



DEPARTMENT OF HOUSING

# ANNUAL REPORT

2015-16



**Published by the Northern Territory Government Department of Housing**

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ISSN: 2205-7676

**Enquiries should be made to:**

GPO Box 4621  
Darwin NT 0801

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# THIS REPORT

This report has been prepared to inform the NT Parliament (through the responsible minister), stakeholders and partners, and the general public about the Department of Housing's functions, activities, people and performance, and strategic intent and outcomes against the approved budget for 2015–16.

The report satisfies the requirements of the *Public Sector Employment and Management Act*, the *Financial Management Act* and the *Information Act*.

The 2015–16 annual report has five chapters:

**Chapter 1:** Introduction

**Chapter 2:** Our people

**Chapter 3:** Department of Housing

**Chapter 4:** Corporate and governance

**Chapter 5:** Financial statements.

## **Chapter 1**

This section gives readers an overview of the housing demographic in the NT along with a message from the Chief Executive Officer and an introduction to our leaders.

## **Chapters 2–4**

These sections outline the functions and activities of the Department—its people, performance, strategic intent and outcomes against the 2015–16 approved budget.

## **Chapter 5**

The financial statements for the Department and for NT Home Ownership (a government business division (GBD) of the Department).

## **ACKNOWLEDGING TRADITIONAL OWNERS**

The Department of Housing respectfully acknowledges the past and present traditional custodians of this land on which we work. We show our recognition and respect for Aboriginal and Torres Strait Islander people, their culture and their heritage by working towards improving housing throughout the NT.

Throughout this report, the term 'Aboriginal' should be taken to include Torres Strait Islander people.

## **LEGISLATIVE REQUIREMENTS**

In accordance with the Administrative Arrangements Order, the Department of Housing administers the following Acts of the Northern Territory Parliament and subordinate legislation:

- *Community Housing Providers (National Uniform Legislation) Act*
- *Housing Act*
- Housing Regulations

Under the Northern Territory Administrative Arrangements Order dated 15 February 2016, the Chief Executive Officer for the Department of Housing has responsibility for:

- community and social housing
- government employee housing
- homelessness services
- Aboriginal housing
- public housing.

# LETTER FROM THE CHIEF EXECUTIVE OFFICER

The Hon. Gerald McCarthy MLA  
Minister for Housing and Community Development  
Parliament House  
DARWIN NT 0800

Dear Minister

## Department of Housing 2015–16 Annual Report

I am pleased to present to you the Department of Housing Annual Report for the financial year 1 July 2015 to 30 June 2016.

Pursuant to 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 the Department are kept and that the Department's employees observe the provisions of the *Financial Management Act*, the Financial Management Regulations and Treasurer's Directions.
- b) Department procedures provide proper internal control, and a current description of those procedures is recorded in the Accounting and Property Manual, which has been prepared in accordance with the requirements of the *Financial Management Act*.
- c) No indication of fraud, malpractice, major breach of legislation or delegation, major error in or omission from the accounts and records exists.
- d) In accordance with the requirements of section 15 of the *Financial Management Act*, the internal audit capacity available to the Department is adequate, and the results of internal audits have been reported.
- e) The financial statements in this annual report have been prepared from proper accounts and records and are in accordance with the Treasurer's Directions.
- f) In accordance with the requirements of section 28 of the *Public Sector Employment and Management Act*, all public sector principles have been upheld.
- g) Procedures within the Department complied with the requirements of the *Information Act*.

Yours sincerely



**ANDREW KIRKMAN**  
Acting Chief Executive Officer

30 September 2016



# 1

## INTRODUCTION



# ACTING CHIEF EXECUTIVE OFFICER'S MESSAGE

*I am pleased to present the annual report for the former Department of Housing for the year ended 30 June 2016.*

*New Administrative Arrangement Orders have transferred the functions of the former Department of Housing to the newly formed Department of Housing and Community Development. This annual report is a reflection of the work undertaken by the Department during the previous financial year under the leadership of the then Chief Executive Officer, Leah Clifford.*

*This annual report provides a comprehensive account of the Department's functions and performance against approved budgets and resources for 2015–16. The report also provides information about the Department's responsibilities, corporate governance arrangements, performance against outputs and financial position.*

**Andrew Kirkman**

## 2015–16 CHIEF EXECUTIVE OFFICER'S MESSAGE

*Having completed my first full year as Chief Executive Officer of the Department of Housing after my appointment in March 2015, I am pleased to report on significant achievements in our core business and strategic projects in the Department's 2015–16 annual report.*

Safe, secure and affordable housing is fundamental to people's wellbeing. It helps people to raise healthy families, undertake work and social activities, and engage with their community.

The Department of Housing's purpose is to provide an affordable and accessible housing system by supporting eligible Territorians with options that are appropriate to their housing needs. The Department of Housing works across the housing continuum, from homelessness and crisis accommodation to social housing, affordable rentals and home ownership options.

While the Department of Housing is responsible for the asset management of more than 12 000 properties throughout urban, regional and remote areas, it is service delivery to tenants and clients that is our core focus—houses and housing services are developed for people. Social housing and homelessness is a complex area of service delivery, with the intersection of challenges such as geography and remoteness, mental and physical health, substance abuse, cultural diversity, literacy and education levels, and domestic and family violence affecting demand for services and how services are accessed and delivered.

I am pleased with the Department's many achievements in 2015–16, including:

- leading the Northern Territory Government's review of housing supply and assistance programs, including extensive community and stakeholder consultation
- developing the subsequent housing strategy 'HousingActionNT'
- becoming the first jurisdiction to sign the National Partnership on Remote Housing after negotiations with the Australian Government
- meeting and exceeding all remote housing targets for new builds, upgrades and Aboriginal employment
- delivering new houses in regional and urban areas
- reducing the turnaround time for housing stock, increasing urban public housing occupancy rates and increasing the number of housing allocations
- implementing a social housing head-leasing initiative to increase urban public housing options by partnering with the private sector to provide immediately-available properties better matched to demand



- developing a new public housing tenancy agreement in consultation with stakeholders, with tools to assist tenants, including a plain English guide translated into 15 Aboriginal languages and nine ethnic languages
- establishing a complaints management framework to enhance agency responsiveness to tenant enquiries
- implementing a range of policies, including on visitor management to address antisocial behaviour
- completing the transfer of properties to the Venture Housing Company
- continuing to support the community housing sector through the transfer of public housing stock and management
- leading the delivery of the Central Australia Renal Accommodation Project
- assisting an increasing number of Territorians to buy their own home and access the private rental market through loan products
- winning a Chief Minister's award for public sector excellence
- establishing the Indigenous Leadership Network (ILN) to give Aboriginal employees the opportunity to contribute to the Department's plans, committees, and coaching and mentoring programs
- developing the 'Indigenous Employment and Career Development Strategic Action Plan 2016–18'.

The Department increased its focus on contract management during the year and undertook communication campaigns in Aboriginal languages to assist tenants with tenancy and maintenance

enquiries. The Department was able to advise the Public Accounts Committee inquiries into remote housing and town camps of these initiatives. The Department is committed to business improvement and has continued to focus on training and development in contract management and system enhancements to better service tenants, particularly in remote areas and town camps.

The Department's 2015–16 operating financial result at 30 June is a pleasing outcome with the Department achieving a net overall favourable result.

The Department delivers services and achieves housing outcomes in partnership with other government agencies, the non-government and community housing sector, and the private sector. I would like to thank our service providers, stakeholders and partners for their role in helping to achieve the outcomes highlighted in this annual report.

I work with a dedicated group of professionals who deliver housing and associated services to some of the Northern Territory's most vulnerable people in urban, regional and remote areas. It has been a privilege to lead such a hard-working and inspirational team in 2015–16.



**LEAH CLIFFORD**  
Chief Executive Officer

31 August 2016

# OVERVIEW OF THE DEPARTMENT

As the primary provider of social housing in the NT, the Department of Housing manages more than 12 000 dwellings across the NT's 1.35 million square kilometres.

In partnership with government and non-government agencies, the Department strives to provide access to the right house in the right place at the right time for eligible Territorians by:

- enabling pathways for Territorians to expand their housing choices
- providing value-for-money housing options that are fit for purpose
- delivering social housing services
- planning strategically for future housing needs
- funding tenancy support programs
- fostering economic growth through reinforcing value-for-money outcomes
- managing government employee housing in remote locations
- optimising lifecycle management of housing assets.

## OUR VISION

To offer an affordable and accessible housing system for eligible Territorians.

## OUR MISSION

To support eligible Territorians with options that are appropriate to their housing needs.

## OUR VALUES

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

The Department's values identify what is important in terms of appropriate behaviours in the workplace and how we should interact with each other in our everyday work.

## TRUST

- deliver what is promised
- believe in ourselves and the reliability and fairness of others
- promote confidence through the appropriate use of information
- share a goal of achieving the best outcome for our clients.

## RESPECT

- mutual obligation to listen and value difference
- develop and maintain positive relationships
- acknowledge views but implement agreed decisions.

## INTEGRITY

- act impartially, honestly and without bias
- make decisions that are ethical, transparent and accountable
- deal appropriately with real or perceived conflicts of interest.

STAFF  
PROFILE

## MISTY TAAKA

## COURAGE

- provide robust advice and lead confidently
- innovate to improve service delivery
- challenge inappropriate behaviours
- do the things that are right, not necessarily easy.

## DIVERSITY

- gain strength through difference
- consider issues from different perspectives
- encourage innovative thinking
- embrace different experiences and cultures.

## OUR STAKEHOLDERS AND PARTNERS

The Department of Housing works with a broad range of stakeholders to deliver its services and improve housing options and affordability for Territorians.

We work with:

- the non-government sector in the delivery of housing services and programs to support people who are homeless or at risk of homelessness
- business enterprises, the private sector and community housing organisations to establish and supplement strategic partnerships that aim to increase the supply of social and affordable housing options
- communities and their representatives on the design and delivery of housing programs and services that meet the needs of specific groups
- all tiers of government to develop policies, strategic frameworks and collaborative arrangements that deliver better outcomes for the Department of Housing's clients.

Misty Taaka wasn't expecting to work in a remote community. She came to Lajamanu to visit a friend, decided to stay longer and landed a part-time job as a school attendant supervisor before starting work with an NGO as a Community Housing Officer (CHO).

Over time, the experience she gained in that role led to her position in Wadeye as a Tenancy Contract officer with the Department of Housing.

Misty spent about a year working in Lajamanu and enjoying her role, which included doing inspections and collecting paperwork from tenants.

'The thing I loved about the job was getting out and meeting everybody in the community then getting back to the office and communicating with the Department of Housing.'

Sometimes language was a barrier, particularly with older tenants, and Misty would work with an interpreter.

Looking through the paper one day, Misty saw a similar CHO job in Wadeye.

She moved to Wadeye in March 2015 when the Department's Tenancy Contract officer role fell vacant; Misty was on the spot and her strong track record in housing support won her the job.

Misty is no stranger to life in remote locations, having worked in remote communities in New Zealand before moving to Australia.

'I love it', she said of her life in Wadeye and Lajamanu. 'It just reminds me of home. People are friendly to me; they remind me of my people back home — the cultures are quite similar.'

'To succeed in the work, you need to have a lot of patience and be very open minded', Misty said.

'You need communication and people skills and cultural awareness. I think everything else falls into place after that.'

*Misty visits the Department's Katherine office as part of her work*



# HOUSING IN THE TERRITORY

The Northern Territory has a population of around 245 000<sup>1</sup> living across a land mass of more than 1.35 million square kilometres—the third-largest geographical jurisdiction in Australia. The NT's population comprises just one per cent of Australia's overall population base<sup>2</sup>. Our small yet culturally diverse population is sparsely distributed over urban, remote and very remote areas, which presents a significant challenge in the delivery of housing services.

The NT population is relatively young, with an average age of 32 years, compared to the national median age of 37 years<sup>3</sup>. Aboriginal people comprise 27 per cent of the NT's overall population; a high number compared to other jurisdictions, with a national average of three per cent<sup>4</sup>.

Access to safe, secure and affordable housing is an important platform for individual, family and community health and wellbeing. It provides a base from which people can develop their capabilities and gain a sense of social connection through their community. There is also a positive relationship between stable housing and workforce participation, which is essential to economic

security. In addition, stable and secure housing is essential for children's physical, social/emotional and cognitive development<sup>5</sup>.

The Department of Housing strives to provide its clients with housing options relevant to their needs.

The Department of Housing provides a range of services directly and indirectly across the housing continuum to:

- people experiencing homelessness or who are at risk of homelessness, through grants to non-government organisations
- people who live in public housing in urban and remote areas of the NT
- eligible people on low to medium incomes who are seeking to rent housing at affordable rates in the private rental market
- eligible Territorians seeking assistance to purchase their own home.

## A note on data:

Where indicated, data is taken from the Australian Bureau of Statistics 2011 Census, which is the source of the most current population data.

## THE HOUSING CONTINUUM

The housing continuum is a concept that describes the housing system from homelessness through to home ownership. The concept is aimed at describing the main housing situations people are usually in but also highlights that people can move between types of housing as their needs or situation change.

The Department delivers social housing, funds programs, provides loan products and works in collaboration with the non-government sector to support client needs across the housing continuum.

The Department aims to deliver the right housing or support response at the right time for clients and recognises that the housing continuum is a pathway to housing independence and home ownership, where people are able to achieve this.

Responses provided by the Department to support Territorians in, and to transition along, the housing continuum are detailed below.



<sup>1</sup> <http://www.abs.gov.au/> - ABS 2014, Regional Population Growth, Australia, cat no. 3218.0

<sup>2</sup> <http://www.abs.gov.au/> - ABS 2014, Regional Population Growth, Australia, cat no. 3218.0

<sup>3</sup> <http://www.abs.gov.au/> - ABS 2014, Regional Population Growth, Australia, cat no. 3218.0

<sup>4</sup> <http://www.abs.gov.au/> ABS 2011, Census data

<sup>5</sup> <http://www.ahuri.edu.au/> - AHURI 2014, Research and Policy Bulletin, Issue 171



## STORY

## HOMELESSNESS AND SUPPORTED ACCOMMODATION

Homelessness is a complex and multifaceted issue. It is typically more complex than just the lack of an appropriate place to live. People can find themselves homeless and in need of housing assistance or support for many different reasons.

For some people, it is because of a change in circumstances such as losing a job or experiencing family breakdown, resulting in them having to leave a home that was previously stable. Others are forced into homelessness due to domestic and family violence, mental health issues or substance abuse.

The NT has a higher rate of homelessness than any other state or territory—15 times the national average<sup>6</sup>.

The characteristics of homeless people vary by region across the NT. Of the main towns, Tennant Creek has the highest recorded level of homelessness followed by Katherine, Alice Springs and Darwin<sup>7</sup>.

The nature of homelessness also varies from people living in overcrowded dwellings, particularly in remote areas, to people in urban centres sleeping rough or living in improvised dwellings<sup>8</sup>.

The Department of Housing provides funding to the non-government sector to support a range of crisis, short-term, transitional and longer-term accommodation options.

The Department also provides housing to the non-government sector to support service provision to vulnerable clients.

Supported accommodation is aimed at providing short- to medium-term housing support to people in need. Crisis or emergency accommodation is typically short-term accommodation provided for up to three months to individuals who require immediate access to housing.

Crisis accommodation may be provided by a non-government organisation through accommodation at a specified property, or by paying for a person to have temporary access to private accommodation such as a motel or caravan park. Transitional housing is typically provided to an individual for a longer period (up to 18 months). It is usually provided in dwellings that are managed by a non-government organisation.

## MISSION AUSTRALIA SUPPORTED ACCOMMODATION PROGRAM

Celebrations have been held at Mission Australia's Palmerston office for two successful participants in the Supported Accommodation Program for homeless men.

The program provides support services for homeless people, including men, to stabilise their situation and to achieve sustainable housing.

During the program, participants are provided with temporary accommodation in a 'share house'. The program offers a variety of support services, including professional counselling, advice and training courses to help the men work toward sustainable housing and the stability it can bring to their lives.

Men of similar age and circumstances are paired so that they can support each other as they transition into shared rental accommodation upon completing the program.

Robert Dawson and Neville Darr, who recently completed the program, are testament to its success.

Karen Kinnersley, Senior Grants Program Officer, Tenancy Support and Compliance said 'both clients mentioned that securing affordable accommodation was essential for them to make the steps towards getting their life back on track and being able to spend time with their children'.

'This is a great example of successful, holistic case management outcomes through transitional housing services that are funded through the Department'.

For men like Robert and Neville and their families, this program has made a world of difference.

*Robert Dawson and Neville Darr celebrating their success in the program.*



<sup>6</sup> <http://www.abs.gov.au/> - ABS 2011, Census data

<sup>7</sup> <http://www.abs.gov.au/> - ABS 2014, Regional Population Growth, Australia, cat no. 3218.0

<sup>8</sup> <http://www.abs.gov.au/> - ABS 2011, Census data



## SOCIAL HOUSING

As the main provider of social housing in the NT, the Department of Housing manages more than 12 000 dwellings across the NT. Approximately 83 per cent of all Department of Housing dwellings are for public housing. The remaining 17 per cent are associated with other housing programs, including remote government employee housing, industry housing, emergency accommodation, community housing and affordable rental housing.

Our clients come from diverse social and cultural backgrounds. A significant number of NT public housing households (approximately 72 per cent) self-identify as Aboriginal households, and 39 per cent of public housing households are senior households. The vast majority of our clients also experience significant socio-economic disadvantage, and many receive assistance through one or more of the Department's housing assistance and support programs.

Per capita, the NT has a very high volume of public housing dwellings compared with other jurisdictions in Australia. For example, according to the ABS<sup>9</sup>, Darwin has 6.2 per cent of overall housing stock as public housing, compared to other capital cities where the average is 3.2 per cent.

The Department of Housing provides housing in urban, regional and remote areas of the Northern Territory.

To improve amenity and durability, houses are being replaced or upgraded in remote areas and in other locations. Since 2008, the Department has built 1189 new homes and undertaken 2929 refurbishments and rebuilds and 998 upgrades in remote areas. The Department continues to progress the delivery of the remaining two years of the National Partnership on Remote Housing (NPRH) and Remote Australia Strategies (RAS) programs.

Supported accommodation interventions usually include support to access accommodation and a range of social supports (e.g. support with independent living skills, counselling) intended to address the issues that have led a person to need crisis or transitional accommodation support.

In 2015–16, the Department allocated \$18.9 million (ex GST) in grant funding to 16 non-government organisations to provide 52 services to Territorians who were homeless or at risk of homelessness.

The Department manages the funding to non-government organisations that provide services for:

- crisis and short-term managed and transitional accommodation (\$8.48 million)
- tenancy support programs and case management (\$5.44 million)
- youth services support (\$4.45 million)
- peak body funding to support the sector (\$530 000).

The funding provided support services for those affected by domestic and family violence, and youth services. These grants are funded through a mix of Australian and Northern Territory government contributions, namely the National Affordable Housing Agreement, the National Partnership Agreement on Homelessness and Northern Territory Government direct contributions.

<sup>9</sup> <http://www.abs.gov.au/> - ABS 2015, Housing Occupancy and Costs, state and territory data, cat no. 4130.0

Figure 2: All Department of Housing dwellings by program and locality at 30 June 2016

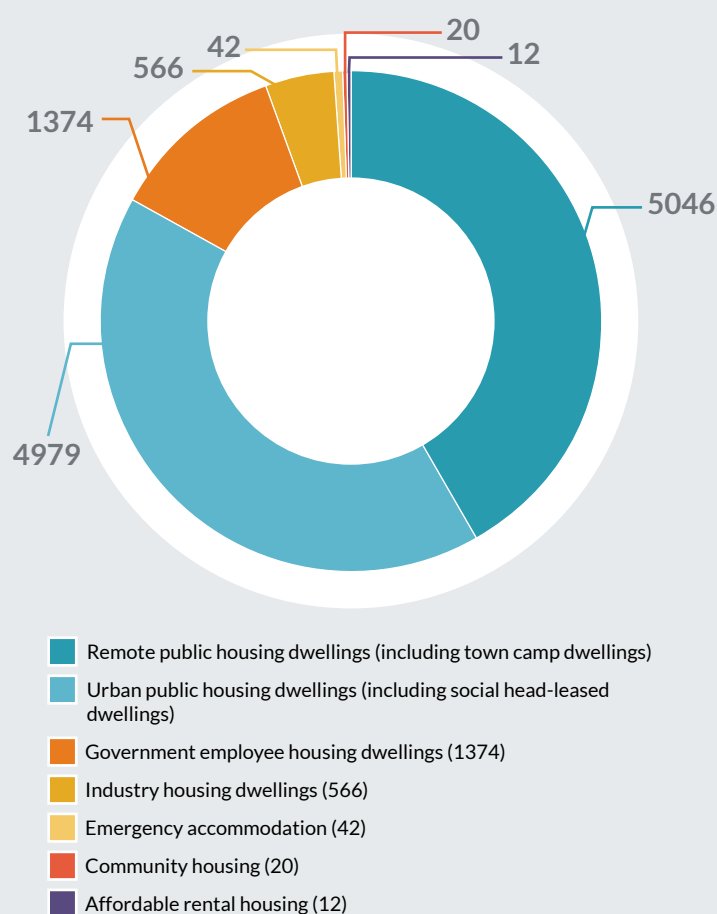
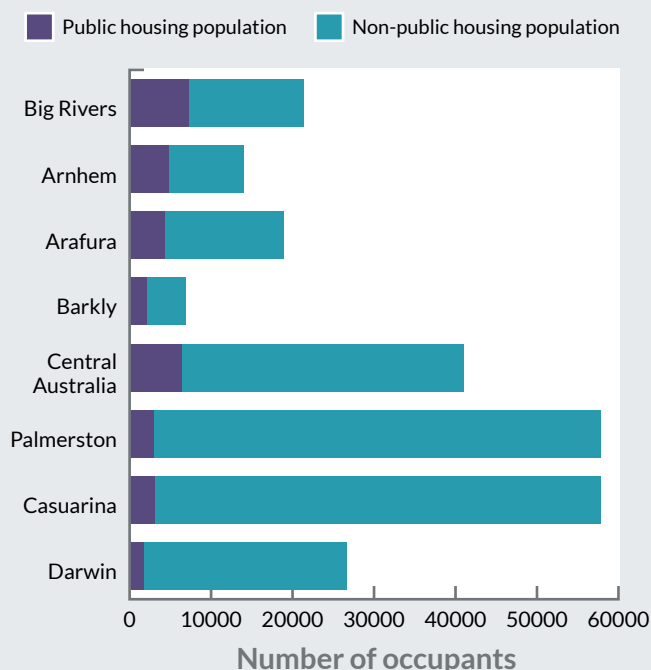


Figure 3: Northern Territory population by region – public housing occupants and non-public housing residents



Source: Department of Housing & ABS 2011

At 30 June 2016, the Department of Housing had a total of 4979 urban public housing dwellings across the NT's main towns, with approximately 11 000 occupants<sup>10</sup>.

The majority of the NT's overall population resides in the greater Darwin area; however, public housing occupants make up only a small number of that area's residents. In other regions of the NT, the number of public housing occupants is greater relative to the total regional population. **Figure 3** shows the breakdown of the NT's population by numbers of public housing occupants and non-public housing residents.

Social housing provides housing for eligible Territorians who are unable to enter the private rental market. The Department's social responsibility to actively provide and manage dwellings for low socio-economic residents at this point of the housing continuum is crucial to support Territorians who without the ability to access social housing would be at risk of homelessness.

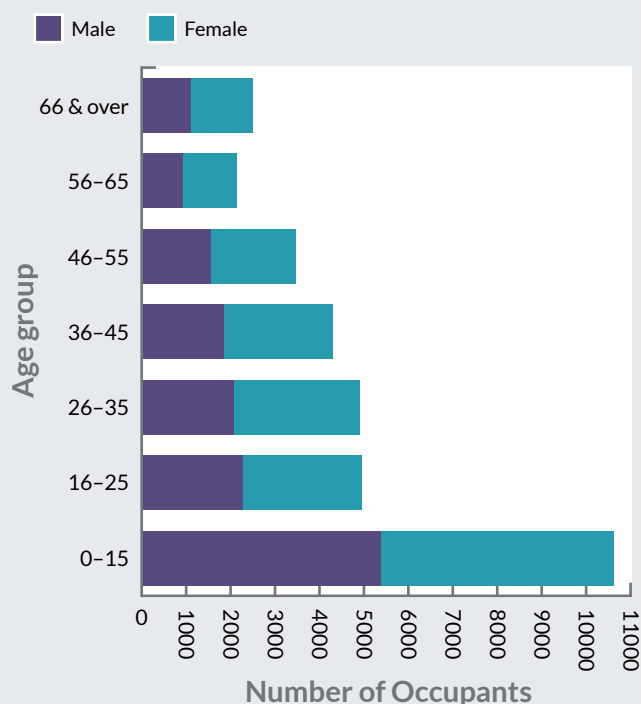
Public housing occupants aged 25 and under comprise almost half of all public housing occupants across the NT, as shown in **Figure 4**. The proportion of males to females living in public housing is moderately lower.

Many Territorians accessing social housing experience significant socio-economic disadvantage. The vast majority of public housing tenants and clients who receive homelessness support services in the NT live on low and very low incomes and derive their income from support payments through Centrelink.

Compared with the number of clients accessing homelessness services and tenants of urban public housing, a greater number of remote public housing tenants have other income sources such as wages. The difference in income sources across homelessness, urban public housing and remote public housing is likely because there are no income and assets limits for public housing tenants in remote areas.

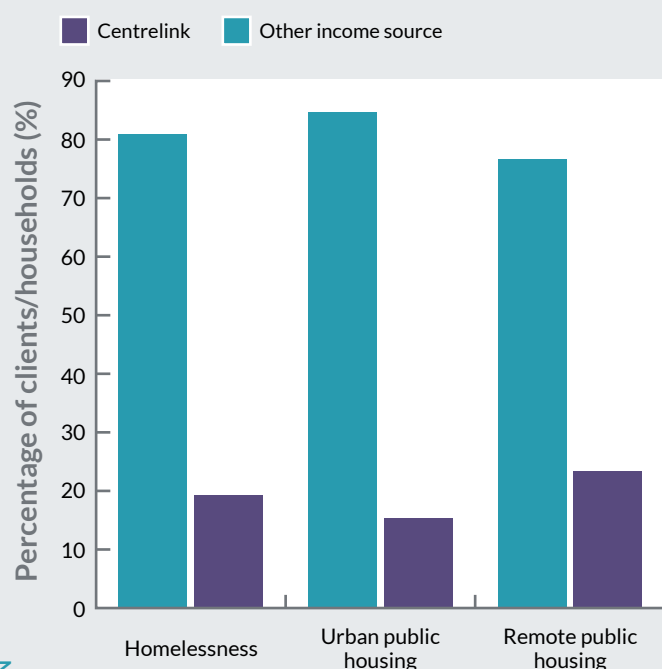
<sup>10</sup> Occupant numbers are based on information provided by the primary tenant at the most recent review date.

**Figure 4: Public housing occupants by gender and age**



Source: Department of Housing, 2016

**Figure 5: Clients by main source of income**



As part of a new approach to delivering social housing, the Department of Housing is leasing properties across the Territory under its social housing head-leasing initiative.

This social housing leasing initiative:

- provides additional properties where demand and need is high
- assists to reduce wait lists and repairs and maintenance costs
- provides flexibility of housing options
- follows best practice in creating a private/public housing mix (which is used across Australia) through reducing the concentration of social housing in our suburbs.

As at 30 June 2016, a total of 45 social housing dwellings have been head-leased from the private sector for eligible tenants on the public housing waitlist. Additional dwellings under the social housing head-leasing initiative were either being negotiated or constructed.

Under HousingActionNT, which was released in June 2016 and provides a strategy to guide housing policy and investment over the next five years, a target for an additional 250 social housing head-lease dwellings has been set.



## AFFORDABLE RENTAL

There are many facets to the urban and regional centres of the NT. Many regional centres have experienced growth and development in recent years, resulting in an increase in population and a subsequent increase in the demand for housing.

The Department of Housing has worked to address the challenges of affordable housing by developing new and innovative ways to support Territorians.

Since the 'Real Housing for Growth' plan was introduced in October 2012, the Department has provided eligible Territorians with a number of affordable rental and home ownership initiatives and delivered or committed more than 1716 new dwellings to Territorians as at 30 June 2016. These initiatives give Territorians access to the private rental and home ownership markets via a number of different entry points.

The Real Housing for Growth initiatives include:

- the head-leasing initiative, which provides opportunities for the private sector to construct new dwellings and head-lease them to government. These dwellings are then rented to key workers at 30 per cent below market rates
- the National Rental Affordability Scheme, which provides Northern Territory Government funding to support compliant dwellings under the scheme
- Venture Housing Company as the Northern Territory's first affordable rental housing company, through the transfer of assets and funding to complete its property portfolio of new dwellings
- HomeBuild Access, which provides low deposit and low interest loans for new dwellings for eligible Territorians
- the Home Buyer initiative, which provides opportunities for eligible Territorians to purchase their own land or dwellings at affordable prices
- redevelopment strategies for ageing public housing stock that facilitate affordable home ownership and rental opportunities.

## PRIVATE RENTAL

The Department provides assistance to Territorians seeking to access the private rental market through the provision of private rental assistance bond loans.

In 2015–16 the Department increased the number of private rental assistance bond loans to support Territorians accessing the private rental market. In 2015–16, 365 loans were issued compared with 269 in the previous financial year.

Initiatives such as these support tenants to move along the housing continuum from social housing into the private rental market, where they are able to do so.

## HOME OWNERSHIP

Through NT Home Ownership, the Department provides HomeBuild Access loans. The NT Government's home loan products help Territorians to buy their own home by providing access to low deposit home loans and subsidised interest loans. NT Home Ownership assists Territorians on the pathway to home ownership and housing independence on the housing continuum.

The number of Territorians accessing NT Home Ownership loan products increased this financial year. Details and the data on the programs, products and the initiatives are in the section '2015–16, Year in Review'.

# OUR LEADERS

## DEPARTMENT EXECUTIVE GROUP



### **Ms Leah Clifford**

*Chief Executive Officer*

Leah was appointed as CEO of the Department of Housing in March 2015.

Leah commenced with the Northern Territory Public Service as an administrative trainee in 1993 with the then Department of Lands and Housing. Leah has principally worked with the Department of Lands, Planning and the Environment, undertaking senior and executive roles in the Corporate, Transport, Land Services and Lands Development areas. Leah spent four years in Alice Springs working in the areas of transport and construction and has held statutory positions in government, including the Registrar of Motor Vehicles.

Prior to commencing as the CEO of the Department of Housing, Leah was the Deputy CEO of the Department of Lands, Planning and the Environment. Leah has held numerous board positions and is a current member of the Aboriginal Areas Protection Authority Board and the whole-of-government Procurement Review Board.

Leah has tertiary qualifications in economics, postgraduate qualifications in town planning and management, and masters-level qualifications in public policy and leadership. Leah is also a fellow of the Australia and New Zealand School of Government having recently completed the Executive Fellows Program.



