |
| BuildBonus                        |                | 1 360         | - 1 360       | - 100 |
| Other grants                      | 4 196          | 50            | 4 146         | 8 292 |
| Capital grant                     | 50 000         |               | 50 000        |       |
| <b>Total grants and subsidies</b> | <b>131 721</b> | <b>83 244</b> | <b>48 477</b> |       |

## Balance Sheet – Summary

Table 26: Balance Sheet

|               | 2015-16       | 2014-15       | Variation    |      |
|---------------|---------------|---------------|--------------|------|
|               | \$000         | \$000         | \$000        | %    |
| Assets        | 20 734        | 19 592        | 1 142        | 6    |
| Liabilities   | 3 650         | 4 365         | - 715        | - 16 |
| <b>Equity</b> | <b>17 084</b> | <b>15 227</b> | <b>1 857</b> |      |

Table 26 provides information on Treasury's financial position at the end of the year and records balances of assets, liabilities and equity.

Treasury's assets comprise mostly cash, receivables and advances, with a small amount of property, plant and equipment, which reflect Treasury's predominant role of policy advice rather than service delivery.

The increase in Treasury assets is due to increased receivables partly offset by decreases in cash and property, plant and equipment.

Treasury's total liabilities of \$3.65 million are lower than 2014-15 due to a 33 per cent or \$0.56 million decrease in payables, further reduced by lower employee provisions.

## Statement of Changes in Equity – Summary

Table 27: Statement of Changes in Equity

|                                     | 2015-16       | 2014-15       | Variation    |    |
|-------------------------------------|---------------|---------------|--------------|----|
|                                     | \$000         | \$000         | \$000        | %  |
| Balance of equity at 1 July         | 15 227        | 7 974         | 7 253        | 91 |
| Capital                             | - 21 471      | - 21 471      |              |    |
| Accumulated funds                   | 38 555        | 36 698        | 1 857        | 5  |
| <b>Balance of equity at 30 June</b> | <b>17 084</b> | <b>15 227</b> | <b>1 857</b> |    |

The balance of equity has increased by \$1.86 million, reflecting the movements in assets and liabilities mentioned above.

## Statement of Cash Flows – Summary

Table 28: Statement of Cash Flows

|  | 2015-16       | 2014-15       | Variation      |    |
|--|---------------|---------------|----------------|----|
|  | \$000         | \$000         | \$000          | %  |
| Cash at beginning of the reporting period  | 19 024        | 11 491        | 7 533          | 66 |
| Receipts                                   | 163 787       | 121 497       | 42 290         | 35 |
| Payments                                   | - 168 214     | - 113 964     | - 54 250       | 48 |
| <b>Cash at end of the reporting period</b> | <b>14 597</b> | <b>19 024</b> | <b>- 4 427</b> |    |

The Cash Flow Statement summary provides information on the movement of cash during the year and shows a reduction in cash balances.

Figures in the Cash Flow Statement vary from those in the Comprehensive Operating Statement as the Cash Flow Statement includes only cash transactions, whereas the Operating Statement includes non-cash items such as depreciation and annual non-cash adjustments to employee entitlements. However, the variations to receipts and payments are relatively consistent with those in the Operating Statement.

## Collection of Income

Table 29: Total Income Collected by Treasury

|  | % of<br>2015-16 Total |    | % of<br>2014-15 Total |    |
|--|-----------------------|----|-----------------------|----|
|  | \$000                 | %  | \$000                 | %  |
| Treasury – agency income reported in the Comprehensive Operating Statement | 166 210               | 3  | 123 526               | 2  |
| Treasury – CHA income reported in Note 19 to the financial statements      | 5 172 086             | 97 | 4 974 059             | 98 |
| <b>Total income collected</b>  | <b>5 338 296</b>      |    | <b>5 097 585</b>      |    |

Table 29 shows the total income collected by Treasury, categorised by agency income and income collected and administered on behalf of the Territory. CHA income does not form part of income controlled by Treasury and is therefore not reported in Treasury's financial reports. Rather, it is summarised by way of disclosure in Note 19 to the financial statements.

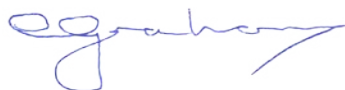
During 2015-16, Treasury collected total income of \$5.34 billion. Of this, 3.1 per cent or \$0.17 billion is the income figure reported in Treasury's financial reports, with the remaining 96.9 per cent or \$5.17 billion being Territory income, collected on behalf of and recorded in CHA.

# Certification of the Financial Statements

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

We further state that the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2016 and the financial position on that date.

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



Craig Graham  
A/Under Treasurer

30 September 2016



David Braines-Mead  
Deputy Under Treasurer

30 September 2016



# Comprehensive Operating Statement

For the year ended 30 June 2016

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|  | Note | 2016<br>\$000  | 2015<br>\$000  |
|--|------|----------------|----------------|
| <b>INCOME</b>                              |      |                |                |
| Grants and subsidies revenue               |      |                |                |
| Current                                    |      | 35             | 49             |
| Appropriation                              |      |                |                |
| Output                                     |      | 163 092        | 120 674        |
| Sales of goods and services                |      | 385            | 376            |
| Goods and services received free of charge | 4    | 2 698          | 2 427          |
| Other income                               |      |                | 1              |
| <b>TOTAL INCOME</b>                        | 3    | <b>166 210</b> | <b>123 526</b> |
| <b>EXPENSES</b>                            |      |                |                |
| Employee expenses                          |      | 16 476         | 16 664         |
| Administrative expenses                    |      |                |                |
| Purchases of goods and services            | 5    | 6 212          | 6 509          |
| Repairs and maintenance                    |      | 2              | 1              |
| Depreciation and amortisation              | 8    | 14             | 13             |
| Other administrative expenses <sup>1</sup> |      | 9 575          | 9 534          |
| Grants and subsidies expenses              |      |                |                |
| Current                                    |      | 15 890         | 19 019         |
| Capital                                    |      | 50 000         |                |
| CSOs                                       |      | 65 831         | 64 225         |
| Interest expenses                          |      | 353            | 307            |
| <b>TOTAL EXPENSES</b>                      | 3    | <b>164 353</b> | <b>116 273</b> |
| <b>NET SURPLUS/(DEFICIT)</b>               |      | <b>1 857</b>   | <b>7 253</b>   |
| <b>COMPREHENSIVE RESULT</b>                |      | <b>1 857</b>   | <b>7 253</b>   |

1 Includes DCIS service charges.

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

# Balance Sheet

As at 30 June 2016

|                                  | Note | 2016<br>\$000 | 2015<br>\$000 |
|----------------------------------|------|---------------|---------------|
| <b>ASSETS</b>                    |      |               |               |
| <b>Current assets</b>            |      |               |               |
| Cash and deposits                | 6    | 14 597        | 19 024        |
| Receivables                      | 7    | 5 670         | 75            |
| Prepayments                      |      |               | 1             |
| <b>Total current assets</b>      |      | <b>20 268</b> | <b>19 100</b> |
| <b>Non-current assets</b>        |      |               |               |
| Advances and investments         |      | 423           | 423           |
| Property, plant and equipment    | 8    | 43            | 69            |
| <b>Total non-current assets</b>  |      | <b>466</b>    | <b>492</b>    |
| <b>TOTAL ASSETS</b>              |      | <b>20 734</b> | <b>19 592</b> |
| <b>LIABILITIES</b>               |      |               |               |
| <b>Current liabilities</b>       |      |               |               |
| Payables                         | 10   | 1 109         | 1 667         |
| Provisions                       | 11   | 2 541         | 2 698         |
| <b>Total current liabilities</b> |      | <b>3 650</b>  | <b>4 365</b>  |
| <b>TOTAL LIABILITIES</b>         |      | <b>3 650</b>  | <b>4 365</b>  |
| <b>NET ASSETS</b>                |      | <b>17 084</b> | <b>15 227</b> |
| <b>EQUITY</b>                    |      |               |               |
| Capital                          |      | - 21 471      | - 21 471      |
| Accumulated funds                |      | 38 555        | 36 698        |
| <b>TOTAL EQUITY</b>              | 12   | <b>17 084</b> | <b>15 227</b> |

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

# Statement of Changes in Equity

For the year ended 30 June 2016

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|  | Note | Equity at<br>1 July | Comprehensive<br>result | Equity at<br>30 June |
|--|------|---------------------|-------------------------|----------------------|
|  |      | \$000               | \$000                   | \$000                |
| <b>2015-16</b>                               |      |                     |                         |                      |
| Accumulated funds                            |      | 36 698              | 1 857                   | 38 555               |
|  |      | <b>36 698</b>       | <b>1 857</b>            | <b>38 555</b>        |
| <b>Capital – transactions with owners</b>    |      |                     |                         |                      |
| Equity injections                            |      | - 21 471            |                         | - 21 471             |
| Equity transfers in                          |      |                     |                         |                      |
| Equity withdrawals                           |      |                     |                         |                      |
| Equity transfers out                         |      | - 21 471            |                         | - 21 471             |
| <b>Total equity at end of financial year</b> | 12   | <b>15 227</b>       | <b>1 857</b>            | <b>17 084</b>        |
| <b>2014-15</b>                               |      |                     |                         |                      |
| Accumulated funds                            |      | 29 445              | 7 253                   | 36 698               |
|  |      | <b>29 445</b>       | <b>7 253</b>            | <b>36 698</b>        |
| <b>Capital – transactions with owners</b>    |      |                     |                         |                      |
| Equity injections                            |      | - 21 471            |                         | - 21 471             |
| Equity transfers in                          |      |                     |                         |                      |
| Equity withdrawals                           |      |                     |                         |                      |
| Equity transfers out                         |      | - 21 471            |                         | - 21 471             |
| <b>Total equity at end of financial year</b> | 12   | <b>7 974</b>        | <b>7 253</b>            | <b>15 227</b>        |

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

# Cash Flow Statement

For the year ended 30 June 2016

|   | Note | 2016<br>\$000    | 2015<br>\$000    |
|---|------|------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>         |      |                  |                  |
| <b>Operating receipts</b>                           |      |                  |                  |
| Grants and subsidies received                       |      |                  |                  |
| Current   |      | 35               | 49               |
| Appropriation                                       |      |                  |                  |
| Output  |      | 163 092          | 120 674          |
| Receipts from sales of goods and services           |      | 660              | 774              |
| <b>Total operating receipts</b>                     |      | <b>163 787</b>   | <b>121 497</b>   |
| <b>Operating payments</b>                           |      |                  |                  |
| Payments to employees                               |      | - 17 035         | - 16 709         |
| Payments for goods and services                     |      | - 19 105         | - 13 655         |
| Grants and subsidies paid                           |      |                  |                  |
| Current   |      | - 15 890         | - 19 019         |
| Capital   |      | - 50 000         |                  |
| CSOs  |      | - 65 831         | - 64 225         |
| Interest paid                                       |      | - 353            | - 307            |
| <b>Total operating payments</b>                     |      | <b>- 168 214</b> | <b>- 113 915</b> |
| <b>Net cash from/(used in) operating activities</b> |      | <b>- 4 427</b>   | <b>7 581</b>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>         |      |                  |                  |
| <b>Investing payments</b>                           |      |                  |                  |
| Purchases of assets                                 |      |                  | - 49             |
| <b>Total investing payments</b>                     |      |                  | <b>- 49</b>      |
| <b>Net cash from/(used in) investing activities</b> |      |                  | <b>- 49</b>      |
| Net increase/(decrease) in cash held                |      | - 4 427          | 7 533            |
| Cash at beginning of financial year                 |      | 19 024           | 11 491           |
| <b>CASH AT END OF FINANCIAL YEAR</b>                | 13   | <b>14 597</b>    | <b>19 024</b>    |

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

# Index of Notes to the Financial Statements

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## Note

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# Notes to the Financial Statements

For the year ended 30 June 2016

## 1. Objectives and Funding

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

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

Additional information in relation to Treasury and its principal activities are provided in the Achievements section of this report.

## 2. Statement of Significant Accounting Policies

### (a) Statement of Compliance

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

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

### (b) Basis of Accounting

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

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

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

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

The following new and revised accounting standards and interpretations were effective for the first time in 2015-16:

**AASB 1048 Interpretation of Standards** – This reflects amended versions of Interpretations arising in relation to amendments to AASB 9 Financial Instruments and consequential amendments arising from the issuance of AASB 15 Revenue from Contracts with Customers. The standard does not impact the financial statements.

**AASB 2013-9 Amendments to Australian Accounting Standards (Part C Financial Instruments)** – Part C of this standard amends AASB 9 Financial Instruments to add Chapter 6 Hedge Accounting and makes consequential amendments to AASB 9 and numerous other standards. The standard does not impact the financial statements.

**AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9** – This standard makes amendments to AASB 9 Financial Instruments (December 2009) and AASB 9 Financial Instruments (December 2010). These amendments arise from the issuance of AASB 9 Financial Instruments in December 2014. The standard does not impact the financial statements.

**AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality** – The standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing the standard to effectively be withdrawn. The standard does not impact the financial statements.

**AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent** – Amendments are made to AASB 128 Investments in Associates and Joint Ventures to require the ultimate Australian entity to apply the equity method in accounting for interests in associates and joint ventures, if either the entity or the group is a reporting entity or both the entity and group are reporting entities. The standard does not impact the financial statements.

**AASB 2014-1 Amendments to Australian Accounting Standards (Part E – Financial Instruments)** – Part E of this standard defers the application date of AASB 9 Financial Instruments to annual reporting periods beginning on or after 1 January 2018. The standard does not impact the financial statements.

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

The following standards and interpretations are likely to have an insignificant impact on the financial statements for future reporting periods but the exact impact is yet to be determined:

| Standard/interpretation   | Effective for annual reporting periods beginning on or after |
|---|--|
| AASB 9 Financial Instruments (December 2014), AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) | 1 January 2018   |
| AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15               | 1 January 2018   |
| AASB 14 Regulatory Deferral Accounts  | 1 January 2016   |
| AASB 1057 Application of Accounting Standards   | 1 January 2016   |
| AASB 2014-1 Amendments to Australian Accounting Standards (Part D Consequential arising from AASB 14 Regulatory Deferral Accounts)          | 1 January 2016   |
| AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception (AASB 10, 12 and 128) | 1 January 2016   |
| AASB 2015-9 Amendments to Australian Accounting Standards – Scope and Application Paragraphs (AASB 8, 133 and 1057)                         | 1 January 2016   |
| AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128                           | 1 January 2016   |
| AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses (AASB 112)             | 1 January 2017   |



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

The following standards and interpretations are expected to have a potential impact on the financial statements for future reporting periods:

| Standard/interpretation   | Effective for annual reporting periods beginning on or after | Impact  |
|---|--|---|
| AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities (AASB 10, 124 and 1049)                                | 1 July 2016  | New note disclosure to include remuneration of key management personnel and related party transactions.   |
| 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107  | 1 January 2017   | New disclosure on the reconciliation of the changes in liabilities arising from financing activities.   |
| AASB 16 Leases  | 1 January 2019   | Reclassification of operating leases greater than 12 months to finance lease reporting requirements.  |
| AASB 9 Financial Instruments  | 1 January 2018   | Simplified requirements for classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier as opposed to only when incurred.   |
| AASB 15 Revenue from Contracts with Customers   | 1 January 2018   | Requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.  |
| AASB 2014-1 Amendments to Australian Accounting Standards (Part E Financial Instruments)  | 1 January 2018   | Amends various AASs to reflect the deferral of the mandatory application date of AASB 9.  |
| AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation (AASB 116 and AASB 138)  | 1 January 2016   | Provides additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated and clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate.  |
| AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15  | 1 January 2017   | Amends the measurement of trade receivables and the recognition of dividends.   |
| AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9   | 1 January 2018   | Amends various AASs to reflect the changes as a result of AASB 9.   |
| AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements (AASB 1, 127 and 128)  | 1 January 2016   | Allows an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statement at cost or using the equity method.  |
| AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-14 Cycle (AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 and 140) | 1 January 2016   | The amendments include AASB 5 change in methods of disposal; AASB 7 Servicing Contracts and applicability of the amendments to AASB 7 to condensed interim financial statements; AASB 119 Discount Rate: Regional Market Issue and AASB 134 Disclosure of Information elsewhere in the interim financial. |

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

### (c) Reporting Entity

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

The principal place of business of the department is: 19 The Mall, Darwin.

### (d) Agency and Territory Items

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

#### Central Holding Authority

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

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

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

CHA recognises and records all Territory items and therefore these items are not included in the agency's financial statements. However, as the agency is accountable for certain Territory items managed on behalf of Government, these items have been separately disclosed in Note 19 – Schedule of Administered Territory Items.

### (e) Comparatives

Where necessary, comparative information for the 2014-15 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 less than \$500 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 2015-16 as a result of management decisions.

### (h) Accounting Judgments and Estimates

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

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

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

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

- Property, Plant and Equipment - Note 2(q): The fair value of land, building, infrastructure and property, plant and equipment are determined on significant assumptions of the exit price and risks in the perspective market participant, using the best information available.
- Depreciation and Amortisation - Note 2(l), Note 8: Property, Plant and Equipment.

### (i) Goods and Services Tax

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

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

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

### (j) Income Recognition

Income encompasses both revenue and gains.

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

### Grants and Other Contributions

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

Contributions are recognised at their fair value.

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

### Appropriation

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

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

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

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

### Sale of goods

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

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

### Rendering of services

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

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

### Interest revenue

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

### Goods and services received free of charge

Goods and services received free of charge are recognised as revenue when a fair value can be reliably determined and the resource would have been purchased if it had not been donated. Use of the resource is recognised as an expense.

### Disposal of assets

A gain or loss on disposal of assets is included as a gain or loss on the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

### Contributions of assets

Contributions of assets and contributions to assist in the acquisition of assets, being non-reciprocal transfers, are recognised, unless otherwise determined by Government, as gains when the agency obtains control of the asset or contribution. Contributions are recognised at the fair value received or receivable.

### Administered income

Treasury collects taxes, fines and regulatory fees on behalf of the Territory. Treasury does not gain control over assets arising from these collections, consequently no income is recognised in the Treasury's financial statements. Accordingly, these amounts are disclosed as income in Note 19 Administered Territory Items.