### **Mr Jim Bamber**

*Deputy Chief Executive Officer*

Jim's role as Deputy Chief Executive Officer includes oversight of the Department's service delivery functions, including frontline tenancy and asset management, public housing safety and compliance, grants program management, in-year delivery of capital projects, and minor new works and repairs and maintenance programs. Jim is also responsible for improving the procurement and contract management capability of the organisation, and organisation capability development.

Jim brings extensive and varied experience from a range of roles in the Power and Water Corporation, including Chief Information Officer; General Manager, Retail, delivering frontline, billing and credit control services and major customer engagement; General Manager, Employee and Organisational Services; and most recently, General Manager, Remote Operations delivering essential power, water and sewerage services to 72 of the NT's remote communities.

Jim has a Bachelor of Science, a Graduate Diploma in Public Sector Management and a Master of International Management. He is a member of the Australian Institute of Company Directors and the Australian Institute of Management.

## DEPARTMENT EXECUTIVE GROUP



### **Mr Andrew Clapham**

*General Manager, Strategic Governance and Supply*

Andrew is the Department's General Manager, Strategic Governance and Supply. He leads teams responsible for strategic policy, asset management, social and affordable housing, federal government relations, governance and business intelligence.

After nearly 20 years in banking and finance, Andrew joined Housing New Zealand in 2002 as General Manager, Home Ownership and has worked in the housing sector since that time. He has led housing reform work in New Zealand, South Australia and now the NT.

Andrew holds a Master of Management from Charles Sturt University in New South Wales and undertook an executive development program on Housing Finance in Transition Economies at the Wharton School, University of Pennsylvania. He is also a Fellow of the Financial Services Institute of Australasia and a board member of the Australasian Housing Institute.



### **Ms Karen Elligett**

*Executive Director, Corporate Services*

Karen joined the Northern Territory Government in 2003 and has held a number of executive-level roles across government, including Director of Strategic Communications for the Department of the Chief Minister; Executive Director, Corporate Services for the Department of Children and Families; in the Department of Land Resource Management; and in her current role with the Department of Housing.

Prior to joining the public sector, Karen worked in a diverse range of industries in the private sector. She has extensive experience in media management, public relations, crisis management, emergency management and specialist advertising coordination.

Karen is a member of the Australian Institute of Company Directors and the Public Relations Institute of Australia.

## EXECUTIVE LEADERSHIP TEAM



### **Ms Christine Fitzgerald**

*Executive Director, Strategy, Governance and Government Relations*

Christine joined the Department in February 2012 and held director and executive director roles across urban and remote housing before being appointed Executive Director of Strategy, Governance and Government Relations in November 2014. Chris is responsible for leading the negotiations of national partnership agreements; developing and maintaining relationships across governments; and leading the strategy, operational policy, performance monitoring and reporting, and business intelligence teams.

Chris has more than 20 years' experience as a senior public servant in the Australian and Northern Territory governments. She has a strong service delivery background with a focus on Aboriginal policy and programs. Prior to joining the Department of Housing, Chris was a director with the Australian Government Department of Education, Employment and Workplace Relations where, for more than five years, she led teams responsible for the delivery of childcare, employment, youth, adult literacy and school education programs across the NT.

Prior to this, Chris worked for five years with the NT Department of Education, focussing on Aboriginal education policy, program development and grant management, and for eight years with NT Correctional Services as the Director of Prisoner Education and Therapeutic Programs. Chris's career began in horticultural research, where she spent almost 14 years working on projects across Australia.

Chris has a Bachelor of Arts, a Graduate Diploma in Education and a Graduate Certificate in Applied Management.



### **Mr Lawson Broad**

*Executive Director, Housing Supply*

Lawson commenced as Executive Director of Housing Supply in March 2016.

The Housing Supply division is responsible for setting the strategy direction for managing the Department's housing assets in both remote and urban locations. This includes new construction, redevelopment, head-leasing and ongoing planned asset renewal through funded work programs as well as commercial initiatives.

Prior to joining the Department of Housing, Lawson was the Director of Land and Economic Development with the Department of Lands, Planning and the Environment with responsibility for land release, and the planning and delivery of capital works to support land development.

Lawson grew up in Central Australia and has a background in private enterprise and the not-for-profit sector, including running a small transport company and leading an NT social enterprise demonstration project with Mission Australia.

Lawson's academic qualifications are in public policy, and he recently completed the Australia and New Zealand School of Government Advancing Leadership Program.



## EXECUTIVE LEADERSHIP TEAM



### **Mr Phillip Luck**

*Executive Director, Contract Implementation*

Phillip is responsible for ensuring the Department achieves value for money from all procurement. He leads the Contract Implementation division, which provides quality assurance of the Department's procurement system, and oversees the management and delivery of all capital works, and repairs and maintenance programs to public and government employee housing.

Phillip has a diverse work history across accounting, retail, contract, project and program management. Since 2005, he has been the Project and Program Director for all remote community housing programs in the NT. In 2007, Phillip led the establishment of the \$2 billion Remote Community Housing capital program for the NT and has been the program director overseeing the delivery of more than 1100 new houses and the upgrade of more than 4000 dwellings across the NT.

Phillip is also the Chief Procurement Officer for the Department and has been responsible for leading its whole-of-government procurement reforms.



### **Ms Michelle Walker**

*Executive Director, Service Delivery (North)*

Michelle joined the Northern Territory Government in 2000 as a tenancy officer in the Department of Housing. She has worked across the Department for the last 16 years, in frontline operations and other business units, before being appointed to Executive Director of Service Delivery (Northern region). Michelle leads a team of more than 100 staff who manage frontline tenancy operations and asset portfolios for urban and remote housing.

A key part of Michelle's role involves membership of cross-government groups responsible for managing critical incidences and disasters across the NT. These include the NT Emergency Response Group, the NT Welfare Group and Taskforce NEO. Most recently, she managed the Daly River Flood response group on behalf of the Department of Housing.

Michelle is also involved in a local domestic violence reference group, water saving initiatives in remote and urban areas with the Power and Water Corporation, a healthy skin program and environmental health with the Menzies School of Health Research, and managing the Public Housing Garden Competition in the Top End.

Michelle recently undertook the Australia and New Zealand School of Government (ANZSOG) leadership program and has completed the NTG's Future Leaders program.

Michelle is a board member of a local independent primary school and heavily involved in fundraising for the Cancer Council.

## EXECUTIVE LEADERSHIP TEAM



### **Mr Michael White**

*Executive Director, Service Delivery (Central)*

Michael joined the Department of Housing in May 2014 as the Executive Director, Service Delivery Central after a distinguished 29-year career with the Northern Territory Police where he attained the rank of Superintendent.

Michael has significant experience in service delivery at regional and remote levels in the Northern Territory and is responsible for the delivery of tenancy and property management services across nearly three quarters of the NT. A key component of Michael's role includes delivery of housing upgrades and new construction in remote communities, tenancy management and repairs and maintenance to urban, regional and remote housing.

Michael is a member of a number of cross-government committees focussing on emergency management and coordination of government services in the central region, including the Interagency Tasking and Coordination Group, Integrated Response Family Violence and Taskforce Neo.



### **Ms Kelly Cooper**

*Acting Executive Director, Tenancy Support and Compliance*

Kelly's role as Executive Director, Tenancy Support and Compliance is to improve community and housing safety, achieve legislative and policy compliance, procure needs-based community programs through grants and program management, and develop the capabilities of the Department's workforce through policy implementation and training.

Kelly has more than 14 years' experience in strategic management, corporate communications and senior management in the public and private sector, including 10 years working for the Department of Defence in the Top End. Kelly brings skills in strategy, policy, corporate communications, public affairs, change management and stakeholder engagement to her position.

Kelly was awarded an Australia Day medallion during her time with Defence, has a Bachelor of Business, is a member of the Australian Institute of Company Directors and the Australian Institute of Management, and is a committee member for Northern Territory Association for the Education of the Gifted and Talented.

## EXECUTIVE LEADERSHIP TEAM



### **Ms Kathryn Ganley**

*Director, Strategic, Legal and Risk Management*

Kathryn, a third-generation Territorian, is one of the first Bachelor of Laws graduates from the Northern Territory University and has completed the Public Sector Management, Future Executive Leaders and Australian Institute of Company Directors courses.

Kathryn joined the Department in June 2015 to oversee legal and risk matters and systemic complaints. Her role also manages the internal investigation and appeals unit.

During her 32-year career, Kathryn has worked in the private, corporate and public sector. Over her 18 years in the public sector, Kathryn has held numerous statutory and ministerial appointments. She was formerly judicial registrar of the Local Court/Work Health Court before her appointment as Deputy Coroner for six years, when she was also Deputy Convenor on the Child Deaths Review and Prevention Committee.

Currently, Kathryn holds the appointment as legal member on both the Mental Health Review Tribunal and Northern Territory Civil and Administrative Tribunal and is a board member of Larrakeyah Primary School. Kathryn was recently appointed Chair of the inaugural Northern Territory Women's Consultative Council.



### **Mr Ken Tinkham**

*Chief Financial Officer*

Ken joined the NT Public Service in 1981 after five years in public accounting. He commenced with the NT Government Printing Office in 1981 to establish a commercial accounting basis for its operations. His career has involved providing financial services for a range of government business divisions, including Darwin Bus Service, NT Fleet, Darwin Port Corporation and Territory Wildlife Park, as well as a range of government agencies. Ken 'retired' for a short period in 2007 and then returned to the role of Chief Financial Officer for the departments of Housing, Local Government and Regional Development and Indigenous Advancement in late 2012.

As the Chief Financial Officer, Ken has responsibility for managing the financial aspects of the Department of Housing and NT Home Ownership, including budgeting and statutory reporting, and liaison with the Department of Treasury and Finance and other NTG agencies.

Ken has a Bachelor of Economics from Monash University. He is also a Fellow of CPA Australia and is a graduate of the Australian Institute of Company Directors.

## EXECUTIVE LEADERSHIP TEAM



### **Ms Lisa Wilson**

*Director, Executive Services and Secretariat*

Lisa commenced with the Department in 2000 as a records clerk, and has held roles in records management, tenancy management, policy and legislation and ministerial liaison. In 2009, Lisa was appointed the Manager of Secretariat, and in 2011 she was appointed Director, Office of the Chief Executive, now known as Executive Services.

Prior to joining the Department, Lisa worked with the non-government sector in Victoria providing support services for children with special needs from low-income families.

Lisa is heavily involved in fundraising and volunteering for animal welfare organisations across Australia and Asia.



### **Ms Kara Walker**

*Director, Human Resources*

Kara is responsible for providing leadership, strategic direction and overall management of human resources for the Department.

Kara has worked for the Department of Housing since 2013 and has more than 10 years' experience in the Northern Territory Public Sector. She has a strong appreciation of the HR discipline through roles as change analyst for the Power and Water Corporation and Manager, Workforce Development with the Department of Infrastructure. Kara is a Certified Professional Member of the Australian Human Resources Institute and holds a Bachelor of Business with a specialisation in leadership and human resources.



2

## OUR PEOPLE





## OVERVIEW

The Department of Housing's purpose is to provide an affordable and accessible housing system by supporting eligible Territorians with options appropriate to their housing needs. To achieve this, we need to position our workforce to ensure we have the right people in the right jobs with the right skills. Our people are paramount to the Department achieving its vision and delivering on its strategic objectives.

The Human Resources (HR) team is dedicated to delivering best practice in HR management. In collaboration with the senior management team, the HR team strives to support and encourage a positive workplace culture through delivering a consistent advisory service and through developing programs, policies and frameworks to comply with legislative requirements for employment.

The HR team is building its employee capability by facilitating and delivering a number of learning and development programs. This includes 'growing our own' through an effective early careers program, ensuring all new employees are properly inducted and providing whole-of-department targeted training programs to build skill and improve performance.

## WORKFORCE PROFILE

Table 1: Number of employees

Number of employees	2014-15	2015-16
Full-time equivalent	375.9	378.8
Part-time	7.2	10.2
Ongoing (permanent)	310.4	302.5
Fixed period	65.5	76.3
Female	242.2	246.3
Aboriginal	52.3	55.4

Source: Personnel Information Payroll System

As at 30 June 2016, the Department of Housing had 378.8 full-time equivalent (FTE) employees. This is an increase of 2.9 FTE employees compared with 30 June 2015.

The increase in FTE this year is due to the addition of Indigenous Employment Program employees and an increase in staff to cover leave taken at the time of reporting.

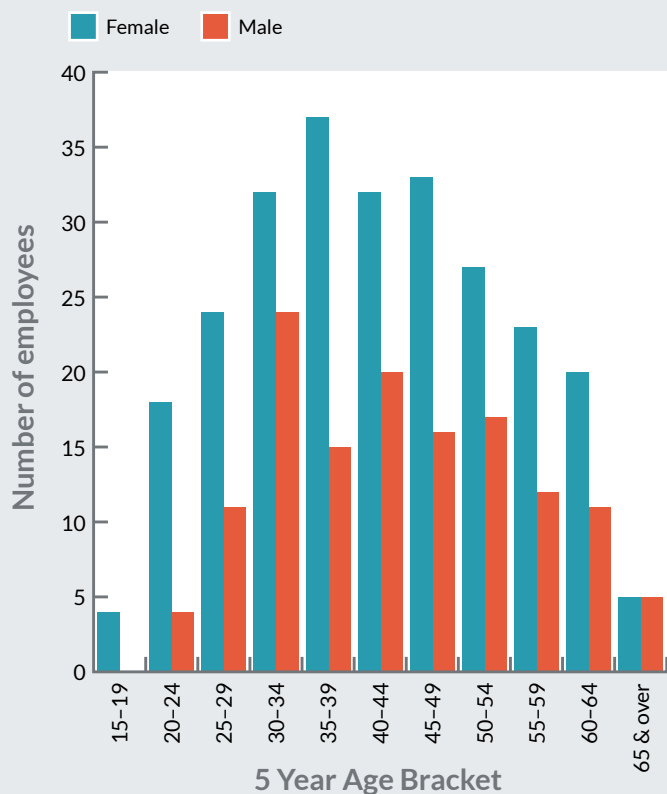
As at 30 June 2016, the average age of all employees was 42, with 69.2 per cent of employees aged below 50. A total of 27.2 per cent of Department employees were located outside the Darwin region.

**Table 2: Employees by classification**

Classification	Full-time equivalent (FTE) staff as at 30 June 2015	Full-time equivalent (FTE) staff as at 30 June 2016
Apprentice	1.0	2.0
School-based Apprentice	0.4	0.0
Graduate	2.0	1.0
Administrative Officer 2	22.6	17.7
Administrative Officer 3	25.4	29.0
Administrative Officer 4	60.1	61.3
Administrative Officer 5	84.8	86.5
Administrative Officer 6	33.0	30.0
Administrative Officer 7	41.8	46.5
Technical 5	31.2	29.0
Technical 6	1.0	2.0
Senior Administrative Officer 1	34.3	37.8
Senior Administrative Officer 2	23.3	20.0
Executive Officer 2	0.0	2.0
Executive Contract Officer 1	4.0	5.0
Executive Contract Officer 2	8.0	6.0
Executive Contract Officer 3	1.0	1.0
Executive Contract Officer 4	1.0	1.0
Executive Contract Officer 5	1.0	1.0
<b>Total</b>	<b>375.9</b>	<b>378.8</b>

Source: Personnel Information Payroll System

Figure 8: Employees by age and gender



Department gender profile

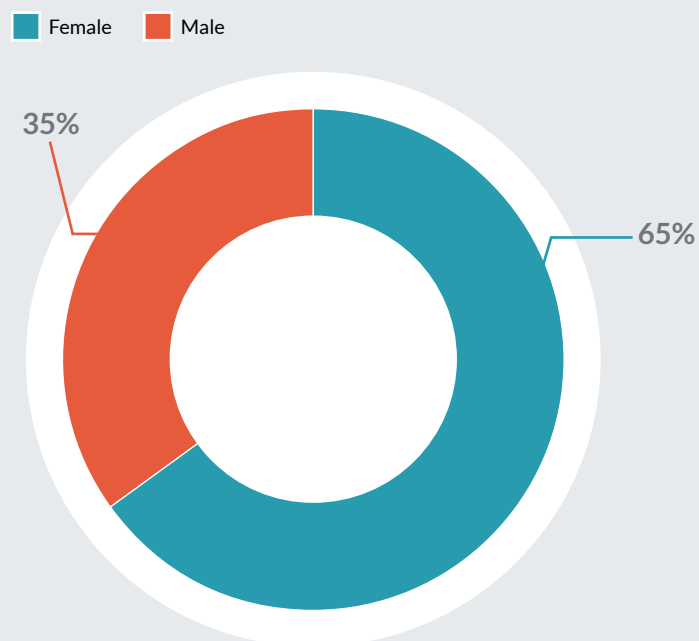


Table 3: Staff profile by equal employment opportunity groups

Equal employment opportunity group	Our Department as at 30 June 2016	Whole-of-government target	Department change in last 12 months
Aboriginal and Torres Strait Islander people	55 or 14.61%	23.7%* (by 2020)	+3
People of a non-English-speaking background	17 or 4.44%	No set target	+1
People with a disability	10 or 2.63%	4%	+4
Women in executive roles (SAO2^) <sup>↑</sup>	24 or 64.86%	40%	+1

Source: Personnel Information Payroll System

\* The Department of Housing target to be reached by June 2020 in line with the recently released Indigenous Employment and Career Development Strategy (IECDS).





*L - R: Robert Ross, Rebecca Newman, Sue Wright, Stacey Caton, Kendell Scott, Michele Clarke, Shakira Campbell, Annie Rose, Rosemary Graham, Paula Nichols, Timothy Watkins, Thomas Girdler, Jeremiah Baker and Jason Elsegood (Cross Cultural Consultants).*

## INDIGENOUS LEADERSHIP NETWORK (ILN)

On 27 November 2015, the Department established the Indigenous Leadership Network (ILN), which was made up of 13 Aboriginal members of staff at 30 June 2016. The ILN gives Aboriginal employees the opportunity to contribute to the Department's plans, committees, and coaching and mentoring programs.

In collaboration with Human Resources, the ILN helped to develop the 'Indigenous Employment and Career Development Strategic Action Plan 2016–18', which was finalised and approved in May 2016. The plan was developed in response to the Northern Territory Government Indigenous Employment Career Development Strategy 2015–2020. It will ensure the Department is well

placed to deliver on the objectives outlined in the NT Government strategy and the broader Framing the Future strategic plan objectives of employment, access to opportunities and valuing diversity. The Department of Housing values the diversity and unique contributions Aboriginal employees make in delivering our business outcomes, and the plan recognises the contribution Aboriginal employees make to good public administration across the Department's operations.

The Department of Housing increased its Aboriginal staff members by three in 2015–16 compared to 2014–15.



*Proud Department of Housing staff and IEP graduates at the ceremony in Alice Springs. Front row L-R: Emma Austin, Zyeallah Fenton, Carrie Merrett. Back row L-R: Stephanie Radke-Auckburally, Michael Mills, Michael White.*

## EARLY CAREERS

### DEVELOPING OUR CAPABILITY AND PERFORMANCE

The Department of Housing is committed to the professional development of its employees. Building the capability of our workforce is a central element in delivering our services and on our Department's objectives. The Department offers a range of employment pathways through the Northern Territory Public Sector Employment Programs initiative.

### INDIGENOUS EMPLOYMENT PROGRAM (IEP)

This year, the Department made a strong commitment to increase its number of Aboriginal employees. In partnership with the Department of Corporate and Information Services (DCIS), the Indigenous Employment Program (IEP) placed five participants across the Alice Springs, Darwin and Katherine offices.

The IEP is a six-month program for Aboriginal jobseekers that incorporates accredited training, work readiness development and work-based learning.

IEP participants Emma Austin and Zyeallah Fenton began their 20-week program with the Service Delivery Central team in Alice Springs in February 2016. Throughout the program, the participants worked towards their Certificate II in Business, spending time learning on the job and studying at the Batchelor Institute. Emma and Zyeallah graduated from the IEP at a ceremony held on June 17 and following this were both offered employment with Department for six months. They will be based in Alice Springs working in the Client Services branch, where they will gain further experience in a range of roles in urban and remote housing.

### GRADUATE DEVELOPMENT PROGRAM

The Graduate Development Program is designed to develop new generations of employees whose ideas, ambitions and leadership potential will help shape the future of the Northern Territory Government.

In 2015, two graduates with a Bachelor of Commerce and a Bachelor of Social Work were employed by the Department and completed the program in early 2016. In February 2016, the Department recruited an additional graduate with a Bachelor of Accounting.



## STORY

## WORK INTEGRATED LEARNING SCHOLARSHIP PROGRAM

During 2015–16, the Department continued to support one student studying a Bachelor of Commerce under this program. The Work Integrated Learning Scholarship provides selected students at Charles Darwin University with a scholarship and paid employment during major academic breaks.

## TRAINEE EMPLOYMENT PROGRAM

The Department gives trainees structured employment and training under this program. In 2015–16, the Department recruited two trainees to undertake a Certificate III and Certificate IV in Business Administration. At year end, two apprentices also remained with the Department and were continuing their studies under the program.

During 2015–16, apprentice Anita Turuta graduated at the top of her cohort with a Certificate III in Business Administration.

*Trainee Employment Program graduate Anita Turuta at work in HR*



*Housing Maintenance Officers at work*

## A SNAPSHOT OF ISLAND LIFE AND HOUSING: GROOTE EYLANDT

Groote Eylandt, or 'great island' in archaic Dutch, is the largest island in the Gulf of Carpentaria off the north-eastern part of the Northern Territory coast, approximately 630 km from Darwin. The island counts a population of around 1900 residents.

The Department has two permanent staff based on Groote Eylandt.

Recently, Housing Maintenance Officers (HMOs) worked hard on refurbishing a lot in Angurugu, painting the walls and giving the house a brand new look.

Tim Appo, Housing Operations Manager, commented:

'For the refurbishment project, we used our HMOs, who provide a first response to repairs and maintenance requests from Department tenants in their community. HMOs carry out non-trade qualified work so that some repairs and maintenance can be done quickly and locally.

'The Department was pleased to provide a training opportunity to the HMOs to paint the house, carry out maintenance and bring the property up to a better standard. They received onsite training from qualified tradesmen who were also on site for trade work.

'The painting has been done carefully and methodically, and the quality is of a good standard, particularly given this was the team's first try.'

# LEARNING AND DEVELOPMENT

Table 4: Expenditure on learning and development, 2014–15 and 2015–16

	2014–15	2015–16
FTE employees	375.9	378.8
Learning and development expenditure	\$478,143	\$412,115
Total employee expenditure	\$39,040,274	\$40,450,456
Learning and development expenses as a % of total employee expenditure	1.2%	1.0%
Average per FTE employee	\$1,272	\$1,088

Source: Personnel Information Payroll System and Government Accounting System

## STAFF PROFILE

### NATASHA HAMILTON

Natasha Hamilton didn't start out wanting to be a Housing Officer. Raised between Wyndham, WA, and Katherine, as a child she wanted to be a nurse, until the sight of her accident-prone brother oozing blood made her realise a medical career was not for her.

After finishing her schooling in Darwin, Natasha returned to Wyndham, where two major life events occurred within a short time: the sudden death of her partner and the birth of her first child.

'It was a tough time. But my grandmother said 'you have a little boy; you need to start thinking about the future.'

With family support, Natasha set her feet firmly on the path that has led to a rewarding and meaningful career with the Department of Housing.

Natasha began with roles in tenancy support and management, client services and then as a support officer in remote housing.

'I grew up in public housing', she said. 'One of my passions is improving housing in remote communities and supporting Aboriginal families through public sector housing.'



'I love the strategic stuff; looking at the big picture, how do we make sure we can achieve the outcomes from the top right down to grass roots. How can we improve the way we deliver service?'

The Department also encourages staff training, and Natasha has taken leadership courses and topped up her academic experience with a Diploma in Management through the Lookrukin Women's as Leaders Course.

'If your organisation has training courses, take the opportunity. You never know what you will learn; they help motivate the mind and develop skills to possibly do things differently.'

Natasha is proud of what she has been able to achieve so far.

'When I go out and see some of the housing now, I think "I was part of that," getting that done.'



## KEY INITIATIVES

### **‘Combat Bullying – Call it like it is’**

In March, April and May 2016, a series of Combat Bullying workshops were held in the Darwin, Katherine and Alice Springs regions.

In total, 244 staff members attended the workshops across the three regions.

The Combat Bullying program aims to equip all employees with the knowledge and skills to face up to any bullying behaviour within the workplace and to respond to potential grievances in a professional and timely manner. It aims to develop the confidence of individuals to help create an empowered and performance-based culture.

### **‘Dealing with the Tough Stuff’**

This program aims to provide managers and supervisors with the skills to undertake hard conversations and provide staff with tools to have effective performance management discussions.

### **Situational Awareness Training – PART**

Situational Awareness Training, also known as ‘predict, assess and respond to’ (PART) was held for frontline staff across the Department. This training aims to provide skills to de-escalate direct client aggression and challenging behaviours.

### **Working in the Northern Territory Public Sector**

The Human Resources team designed and delivered an in-house ‘Working in the NTPS’ training course. This training focussed on core NTPS values, employee entitlements, Employment Instruction 12 – Code of Conduct and internal policy and procedures.

In total, 223 staff attended this training throughout 2015–16.

### **Corporate induction**

In 2015–16, the Department reviewed and extended its existing induction program to a full-day induction to give new employees information about the history of the Department and its corporate plan, values, strategic direction and organisational structure. In total, 37 employees attended the induction.

### **Cross-cultural training**

As part of our commitment to cultural awareness, the Department supported 121 employees to attend cross-cultural awareness training across all regional offices. The training gave participants a better understanding of the challenges, barriers and enablers in a culturally diverse environment.

### **Office of the Commissioner for Public Employment training and development programs**

The Department of Housing uses cross-government training and development programs provided by the Office of the Commissioner for Public Employment (OCPE). In 2015–16, 19 employees participated in leadership and development programs:

- Public Sector Management Program
- Discovery – Woman as Leaders
- Future Leaders Program
- Machinery of Government
- performance management
- Merit Selection and Simplified Recruitment
- Lookrukin
- Australia and New Zealand School of Government (ANZSOG).

## STUDIES ASSISTANCE

The Department of Housing supports employees to increase their learning through formal studies in areas relevant to core business. During 2015–16, 15 employees received study assistance and support through reimbursement of fees and paid study leave to attend tutorials, lectures and examinations.

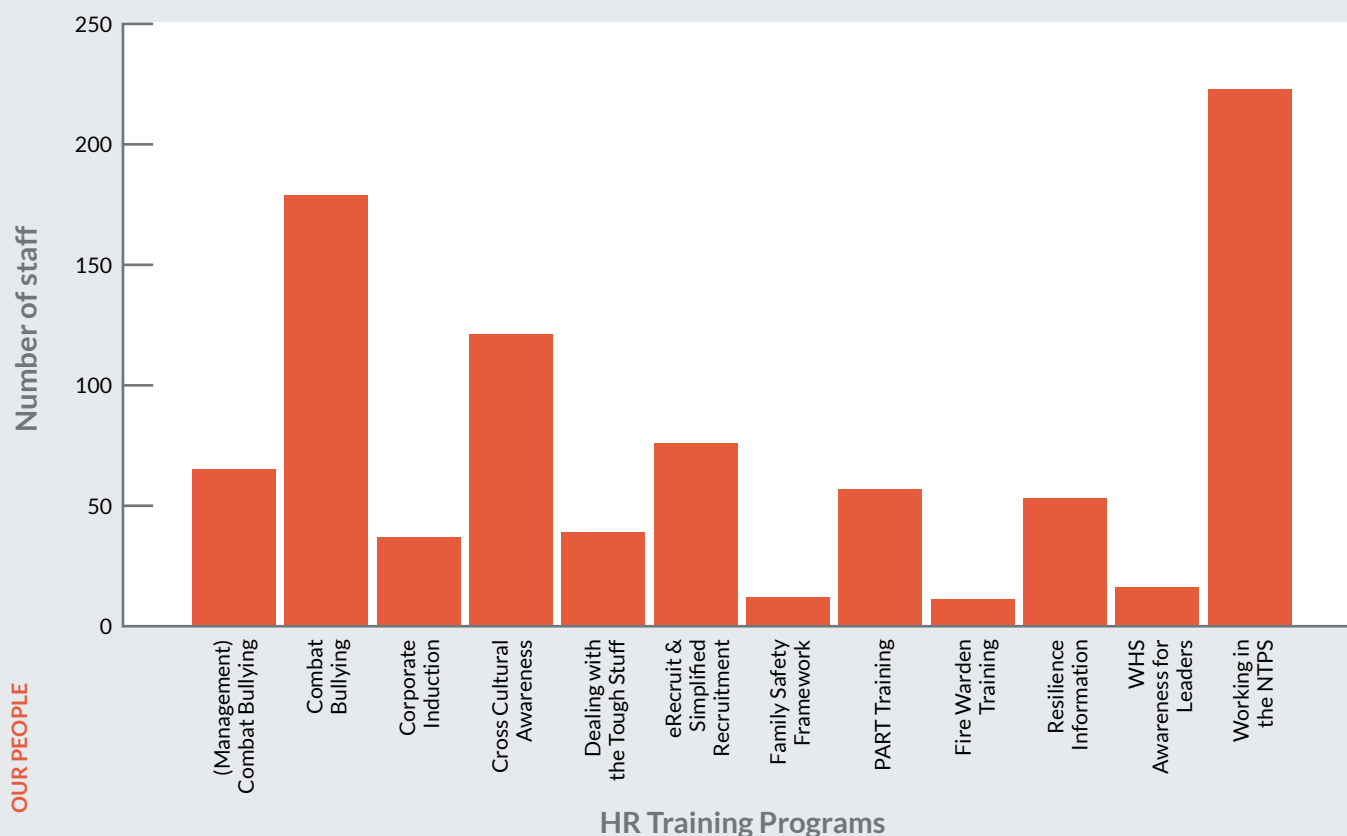
Approved courses undertaken by employees included:

- Certificate IV in Indigenous Leadership
- Certificate IV in Project Management
- Certificate IV in Government (Procurement)
- Diploma of Government (Procurement)
- Bachelor of Information Technology
- Bachelor of Humanitarian and Community Studies
- Bachelor of Sciences (Honours)
- Master of Business Administration
- CPA Professional Program.

## SENIOR LEADERS FORUM

In November 2015, the Department held a Senior Leaders Forum. It was attended by 35 senior leaders who discussed topics including achievements, the housing strategy, tenancy agreement and remote housing updates. The Senior Leaders Forum is held biennially and brings together senior staff to share knowledge and ideas and promote business improvement.

Figure 9: Training courses and attendances



## KENDELL AND SHAKIRA COMPLETE THEIR CERTIFICATE IV

While in the Department's HR division, Kendell Scott (A/Reporting and Early Careers Coordinator, HR) and Shakira Campbell (HR Consultant) completed their Certificate IV in Indigenous Leadership with the Australian Indigenous Leadership Centre (AILC). This was a unique opportunity for Kendell and Shakira, who gained exposure to leadership models and styles and how these affect on the community, with an emphasis on developing personal, professional and community leadership.

Kendell said, 'The Certificate IV in Indigenous Leadership course brought together a diverse group of people, who all shared their stories and experiences. The lecturer allowed everybody in the room to have a voice and used the knowledge from within the group to teach the content of the units. At the end of the course, we had a group of lifelong friends and family who helped to build each other up, imparted knowledge, pushed each other out of our comfort zones and helped one another achieve milestones. Being surrounded by a group of strong like-minded Indigenous people who all wanted to better themselves and their community has left me with a profound feeling of empowerment.'

Shakira said, 'I found this course to be a life-changing experience. One of the valuable things I got from this was the relationships I formed with the diverse people from the course. There were people from all around Australia attending the course, who had a wealth of knowledge and experience and were able to share their wisdom. These people are now close friends and they supported me through my time completing this course. This course has made me feel empowered and confident in who I am and what I can become.'



*Kendell Scott and Shakira Campbell graduated from the Australian Indigenous Leadership Centre (AILC) with a Certificate IV in Indigenous Leadership.*

## HOUSING REWARDED FOR CUSTOMER SERVICE

The Client Relations and Housing and Community Safety branches were winners in the 2015 Chief Minister's Awards for Public Sector Excellence.

The awards honour public sector achievements and performance across a number of categories, and the hard work of the Client Relations and Housing and Community Safety branches paid off with a joint win in the Quality Customer Services category.

The category awards achievements and performance on projects and initiatives that aim to provide the best service across government, with a focus on customers.

The Client Relations and Housing and Community Safety branches, including the Public Housing Safety Officers, work hard to build relationships with our tenants and the wider community, providing a first response to antisocial behaviour, helping to improve community safety, and building solid working relationships across government departments and external agencies.

*Left to right: Shane Stringer, Kate Worden, Kelly Cooper, Vicky Chandler, Tracey Moloney, Steve Allen, Leon Spurling, Lanh Tran, Leah Clifford, Liam Musgrave and Christine Power accept the 2015 Chief Minister's Award for Excellence in the Public Sector*

## RECOGNISING OUR STAFF

The Department of Housing is committed to recognising the achievements of our employees.

### RECOGNITION OF SERVICE

In October 2015, the Northern Territory Government recognised eight employees who had completed 30 or more years of service. Recognition events were held in both Darwin and Alice Springs for employees from across government.

### STAFF AWARDS

In November 2015, the Department re-branded and launched the staff awards initiative to recognise individuals and teams who strive for excellence in work. The Department values the opportunity to recognise and reward staff and teams who have shown exemplary achievement, contribution and performance in their jobs. Staff awards are held quarterly.





## HEALTH AND WELL-BEING

The Department's health and well-being program aims to help staff make informed choices and suggests activities and initiatives to inspire healthy decisions.

Some of the initiatives the Department ran in 2015–16 included a monthly newsletter and supporting initiatives such as the World's Greatest Shave and Australia's Biggest Morning Tea to raise awareness and funds for charities. The Department also provided general health checks, Cancer Council information sessions on smoking, healthy eating and being sun smart as well as annual flu vaccinations for staff.

The Department held a 10 000 steps challenge with teams of four walking 10 000 steps per day. The initiative was a huge success, with 117 participants joining the challenge.



*Jane McCrory, John Sheppard, Peta Butler and Ashley Davis-Marin (absent) were the winners of the 10 000 steps challenge, 2016*

## STAFF PROFILE



### TINA PATLAS

Tina Patlas is a Community Housing Officer in Milikapiti, a remote community on Melville Island with 96 dwellings and 354 tenants. A true local, Tina has lived in Milikapiti for her whole life.

Having previously worked in the community as a support officer with Centrelink for five years, Tina joined our team in January 2015. Since then, she has become a valuable team member.

Tina's job involves liaising with tenants on a daily basis. She makes sure that tenants are up to date with their forms, helps them to understand what they are for, and makes sure they understand what they are signing.

Tina says she enjoys her work and that the Department provides a comfortable work environment. Having the office air-conditioned also provides some relief from the heat, she notes.

*Tina Patlas in the office at Milingimbi*

## WORK HEALTH AND SAFETY

The Department of Housing is committed to a strong safety culture for all employees. The Department has focussed on increasing staff education on work health and safety (WHS) in the workplace over the last 12 months. The Department's robust consultation processes ensure all employees are aware of WHS issues, and the comprehensive WHS management system supports the Department's safety culture with policies, procedures and practical information for employees. The increase in WHS incidents and hazard reports highlights the growth in WHS knowledge and workplace awareness of all staff.

**Table 5: Work health and safety incidents reported, 2014–15 and 2015–16**

Incident type	2014–15	2015–16	Variance
Slips, trips and falls	7	14	7
Chemicals and substances	1	3	2
Mental factors	1	26	25
Body stressing	1	6	5
Vehicle incidents and other	3	11	8
Being hit by an object	6	28	22
Hitting an object	1	6	5
Hazard identification	3	39	36
Biological factors	1	3	2
Environmental factors	2	6	4
<b>Total</b>	<b>26*</b>	<b>142</b>	<b>116</b>

\* Total varied due to incident reports received after 1 July 2015

Source: Department of Corporate and Information Services

In 2015–16 a total of 39 hazards were reported, assisting the Department in applying controls to eliminate or reduce risk of harm or injury to staff.

The increased number of 'mental factors' and 'being hit by an object' incidents highlighted a need for training to mitigate risk of harm or injury to staff. Training identified to address this need was predict, assess and respond to (PART) aggressive/challenging behaviour training, providing staff with aggression identification and verbal de-escalation techniques. This training has been provided to frontline staff and has been delivered in all regional offices in 2015–16.

Resilience training has been provided to all regional frontline staff, providing skills in managing and recovering from workplace challenges and stresses. This training helps staff understand how to manage their physical, psychological and emotional health.

The Department's consultation process includes a WHS Worksite Committee in each region. These committees give staff a forum to table any workplace health and safety matters for discussion and action. All WHS Worksite Committees report to the Executive WHS Steering Committee.

3

# THE DEPARTMENT OF HOUSING







## DEPARTMENT OF HOUSING STRUCTURE

The role of the Department of Housing is to provide an affordable and accessible housing system by supporting eligible Territorians with options that are appropriate to their housing needs.

We are responsible for:

- implementing strategic policy, planning, governance and asset management of housing stock, including repairs and maintenance programs and coordinating capital works
- increasing housing supply in remote communities through capital housing programs and contract implementation
- providing public and social housing services and programs that are integrated, sustainable and consistent across urban and remote areas
- building client capacity to sustain tenancies, ensuring tenant compliance through targeted programs, and improving safety and security for public housing tenants and their neighbours
- supporting the non-government sector through grant programs to deliver housing support and early intervention and prevention strategies that aim to reduce homelessness
- providing affordable rental and home ownership opportunities for Territorians through loan products, affordable housing initiatives and partnerships with the private housing development sector
- providing housing for eligible employees of the Northern Territory Government and industry housing to assist non-government organisations to support our most vulnerable Territorians.



## THE FUNCTIONS OF THE DEPARTMENT ARE:

### Executive Services

Undertakes a range of functions for the effective administration of the Department, including:

- Secretariat
- Ministerial Liaison
- Strategic Legal and Risk Management.

### Strategy, Governance and Government Relations

Provides strategic planning and review of housing programs, policy development, business intelligence, performance monitoring and reporting.

The division comprises the following branches:

- Strategy
- Policy
- National Partnerships
- Performance Reporting, Monitoring and Evaluation.

### Housing Supply

Identifies opportunities to increase housing supply and promote home ownership through innovation and partnership with the private sector, strategic program development, asset maintenance and management.

The division comprises the following branches:

- Planning
- Program Development
- Innovation
- Market Housing
- Redevelopment Projects.

### Corporate Services

Provides strategic advice and coordination for the development, implementation and delivery of financial and budget management, human resources, communication and stakeholder relations, information management, workplace health and safety, business systems and office management.

The division comprises the following branches:

- Finance
- Human Resource Management
- Corporate Communications
- Information Technology and Business Support
- Governance.

### Contract Implementation

Provides strategic oversight of procurement activity for the Department, implements and manages contracts to maximise in-year program management and delivery, program manager for all repairs and maintenance, minor new works and capital works.

The division comprises the following branches:

- Procurement
- Contract Delivery.



*Housing Officer Daniel Baker handing over the keys to Jean Yurranydjil*

## HOUSES HANDED OVER IN GALIWIN'KU

By the end of financial year, 34 of 40 'fast build' houses at Galiwin'ku had been completed and the keys handed over to tenants after the devastation of tropical cyclones Lam and Nathan.

During the same period, 160 moderately damaged houses were repaired in Galiwin'ku, barge landing works were completed and construction was well underway on the remaining new houses in the 'fast build' program.

More than 50 per cent of the Galiwin'ku rebuilding project workforce were Yolngu.

A community event led by the East Arnhem Regional Council with the support of the Northern Territory Government was held in February 2016 to celebrate the community's resilience and participation in the rebuilding effort.

### Service Delivery (North and Central)

Service Delivery provides frontline services to tenants over the tenancy lifecycle, from processing applications for housing and tenancy sign-up to ongoing tenancy support, rent collection and debt management. In addition to public housing tenancies, Service Delivery manages industry housing and remote government employee housing tenancies. Service Delivery also manages the inspection, repair and minor works upgrades of housing assets in all urban and remote locations. Service Delivery provides case management for tenancies, including antisocial behaviour and visitor management, in conjunction with other agencies and the Public Housing Safety Officers.

Service Delivery is organised into North and Central divisions and provides housing services in all urban and minor centres, 73 remote communities, 17 Alice Springs town camps and seven Tennant Creek community living area.

The Service Delivery (North) division comprises the following branches:

- Arafura
- Arnhem
- Darwin
- Business Operations.

The Service Delivery (Central) division comprises the following branches:

- Big Rivers
- Barkly
- Central Australia.

### Tenancy Support and Compliance

This division implements and manages a range of housing support, compliance, intervention and public housing safety programs for tenants that aim to provide integrated housing responses aligned to housing objectives, policies and legislation.

The division comprises the following branches:

- Housing and Community Safety
- Client Relations
- Capability Development
- Grants and Project Management.



## STRATEGIC DIRECTION

*Launched in 2014, the Northern Territory Government Strategic Plan, 'Framing the Future', provides guidance to the Department to deliver key outcomes under a strong society.*

### OBJECTIVE 1:

A strong society that engages and encourages participation through well-designed services focussed on outcomes and improves the capacity of Territorians to contribute to society and the economy.

- Support Territorians with a diversity of housing choices: deliver 2000 new dwellings over four years under the Real Housing for Growth plan and develop options for sale of housing to tenants, first home buyers and other eligible low to moderate income households. Identify suitable land sites for urban renewal and develop strategic plans that cater for growth, facilitate infill development and address housing affordability.
- Support Territorians in social housing: deliver tenancy support programs, redevelop older public housing stock and develop the community housing sector.
- Support Territorians in remote housing: deliver quality housing and essential services to people living in remote communities.

The Department has also been guided by its Corporate Plan, which has been informed by Framing the Future.





## 2015–16 YEAR IN REVIEW

### HOUSING REVIEW AND CONSULTATION

In June 2015, the Northern Territory Government announced a review into its suite of housing supply and assistance programs, encompassing:

- what level and type of residential demand exists in the market
- the impact of government's affordable housing initiatives in assisting Territorians on limited incomes into home ownership
- the flow of new residential land onto the market as a result of the government's land release program
- what concessions for first-home buyers might be most appropriate in the market
- social housing demands, including public, assisted and homelessness services
- how government can better work in partnership with community housing providers.

The Department of Housing led the review, and this was a key focus for the 2015–16 financial year.

After engaging independent consultant KPMG to conduct research and analysis of housing policy across Australia, a series of urban, regional and remote stakeholder consultation forums were held across the Territory to seek feedback on current policy and service provision arrangements and identify potential policy improvements. More than 250 stakeholders, including representatives from housing peak bodies, land councils, and non-government organisations, were engaged as part of the consultation process. Results from the consultation sessions and research informed a Housing Strategy Consultation Draft, which was released for public comment in December 2015. Public submissions were reviewed and formed the basis of the Northern Territory Government's housing strategy 'HousingActionNT', which was released in June 2016 and provides a strategy to guide housing policy and investment over the next five years.

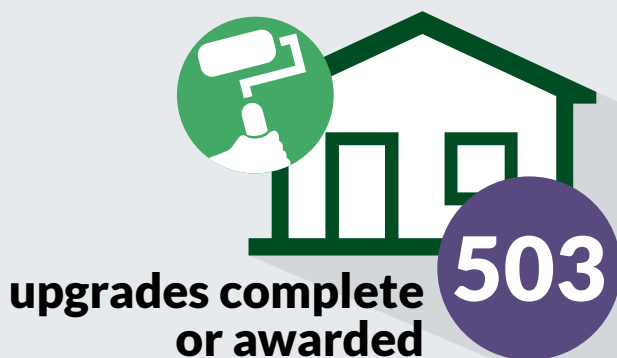
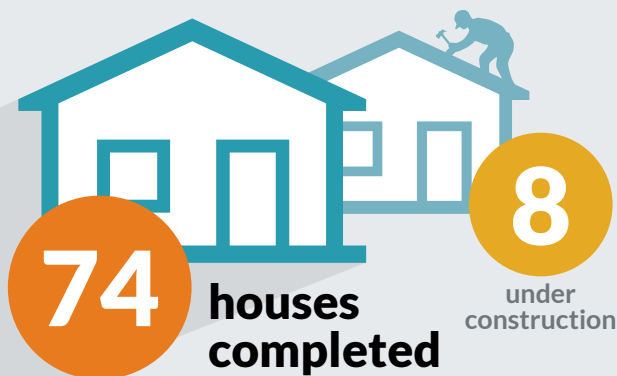
The Department of Housing continues to implement this strategy as a priority for 2016–17.



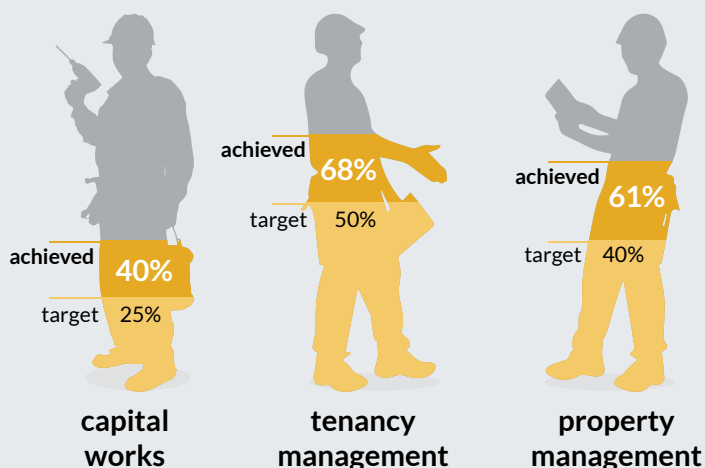


## REMOTE HOUSING DELIVERY

The Department continued to deliver new and upgraded housing under the National Partnership Agreement on Remote Indigenous Housing and the Remote Australia Strategy (formerly Stronger Futures Northern Territory). In 2015–16, the Department met or exceeded its targets for new housing, upgrades and Aboriginal employment, with:



## Aboriginal employment FTE



## SOCIAL HOUSING HEAD-LEASING

Social housing head-leasing is an innovative method of delivering more public housing by using existing properties in the private sector to allow the Department to increase its housing stock with no capital cost.

In 2015–16, a total of 45 social housing dwellings were head-leased from the private sector for eligible tenants on the public housing waitlist. Additional dwellings under the social housing head-leasing initiative are either being negotiated or constructed.

Under HousingActionNT, a target for an additional 250 social housing head-leased dwellings has been set over five years.

## NEW TENANCY AGREEMENT ROLL-OUT

The new tenancy agreement was a major project for the Department in 2015–16.

After extensive internal and external consultations with key stakeholders (including the Central Australian Aboriginal Legal Aid Service, Darwin Community Legal Aid Service, North Australian Aboriginal Justice Agency, Northern Territory Consumer Affairs, NT Shelter and the Real Estate Institute of Australia), the Department developed and commenced the roll-out of a new tenancy agreement to public housing tenants across the NT.

The new tenancy agreement is consistent with the *Housing Act* and the *Residential Tenancies Act* and clearly sets out the rights and responsibilities of tenants and the Department. The new agreement and the policies, processes and resources developed to assist tenants will make it easier for the Department to manage tenancy agreements consistently, reduce administration and enable the Department to provide a better service to tenants.

A pilot program was launched in the east Arnhem region in April 2016 to test the system and document procedures, with a Territory-wide launch occurring in July 2016. Training was rolled out across the Department to ensure the new agreement was implemented successfully.

The Department introduced fixed-term six-month probationary tenancies that are offered to all new tenants. This will enable the Department to meet its obligations in accordance with legislation and provide focussed tenancy management and support to tenants to ensure they understand their rights and meet their obligations under the *Residential Tenancies Act*.

This support may be offered in conjunction with services from community organisations contracted by the Department to deliver tenancy support programs.

### NEW TENANCY AGREEMENT – SUPPORT RESOURCE

Like any agreement, the new tenancy agreement is a legal document. To help tenants understand their rights and obligations—particularly those from diverse backgrounds—a plain English guide was developed as a supporting resource to explain the agreement clearly.

The guide breaks down the 28 sections of the tenancy agreement and explains each in plain English, with illustrations and audio translations in 24 languages (15 Aboriginal and nine ethnic).

The guide's style and tone is friendly, engaging and visual, and it also has embedded audio. The guide is portable and easy to use, viewable on a laptop, iPad, iPhone or android device. It will facilitate a friendly, faster and simpler interaction between tenants and Department staff.



### CENTRAL AUSTRALIAN RENAL ACCOMMODATION PROJECT

The Northern Territory Government received \$10 million in federal funding over three years to support Aboriginal end-stage renal patients and their families in Central Australia. This funding will provide much-needed support for patients to access appropriate housing, daily treatment and clinical support.

\$6.3 million will be used to increase the number of dwellings in Alice Springs and Tennant Creek for Aboriginal renal patients and their families and carers who need to relocate from remote communities in Central Australia to access treatment.

\$3.7 million will be used to deliver two new renal clinics and two three-bedroom government employee houses to accommodate nursing staff (one of each in Kaltukatjara and Papunya and to upgrade clinic facilities at Mount Liebig).

Dialysis patients often have to relocate from remote communities with their carers and other family members for ongoing treatment. This project means they can now access appropriate, safe and affordable accommodation in Alice Springs and Tennant Creek.

Providing this type of accommodation for patients can reduce financial and emotional stress at a time when patients need their strength and focus to be on fighting kidney disease. It will also mean health providers and other agencies can better support patients while they are receiving treatment.

The Department of Housing, the lead NTG agency for the project, was instrumental in negotiations with the Commonwealth Government and the NT Department of Health to develop an innovative project proposal that addressed the specialist housing needs of renal patients and their families and improved access to critical health services in remote communities.

The Central Australian Affordable Housing Company was selected through a public competitive process to redevelop and refurbish eight properties in Alice Springs and two in Tennant Creek and deliver ongoing property and tenancy management services to the target client group for a minimum 10-year period.

The first houses are expected to be delivered in February 2017, and all properties are to be completed before 30 June 2017.

## **NATIONAL PARTNERSHIP ON REMOTE HOUSING**

The Department's Strategy, Governance and Government Relations team led negotiations with Australian Government officials for the new National Partnership on Remote Housing (NPRH) 2016–18, which replaces the National Partnership Agreement on Remote Indigenous Housing (NPARIH). The NPRH was signed in April 2016.

The new Remote Australia Strategies (RAS) Implementation Plan 2015–18 replaces the Stronger Futures in the Northern Territory (SFNT) Housing Implementation Plan.

Under NPRH and RAS, which support the deliverables identified in HousingActionNT, approximately \$350 million will be invested in remote housing from 2016 to 2018 to deliver an extra 152 new houses, replace 236 existing houses and upgrade 1009 houses.

The Department of Housing will be working with the Department of Infrastructure to support the delivery of the program.

## **FOCUS ON COMMUNITY SAFETY AND ANTISOCIAL BEHAVIOUR**

In 2015–16, the Department continued its focus on community safety and antisocial behaviour management in and around public housing. In that period, antisocial behaviour incidents increased, with the Department responding to 2593 complaints and 6870 incidents of antisocial behaviour in 2015–16 compared with 2243 and 6345 respectively in 2014–15. This represents an increase of 16 per cent for complaints and eight per cent for incidents of antisocial behaviour. In 2015–16, there was an 11 per cent increase from 2014–15 in the number of people removed from public housing premises—from 8906 to 9903.

The Department has a Public Housing Safety Strategy that encompasses Public Housing Safety Officers, a 'Three Strikes' policy (to be replaced by the 'Red Card' policy in August 2016), a 'Visitor Management' policy, Acceptable Behaviour

Agreements and cross-department collaboration. Parts of this strategy were revised in 2015–16 to better address tenancies engaging in antisocial behaviour.

Public Housing Safety Officers provide a first response to antisocial behaviour in public housing properties. Officers build relationships with public housing tenants, neighbours and other agencies, have the power to tip out alcohol and move visitors on from public housing, work closely with police to monitor 'hot spots', and conduct regular patrols of public housing.

In 2015–16, joint operations with police and Public Housing Safety Officers were increased to target known areas of antisocial behaviour in and around a number of public housing complexes. The Department is also a member of Taskforce NEO, which has enabled agencies across government to collaborate on complex antisocial behaviour matters.

In September 2015, the Three Strikes policy was strengthened to better address antisocial behaviour in public housing tenancies. Strikes were recorded against a tenancy for 12 months instead of six months, all previous strikes against a tenancy were considered when determining how antisocial behaviour was managed (as opposed to only current strikes) and the need to deliver a verbal warning to a tenant before issuing a first strike was removed.

On 1 August 2016, the Three Strikes policy will be replaced by the Red Card policy. The Department will focus on implementing this policy in 2016–17.

## **CHIEF MINISTER'S AWARDS FOR EXCELLENCE**

The Client Relations and Housing and Community Safety teams were winners in the 2015 Chief Minister's Awards for Public Sector Excellence.

The awards honour public sector achievements and performance across a number of categories, and the hard work of the Client Relations and Housing and Community Safety branches was acknowledged with a joint win in the Quality Customer Services category.



Mr Conway's garden

## A GREEN OASIS IN THE RED CENTRE

Mr Warren Conway lives at Ilparpa town camp near Alice Springs.

His house and garden always draw admiration from the Department's Public Housing Safety Officers (PHSOs) when they drive past because of his creative gardening and the care he takes looking after his house.

Warren's care for his house and garden is clear; – PHSO Rosina Ross said, 'We see Warren's hard work when we drive through; it's really nice and clean. It's a great example of what you can do.'

Warren collects rocks and tyres (a great recycling idea), paints them white and arranges them carefully so the yard looks beautiful. He is also a gardener and has a variety of plants and trees in his well-tended garden.

Warren lives at the house with his wife, mother-in-law and family.

Warren's favourite plants in his desert oasis are the palm trees, the orange tree and fruit trees he has planted out the back. 'I might put more palm trees in around here. I just put another four tyres here to make it look good. I like to keep my yard clean all the time', he said.

'It's important that we keep the house clean. I keep it clean so people can come and see it — the local people from camps and people from bush who come up to the town camps. You have to look after it and clean it every time. Every morning.'

## SERVICE DELIVERY AND MAXIMISING USE OF PUBLIC HOUSING

In 2014–15, the Department identified 'maximum utilisation of public housing' as a key priority for 2015–16. This priority was met, with improvements across a range of key housing indicators:

- turnaround times for housing stock reduced significantly from 94 days in 2014–15 to an average of 73 days in 2015–16
- allocations of public housing properties to eligible tenants increased from 597 properties in 2014–15 to 710 in 2015–16
- the occupancy rate of public housing increased to 96 per cent in June 2016.

The Department focussed on assessing the wait list for applicants of public housing to confirm their current need for public housing and their ability to take up offered accommodation. Applicants were also offered alternative accommodation options including affordable housing (subsidised rentals) for key service workers and bond assistance for private rentals. The quicker turnaround of housing once vacated and returning vacant dwellings to stock in all regional centres also contributed to maximising the use of public housing and reducing the wait list.

## CULTURALLY APPROPRIATE COMMUNICATION AND DOCUMENTATION

The Department continued its focus on service delivery and tenant services in 2015–16. A key part of this focus has been on reviewing the methods the Department uses to communicate with tenants to better meet their needs and develop a more engaging tone that focusses on building a positive relationship with our tenants.

A number of communication tools have been developed to better explain key policies and documents, including a plain English guide to the new tenancy agreement, and remote repairs and maintenance and visitor management animated videos for distribution on television and social media.

The Department has also increased its use of the Aboriginal Interpreter Service to create culturally appropriate communication tools in languages.





*An aerial view of Daly River (Nauiyu) during flooding.*

## HELPING MORE TERRITORIANS INTO PRIVATE RENTAL AND HOME OWNERSHIP

The Department delivers a range of housing options for Territorians, including providing assistance to move into the private housing market through private rental assistance bond loans and home ownership initiatives.

In 2015–16, the Department provided 365 private rental assistance bond loans, compared to 269 the previous year.

HomeBuild Access is the NT Government's home loan product that helps more Territorians to buy their own home by providing access to low-deposit home loans and subsidised interest loans. The number of low deposit loans increased from 47 in 2014–15 to 146 in 2015–16, supporting more Territorians to own their own homes.

## DALY RIVER FLOOD RESPONSE

On 24 December 2015, a state of emergency was declared at Daly River (Nauiyu) due to flooding, and on 26 December, 480 residents were evacuated to Darwin. The Department of Housing supported the Northern Territory Government in the emergency response and recovery phases through its role in the Welfare Group and Emergency Response Group.

Twenty-seven Department of Housing staff were mobilised to assist with the evacuation centre, media, public safety, logistics, planning, response, damage assessment, and repairs, recovery and resident repatriation.

Daly River residents returned to their community on 12 January 2016, and Department staff were in the community to help with the repatriation efforts.

## PUBLIC ACCOUNTS COMMITTEE

### **Inquiry into remote housing**

The Department of Housing is responsible for property and tenancy management for more than 5000 houses in the 73 remote communities throughout the NT.

On 25 August 2015, the Department attended an inquiry by the Public Accounts Committee of the Northern Territory Legislative Assembly on the management of remote housing.

At the inquiry, the primary topics discussed included the repairs and maintenance contracts for remote housing, design and delivery of housing under the NPARIH program, and property and tenancy management arrangements for remote housing, including Aboriginal employment participation.

The Department discussed with the committee the durability, functionality and cost of various designs used during the Strategic Indigenous Housing and Infrastructure Program (SIHIP) and NPARIH programs. It also discussed the current deployment of local and regional organisations for upgrade programs, such as MacDonnell Regional Council for upgrades at Docker River, Kintore, Areyonga and Mount Liebig, with high local Aboriginal employment arising from the allocated works.

The Department also outlined current contract arrangements for property maintenance and tenancy management, with new models implemented from March 2014 embedding housing maintenance officers in communities to expedite service responses and promote local employment. The committee also discussed issues associated with tenant damage in remote housing.

### **Inquiry into Housing Repairs and Maintenance on Town Camps**

The Department of Housing is responsible for property and tenancy management for 284 houses in 18 town camps in Alice Springs and 78 houses in community living areas (town camps) in Tennant Creek. All other town camps in Darwin, Adelaide River, Katherine, Borroloola, Elliott and other regional centres are managed through other agencies.

On 1 March 2016, the Public Accounts Committee of the Northern Territory Legislative Assembly announced an inquiry to investigate 'all matters relating to the Northern Territory Government's management of housing in town camps'. The review would address all town camps throughout the NT in regional centres in Darwin, Alice Springs, Tennant Creek, Katherine, Borroloola, Elliott and Adelaide River. The inquiry included the Department of Housing for the Alice Springs town camps and Tennant Creek community living areas.

The Department of Housing appeared before the Public Accounts Committee on 2 March and 11 April 2016 to present on the Department's service delivery role in town camps.

At the inquiry and in subsequent responses to the issues raised in the inquiry and its final report, the Department outlined measures it had already taken, or those that were underway, to enhance its oversight and service delivery in town camps. These included a more integrated contract service delivery model, with housing maintenance provided by contractors. The Department enhanced its internal contract management capability through training and role clarification for relevant staff. It also held monthly, formal meetings with contractors to assess contract performance, ensure repairs and maintenance were carried out in a timely manner, and identify weaknesses and areas for improvements, and it reviewed contractor and departmental services and processes, including response times.

The Department also delivered key messages in relevant languages about reporting repairs and maintenance. Radio advertising, community meetings and hand delivery of letters, posters and stickers were key communication strategies adopted. Departmental officers visited all town camps with tenancy and property contractors to talk to residents about the services provided, who to contact and what role each agency delivered to our tenants.

## STORY

## DEVELOPING THE COMMUNITY HOUSING SECTOR

The Department continued its work to develop the community housing sector in 2015–16. The transfer of 160 houses to Venture Housing Company, established with Northern Territory Government support, was completed. The management of Wauchope Flats, a complex of 17 seniors' units in Alice Springs, was transferred to the Central Australian Affordable Housing Company after a request for proposal process. In 2015–16, the Department also released a request for proposal for a 22-unit complex at 103–105 Bloomfield Street, Alice Springs, for a community housing provider or non-government organisation to provide supported accommodation services to the community.

## CONSTRUCTION AND RENEWAL OF URBAN PUBLIC HOUSING

2015–16 was a successful year for the Department's program to build and renew urban public housing across the Territory, including:

- commenced construction of the first new public housing in Katherine in more than 20 years, consisting of two complexes of six units each for seniors and people with physical or mobility issues
- commenced construction of four duplexes in Palmerston
- released an expression of interest to redevelop the 75-unit complex, John Stokes Square, at 47 Progress Drive, Nightcliff
- released a request for proposal to develop six public housing sites across Palmerston, Katherine, Tennant Creek and Alice Springs, including newly built public housing properties aligned to current demand.



*Frank Day and Sharon Ephgrave with one of the residents, Edgar McIntyre (centre), at the new Acacia Drive seniors' accommodation*

## SUPPORTING SENIORS IN THE KATHERINE COMMUNITY

Residents of Katherine have celebrated the completion of a new public housing development.

Completed at the end of June 2016, a total of 12 new one and two-bedroom single-storey homes now provide modern facilities for seniors and people with physical or mobility issues.

The new houses have increased accessible housing for older residents of the Katherine community while also reducing the wait list by freeing up existing public housing not suitable for their needs.

All of the units have been allocated to some very excited new residents, including Edgar McIntyre, who has been a tenant since 1999.

Mr McIntyre said, 'I cannot get over the amount of space in the rooms and that I now have a garden shed to store my gardening tools.'

During the construction phase, managed by the Department of Infrastructure, Katherine saw employment boosted with approximately 40 people, including contractors, Aboriginal employees and apprentices working on site.