### (k) Repairs and Maintenance Expense

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

### (l) Depreciation and Amortisation Expense

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

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

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

|                     | 2016       | 2015       |
|---------------------|------------|------------|
| Plant and Equipment | 3-10 years | 3-10 years |

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

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

### (m) Interest Expense

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

### (n) Cash and Deposits

For the purposes of the Balance Sheet and the Cash Flow Statement, cash includes cash on hand, cash at bank and cash equivalents. Cash equivalents are highly liquid short-term investments that are readily convertible to cash. Cash at bank includes monies held in the Accountable Officer's Trust Account that are ultimately payable to the beneficial owner.

### (o) Receivables

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

The allowance for impairment losses represents the amount of receivables the agency estimates are likely to be uncollectible and considered doubtful. Analyses of the age of the receivables past due as at the reporting date are disclosed in an aging schedule under credit risk in Note 14 Financial Instruments. Reconciliation of changes in the allowance accounts is also presented.

Accounts receivable are generally settled within 30 days.

### (p) Prepayments

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

### (q) Property, Plant and Equipment Acquisitions

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

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

### Subsequent additional costs

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

### (r) Revaluations and Impairment

#### Revaluation of assets

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

### (s) Operating Leases

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

### (t) Payables

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

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

### (u) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries and recreation leave. Liabilities arising in respect of wages and salaries, recreation leave and other employee benefit liabilities are classified as current liabilities and are measured at amounts expected to be paid.

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

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

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

As part of the financial management framework, CHA assumes the long service leave liabilities of Government agencies, including Treasury, and therefore no long service leave liability is recognised in agency financial statements.

### (v) Superannuation

Employees' superannuation entitlements are provided through the:

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

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

### (w) Contributions by and Distributions to Government

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

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

### (x) Commitments

Disclosures in relation to capital and other commitments, including lease commitments are shown at Note 15 Commitments.

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

### (y) Financial Instruments

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

Financial assets and liabilities are recognised on the Balance Sheet when the agency becomes a party to the contractual provisions of the financial instrument. The agency's financial instruments include cash and deposits, receivables, and payables.

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

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

Exposure to interest rate risk, foreign exchange risk, credit risk, price risk and liquidity risk arise in the normal course of activities. The agency's investments, loans and placements, and borrowings are predominantly managed through the NTTC adopting strategies to minimise the risk. Derivative financial arrangements are also utilised to manage financial risks inherent in the management of these financial instruments. These arrangements include swaps, forward interest rate agreements and other hedging instruments to manage fluctuations in interest or exchange rates.

### Classification of financial instruments

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

Financial assets are classified into the following categories:

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

Financial liabilities are classified into the following categories:

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

Treasury's financial instruments are limited to those at FVTPL and loans and receivables.

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

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

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

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

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

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

### Loans and receivables

For details refer to Note 2 (o) but exclude statutory receivables.



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

### Fair Value Measurement

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

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

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

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

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

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

Level 1 – inputs are quoted prices in active markets for identical assets or liabilities;

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

Level 3 – inputs are unobservable.



### 3. Comprehensive Operating Statement by Output Group

|  |      | Financial Management |              | Economics      |               | Territory Revenue |               |
|--|------|----------------------|--------------|----------------|---------------|-------------------|---------------|
|  | Note | 2016                 | 2015         | 2016           | 2015          | 2016              | 2015          |
|  |      | \$000                | \$000        | \$000          | \$000         | \$000             | \$000         |
| <b>INCOME</b>  |      |                      |              |                |               |                   |               |
| Grants and subsidies revenue                               |      |                      |              |                |               |                   |               |
| Current  |      | 7                    | 10           | 6              | 9             | 9                 | 12            |
| Appropriation  |      |                      |              |                |               |                   |               |
| Output   |      | 4 459                | 4 886        | 132 794        | 76 819        | 17 049            | 28 940        |
| Sales of goods and services                                |      | 3                    | 75           | 3              | 68            | 4                 | 94            |
| Goods and services received free of charge                 | 4    | 540                  | 485          | 486            | 437           | 674               | 607           |
| <b>TOTAL INCOME</b>  |      | <b>5 009</b>         | <b>5 456</b> | <b>133 289</b> | <b>77 333</b> | <b>17 736</b>     | <b>29 653</b> |
| <b>EXPENSES</b>  |      |                      |              |                |               |                   |               |
| Employee expenses  |      | 2 978                | 3 031        | 3 502          | 3 120         | 4 256             | 4 322         |
| Administrative expenses                                    |      |                      |              |                |               |                   |               |
| Purchases of goods and services                            | 5    | 770                  | 840          | 2 018          | 1 671         | 692               | 1 451         |
| Repairs and maintenance                                    |      |                      |              |                |               | 2                 |               |
| Depreciation and amortisation                              | 8    | 3                    | 3            | 2              | 2             | 3                 | 3             |
| Other administrative expenses <sup>1</sup>                 |      | 540                  | 485          | 7 342          | 7 535         | 683               | 617           |
| Grants and subsidies expenses                              |      |                      |              |                |               |                   |               |
| Current  |      |                      |              | 4 196          | 50            | 11 694            | 18 969        |
| Capital  |      |                      |              | 50 000         |               |                   |               |
| CSOs   |      |                      |              | 65 831         | 64 225        |                   |               |
| Interest expenses  |      |                      |              |                |               | 353               | 307           |
| <b>TOTAL EXPENSES</b>                                      |      | <b>4 291</b>         | <b>4 359</b> | <b>132 891</b> | <b>76 603</b> | <b>17 683</b>     | <b>25 669</b> |
| <b>NET SURPLUS/(DEFICIT)</b>                               |      | <b>718</b>           | <b>1 097</b> | <b>398</b>     | <b>730</b>    | <b>53</b>         | <b>3 984</b>  |
| <b>OTHER COMPREHENSIVE INCOME</b>                          |      |                      |              |                |               |                   |               |
| Items that will not be reclassified to net surplus/deficit |      |                      |              |                |               |                   |               |
| Changes in accounting policies                             |      |                      |              |                |               |                   |               |
| Correction of prior period errors                          |      |                      |              |                |               |                   |               |
| Changes in asset revaluation surplus                       |      |                      |              |                |               |                   |               |
| <b>TOTAL OTHER COMPREHENSIVE INCOME</b>                    |      |                      |              |                |               |                   |               |
| <b>COMPREHENSIVE RESULT</b>                                |      | <b>718</b>           | <b>1 097</b> | <b>398</b>     | <b>730</b>    | <b>53</b>         | <b>3 984</b>  |

1 Includes DCIS service charges.

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

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

|  | Note | Superannuation |              | Economic Regulation |              | Corporate and Governance |              | Total          |                |
|--|------|----------------|--------------|---------------------|--------------|--------------------------|--------------|----------------|----------------|
|  |      | 2016           | 2015         | 2016                | 2015         | 2016                     | 2015         | 2016           | 2015           |
|  |      | \$000          | \$000        | \$000               | \$000        | \$000                    | \$000        | \$000          | \$000          |
| <b>INCOME</b>  |      |                |              |                     |              |                          |              |                |                |
| Grants and subsidies revenue                               |      |                |              |                     |              |                          |              |                |                |
| Current  |      | 6              | 8            | 1                   | 1            | 6                        | 9            | 35             | 49             |
| Appropriation  |      |                |              |                     |              |                          |              |                |                |
| Output   |      | 3 106          | 4 052        | 1 267               | 1 287        | 4 417                    | 4 690        | 163 092        | 120 674        |
| Sales of goods and services                                |      | 3              | 60           |                     | 8            | 372                      | 71           | 385            | 376            |
| Goods and services received free of charge                 | 4    | 431            | 388          | 54                  | 49           | 513                      | 461          | 2 698          | 2 427          |
| <b>TOTAL INCOME</b>  |      | <b>3 546</b>   | <b>4 508</b> | <b>1 322</b>        | <b>1 345</b> | <b>5 308</b>             | <b>5 231</b> | <b>166 210</b> | <b>123 526</b> |
| <b>EXPENSES</b>  |      |                |              |                     |              |                          |              |                |                |
| Employee expenses  |      | 1 557          | 2 177        | 427                 | 518          | 3 756                    | 3 496        | 16 476         | 16 664         |
| Administrative expenses                                    |      |                |              |                     |              |                          |              |                |                |
| Purchases of goods and services                            | 5    | 1 015          | 1 129        | 793                 | 731          | 924                      | 688          | 6 212          | 6 510          |
| Repairs and maintenance                                    |      |                |              |                     |              |                          |              | 2              |                |
| Depreciation and amortisation                              | 8    | 3              | 2            |                     |              | 3                        | 3            | 14             | 13             |
| Other administrative expenses <sup>1</sup>                 |      | 432            | 388          | 54                  | 49           | 524                      | 461          | 9 575          | 9 535          |
| Grants and subsidies expenses                              |      |                |              |                     |              |                          |              |                |                |
| Current  |      |                |              |                     |              |                          |              | 15 890         | 19 019         |
| Capital  |      |                |              |                     |              |                          |              | 50 000         |                |
| CSOs   |      |                |              |                     |              |                          |              | 65 831         | 64 225         |
| Interest expenses  |      |                |              |                     |              |                          |              | 353            | 307            |
| <b>TOTAL EXPENSES</b>                                      |      | <b>3 007</b>   | <b>3 696</b> | <b>1 274</b>        | <b>1 298</b> | <b>5 207</b>             | <b>4 648</b> | <b>164 353</b> | <b>116 273</b> |
| <b>NET SURPLUS/(DEFICIT)</b>                               |      | <b>539</b>     | <b>812</b>   | <b>48</b>           | <b>47</b>    | <b>101</b>               | <b>583</b>   | <b>1 857</b>   | <b>7 253</b>   |
| <b>OTHER COMPREHENSIVE INCOME</b>                          |      |                |              |                     |              |                          |              |                |                |
| Items that will not be reclassified to net surplus/deficit |      |                |              |                     |              |                          |              |                |                |
| Changes in accounting policies                             |      |                |              |                     |              |                          |              |                |                |
| Correction of prior period errors                          |      |                |              |                     |              |                          |              |                |                |
| Changes in asset revaluation surplus                       |      |                |              |                     |              |                          |              |                |                |
| <b>TOTAL OTHER COMPREHENSIVE INCOME</b>                    |      |                |              |                     |              |                          |              |                |                |
| <b>COMPREHENSIVE RESULT</b>                                |      | <b>539</b>     | <b>812</b>   | <b>48</b>           | <b>47</b>    | <b>101</b>               | <b>583</b>   | <b>1 857</b>   | <b>7 253</b>   |

1 Includes DCIS service charges.

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

## 4. Goods and Services Received Free of Charge

|                                    | 2016  | 2015  |
|------------------------------------|-------|-------|
|                                    | \$000 | \$000 |
| Corporate and information services | 2 698 | 2427  |

## 5. Purchases of Goods and Services

|  | 2016  | 2015  |
|--|-------|-------|
|  | \$000 | \$000 |
| The net surplus/(deficit) has been arrived at after charging the following expenses: |       |       |
| Goods and services expenses:   |       |       |
| Consultants <sup>1</sup>   | 2 019 | 1 679 |
| Advertising <sup>2</sup>   | 21    | 6     |
| Marketing and promotion <sup>3</sup>   | 7     | 77    |
| Document production  | 9     | 55    |
| Legal expenses <sup>4</sup>  | 476   | 863   |
| Recruitment <sup>5</sup>   | 45    | 32    |
| Training and study   | 237   | 166   |
| Official duty fares  | 102   | 118   |
| Travelling allowance   | 25    | 20    |

1 Includes marketing, promotion and ICT consultants.

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

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

4 Includes legal fees, claim and settlement costs.

5 Includes recruitment-related advertising costs.

## 6. Cash and Deposits

|                                | 2016          | 2015          |
|--------------------------------|---------------|---------------|
|                                | \$000         | \$000         |
| Cash on hand                   |               | 2             |
| Cash at bank                   | 14 597        | 19 022        |
| <b>Total cash and deposits</b> | <b>14 597</b> | <b>19 024</b> |

## 7. Receivables

|                          | 2016         | 2015      |
|--------------------------|--------------|-----------|
|                          | \$000        | \$000     |
| Current                  |              |           |
| Accounts receivable      | 567          | 2         |
| GST receivables          | 5 075        | 73        |
| Other receivables        | 28           |           |
| <b>Total Receivables</b> | <b>5 670</b> | <b>75</b> |

## 8. Property, Plant and Equipment

|  | 2016      | 2015      |
|--|-----------|-----------|
|  | \$000     | \$000     |
| <b>Plant and equipment</b>                 |           |           |
| At fair value                              | 48        | 118       |
| Less: Accumulated depreciation             | - 5       | - 49      |
| <b>Total property, plant and equipment</b> | <b>43</b> | <b>69</b> |

### 2016 Property, Plant and Equipment Reconciliations

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2015-16:

|   | Plant and Equipment | Total     |
|---|---------------------|-----------|
|   | \$000               | \$000     |
| Carrying amount as at 1 July 2015         | 69                  | 69        |
| Disposals                                 | - 12                | - 12      |
| Depreciation                              | - 14                | - 14      |
| <b>Carrying amount as at 30 June 2016</b> | <b>43</b>           | <b>43</b> |

### 2015 Property, Plant and Equipment Reconciliations

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2014-15:

|   | Plant and Equipment | Total     |
|---|---------------------|-----------|
|   | \$000               | \$000     |
| Carrying amount as at 1 July 2014         | 34                  | 34        |
| Additions                                 | 48                  | 48        |
| Depreciation                              | - 13                | - 13      |
| <b>Carrying amount as at 30 June 2015</b> | <b>69</b>           | <b>69</b> |

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

### (a) Fair Value Hierarchy

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

|                              | Level 3 | Total Fair Value |
|------------------------------|---------|------------------|
|                              | \$000   | \$000            |
| <b>2015-16</b>               |         |                  |
| <b>Asset class</b>           |         |                  |
| Plant and equipment (Note 8) | 43      | 43               |
| <b>2014-15</b>               |         |                  |
| <b>Asset class</b>           |         |                  |
| Plant and equipment (Note 8) | 69      | 69               |

There were no transfers between level 1 and levels 2 or 3 during 2015-16.

### (b) Valuation Techniques and Inputs

Valuation techniques used to measure fair value in 2015-16 are:

|                     | Level 3 Techniques |
|---------------------|--------------------|
| <b>Asset class</b>  |                    |
| Plant and equipment | Cost approach      |

There were no changes in valuation techniques from 2014-15 to 2015-16.

### (c) Additional Information for Level 3 Fair Value Measurements

#### (i) Reconciliation of recurring level 3 fair value measurements

|                                      | Plant and Equipment |
|--------------------------------------|---------------------|
|                                      | \$000               |
| <b>2015-16</b>                       |                     |
| Fair value as at 1 July 2015         | 69                  |
| Disposals                            | - 12                |
| Depreciation                         | - 14                |
| <b>Fair value as at 30 June 2016</b> | <b>43</b>           |
| <b>2014-15</b>                       |                     |
| Fair value as at 1 July 2014         | 118                 |
| Depreciation                         | - 49                |
| <b>Fair value as at 30 June 2015</b> | <b>69</b>           |

#### (ii) Sensitivity analysis

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

## 10. Payables

|                       | 2016         | 2015         |
|-----------------------|--------------|--------------|
|                       | \$000        | \$000        |
| Accounts payable      | 27           | 101          |
| Accrued expenses      | 1 082        | 1 567        |
| <b>Total payables</b> | <b>1 109</b> | <b>1 667</b> |

## 12. Equity

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

## 11. Provisions

|                          |              |              |
|--------------------------|--------------|--------------|
| <b>Current</b>           |              |              |
| Employee benefits        |              |              |
| Recreation leave         | 2 030        | 2 059        |
| Leave loading            | 214          | 201          |
| Other employee benefits  | 13           | 83           |
| Other current provisions |              |              |
| Other provisions         | 284          | 356          |
| <b>Total provisions</b>  | <b>2 541</b> | <b>2 698</b> |

Treasury employed 149 full-time equivalent (FTE) employees as at 30 June 2016 (143 employees as at 30 June 2015). This excludes NTTC (seven FTEs).