## NGO SECTOR ENGAGEMENT

In 2015–16, the Department of Housing engaged with the non-government sector by:

- negotiating and allocating grant funding to 16 non-government organisations to provide more than 50 housing services and programs to support people who are homeless or at risk of homelessness
- participating in the NT Government and NGO Partnership Group in the development of policies and strategies to address priority issues identified through the 'Strong Society, Confident Culture' strategy under the Framing the Future strategic plan
- participating in regular meetings with Aboriginal Peak Organisations Northern Territory (APONT) to support its Aboriginal Housing NT body announced in March 2015 and work collaboratively to address issues and consider policy and program delivery
- continuing the Department's legal services group meetings to encourage discussion and information sharing between the Department and legal services about strategic and operational policy
- consulting with the non-government sector on the development of the HousingActionNT strategy.

## COMPLAINTS, COMPLIANCE, LEGAL AND APPEALS

The Department's Client Relations team manages complaints and compliance matters. Complaints management includes receiving, recording, processing and responding to complaints from our tenants, the general public, Ombudsman NT, advocates or other departments. The team ensures complaint management processes are undertaken fairly, consistently and effectively.

During 2015–16, the Department drafted a new Complaints Management Framework with input from the Office of the Ombudsman NT. The new framework provides clear guidance to our staff and people who want to make a complaint on the principles and concepts of our complaint management system. Implementation of the framework, including call centre system improvements, governance and whole-of-department training, will occur in the first half of 2016–17.

The Department's Business Improvement and Risk Mitigation group (BIRM) identifies and addresses strategic risk issues for the Department arising from freedom of information requests, legal risks, recommendations from the Ombudsman's office or investigations, thematic complaints, thematic business process or business systems issues, legal advocates or adverse appeals outcomes. In addition, the BIRM group drives business improvement and enhances service delivery for the Department of Housing. The Director of Strategic Legal and Risk Management oversees all compliance and legal matters on behalf of the Department.

Public housing applicants and tenants have the opportunity to request a review of most Department decisions through a two-tier appeals process. Appeals are firstly investigated internally by the Appeals Unit, which makes recommendations to the relevant director (tier one). If the tenant or applicant is unhappy with the decision, they can apply for their appeal to be heard by the Public Housing Appeals Board (tier two). The Public Housing Appeals Board is a non-statutory independent board whose members are appointed by the Minister for Housing. During 2015–16 the Department considered 90 tier one appeals, and eight tenants or applicants sought a second tier review by the Public Housing Appeals Board.



## APPLICATIONS TO NORTHERN TERRITORY CIVIL AND ADMINISTRATIVE TRIBUNAL (NTCAT)

During 2015–16, the Department responded to applications lodged through NTCAT regarding repairs and maintenance in the communities of Papunya and Santa Teresa, and dealt with matters relating to repairs and maintenance in Larapinta Valley town camp.

Prior to the applications, the Department had recognised the need to strengthen its contract management, repairs and maintenance processes and communication to tenants and moved promptly to address the issues raised through NTCAT.

In addition to monthly contractor meetings, the Department instigated weekly meetings with contractors and undertook an audit of all houses in the communities to ensure the contractor had a full record of issues to be addressed.

The Department also conducted audits across other remote communities including Atitjere, Titjikala, Haasts Bluff, Finke and Ntaria to ensure any maintenance issues were identified and rectified. The Department continues to work with tenants to assist with improved communication and reporting of maintenance.

## COMMUNICATION WITH AND ON BEHALF OF OUR TENANTS

Our tenants are important, and ongoing communication with them is essential. The strong relationship the Department has established with legal advocates through the Legal Services Group meetings has led to establishment of a centralised email address for lawyers and advocates so enquiries can be tracked, directed and responded to in a consistent and timely manner. All enquiries made by a legal advocate organisation on behalf of a tenant are emailed to Housing. AdvocateEnquiries@nt.gov.au, accompanied by an Authority to Act form.

*Pam Mitchell, Natalie Williams, Joshua Bonson, Kirsten Major and Martin Reilly from Service Delivery North doorknock tenants at John Stokes Square.*



# PRIORITIES FOR 2016–17 AND BEYOND

Sustainable housing system	Sustainable communities	Sustained well-being for people	Our people
<i>A housing system to meet the needs of today and tomorrow</i>	<i>A housing system that supports communities to grow and prosper</i>	<i>A housing system that delivers the right response at the right time</i>	<i>Valued, engaged and supported staff who work together to achieve results</i>
Deliver over 80 head-leases for social housing.	Implement a system to integrate service delivery for the Department and non- government organisations.	Implement the new Tenancy Agreement, Red Card Policy, and six month probationary tenancies for all new tenants.	All staff undertake a Personal Development Plan.
Implement development opportunities to market for infill development (12), new dwellings constructed in targeted locations (7), and sites redeveloped (13).	Transfer dwellings to support the continued growth and expansion of the community housing sector.	All grant agreements entered into ahead of the new financial year.	Staff meetings held regularly to enable information sharing and discussion and action on business process improvement.
Rejuvenation of 22 public housing complexes.	Funding for Apmere Mwerre and Stuart Lodge to support the continued operation of services delivered by the non-government sector.	Implement the Innovation Fund Initiative.	Training program developed and in place.
Expressions of Interest for the redevelopment of John Stokes Square.	Deliver the renal housing project in Alice Springs and Tennant Creek.	Implement an integrated Complaints Management Framework.	Indigenous employment targets met.
Provide Home Ownership opportunities through the sale of selected public housing stock.	35% Aboriginal employment in remote housing contracts.	Effective stakeholder engagement and collaboration.	Collaborate with Government agencies to support front line services.
Delivery of a minimum of 150 new houses, (120 in remote, 30 in urban) and 425 upgrades in remote communities.	Participate in the establishment of the RHDA.	Continue to monitor and improve all key performance indicators including waitlist, wait times, turn around times, asset inspections, rental rebates and payments and antisocial behaviour.	Enhance systems to support staff in more efficient service delivery.
Upgrades to 600 urban and regional dwellings.	Work with other agencies to promote economic growth and development opportunities in remote communities.	Enhance effective contract management.	IT strategic plan developed and in place.
Deliver new houses in Kalkarindji and Elliott.	Deliver the Remote Home Ownership Program.	Needs analysis for support services.	Implement a data management governance strategy.
Deliver the Capital Works, Minor New Works and Repairs and Maintenance Programs across the Territory.		Efficient complaint handling and fair, consistent and transparent review of appeals.	Legislation and policy program is in place and actioned.
Plan for new visitor parks in Katherine and Darwin.			Continue to ensure effective Risk Management and WHS practices are in place.

## HousingActionNT

HousingActionNT was launched in June 2016 and is the Northern Territory Government's commitment to delivering housing over the next five years across the Territory.

HousingActionNT will deliver a sustainable housing system that provides:

- a diversity of housing to meet the diverse needs in the community
- a lifecycle approach to asset planning, investment and management decisions.

### HousingActionNT – Remote Strategy

In 2016–17, the Department of Housing will focus its efforts on implementing and delivering its components of HousingActionNT's Remote Housing Strategy.

Remote housing will continue to be a priority for the Department as it focusses on the delivery of the 2016–17 and 2017–18 national housing program to deliver 388 new and replacement houses and 1009 house upgrades.

## HousingActionNT

### – Regional and Urban Strategy

This strategy commits \$140 million over the next five years for homelessness support, 250 social housing head-leased dwellings for those in our community most in need, a major replacement and upgrade program in remote areas and additional dwellings in regional and urban locations.

Renewing older public housing stock is part of appropriate asset lifecycle planning to ensure new properties are provided that meet demand. This will be a key focus for the Department in 2016–17.

2016–17 initiatives include:

- 50 new social housing head-leases
- 12 new social housing dwellings delivered through commercial infill development
- 7 new social housing dwellings delivered through capital works new construction
- 12 new social housing dwellings delivered through capital works redevelopment.

In addition, the 75-unit public housing complex at 47 Progress Drive, Nightcliff (John Stokes Square) has been identified for future redevelopment through HousingActionNT and the Darwin Mid Suburbs Draft Area Plan released by the NT Planning Commission. The site was released to market via an expression of interest process in June 2016 seeking a minimum return of 75 new social housing dwellings.

## 2016–17 INITIATIVES



## ANTISOCIAL BEHAVIOUR MANAGEMENT

In June 2016, the Northern Territory Government announced that the Red Card policy would replace the Three Strikes policy to better respond to antisocial behaviour in and around public housing. This policy outlines new measures that allow Department of Housing staff to respond to and investigate complaints and incidents of antisocial behaviour in public housing tenancies in a consistent manner and to take action against tenants who regularly, or seriously, interfere with the peace and safety of other tenants and those in the vicinity.

Under the Red Card policy, tenants found to have substantiated incidents of antisocial behaviour may have demerit points issued against their tenancy (one for minor, two for moderate, three for serious—per incident). The Department will focus on implementing the procedures and tools to deliver this policy in 2016–17, scheduled for a 1 August launch. The Department will continue to promote its Visitor Management policy in urban and remote areas to inform tenants about the benefit to their tenancies of managing the impact of visitors.

Ongoing collaboration with police and other frontline agencies will focus on complex tenancies requiring tenancy support or early intervention to address behavioural matters.

## INNOVATION FUND

A \$2 million Homelessness Innovation Fund for service providers to trial innovative housing services was announced in 2015–16 as part of HousingActionNT. The fund was developed based on feedback from the sector during the consultations conducted as part of the Northern Territory Government's review into housing programs and assistance.

The fund aims to change the way government works with the non-government sector to deliver better housing support for people who are homeless or at risk of homelessness. It also aims

to identify new ways of delivering services and solutions to overcome challenges in providing homelessness and housing support services in the Territory.

A key priority for the Department in 2016–17 will be to establish the first year of the fund.

## SERVICE DELIVERY

The Department will strive to continue to improve its operational service delivery in all areas and locations from turnaround times for repairs and maintenance through to dwelling allocations, on the successes of 2015–16. Improvements to systems and field technology will also enhance data collection and updates.

## CLIENT-CENTRIC SERVICE – A JOINED-UP RESPONSE FOR THOSE IN NEED

The Department will work closely with the non-government sector to develop and implement a client-centric approach to supporting Territorians with housing and homelessness needs.

## INDIGENOUS EMPLOYMENT AND ENGAGEMENT

The Department well exceeded its Aboriginal employment targets for the delivery of the national remote housing program. The Department will continue to ensure it meets its obligations under the national partnership agreement to provide remote employment opportunities consistent with government policy.

In addition, the Department will continue its engagement through housing reference groups for house allocations in remote areas when delivering HousingActionNT.



## STORY

## REJUVENATION OF PUBLIC HOUSING STOCK

Research indicates that the amenity of housing can impact health and wellbeing. The Department will implement a complex rejuvenation program to upgrade targeted public housing complexes. As part of the rejuvenation of complexes the Department will adopt Crime Prevention through Environmental Design (CPTED) principles.

## OUR PEOPLE

The Department will continue to focus on developing staff and providing training and development opportunities. The Department will develop a people plan during 2016–17 in recognition and acknowledgement that staff are the most important element of our Department's delivery.

## COMMUNITY HOUSING

HousingActionNT commits to the transfer of public housing stock to community housing providers to grow this sector in the Territory. The Department has and will continue to transfer suitable public housing stock to community housing providers.

The Department will continue to provide advice to remote communities on community housing models and work with communities to provide advice on place-based approaches to remote housing and service delivery.



*Murray and Maureen Smart in front of their new social housing apartment*

## FIRST SOCIAL HOUSING HEAD-LEASING TENANTS MOVE IN

Maureen and Murray Smart were two of the first tenants to move into the Department's social housing head-leasing properties, a new program announced in October 2015.

Additional social housing properties have been provided across Darwin, Tennant Creek and Alice Springs, including the Boulter Road apartments at Berrimah where the Smarts were presented with their keys on 11 February 2016.

The Smarts were thrilled with their new property, as they had previously been living in a caravan. 'Moving in on the 11th was the perfect 30th wedding anniversary present', Maureen said.

The Department negotiated with a number of property owners and developers to take head-leases over newly constructed properties for up to nine years. It then sub-leases these properties to eligible Territorians on the public housing waitlist.

The social housing head-leasing program is a way for the Department to increase the supply of social housing properties without needing to purchase additional land and construct houses or units. This method also reduces the cost of providing housing and the average age of our social housing properties.





## OUTPUTS AND PERFORMANCE

The Department of Housing's role is to provide an affordable and accessible housing system by supporting eligible Territorians with options appropriate to their housing needs. The Department's core business is to:

- deliver social housing services
- fund tenancy support programs
- plan strategically for future housing needs
- enable pathways for Territorians to expand their housing choices
- provide value-for-money housing options that are fit-for-purpose
- optimise lifecycle management of housing assets
- foster economic growth through reinforcing value-for-money outcomes.

For the 2015–16 financial year, the Department was funded through two output groups and one business line: Housing Services (including Housing Strategic Governance and Supply and Housing Services Delivery), Corporate and Governance, and NT Home Ownership.

# OUTPUT GROUP: HOUSING SERVICES

## OUTCOME: AN AFFORDABLE AND ACCESSIBLE HOUSING SYSTEM FOR ELIGIBLE TERRITORIANS

### INFRASTRUCTURE PROGRAM

The Department of Housing also delivers the Northern Territory Government's Housing Infrastructure program.

### HOUSING STRATEGIC GOVERNANCE AND SUPPLY

Description: provides strategic planning and evidence-based policy to support eligible Territorians with options appropriate to their housing needs. Maintains the optimal supply of assets through the application of effective asset management principles. Continues to maintain and

enhance the performance monitoring framework to collect data to inform business strategy, policy and operations.

### HOUSING SERVICES DELIVERY

Description: provides tenancy and property management services for eligible Territorians and employees for properties managed by the Department. Delivers capital works and maintenance programs for housing assets. Provides public housing safety programs and tenancy support programs that support Territorians to access appropriate housing options.

Table 6: Key performance indicators Budget Paper 3

Key performance indicators	2014–15	2015–16		
	Actual	Budget	Estimate	Actual
New social housing dwellings	35	74	76	104*
New affordable housing dwellings <sup>1</sup> :				
- Venture Housing dwellings	0	48	96	96
- Home Buyer initiative dwellings	12	30	32	17
- head-leasing initiative dwellings	181	160	58	103
Upgrades to remote dwellings**	63	425	425	503*
Indigenous employment on remote projects	30%	25%	39%	40%
Net recurrent cost per social housing dwelling <sup>2</sup>	\$16 605	\$14 641	\$13 614	\$14 625
Urban social housing occupancy rate	94%	96%	94%	96%
Average turnaround time for vacant stock – social housing (number of days)	94	70	74	73

\* 74 complete, 30 underway

\*\* 316 complete, 187 underway

<sup>1</sup> The variations are due to the finalisation of Venture Housing Company in 2015–16, revised timing of developments and program adjustment to include social housing dwellings.

<sup>2</sup> The variation reflects a shift towards upgrade works (capital expenditure) to extend the lives of ageing stock rather than recurrent expenditure.



Table 6: Key performance indicators Budget Paper 3 (cont)

2014–15		2015–16		
Key performance indicators	Actual	Budget	Estimate	Actual
Rent loss due to vacant dwellings	6%	6%	5%	4.5%
Rent arrears as a proportion of estimated annual rent to be collected	3%	3%	3%	3.8%
Urban social housing tenants receiving a rental rebate	90%	95%	91%	94%
Remote Indigenous employment in tenancy management	72%	50%	61%	68%
Remote Indigenous employment in property management	54%	40%	63%	61%
Reduction in antisocial behaviour in and around social housing properties:				
- meet complaint response times	91%	92%	91%	91%
- percentage of reduction in terminations	-9%	10%	65%	52%
- reduction in strikes issued under the Three Strikes policy <sup>3</sup>	50%	10%	32%	34%
- ratio of incidents of antisocial behaviour to public housing <sup>4</sup>	1.46:1	1.5:1	1.07:1	1.29:1

## KEY PERFORMANCE INDICATORS, 2015–16

### New social housing dwellings

The target for the construction of new social housing dwellings in 2015–16 was exceeded, with 74 new dwellings delivered in five remote communities and 30 dwellings under construction in both remote communities and urban centres. At year end, eight new dwellings were under construction in two remote communities and are expected to be completed in July 2016, and 22 dwellings are under construction in Katherine (12), Stuart Park (2) and Johnston (8).

<sup>3</sup> Three Strikes policy will be replaced by the Red Card policy in August 2016.

<sup>4</sup> Administrative records are dynamic and are updated as new information presents itself. As a consequence, statistics for a particular period may show minor changes from one period to the next. Consistent counting rules have been used through the time span of the reporting period, and this is reflected in the termination and antisocial behaviour statistics reported in the 2015–16 Annual Report.



## New affordable housing dwellings

### *Venture Housing Company dwellings*

The Venture Housing Company, the NT's first affordable housing rental company, provides affordable housing for low to moderate income earners who are unable to afford private rents and do not qualify for public housing.

The Northern Territory Government provided assets and funding to support the establishment of the Venture Housing Company.

In all, the Northern Territory Government has established Venture Housing Company with a property portfolio of 160 dwellings in Darwin and Palmerston.

In addition, 10 public housing dwellings for seniors at Village@Parap have been provided to the Venture Housing Company for allocation and management since May 2013. Tenants are allocated directly from public housing wait lists.

### *Home Buyer initiative dwellings*

Under the Real Housing for Growth plan launched in 2012, the Northern Territory Government provides the Home Buyer initiative to give Territory families opportunities to become home owners.

The Real Housing for Growth Home Buyer initiative gives eligible low to middle income Territorians an opportunity to purchase a pre-constructed home or vacant residential land on which to build their home through government land releases.

At 30 June 2016, 67 Home Buyer initiative properties have been delivered since the plan commenced.

In the past year, the Department has made five pre constructed units and 19 vacant residential lots available for purchase by approved eligible purchasers.

### *Affordable rental head-leasing initiative dwellings*

The Real Housing for Growth affordable rental head-leasing initiative is a collaborative approach between the Northern Territory Government and the private sector to significantly increase the supply of affordable rental accommodation across the NT.

The privately owned dwellings are head-leased by the Northern Territory Government for a 10-year period, and the NTG rents the dwellings to eligible key workers at 30 per cent below the market rent.

In 2015–16, 58 affordable rental dwellings were delivered. At 30 June 2016, a total of 260 affordable rental dwellings were available for tenancing throughout Darwin, Palmerston, Coolalinga, Tennant Creek and Alice Springs.

In 2016–17, it is anticipated that 80 affordable rental head-leased dwellings will be delivered through the redevelopment of the Kurringal Flats site in the Darwin suburb of Fannie Bay.

### *Upgrades to remote dwellings*

A total of 316 upgrades to existing dwellings in 17 remote communities were completed in 2015–16, with a further 187 underway. This resulted in the delivery of 503 upgrades complete or underway to remote social housing dwellings—exceeding the target of 425.



## Aboriginal employment on remote projects

The target of 25 per cent FTE Aboriginal employment was exceeded in 2015–16.

Across capital works projects, the Department achieved an Aboriginal employment rate of 40 per cent in 2015–16. The employment target for delivery of property and tenancy management services was also exceeded, with Aboriginal employment of 61 per cent and 68 per cent respectively.

## Net recurrent cost per social housing dwellings

The 2015–16 Budget identified a net recurrent cost per urban housing dwelling of \$14 641 as a key deliverable.

As at 30 June 2016, the net recurrent cost per social housing dwelling was \$14 625. However, the actual expenditure per dwelling is greater than the estimate in the 2016–17 budget paper of \$13 614 due to the higher-than-anticipated cost of repairs and maintenance for remote public housing over the last three months of the financial year.

## Urban social housing occupancy rate

The 2015–16 Budget identified an occupancy rate of 96 per cent as a key deliverable.

As at 30 June 2016, the occupancy rate achieved was 96 per cent, a two per cent improvement on the prior year achievement of 94 per cent.

The increase in occupancy is largely attributed to the emphasis on repairs and maintenance and returning vacant dwellings to stock, as well as reducing the turnaround time of vacant dwellings.

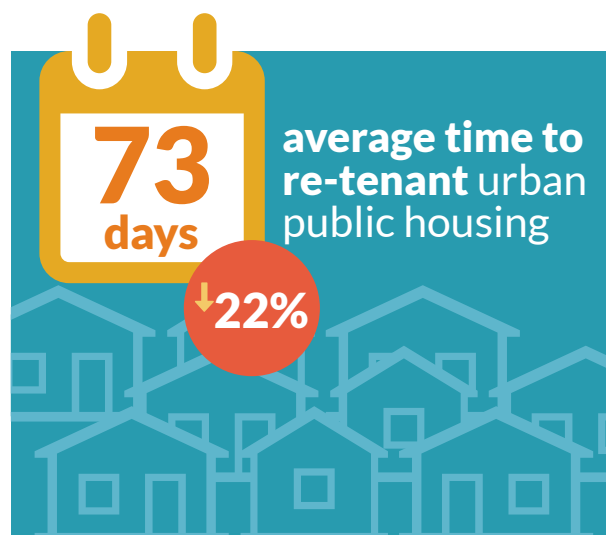
During 2015–16, 501 general and priority applicants were allocated urban public housing dwellings, 120 more than in 2014–15.

## Average turnaround times for vacant stock

As at 30 June 2016, the average time to re-tenant urban public housing stock across the NT was 73 days. While this was three days off the Budget Paper 3 target of 70 days, this was a 21-day (22 per cent) improvement on the average turnaround time for vacant stock in 2014–15 (94 days).

Turnaround time measures the average number of days it takes to allocate a dwelling to a new tenant after it has been vacated by the previous tenant, repairs and maintenance undertaken and then re-allocated to the new tenant.

The Department continues to focus on improving its performance in this area.



## Rent loss due to vacant dwellings

The 2015–16 Budget identified rent lost due to vacant dwellings at six per cent as a key deliverable.

As at 30 June 2016, rent loss due to vacant dwellings was 4.5 per cent, compared to six per cent at 30 June 2015.

Improved turnaround times and a reduction in vacant stock have assisted in achieving this key measure.



### Rent arrears as a proportion of estimated annual rent to be collected

The 2015–16 Budget identified three per cent rent arrears as a proportion of estimated annual rent to be collected as a key deliverable.

As at 30 June 2016, rent arrears as a proportion of estimated annual rent to be collected was 3.8 per cent, which is an increase of 0.8 per cent in comparison to 2014–15.

This key deliverable is tied to urban social housing tenants receiving a rental rebate where policy allows expired rebates to be backdated on renewal by up to 12 weeks.

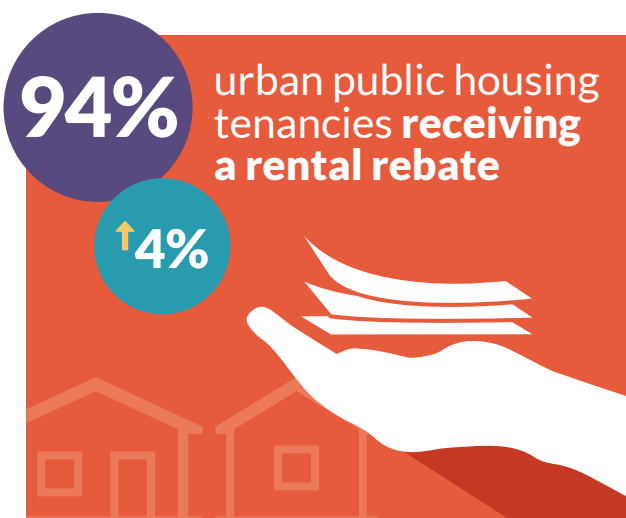
### Urban social housing tenants receiving a rental rebate

As at 30 June 2016, 94 per cent of urban public housing tenancies were receiving a rental rebate, which is one per cent below the 2015–16 Budget Paper 3 target (95 per cent) but a four per cent improvement compared to 2014–15 (90 per cent).

Rental rebates provide a discount to market rent for eligible public housing tenants. Urban tenancies are assessed for rebate eligibility based on the gross assessable household income.

Eligible urban public housing tenants opting to apply for a rental rebate, or the renewal of an existing rebate, are required to submit a rental rebate application.

As at 30 June 2016, there had been a 28 per cent net reduction in eligible tenancies with expired rebates, down from 236 in 2014–15 to 169 in 2015–16.



### Reduction in antisocial behaviour in and around social housing properties

#### Meet complaint response times

The 2015–16 Budget identified a key deliverable of 92 per cent in respect of meeting complaint\* response times.

As at 30 June 2016, 91 per cent of complaints had been responded to within the required response times. The required response times are:

- four hours for 'serious' complaints
- within two days for 'moderate' complaints
- within four days for 'minor' complaints.

A total of 5951 complaints were received, and 5401 of those complaints were responded to within the targeted timeframe. The following provides a breakdown according to the required response time:

- 116 (2%) were 'serious', with 78 (67%) responded to within four hours
- 284 (5%) were 'moderate', with 233 (82%) responded to within two days
- 5551 (93%) were 'minor', with 5090 (92%) responded to within four days.

\* Complaints include all complaints of antisocial behaviour in and around public housing premises made by the public via both the public housing safety hotline or to the Northern Territory Police after business hours.

### Percentage reduction in termination

The 2015–16 Budget identified a 10 per cent reduction in termination of tenancies as a key deliverable.

As at 30 June 2016, the Department had achieved a 52 per cent reduction in terminations resulting in overachieving the target by 42 per cent.

During this financial year, 29 properties were repossessed, two (6.8 per cent) of which were for antisocial behaviour. For the same period in 2014–15, seven (10 per cent) of properties repossessed were a result of antisocial behaviour.

Termination of a tenancy is only initiated as a last resort and after every effort has been made to support clients to maintain their tenancy. The reduction this financial year was achieved as a result of intervention by the Department to provide support directly to tenants through early intervention and identify strategies to assist them to sustain their tenancy.

In 2016–17, the Department will continue to provide support to clients through early intervention and work in partnership with non-government organisations to provide wrap-around and support services to our tenants and vulnerable Territorians to enable them to sustain their tenancies.

## **Reduction in strikes issued under the Three Strikes policy**

The 2015–16 Budget identified a 10 per cent reduction in strikes issued under the former Three Strikes policy as a key deliverable.

As at 30 June 2016, the Department had achieved a 34 per cent reduction in strikes resulting in overachieving the target by 24 per cent.

In 2015–16, a total of 109 strike notices were issued, compared with 164 for the same period in 2014–15. Of the notices issued, 75 (69 per cent) were strike one, 24 (22 per cent) were strike two and 10 (9 per cent) were strike three.

The Department of Housing's Public Housing Safety Strategy aims to address antisocial behaviour in and around public housing using a range of preventative initiatives.

These initiatives include Public Housing Safety Officers in Darwin and Alice Springs, the Three Strikes policy (to be replaced by the Red Card policy from 1 August 2016), the Visitor Management policy, acceptable behaviour agreements, cross-department collaboration with the Northern Territory Police, and environmental enhancements to the public housing complexes, including zone fencing, lighting and vegetation to improve security.

## **Ratio of tenancies associated with substantiated antisocial behaviour incidents**

The 2015–16 Budget identified a 1.5:1 ratio of incidents of antisocial behaviour to public housing as a key deliverable.

By 30 June 2016, the Department had overachieved by 0.21:1.

There were 6870 antisocial behaviour incidents identified across 5329 dwellings, which represents public housing in Katherine, Tennant Creek town camps, Alice Springs, Alice Springs town camps and the Darwin region (Darwin, Casuarina and Palmerston). It should be noted that the ratio outlines the total number of antisocial behaviour incidents recorded against the total number of public housing dwellings and does not distinguish

antisocial behaviour incidents substantiated as tenant responsibility.

In 2016–17, the Department will report on antisocial behaviour as a percentage of tenancies with substantiated incidents of antisocial behaviour so we can directly support at-risk tenancies through early intervention and identify strategies to assist tenants to sustain their tenancy.

## **New national partnership agreements**

The Department of Housing led and participated in negotiations with Australian Government officials to ensure the NT was the first jurisdiction to agree to the new National Partnership on Remote Housing 2016–18, which is replacing the National Partnership Agreement on Remote Indigenous Housing.

A new outcomes-focussed approach to the delivery of housing in remote communities will be implemented through this agreement for 2016–17 and 2017–18.

In addition, the new 'Remote Australia Strategies Implementation Plan, 2015–18' was executed in May 2016. The plan, which falls under the National Partnership on Northern Territory Remote Aboriginal Investment, replaces the National Partnership Agreement on Stronger Futures in the Northern Territory (SFNT) and provides funding to June 2018.

Under the National Partnership on Remote Housing and the Remote Australia Strategies Implementation Plan, approximately \$350 million will be invested in remote housing over the next two years to deliver an extra 152 new dwellings, replace 236 existing dwellings and upgrade 1009 other dwellings.

The focus will be on contracting enterprises with local capability and capacity.

This investment will significantly improve the quality of housing and provide Aboriginal training and employment, and additional economic development opportunities, including:

- communities building, repairing and maintaining their own houses
- increased opportunities for local residents to buy their home
- reformed property and tenancy management arrangements by increasing local capability and capacity and ensuring tenants understand their rights and obligations.



## OUTPUT GROUP: CORPORATE AND GOVERNANCE

**OUTCOME: IMPROVED ORGANISATIONAL PERFORMANCE THROUGH STRATEGIC AND GOVERNANCE LEADERSHIP AND THE PROVISION OF CORPORATE SERVICES FUNCTIONS**

### CORPORATE AND GOVERNANCE

Description: provides a range of enabling functions, including executive services, financial services, human resource management, information and communication technology, and communications and media that support the Department and NT Home Ownership to efficiently deliver services.

Table 7: Key performance indicators

Actual		2015–16			2016–17
Key performance indicators	2014–15	Budget	Estimated	Actual	Budget
Client satisfaction with corporate communications services	90%	90%	90%	90%	90%
Client satisfaction with information technology and business support services	90%	90%	90%	90%	90%
Client satisfaction with finance services	90%	90%	90%	90%	90%
Client satisfaction with human services	90%	90%	90%	90%	90%

There are four key deliverables that require a 90 per cent satisfaction rate with each for the following client service areas:

- client satisfaction with corporate communications services
- client satisfaction with information technology and business support services
- client satisfaction with finance services
- client satisfaction with human services.

The Department met the required satisfaction rate for all indicators. These key performance indicators are measured in various ways, such as internal surveys, client feedback, the success of projects and programs, staff participation and key achievements in areas related to these services throughout the year across the Department.

The Department's delivery of the Infrastructure program is outlined in the table below.

**Table 1: Department of Housing expenditure against the Infrastructure program**

	2015-16 original program \$'000	2015-16 revised program \$'000	2015-16 final cash \$'000	2015-16 actual expenditure \$'000
<b>Major new works</b>	<b>250,632</b>	<b>253,312</b>	<b>106,970</b>	<b>106,950</b>
Public housing	15,012	20,449	7,814	16,761
Government employee housing	28,255	29,882	8,136	10,536
Indigenous housing and infrastructure	207,365	202,981	91,020	79,653
<b>Minor new works</b>	<b>13,842</b>	<b>22,142</b>	<b>22,113</b>	<b>21,976</b>
Public housing	10,441	18,341	18,327	18,327
Government employee housing	3,086	3,486	3,471	3,471
Other	315	315	315	178
<b>TOTAL CAPITAL WORKS</b>	<b>264,474</b>	<b>275,454</b>	<b>129,083</b>	<b>128,926</b>
Public housing <sup>1</sup>	25,453	38,790	26,141	35,088
Government employee housing	31,341	33,368	11,607	14,007
Indigenous housing and infrastructure <sup>2</sup>	207,365	202,981	91,020	79,653
Other	315	315	315	178

<sup>1</sup> The increase in program for Public Housing enabled the upgrade of aged stock, and long term vacant stock to be returned back into service.

<sup>2</sup> Actual expenditure for Indigenous housing and infrastructure was lower due to delays caused by the renegotiation of agreements with the Commonwealth Government.

## BUSINESS LINE: NT HOME OWNERSHIP

**OUTCOME: TO PROVIDE OPPORTUNITIES FOR TERRITORIANS TO OWN THEIR OWN HOME, WITH A FOCUS ON NEW SUPPLY AT THE AFFORDABLE END OF THE HOUSING MARKET**

### NT HOME OWNERSHIP

The NT Home Ownership program provides home loan products and services to assist eligible Territorians to achieve affordable home ownership.

#### HomeBuild Access loans

The HomeBuild Access loan products commenced on 1 January 2013, and are targeted at the purchase and construction of new homes and increasing housing supply.

The HomeBuild Access loan products aim to provide more home ownership opportunities for Territorians unable to access the private finance market.

The Territory-wide purchase price limits aim to provide home ownership opportunities at the more affordable end of the housing market.

To access HomeBuild Access loan products, the maximum purchase prices of homes are four hundred and seventy-five thousand dollars (\$475 000) for one or two-bedroom homes and five hundred and fifty thousand dollars (\$550 000) for homes with three or more bedrooms.

There are two primary home loan products available:

The HomeBuild Access low deposit loan, which:

- provides a home loan of up to 17.5 per cent of the purchase price
- has first mortgage finance of 80 per cent of the purchase price provided by People's Choice Credit Union

- has a minimum deposit contribution of 2.5 per cent from the purchaser
- does not have any income eligibility criteria
- is available to Territorians who have previously or currently own another property in Australia.

The HomeBuild Access subsidised interest loan, which:

- provides finance of up to 98 per cent of the purchase price
- is only available to first home buyers
- has income eligibility limits of between \$80 000 for a single applicant through to \$127 500 for a household of six or more people.

HomeBuild Access also offers an off-the-plan deposit loan for Territorians who have been approved for finance through a HomeBuild Access low deposit loan. The off-the-plan deposit loan provides up to 10 per cent of the purchase price on a new property or land for a deposit on an off-the-plan purchase.

Territorians accessing the HomeBuild Access subsidised interest loan can also access an interest-free fee assistance loan of up to \$10 000. This loan helps with the costs associated with the purchase of a home, including conveyancing costs. Surplus funds can be used as a part of the applicant's deposit.

Details of the low deposit loans and subsidised interest loans funded during the 2014–15 and 2015–16 financial years are as follows:

Financial year	Low deposit loans funded - number	Low deposit loans funded – value \$'000	Subsidised interest loans – number	Subsidised interest loans – value \$'000
2014–15	47	\$4,153	Nil	Nil
2015–16	146	\$12,649	2	\$779.2



Table 8: Key performance indicators

Key performance indicators	Actual	2015–16			2016–17
	2014–15	Budget	Estimated	Actual	Budget
Loan portfolio balance	\$169.9M	\$145M	\$164M	\$165.1M	\$157M
Loan turnover rate <sup>1</sup>	14.8%	20%	8%	10%	10%
Loan accounts in arrears greater than 30 days	1.13%	2%	2.5%	2.6%	2.5%

### Loan portfolio balance

- The loan portfolio balance increased from 2015–16 published budget to final estimate due to a greater than expected take up of new loans associated with new land releases during this financial year.
- The decrease from the final 2015–16 estimate of \$164 million to the 2016–17 budget of \$157 million reflects a continuing repayment of higher value home loans through refinancing or sale of properties, offset by an uptake of the current NT Home Ownership's lower-value home loans.

### Loan turnover rate

- The 2015–16 budgeted rate of 20 per cent was not realised, with the actual estimate projected at eight per cent. This key deliverable, which is difficult to predict, is influenced both by current clients who may choose to pay out or refinance their older product type home loans as well as potential new clients who may take up the HomeBuild Access-type loans, which have a marked reduction in the maximum available to borrow.
- The 2016–17 budget of 10 per cent allows for a slightly increased level of activity.

### Loan accounts in arrears greater than 30 days

The 2015–16 estimate is 2.5 per cent, slightly greater than the published two per cent budget. This data is provided by People's Choice Credit Union, which manages NT Home Ownership's portfolio. The number of clients in arrears is likely to be influenced by economic conditions clients are experiencing.

<sup>1</sup> The variation mainly reflects changing market conditions.

# 4

## CORPORATE AND GOVERNANCE





## GOVERNANCE

The Department of Housing has a robust corporate governance regime with a range of structures, systems and processes that promote transparency, accountability, efficiency and effectiveness.

Governance in the Department of Housing is guided by the following principles:

### SERVICE DELIVERY

Professional, responsive and client centric, with a continuous improvement approach to service delivery.

### ETHICAL AND RESPONSIBLE DECISION MAKING

Ethical behaviour expectations communicated across all levels to perform duties with skill, impartiality, professionalism and integrity.

### STAKEHOLDER ENGAGEMENT CLIENT SERVICE

Strong and regular engagement with clients and stakeholders.

### LEADERSHIP AND MANAGEMENT

Robust governance structure and strong executive leadership.

### PEOPLE

Leadership in people management and staff well-being contributes to individual and organisational achievements and caring for our people.

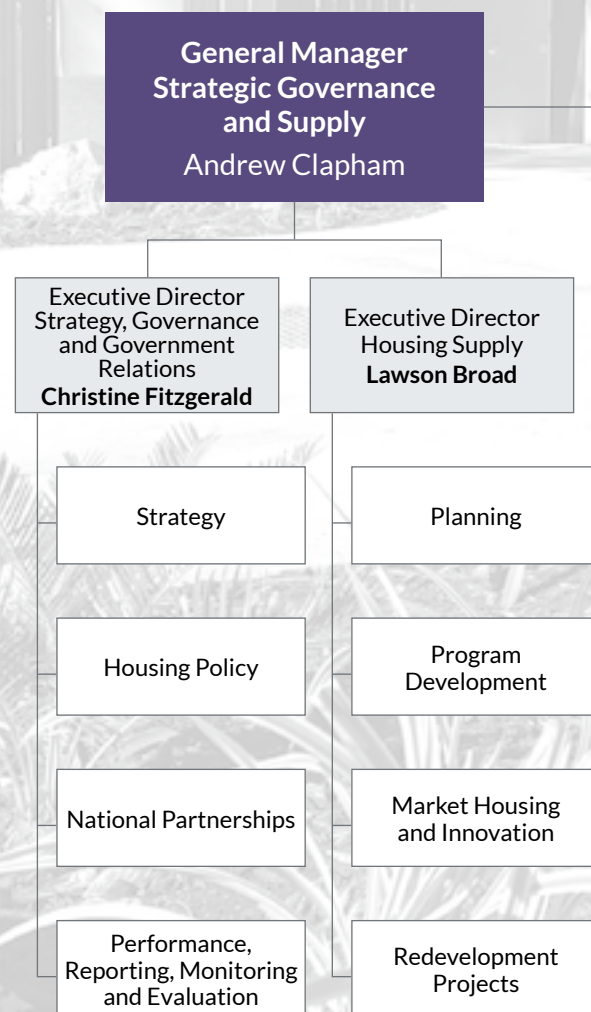
### FINANCE

Financial integrity and accountability is safeguarded.

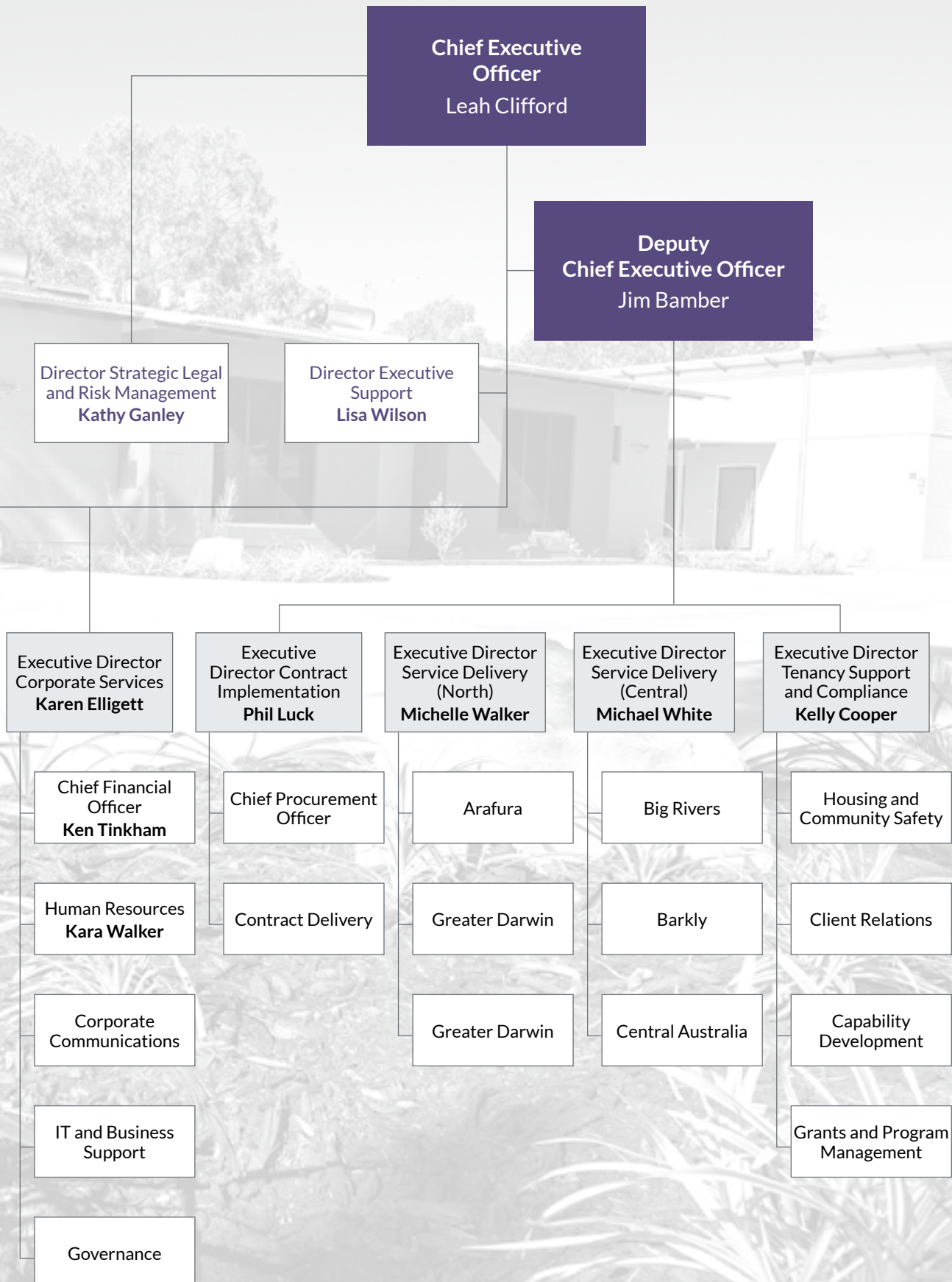
### COMMUNICATION

Communication with all parties in a way that is accessible, open and responsive.

## ORGANISATION CHART







# MANAGEMENT AND ADVISORY COMMITTEES

## DEPARTMENT EXECUTIVE GROUP

The Department Executive Group provides a strategic oversight for departmental operations and influences priorities in line with the NT's whole-of-government system of management.

### Members:

Chief Executive Officer (Chair)  
Deputy Chief Executive Officer  
General Manager, Strategic Governance and Supply  
Executive Director, Corporate Services  
Director, Executive Services and Secretariat

## EXECUTIVE LEADERSHIP TEAM

The Executive Leadership Team is responsible for monitoring organisational performance (including finance, people and procurement), approving corporate policies and providing input into strategically significant decisions.

### Members:

Chief Executive Officer (Chair)  
Deputy Chief Executive Officer  
General Manager, Strategic Governance and Supply  
Executive Director, Corporate Services  
Executive Director, Housing Supply  
Executive Director, Contract Implementation  
Executive Director, Service Delivery (North)  
Executive Director, Service Delivery (Central)  
Executive Director, Strategic Governance and Government Relations  
Executive Director, Tenancy Support and Compliance  
Chief Financial Officer  
Director, Executive Services and Secretariat  
Director, Human Resources  
Director, Strategy, Legal and Risk Management

## CHANGE MANAGEMENT COMMITTEE

The Change Management Committee is responsible for overseeing the 'Change Management Strategy' and the 'Change Management Plan', developed to progress the transition phases of organisational change. The Change Management Committee will help to identify organisational improvements and ensure that employees are consulted throughout any change process.

### Members:

Executive Director, Corporate Services (Chair)  
Director, Human Resource Management  
Housing Support Officer  
Budgets Manager  
Senior Grants Program Officer  
Director, Innovation  
Media Manager  
Manager, Capital Contracts  
Senior Housing Officer  
Housing Coordination Manager  
Performance Analyst  
Ministerial Liaison Officer

## RISK AND AUDIT COMMITTEE

Supports the Chief Executive Officer in meeting his or her responsibilities under the *Public Sector Employment and Management Act* and helps improve the Department's risk, control and compliance framework.

### Members:

Senior Director, Financial Management (Independent Chair)  
Deputy Chief Executive Officer  
General Manager, Strategic Governance and Supply  
Executive Director, Corporate Services  
Chief Financial Officer  
Chief Procurement Officer  
Chief Information Officer  
Director, Performance, Reporting, Monitoring and Evaluation  
Manager, Governance Branch (Secretariat)

## PROCUREMENT AND CONTRACT MANAGEMENT COMMITTEE

Monitors procurement activity across the Department to ensure compliance and optimise outcomes within a quality controlled framework.

### Members:

Deputy Chief Executive Officer (Chair)  
Chief Executive Officer  
Chief Procurement Officer  
Chief Financial Officer  
Chief Information Officer

## WORK HEALTH AND SAFETY (WHS) STEERING COMMITTEE

The role of the WHS Steering Committee is to oversee all WHS policies and strategies and liaise directly with executive on issues of concern.

### Members:

Executive Director, Corporate Services (Chair)  
Executive Director, Service Delivery (North)  
Executive Director, Service Delivery (Central)  
Director, Arafura region  
Director, Big Rivers region  
Director, Barkly region  
Director, Central Australia region  
Senior Housing Officer (Tennant Creek)

## WORKSITE HEALTH AND SAFETY COMMITTEES

The WHS Worksite Committees are required to identify local work health and safety risks and implement policies and practices that mitigate such risks while providing a consultative forum that can effectively address WHS matters arising at individual or jointly occupied departmental worksites, with particular reference to the requirements of the *Work Health and Safety (National Uniform Legislation) Act 2011*.

## RCG CENTRE WORKSITE COMMITTEE

### Members:

Executive Director, Corporate Services (Chair)  
WHS Consultant  
Public Housing Safety Officer  
Client Relations Officer  
Divisional Business Manager, Corporate Services  
Senior Market Housing Officer  
Divisional Support Administrator  
Senior Policy Officer  
Manager, FOI

## ALICE SPRINGS WORKSITE COMMITTEE

### Members:

Director, Central Australia (Chair)  
Coordinator Housing Services (Coordinator)  
Public Housing Safety Officer  
Case Officer  
Senior Client Services Officer  
Property Contract Officer  
Housing Asset Maintenance Officer  
Tenancy Contract Officer  
Senior Housing Officer (PTM)

## BIG RIVERS WORKSITE COMMITTEE

### Members:

Director, Big Rivers (Chair)  
Housing Officer  
Tenancy Contract Officer  
Property Contract Officer

## SERVICE DELIVERY WORKSITE COMMITTEE – CASCOM, PALMERSTON AND ARNHEM REGION

### Members:

Director, Arafura (Chair)  
 Divisional Business Manager SD (Coordinator)  
 Housing Asset Maintenance Officer  
 Client Services Officer  
 Housing Support Officer  
 Senior Client Services Officer  
 Housing Officer  
 Records Officer Call Centre  
 Property Contracts Officer  
 Housing Officer  
 Property Contracts Officer  
 Senior Housing Officer (PTM)  
 Housing Officer  
 Administrative Support Officer  
 Divisional Business Manager SD

## DEPARTMENT AND UNION CONSULTATIVE COMMITTEE

Provides a forum for consultation and negotiation between the Department and unions on matters of mutual concern.

### Members:

Deputy Chief Executive Officer (Chair)  
 Executive Director, Corporate Services  
 Executive Director, Service Delivery (North)  
 Director, Human Resources  
 Manager, Human Resources  
 Work Health and Safety Consultant  
 Housing Officer  
 Case Officer  
 Housing Officer (GEH)  
 Tenancy Contract Officer  
 Public Housing Safety Officer

## REMOTE HOUSING IMPLEMENTATION GROUP

The Remote Housing Implementation Group (RHIG) was established by the Executive Leadership Team as an operational working group to ensure all essential elements are in place to allow unimpeded delivery of the 2016–18 remote housing program. This group works in conjunction with the Contract Delivery team to ensure all land tenure, land servicing and appropriate asset identification is complete.

The Department of Housing is committed to delivering all milestones under the national partnership agreements, including the delivery of 236 replacement houses, 152 additional houses and 1009 upgrades to existing houses. The purpose of the RHIG is to ensure that this large and complex construction program is able to be managed effectively and all targets are met in accordance with agreements.

### Members:

Executive Director, Contract Implementation (Chair)  
 Executive Director, Strategy, Governance and Government Relations  
 Executive Director, Housing Supply  
 Director, Contract Delivery  
 Director, Program Development  
 Director, National Partnerships  
 Chief Financial Officer

## STORY

*Community members preparing an area of a house, ready to paint*





## INFORMATION MANAGEMENT AND GOVERNANCE COMMITTEE

The Information Management and Governance Committee provides governance and direction about information management for the Department.

### Members:

Deputy Chief Executive Officer (Chair)  
General Manager, Strategic Governance and Supply  
Executive Director, Corporate Services  
Executive Director, Housing Supply  
Executive Director, Tenancy Support and Compliance  
Executive Director, Service Delivery (North)  
Executive Director, Contract Implementation  
Chief Financial Officer  
Director, Governance and Reporting  
Senior Director, Corporate Systems (DCIS)  
Director, Planning  
Information and Knowledge Manager  
Project Manager, IBS  
Director, Asset Planning

## BUSINESS IMPROVEMENT AND RISK MITIGATION GROUP

The purpose of the Business Improvement and Risk Mitigation group is to identify and address strategic risk issues for the Department of Housing arising from freedom of information requests, legal risks, recommendations from the Ombudsman's office or investigations, thematic complaints, thematic business process or business systems issues, legal advocates or adverse appeals outcomes. In addition, the group drives business improvement for the Department through the development of risk mitigation strategies.

### Members:

Deputy Chief Executive Officer  
Executive Director, Tenancy Support and Compliance  
Director, Strategic Legal and Risk Management  
Director, Client Relations  
Director, Capability Development  
Chief Information Officer  
Executive Director, Service Delivery (North)  
Executive Director, Service Delivery (South)  
Director, Policy  
Executive Director, Contract Implementation  
Executive Director, Housing Supply  
Director, Governance and Reporting

## WADEYE HOUSE PAINTING

IN 2015–16 Thamarrurr Development Corporation (TDC) and the Department successfully implemented an external painting program in Wadeye using resources sourced through existing contracts and the Community Development Project (CDP).

A pilot program commenced in December 2015, where 10 properties were completed. Following this, an additional 50 public housing properties were identified to be completed.

The program enabled eight local Aboriginal people to become work ready and develop skills in the painting trade and provided trainees with employment opportunities for future contractual works with TDC.

The works undertaken gave community members a sense of pride and achievement through having homes painted by local community members.

# AUDIT FINDINGS AND ACTIONS AND RISK MANAGEMENT

The Department participated in a total of 16 audits in 2015–16. The findings assured the Department about what was working well and what could be improved. The requests for these audits were from a variety of sources. Details of the audits including their source, identified findings and actions are provided below.

Table 9: Department of Housing external audits, 2015–16

Focus of audit	Findings and actions
<b>The End of Year Review - Part B - Agency Compliance Audit 2014–15 (NT Auditor-General)</b>	<p>No key matters were identified and four areas for improvement were highlighted regarding impairment, annual review of the doubtful debt allowance, misstated finance leases and unrecoverable debt.</p> <p>The Department of Housing confirmed that the impairment noted as incomplete had been completed. The Department of Housing confirmed that the annual allowance of doubtful debt noted as incomplete had been completed and the parameters would be reviewed for next year.</p> <p>The Department of Housing agreed to discuss with the Department of Treasury and Finance (DTF) concerns raised about the finance leases being misstated as the policy and calculations that were applied were those required by DTF for all departments. DTF advised that the parameters being used by the Department of Housing were correct as per the DTF template being used, as they ensured whole-of-Northern Territory Government consistency.</p> <p>The Department of Housing confirmed it was actively reconciling tenancy and tenancy-related debt to remove these from the debt presenting as significant amounts of unrecoverable debt.</p>
<b>Independent Probity Audit - Assessment of tender process for K14-0019: Katherine - Provision of Vacate and Planned Works to Department of Housing Assets for a Period of 24 Months (Department of Business)</b>	<p>The Department had complied with the Northern Territory Government's Procurement Framework, and no areas for improvement were highlighted.</p>
<b>Independent Probity Audit - Assessment of tender process for D14-0399: Darwin - Provision of Ground Maintenance, Litter Control and Cleaning Services to Department of Housing Complexes in Darwin Suburbs for a Period of 24 Months (Department of Business)</b>	<p>A combined report was provided for D14-0399 and D14-0400.</p> <p>The Department had complied with the Northern Territory Government's Procurement Framework and two areas for improvement were highlighted regarding improved tender assessment estimation and debrief processes.</p> <p>The Department agreed to and has progressed activities to improve these areas. Educational material for staff has been developed and is now available on the Department's Intranet.</p>
<b>Independent Probity Audit - Assessment of tender process for D14-0400: Palmerston - Provision of Grounds Maintenance, Litter Control and Cleaning Services to Department of Housing Complexes in Palmerston Suburbs Including Humpty Doo for a Period of 24 Months. (Department of Business)</b>	<p>The Department is offering staff the opportunity to undertake Certificate IV and Diploma qualifications in Government Procurement and Contracting. Seven staff members had completed their Certificate IV and one staff member had completed their Diploma at 30 June 2016.</p>

Focus of audit	Findings and actions
Latitude Travel, Winnellie Travel and Latitude 69 Forensic Audit (Department of the Chief Minister)	The Department confirmed it could not locate a financial payment or payment pending for the businesses.
Northern Territory Government Air Travel Policy Audit (Department of the Chief Minister)	<p>The Department is meeting the key requirements of the policy. Twelve areas for improvement were highlighted.</p> <p>The audit report highlighted challenges with fees and charges, demonstrating conformance and some unworkable clauses that, for example, when complied with do not satisfy duty of care requirements. The Department agreed to liaise with the policy owners about these challenges.</p> <p>The audit report highlighted some non-compliance in the areas of travel acquittals, appropriate approvals and improved record management around the issuing of Cab E-Tickets association with travel. The Department agreed to educate staff on the details of the Air Travel policy and to improve compliance monitoring. Education of the policy has continued in the Department, and the Department is participating in a whole-of-government project to assist improve Cab E-Ticket management. Opportunities to improve the practicality of guidelines were also noted and agreed to.</p>
Agency Compliance Audit 2015–16 (NT Auditor-General)	<p>Three key findings were highlighted regarding limited internal audits and infrequent meetings of the Risk and Audit Committee, various concerns regarding cash management relating to procurement and payments and a lack of notice to the Northern Territory Treasury Corporation (NTTC) of individual transactions in excess of \$100 000.</p> <p>The Department clarified that some audits on the external audit register meet many of the internal audit requirements and confirmed that its Risk and Audit Committee had a forward meeting schedule.</p> <p>In relation to the concerns about procurement and payments, the Department noted the good governance arrangements it had in place and the resultant limited risks and provided high compliance statistics to demonstrate performance.</p> <p>The Department noted that it complies with the practical elements of the Treasurer's Direction (TD) related to notifying the NTTC and that it is the Department's understanding that once the current review of the TD is completed, the Department will be compliant with the new TD.</p>
Official Travel Audit (NT Auditor-General)	<p>Three key findings were highlighted regarding travel acquittals, appropriate approvals and record management. The record management findings related to three areas of improvement.</p> <p>The Department agreed to continue educating staff on the details of the Air Travel policy.</p>

Focus of audit	Findings and actions
<b>Mabunji Aboriginal Resource Indigenous Corporation (MARIC) Audit</b> (Department of the Chief Minister)	<p>Three areas of improvement were highlighted.</p> <p>The Department agreed to improve the collection, retention and management of records, agreeing to clarify record management requirements in its grant management controls and to stay informed of the development of a whole-of-NT Government (wog) Grant Payment System (GPS). The Department noted that funding was approved for a wog GPS system, and while the Department awaited its implementation, it prepared to use the GPS to pay funded organisations and create receipt tax invoices.</p> <p>The Department agreed and progressed a review of grant management policies and procedures to support greater outcomes.</p> <p>The Department agreed and progressed a review of grant reporting requirements to make them more effective and efficient and agreed and progressed more effective planning.</p>
<b>Puma Fuel Card Analytics</b> (NT Auditor-General)	<p>This was an analytics activity and three groups of anomalies were identified by the NT Auditor-General for the Department's review. These anomaly groups were missing or incorrect odometer readings, distance travelled and usual transactions. The Department is reviewing the anomalies.</p>
<b>Contract Management Audit</b> (NT Auditor-General)	<p>This audit is in progress.</p>
<b>Information Act - Privacy Principles Audit</b> (Information Commissioner)	<p>Eleven areas of improvement were highlighted. This included low level understanding of and training on specific Information Privacy Principles and the difference between confidentiality and privacy. It included a review of the information management clauses in contracts and the Department's processes to include these clauses in contracts. Further, it included a review of policy and increased implementation of the policy and other tools. A review the use and management of staff with Dropbox, USBs, cloud computing and social networking was also recommended. A review of privacy complaints handling and management of data breaches was also noted.</p> <p>The Department is reviewing the areas for improvement highlighted and notes that some areas have already been addressed, plans are already in place for others and some are better addressed by working at a whole-of NT Government level. The Department had already planned to focus on Information Privacy Principle training for staff in 2016-17, and this will address the majority of areas highlighted.</p>
<b>Own Motion Investigation – Tenancy Management Audit</b> (Ombudsman Northern Territory)	<p>The Department is awaiting copies of the audit report.</p>
<b>Contract Compliance Audit – Business Terms and Conditions</b> (Department of Human Services)	<p>The Department is awaiting copies of the audit report.</p>



Table 10: NT Home Ownership external audits, 2015–16

Focus of audit	Findings and actions
NT Home Ownership financial statement audit for year ending 2014–15 (NT Auditor-General)	<p>There were two key findings. The first key finding provided financial analysis and did not detail non-compliance, areas for improvement or provide recommendations. The second key finding was regarding shared equity investments, and the Department confirmed it would consult with the Department of Treasury and Finance (DTF) to obtain the external advice recommended.</p> <p>DTF received external advice and provided this to the NT Auditor-General and NT Home Ownership. The advice received confirmed that NT Home Ownership's accounting for shared equity investments was fully compliant with the Australian Accounting Standards.</p>
NT Home Ownership interim financial statement audit 2015–16 (NT Auditor-General)	The Department was found to be compliant with Section 10 of the <i>Financial Management Act</i> and no areas for improvement were highlighted.

## RISK MANAGEMENT

Risk management is most effective when integrated in core business and based on processes that are consistent, transparent, repeatable, controlled and regularly reviewed.

The Department manages risks at strategic, operational and project levels. A Risk and Audit Manual provides consistency, and risk management is embedded in procurement and project development activities to provide increased assurances in these areas.

The Department considers a broad range of risks, including the safety of people, business continuity, reduced community confidence, legislative or regulatory compliance, and financial and or asset losses.

The Department's peak Risk and Audit Committee supports the Chief Executive Officer to ensure the Department manages its risk and audit compliance requirements at a strategic level. The Committee is independently chaired and attended by senior representatives of all functions of the Department. An internal audit program complements a number of regular external audits of the Department's performance. As well as the peak Risk and Audit Committee the Department operates a more operational Business Improvement and Risk Mitigation (BIRM) group which meets fortnightly chaired by the Deputy Chief Executive Officer and attended by relevant senior representatives in the Department. The BIRM drives business improvement by identifying and addressing current and emerging risks for the Department.

# INSURANCE ARRANGEMENTS

Treasurer's Directions (TD) M2.1 Insurance arrangements requires that Northern Territory Government agencies provide information about self-insurance and commercial insurance arrangements, including:

- mitigation strategies and processes employed to reduce the risk for each insurable risk category
- the total number, value and average cost of self-insurance claims for each insurable risk category
- total commercial insurance premium expenditure

The insurable risk categories are workers' compensation, property and assets, public liability and indemnity.

**Table 11: Department of Housing insurable risk categories and mitigation strategies, 2015–16**

Insurable risk category	Mitigation strategies
Workers' compensation	The Department has a structured Work Health and Safety Management System that provides all staff with a range of policies, guidelines, reference material and practical tools to mitigate personal risk and minimise the potential for work-related illness or injury.
Property and assets	A repairs and maintenance program is in place for property and asset management and is implemented by both the Department of Infrastructure for staff-occupied buildings and by the Department of Housing for housing stock.
Public liability	Procurement policies and processes ensure contractors and service providers have appropriate credentials and insurances in place.  Operational processes and procedures are in place to ensure the timely repair and maintenance of assets to minimise risk to tenants and clients. Early identification of hazards helps to minimise risk of harm.
Indemnity	Risk assessment is conducted in relation to contracts and agreements. Advice is sought to identify potential issues affecting the Department on strategic projects. The Department keeps a list of indemnities.

## STORY

*An upgraded house in Weemol ready for tenants*



## WORKERS' COMPENSATION

There were four new claims against the Department of Housing in 2015–16, compared with one in 2014–15.

**Table 12: Workers' compensation claims against the Department of Housing, 2014–15 and 2015–16**

Workers' compensation		
	2014–15	2015–16
Open claims at the beginning of the report period (1 July 2015)	3	1
New claims received, 1 July – 30 June	1	4
Claims resolved or closed off, 1 July – 30 June	2	2
Current claims as at the end of the reporting period (30 June 2016)	1	3

Source: Department of Corporate and Information Services

**Table 13: Department of Housing self-insured risks and claims, 2014–15 and 2015–16<sup>1</sup>**

Workers' compensation		
	2014–15	2015–16
Total value of claims	\$132,616	\$87,265
Number of claims	10	7
Average cost of claims	\$13,261	\$12,466

A total of 90 days 'lost time' (where the employee was unable to attend work), which related to four workers' compensation claims, was recorded during 2015–16. This is compared to one claim from 2014–15 and one from 2013–14. This is a reduction of 53 days 'lost time' compared with the same reporting period in 2014–15.