## 13. Notes to the Cash Flow Statement

|  | 2016           | 2015         |
|--|----------------|--------------|
|  | \$000          | \$000        |
| <b>Reconciliation of cash</b>  |                |              |
| The total of agency 'Cash and deposits' recorded in the Balance Sheet is consistent with that recorded as 'Cash' in the Cash Flow Statement. | 14 597         | 19 024       |
| <b>Reconciliation of net surplus/(deficit) to net cash from operating activities</b>   | <b>1 857</b>   | <b>7 253</b> |
| <b>Net surplus/(deficit)</b>   |                |              |
| Non-cash items:  |                |              |
| Depreciation and amortisation  | 14             | 13           |
| Asset write-offs/write-downs   | 12             |              |
| <b>Changes in assets and liabilities:</b>  |                |              |
| Decrease/(increase) in receivables   | - 5 595        | - 38         |
| Decrease/(increase) in prepayments   | 1              |              |
| (Decrease)/increase in payables  | - 559          | 442          |
| (Decrease)/increase in provision for employee benefits   | - 85           | - 87         |
| (Decrease)/increase in other provisions  | - 72           | - 2          |
| <b>Net cash from operating activities</b>  | <b>- 4 427</b> | <b>7 581</b> |

## 14. Financial Instruments

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

### (a) Categorisation of Financial Instruments

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

|  | FVTPL<br>Held for Trading | Financial assets<br>– Loans and<br>Receivables | Total         |
|--|---------------------------|--|---------------|
|  | \$000                     | \$000  | \$000         |
| <b>2015-16 Categorisation of Financial Instruments</b> |                           |  |               |
| Cash and deposits                                      | 14 597                    |  | 14 597        |
| Receivables <sup>1</sup>                               |                           | 567  | 567           |
| Other financial assets                                 |                           | 28   | 28            |
| <b>Total financial assets</b>                          | <b>14 597</b>             | <b>595</b>                                     | <b>15 192</b> |
| Payables <sup>1</sup>                                  | 1 109                     |  | 1 109         |
| <b>Total financial liabilities</b>                     | <b>1 109</b>              |  | <b>1 109</b>  |
| <b>2014-15 Categorisation of Financial Instruments</b> |                           |  |               |
| Cash and deposits                                      | 19 024                    |  | 19 024        |
| Receivables <sup>1</sup>                               |                           | 2  | 2             |
| <b>Total financial assets</b>                          | <b>19 024</b>             | <b>2</b>                                       | <b>19 026</b> |
| Payables <sup>1</sup>                                  | 1 667                     |  | 1 667         |
| <b>Total financial liabilities</b>                     | <b>1 667</b>              |  | <b>1 667</b>  |

1 Total amounts disclosed here exclude statutory amounts.

## 14. Financial Instruments (continued)

### (b) Credit Risk

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

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

### Receivables

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

|                               | Aging of<br>Receivables | Aging of Impaired<br>Receivables | Net<br>Receivables |
|-------------------------------|-------------------------|----------------------------------|--------------------|
|                               | \$000                   | \$000                            | \$000              |
| <b>Internal receivables</b>   |                         |                                  |                    |
| <b>2015-16</b>                |                         |                                  |                    |
| Not overdue                   | 564                     |                                  | 564                |
| <b>Total</b>                  | <b>564</b>              |                                  | <b>564</b>         |
| <b>External receivables</b>   |                         |                                  |                    |
| <b>2015-16</b>                |                         |                                  |                    |
| Overdue for more than 60 days | 3                       |                                  | 3                  |
| <b>Total</b>                  | <b>3</b>                |                                  | <b>3</b>           |
| <b>2014-15</b>                |                         |                                  |                    |
| Overdue for more than 60 days | 2                       |                                  | 2                  |
| <b>Total</b>                  | <b>2</b>                |                                  | <b>2</b>           |



## 14. Financial Instruments (continued)

4

### (c) Liquidity Risk

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

The following table details Treasury's remaining contractual maturity for its financial assets and liabilities.

|  | Variable Interest Rate |              |                   | Fixed Interest Rate |              |                   | Non-Interest Bearing | Total         |
|--|------------------------|--------------|-------------------|---------------------|--------------|-------------------|----------------------|---------------|
|  | Less than a Year       | 1 to 5 Years | More than 5 Years | Less than a Year    | 1 to 5 Years | More than 5 Years |                      |               |
|  | \$000                  | \$000        | \$000             | \$000               | \$000        | \$000             | \$000                | \$000         |
| <b>2016 Maturity analysis for financial assets and liabilities</b> |                        |              |                   |                     |              |                   |                      |               |
| <b>Assets</b>  |                        |              |                   |                     |              |                   |                      |               |
| Cash and deposits  |                        |              |                   |                     |              |                   | 14 597               | 14 597        |
| Receivables  |                        |              |                   |                     |              |                   | 567                  | 567           |
| Other financial assets   |                        |              |                   |                     |              |                   | 28                   | 28            |
| <b>Total financial assets</b>                                      |                        |              |                   |                     |              |                   | <b>15 192</b>        | <b>15 192</b> |
| <b>Liabilities</b>   |                        |              |                   |                     |              |                   |                      |               |
| Payables   |                        |              |                   |                     |              |                   | 1 109                | 1 109         |
| <b>Total financial liabilities</b>                                 |                        |              |                   |                     |              |                   | <b>1 109</b>         | <b>1 109</b>  |
| <b>2015 Maturity analysis for financial assets and liabilities</b> |                        |              |                   |                     |              |                   |                      |               |
| <b>Assets</b>  |                        |              |                   |                     |              |                   |                      |               |
| Cash and deposits  |                        |              |                   |                     |              |                   | 19 024               | 19 024        |
| Receivables  |                        |              |                   |                     |              |                   | 2                    | 2             |
| <b>Total financial assets</b>                                      |                        |              |                   |                     |              |                   | <b>19 026</b>        | <b>19 026</b> |
| <b>Liabilities</b>   |                        |              |                   |                     |              |                   |                      |               |
| Payables   |                        |              |                   |                     |              |                   | 1 667                | 1 667         |
| <b>Total financial liabilities</b>                                 |                        |              |                   |                     |              |                   | <b>1 667</b>         | <b>1 667</b>  |

## 14. Financial Instruments (continued)

### (d) Market Risk

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

#### (i) Interest rate risk

Treasury has limited exposure to interest rate risk as agency financial assets and financial liabilities are non-interest bearing.

#### Market sensitivity analysis

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

|                                 | Profit or Loss and Equity |                           |
|---------------------------------|---------------------------|---------------------------|
|                                 | 100 basis points increase | 100 basis points decrease |
|                                 | \$000                     | \$000                     |
| <b>30 June 2016</b>             |                           |                           |
| Financial assets – cash at bank | 146                       | - 146                     |
| <b>Net sensitivity</b>          | <b>146</b>                | <b>- 146</b>              |
| <b>30 June 2015</b>             |                           |                           |
| Financial assets – cash at bank | 190                       | 190                       |
| <b>Net sensitivity</b>          | <b>190</b>                | <b>190</b>                |

#### (ii) Price risk

Treasury is not exposed to price risk as the agency does not hold units in unit trusts.

#### (iii) Currency risk

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

### (e) Net Fair Value

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

## 15. Commitments

### Operating lease commitments

The agency leases property under non-cancellable operating leases expiring from one to five years. Leases generally provide the agency with a right of renewal, at which time all lease terms are renegotiated. The agency also leases items of plant and equipment under non-cancellable operating leases. The agency operating leases expired during the year and negotiations for future operating leases are currently underway.

Within one year

| 2016  | 2015  |
|-------|-------|
| \$000 | \$000 |
| -     | 65    |
| -     | 65    |

## 16. Contingent Liabilities and Contingent Assets

### (a) Contingent Liabilities

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

#### Workers compensation insurance

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

#### Finance

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

### (b) Contingent Assets

Treasury had no contingent assets as at 30 June 2016 or 30 June 2015.

## 17. Events Subsequent to Balance Date

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

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

|   | Agency    |                  |       |                  | Territory Items |                  |              |                  |
|---|-----------|------------------|-------|------------------|-----------------|------------------|--------------|------------------|
|   | 2016      | No. of<br>Trans. | 2015  | No. of<br>Trans. | 2016            | No. of<br>Trans. | 2015         | No. of<br>Trans. |
|   | \$000     |                  | \$000 |                  | \$000           |                  | \$000        |                  |
| <b>Write-offs, postponements and waivers under the FMA</b>                          | <b>12</b> | <b>3</b>         |       | <b>1</b>         | <b>5 172</b>    | <b>22</b>        | <b>3 107</b> | <b>22</b>        |
| Represented by:   |           |                  |       |                  |                 |                  |              |                  |
| Amounts written off, postponed and waived by delegates                              |           |                  |       |                  |                 |                  |              |                  |
| Irrecoverable amounts payable to the Territory or an agency written off             |           |                  |       |                  | 259             | 12               | 1 406        | 18               |
| Losses or deficiencies of money written off   |           | 1                |       |                  |                 |                  |              |                  |
| Public property written off   | 12        | 2                |       | 1                |                 |                  |              |                  |
| Waiver or postponement of right to receive or recover money or property             |           |                  |       |                  |                 |                  |              |                  |
| <b>Total written off, postponed and waived by delegates</b>                         | <b>12</b> | <b>3</b>         |       | <b>1</b>         | <b>259</b>      | <b>12</b>        | <b>1 406</b> | <b>18</b>        |
| Amounts written off, postponed and waived by the Treasurer                          |           |                  |       |                  |                 |                  |              |                  |
| Irrecoverable amounts payable to the Territory or an agency written off             |           |                  |       |                  |                 |                  |              |                  |
| Losses or deficiencies of money written off   |           |                  |       |                  |                 |                  |              |                  |
| Public property written off   |           |                  |       |                  |                 |                  |              |                  |
| Waiver or postponement of right to receive or recover money or property             |           |                  |       |                  | 4 913           | 10               | 1 700        | 4                |
| <b>Total written off, postponed and waived by the Treasurer</b>                     |           |                  |       |                  | <b>4 913</b>    | <b>10</b>        | <b>1 700</b> | <b>4</b>         |
| <b>Write-offs, postponements and waivers authorised under other legislation (a)</b> |           |                  |       |                  |                 |                  |              |                  |
| <b>Gifts under the FMA</b>  |           |                  |       |                  |                 |                  |              |                  |
| <b>Gifts authorised under other legislation (a)</b>                                 |           |                  |       |                  |                 |                  |              |                  |
| <b>Ex gratia payments under the FMA</b>   |           |                  |       |                  | <b>11</b>       | <b>2</b>         | <b>121</b>   | <b>5</b>         |

## 19. Schedule of Administered Territory Items

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

|   | 2016             | 2015             |
|---|------------------|------------------|
|   | \$000            | \$000            |
| <b>TERRITORY INCOME AND EXPENSES</b>    |                  |                  |
| <b>Income</b>                           |                  |                  |
| Taxation revenue                        | 705 539          | 792 834          |
| Grants and subsidies revenue            |                  |                  |
| Current                                 | 4 094            | 2 990            |
| GST revenue                             | 3 265 569        | 3 224 841        |
| SPPs                                    | 340 157          | 318 458          |
| NP agreements                           | 657 960          | 474 156          |
| Fees from regulatory services           | 484              | 1 883            |
| Royalties and rents                     | 192 336          | 158 156          |
| Other income                            | 5 948            | 742              |
| <b>Total income</b>                     | <b>5 172 086</b> | <b>4 974 059</b> |
| <b>Expenses</b>                         |                  |                  |
| Other administrative expenses           | 5 172 086        | 4 974 059        |
| <b>Total expenses</b>                   | <b>5 172 086</b> | <b>4 974 059</b> |
| <b>Territory income less expenses</b>   | <b>-</b>         | <b>-</b>         |
| <b>TERRITORY ASSETS AND LIABILITIES</b> |                  |                  |
| <b>Assets</b>                           |                  |                  |
| Taxes receivable                        | 80 258           | 73 266           |
| Grants and subsidies receivable         |                  |                  |
| Royalties and rent receivable           |                  |                  |
| Other receivables                       | 14 126           | 32 416           |
| <b>Total assets</b>                     | <b>94 384</b>    | <b>105 682</b>   |
| <b>Liabilities</b>                      |                  |                  |
| CHA income payable                      | 84 733           | 74 292           |
| Unearned CHA income                     | 9 651            | 31 390           |
| <b>Total liabilities</b>                | <b>94 384</b>    | <b>105 682</b>   |
| <b>Net assets</b>                       | <b>-</b>         | <b>-</b>         |

## 20. Budgetary Information

### (a) Comprehensive Operating Statement

|  | 2015-16        |                 |               |      |
|--|----------------|-----------------|---------------|------|
|  | Actual         | Original Budget | Variance      | Note |
|  | \$000          | \$000           | \$000         |      |
| <b>INCOME</b>                              |                |                 |               |      |
| Grants and subsidies revenue               |                |                 |               |      |
| Current                                    | 35             | 28              | 7             |      |
| Appropriation                              |                |                 |               |      |
| Output                                     | 163 092        | 104 436         | 58 656        | 1    |
| Sales of goods and services                | 385            | 439             | - 54          |      |
| Goods and services received free of charge | 2 698          | 2 455           | 243           |      |
| Other income                               |                | 50              | - 50          |      |
| <b>TOTAL INCOME</b>                        | <b>166 210</b> | <b>107 408</b>  | <b>58 802</b> |      |
| <b>EXPENSES</b>                            |                |                 |               |      |
| Employee expenses                          | 16 476         | 17 966          | - 1 490       | 2    |
| Administrative expenses                    |                |                 |               |      |
| Purchases of goods and services            | 6 212          | 8 218           | - 2 006       | 3    |
| Repairs and maintenance                    | 2              | 19              | - 17          |      |
| Depreciation and amortisation              | 14             | 12              | 2             |      |
| Other administrative expenses              | 9 575          | 9 550           | 25            |      |
| Grants and subsidies expenses              |                |                 |               |      |
| Current                                    | 15 890         | 5 684           | 10 206        | 4    |
| Capital                                    | 50 000         |                 | 50 000        | 5    |
| CSOs                                       | 65 831         | 65 831          |               |      |
| Interest expenses                          | 353            | 9               | 344           |      |
| <b>TOTAL EXPENSES</b>                      | <b>164 353</b> | <b>107 289</b>  | <b>57 064</b> |      |
| <b>NET SURPLUS/(DEFICIT)</b>               | <b>1 857</b>   | <b>119</b>      | <b>1 738</b>  |      |
| <b>COMPREHENSIVE RESULT</b>                | <b>1 857</b>   | <b>119</b>      | <b>1 738</b>  |      |

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

1. The \$58.7 million increase in output appropriation largely reflects a one-off \$50 million capital grant to Territory Generation, a higher take-up of the FHOG and subsidy payments toward the generation of electricity in Jabiru.
2. Employee expenses are below budget due to unfilled budgeted positions as a result of efficiency measures.
3. Purchases of goods and services are lower largely as a result of the revised timing of expenditure across years and effective efficiency measures.
4. Current grants have increased from the original budget largely as a result of the higher take-up of the FHOG and subsidy payments toward the generation of electricity to the township of Jabiru.
5. A one-off contribution of \$50 million towards the Owen Springs power station expansion and the Tennant Creek power station upgrade.

## 20. Budgetary Information (continued)

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### (b) Balance Sheet

|                                  | 2015-16       |                 | Variance       | Note |
|----------------------------------|---------------|-----------------|----------------|------|
|                                  | Actual        | Original Budget |                |      |
|                                  | \$000         | \$000           | \$000          |      |
| <b>ASSETS</b>                    |               |                 |                |      |
| <b>Current assets</b>            |               |                 |                |      |
| Cash and deposits                | 14 597        | 11 813          | 2 784          | 1    |
| Receivables                      | 5 670         | 40              | 5 630          | 2    |
| Prepayments                      |               | 1               | - 1            |      |
| <b>Total current assets</b>      | <b>20 268</b> | <b>11 854</b>   | <b>8 414</b>   |      |
| <b>Non-current assets</b>        |               |                 |                |      |
| Loans receivable                 | 423           | 423             |                |      |
| Property, plant and equipment    | 43            | 9               | 34             |      |
| <b>Total non-current assets</b>  | <b>466</b>    | <b>432</b>      | <b>34</b>      |      |
| <b>TOTAL ASSETS</b>              | <b>20 734</b> | <b>12 286</b>   | <b>8 448</b>   |      |
| <b>LIABILITIES</b>               |               |                 |                |      |
| <b>Current liabilities</b>       |               |                 |                |      |
| Payables                         | 1 109         | 3 220           | - 2 111        |      |
| Provisions                       | 2 541         | 2 786           | - 245          | 3    |
| <b>Total current liabilities</b> | <b>3 650</b>  | <b>6 006</b>    | <b>- 2 356</b> |      |
| <b>TOTAL LIABILITIES</b>         | <b>3 650</b>  | <b>4 015</b>    | <b>- 365</b>   |      |
| <b>NET ASSETS</b>                | <b>17 084</b> | <b>8 271</b>    | <b>8 813</b>   |      |
| <b>EQUITY</b>                    |               |                 |                |      |
| Capital                          | - 21 471      | - 21 470        | - 1            |      |
| Accumulated funds                | 38 555        | 29 741          | 8 814          |      |
| <b>TOTAL EQUITY</b>              | <b>17 084</b> | <b>8 271</b>    | <b>8 813</b>   |      |

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

1. The cash at bank increase of \$2.78 million reflects the improved 2015-16 result.
2. The higher receivables balance largely reflects a \$5 million GST receivable as a result of the \$50 million grant to Territory Generation.
3. Employee provisions are lower than budget due to the higher usage of entitlements by way of recreation leave together with transfers to other agencies or resignations.

## 20. Budgetary Information (continued)

### (c) Cash Flow Statement

|   | 2015-16          |                  | Variance        | Note |
|---|------------------|------------------|-----------------|------|
|   | Actual           | Original Budget  |                 |      |
|   | \$000            | \$000            | \$000           |      |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>         |                  |                  |                 |      |
| <b>Operating receipts</b>                           |                  |                  |                 |      |
| Grants and subsidies received                       |                  |                  |                 |      |
| Current   | 35               | 28               | 7               |      |
| Appropriation                                       |                  |                  |                 |      |
| Output  | 163 092          | 104 436          | 58 656          | 1    |
| Receipts from sales of goods and services           | 660              | 489              | 171             |      |
| <b>Total operating receipts</b>                     | <b>163 787</b>   | <b>104 953</b>   | <b>58 834</b>   |      |
| <b>Operating payments</b>                           |                  |                  |                 |      |
| Payments to employees                               | - 17 035         | - 17 966         | 931             | 2    |
| Payments for goods and services                     | - 19 105         | - 15 332         | - 3 773         | 3    |
| Grants and subsidies paid                           |                  |                  |                 |      |
| Current   | - 15 890         | - 5 684          | - 10 206        | 4    |
| Capital   | - 50 000         |                  | - 50 000        | 5    |
| CSOs  | - 65 831         | - 65 831         |                 |      |
| Interest paid                                       | - 353            | - 9              | - 344           |      |
| <b>Total operating payments</b>                     | <b>- 168 214</b> | <b>- 104 822</b> | <b>- 63 392</b> |      |
| <b>Net cash from/(used in) operating activities</b> | <b>- 4 427</b>   | <b>131</b>       | <b>- 4 558</b>  |      |
| Net increase/(decrease) in cash held                | - 4 427          | 131              | - 4 558         |      |
| Cash at beginning of financial year                 | 19 024           | 11 682           | 7 342           |      |
| <b>CASH AT END OF FINANCIAL YEAR</b>                | <b>14 597</b>    | <b>11 813</b>    | <b>2 784</b>    |      |

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

1. The \$58.7 million increase in output appropriation largely reflects a one-off \$50 million capital grant to Territory Generation, a higher take-up of the FHOG and subsidy payments toward the generation of electricity in Jabiru.
2. Employee expenses are below budget due to unfilled budgeted positions as a result of efficiency measures.
3. Higher payments for goods and services is a result of timing of expenditure and is reflected in lower payables.
4. Current grants have increased from the original budget largely as a result of the higher take-up of the FHOG and subsidy payments toward the generation of electricity to the township of Jabiru.
5. A one-off contribution of \$50 million towards the Owen Springs power station expansion and the Tennant Creek power station upgrade.