Note: lost days is claim based from Figtree (Risk Management Information) Systems and does not include any use of personal leave or leave without pay (i.e. PIPS leave).

## BIG RIVERS HOUSING UPGRADES

Houses were upgraded in Weemol and Bulman and Kybrook Farm under the Stronger Futures NT upgrades program.

Housing Reference Group meetings were facilitated by Big Rivers staff to advise tenants of the planned work, which was well-received by all communities.

The work in Weemol and Bulman was completed by the Binjari Community Aboriginal Corporation, an Aboriginal business based near Katherine. During the upgrades to these houses, 13 Aboriginal workers were employed on the project.

Manager, Capital Contracts, Jenny Henwood said 'from records of the upgraded houses completed by Binjari Community Aboriginal Corporation, the

work seems to have been delivered to a high standard.'

Binjari Community Aboriginal Corporation was also contracted to deliver 21 upgraded houses in Bulla and 10 houses in Amanbidji.

The upgrade work in Kybrook Farm was completed by Travis Drenth Constructions Pty Ltd, who employed three Aboriginal workers.

SH Build was contracted to upgrade 30 dwellings in Peppimenarti. Some of this work will be delivered in 2016–17 due to the roads being impassable — one of the challenges of delivering housing in a location subject to extreme weather events.

## PUBLIC LIABILITY

During 2015–16, the Department had \$51 422 in approved public liability insurance premiums. There were no claims made under this policy during the reporting period.

**Table 14: Department of Housing commercial insurance expenditure, 2014–15 and 2015–16**

Insurance type	2014–15 Actual \$	2015–16 Actual \$
Public liability insurance	\$50,873	\$51,422
<b>Total insurance expenses</b>	<b>\$50,873</b>	<b>\$51,422</b>

## MOTOR VEHICLES

During 2015–16, nine vehicles were repaired for damage. A comparison of vehicles damaged over the past three financial years is below.

**Table 15: Motor vehicle damage comparison**

Vehicles repaired for damage			
Motor vehicles damaged	2013–14	2014–15	2015–16
Number of vehicles	7	8	9
Value of claims*	\$7,573.64	\$17,377.56	\$17,921.29
Average cost of claim	\$1,081.94	\$2,172.19	\$1,991.25

\*Value of claims includes motor vehicle accident repairs and cost of vehicles written off in accidents.

Source: NT Fleet



## THE INFORMATION ACT AND THE DEPARTMENT OF HOUSING

The Department of Housing holds information relevant to its functions and services, which includes a high volume of personal and sensitive information.

Under the provisions of the *Information Act*, the Department ensures that all information relating to its operations is recorded and documented in accordance with the Records Management Standards and Part 9 of the *Information Act*. Due to the high level of personal information held by the Department, compliance with the Information Privacy Principles of the *Information Act* is imperative.

### INFORMATION ACCESS UNIT

The Information Access Unit provides advice and assistance to the Department and enables stakeholders and clients to access government or personal information in accordance with the formal process of the *Information Act* or, where possible, through the Department's informal process for personal information.

The unit is responsible for ensuring the Department complies with the provisions of the *Information Act* and the Information Privacy Principles, as well as providing assistance in information support to law enforcement agencies such as the Australian Federal Police, Northern Territory Police, animal welfare inspectors and council rangers. The unit also works closely with the Office of the Coroner, the Ombudsman NT, the Department of Children and Families, and local, state and federal courts.

Informal access provisions are in place, allowing an individual to access their personal information without having to lodge a formal request under the *Information Act*. Access to documents such as account balances or summaries is available by contacting the nearest housing office. On production of adequate identification, the document can be released to the individual. Only an individual's own personal information can be accessed through the informal process. Requests for government information or complete personal files must be made through the formal *Information Act* process.

More information on how to access government and/or personal information, or how to apply for correction of personal information, is available on the Department's website: <http://www.housing.nt.gov.au/access-to-information> or by contacting the Information Access Unit on 08 8999 8490 or email [infoact.dhsg@nt.gov.au](mailto:infoact.dhsg@nt.gov.au)

## INFORMATION REQUESTS

A total of 187 new information requests were made to the Department of Housing in 2015–16, an increase of 13 from 174 formal applications made in 2014–15.

The majority of requests received were for personal information relating to tenancies, with most of these being from legal advocates and other organisations assisting clients to access their personal information. The greatest increase was in requests for government information, with a rise from seven requests in 2014–15 to 17 government information requests in 2015–16.

**Table 16: Information requests made to the Department of Housing, 2014–15 and 2015–16**

Applications received under the <i>Information Act</i>	2014–15	2015–16
Applications completed 1 July to 30 June	174	187
Accepted applications outstanding at 2014–15	0	1
Applications to access personal information	159	165
Applications to access government information	7	17
Applications to access government and personal information (mixed application)	8	4
<b>Total applications received 1 July to 30 June</b>	<b>174</b>	<b>187</b>

Source: Department of Housing

**Table 17: Outcome of information requests to the Department of Housing, 2014–15 and 2015–16**

Outcome of applications processed	2014–15	2015–16
Accepted applications withdrawn	10	9
Applications transferred to another agency	0	1
Unaccepted applications	2	0
Applications completed within 30 days	160	177
Applications completed in more than 30 days	1	0
Open applications at end of period	1	0
<b>Total applications completed 1 July to 30 June</b>	<b>174</b>	<b>187</b>

Source: Department of Housing

5

# FINANCIAL STATEMENTS

DEPARTMENT OF HOUSING



# DEPARTMENT OF HOUSING FINANCIAL STATEMENT OVERVIEW

FOR THE YEAR ENDED 30 JUNE 2016

The Department of Housing (the Department) is committed to providing safe, secure and affordable housing to Territorians most in need.

The Department provides support to Territorians across a continuum from homelessness, supported accommodation, public housing and affordable housing to the private rental market and home ownership.

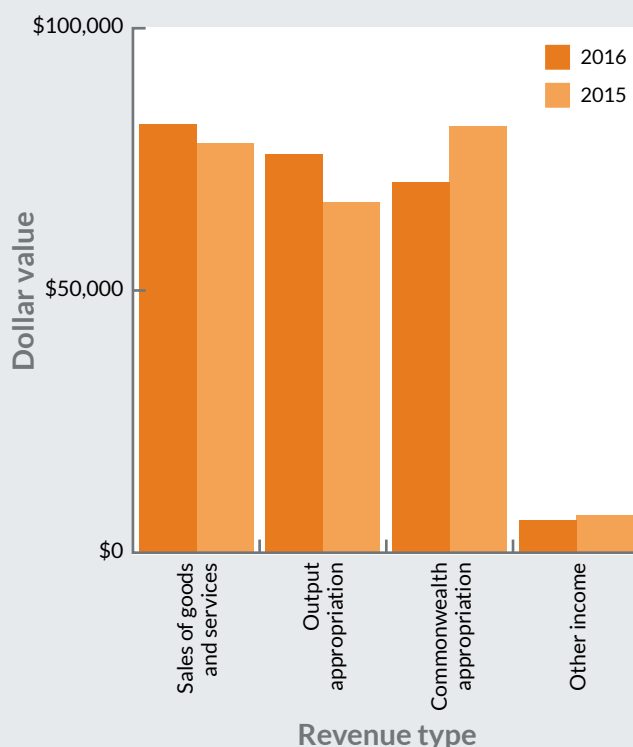
The Department manages more than 12 000 dwellings across the Territory's urban, regional and remote areas. The Department's output groups are Territory Housing Services and Corporate and Governance. Financial reporting for output groups can be found at note 3 of the financial statements.

The Department's financial performance is reported in the following financial statements, consisting of a Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the notes accompanying those statements.

Key financial results for the Department are:

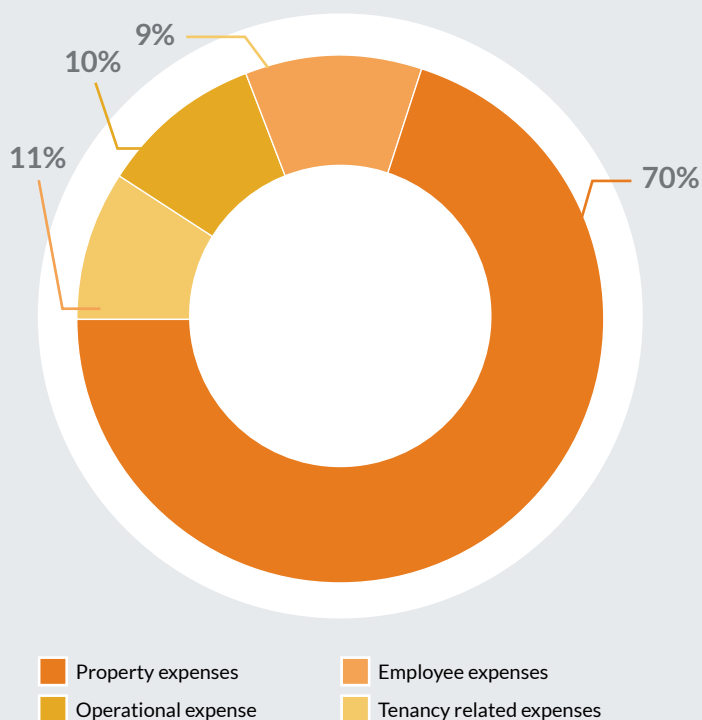
- A net deficit of \$140.8 million for the financial year, including non-cash expenses of \$149.7 million.
- A \$105.8 million net reduction in asset revaluation reserves following a reduction in the fair value of assets by \$93 million (3.6%).
- The final transfer of assets to community housing provider, Venture Housing Company, with the transfer of the final \$37 million of assets under a total transfer of assets over four years of \$42.4 million.
- The Department invested \$148.8 million in upgrades to dwellings and new dwellings during the financial year.

Revenue \$'000



Source: Department of Housing 2015–16 financial statements

Expenses



Source: Department of Housing 2015–16 financial statements



## COMPREHENSIVE OPERATING STATEMENT

The Department recorded a net deficit of \$140.8 million on operations for the 2015–16 financial year. Revenue for the year remained at a consistent level to the previous financial year at \$234.6 million. A slight increase can be attributed to increasing rents from the head-leasing program for affordable housing (Real Housing for Growth), as the number of available dwellings for that program increases over time.

At \$375.4 million, expenditure is \$33.2 million higher than the previous financial year. Significant items in the increase are the gifting of assets valued at \$37 million to community housing provider, Venture Housing Company, and an increase of \$11.1 million in current grants. The latter is directly related to an increase in repairs and maintenance on remote public housing.

The other significant factor in the Comprehensive Operating Statement and contributing to an overall comprehensive result of a deficit of \$246.6 million is net adjustments to the Asset Revaluation Reserve of \$105.8 million. These adjustments relate to an asset revaluation decrement taken up based on an asset revaluation to fair value at 30 June 2016.

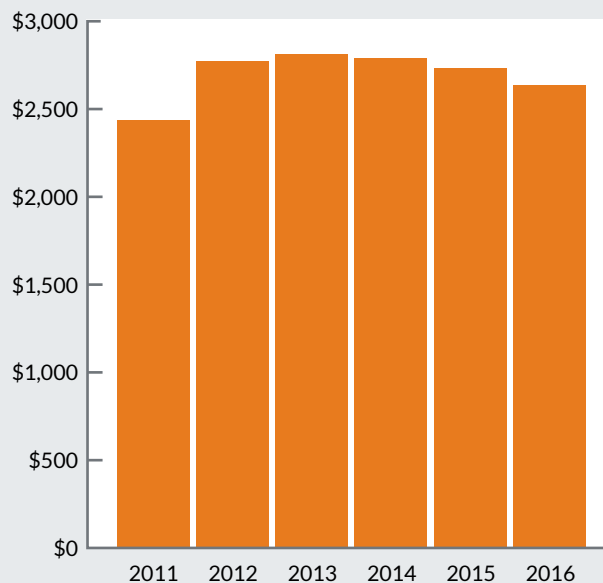
## BALANCE SHEET

The Balance Sheet reveals a reduction in Net Assets of \$132.2 million over the year. The reduction substantially relates to the asset revaluation decrement as outlined above.

## CASH FLOW STATEMENT

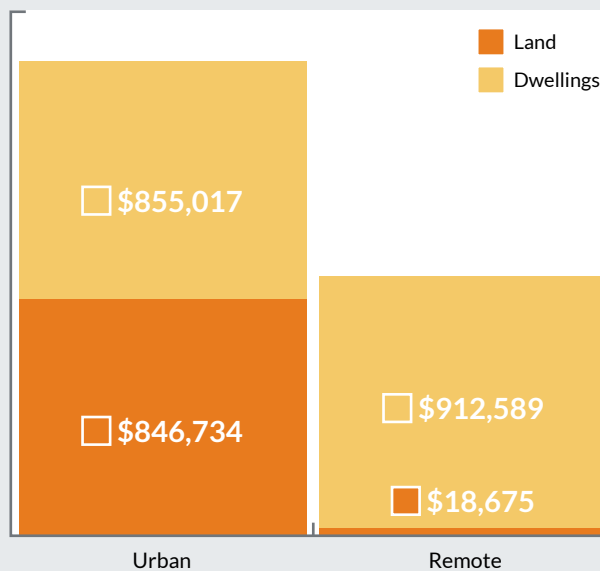
The Department also invested \$148.8 million in upgrading dwellings and building new dwellings in 2015–16, an increase of 80 per cent over the previous financial year. Capital works were largely funded through capital appropriation of \$112.2 million and use of balances of \$45 million.

### Housing Rental Assets \$'000



Source: Department of Housing 2011 to 2016 financial statements

### Housing assets \$M



Source: Department of Housing 2015–16 financial statements

## CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached financial statements for the Department of Housing 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.



**LEAH CLIFFORD**  
Chief Executive Officer

31 August 2016



**KEN TINKHAM**  
Chief Financial Officer

31 August 2016

# COMPREHENSIVE OPERATING STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$'000	2015 \$'000
<b>INCOME</b>			
Grants and subsidies revenue			
Current		1 130	953
Capital		-	-
Appropriation			
Output		76 032	66 790
Commonwealth		70 592	81 382
Sales of goods and services		81 712	78 067
Goods and services received free of charge	4	4 760	5 157
Gain on disposal of assets	5	186	935
Other income		179	172
<b>TOTAL INCOME</b>	3	<b>234 591</b>	<b>233 456</b>
<b>EXPENSES</b>			
Employee expenses		40 450	39 040
Administrative expenses			
Purchases of goods and services	6	11 356	11 320
Repairs and maintenance	7	42 714	69 883
Property management		53 227	48 958
Depreciation and amortisation	12	80 163	76 706
Asset expenses	8	37 020	560
Other administrative expenses	9	14 365	13 748
Grants and subsidies expenses			
Current		79 928	68 787
Capital		3 078	-
Community service obligations		2 264	2 137
Interest expenses		10 874	11 024
<b>TOTAL EXPENSES</b>	3	<b>375 439</b>	<b>342 163</b>
<b>NET (DEFICIT)</b>		<b>(140 848)</b>	<b>(108 707)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will not be reclassified to net surplus/deficit			
Changes in asset revaluation surplus	18	(103 738)	644
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>(103 738)</b>	<b>644</b>
<b>COMPREHENSIVE RESULT</b>		<b>(244 586)</b>	<b>(108 063)</b>

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

# BALANCE SHEET

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$'000	2015 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and deposits	10	74 723	119 949
Receivables	11	14 762	12 100
Prepayments		1 679	1 246
<b>Total Current Assets</b>		<b>91 164</b>	<b>133 295</b>
<b>Non-Current Assets</b>			
Receivables	11	4 400	6 250
Property, plant and equipment	12, 13	2 635 829	2 728 821
<b>Total Non-Current Assets</b>		<b>2 640 229</b>	<b>2 735 071</b>
<b>TOTAL ASSETS</b>		<b>2 731 393</b>	<b>2 868 366</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	14	4 677	9 837
Borrowings and advances	15	2 240	1 959
Provisions	16	4 021	4 123
Deposits held	17	289	280
Other liabilities	17	4 743	4 568
<b>Total Current Liabilities</b>		<b>15 970</b>	<b>20 767</b>
<b>Non-Current Liabilities</b>			
Borrowings and advances	15	92 618	92 911
Provisions	16	1 140	1 187
Deposits held	17	4 611	4 187
<b>Total Non-Current Liabilities</b>		<b>98 369</b>	<b>98 285</b>
<b>TOTAL LIABILITIES</b>		<b>114 340</b>	<b>119 052</b>
<b>NET ASSETS</b>		<b>2 617 053</b>	<b>2 749 314</b>
<b>EQUITY</b>			
Capital		1 729 345	1 617 020
Asset revaluation reserve	18	1 122 807	1 228 595
Accumulated funds		(235 099)	(96 301)
<b>TOTAL EQUITY</b>		<b>2 617 053</b>	<b>2 749 314</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 1 July \$'000	Comprehensive result \$'000	Transactions with owners in their capacity as owners \$'000	Equity at 30 June \$'000
<b>2015-16</b>					
<b>Accumulated Funds</b>		(96 301)	(140 848)	-	(237 149)
Transfers from reserves		-	2 050	-	2 050
		<b>(96 301)</b>	<b>(138 798)</b>	<b>-</b>	<b>(235 099)</b>
<b>Asset revaluation reserve</b>	18	1 228 595	(103 738)	-	1 124 857
Transfers to Accumulated Funds		-	(2 050)	-	(2 050)
		<b>1 228 595</b>	<b>(105 788)</b>	<b>-</b>	<b>1 122 807</b>
<b>Capital – Transactions with Owners</b>		<b>1 617 020</b>	<b>-</b>	<b>-</b>	<b>1 617 020</b>
Equity injections					
Capital appropriation		-	-	31 031	31 031
Equity transfers in		-	-	1 588	1 588
Other equity injections		-	-	-	-
Specific purpose payments		-	-	-	-
National partnership payments		-	-	81 211	81 211
Equity withdrawals					
Capital withdrawal		-	-	-	-
Equity transfers out		-	-	(1 505)	(1 505)
		<b>1 617 020</b>	<b>-</b>	<b>112 325</b>	<b>1 729 345</b>
<b>Total Equity at End of Financial Year</b>		<b>2 749 314</b>	<b>(244 586)</b>	<b>112 325</b>	<b>2 617 053</b>
<b>2014-15</b>					
<b>Accumulated Funds</b>		(691 766)	(108 707)	-	(800 473)
Transfers from reserves		-	704 172	-	704 172
		<b>(691 766)</b>	<b>595 465</b>	<b>-</b>	<b>(96 301)</b>
<b>Asset revaluation reserve</b>	18	1 932 123	644	-	1 932 767
Transfers to Accumulated Funds		-	(704 172)	-	(704 172)
		<b>1 932 123</b>	<b>(703 528)</b>	<b>-</b>	<b>1 228 595</b>
<b>Capital – Transactions with Owners</b>		<b>1 523 856</b>	<b>-</b>	<b>-</b>	<b>1 523 856</b>
Equity injections					
Capital appropriation		-	-	3 317	3 317
Equity transfers in		-	-	459	459
Other equity injections		-	-	30 158	30 158
National partnership payments		-	-	59 320	59 320
Equity withdrawals					
Capital withdrawal		-	-	-	-
Equity transfers out		-	-	-	-
		<b>1 523 856</b>	<b>-</b>	<b>93 164</b>	<b>1 617 020</b>
<b>Total Equity at End of Financial Year</b>		<b>2 764 213</b>	<b>(108 063)</b>	<b>93 164</b>	<b>2 749 314</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 \$'000	2015 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Operating Receipts</b>			
Grants and subsidies received			
Current		1 130	953
Capital		-	-
Appropriation			
Output		76 032	66 790
Commonwealth		70 592	81 382
Receipts from sales of goods and services		73 458	65 961
<b>Total Operating Receipts</b>		<b>221 212</b>	<b>215 086</b>
<b>Operating Payments</b>			
Payments to employees		(41 515)	(39 810)
Payments for goods and services		(95 597)	(84 864)
Grants and subsidies paid			
Current		(79 928)	(68 787)
Capital		(3 078)	-
Community service obligations		(2 264)	(2 137)
Interest paid		(10 874)	(11 024)
<b>Total Operating Payments</b>		<b>(233 256)</b>	<b>(206 622)</b>
<b>Net Cash From/(Used in) Operating Activities</b>	19	<b>(12 044)</b>	<b>8 464</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Investing Receipts</b>			
Proceeds from asset sales	5	4 991	23 487
<b>Total Investing Receipts</b>		<b>4 991</b>	<b>23 487</b>
<b>Investing Payments</b>			
Purchases of assets		(148 792)	(82 505)
<b>Total Investing Payments</b>		<b>(148 792)</b>	<b>(82 505)</b>
<b>Net Cash Used in Investing Activities</b>		<b>(143 801)</b>	<b>(59 018)</b>

# CASH FLOW STATEMENT (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$'000	2015 \$'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Financing Receipts</b>			
Deposits received		434	494
Equity injections			
Capital appropriation		31 031	3 317
Commonwealth appropriation		81 211	59 230
Other equity injections		-	30 158
<b>Total Financing Receipts</b>		<b>112 676</b>	<b>93 199</b>
<b>Financing Payments</b>			
Repayment of borrowings		(1 762)	(1 549)
Finance lease payments		(295)	(353)
<b>Total Financing Payments</b>		<b>(2 057)</b>	<b>(1 902)</b>
<b>Net Cash From Financing Activities</b>		<b>110 619</b>	<b>91 297</b>
Net decrease in cash held		(45 226)	40 743
Cash at beginning of financial year		119 949	79 206
<b>CASH AT END OF FINANCIAL YEAR</b>	10	<b>74 723</b>	<b>119 949</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## 1. OBJECTIVES AND FUNDING

The Department of Housing delivers social housing programs and related infrastructure across the Territory.

Additional information in relation to the Department of Housing and its principal activities may be found in the outputs and performance section of the annual report.

The Department is predominantly funded by, and is dependent on, the receipt of Parliamentary appropriations. Approximately one third of all operating revenue is collected from tenants. 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 two output groups:

- Territory Housing Services
- Corporate and Governance

Note 3 provides summary financial information in the form of a Comprehensive Operating Statement by output group.

## 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* and related Treasurer's Directions. The *Financial Management Act* requires the Department of Housing to prepare financial statements for the year ended 30 June based on the form determined by the Treasurer. The form of agency financial statements is to include:

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

### b) Basis of accounting

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

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

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 affect 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 affect 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 affect the financial statements.

**AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality** This 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 affect 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 affect 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 affect the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

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 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 2015-10 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

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 (KMP) 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Impact
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 AAS's 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 AAS's to reflect the changes as a result of AASB 9
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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## c) Reporting entity

The financial statements cover the Department as an individual reporting entity.

The Department of Housing ('the Department') is a Northern Territory Government department established under the *Interpretation Act Administrative Arrangements Order*.

The principal place of business of the Department is 47 Mitchell Street, Darwin, Northern Territory, 0800.

## d) Agency and Territory items

The financial statements of Department of Housing include income, expenses, assets, liabilities and equity over which the Department of Housing 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 the Central Holding Authority as discussed below.

### Central Holding Authority

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

The Central Holding Authority 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.

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

The Central Holding Authority recognises and records all Territory items, and as such, these items are not included in the Department's financial statements. The Department of Housing does not collect any Territory items on behalf of the Central Holding Authority.

## 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 of \$500 or less being rounded down to zero. Figures in the financial statements and notes may not equate due to rounding.

## g) Changes in accounting policies

There have been no changes to accounting policies adopted in 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 that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

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:

- Employee benefits – note 2(v) and note 16: Non-current liabilities in respect of employee benefits 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.
- 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.
- Contingent liabilities – note 22: The present value of material quantifiable contingent liabilities are calculated using a discount rate based on the published 10-year government bond rate.
- Allowance for impairment losses – note 2(r), note 11: receivables and note 20: Financial Instruments. The allowance represents debts that are likely to be uncollectible and are considered doubtful. Debtors are grouped according to their aging profile and history of previous financial difficulties.
- Depreciation and amortisation – note 2(l), note 12: property, plant and equipment, and note 13.

### i) Goods and services tax

Income, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred on a purchase of goods and services is not recoverable from the Australian Tax Office (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## Appropriation

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

Commonwealth appropriation follows from the Intergovernmental Agreement on Federal Financial Relations, resulting in specific purpose payments (SPPs) and national partnership (NP) payments being made by the Commonwealth Treasury to state treasuries, in a manner similar to arrangements for GST payments. These payments are received by the Department of Treasury and Finance on behalf of the Central Holding Authority 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.

## 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
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

## Rendering of services

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

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

## 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. See note 4.

## 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. Refer also to note 5.

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## 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. See note 7.

## 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
Urban dwellings	50 years	50 years
GEH <sup>(a)</sup> remote area dwellings	40 years	40 years
NPRH <sup>(b)</sup> funded remote area dwellings	30 years	30 years
Rebuilds on pre-existing remote dwellings	10 years	10 years
Leased building upgrades	Remaining period of lease	Remaining period of lease
Plant and equipment	5 years	5 years
Land under finance lease	Remaining period of lease	Remaining period of lease

Note: (a) Government employee housing (GEH)  
(b) National Partnership on Remote Housing (NPRH)

Assets are depreciated or amortised from the date of acquisition or from the time an asset is completed and held ready for use. Where an asset is revalued due to capital construction or upgrade, or due to market movements, the useful life is reassessed and the annual depreciation charge is adjusted to reflect the new value of the asset.

## 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 (AOTA) that are ultimately payable to the beneficial owner – refer also to note 24.

## o) Receivables

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

The allowance for impairment losses represents the amount of receivables the agency estimates are likely to be uncollectible and are considered doubtful. Analysis of the age of the receivables that are past due as at the reporting date are disclosed in an ageing schedule under credit risk in note 20, financial instruments. Reconciliation of changes in the allowance accounts is also presented.

Accounts receivable are generally settled within 30 days and other receivables within 60 days.

### **Rental and other charges**

The collectability of debts is assessed at year end for current rental, current maintenance and other debtors. An allowance for doubtful debts is made when there is objective evidence that a rental receivable is impaired. It is not considered practical to provide a specific allowance. The amount of the allowance as such has been measured as the difference between the carrying amount and the future cash flows expected to be received within the next 12 months from each category of rental debtor. This practice diverges from the accounting standard AASB 137.

### **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.

#### **Complex assets**

Major items of plant and equipment comprising a number of components that have different useful lives, are accounted for as separate assets. The components may be replaced during the useful life of the complex asset.

#### **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.

### **Construction (work in progress)**

#### **Rental dwellings**

The capital works for the construction of urban, remote and government employee dwellings are funded through capital appropriation directly to the Department of Housing, the expenditure as it is incurred is recognised in construction work in progress. Capital works funded through the National Partnership on Remote Housing (NPRH) is also recognised in construction work in progress. Upon completion the projects are recognised as either an asset or an expense, dependent on our capitalisation policy.

#### **Acquisitions**

Constructed rental dwellings, upgrading costs and minor capital works carried out on existing rental dwellings are recorded at their expended completed contract price, including tendering costs, contract management and supervision fees and all fees and charges relating to construction as property assets. Rental dwelling contracts not completed at 30 June 2016 are stated as works in progress.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

Pre-existing dwellings in remote areas managed by the Department are not recognised as an asset as the value of the assets cannot be reliably measured due to its location, condition and the age of the properties. However, any capital works relating to the rebuilds of these pre-existing dwellings are recognised as an asset on completion.

### **Demolitions/gifts**

Obsolete rental dwellings demolished and dwellings that are gifted or reverted under land rights legislation are written off in the financial year of occurrence. The write-offs represent the written-down historical cost component of such dwellings. Appropriate adjustments are made against the asset revaluation reserve where previous revaluations have occurred.

### **Sales**

Dwellings to be sold are valued immediately prior to the sale. The Department's policy is to record the difference between the sale price and the asset carrying amount as a gain or loss on sale.

### **Leased office accommodation**

As part of the financial management framework, the Department of Infrastructure is responsible for managing general government capital works projects on a whole-of-government basis. Therefore, appropriation for leased office accommodation capital works is provided directly to the Department of Infrastructure and the cost of construction work in progress is recognised as an asset of that department. Once completed, capital works assets are transferred to the Department of Housing.

## **r) Revaluations and impairment**

### **Revaluation of assets**

Subsequent to initial recognition, assets belonging to the following classes of non-current assets are revalued with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from their fair value at reporting date:

Department of Housing revalues the following class of assets:

- urban rental land and dwellings
- remote rental land and dwellings

All revaluations completed have been endorsed by the Northern Territory Valuer General.

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

The unique nature and condition of remote legacy dwellings precludes reliable measurement. Such assets have not been recognised in the financial statements.

### **Urban rental dwellings**

An independent valuation of urban rental dwellings was completed at 30 June 2016 by Colliers International, the results of which are reflected in these financial statements. The basis for the valuation of urban rental dwellings is that of 'fair value' being the estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. The Department has adopted the policy of revaluing its urban rental dwellings every year to ensure that the carrying amount does not differ materially from their fair value at reporting date. Urban rental dwellings consist of land, houses, flat complexes and interest in body corporate.

Where the carrying amount of any urban rental property was determined to be greater than its recoverable amount, the carrying amount of that dwelling has been written down to its recoverable amount. Details of the related carrying amount written down and any recoverable amount write-downs have been disclosed in the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

Existing urban rental properties that have incurred major renovations or upgrading costs are revalued as soon as possible after the contract has been completed for those works. Useful lives of all urban rental dwellings have been reassessed at the time of valuation.

### **Government employee housing (GEH) remote rental dwellings**

Colliers International completed an independent valuation of the GEH remote rental dwellings at 30 June 2016, the results of which are reflected in these financial statements. The Department has adopted the policy of revaluing its remote rental dwellings at 30 June each year. GEH remote rental dwellings are measured on the basis of 'fair value' using the depreciated replacement cost methodology. The useful lives of all remote rental dwellings are also reassessed at the time of valuation.

### **SIHIP/NPRH-funded remote rental dwellings**

The SIHIP/NPRH-funded remote rental dwellings were recognised at cost in the 2015 financial year. Subsequent to this initial recognition, these dwellings were revalued to depreciated replacement cost as at 30 June 2016 by Colliers International. These dwellings will be revalued every financial year ongoing in the same way GEH remote rental dwellings continue to be. These dwellings are now measured on the basis of 'fair value' using the depreciated replacement cost methodology. The useful lives of all remote rental dwellings are also reassessed at the time of valuation.

### **Impairment of assets**

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

The Department has adopted the policy of revaluing its urban and remote rental property assets annually to ensure that assets are carried at amounts that are not in excess of their recoverable amounts. Where indications of impairment exist, the Department determines the asset's recoverable amount as the asset's depreciated replacement cost for remote assets and fair value less costs to sell for urban assets.