## 21. Administered Territory Items

In addition to the specific departmental operations that are included in the financial statements, Treasury administers or manages other activities and resources on behalf of the Territory such as taxation and royalty revenue, Commonwealth general purpose and specific purpose funding, and statutory fees and charges. The transactions relating to these activities are reported as administered items in this note.

|   | 2015-16          |                  |                |      |
|---|------------------|------------------|----------------|------|
|   | Actual           | Original Budget  | Variance       | Note |
|   | \$000            | \$000            | \$000          |      |
| <b>TERRITORY INCOME AND EXPENSES</b>    |                  |                  |                |      |
| <b>Income</b>                           |                  |                  |                |      |
| Taxation revenue                        | 705 539          | 698 050          | - 7 489        |      |
| Grants and subsidies revenue            |                  |                  |                |      |
| Current                                 | 4 094            | 3 636            | 458            |      |
| GST revenue                             | 3 265 569        | 3 271 000        | - 5 431        |      |
| SPPs                                    | 340 157          | 339 341          | 816            |      |
| NP agreements                           | 657 960          | 470 147          | 187 813        | 1    |
| Fees from regulatory services           | 484              | 1 126            | - 642          |      |
| Royalties and rents                     | 192 336          | 167 660          | 24 676         | 2    |
| Other income                            | 5 948            | 300              | 5 648          |      |
| <b>Total income</b>                     | <b>5 172 086</b> | <b>4 951 260</b> | <b>220 826</b> |      |
| <b>Expenses</b>                         |                  |                  |                |      |
| Other administrative expenses           | 5 172 086        | 4 951 260        | 220 826        | 3    |
| <b>Total expenses</b>                   | <b>5 172 086</b> | <b>4 951 260</b> | <b>178 358</b> |      |
| <b>Territory income less expenses</b>   | <b>0</b>         | <b>0</b>         | <b>0</b>       |      |
| <b>TERRITORY ASSETS AND LIABILITIES</b> |                  |                  |                |      |
| <b>Assets</b>                           |                  |                  |                |      |
| Taxes receivable                        | 80 258           | 70 025           | 10 233         |      |
| Other receivables                       | 14 126           | 29 238           | - 15 112       |      |
| <b>Total assets</b>                     | <b>94 384</b>    | <b>99 263</b>    | <b>- 4 879</b> |      |
| <b>Liabilities</b>                      |                  |                  |                |      |
| CHA income payable                      | 84 733           | 70 404           | - 14 329       |      |
| Unearned CHA income                     | 9 651            | 28 859           | - 19 208       |      |
| <b>Total liabilities</b>                | <b>94 384</b>    | <b>99 263</b>    | <b>- 4 879</b> |      |
| <b>Net assets</b>                       | <b>0</b>         | <b>0</b>         | <b>0</b>       |      |

## 21. Administered Territory Items (continued)

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

1. NP revenue has increased by \$187.8 million due to revised and new funding across various NPs including Stronger Futures in the Northern Territory Municipal and Essential Services Remote Aboriginal Investments and roads.
2. Mining royalties increased by \$24.7 million due to unpredictable market changes in mineral prices, production and exchange rate fluctuation.
3. Other administrative expenses reflects the transfer of Territory revenue to CHA.

# 2015-16 Financial Statements – Central Holding Authority

4

## Central Holding Authority Role

Treasury has an important role in managing CHA for the Government. CHA is the Territory's entity that holds the revenue, expenses, assets and liabilities of the Territory and has a similar function to that of a parent company in a group of companies. Territory revenue is collected by agencies on behalf of CHA. Appropriation is also transferred from CHA to agencies.

In Treasury's case, Territory revenue, such as payroll tax, conveyancing stamp duty and mineral royalties, is collected on behalf of CHA. The IGA approved in November 2008 provided for all NP and SPP funds to be received from the Commonwealth Treasury through Treasury into CHA. These payments are then distributed to the relevant line agencies in the form of Commonwealth appropriation.

Necessarily, Treasury's agency accounts and CHA are closely interrelated, reflecting Treasury's whole of government responsibilities. Figure 9 on page 85 endeavours to illustrate the relationship and compare it to CHA's relationship with other agencies.

## Overview

This section of the report provides an analysis of the financial performance of CHA.

CHA is a key element of the Territory's financial management framework; it records on behalf of the Territory:

- assets that are not assigned to agencies, such as the Territory's investment portfolio. CHA does not hold physical assets such as land and buildings;

- liabilities where it is not practical or effective to assign them to individual agencies. CHA has two major liabilities – Territory borrowings and unfunded employee liabilities. Territory borrowings comprise the stock of general government debt that has accumulated since Self-Government and has been used to fund the construction of major infrastructure in the Territory over this period. Unfunded employee liabilities are those that have accrued but are not yet due to be paid, such as superannuation and long service leave;
- revenue collected by CHA is regarded as Territory revenue, the main types are taxation, untied grants (predominantly GST revenue) and fines; and
- expenses where the main expense is the payment of appropriation to agencies. Other significant expenses are interest on Territory borrowings, interest on cash balances of government business divisions and government owned corporations, and the centrally managed employee costs of superannuation and long service leave.

The significant movements in these items are analysed below and incorporated in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity and Cash Flow Statement of the accompanying financial statements.

## Main Results

- CHA reported an operating surplus of \$262 million in 2015-16, compared with a \$1069 million surplus in 2014-15.
- Equity has increased by \$262 million to \$3832 million in 2015-16, compared with an increase of \$1069 million in 2014-15 as a direct result of the operating surplus outcome.

## Comprehensive Operating Statement

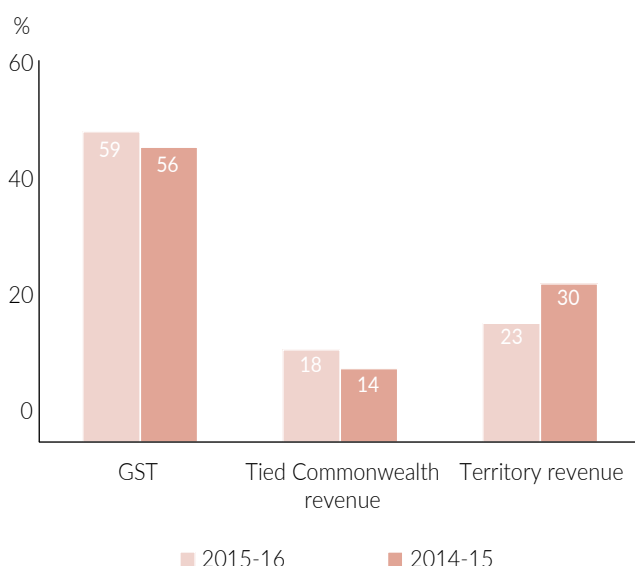
CHA reported a net operating surplus of \$262 million in 2015-16, a reduction of \$807 million compared to the previous year's operating surplus of \$1.069 billion.

The decrease in the operating result is largely due to an increase in expenses of \$587 million, resulting from additional appropriation for general government agencies to provide core services across the Territory and the movement in the bond rate used to value the Territory's superannuation liability between years, as required by accounting standards. The movement in the bond rate from 3.0 per cent to 2.0 per cent resulted in CHA recording a revaluation-based loss of \$398 million in 2015-16, compared with a revaluation-based loss of \$194 million in 2014-15 when the bond rate moved from 3.6 per cent to 3.0 per cent.

Furthermore, CHA revenue for 2015-16 also decreased by \$220 million, mostly attributed to the sale of Territory Insurance Office (TIO), which occurred in 2014-15, and lower stamp duty collections. These reductions in revenue are partially offset by higher GST receipts and tied funding from the Commonwealth.

The components of revenue and expenditure and movement between years are outlined below.

Figure 11: Components of CHA Operating Revenue as a Percentage of Total Revenue between Years



## Operating Revenue

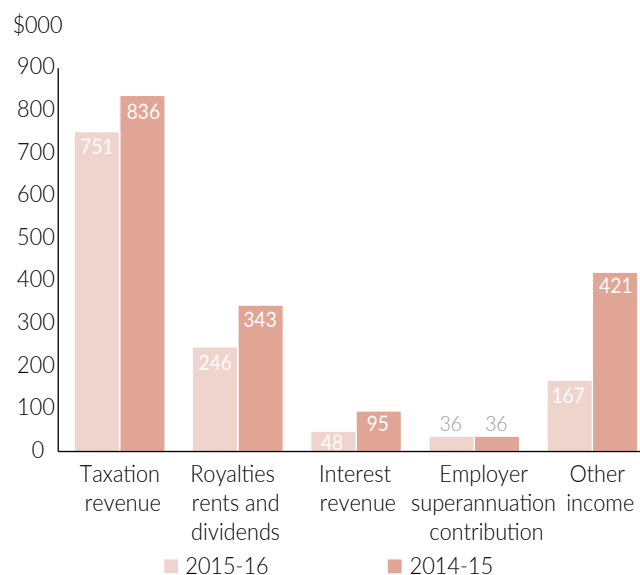
In 2015-16, CHA recorded revenue in excess of \$5.5 billion, a \$220 million decrease from 2014-15. The decrease is predominantly due to the combined effect of the sale of TIO (\$411 million) and a number of large one-off commercial transactions affecting stamp duty (\$134 million) that occurred in 2014-15. However, this reduction is partially offset by increases in tied Commonwealth funding including both SPPs and NPs of 28 per cent (\$221 million) and to a lesser extent GST revenue of 1 per cent (\$41 million).

The Territory continues to be reliant on Commonwealth revenue. Commonwealth revenue makes up 77 per cent of total revenue, with GST (59 per cent) and tied funding (18 per cent). The remaining 23 per cent is Territory own-source revenue.

As shown in Figure 11 the proportion of Territory revenue when compared to Commonwealth-related revenue declined by 7 per cent in 2015-16. As stated earlier this fall is predominantly due to the sale of TIO in 2014-15, once the one-off effect of the sale is removed, the proportion of Commonwealth revenue to Territory revenue is largely consistent between years.

Figure 12 provides the components of CHA Territory revenue for 2015-16 and compares them to 2014-15.

Figure 12: Components of CHA Territory Revenue between Years



Despite a fall in 2015-16, for the third year in succession Territory revenue exceeded \$1 billion.

Taxation revenue has declined by \$85 million, predominantly related to large one-off stamp duty transactions occurring in 2014-15. This has been partly offset by a \$24 million increase in payroll collections due to employment and wages growth particularly among the larger employers forming part of the Territory's payroll tax base, and \$25 million in income tax equivalents due to improved profitability of government owned corporations.

Royalties, rents and dividends have decreased in 2015-16 by \$97 million reflecting the one-off special dividend of \$140 million received from TIO in 2014-15, partially offset by an increase in mining royalties of \$34 million and dividends from government owned corporations of \$18 million.

Table 30 provides a summary of the \$220 million reduction in CHA revenue from 2014-15 to 2015-16.

Table 30: Movements in Operating Revenue

|  | 2015-16 | 2014-15 | Variation | Reason for Variation   |
|--|---------|---------|-----------|--|
|  | \$M     | \$M     | \$M       |  |
| GST revenue  | 3 266   | 3 225   | 41        | GST revenue increased by \$41 million due to growth in the GST pool offset by a lower relative share.  |
| SPPs, NPs and grants   | 1 025   | 804     | 221       | Increase in tied Commonwealth funding due to additional funding for education, housing and transport services, combined with bringing forward funding for municipal and essential services from future years.                    |
| Stamp duty   | 200     | 334     | - 134     | Decrease in stamp duty largely relates to high value one-off commercial transactions occurring in 2014-15.   |
| Payroll tax  | 371     | 347     | 24        | Increase reflects growth in wages and employment, particularly among the larger employers making up the Territory's payroll tax base.  |
| Income tax equivalents                                       | 68      | 43      | 25        | Improved collections from government owned corporations.   |
| Mining royalties, rents and dividends                        | 246     | 343     | - 97      | Reduction reflects a special dividend of \$140 million received from TIO in 2014-15 offset by additional mining royalty collections and dividends paid by government owned corporations in 2015-16.                              |
| Interest revenue and movement in securities marked to market | 48      | 95      | - 47      | A loss of \$18 million in market revaluation of the Conditions of Service Reserve and Medium-Term Investment Fund in 2015-16, reflecting market conditions, compared to a gain in market revaluation of \$29 million in 2014-15. |
| Other income   | 167     | 421     | - 254     | Decrease reflects the sale of TIO in 2014-15 offset by increased profit on CHA's equity investment in other trading entities sold or wound up over both financial years including Darwin Port Corporation in 2015-16.            |

## Operating Expenses

CHA operating expenses in 2015-16 total \$5.28 billion, \$587 million higher than in 2014-15. This increase is mainly due to higher superannuation expenses of \$205 million resulting from the movement in the 10-year bond rate used to value the superannuation liability from 3.0 per cent to 2.0 per cent, combined with an increase in appropriation to agencies of \$414 million, including \$151 million in transfer payments from the Commonwealth.

The majority of CHA expenses relate to appropriation to agencies to deliver government services. Appropriation makes up 85 per cent of the total CHA expenses in 2015-16 and is largely unchanged from that reported in 2014-15.

Figure 13, highlights the key components of CHA operating expenses as a percentage of total expenses, while Table 31 provides a summary of the movements in CHA expenses between years.

Figure 13: Components of CHA Operating Expenses as a Percentage of Total Expenses between Years

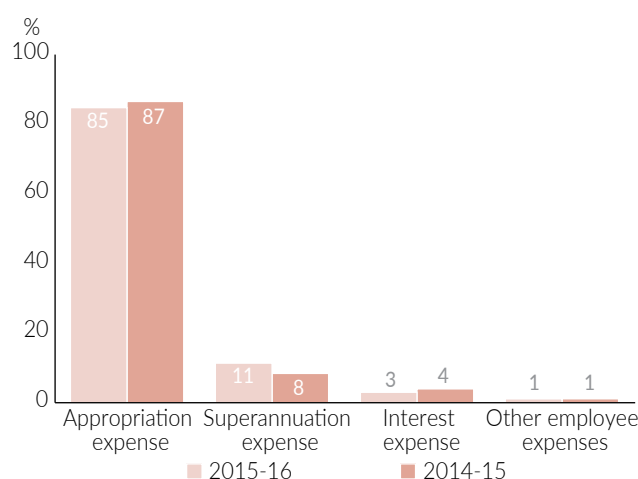


Table 31: Movements in CHA Operating Expenses between Years

|                         | 2015-16 | 2014-15 | Variation | Reason for Variation  |
|-------------------------|---------|---------|-----------|---|
|                         | \$M     | \$M     | \$M       |   |
| Appropriation           | 4 472   | 4 058   | 414       | An increase in tied revenue received from the Commonwealth (\$151 million) combined with an increase in appropriation for general government agencies to provide services across the Territory (\$263 million). |
| Superannuation expense  | 598     | 393     | 205       | Variance predominantly reflects the effect of the decrease in bond rate from 3 per cent to 2 per cent.  |
| Interest expense        | 156     | 186     | - 30      | Variation reflects reduced levels of borrowing in 2015-16.  |
| Other employee expenses | 51      | 53      | - 2       | A decrease in workers compensation expenses partially offset by an increase in long service leave expenses.   |

## Balance Sheet

Net assets, being total assets less total liabilities, increased by \$260 million to \$3.83 billion in 2015-16, compared with \$3.57 billion in 2014-15.

CHA's total assets of \$12.1 billion are \$223 million higher than in 2014-15, mainly due to an increase in net assets across agencies, offset by lower investment in securities in short-term and long-term investments.

The decrease of \$39 million in total liabilities since 2014-15 is mainly due to a reduction in borrowings of \$611 million offset by an increase in the Territory's unfunded superannuation liability of \$427 million due to the effect of a fall in the 10-year bond rate from 3 per cent to 2 per cent and deposits held, which represents the levels of monies held by CHA on behalf of government entities, which has increased by \$149 million in 2015-16.

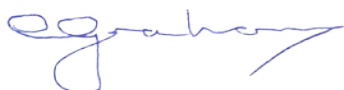
# Certification of the Financial Statements

4

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

We further state that the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2016 and the financial position on that date.