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

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

In certain situations, an impairment loss may subsequently be reversed. Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognised in the Comprehensive Operating Statement as income, unless the asset is carried at a revalued amount, in which case the impairment reversal results in an increase in the asset revaluation surplus. Note 18 provides additional information in relation to the asset revaluation surplus.

Department of Housing assets were assessed for impairment after revaluation and impairment was identified to be immaterial to overall asset values.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## s) Assets held for sale

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction or a grant agreement rather than continuing use. Assets held for sale consist of those assets that management has determined are available for immediate sale or granting in their present condition and their sale is highly probably within one year from the date of classification.

These assets are measured at the lower of the asset's carrying amount and fair value less costs to sell. These assets are not depreciated. Non-current assets held for sale have been recognised on the face of the financial statements as current assets.

## t) Leased assets

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

### Finance leases

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

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

The Department of Housing holds long-term leases of Aboriginal land for remote government employee housing.

### 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.

## 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) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries and recreation leave. Liabilities arising in respect of wages and salaries, recreation leave and other employee benefit liabilities that fall due within 12 months of reporting date are classified as current liabilities and are measured at amounts expected to be paid. Non-current employee benefit liabilities that fall due after 12 months of the reporting date are measured at present value, calculated using the government long-term bond rate.

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

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
- other types of employee benefits.

As part of the financial management framework, the Central Holding Authority assumes the long service leave liabilities of government agencies, including Department of Housing and as such no long service leave liability is recognised in agency financial statements.

### w) Superannuation

Employees' superannuation entitlements are provided through the:

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

The agency makes superannuation contributions on behalf of its employees to the Central Holding Authority or non-government employee-nominated schemes. Superannuation liabilities related to government superannuation schemes are held by the Central Holding Authority and as such are not recognised in agency financial statements.

### x) Contributions by and distributions to government

The Department may receive contributions from government where the government is acting as owner of the agency. Conversely, the Department may make distributions to government. In accordance with the *Financial Management Act* 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 Department as adjustments to equity.

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

### y) Commitments

Disclosures in relation to capital and other commitments, including lease commitments are shown at note 21.

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

### z) 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 Department becomes a party to the contractual provisions of the financial instrument. The Department's financial instruments include cash and deposits; receivables; advances; investments loan 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

Exposure to interest rate risk, foreign exchange risk, credit risk, price risk and liquidity risk arise in the normal course of activities. The Department's investments, loans and placements, and borrowings are predominantly managed through the Northern Territory Treasury Corporation 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
- held-to-maturity investments
- loans and receivables
- available-for-sale financial assets.

Financial liabilities are classified into the following categories:

- financial liabilities at fair value through profit or loss (FVTPL)
- financial liabilities at amortised cost.

## **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
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking
- 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
- 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
- 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
- financial liabilities at fair value through profit or loss include deposits held excluding statutory deposits, accounts payable and accrued expenses. Financial assets at fair value through profit or loss include short-term securities and bonds.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## **Held-to-maturity investments**

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

## **Loans and receivables**

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

## **Available-for-sale financial assets**

Available-for-sale financial assets are those non-derivative financial assets, principally equity securities that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the Comprehensive Operating Statement.

## **Financial liabilities at amortised cost**

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

## **Derivatives**

The Department enters into a variety of derivative financial instruments to manage its exposure to interest rate risk. The Department does not speculate on trading of derivatives.

Derivatives are initially recognised at fair value on the date a derivative contract is entered in to and are subsequently remeasured at their fair value at each reporting date. The resulting gain or loss is recognised in the Comprehensive Operating Statement immediately unless the derivative is designated and qualifies as an effective hedging instrument, in which event, the timing of the recognition in the Comprehensive Operating Statement depends on the nature of the hedge relationship. Application of hedge accounting will only be available where specific designation and effectiveness criteria are satisfied.

## **Netting of swap transactions**

The Department, from time to time, may facilitate certain structured finance arrangements, where a legally recognised right to set-off financial assets and liabilities exists, and the Territory intends to settle on a net basis. Where these arrangements occur, the revenues and expenses are offset and the net amount is recognised in the Comprehensive Operating Statement.

Note 20 provides additional information on financial instruments.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## aa) Fair value measurement

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

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

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

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

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

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

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

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

Level 3 – inputs are unobservable.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## 3. COMPREHENSIVE OPERATING STATEMENT BY OUTPUT GROUP

	Territory Housing Services		Corporate and Governance		Total	
	Note	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000
<b>INCOME</b>						
Grants and subsidies revenue						
Current		1 130	946	-	7	1 130
Capital		-	-	-	-	-
Appropriation						
Output		64 949	56 083	11 083	10 707	76 032
Commonwealth		70 592	81 382	-	-	70 592
Sales of goods and services		81 712	78 067	-	-	81 712
Goods and services received free of charge	4	4 588	4 972	172	185	4 760
Gain on disposal of assets	5	186	935	-	-	186
Other income		132	57	47	115	179
<b>TOTAL INCOME</b>		<b>223 289</b>	<b>222 442</b>	<b>11 302</b>	<b>11 014</b>	<b>234 591</b>
<b>EXPENSES</b>						
Employee expenses		32 498	32 336	7 952	6 704	40 450
Administrative expenses						
Purchases of goods and services	6	9 495	8 662	1 861	2 658	11 356
Repairs and maintenance	7	42 599	69 669	115	214	42 714
Property management		52 027	47 707	1 200	1 251	53 227
Depreciation and amortisation	11, 12	79 415	75 900	748	806	80 163
Asset expenses	8	37 020	560	-	-	37 020
Other administrative expenses	9	14 191	13 561	174	187	14 365
						13 748

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	Territory Housing Services		Corporate and Governance		Total	
Note	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Grants and subsidies expenses						
Current	79 928	68 787	-	-	79 928	68 787
Capital	3 078	-	-	-	3 078	-
Community service obligations	2 264	2 137	-	-	2 264	2 137
Interest expenses	10 874	11 024	-	-	10 874	11 024
<b>TOTAL EXPENSES</b>	<b>363 389</b>	<b>330 343</b>	<b>12 050</b>	<b>11 820</b>	<b>375 439</b>	<b>342 163</b>
<b>NET (DEFICIT)</b>	<b>(140 100)</b>	<b>(107 901)</b>	<b>(748)</b>	<b>(806)</b>	<b>(140 848)</b>	<b>(108 707)</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
Items that will not be reclassified to net surplus/deficit						
Changes in asset revaluation surplus	18	(103 738)	-	-	(103 738)	644
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>(103 738)</b>	<b>644</b>	<b>-</b>	<b>-</b>	<b>(103 738)</b>	<b>644</b>
<b>COMPREHENSIVE RESULT</b>	<b>(243 838)</b>	<b>(107 257)</b>	<b>(748)</b>	<b>(806)</b>	<b>(244 586)</b>	<b>(108 063)</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$'000	2015 \$'000
<b>4. GOODS AND SERVICES RECEIVED FREE OF CHARGE</b>		
Corporate and information services	4 760	5 157
	<b>4 760</b>	<b>5 157</b>
<b>5. GAIN ON DISPOSAL OF ASSETS</b>		
Net proceeds from the disposal of non-current assets	4 991	23 487
Less: Carrying value of non-current assets disposed	(4 805)	(22 552)
<b>Gain on the disposal of non-current assets</b>	<b>186</b>	<b>935</b>
<b>6. PURCHASES OF GOODS AND SERVICES</b>		
The net surplus/(deficit) has been arrived at after charging the following expenses:		
<b>Goods and services expenses:</b>		
Consultants	1 282	651
Advertising	45	24
Marketing and promotion	231	156
Document production	29	49
Legal expenses	414	302
Recruitment	42	230
Training and study	361	517
Official duty fares	685	804
Travelling allowance	411	435
Agency service arrangements	1 422	804
Motor vehicle expenses	1 434	1 744
Information technology expenses	2 997	3 322
Communications	624	843
Accommodation	240	274
Audit Fees	372	224
Other operating expenses	767	941
	<b>11 356</b>	<b>11 320</b>
<b>7. REPAIRS AND MAINTENANCE</b>		
Repairs and maintenance program	24 529	26 943
Capital works projects which could not be capitalised	18 185	42 940
	<b>42 714</b>	<b>69 883</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$'000	2015 \$'000
<b>8. ASSET EXPENSES</b>		
Assets Demolished	-	560
Assets Gifted to Venture Housing Company	37 020	-
	<b>37 020</b>	<b>560</b>
<b>9. OTHER ADMINISTRATIVE EXPENSES</b>		
Doubtful debts expense	8 854	8 078
Write offs and losses	684	513
Commonwealth repayments	67	-
Goods and services received free of charge	4 760	5 157
	<b>14 365</b>	<b>13 748</b>
<b>10. CASH AND DEPOSITS</b>		
Cash on hand	14	76
Cash at bank	74 709	119 873
	<b>74 723</b>	<b>119 949</b>
<b>11. RECEIVABLES</b>		
<b>Current</b>		
Accounts receivable	40 496	31 889
Less: Allowance for impairment losses	(30 799)	(22 059)
	<b>9 519</b>	<b>9 830</b>
GST receivables	271	270
Other receivables	4 972	2 000
	<b>5 243</b>	<b>2 270</b>
<b>Total current receivables</b>	<b>14 762</b>	<b>12 100</b>
<b>Non-Current</b>		
Other receivables	4 400	6 250
<b>Total Non-Current Receivables</b>	<b>4 400</b>	<b>6 250</b>
<b>Total Receivables</b>	<b>19 162</b>	<b>18 350</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$'000	2015 \$'000
<b>12. PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Buildings: housing rental properties</b>		
<b>Urban rental properties</b>		
Urban vacant land at fair value	15 549	11 395
Urban improved land at fair value	831 185	881 464
Urban buildings at fair value	855 017	899 594
	<b>1 701 751</b>	<b>1 792 453</b>
<b>Remote rental properties</b>		
Remote vacant land at replacement cost	-	432
Remote improved land at replacement cost	-	5 779
Remote buildings at depreciated replacement cost	912 589	257 712
	<b>912 589</b>	<b>263 923</b>
<b>Remote rental properties at historical cost</b>		
Remote buildings at historical cost	-	707 666
Less: Accumulated depreciation	-	(86 794)
	<b>-</b>	<b>620 902</b>
<b>Total rental dwellings</b>	<b>2 614 340</b>	<b>2 677 278</b>
<b>Construction (Work in Progress)</b>		
At capitalised cost	<b>687</b>	<b>31 591</b>
<b>Plant and Equipment</b>		
At fair value	8 161	8 098
Less: Accumulated depreciation	(6 034)	(5 297)
	<b>2 127</b>	<b>2 801</b>
<b>Leased Property, Plant and Equipment</b>		
At capitalised cost	20 093	18 049
Less: Accumulated depreciation	(1 418)	(898)
	<b>18 675</b>	<b>17 151</b>
<b>Total Property, Plant and Equipment</b>	<b>2 635 829</b>	<b>2 728 821</b>

## Property, plant and equipment valuations

The latest revaluations as at 30 June 2016 were independently conducted for urban properties at fair value and remote properties at replacement cost. The valuer was Colliers International. Refer to note 13: Fair Value Measurement of Non-Financial Assets for additional disclosures.

## Impairment of property, plant and equipment

Department property, plant and equipment assets were assessed for impairment as at 30 June 2016. Impairments identified to property, plant and equipment were considered to be immaterial and no adjustments were required as a result of the review to carrying values.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## 12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### 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 is set out below:

	Rental properties \$'000	Construction (work in progress) \$'000	Plant and equipment \$'000	Leased property, plant and equipment \$'000	Total \$'000
Carrying Amount as at 1 July 2015	2 677 278	31 591	2 801	17 151	2 728 821
Additions	124 499	148 792	74	2 044	275 409
Disposals	(4 805)	(179 779)	-	-	(184 584)
Depreciation	86 765	-	(748)	(520)	(85 497)
Additions from asset transfers	1 505	-	83	-	1 588
Revaluation (decrements)	(270 902)	-	-	-	(270 902)
<b>Carrying Amount as at 30 June 2016</b>	<b>2 614 340</b>	<b>687</b>	<b>2 127</b>	<b>18 675</b>	<b>2 635 829</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 is set out below:

	Rental properties \$'000	Infrastructure \$'000	Construction (work in progress) \$'000	Plant and equipment \$'000	Leased property, plant and equipment \$'000	Total \$'000
Carrying Amount as at 1 July 2014	2 720 168	33 278	14 030	3 308	16 694	2 787 478
Additions	55 442	-	82 505	298	492	138 737
Disposals	(23 112)	-	(65 403)	-	-	(88 515)
Depreciation	(75 864)	-	-	(807)	(35)	(76 706)
Additions/(Disposals) from asset transfers	-	(33 278)	459	2	-	(32 817)
Revaluation increments	644	-	-	-	-	644
<b>Carrying Amount as at 30 June 2015</b>	<b>2 677 278</b>	<b>-</b>	<b>31 591</b>	<b>2 801</b>	<b>17 151</b>	<b>2 728 821</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## 13. 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 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
<b>2015-16</b>				
<b>Asset Classes</b>				
Rental Properties - Urban (note 12)	-	1 701 751	-	1 701 751
Rental Properties - Remote (note 12)	-	-	912 589	912 589
Construction (Work in Progress) (note 12)	-	-	687	687
Plant & Equipment (note 12)	-	-	2 127	2 127
<b>Total</b>	<b>-</b>	<b>1 701 751</b>	<b>915 404</b>	<b>2 617 154</b>
<b>2014-15</b>				
<b>Asset Classes</b>				
Rental Properties - Urban (note 12)	-	1 792 453	263 923	2 056 376
Rental Properties - Remote (note 12)	-	-	620 902	620 902
Construction (Work in Progress) (note 12)	-	-	31 591	31 591
Plant & Equipment (note 12)	-	-	2 801	2 801
<b>Total</b>	<b>-</b>	<b>1 792 453</b>	<b>919 217</b>	<b>2 711 670</b>

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 2 techniques	Level 3 techniques
<b>Asset classes</b>		
Rental properties - urban (notes 12, 13b(i))	Market approach	Cost approach
Rental properties - remote (notes 12, 13b(ii))	-	Cost approach
Construction (work in progress) (notes 12, 13b(iii))	-	Cost approach
Plant & equipment (notes 12, 13b(iv))	-	Cost approach

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

Colliers International has provided valuations for the urban and remote land and buildings assets.

- (i) Level 2 fair values of land and buildings were based on market evidence of sales price of comparable land and buildings in similar locations.
- (ii) Level 3 fair values of rental properties were determined by computing their depreciated replacement costs because an active market does not exist for such locations. The depreciated replacement cost was based on a combination of internal records of the historical cost of the facilities, adjusted for contemporary technology and construction approaches. Significant judgement was also used in assessing the remaining service potential of the facilities, given local environmental conditions, projected usage, and records of the current condition of the facilities.
- (iii) Level 3 fair values (construction work in progress) are based on initial acquisition historical cost until completion, when the projects are recognised as either an asset or an expense, in line with the department's capitalisation policy.
- (iv) Level 3 fair values for plant and equipment is depreciated historical cost because an active market does not exist for such assets.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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

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

	Rental properties - urban \$'000	Rental properties - remote \$'000	Work in progress \$'000	Plant and equipment \$'000	Infrastructure \$'000
<b>2015-16</b>					
Fair value as at 1 July 2015	1 792 453	884 825	31 591	2 801	-
Additions	36 482	89 523	148 792	74	-
Disposals	(4 805)	-	(179 778)	-	-
Transfers from Level 2 <sup>(a)</sup>	-	(11 151)	-	-	-
Transfers to Level 2 <sup>(a)</sup>	11 151	-	-	-	-
Accumulated Depreciation	-	-	-	(748)	-
Gains/losses recognised in net surplus/deficit	-	-	-	-	-
Gains/losses recognised in other comprehensive income	(133 530)	(50 608)	-	-	-
Asset transfers in or out	-	-	83	-	-
<b>Fair value as at 30 June 2016</b>	<b>1 701 751</b>	<b>912 589</b>	<b>687</b>	<b>2 127</b>	<b>-</b>

(a) Previously historical cost dwellings were revalued to depreciated cost during 2015-16. Some of these properties were re-classified between urban and remote locations, resulting in a change of \$11m transfer out of level 3 into Level 2.

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

<b>2014-15</b>					
Fair value as at 1 July 2014	1 857 049	863 119	14 030	3 308	33 278
Additions	21 940	33 502	82 505	298	-
Disposals	(23 112)	-	(65 403)	-	-
Transfers from Level 2	-	-	-	-	-
Transfers to Level 2	-	-	-	-	-
Depreciation	(36 756)	(39 108)	-	(807)	-
Gains/losses recognised in net surplus/deficit	-	-	-	-	-
Gains/losses recognised in other comprehensive income	(26 668)	27 312	-	-	-
Asset transfers in or out	-	-	459	-	(33 278)
<b>Fair value as at 30 June 2015</b>	<b>1 792 453</b>	<b>884 825</b>	<b>31 591</b>	<b>2 801</b>	<b>-</b>

### (ii) Sensitivity analysis

Remote properties – unobservable inputs used in computing the fair value of remote properties include the historical cost and the consumed economic benefit for each asset. Given the large number of Department dwellings and remote locations, it is not practical to compute a relevant summary measure for the unobservable inputs. In respect of sensitivity of fair value to changes in input value, a higher historical cost results in a higher fair value and greater consumption of economic benefit lowers fair value.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$'000	2015 \$'000
<b>14. PAYABLES</b>		
Accounts payable	1 079	4 628
Accrued expenses	3 572	5 182
Interest payable	26	27
<b>Total Payables</b>	<b>4 677</b>	<b>9 837</b>
<b>15. BORROWINGS AND ADVANCES</b>		
<b>Current</b>		
Loans and advances	2 004	1 762
Finance lease liabilities	236	197
	<b>2 240</b>	<b>1 959</b>
<b>Non-Current</b>		
Loans and advances	74 350	76 354
Finance lease liabilities	18 268	16 557
	<b>92 618</b>	<b>92 911</b>
<b>Total Borrowings and Advances</b>	<b>94 858</b>	<b>94 870</b>
<b>16. PROVISIONS</b>		
<b>Current</b>		
<i>Employee benefits</i>		
Recreation leave	2 802	2 773
Leave loading	574	540
Recreation leave fares	15	34
<i>Other current provisions</i>		
Fringe benefits tax	49	67
Payroll tax	256	308
Superannuation contributions	325	401
	<b>4 021</b>	<b>4 123</b>
<b>Non-Current</b>		
<i>Employee benefits</i>		
Recreation leave	1 140	1 187
	<b>1 140</b>	<b>1 187</b>
<b>Total Provisions</b>	<b>5 161</b>	<b>5 310</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$'000	2015 \$'000
<b>17. OTHER LIABILITIES</b>		
<b>Current</b>		
Deposits held	289	280
Unearned revenue - rent charged / paid in advance	4 743	4 568
	<b>5 032</b>	<b>4 848</b>
<b>Non-Current</b>		
Deposits held - rental security bond deposits	4 611	4 187
	<b>4 611</b>	<b>4 187</b>
<b>Total Other Liabilities</b>	<b>9 463</b>	<b>9 035</b>

## 18. RESERVES

### Asset Revaluation Surplus

#### (i) Nature and purpose of the asset revaluation surplus

The asset revaluation surplus includes the net revaluation increments and decrements arising from the revaluation of non-current assets. Impairment adjustments may also be recognised in the asset revaluation surplus.

#### (ii) Movements in the asset revaluation surplus

Balance as at 1 July	1 228 595	1 932 123
Transfer Realised Revaluation to Accrued Funds	(2 050)	(704 172)
Rental Properties land & buildings revaluation - (decrement)	(270 902)	(44 441)
Asset transfer in revaluation	1 505	-
Transfer depreciation to reserve	165 659	45 085
<b>Balance as at 30 June</b>	<b>1 122 807</b>	<b>1 228 595</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

2016  
\$'000

2015  
\$'000

## 19. NOTES TO THE CASH FLOW STATEMENT

### Reconciliation of Cash

The total of agency 'cash and deposits' of \$74 723 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

<b>Net (Deficit)</b>	(140 848)	(108 707)
<i>Non-cash items:</i>		
Depreciation and amortisation	80 163	76 706
Asset write-offs/write-downs	-	560
Asset donations/gifts	37 020	-
(Gain) on disposal of assets	(186)	(935)
R&M - Minor New Works Non Cash	18 185	42 940
<i>Changes in assets and liabilities:</i>		
(Increase) in receivables	(811)	(6 735)
(Increase) in prepayments	(433)	(383)
(Decrease)/Increase in payables	(5 160)	5 442
(Decrease) in provision for employee benefits	(3)	(756)
(Decrease) in other provisions	(146)	(76)
Increase in other liabilities	175	417
<b>Net Cash from Operating Activities</b>	<b>(12 044)</b>	<b>8 464</b>

### Non-cash financing and investing activities

#### Finance lease transactions

During the financial year, the Department acquired land with an aggregate fair value of \$2.044 million, compared to \$621 000 in 2014–15 by means of finance leases.

#### Asset gifting

During the 2015–16 financial year, the Department gifted \$37 million in land and buildings to Venture Housing Company, compared in the 2014–15 financial year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## 20. 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 the Department of Housing include cash and deposits, receivables, payables and finance leases. The Department of Housing has limited exposure to financial risks as discussed below.

### a) Categorisation of financial instruments

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

#### 2015-16 categorisation of financial instruments

	Fair value through profit or loss						
	Held for trading \$'000	Designated at fair value \$'000	Held-to-maturity investments \$'000	Financial assets - loans and receivables \$'000	Financial assets - available for sale \$'000	Financial liabilities - amortised cost \$'000	Total \$'000
Cash and deposits	-	74 723	-	-	-	-	74 723
Receivables <sup>1</sup>	-	18 891	-	-	-	-	18 891
Advances / Prepayments	-	1 679	-	-	-	-	1 679
Other financial assets	-	-	-	-	-	18 675	18 675
<b>Total Financial Assets</b>	<b>-</b>	<b>95 293</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18 675</b>	<b>113 968</b>
Deposits held <sup>1</sup>	-	4 901	-	-	-	-	4 901
Payables <sup>1</sup>	-	4 677	-	-	-	-	4 677
Advances - Unearned Revenue	-	4 743	-	-	-	-	4 743
Loans	-	-	-	76 354	-	-	76 354
Finance Lease Liabilities	-	-	-	-	-	18 504	18 504
<b>Total Financial Liabilities</b>	<b>-</b>	<b>14 321</b>	<b>-</b>	<b>76 354</b>	<b>-</b>	<b>18 504</b>	<b>109 179</b>

1. Total amounts disclosed here exclude statutory amounts

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## 2014–15 categorisation of financial instruments

	Fair value through profit or loss					
	Held for trading \$'000	Designated at fair value \$'000	Held-to-maturity investments \$'000	Financial assets - loans and receivables \$'000	Financial assets - available for sale \$'000	Financial liabilities - amortised cost \$'000
Cash and deposits	-	119 949	-	-	-	-
Receivables <sup>1</sup>	-	18 080	-	-	-	-
Advances / Prepayments	-	1 246	-	-	-	-
Other financial assets	-	-	-	-	-	-
<b>Total Financial Assets</b>	<b>-</b>	<b>139 275</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17 151</b>
Deposits held <sup>1</sup>	-	4 467	-	-	-	-
Payables <sup>1</sup>	-	9 837	-	-	-	-
Advances – Unearned Revenue	-	4 568	-	-	-	-
Loans	-	-	-	78 116	-	-
Finance Lease Liabilities	-	-	-	-	-	16 754
<b>Total Financial Liabilities</b>	<b>-</b>	<b>18 872</b>	<b>-</b>	<b>78 116</b>	<b>-</b>	<b>16 754</b>
						<b>113 742</b>

1. Total amounts disclosed here exclude statutory amounts

### b) Credit risk

The Department has limited credit risk exposure (risk of default). In respect of any dealings with organisations external to government, the Department 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.

Based on historic default rates, the Department of Housing believes that no impairment allowance is necessary in respect of receivables from government agencies, including local government organisations, rental and sundry debts less than two months old, ceased rental and sundry debts less than one month old, and bond assistance debts less than one month old.

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## Receivables

Receivable balances are monitored on an ongoing basis to ensure that exposure to bad debts is not significant. A reconciliation and ageing analysis of receivables is presented below.

Receivables	Ageing of receivables \$'000	Ageing of impaired receivables \$'000	Net receivables \$'000
<b>2015-16</b>			
Not overdue	12 576	-	12 576
Overdue for less than 30 days	1 049	277	772
Overdue for 30 to 60 days	895	482	413
Overdue for more than 60 days	35 348	30 218	5 130
<b>Total</b>	<b>49 868</b>	<b>30 977</b>	<b>18 891</b>

## Reconciliation of the Allowance for Impairment Losses

Opening	22 059
Written off during the year	(684)
Recovered during the year	63
Increase in allowance recognised in profit or loss	9 539
<b>Total</b>	<b>30 977</b>

## 2014-15

Not overdue	11 585	-	11 585
Overdue for less than 30 days	790	57	734
Overdue for 30 to 60 days	698	136	561
Overdue for more than 60 days	27 067	21 866	5 201
<b>Total</b>	<b>40 140</b>	<b>22 059</b>	<b>18 081</b>

## Reconciliation of the Allowance for Impairment Losses

Opening	13 898
Written off during the year	(513)
Recovered during the year	83
Increase in allowance recognised in profit or loss	8 591
<b>Total</b>	<b>22 059</b>

## c) Liquidity risk

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

The following tables detail the Department's remaining contractual maturity for its financial assets and liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## 2016 maturity analysis for financial assets and liabilities

	Fixed interest rate			Non interest bearing \$'000	Total \$'000	Weighted average %
	Less than a year \$'000	1 to 5 years \$'000	More than 5 years \$'000			
<b>Assets</b>						
Cash and deposits	-	-	-	74 723	74 723	
Receivables	-	-	-	18 891	18 891	
Prepayments	-	-	-	1 679	1 679	
<b>Total Financial Assets</b>	-	-	-	<b>95 293</b>	<b>95 293</b>	
<b>Liabilities</b>						
Deposits held	-	-	-	9 643	9 643	
Payables	-	-	-	4 677	4 677	
Provisions	-	-	-	5 161	5 161	
Loans	11 736	46 943	96 634	-	155 313	12.9%
Finance lease liabilities	1 065	4 261	32 519	-	37 845	4.6%
<b>Total Financial Liabilities</b>	<b>12 801</b>	<b>51 204</b>	<b>129 153</b>	<b>19 481</b>	<b>193 159</b>	

## 2015 maturity analysis for financial assets and liabilities

<b>Assets</b>						
Cash and deposits	-	-	-	119 949	119 949	
Receivables	-	-	-	18 350	18 350	
Prepayments	-	-	-	1 246	1 246	
<b>Total Financial Assets</b>	-	-	-	<b>139 545</b>	<b>139 545</b>	
<b>Liabilities</b>						
Deposits held	-	-	-	9 035	9 035	
Payables	-	-	-	9 837	9 837	
Provisions	-	-	-	5 310	5 310	
Loans	11 736	46 943	108 370	-	167 049	12.9%
Finance lease liabilities	908	3 851	33 257	-	38 016	4.7%
<b>Total Financial Liabilities</b>	<b>12 644</b>	<b>50 794</b>	<b>141 627</b>	<b>24 182</b>	<b>229 247</b>	

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## 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.

### (i) Interest rate risk

The Department of Housing has limited exposure to interest rate risk as agency financial assets and financial liabilities, with the exception of Treasury Loan and finance leases, are non-interest bearing. Finance lease and Treasury Loan arrangements are established on a fixed interest rate and as such do not expose the Department of Housing to interest rate risk.

### (ii) Price risk

The Department of Housing is not exposed to price risk as it does not hold units in unit trusts.

### (iii) Currency risk

The Department of Housing is not exposed to currency risk as it does not hold borrowings denominated in foreign currencies or transactional currency exposures arising from purchases in a foreign currency.

## e) Net fair value

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

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

	Total carrying amount \$'000	Net fair value level 1 \$'000	Net fair value level 2 \$'000	Net fair value level 3 \$'000	Net fair value total \$'000
<b>2015–16</b>					
<b>Financial Assets</b>					
Cash and deposits	74 723	74 723	-	-	74 723
Receivables	18 891	18 891	-	-	18 891
Advances and prepayments	1 679	1 679	-	-	1 679
<b>Total Financial Assets</b>	<b>95 293</b>	<b>95 293</b>	<b>-</b>	<b>-</b>	<b>95 293</b>
<b>Financial Liabilities</b>					
Deposits held	4 901	4 901	-	-	4 901
Unearned Revenue	4 743	4 743	-	-	4 743
Payables	4 677	4 677	-	-	4 677
Provisions	5 161	5 161	-	-	5 161
Borrowings and Advances	76 354	-	126 040	-	126 040
<b>Total Financial Liabilities</b>	<b>95 836</b>	<b>19 482</b>	<b>126 040</b>	<b>-</b>	<b>145 522</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

2014-15	Total carrying amount \$'000	Net fair value level 1 \$'000	Net fair value level 2 \$'000	Net fair value level 3 \$'000	Net fair value total \$'000
<b>Financial Assets</b>					
Cash and deposits	119 949	119 949	-	-	119 949
Receivables	18 350	18 350	-	-	18 350
Advances and prepayments	1 246	1 246	-	-	1 246
<b>Total Financial Assets</b>	<b>139 545</b>	<b>139 545</b>	<b>-</b>	<b>-</b>	<b>139 545</b>
<b>Financial Liabilities</b>					
Deposits held	4 467	4 467	-	-	4 467
Unearned Revenue	4 568	4 568	-	-	4 568
Payables	9 837	9 837	-	-	9 837
Provisions	5 310	5 310	-	-	5 310
Borrowings and Advances	78 116	-	124 871	-	124 871
<b>Total Financial Liabilities</b>	<b>102 298</b>	<b>24 182</b>	<b>124 871</b>	<b>-</b>	<b>149 053</b>

The net fair value of level 1 instruments are based on initial acquisition costs or charges and will be realised in the next 12 months.

The net fair value of level 2 instruments are based on discount of future cash flows by applying current market interest rates. Current market interest rates are determined with reference to the Australian Financial Markets Association sub reference rates plus margin.

The Department of Housing does not hold level 3 instruments.

There were no changes in valuation techniques during the period.