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



Craig Graham  
Acting Under Treasurer

30 September 2016



Dwayne McInnes  
Senior Director Financial Management

30 September 2016

# Comprehensive Operating Statement

For the year ended 30 June 2016

|   | Note | 2016<br>\$000    | 2015<br>\$000    |
|---|------|------------------|------------------|
| <b>INCOME</b>                                       |      |                  |                  |
| Taxation revenue                                    |      | 751 283          | 836 094          |
| Grants and subsidies revenue                        |      |                  |                  |
| GST revenue   |      | 3 265 569        | 3 224 841        |
| SPPs  |      | 340 157          | 318 458          |
| NP agreements                                       |      | 657 960          | 474 156          |
| Current   |      | 4 094            | 2 990            |
| Capital   |      | 22 906           | 8 071            |
| Sales of goods and services                         |      |                  |                  |
| Fees from regulatory services                       |      | 40 513           | 30 257           |
| Interest revenue                                    |      | 65 709           | 65 632           |
| Goods and services received free of charge          |      |                  |                  |
| Unrealised gain/loss on securities marked to market |      | - 18 033         | 29 277           |
| Royalties rents and dividends                       |      | 246 035          | 343 444          |
| Employer superannuation contribution                |      | 36 126           | 35 917           |
| Gain(+)/loss(-) on restructure of agency            |      |                  |                  |
| Other income  |      | 126 902          | 390 321          |
| <b>TOTAL INCOME</b>                                 |      | <b>5 539 220</b> | <b>5 759 458</b> |
| <b>EXPENSES</b>                                     |      |                  |                  |
| Long service leave expense                          |      | 53 319           | 48 435           |
| Superannuation expense                              | 9    | 597 929          | 393 092          |
| Workers compensation expense                        |      | - 3 212          | 3 655            |
| Administrative expenses                             |      | 1 060            | 1 218            |
| Borrowing expenses                                  |      |                  |                  |
| Interest expense                                    |      | 156 374          | 185 740          |
| Output appropriation                                |      | 3 758 902        | 3 496 208        |
| Commonwealth appropriation                          |      | 712 793          | 562 171          |
| <b>TOTAL EXPENSES</b>                               |      | <b>5 277 165</b> | <b>4 690 519</b> |
| <b>NET SURPLUS/(DEFICIT)</b>                        |      | <b>262 056</b>   | <b>1 068 939</b> |
| <b>COMPREHENSIVE RESULT</b>                         |      | <b>262 056</b>   | <b>1 068 939</b> |

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



# Balance Sheet

As at 30 June 2016

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|                                      | Note | 2016<br>\$000     | 2015<br>\$000     |
|--------------------------------------|------|-------------------|-------------------|
| <b>ASSETS</b>                        |      |                   |                   |
| <b>Current assets</b>                |      |                   |                   |
| Cash and deposits                    | 3    | 507 850           | 549 302           |
| Receivables                          | 4    | 97 714            | 101 733           |
| Advances and investments             |      | 1 566 678         | 1 739 348         |
| Prepayments                          |      | 883               | 1 093             |
| <b>Total current assets</b>          |      | <b>2 173 125</b>  | <b>2 391 476</b>  |
| <b>Non-current assets</b>            |      |                   |                   |
| Advances and investments             |      |                   | 10 000            |
| Investments in agencies              |      | 9 912 351         | 9 461 259         |
| <b>Total non-current assets</b>      |      | <b>9 912 351</b>  | <b>9 471 259</b>  |
| <b>TOTAL ASSETS</b>                  |      | <b>12 085 476</b> | <b>11 862 735</b> |
| <b>LIABILITIES</b>                   |      |                   |                   |
| <b>Current liabilities</b>           |      |                   |                   |
| Deposits held                        |      | 1 099 953         | 950 565           |
| Payables                             | 5    | 5 921             | 5 142             |
| Borrowings and advances              | 6    | 392 847           | 170 000           |
| Provisions                           | 7    | 42 428            | 60 747            |
| Employee benefits                    | 8    | 195 551           | 182 600           |
| Superannuation liability             | 9    | 247 095           | 226 349           |
| <b>Total current liabilities</b>     |      | <b>1 983 795</b>  | <b>1 595 403</b>  |
| <b>Non-current liabilities</b>       |      |                   |                   |
| Borrowings and advances              | 6    | 2 047 149         | 2 880 531         |
| Provisions                           | 7    | 105 482           | 112 478           |
| Employee benefits                    | 8    | 99 963            | 93 283            |
| Superannuation liability             | 9    | 4 016 755         | 3 610 765         |
| <b>Total non-current liabilities</b> |      | <b>6 269 348</b>  | <b>6 697 056</b>  |
| <b>TOTAL LIABILITIES</b>             |      | <b>8 253 143</b>  | <b>8 292 459</b>  |
| <b>NET ASSETS</b>                    |      | <b>3 832 332</b>  | <b>3 570 276</b>  |
| <b>EQUITY</b>                        |      |                   |                   |
| Accumulated funds                    |      | 3 832 332         | 3 570 276         |
| <b>TOTAL EQUITY</b>                  |      | <b>3 832 332</b>  | <b>3 570 276</b>  |

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

# Statement of Changes in Equity

For the year ended 30 June 2016

|  | Note | Equity at<br>1 July<br>\$000 | Comprehensive<br>result<br>\$000 | Transactions with<br>owners in their<br>capacity as owners<br>\$000 | Equity at<br>30 June<br>\$000 |
|--|------|------------------------------|----------------------------------|---|-------------------------------|
| <b>2015-16</b>                               |      |                              |                                  |   |                               |
| <b>Accumulated funds</b>                     |      | <b>3 570 276</b>             | <b>262 056</b>                   |   | <b>3 832 332</b>              |
| Changes in accounting policy                 |      |                              |                                  |   |                               |
| Correction of prior period errors            |      |                              |                                  |   |                               |
| Transfers from reserves                      |      |                              |                                  |   |                               |
| Other movements directly to equity           |      |                              |                                  |   |                               |
| <b>Total equity at end of financial year</b> |      | <b>3 570 276</b>             | <b>262 056</b>                   |   | <b>3 832 332</b>              |
| <b>2014-15</b>                               |      |                              |                                  |   |                               |
| <b>Accumulated funds</b>                     |      | <b>2 501 336</b>             | <b>1 068 939</b>                 |   | <b>3 570 276</b>              |
| Changes in accounting policy                 |      |                              |                                  |   |                               |
| Correction of prior period errors            |      |                              |                                  |   |                               |
| Transfers from reserves                      |      |                              |                                  |   |                               |
| Other movements directly to equity           |      |                              |                                  |   |                               |
| <b>Total equity at end of financial year</b> |      | <b>2 501 336</b>             | <b>1 068 939</b>                 |   | <b>3 570 276</b>              |

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

# Cash Flow Statement

For the year ended 30 June 2016

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|   | Note | 2016<br>\$000    | 2015<br>\$000    |
|---|------|------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>         |      |                  |                  |
| <b>Operating receipts</b>                           |      |                  |                  |
| Taxes received                                      |      | 725 309          | 838 027          |
| Grants and subsidies received                       |      |                  |                  |
| GST received  |      | 3 265 569        | 3 224 841        |
| SPPs  |      | 340 157          | 318 458          |
| NP agreements                                       |      | 657 960          | 474 156          |
| Current   |      | 4 094            | 2 990            |
| Capital   |      | 22 906           | 8 071            |
| Royalties rent and dividends                        |      | 257 680          | 356 794          |
| Agency superannuation contributions                 |      | 36 126           | 35 917           |
| Other agency receipts                               |      | 65 791           | 333 218          |
| Interest received                                   |      | 65 913           | 64 914           |
| <b>Total operating receipts</b>                     |      | <b>5 441 504</b> | <b>5 657 386</b> |
| <b>Operating payments</b>                           |      |                  |                  |
| Long service leave                                  |      | 36 126           | 37 799           |
| Superannuation benefits                             |      | 171 192          | 188 990          |
| Payments for goods and services                     |      | 6                | 980              |
| Interest paid                                       |      | 156 563          | 186 687          |
| Output payments                                     |      | 3 758 902        | 3 496 208        |
| Commonwealth payments                               |      | 712 793          | 562 171          |
| <b>Total operating payments</b>                     |      | <b>4 835 582</b> | <b>4 472 835</b> |
| <b>Net cash from/(used in) operating activities</b> |      | <b>605 922</b>   | <b>1 184 551</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>         |      |                  |                  |
| <b>Investing receipts</b>                           |      |                  |                  |
| Equity sales or withdrawals                         |      | 647 887          | 1 059 116        |
| <b>Total investing receipts</b>                     |      | <b>647 887</b>   | <b>1 059 116</b> |
| <b>Investing payments</b>                           |      |                  |                  |
| Advances and investing payments                     |      | - 164 637        | 273 650          |
| Capital appropriation                               |      | 451 995          | 240 082          |
| Commonwealth appropriation                          |      | 300 530          | 236 183          |
| Equity acquisitions                                 |      | 246 232          | 1 249 619        |
| <b>Total investing payments</b>                     |      | <b>834 119</b>   | <b>1 999 533</b> |
| <b>Net cash from/(used in) investing activities</b> |      | <b>- 186 232</b> | <b>- 940 417</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>         |      |                  |                  |
| <b>Financing receipts</b>                           |      |                  |                  |
| Proceeds of borrowings                              |      | 12 000           | 170 000          |
| Deposits received                                   |      | 149 388          | - 411 909        |
| <b>Total financing receipts</b>                     |      | <b>161 388</b>   | <b>- 241 909</b> |
| <b>Financing payments</b>                           |      |                  |                  |
| Repayment of borrowings                             |      | 622 530          | 57 258           |
| <b>Total financing payments</b>                     |      | <b>622 530</b>   | <b>57 258</b>    |
| <b>Net cash from/(used in) financing activities</b> |      | <b>- 461 142</b> | <b>- 299 167</b> |
| Net increase/(decrease) in cash held                |      | - 41 452         | - 55 034         |
| Cash at beginning of financial year                 |      | 549 302          | 604 336          |
| <b>CASH AT END OF FINANCIAL YEAR</b>                | 3    | <b>507 850</b>   | <b>549 302</b>   |

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

# Index of Notes to the Financial Statements

## Note

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# Notes to the Financial Statements

For the year ended 30 June 2016

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## 1. Objectives and Funding

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

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

CHA also holds certain Territory assets not assigned to agencies as well as certain Territory liabilities that are not practical or effective to assign to individual agencies.

### Territory items

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

## 2. Statement of Significant Accounting Policies

### (a) Statement of Compliance

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

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

### (b) Basis of Accounting

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

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

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

The following new and revised accounting standards and interpretations were effective for the first time in 2015-16:

**AASB 1048 Interpretation of Standards** – This reflects amended versions of Interpretations arising in relation to amendments to AASB 9 Financial Instruments and consequential amendments arising from the issuance of AASB 15 Revenue from Contracts with Customers. The standard does not impact the financial statements.

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

**AASB 2013-9 Amendments to Australian Accounting Standards (Part C Financial Instruments)** – Part C of this standard amends AASB 9 Financial Instruments to add Chapter 6 Hedge Accounting and makes consequential amendments to AASB 9 and numerous other standards. The standard does not impact the financial statements.

**AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9** – This standard makes amendments to AASB 9 Financial Instruments (December 2009) and AASB 9 Financial Instruments (December 2010). These amendments arise from the issuance of AASB 9 Financial Instruments in December 2014. The standard does not impact the financial statements.

**AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality** – The standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing the standard to effectively be withdrawn. The standard does not impact the financial statements.

**AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent** – Amendments are made to AASB 128 Investments in Associates and Joint Ventures to require the ultimate Australian entity to apply the equity method in accounting for interests in associates and joint ventures, if either the entity or the group is a reporting entity or both the entity and group are reporting entities. The standard does not impact the financial statements.

**AASB 2014-1 Amendments to Australian Accounting Standards (Part E – Financial Instruments)** – Part E of this standard defers the application date of AASB 9 Financial Instruments to annual reporting periods beginning on or after 1 January 2018. The standard does not impact the financial statements.

The following standards and interpretations are likely to have an insignificant impact on the financial statements for future reporting periods but the exact impact is yet to be determined:

| Standard/interpretation   | Effective for annual reporting periods beginning on or after |
|---|--|
| AASB 9 Financial Instruments (December 2014), AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)   | 1 January 2018   |
| AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15                 | 1 January 2018   |
| AASB 1056 Superannuation Entities   | 1 July 2016  |
| AASB 1057 Application of Accounting Standards   | 1 January 2016   |
| AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (AASB 1 and AASB 11) | 1 January 2016   |
| AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception (AASB 10, 12 and 128)   | 1 January 2016   |
| AASB 2015-9 Amendments to Australian Accounting Standards – Scope and Application Paragraphs (AASB 8, 133 and 1057)                           | 1 January 2016   |
| AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128                             | 1 January 2016   |

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

The following standards and interpretations are expected to have a potential impact on the financial statements for future reporting periods:

| Standard/interpretation   | Effective for annual reporting periods beginning on or after | Impact  |
|---|--|---|
| AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities (AASB 10, 124 and 1049)                                | 1 July 2016  | New note disclosure to include remuneration of key management personnel and related party transactions.   |
| 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107  | 1 January 2017   | New disclosure on the reconciliation of the changes in liabilities arising from financing activities.   |
| AASB 9 Financial Instruments  | 1 January 2018   | Simplified requirements for classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier as opposed to only when incurred.   |
| AASB 15 Revenue from Contracts with Customers   | 1 January 2018   | Requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.  |
| AASB 2014-1 Amendments to Australian Accounting Standards (Part E Financial Instruments)  | 1 January 2018   | Amends various AASs to reflect the deferral of the mandatory application date of AASB 9.  |
| AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15  | 1 January 2017   | Amends the measurement of trade receivables and the recognition of dividends.   |
| AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9   | 1 January 2018   | Amends various AASs to reflect the changes as a result of AASB 9.   |
| AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements (AASB 1, 127 and 128)  | 1 January 2016   | Allows an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statement at cost or using the equity method.  |
| AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-14 Cycle (AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 and 140) | 1 January 2016   | The amendments include AASB 5 change in methods of disposal; AASB 7 Servicing Contracts and applicability of the amendments to AASB 7 to condensed interim financial statements; AASB 119 Discount Rate: Regional Market Issue and AASB 134 Disclosure of Information elsewhere in the interim financial. |

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

### (c) Comparatives

Where necessary, comparative information for the 2014-15 financial year has been reclassified to provide consistency with current year disclosures.

### (d) Presentation and Rounding of Amounts

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

### (e) Changes in Accounting Policies

There have been no changes to accounting policies adopted in 2015-16 as a result of management decisions.

### (f) Accounting Judgments and Estimates

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

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

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

- Note 8 Employee Benefits: Non-current liabilities in respect of employee benefits including Note 9 Superannuation Liability are measured as the present value of estimated future cash outflows based on the appropriate Government bond rate, estimates of future salary and wage levels, and employee periods of service.

### (g) Goods and Services Tax

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

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

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

### (h) Income Recognition

Income encompasses both revenue and gains.

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

### (i) Grants and Other Contributions

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

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

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



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

### (j) Taxation

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

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

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

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

### (k) Sale of Goods

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

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

### (l) Rendering of Services

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

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

### (m) Interest Revenue

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

### (n) Dividends

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

### (o) Fees and Fines

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

### (p) Interest Expense

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

### (q) Cash and Deposits

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

### (r) Receivables

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

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

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

### (s) Advances and Investments

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

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

### (t) Investments in Agencies

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

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

### (u) Payables

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

Accounts payable are normally settled within 30 days.

### (v) Provisions

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

### Workers compensation

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

The change in liability for the year ended 30 June 2016 is based upon an actuarial assessment of the value of outstanding claims at the end of the period and takes into account revisions to earlier years' estimates of the value of outstanding claims.

### (w) Borrowings and Advances

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

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

### (x) Employee Benefits

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

### Long service leave

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

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

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

### (y) Superannuation Liability

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

### Defined contribution plans

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

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

### Defined benefit plans

For defined benefit superannuation plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations carried out at each reporting date. The projected unit credit method calculates the accrued liability by discounting the value of the expected future benefit payments, after allowing for future salary increases, future interest and future pension increases where applicable, arising from membership completed prior to the reporting date. The discount rate used is the 10-year bond rates as at 30 June 2016, which was 2 per cent; the equivalent rate as at 30 June 2015 was 3 per cent.

The defined benefit superannuation plans include:

- NTGPASS;
- CSS;
- Northern Territory Supplementary Superannuation Scheme (NTSSS);
- Northern Territory Police Supplementary Benefit Scheme (NTPSBS); and
- Legislative Assembly Members' Superannuation (LAMS) and other statutory schemes.

### (z) Equity

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

### (aa) Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments include cash and deposits; receivables; advances, investment loans and placements; payables; advances received; borrowings and derivatives.

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

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

- cash and cash equivalents;
- loans and receivables;
- non-trading financial assets;
- financial assets that are held-to-maturity investments; and
- non-trading financial liabilities.

### Fair value of financial instruments

The fair value of financial instruments is determined based on quoted market prices, where available, or on estimates using present values or other valuation techniques. These techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. When market prices are not readily available, fair value is either based on estimates obtained from independent experts or quoted market prices of comparable instruments. Financial liabilities at FVTPL include deposits held excluding statutory deposits, accounts payable and accrued expenses. Financial assets at FVTPL include short-term securities and bonds.

Note 11 provides additional information on financial instruments.

### (ab) Reporting Period

The reporting period is the year ended each 30 June.

### 3. Cash and Deposits

|                                | 2016           | 2015           |
|--------------------------------|----------------|----------------|
|                                | \$000          | \$000          |
| Cash and short-term deposits   | 507 850        | 549 302        |
| <b>Total cash and deposits</b> | <b>507 850</b> | <b>549 302</b> |

### 4. Receivables

|   | 2016          | 2015           |
|---|---------------|----------------|
|   | \$000         | \$000          |
| Taxes receivable                          | 68 934        | 61 873         |
| Royalties, rents and dividends receivable | 23 757        | 35 399         |
| Interest receivables                      | 2 543         | 2 753          |
| Other receivables                         | 2 481         | 1 707          |
| <b>Total receivables</b>                  | <b>97 714</b> | <b>101 733</b> |

### 5. Payables

|                       | 2016         | 2015         |
|-----------------------|--------------|--------------|
|                       | \$000        | \$000        |
| <b>Current</b>        |              |              |
| Other payables        | 5 921        | 5 142        |
| <b>Total payables</b> | <b>5 921</b> | <b>5 142</b> |

### 6. Borrowings and Advances

|                                      | 2016             | 2015             |
|--------------------------------------|------------------|------------------|
|                                      | \$000            | \$000            |
| <b>Current</b>                       |                  |                  |
| Loans and advances                   | 392 847          | 170 000          |
|                                      | <b>392 847</b>   | <b>170 000</b>   |
| <b>Non-current</b>                   |                  |                  |
| Loans and advances                   | 2 047 149        | 2 880 531        |
|                                      | <b>2 047 149</b> | <b>2 880 531</b> |
| <b>Total borrowings and advances</b> | <b>2 439 996</b> | <b>3 050 531</b> |

### 7. Provisions

|   | 2016           | 2015           |
|---|----------------|----------------|
|   | \$000          | \$000          |
| <b>Current</b>  |                |                |
| Workers' compensation liability                                   | 28 522         | 25 443         |
| Other   | 74             | 68             |
| Unearned revenue  | 13 832         | 35 236         |
|   | <b>42 428</b>  | <b>60 747</b>  |
| <b>Non-current</b>  |                |                |
| Workers' compensation liability                                   | 104 133        | 111 235        |
| Other   | 1 349          | 1 243          |
|   | <b>105 482</b> | <b>112 478</b> |
| <b>Total provisions</b>   | <b>147 910</b> | <b>173 225</b> |
| <b>Reconciliation of provisions</b>                               |                |                |
| Balance at 1 July   | 137 989        | 135 542        |
| Effect of changes in assumptions                                  | - 5 800        | 8 000          |
| Increase in claims incurred/ recoveries anticipated over the year | 2 720          | - 4 260        |
| Reductions arising from payments                                  | - 831          | - 1 293        |
| <b>Balance at 30 June</b>   | <b>134 078</b> | <b>137 989</b> |

## 8. Employee Benefits

|                                | 2016           | 2015           |
|--------------------------------|----------------|----------------|
|                                | \$000          | \$000          |
| <b>Current</b>                 |                |                |
| Long service leave             | 195 551        | 182 600        |
|                                | <b>195 551</b> | <b>182 600</b> |
| <b>Non-current</b>             |                |                |
| Long service leave             | 99 963         | 93 283         |
|                                | <b>99 963</b>  | <b>93 283</b>  |
| <b>Total employee benefits</b> | <b>295 514</b> | <b>275 883</b> |

## 9. Superannuation Liability

The values reported below are based on estimates of the size and timing of future benefit payments obtained through actuarial reviews conducted at three-year intervals that are updated on an annual basis. NTGPASS, NTSSS, Supreme Court Judges Pension Scheme (JPS), Northern Territory Government Death and Invalidity Scheme (NTGDIS), Administrators Pension Scheme and the LAMS Fund are based on tri-annual reviews conducted 30 June 2016. The NTPSBS and the CSS are based on tri-annual reviews conducted on 30 June 2015, however updated for 30 June 2016. The movement in liability between years is predominantly due to movement in bond rate from 3 per cent to 2 per cent.

|   | 2016             | 2015             |
|---|------------------|------------------|
|   | \$000            | \$000            |
| Current                                     | 247 095          | 226 349          |
| Non-current                                 | 4 016 755        | 3 610 765        |
| <b>Total superannuation liabilities (a)</b> | <b>4 263 850</b> | <b>3 837 114</b> |

(a) The Northern Territory Government Superannuation schemes comprise:

|                                | 2016             | 2015             |
|--------------------------------|------------------|------------------|
|                                | \$000            | \$000            |
| LAMS                           | 102 277          | 82 688           |
| CSS                            | 2 560 900        | 2 241 700        |
| NTGPASS                        | 1 058 316        | 1 007 164        |
| NTSSS                          | 270 478          | 257 274          |
| NTPSBS                         | 74 509           | 68 399           |
| NTGDIS                         | 83 731           | 72 416           |
| Statutory schemes <sup>1</sup> | 113 639          | 107 472          |
|                                | <b>4 263 850</b> | <b>3 837 114</b> |

<sup>1</sup> The statutory schemes comprise the superannuation liability for the Administrators' and judges.

## 9. Superannuation Liability (continued)

### Key assumptions

|  | 2016 | 2015 |
|--|------|------|
|  | %    | %    |
| <b>Key assumptions as at balance date and for following year expense</b> |      |      |
| Discount rate (gross of tax)   | 2.00 | 3.00 |
| Salary rate  | 3.00 | 3.00 |
| Expected return on scheme assets (net of tax)                            | 6.50 | 7.00 |
| Inflation (pensions)   | 2.00 | 2.50 |
| Imputed cost of interest   | 3.00 | 3.60 |
| Tax rate for employer contributions <sup>1</sup>                         | nil  | nil  |

1 All employer contributions are untaxed. As such, no allowance has been made for contributions tax, except for LAMS at 15 per cent.

### Scheme Information

#### Commonwealth Superannuation Scheme

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

The amount of retirement benefit is the sum of:

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

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

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

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

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

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

#### Northern Territory Supplementary Superannuation Scheme

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

#### Northern Territory Government Death and Invalidity Scheme

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

#### Other Statutory Schemes

These include the NTPSBS, LAMS, Administrator and judges schemes, which are all pension-based schemes.

The following schemes are included in the consolidated disclosures:

- CSS;
- NTGPASS;
- NTSSS;
- NTGDIS;
- NTPSBS;
- LAMS Scheme;
- Administrators Pension Scheme; and
- Supreme Court JPS.

## 9. Superannuation Liability (continued)

4

### Amounts in the financial statements

#### Balance Sheet

|   |                  |                  |
|---|------------------|------------------|
| Present value of the defined benefit obligation at end of year          | 4 283 555        | 3 869 432        |
| Fair value of plan assets at end of year                                | - 65 130         | - 67 773         |
| Net present value of creditors <sup>1</sup>                             | 45 425           | 35 455           |
| <b>Net liability/(asset) recognised in balance sheet at end of year</b> | <b>4 263 850</b> | <b>3 837 114</b> |

#### Operating Statement

|   |                |                |
|---|----------------|----------------|
| Employer service cost                             | 75 027         | 76 346         |
| Net interest cost                                 | 111 465        | 126 115        |
| Remeasurements                                    | 397 794        | 194 275        |
| Movement in superannuation creditors              | 9 970          | - 6 235        |
| Variations between payments and contributions     | 3 672          | 2 592          |
| <b>Total included in employee benefit expense</b> | <b>597 929</b> | <b>393 092</b> |

1 For NTGPASS, NTSSS and NTGDIS.

### Explanation of amounts in the financial statements

#### Remeasurements in other comprehensive income (OCI)

|   |                |                |
|---|----------------|----------------|
| Actual return on fund assets less interest income | 1 965          | - 4 201        |
| Actuarial (gains)/losses on liability             | 395 829        | 198 476        |
| Adjustment for asset ceiling                      |                |                |
| <b>Total remeasurement included in OCI</b>        | <b>397 794</b> | <b>194 275</b> |

#### Reconciliation of the net defined benefit liability/(asset)

|   |                  |                  |
|---|------------------|------------------|
| Net defined benefit liability/(asset) at beginning of year  | 3 801 660        | 3 591 322        |
| Expense recognised in income statement                      | 186 492          | 202 461          |
| Employer contributions                                      | - 167 520        | - 186 398        |
| Remeasurements in OCI                                       | 397 794          | 194 275          |
| <b>Net defined benefit liability/(asset) at end of year</b> | <b>4 218 426</b> | <b>3 801 660</b> |

## 9. Superannuation Liability (continued)

Reconciliation from opening to closing balance of the following:

|  | 2016             | 2015             |
|--|------------------|------------------|
|  | \$000            | \$000            |
| <b>Reconciliation of plan assets</b>   |                  |                  |
| Fair value of the plan assets at the beginning of the year                     | 67 773           | 63 814           |
| Employer contributions   | 167 520          | 186 398          |
| Participant contributions  | 287              | 717              |
| Benefit payments   | - 171 192        | - 188 990        |
| Taxes and expenses paid  | 714              | - 619            |
| Interest income  | 1 993            | 2 252            |
| Actual return on plan assets less interest income                              | - 1 965          | 4 201            |
| <b>Assets at the year end</b>  | <b>65 130</b>    | <b>67 773</b>    |
| <b>Reconciliation of the present value of the defined benefit obligation</b>   |                  |                  |
| Total defined benefit obligation at the beginning of the year                  | 3 869 432        | 3 655 135        |
| Employer service cost  | 75 027           | 76 346           |
| Interest expense   | 113 458          | 128 367          |
| Participant contributions  | 287              | 717              |
| Taxes and expenses paid  | 714              | - 619            |
| Benefit payments   | - 171 192        | - 188 990        |
| Actuarial (gain)/loss on liabilities due to changes in demographic assumptions | - 6 488          | - 69 038         |
| Actuarial (gain)/loss on liabilities due to changes in financial assumptions   | 443 463          | 267 287          |
| Actuarial (gain)/loss on liabilities due to changes in liability experience    | - 41 146         | 227              |
| <b>Total defined benefit obligation at year end</b>                            | <b>4 283 555</b> | <b>3 869 432</b> |

Note: LAMS is the only unfunded scheme that has assets.

### Sensitivity analysis – LAMS

The following presents the entity's total defined benefit obligation as at 30 June 2016 under several scenarios.

|                 | Discount Rate Change | Defined Benefit Obligation | Change in Obligation | Estimated Impact |
|-----------------|----------------------|----------------------------|----------------------|------------------|
|                 | %                    | \$000                      | \$000                | % change         |
| Base case       |                      | 167 407                    |                      |                  |
| Discount rate   | 1.0                  | 138 868                    | - 28 539             | - 17.0           |
| Discount rate   | - 1.0                | 204 586                    | 37 179               | 22.2             |
| Salary increase | 1.0                  | 202 463                    | 35 056               | 20.9             |
| Salary increase | - 1.0                | 139 767                    | - 27 640             | - 16.5           |
| Mortality rates | 10.0                 | 161 993                    | - 5 414              | - 3.2            |
| Mortality rates | - 10.0               | 173 544                    | 6 137                | 3.7              |

### Maturity profile of defined benefit obligation – LAMS

The weighted average term of the defined benefit obligation is 19 years.



## 9. Superannuation Liability (continued)

### Sensitivity analysis – Supreme Court JPS

The following presents the entity's total defined benefit obligation as at 30 June 2016 under several scenarios.

|                 | Discount Rate Change | Defined Benefit Obligation | Change in Obligation | Estimated Impact |
|-----------------|----------------------|----------------------------|----------------------|------------------|
|                 | %                    | \$000                      | \$000                | % change         |
| Base case       |                      | 108 955                    |                      |                  |
| Discount rate   | 1.0                  | 94 458                     | - 14 497             | - 13.3           |
| Discount rate   | - 1.0                | 128 374                    | 19 419               | 17.8             |
| Inflation       | 1.0                  | 127 550                    | 18 595               | 17.1             |
| Inflation       | - 1.0                | 94 738                     | - 14 217             | - 13.0           |
| Mortality rates | 10.0                 | 105 576                    | - 3 379              | - 3.1            |
| Mortality rates | - 10.0               | 113 980                    | 5 025                | 4.6              |

### Maturity profile of defined benefit obligation – Supreme Court JPS

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

### Sensitivity analysis – NTPSBS

The following presents the entity's total defined benefit obligation as at 30 June 2016 under several scenarios.

|                  | Discount Rate Change | Defined Benefit Obligation | Change in Obligation | Estimated Impact |
|------------------|----------------------|----------------------------|----------------------|------------------|
|                  | %                    | \$000                      | \$000                | % change         |
| Base case        |                      | 74 509                     |                      |                  |
| Discount rate    | 1.0                  | 63 673                     | - 10 836             | - 14.5           |
| Discount rate    | - 1.0                | 88 385                     | 13 876               | 18.6             |
| Inflation        | 1.0                  | 87 799                     | 13 290               | 17.8             |
| Inflation        | - 1.0                | 63 895                     | - 10 614             | - 14.2           |
| Mortality rates  | 10.0                 | 72 663                     | - 1 846              | - 2.5            |
| Mortality rates  | - 10.0               | 76 578                     | 2 069                | 2.8              |
| Commutation rate | 0.0                  | 76 880                     | 2 371                | 3.2              |
| Commutation rate | 30.0                 | 72 138                     | - 2 371              | - 3.2            |

### Maturity profile of defined benefit obligation – NTPSBS

The weighted average term of the defined benefit obligation is 18 years.

## 9. Superannuation Liability (continued)

### Sensitivity analysis – NTSSS

The following presents the entity's total defined benefit obligation as at 30 June 2016 under several scenarios.

|                  | Discount Rate Change | Defined Benefit Obligation | Change in Obligation | Estimated Impact |
|------------------|----------------------|----------------------------|----------------------|------------------|
|                  | %                    | \$000                      | \$000                | % change         |
| Base case        |                      | 258 500                    |                      |                  |
| Discount rate    | 1.0                  | 237 200                    | - 21 300             | - 8.0            |
| Discount rate    | - 1.0                | 283 100                    | 24 600               | 10.0             |
| Salary increase  | 1.0                  | 282 300                    | 23 800               | 9.0              |
| Salary increase  | - 1.0                | 237 400                    | - 21 100             | - 8.0            |
| Pension increase | 1.0                  | 258 500                    |                      |                  |
| Pension increase | - 1.0                | 258 500                    |                      |                  |

### Maturity profile of defined benefit obligation – NTSSS

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

### Sensitivity analysis – CSS

The following presents the entity's total defined benefit obligation as at 30 June 2016 under several scenarios.

|                  | Discount Rate Change | Defined Benefit Obligation | Change in Obligation | Estimated Impact |
|------------------|----------------------|----------------------------|----------------------|------------------|
|                  | %                    | \$000                      | \$000                | % change         |
| Base case        |                      | 2 560 900                  |                      |                  |
| Discount rate    | 1.0                  | 2 199 700                  | - 361 200            | - 14.0           |
| Discount rate    | - 1.0                | 3 018 500                  | 457 600              | 18.0             |
| Salary increase  | 1.0                  | 2 575 100                  | 14 200               | 1.0              |
| Salary increase  | - 1.0                | 2 547 900                  | - 13 000             | - 1.0            |
| Pension increase | 1.0                  | 2 965 500                  | 404 600              | 16.0             |
| Pension increase | - 1.0                | 2 228 700                  | - 332 200            | - 13.0           |

### Maturity profile of defined benefit obligation – CSS

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

## 9. Superannuation Liability (continued)

### Sensitivity analysis – NTGDIS

The following presents the entity's total defined benefit obligation as at 30 June 2016 under several scenarios.

|                  | Discount Rate Change | Defined Benefit Obligation | Change in Obligation | Estimated Impact |
|------------------|----------------------|----------------------------|----------------------|------------------|
|                  | %                    | \$000                      | \$000                | % change         |
| Base case        |                      | 72 200                     |                      |                  |
| Discount rate    | 1.0                  | 65 500                     | - 6 700              | - 9.0            |
| Discount rate    | - 1.0                | 80 000                     | 7 800                | 11.0             |
| Salary increase  | 1.0                  | 79 800                     | 7 600                | 11.0             |
| Salary increase  | - 1.0                | 65 600                     | - 6 600              | - 9.0            |
| Pension increase | 1.0                  | 72 200                     |                      |                  |
| Pension increase | - 1.0                | 72 200                     |                      |                  |

### Maturity profile of defined benefit obligation – NTGDIS

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

## 10. Notes to the Cash Flow Statement

### Reconciliation of cash

The total of agency cash and deposits of \$508 million (2015: \$549 million) recorded in the Balance Sheet is consistent with that recorded as 'cash' in the Cash Flow Statement.

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

|  | 2016           | 2015             |
|--|----------------|------------------|
|  | \$000          | \$000            |
| Net surplus (deficit)                                  | 262 056        | 1 068 939        |
| Changes in assets and liabilities:                     |                |                  |
| Unrealised (gain)/loss on securities marked to market  | 18 033         | - 29 277         |
| Profit or Loss on sale of equity investments           | - 100 221      | - 91 846         |
| Amortisation on investments                            | - 6            | 6                |
| Gain on extinguishment                                 |                |                  |
| Decrease/(increase) in receivables                     | 4 019          | 10 136           |
| Decrease/(increase) in prepayments                     | 210            | - 26             |
| (Decrease)/increase in other provision                 | - 21 405       | 2 262            |
| (Decrease)/increase in payables                        | 779            | 2 752            |
| (Decrease)/increase in provision for employee benefits | 442 457        | 221 604          |
| <b>Net cash from operating activities</b>              | <b>605 922</b> | <b>1 184 551</b> |

## 11. Financial Instruments

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

### (a) Categorisation of Financial Instruments

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

|  | FVTPL            |                          | Held to Maturity | Financial Assets – Loans and Receivables | Financial Assets – Available for Sale | Financial Assets – Other | Financial Liabilities – Amortised Cost | Total            |
|--|------------------|--------------------------|------------------|--|---------------------------------------|--------------------------|--|------------------|
|  | Held for Trading | Designated at Fair Value | Investments      |  |                                       |                          |  |                  |
|  | \$000            | \$000                    | \$000            | \$000                                    | \$000                                 | \$000                    | \$000                                  | \$000            |
| <b>2015-16 categorisation of financial instruments</b> |                  |                          |                  |  |                                       |                          |  |                  |
| Cash and deposits                                      |                  |                          |                  |  |                                       | 507 850                  |  | 507 850          |
| Receivables <sup>1</sup>                               |                  |                          |                  | 32 702                                   |                                       |                          |  | 32 702           |
| Advances and investments                               |                  | 1 049 909                | 516 769          |  |                                       |                          |  | 1 566 678        |
| <b>Total financial assets</b>                          |                  | <b>1 049 909</b>         | <b>516 769</b>   | <b>32 702</b>                            |                                       | <b>507 850</b>           |  | <b>2 107 229</b> |
| Deposits held <sup>1</sup>                             |                  | 1 099 953                |                  |  |                                       |                          |  | 1 099 953        |
| Payables <sup>1</sup>                                  |                  | 5 921                    |                  |  |                                       |                          |  | 5 921            |
| Borrowings and advances                                |                  |                          |                  |  |                                       |                          | 2 439 995                              | 2 439 995        |
| <b>Total financial liabilities</b>                     |                  | <b>1 105 874</b>         |                  |  |                                       |                          | <b>2 439 995</b>                       | <b>3 545 870</b> |

### 2014-15 categorisation of financial instruments

|                                    |  |                  |                |               |  |                |                  |                  |
|------------------------------------|--|------------------|----------------|---------------|--|----------------|------------------|------------------|
| Cash and deposits                  |  |                  |                |               |  | 549 302        |                  | 549 302          |
| Receivables <sup>1</sup>           |  |                  |                | 42 740        |  |                |                  | 42 740           |
| Advances and investments           |  | 1 038 932        | 710 416        |               |  |                |                  | 1 749 348        |
| <b>Total financial assets</b>      |  | <b>1 038 932</b> | <b>710 416</b> | <b>42 740</b> |  | <b>549 302</b> |                  | <b>2 341 390</b> |
| Deposits held <sup>1</sup>         |  | 950 565          |                |               |  |                |                  | 950 565          |
| Payables <sup>1</sup>              |  | 5 142            |                |               |  |                |                  | 5 142            |
| Borrowings and advances            |  |                  |                |               |  |                | 3 050 531        | 3 050 531        |
| <b>Total financial liabilities</b> |  | <b>955 707</b>   |                |               |  |                | <b>3 050 531</b> | <b>4 006 238</b> |

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

## 11. Financial Instruments (continued)

### (b) Credit Risk

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

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

### (c) Liquidity Risk

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

The following table details the agency's remaining contractual maturity for its financial assets and liabilities.

|  | Variable Interest Rate |              |                   | Fixed Interest Rate |                  |                   | Non Interest Bearing | Total            | Weighted Average |
|--|------------------------|--------------|-------------------|---------------------|------------------|-------------------|----------------------|------------------|------------------|
|  | Less than a Year       | 1 to 5 Years | More than 5 Years | Less than a Year    | 1 to 5 Years     | More than 5 Years |                      |                  |                  |
|  | \$000                  | \$000        | \$000             | \$000               | \$000            | \$000             | \$000                | \$000            | %                |
| <b>2016 maturity analysis for financial assets and liabilities</b> |                        |              |                   |                     |                  |                   |                      |                  |                  |
| <b>Assets</b>  |                        |              |                   |                     |                  |                   |                      |                  |                  |
| Cash and deposits  | 507 850                |              |                   |                     |                  |                   |                      | 507 850          | 1.75             |
| Receivables  |                        |              |                   |                     |                  |                   | 32 702               | 32 702           |                  |
| Advances and investments   | 1 049 909              |              |                   | 520 000             |                  |                   |                      | 1 569 909        | 2.62             |
| <b>Total financial assets</b>                                      | <b>1 557 759</b>       |              |                   | <b>520 000</b>      |                  |                   | <b>32 702</b>        | <b>2 110 460</b> |                  |
| <b>Liabilities</b>   |                        |              |                   |                     |                  |                   |                      |                  |                  |
| Deposits held  |                        |              |                   |                     |                  |                   | 1 099 953            | 1 099 953        |                  |
| Payables   |                        |              |                   |                     |                  |                   | 5 921                | 5 921            |                  |
| Borrowings and advances  |                        |              |                   | 390 000             | 1 015 000        | 1 034 995         |                      | 2 439 995        | 5.45             |
| <b>Total financial liabilities</b>                                 |                        |              |                   | <b>390 000</b>      | <b>1 015 000</b> | <b>1 034 995</b>  | <b>1 105 874</b>     | <b>3 545 870</b> |                  |
| <b>2015 maturity analysis for financial assets and liabilities</b> |                        |              |                   |                     |                  |                   |                      |                  |                  |
| <b>Assets</b>  |                        |              |                   |                     |                  |                   |                      |                  |                  |
| Cash and deposits  | 549 302                |              |                   |                     |                  |                   |                      | 549 302          | 2.00             |
| Receivables  |                        |              |                   |                     |                  |                   | 42 740               | 42 740           |                  |
| Advances and investments   | 1 038 932              |              |                   | 703 525             | 10 000           |                   |                      | 1 752 457        | 2.64             |
| <b>Total financial assets</b>                                      | <b>1 588 234</b>       |              |                   | <b>703 525</b>      | <b>10 000</b>    |                   | <b>42 740</b>        | <b>2 344 499</b> |                  |
| <b>Liabilities</b>   |                        |              |                   |                     |                  |                   |                      |                  |                  |
| Deposits held  |                        |              |                   |                     |                  |                   | 950 565              | 950 565          |                  |
| Payables   |                        |              |                   |                     |                  |                   | 5 142                | 5 142            |                  |
| Borrowings and advances  |                        |              |                   | 500 000             | 1 525 000        | 1 025 531         |                      | 3 050 531        | 5.61             |
| <b>Total financial liabilities</b>                                 |                        |              |                   | <b>500 000</b>      | <b>1 525 000</b> | <b>1 025 531</b>  | <b>955 707</b>       | <b>4 006 238</b> |                  |

## 11. Financial Instruments (continued)

### (d) Market Risk

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

#### Market sensitivity analysis

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

|                                     | Profit or Loss and Equity |                           |
|-------------------------------------|---------------------------|---------------------------|
|                                     | 100 basis points increase | 100 basis points decrease |
|                                     | \$000                     | \$000                     |
| <b>30 June 2016</b>                 |                           |                           |
| Financial assets – cash at bank     | 5 078                     | - 5 078                   |
| Financial assets – receivable loans | 5 200                     | - 5 200                   |
| <b>Net sensitivity</b>              | <b>10 278</b>             | <b>- 10 278</b>           |

#### 30 June 2015

|                                     |               |                 |
|-------------------------------------|---------------|-----------------|
| Financial assets – cash at bank     | 5 493         | - 5 493         |
| Financial assets – receivable loans | 7 135         | - 7 135         |
| <b>Net sensitivity</b>              | <b>12 628</b> | <b>- 12 628</b> |

### (i) Price risk

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

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

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

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

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

|                     | Change in Unit Price | 2016 Impact on Profit or Loss and Equity | 2015 Impact on Profit or Loss and Equity |
|---------------------|----------------------|--|--|
|                     | %                    | \$000                                    | \$000                                    |
| <b>Upside</b>       |                      |  |  |
| Equities            | + 10                 | 35 715                                   | 36 438                                   |
| Property securities | + 10                 | 11 895                                   | 10 843                                   |
| Interest bearing    | + 1                  | 1 777                                    | 1 741                                    |
| <b>Downside</b>     |                      |  |  |
| Equities            | - 10                 | - 35 715                                 | - 36 438                                 |
| Property securities | - 10                 | - 11 895                                 | - 10 843                                 |
| Interest bearing    | - 1                  | - 1 777                                  | - 1 741                                  |

## 11. Financial Instruments (continued)

### (e) Net Fair Value

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

- the fair value of cash, deposits, advances, receivables and payables approximates their carrying amount, which is also their amortised cost;
- the fair value of derivative financial instruments are derived using current market yields and exchange rates appropriate to the instrument; and
- the fair value of other monetary financial assets and liabilities is based on discounting to present value the expected future cash flows by applying current market interest rates for assets and liabilities with similar risk profiles.

For financial instruments measured and disclosed at fair value, the following table groups the instruments based on the level of inputs used.

|                             | Total Carrying<br>Amount | Net Fair Value |           |         |           |
|-----------------------------|--------------------------|----------------|-----------|---------|-----------|
|                             |                          | Level 1        | Level 2   | Level 3 | Total     |
|                             | \$000                    | \$000          | \$000     | \$000   | \$000     |
| 2016                        |                          |                |           |         |           |
| Financial assets            |                          |                |           |         |           |
| Advances and investments    | 935 000                  |                | 935 563   |         | 935 563   |
| Total financial assets      | 935 000                  |                | 935 563   |         | 935 563   |
| Financial liabilities       |                          |                |           |         |           |
| Borrowings and advances     | 2 439 995                |                | 2 724 121 |         | 2 724 121 |
| Total financial liabilities | 2 439 995                |                | 2 724 121 |         | 2 724 121 |
| 2015                        |                          |                |           |         |           |
| Financial assets            |                          |                |           |         |           |
| Advances and investments    | 1 232 000                |                | 1 233 154 |         | 1 233 154 |
| Total financial assets      | 1 232 000                |                | 1 233 154 |         | 1 233 154 |
| Financial liabilities       |                          |                |           |         |           |
| Borrowings and advances     | 3 050 531                |                | 3 331 997 |         | 3 331 997 |
| Total financial liabilities | 3 050 531                |                | 3 331 997 |         | 3 331 997 |

There were no changes in valuation techniques during the period.

## 12. Budgetary Information

### (a) Comprehensive Operating Statement

|   | 2015-16<br>Actual | 2015-16<br>Original Budget | Variance         | Note |
|---|-------------------|----------------------------|------------------|------|
|   | \$000             | \$000                      | \$000            |      |
| <b>INCOME</b>                                       |                   |                            |                  |      |
| Taxation revenue                                    | 751 283           | 745 335                    | 5 948            |      |
| Grants and subsidies revenue                        |                   |                            |                  |      |
| GST revenue   | 3 265 569         | 3 271 000                  | - 5 431          |      |
| SPPs  | 340 157           | 339 341                    | 816              |      |
| NP agreements                                       | 657 960           | 470 147                    | 187 813          | 1    |
| Current   | 4 094             | 3 636                      | 458              |      |
| Capital   | 22 906            | 4 600                      | 18 306           | 2    |
| Sales of goods and services                         |                   |                            |                  |      |
| Fees from regulatory services                       | 40 513            | 28 410                     | 12 103           | 3    |
| Interest revenue                                    | 65 709            | 66 242                     | - 533            |      |
| Goods and services received free of charge          |                   |                            |                  |      |
| Unrealised gain/loss on securities marked to market | - 18 033          | 15 175                     | - 33 208         | 4    |
| Royalties, rents and dividends                      | 246 035           | 233 285                    | 12 750           | 5    |
| Employer superannuation contributions               | 36 126            | 35 282                     | 844              |      |
| Other income  | 126 902           | 16 744                     | 110 158          | 6    |
| <b>TOTAL INCOME</b>                                 | <b>5 539 220</b>  | <b>5 229 197</b>           | <b>310 023</b>   |      |
| <b>EXPENSES</b>                                     |                   |                            |                  |      |
| Long service leave expense                          | 53 319            | 43 155                     | 10 164           | 7    |
| Superannuation expense                              | 597 929           | - 91 929                   | 689 858          | 8    |
| Workers compensation expense                        | - 3 212           | 5 633                      | - 8 845          |      |
| Administrative expenses                             | 1 060             | 835                        | 225              |      |
| Borrowing expenses                                  |                   |                            |                  |      |
| Interest expense                                    | 156 374           | 176 829                    | - 20 455         | 9    |
| Output appropriation                                | 3 758 902         | 3 589 378                  | 169 524          | 10   |
| Commonwealth appropriation                          | 712 793           | 548 049                    | 164 744          | 11   |
| <b>TOTAL EXPENSES</b>                               | <b>5 277 165</b>  | <b>4 271 950</b>           | <b>1 005 215</b> |      |
| <b>NET SURPLUS/(DEFICIT)</b>                        | <b>262 056</b>    | <b>957 247</b>             | <b>- 695 191</b> |      |
| <b>COMPREHENSIVE RESULT</b>                         | <b>262 056</b>    | <b>957 247</b>             | <b>- 695 191</b> |      |



## 12. Budgetary Information (continued)

### 12 (a) Notes:

The following descriptions relate to major variances greater than \$10 million or where multiple significant variances have occurred.

1. NP revenue has increased by \$187.8 million due to revised and new funding across various NPs including Stronger Futures in the Northern Territory Municipal and Essential Services, Remote Aboriginal Investment and Roads.
2. Capital grant revenue has increased by \$18.3 million due to new Commonwealth funding for various programs including Groote Eylandt police infrastructure and Roads to Recovery.
3. Fees from regulatory services has increased by \$12.1 million largely related to licensing fees and levies.
4. Unrealised gain/loss on securities marked to market has decreased by \$33.2 million due to poorer than expected performance of the Conditions of Service Reserve and Medium-Term Investment Fund related to prevailing financial market conditions.
5. Mining royalties increased by \$24.7 million due to unpredictable market changes in mineral prices, production and exchange rate fluctuations. This is offset by lower than expected dividends recorded by most public trading entities with the exception of Territory Generation.
6. Other income has increased by \$110.2 million as a result of the winding up of Darwin Port Corporation.
7. Long service leave expenses have increased by \$10.2 million due to wages growth, timing of entitlement payments and changes in bond rates and staffing numbers.
8. Superannuation liabilities have increased by \$689.9 million predominantly as a result of the movement in the bond rate (2016: 2 per cent, original budget 3.5 per cent) used in valuing the Territory's superannuation liabilities as required by the accounting standards.
9. Interest expense has decreased by \$20.5 million, largely as a result of the early repayment of a \$611 million loan to NTTC.
10. Output appropriation increased by \$169.5 million as a result of new funding decisions approved by Cabinet across various agencies.
11. Commonwealth appropriation increased by \$164.7 million in line with increased tied Commonwealth revenue.

## 12. Budgetary Information (continued)

### (b) Balance Sheet

|                                      | 2015-16<br>Actual | 2015-16<br>Original Budget | Variance         | Note |
|--------------------------------------|-------------------|----------------------------|------------------|------|
|                                      | \$000             | \$000                      | \$000            |      |
| <b>ASSETS</b>                        |                   |                            |                  |      |
| <b>Current assets</b>                |                   |                            |                  |      |
| Cash and deposits                    | 507 850           | 252 452                    | 255 398          | 1    |
| Receivables                          | 97 714            | 134 016                    | - 36 302         | 2    |
| Advances and investments             | 1 566 678         | 1 810 488                  | - 243 810        | 3    |
| Prepayments                          | 883               | 1 069                      | - 186            |      |
| <b>Total current assets</b>          | <b>2 173 125</b>  | <b>2 198 025</b>           | <b>- 24 900</b>  |      |
| <b>Non-current assets</b>            |                   |                            |                  |      |
| Advances and investments             |                   | 10 000                     | - 10 000         | 4    |
| Investment in agencies               | 9 912 351         | 10 106 095                 | - 193 744        | 5    |
| <b>Total non-current assets</b>      | <b>9 912 351</b>  | <b>10 116 095</b>          | <b>- 203 744</b> |      |
| <b>TOTAL ASSETS</b>                  | <b>12 085 476</b> | <b>12 314 120</b>          | <b>- 228 644</b> |      |
| <b>LIABILITIES</b>                   |                   |                            |                  |      |
| <b>Current liabilities</b>           |                   |                            |                  |      |
| Deposits held                        | 1 099 953         | 712 835                    | 387 118          | 6    |
| Payables                             | 5 921             | 2 196                      | 3 725            |      |
| Borrowings and advances              | 392 847           | - 169 740                  | 562 587          | 7    |
| Provisions                           | 42 428            | 52 366                     | - 9 938          | 8    |
| Employee benefits                    | 195 551           | 193 504                    | 2 047            |      |
| Superannuation liability             | 247 095           | 285 807                    | - 38 712         | 9    |
| <b>Total current liabilities</b>     | <b>1 983 795</b>  | <b>1 076 968</b>           | <b>906 827</b>   |      |
| <b>Non-current liabilities</b>       |                   |                            |                  |      |
| Borrowings and advances              | 2 047 149         | 3 262 736                  | - 1 215 587      | 7    |
| Provisions                           | 105 482           | 116 151                    | - 10 669         | 8    |
| Employee benefits                    | 99 963            | 100 342                    | - 379            |      |
| Superannuation liability             | 4 016 755         | 3 403 405                  | 613 350          | 9    |
| <b>Total non-current liabilities</b> | <b>6 269 348</b>  | <b>6 882 634</b>           | <b>- 613 286</b> |      |
| <b>TOTAL LIABILITIES</b>             | <b>8 253 143</b>  | <b>7 959 602</b>           | <b>293 541</b>   |      |
| <b>NET ASSETS</b>                    | <b>3 832 332</b>  | <b>4 354 518</b>           | <b>- 522 186</b> |      |
| <b>EQUITY</b>                        |                   |                            |                  |      |
| Accumulated funds                    | 3 832 332         | 4 354 518                  | - 522 186        |      |
| <b>TOTAL EQUITY</b>                  | <b>3 832 332</b>  | <b>4 354 518</b>           | <b>- 522 186</b> |      |

## 12. Budgetary Information (continued)

4

### 12 (b) Notes:

The following descriptions relate to major variances greater than \$10 million or where multiple significant variances have occurred.

1. The increase in cash and deposits predominantly reflects the proceeds of the lease of the Port of Darwin.
2. Receivables have decreased by \$36.3 million largely reflecting lower dividends receivable from public trading entities.
3. Advances and investments decreased by \$243.8 million due to lower than expected growth in investments and securities and higher amounts held in cash and deposits.
4. Advances and investments decreased by \$10 million due to the reclassification of maturing securities from non-current to current.
5. Investment in agencies has decreased by \$193.7 million reflecting the decrease in net assets across agencies, including the wind up of Darwin Port Corporation.
6. Deposits held has increased by \$387.1 million due to higher than anticipated cash balances held by CHA on behalf of trading entities.
7. The overall net decrease in borrowings reflects the repayment of maturing loans of \$611 million.
8. The overall net decrease in provisions reflects a decrease in unearned tax revenue.
9. The overall net increase in superannuation liability is predominantly due to the movement in the bond rate (2016: 2 per cent, original budget: 3.5 per cent) used in valuing the Territory's superannuation liabilities as required by accounting standards.

## 12. Budgetary Information (continued)

### (c) Cash Flow Statement

|   | 2015-16<br>Actual | 2015-16<br>Original Budget | Variance         | Note |
|---|-------------------|----------------------------|------------------|------|
|   | \$000             | \$000                      | \$000            |      |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>         |                   |                            |                  |      |
| <b>Operating receipts</b>                           |                   |                            |                  |      |
| Taxes received                                      | 725 309           | 752 158                    | - 26 849         | 1    |
| Grants and subsidies received                       |                   |                            |                  |      |
| GST received  | 3 265 569         | 3 271 000                  | - 5 431          |      |
| SPPs  | 340 157           | 339 341                    | 816              |      |
| NP agreements                                       | 657 960           | 470 147                    | 187 813          | 2    |
| Current   | 4 094             | 3 636                      | 458              |      |
| Capital   | 22 906            | 4 600                      | 18 306           | 3    |
| Royalties, rent and dividends                       | 257 680           | 238 190                    | 19 490           | 4    |
| Agency superannuation contributions                 | 36 126            | 35 282                     | 844              |      |
| Other agency receipts                               | 65 791            | 45 601                     | 20 190           | 5    |
| Interest received                                   | 65 913            | 66 242                     | - 329            |      |
| <b>Total operating receipts</b>                     | <b>5 441 504</b>  | <b>5 226 197</b>           | <b>215 307</b>   |      |
| <b>Operating payments</b>                           |                   |                            |                  |      |
| Long service leave                                  | 33 478            | 37 155                     | - 3 677          |      |
| Superannuation benefits                             | 171 192           | 189 071                    | - 17 879         | 6    |
| Other salary payments                               | 2 648             | 5 633                      | - 2 985          |      |
| Payments for goods and services                     | 6                 | 820                        | - 814            |      |
| Interest paid                                       | 156 563           | 176 851                    | - 20 288         | 7    |
| Output payments                                     | 3 758 902         | 3 589 378                  | 169 524          | 8    |
| Commonwealth payments                               | 712 793           | 548 049                    | 164 744          | 9    |
| <b>Total operating payments</b>                     | <b>4 835 582</b>  | <b>4 546 957</b>           | <b>288 625</b>   |      |
| <b>Net cash from/(used in) operating activities</b> | <b>605 922</b>    | <b>679 240</b>             | <b>- 73 318</b>  |      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>         |                   |                            |                  |      |
| <b>Investing receipts</b>                           |                   |                            |                  |      |
| Equity sales or withdrawals                         | 647 887           | 54 512                     | 593 375          | 10   |
| <b>Total investing receipts</b>                     | <b>647 887</b>    | <b>54 512</b>              | <b>593 375</b>   |      |
| <b>Investing payments</b>                           |                   |                            |                  |      |
| Advances and investing payments                     | - 164 637         | 44 748                     | - 209 385        | 11   |
| Capital appropriation                               | 451 995           | 385 884                    | 66 111           | 12   |
| Commonwealth appropriation                          | 300 530           | 266 039                    | 34 491           | 13   |
| Equity acquisitions                                 | 246 232           | 17 860                     | 228 372          | 10   |
| <b>Total investing payments</b>                     | <b>834 119</b>    | <b>714 531</b>             | <b>119 588</b>   |      |
| <b>Net cash from/(used in) investing activities</b> | <b>- 186 232</b>  | <b>- 660 019</b>           | <b>473 786</b>   |      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>         |                   |                            |                  |      |
| <b>Financing receipts</b>                           |                   |                            |                  |      |
| Proceeds of borrowings                              | 12 000            |                            | 12 000           | 14   |
| Deposits received                                   | 149 388           | - 147 807                  | 297 195          | 15   |
| <b>Total financing receipts</b>                     | <b>161 388</b>    | <b>- 147 807</b>           | <b>309 195</b>   |      |
| <b>Financing payments</b>                           |                   |                            |                  |      |
| Repayment of borrowings                             | 622 530           | 2 536                      | 619 994          | 14   |
| <b>Total financing payments</b>                     | <b>622 530</b>    | <b>2 536</b>               | <b>619 994</b>   |      |
| <b>Net cash from/(used in) financing activities</b> | <b>- 461 142</b>  | <b>- 150 343</b>           | <b>- 310 799</b> |      |
| Net increase/(decrease) in cash held                | - 41 452          | - 131 122                  | 89 670           |      |
| Cash at beginning of financial year                 | 549 302           | 383 574                    | 165 728          |      |
| <b>CASH AT END OF FINANCIAL YEAR</b>                | <b>507 850</b>    | <b>252 452</b>             | <b>255 398</b>   |      |

## 12. Budgetary Information (continued)

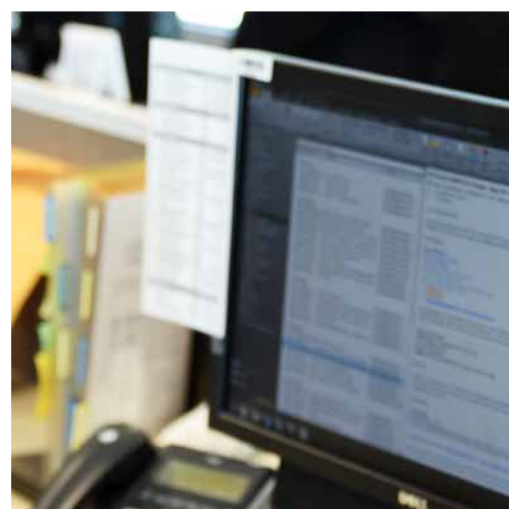
### 12 (c ) Notes:

The following descriptions relate to major variances greater than \$10 million or where multiple significant variances have occurred.

1. The \$26.8 million decrease in taxation revenue from the April 2015 Budget is predominantly due to a reduction in net stamp duty collections of \$21.5 million attributed to a significant refund relating to large one-off commercial transactions that occurred in 2014-15, combined with lower collection of \$3.2 million from wagering and gaming taxes as originally forecasted by the Territory Revenue Office.
2. NPs revenue has increased by \$187.8 million due to revised and new funding across various NPs including Stronger Futures in the Northern Territory Municipal and Essential Services, Remote Aboriginal Investment and Roads.
3. Capital grant revenue has increased by \$18.3 million due to new Commonwealth funding for various programs including Groote Eylandt police infrastructure and Roads to Recovery.
4. Royalties, rent and dividends increase of \$19.5 million is mostly attributed to increased collection of mining royalties (\$24.7 million) partially offset by lower than expected dividends recorded by most public trading entities with the exception of Territory Generation.
5. Other agency receipts has increased to \$20.2 million due to increased collections from fees, licenses and permits (\$12.1 million), fines (\$2.8 million) and other Territory income (\$6.1 million).
6. The overall net increase in superannuation liability is predominantly due to the movement in the bond rate (2016: 2 per cent, original budget: 3.5 per cent) used in valuing the Territory's superannuation liabilities as required by the accounting standards.
7. Interest expense has decreased by \$20.3 million, largely as a result of the early repayment of a \$611 million loan to NTTC.
8. Output appropriation increased by \$169.5 million as a result of new funding decisions approved by Cabinet across various agencies.
9. Commonwealth appropriation increased by \$164.7 million in line with increased tied Commonwealth revenue.
10. The overall net increase of \$365 million in equity sales or withdrawals and equity acquisitions reflects the transactions relating to the lease of the Port of Darwin and the winding up of the Darwin Port Corporation.
11. Advances and investments decreased by \$209.4 million due to lower than expected growth in investments and securities and an increased proportion of cash held on deposit.
12. Capital appropriation increased by \$66.1 million as a result of new funding decisions approved by Cabinet across various agencies.
13. Commonwealth appropriation increased by \$34.5 million in line with increased tied Commonwealth revenue.
14. The overall net decrease in borrowings reflects the repayment of maturing loans of \$611 million.
15. Deposits held has increased by \$297.2 million due to higher than anticipated cash balances held by CHA on behalf of trading entities.



# 5 Appendices



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# Appendix 1 – Directory

## Department of Treasury and Finance

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

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

Telephone: +61 8 8999 7406  
Email: [enquiries.dtf@nt.gov.au](mailto:enquiries.dtf@nt.gov.au)  
Business hours: 8:00 am to 4:30 pm

### Information Policy Officer

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

Telephone: +61 8 8999 6982  
Email: [foi.dtf@nt.gov.au](mailto:foi.dtf@nt.gov.au)

### Executive

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Craig Graham  
Acting Under Treasurer

David Braines-Mead  
Deputy Under Treasurer

## Economic

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

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Assistant Under Treasurer (Economic)

Samantha Byrne  
Senior Director Economic Policy and Commercial

Andrew Baylis  
Director Economic Analysis

Robert Cagnetti  
Director Commercial

Nardia Harris  
Director Intergovernmental Relations

Kimberlee McKay  
Director Economic Policy

## Financial Management

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

Telephone: +61 8 8999 6087  
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Dwayne McInnes  
Senior Director Financial Management

Tim McManus  
Senior Director Budget Development

Tiziana Hucent  
Director Financial Reporting

Tarrant Moore  
Director Budget Development



## Funds Management

### Superannuation Office

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

GPO Box 4675, Darwin NT 0801

Telephone: +61 8 8901 4200 or 1800 631 630

Facsimile: +61 8 8901 4222

Email: [ntsuperannuation@nt.gov.au](mailto:ntsuperannuation@nt.gov.au)

Sarah Rummery

Commissioner of Superannuation

James Richards

Director Operations

### Northern Territory Treasury Corporation

[www.nttcorp.nt.gov.au](http://www.nttcorp.nt.gov.au)

GPO Box 2035, Darwin NT 0801

Telephone: +61 8 8999 7745

Facsimile: +61 8 8999 7449

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Alex Pollon

General Manager

## Territory Revenue Office

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Email: [ntrevenue@nt.gov.au](mailto:ntrevenue@nt.gov.au)

Grant Parsons

Assistant Under Treasurer (Revenue)

Commissioner of Territory Revenue

Mineral Royalty Secretary

Michael Butler

Senior Director Revenue

Deputy Commissioner of Territory Revenue

Jayne Balding

Director Revenue Collections

Deputy Commissioner of Territory Revenue

Kevin Phang

Director Legislation, Advisory and Review

Eddie The

Director Royalties and Assurance

Darren Witham

Director Revenue Information Systems

## Treasury Services

Telephone: +61 8 8999 6168

Gerard Taylor

Director Corporate Support

## Utilities Commission

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

GPO Box 915, Darwin NT 0801

Telephone: +61 8 8999 5480

Email: [utilities.commission@nt.gov.au](mailto:utilities.commission@nt.gov.au)

Patrick Walsh

Utilities Commissioner

Vanessa Sutcliffe

Director Utilities Commission

## Appendix 2 – Glossary

### Accountable Officer's Trust Account

Established under section 7(1) of the *Financial Management Act* (FMA) to enable agencies to hold money in trust for another person or entity. Transactions in these accounts are excluded from the Public Account.

### Accounts payable

Refers to the value of short and long-term trade debt and accounts payable, interest payable and prepayments received.

### Accounts receivable

Refers to the value of short and long-term trade credit and accounts receivable, interest receivable and prepayments made.

### Administrative officer

One of the Northern Territory Public Sector (NTPS) employee classification streams. Occupations in this stream include assistant directors, managers, analysts and officers.

### Advances

Amounts paid or received for policy purposes rather than for liquidity management purposes.

### Agency

A unit of government administration, office or statutory corporation, nominated in an Administrative Arrangements Order for the purposes of the FMA and includes a part or division of an agency.

### Appropriation

An authority given by the Legislative Assembly to make payments, now or at some future time, for the purposes stated, up to the limit of the amount in the particular Act.

### Australian Accounting Standards (AAS)

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

### Australian Bureau of Statistics (ABS)

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

### Australian Prudential Regulation Authority

Australia's agency responsible for overseeing banks, credit unions, building societies, general insurance and reinsurance companies, life insurance, private health insurance, friendly societies and most members of the superannuation industry.

### Capital appropriation

Represents an increase in Government's investment in an agency for asset purchases and capital works projects and is provided to agencies by Central Holding Authority (CHA) for capital items.

### Central Holding Authority

Established under Section 5 of the FMA, CHA is a representation of the revenue, expenses, assets and liabilities of the Territory. Credited to this account is all money received by or on behalf of the Territory or an agency, except that required or permitted by or under that or any other Act to be credited to an Operating Account or to an Accountable Officer's Trust Account.

### Commonwealth appropriation

A form of appropriation that commenced in 2008-09 as a result of the Intergovernmental Agreement on Federal Financial Relations (IGA) agreed by the Council of Australian Governments (COAG) in late 2008 and effective from 1 January 2009. The arrangements result in specific purpose payments (SPPs) and national partnership (NP) payments from the Commonwealth being received by Treasury, on behalf of CHA. To pass these on to relevant agencies, a new form of appropriation was required and the FMA was amended accordingly in June 2009.

## Commonwealth Grants Commission (CGC)

The body that advises on per capita relativities for distributing, among the states and territories, a pool of revenue from the Commonwealth.

## Community service obligation (CSO)

A CSO arises when the Government requires a government business division or government owned corporation to carry out activities that it would not choose to do on a commercial basis, or would only do at higher commercial prices. CSO payments allow the Government to achieve identifiable community or social objectives that would not be achieved if left to commercial considerations.

## Contingent liability

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

## Corporate governance

Provides a structured framework through which Treasury is directed and controlled, and guides how decisions are made, risks are managed and the agency's future is planned. These decisions in turn guide the necessary planning, budgeting and management of performance, and support Treasury's Senior Management Group (SMG) in its leadership of Treasury.

## Council of Australian Governments

The peak intergovernmental forum represented by the Prime Minister, Premiers, Chief Ministers, Treasurers and President of the Australian Local Government Association.

## Employee Development Framework

Treasury's performance management system, where staff performance, job satisfaction and training needs are reviewed and discussed between manager and staff member on a six-monthly basis, and targets are set for the coming six months. The performance management system is based on NTPS Capability and Leadership Framework.

## Executive officer

Executive officers, other than a Chief Executive are employees of the NTPS and their terms and conditions are set out in Determination 13 of 2011. Under the terms of the Contract, the Chief Executive Officer (Under Treasurer) is deemed to be the Employer of the Executive Officer.

## Expense

A cost or outflow of resources from an agency.

## Full-time equivalent (FTE)

Used in reference to staffing numbers where one FTE reflects one employee working full-time hours of 36.75 hours per week. Employees working part-time or casual hours are represented as a fraction of this. For example, part-time hours of 29.70 hours a week equates to 0.8 FTE.

## GST

On 1 July 2000, the Commonwealth introduced the GST. Payments from the Commonwealth return GST revenue to the states and territories, replacing the previous general purpose grants.

## Indemnity

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

## Intergovernmental Agreement

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

## National partnership agreement

An agreement defining the objectives, outputs and performance benchmarks related to the delivery of specified projects, to facilitate reforms or to reward those jurisdictions that deliver on national reforms or achieve service delivery improvements.

## Northern Territory Civil and Administrative Tribunal (NTCAT)

NTCAT, the 'super tribunal' for the Northern Territory. It is designed to be a one stop shop for reviewing a wide range of administrative decisions and resolving certain civil disputes.

## Office of the Commissioner for Public Employment (OCPE)

Under section 13 of the *Public Sector Employment and Management Act* (PSEMA), the OCPE fulfils the role of employer by establishing policy and practice frameworks for the management of all public sector employees. This is achieved through the defined functions of the Commissioner for Public Employment.

## Outcomes

Outcomes are expressions of the intended results, impacts or consequences on the Territory community of outputs provided by agencies. Outcomes represent the objectives that the Government is seeking to achieve.

## Output appropriation

Provided to fund the delivery of outputs and determined at the whole of agency level. Output appropriation provides the Government's funding for agency operations after taking into account funding from agency revenue. Although output appropriation is based on accrual costs, it does not encompass non-cash accrual costs, such as depreciation. This will result in deficits generally being reported by agencies.

## Output groups

Output groups aggregate similar or related agency outputs and are applied primarily for reporting purposes.

## Outputs

Outputs are the services provided or the goods produced by an agency for users external to the agency. The Government purchases outputs in order to achieve policy objectives or outcomes.

## Provisions

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

## Revenue

An inflow of resources into an agency related to its operations.

## Risk assessment

Determining the nature and level of business risk to the agency and divisions.

## Risk management

The steps taken to manage risks, including identifying (both actual and potential), assessing, eliminating or controlling risks.

## Specific purpose payments

SPPs are tied grants received from the Commonwealth, which are earmarked for specific purposes.

## Uniform Presentation Framework (UPF)

A uniform reporting framework agreed by the Australian Loan Council in 2000, a revision of the agreement reached at the 1991 Premiers' Conference. The UPF was further updated and reissued in April 2008 to incorporate the new accounting standards AASB 1049 Whole of Government and General Government Sector Financial Reporting. The UPF specifies that the Commonwealth, state and territory governments will present a minimum set of budget and financial outcome information on the Government Finance Statistics basis, according to an agreed format and specified Loan Council reporting arrangements.

## Appendix 3 – Abbreviations

|       |  |         |  |
|-------|--|---------|--|
| AASB  | Australian Accounting Standards Board                      | IT      | Information technology   |
| ABS   | Australian Bureau of Statistics                            | JPS     | Supreme Court Judges' Pension Scheme   |
| AEMO  | Australian Energy Market Operator                          | LAMS    | Legislative Assembly Members' Superannuation                                       |
| AER   | Australian Energy Regulator                                | NDRRA   | Natural Disaster Relief and Recovery Arrangements                                  |
| AO    | Administrative Officer                                     | NP      | National partnership   |
| APM   | Accounting and Property Manual                             | NTGDIS  | Northern Territory Government Death and Invalidity Scheme                          |
| ATO   | Australian Taxation Office                                 | NTGPAES | Northern Territory Government and Public Authorities Employees Superannuation Fund |
| BCP   | Business Continuity Plan                                   | NTGPASS | Northern Territory Government and Public Authorities' Superannuation Scheme        |
| C     | Contract   | NTIDF   | Northern Territory Infrastructure Development Fund                                 |
| CDC   | Charles Darwin Centre                                      | NTPS    | Northern Territory Public Sector   |
| CDU   | Charles Darwin University                                  | NTPSBS  | Northern Territory Police Supplementary Benefit Scheme                             |
| CEO   | Chief Executive Officer                                    | NTSSS   | Northern Territory Supplementary Superannuation Scheme                             |
| CGC   | Commonwealth Grants Commission                             | NTTC    | Northern Territory Treasury Corporation  |
| CHA   | Central Holding Authority                                  | OHS     | Occupational health and safety   |
| CPA   | Certified Public Accountant                                | OCPE    | Office of the Commissioner for Public Employment                                   |
| CSA   | Control self-assessment                                    | PDC     | Professional Development Committee   |
| CSO   | Community service obligation                               | PEEP    | Personal Emergency Evacuation Plan   |
| CSS   | Commonwealth Superannuation Scheme                         | PSEMA   | <i>Public Sector Employment and Management Act</i>                                 |
| DCIS  | Department of Corporate and Information Services           | PWC     | Power and Water Corporation  |
| EAP   | Employee Assistance Program                                | RAC     | Risk and Audit Committee   |
| ECM   | Economic and Commercial Management                         | SAO     | Senior Administrative Officer  |
| EDF   | Employee Development Framework                             | SMG     | Senior Management Group  |
| EDRM  | Electronic Document Records Management                     | SPP     | Specific purpose payment   |
| EEO   | Equal employment opportunity                               | TAFR    | Treasurer's Annual Financial Report  |
| ELP   | Emerging Leaders Program                                   | TD      | Treasurer's Directions   |
| EO    | Executive Officer  | TIO     | Territory Insurance Office   |
| FHOD  | First Home Owner Discount                                  | TRM     | Territory Records Manager  |
| FHOG  | First Home Owner Grant                                     | TRO     | Territory Revenue Office   |
| FMA   | <i>Financial Management Act</i>                            | WHS     | Work health and safety   |
| FMG   | Financial Management Group                                 | WHSC    | Work Health and Safety Committee   |
| FOIT  | Finance Officer in Training                                | WHSMS   | Work health and safety management system   |
| FTE   | Full-time equivalent                                       | WILS    | Work Integrated Learning Scholarship   |
| FVTPL | Fair value through profit or loss                          |         |  |
| HR    | Human Resources  |         |  |
| HRMC  | Human Resource Management Committee                        |         |  |
| ICS   | Indigenous Cadetship Support                               |         |  |
| ICT   | Information, communications and technology                 |         |  |
| IECD  | Indigenous Employment and Career Development               |         |  |
| IGA   | Intergovernmental Agreement on Federal Financial Relations |         |  |

## Photographs:

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