## Transfer between categories

There were no transfers between categories during the period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016		2015	
	Internal \$'000	External \$'000	Internal \$'000	External \$'000
<b>21. COMMITMENTS</b>				
<b>(i) Capital expenditure commitments</b>				
Capital expenditure commitments primarily related to the construction of urban and remote dwellings. Capital expenditure commitments contracted for at balance date but not recognised as liabilities are payable as follows:				
Within one year	-	813	-	56 841
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
	-	<b>813</b>	-	<b>56 841</b>
<b>(ii) Operating lease commitments</b>				
The Department leases property under non-cancellable operating leases expiring from one to 12 years. Leases generally provide the Department with a right of renewal, at which time all lease terms are renegotiated. The Department also leases items of plant and equipment under non-cancellable operating leases. Future operating lease commitments not recognised as liabilities are payable as follows:				
Within one year	-	13 770	-	12 212
Later than one year and not later than five years	-	37 543	-	27 337
Later than five years	-	33 079	-	26 499
	-	<b>84 392</b>	-	<b>66 048</b>
<b>(iii) Other expenditure commitments</b>				
Other non-cancellable expenditure commitments not recognised as liabilities are payable as follows:				
Within one year	-	8 364	-	6 235
Later than one year and not later than five years	-	810	-	1 100
Later than five years	-	720	-	1 440
	-	<b>9 894</b>	-	<b>8 775</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## 22. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

### a) Contingent liabilities

Territory Housing Appeals Board members in Alice Springs and Darwin are indemnified against all actions, proceedings, claims, demands, liabilities, losses, expenses (legal or otherwise) and payments whatsoever arising out of or in respect of an act or thing done or omitted to be done by members in their capacity as a member of the board. To date there have been no claims.

The Department of Housing also holds contingent liabilities in operating and finance lease agreements. The risk associated with these agreements is considered to be low and unquantifiable.

### b) Contingent assets

The Department of Housing had no contingent assets as at 30 June 2016 or 30 June 2015.

## 23. 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.

## 24. ACCOUNTABLE OFFICER'S TRUST ACCOUNT

In accordance with section 7 of the *Financial Management Act*, an Accountable Officer's Trust Account has been established for the receipt of money to be held in trust. A summary of activity is shown below:

Nature of trust money	Opening balance 1 July 2015 \$'000	Receipts \$'000	Payments \$'000	Closing balance 30 June 2016 \$'000
Security deposits	4 187	529	105	4 611
Unclaimed money	280	20	11	289
	<b>4 467</b>	<b>549</b>	<b>116</b>	<b>4 900</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## 25. WRITE-OFFS, POSTPONEMENTS, WAIVERS, GIFTS AND EX GRATIA PAYMENTS

	Department		Department	
	2016 \$'000	No. of trans.	2015 \$'000	No. of trans.
<b>Write-offs, postponements and waivers under the Financial Management Act</b>	<b>37 731</b>	<b>453</b>	<b>512</b>	<b>376</b>
Represented by:				
<i>Amounts written off, postponed and waived by Delegates</i>				
Irrecoverable amounts payable to the Territory or an agency written off	192	335	201	204
Losses or deficiencies of money written off	-	-	2	3
Public property written off				
Waiver or postponement of right to receive or recover money or property				
<b>Total Written Off, Postponed and Waived by Delegates</b>	<b>192</b>	<b>335</b>	<b>203</b>	<b>207</b>
<i>Amounts written off, postponed and waived by the Treasurer</i>				
Irrecoverable amounts payable to the Territory or an agency written off	492	110	-	-
Losses or deficiencies of money written off				
Public property written off				
Waiver or postponement of right to receive or recover money or property	-	-	309	169
<b>Total Written Off, Postponed and Waived by the Treasurer</b>	<b>492</b>	<b>110</b>	<b>309</b>	<b>169</b>
<b>Write-offs, Postponements and Waivers Authorised Under Other Legislation</b>				
<b>Gifts Under the Financial Management Act</b>	<b>37 020</b>	<b>6</b>	<b>-</b>	<b>-</b>
<b>Gifts Authorised Under Other Legislation</b>				
<b>Ex Gratia Payments Under the Financial Management Act</b>	<b>27</b>	<b>2</b>	<b>10</b>	<b>1</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## 25. BUDGETARY INFORMATION

Comprehensive Operating Statement	2015-16 actual \$'000	2015-16 original budget \$'000	Variance \$'000	Note
<b>INCOME</b>				
Grants and subsidies revenue				
Current	1 130	308	822	
Appropriation				
Output	76 032	76 052	(20)	
Commonwealth	70 592	72 213	(1 621)	
Sales of goods and services	81 712	58 379	23 333	1
Goods and services received free of charge	4 760	6 393	(1 633)	
Gain on disposal of assets	186	2 000	(1 814)	
Other income	179	30	149	
<b>TOTAL INCOME</b>	<b>234 591</b>	<b>215 375</b>	<b>19 216</b>	
<b>EXPENSES</b>				
Employee expenses	40 450	(39 507)	943	
Administrative expenses				
Purchases of goods and services	11 356	14 904	(3 548)	
Repairs and maintenance	42 714	27 462	15 252	2
Property management	53 227	41 748	11 479	3
Depreciation and amortisation	80 163	81 842	(1 679)	
Asset expenses	37 020	20 830	16 190	4
Other administrative expenses	14 365	6 393	7 972	
Grants and subsidies expenses				
Current	79 928	86 361	(6 433)	
Capital	3 078	-	3 078	
Community service obligations	2 264	2 489	(225)	
Interest expenses	10 874	9 973	901	
<b>TOTAL EXPENSES</b>	<b>375 439</b>	<b>331 509</b>	<b>43 930</b>	
<b>NET SURPLUS/(DEFICIT)</b>	<b>(140 848)</b>	<b>(116 134)</b>	<b>(24 714)</b>	
<b>OTHER COMPREHENSIVE INCOME</b>				
Items that will not be reclassified to net surplus/deficit				
Changes in asset revaluation surplus	(103 738)	-	(103 738)	
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>(103 738)</b>	<b>-</b>	<b>(103 738)</b>	
<b>COMPREHENSIVE RESULT</b>	<b>(244 586)</b>	<b>(116 134)</b>	<b>(128 452)</b>	

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## 25. BUDGETARY INFORMATION (CONT)

### Notes:

Explanations relate to significant variations greater than 10 per cent and \$10 million.

1. Variation of goods and services revenue is largely due to higher than budgeted rental income from remote tenants, recovery of government employee housing costs from user departments and unbudgeted affordable housing rents.
2. In accordance with Treasurer's Directions, capital expenditure that does not meet capitalisation requirements is expensed through repairs and maintenance. This variation relates to capital expenditure on remote public housing and infrastructure, cyclone repairs, and urban public housing repairs that do not meet capitalisation requirements.
3. Additional revenue-related budget capacity of \$10.8 million was approved during the year to fund government employee housing private head-leasing and other property management costs.
4. The increase in asset expenses compared to budget relates to assets gifted to Venture Housing Corporation. The variation is due to delays in delivery of dwellings by developers in 2014–15, which resulted in the related asset acquisitions and final gifting occurring in 2015–16.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## 25. BUDGETARY INFORMATION (CONT)

Balance Sheet	2015-16 actual \$'000	2015-16 original budget \$'000	Variance \$'000	Note
<b>ASSETS</b>				
Cash and deposits	74 723	21 897	52 826	1
Receivables	19 162	11 615	7 547	
Prepayments	1 679	864	815	
Property, plant and equipment	2 617 154	2 821 504	(204 350)	2
Land under finance lease	18 675	-	18 675	3
<b>TOTAL ASSETS</b>	<b>2 731 393</b>	<b>2 855 880</b>	<b>(124 487)</b>	
<b>LIABILITIES</b>				
Deposits held	4 900	3 973	927	
Creditors and accruals	4 677	4 393	284	
Borrowings and advances	94 858	92 969	1 889	
Provisions	5 161	6 151	(990)	
Other liabilities	4 743	4 151	592	
<b>TOTAL LIABILITIES</b>	<b>114 340</b>	<b>111 637</b>	<b>2 703</b>	
<b>NET ASSETS</b>	<b>2 617 053</b>	<b>2 744 243</b>	<b>(127 190)</b>	
<b>EQUITY</b>				
Capital	1 729 345	1 719 053	10 292	4
Reserves	1 122 807	1 932 123	(809 316)	
Accumulated funds	(235 099)	(906 933)	671 834	
<b>TOTAL EQUITY</b>	<b>2 617 053</b>	<b>2 744 243</b>	<b>(127 190)</b>	

### Notes:

Explanations relate to significant variations greater than 10 per cent and \$10 million.

1. Higher than budgeted cash levels can mainly be attributed to variations in the timing of expenditure on capital works programs, receipt of delayed 2014-15 funding for Commonwealth-funded programs, and an increase in rental income.
2. The original budgeted value for property, plant and equipment was based on an estimated revaluation increment. The variation substantially relates to a revaluation decrement due to a general downturn in the NT housing market.
3. Actual results are the amortised net present value of future lease payments of land under finance leases from Aboriginal land councils and trusts. The budget has not been adjusted for these ongoing transactions at this stage.
4. Additional capital appropriation received in 2015-16 due to a strategic reduction in the budgeted asset sales program pending the formulation of a five-year housing strategy.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## 25. BUDGETARY INFORMATION (CONT)

Cash Flow Statement	2015-16 actual \$'000	2015-16 original budget \$'000	Variance \$'000	Note
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating receipts				
Grants and subsidies received				
Current	1 130	308	822	
Appropriation				
Output	76 032	76 052	(20)	
Commonwealth	70 592	72 213	(1 621)	
Receipts from sales of goods and services	73 458	58 409	15 049	1
<b>Total operating receipts</b>	<b>221 212</b>	<b>206 982</b>	<b>14 230</b>	
Operating payments				
Payments to employees	(41 515)	(39 507)	(2 008)	
Payments for goods and services	(95 597)	(84 114)	(11 483)	2
Grants and subsidies paid				
Current	(79 928)	(86 361)	6 433	
Capital	(3 078)	-	(3 078)	
Community service obligations	(2 264)	(2 489)	225	
Interest paid	(10 874)	(9 974)	(900)	
<b>Total operating payments</b>	<b>(233 256)</b>	<b>(222 445)</b>	<b>(10 811)</b>	
<b>Net cash used in operating activities</b>	<b>(12 044)</b>	<b>(15 463)</b>	<b>3 419</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investing receipts				
Proceeds from asset sales	4 991	19 000	(14 009)	3
<b>Total investing receipts</b>	<b>4 991</b>	<b>19 000</b>	<b>(14 009)</b>	
Investing payments				
Purchases of assets	(148 792)	(178 533)	(27 741)	4
<b>Total investing payments</b>	<b>(148 792)</b>	<b>(178 533)</b>	<b>(27 741)</b>	
<b>Net cash used in investing activities</b>	<b>(143 801)</b>	<b>(159 533)</b>	<b>15 732</b>	

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

Cash Flow Statement	2015-16 actual \$'000	2015-16 original budget \$'000	Variance \$'000	Note
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Financing receipts</b>				
Deposits received	434	-	434	
Equity injections				
Capital appropriation	31 031	16 817	14 214	3
Commonwealth appropriation	81 211	70 303	10 908	5
<b>Total financing receipts</b>	<b>112 676</b>	<b>87 120</b>	<b>25 556</b>	
<b>Financing payments</b>				
Repayment of borrowings	(1 762)	(1 762)	-	
Finance lease payments	(295)	-	(295)	
<b>Total financing payments</b>	<b>(2 057)</b>	<b>(1 762)</b>	<b>(295)</b>	
<b>Net cash from financing activities</b>	<b>110 618</b>	<b>83 358</b>	<b>25 260</b>	
Net (decrease) in cash held	(45 226)	(89 638)	44 412	
Cash at beginning of financial year	119 949	111 535	8 414	
<b>CASH AT END OF FINANCIAL YEAR</b>	<b>74 723</b>	<b>21 897</b>	<b>52 826</b>	

## Notes:

Explanations relate to significant variations greater than 10 per cent and \$10 million.

1. Variation on receipts from sale of goods and services are largely due to higher than budgeted rental income received from all categories of tenants, including urban public housing tenants, remote public housing tenants, affordable housing rents, and recovery of government employee housing costs from user departments.
2. Variation on payments for goods and services substantially relate to property management, including government employee housing private head-leasing costs, which are recovered from user agencies where the cost exceeds budget.
3. Lower than budgeted proceeds from sale of assets are due to a strategic initiative to retain dwellings in order to maintain stock levels while the development of a five-year housing strategy was undertaken. Alternative funding was approved through additional capital appropriation.
4. Extended negotiations with the Commonwealth Government in regard to deliverables under national partnership agreements delayed delivery of capital programs. This was offset by increased expenditure in 2015-16 to settle dwellings for gifting to Venture Housing following delays in completing developments originally scheduled for delivery in 2014-15.
5. One payment under the Commonwealth National Partnership Agreement funding that was originally scheduled for 2014-15 was received in 2015-16.

# 5

## FINANCIAL STATEMENTS NT HOME OWNERSHIP



# FINANCIAL STATEMENT OVERVIEW

FOR THE YEAR ENDED 30 JUNE 2016

NT Home Ownership operates as a government business division (GBD) as determined by the Treasurer under the *Financial Management Act*. GBDs are required to operate in a competitively neutral manner and adopt commercial practices. These include paying tax equivalents and dividends under the Northern Territory Tax Equivalents and Dividend Regimes. The recipient of these payments is the Northern Territory Government, as owner.

NT Home Ownership operates to provide home loan products and services to increase supply at the more affordable end of the housing market. It provides home ownership opportunities for Territorians otherwise unable to enter the housing market and reduces pressure on the rental market.

Its principal source of revenue is interest earned on advances to clients borrowing funds for the purchase of a home. In some instances, NT Home Ownership takes a portion of the equity in the home to be purchased, with the expectation that over time, capital gains are likely to accrue from the equity share.

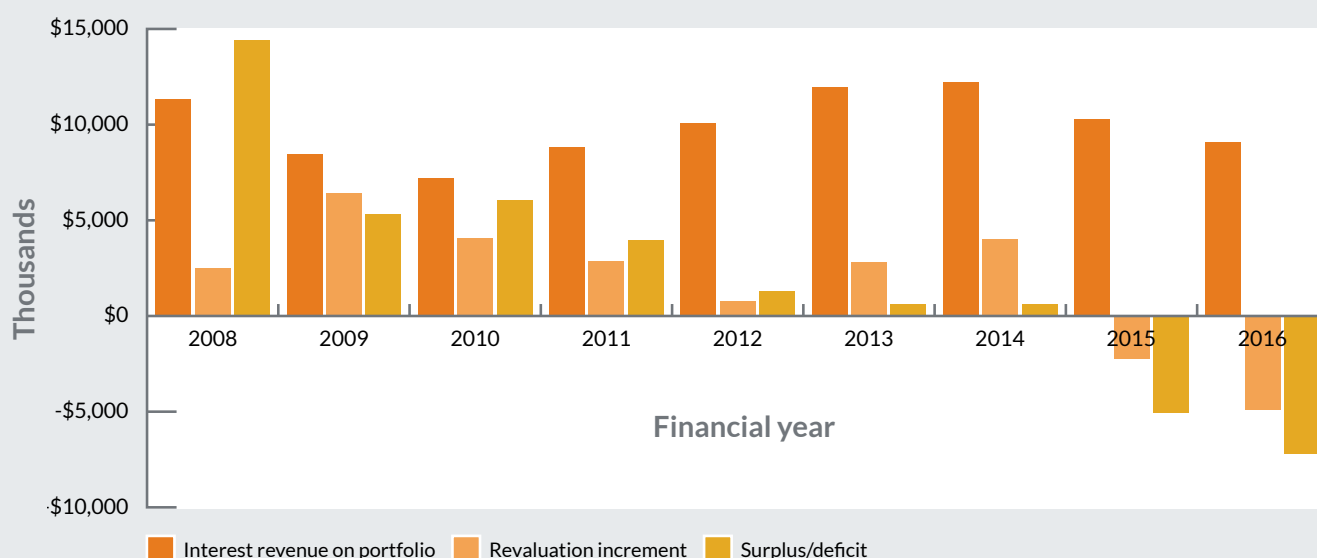
NT Home Ownership does not receive any direct government funding. Where it is required to carry out activities it would not elect to do on a commercial basis, such as subsidised loans or low rate loans, NT Home Ownership can apply for Community Service Obligation funding, which, if approved, is provided through the Department of Housing.

To provide efficiencies and ensure access to appropriate skills and knowledge, NT Home Ownership home loans are administered by the People's Choice Credit Union under a management agreement. Financing of loans to clients is funded through borrowings from NT Treasury Corporation and the repayment of advances received from existing clients.

For financial year 2015–16, NT Home Ownership has returned a Net Deficit of \$7.187 million. This compares to a Net Deficit of \$5.039 million in fiscal year 2015.

The deficit for fiscal year 2016 is largely due to an operating loss from the revaluation of shared equity investments, which produced a loss on revaluation and disposals of investments of \$5.067 million (\$2.596 million in 2015).

## Interest revenue and revaluations impact on surplus/deficit



Source: NT Home Ownership Financial Statements 2008–2016

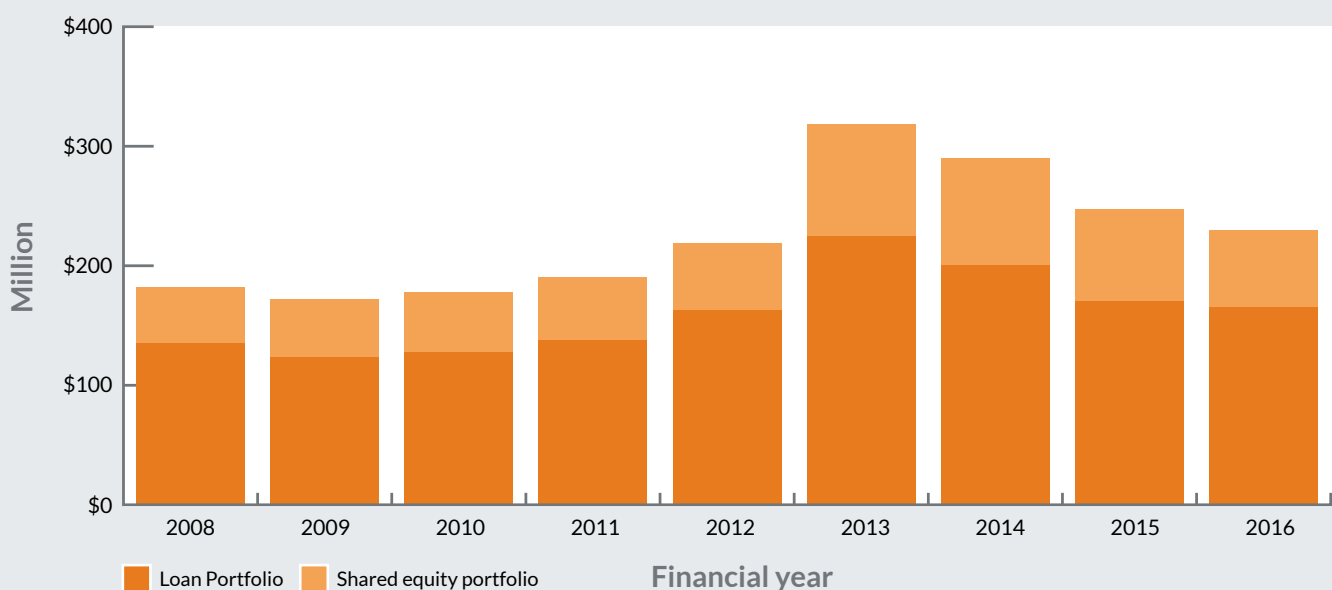
The deficits are a result of broader economic conditions currently being experienced. In the current low interest rate environment borrowers are able to access lower interest rates than those available through NT Home Ownership, and many have been choosing to refinance advances, or in some cases to sell. The lower portfolio balance results in a decline in interest revenue for NT Home Ownership.

In fiscal 2016 however, this trend has been tempered by declines in the NT property market which make it more difficult for borrowers to meet equity requirements for refinancing, and also makes selling a less attractive proposition, so revenue is declining at a slower rate than in 2015. Offsetting the trend to a lower portfolio balance, there has also been a surge in new HomeBuild Access loans that is attributed to new land releases at Zuccoli, combined with a more vigorous marketing effort by the new product managers, People's Choice Credit Union (PCCU).

NT Home Ownership has continued to operate efficiently during fiscal 2016, with a decline in purchases of goods and services expenditure totalling \$0.61 million. This is mainly attributable to lower management fee expenses, and is also offset to some extent by increased employee expenses (\$69 thousand) and higher provisions for loan impairment, increased by \$242 thousand to \$528 thousand.

Interest expense has declined with the repayment of \$28 million in maturing loans during the year, and refinancing of a further \$30 million of loans at better interest rates. Both the repayment and refinancing of loans, due to the current low interest rate environment, will reduce interest payments in future years.

## Total investments







## AUDITOR-GENERAL

### Independent Auditor's Report to the Minister for Housing

#### NT Home Ownership

I have audited the accompanying financial report of the NT Home Ownership which comprises a balance sheet as at 30 June 2016, and the comprehensive operating statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes, and the certification of the financial statements by the Chief Executive.

#### The responsibility of the Chief Executive for the financial report

The Chief Executive of the Department of Housing is responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, I consider internal controls relevant to NT Home Ownership's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NT Home Ownership's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### Opinion

In my opinion the financial report gives a true and fair view of the financial position of NT Home Ownership as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Julie Crisp

Auditor-General for the Northern Territory

Darwin, Northern Territory

5 September 2016

## CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached financial statements for NT Home Ownership 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.



**LEAH CLIFFORD**  
Chief Executive Officer

31 August 2016



**KEN TINKHAM**  
Chief Financial Officer

31 August 2016

# COMPREHENSIVE OPERATING STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$'000	2015 \$'000
<b>INCOME</b>			
Sales of goods and services	3	7	7
Interest revenue	5	9 500	10 814
Community Service Obligations	4	2 264	2 137
<b>TOTAL INCOME</b>		<b>11 771</b>	<b>12 958</b>
<b>EXPENSES</b>			
Employee expenses		235	166
Administrative expenses			
Purchases of goods and services	8	1 966	2 576
Write-offs and impairment expense		528	286
Loss on revaluation of shared equity investments	7	4 880	2 199
Loss on disposal of shared equity investments	6	187	397
Grants and subsidies expenses			
Current		18	81
Interest expenses		11 144	12 292
<b>TOTAL EXPENSES</b>		<b>18 958</b>	<b>17 997</b>
<b>NET DEFICIT BEFORE INCOME TAX</b>		<b>(7 187)</b>	<b>(5 039)</b>
<b>NET DEFICIT AFTER INCOME TAX</b>		<b>(7 187)</b>	<b>(5 039)</b>
<b>COMPREHENSIVE RESULT</b>		<b>(7 187)</b>	<b>(5 039)</b>

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

# BALANCE SHEET

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$'000	2015 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and deposits	10	8 181	35 895
Advances	11	3 008	2 627
Receivables	11	42	82
<b>Total Current Assets</b>		<b>11 231</b>	<b>38 604</b>
<b>Non-Current Assets</b>			
Advances	11	161 284	166 868
Shared equity investments	12	66 194	77 043
<b>Total Non-Current Assets</b>		<b>227 478</b>	<b>243 729</b>
<b>TOTAL ASSETS</b>		<b>238 709</b>	<b>282 333</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	14	863	1 119
Borrowings and advances	15	8 579	38 186
Provisions	16	25	20
<b>Total Current Liabilities</b>		<b>9 467</b>	<b>39 325</b>
<b>Non-Current Liabilities</b>			
Borrowings and advances	15	202 214	208 793
<b>Total Non-Current Liabilities</b>		<b>202 214</b>	<b>208 793</b>
<b>TOTAL LIABILITIES</b>		<b>211 681</b>	<b>248 119</b>
<b>NET ASSETS</b>		<b>27 028</b>	<b>34 215</b>
<b>EQUITY</b>			
Capital		22 745	22 745
Accumulated funds		4 283	11 470
<b>TOTAL EQUITY</b>		<b>27 028</b>	<b>34 215</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 1 July 15 \$'000	Comprehensive result \$'000	Transactions with owners in their capacity as owners \$'000	Equity at 30 June 16 \$'000
<b>2015-16</b>					
Accumulated Funds		11 470	(7 187)	-	4 283
Capital – Transactions with Owners		22 745	-	-	22 745
<b>Total Equity at End of Financial Year</b>		<b>34 215</b>	<b>(7 187)</b>	<b>-</b>	<b>27 028</b>
<b>2014-15</b>					
Accumulated Funds		16 509	(5 039)	-	11 470
Capital – Transactions with Owners		22 745	-	-	22 745
<b>Total Equity at End of Financial Year</b>		<b>39 254</b>	<b>(5 039)</b>	<b>-</b>	<b>34 215</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 \$'000	2015 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Operating Receipts</b>			
Receipts from sales of goods and services and community service obligations		2 415	2 293
Interest received		9 547	10 775
<b>Total Operating Receipts</b>		<b>11 962</b>	<b>13 068</b>
<b>Operating Payments</b>			
Payments to employees		(236)	(179)
Payments for goods and services		(2 230)	(2 574)
Grants and subsidies paid			
Current		(18)	(81)
Interest paid		(11 281)	(12 325)
<b>Total Operating Payments</b>		<b>(13 765)</b>	<b>(15 159)</b>
<b>Net Cash From/(Used in) Operating Activities</b>	17	<b>(1 803)</b>	<b>(2 091)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Investing Receipts</b>			
Repayment of advances		18 966	34 197
Sales of investments		5 782	10 309
<b>Total Investing Receipts</b>		<b>24 748</b>	<b>44 506</b>
<b>Investing Payments</b>			
Purchases of assets		-	(55)
Advances and investing payments		(14 473)	(4 469)
<b>Total Investing Payments</b>		<b>(14 473)</b>	<b>(4 524)</b>
<b>Net Cash From/(Used in) Investing Activities</b>		<b>10 275</b>	<b>39 982</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Financing Payments</b>			
Repayment of borrowings		(36 186)	(12 812)
<b>Total Financing Payments</b>		<b>(36 186)</b>	<b>(12 812)</b>
<b>Net Cash From/(Used in) Financing Activities</b>		<b>(36 186)</b>	<b>(12 812)</b>
Net increase/(decrease) in cash held		(27 714)	25 079
Cash at beginning of financial year		35 895	10 816
<b>CASH AT END OF FINANCIAL YEAR</b>	10	<b>8 181</b>	<b>35 895</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## 1. OBJECTIVES AND FUNDING

NT Home Ownership operates as a government business division (GBD) as determined by the Treasurer under the *Financial Management Act*. Under the GBD Framework, government businesses declared to be a GBD are required to operate in a competitively neutral manner and adopt commercial practices. These include paying tax equivalents under the Northern Territory Tax Equivalents Regime and Dividend Regime to Northern Territory Government, as owner.

NT Home Ownership provides home loan products and services to increase supply at the more affordable end of the housing market, provides more home ownership opportunities for Territorians otherwise unable to enter the market and reduces pressure on the rental market. Where NT Home Ownership carries out activities it would not elect to do on a commercial basis, community service obligation funding is provided through the Department of Housing appropriation for identifiable community or social benefits.

See note 4.

The home loans are administered under a management arrangement by the People's Choice Credit Union. Additional information in relation to NT Home Ownership and its principal activities may be found in the performance section of the annual report.

## 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### a) Statement of compliance

The financial statements have been prepared in accordance with the requirements of the *Financial Management Act* and related Treasurer's Directions. The *Financial Management Act* requires NT Home Ownership 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

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

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 affect 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 affect 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 affect the financial statements.

**AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality** This 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 affect 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 affect 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

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 2014-1 Amendments to Australian Accounting Standards [Part D Consequential arising from AASB 14 Regulatory Deferral Accounts]	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
AASB 2016-1 Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]	1 January 2017

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
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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Impact
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 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	1 January 2018	Amends various AAS's 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 AAS's 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## c) Reporting entity

The financial statements cover NT Home Ownership (NTHO) as an individual reporting entity.

NT Home Ownership is a Northern Territory agency established under the *Interpretation Act Administrative Arrangements Order* and a government business division established under the *Financial Management Act*.

The principal place of business of the NTHO is 47 Mitchell Street Darwin, Northern Territory, 0800.

## d) Agency and Territory items

The financial statements of NT Home Ownership include income, expenses, assets, liabilities and equity over which the NT Home Ownership 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 the Central Holding Authority as discussed below.

### Central Holding Authority

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

The Central Holding Authority 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.

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

The Central Holding Authority recognises and records all Territory items, and as such, these items are not included in the Department's financial statements.

NT Home Ownership does not have any 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 of \$500 or less being rounded down to zero. Figures in the financial statements and notes may not equate due to rounding.

## g) Changes in accounting policies

There have been no changes to accounting policies adopted in 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 that are believed to be reasonable under the circumstances, the results of which form

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

- Employee benefits – note 2(v) and note 16: Non-current liabilities in respect of employee benefits 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.
- Contingent liabilities – note 20: The present value of material quantifiable contingent liabilities are calculated using a discount rate based on the published 10-year government bond rate.
- Allowance for impairment losses – note 2(q), note 11: Receivables and note 18: Financial Instruments. The allowance represents debts that are likely to be uncollectible and are considered doubtful. Debtors are grouped according to their ageing profile and history of previous financial difficulties.

### i) Goods and Services Tax

Income, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred on a purchase of goods and services is not recoverable from the Australian Tax Office (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 Department 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## 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 Department 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 Department
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

## Rendering of services

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

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

## Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset. See note 5.

## Disposal of assets - investments

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. Refer also to note 6.

## Community service obligation funding

Community service obligation funding is received from the Northern Territory Government where the entity is required to carry out activities on a non-commercial basis. Revenue in respect of this funding is recognised in the period in which the entity gains control of the funds. See note 4.

## 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 Department obtains control of the asset or contribution. Contributions are recognised at the fair value received or receivable.

## k) Interest expense

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

## l) Taxation

The Department is required to pay income tax on its taxable income at the company tax rate of 30 per cent in accordance with the requirements of the Treasurer's Directions and the NT Tax Equivalents Regime. Taxable income is accounting surplus less revaluation gains on shared equity investments. No tax is payable by NT Home Ownership in respect to the 2015–16 financial year. See note 9.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## m) 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. See note 10.

## n) 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 are considered doubtful. Analyses of the age of the receivables that are past due as at the reporting date are disclosed in an ageing schedule under credit risk in note 18 Financial Instruments. Reconciliation of changes in the allowance accounts is also presented.

Accounts receivable are generally settled within 30 days and other receivables within 60 days.

## Home loans

All loans are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. The effective interest rate calculation includes the contractual terms of the loans together with fees and transaction costs.

The collectability of debts is assessed at year-end for home loan debtors. The Department will recognise an allowance for doubtful loans when objective evidence exists that all or part of a loan is impaired and unlikely to be collected. Loans are written off to the allowance account when they are assessed as not recoverable.

## o) 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.

## p) 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. 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.

NT Home Ownership does not hold any property, plant or equipment.

## q) Revaluations and impairment

### Revaluation of assets

Subsequent to initial recognition, assets belonging to the following classes of non-current assets are revalued with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from their fair value at reporting date.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## Shared equity investments

Shared equity investments are revalued with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from their fair value at reporting date.

Shared equity investments are measured on the market approach of fair value basis, being the amount 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. The entity has adopted the policy of revaluing its shared equity investments every year with any changes in fair value recognised as a gain or loss in the Comprehensive Operating Statement.

An independent valuation of all shared equity investments was completed as at 30 June 2016 by Colliers International (NT) Pty Ltd, the results of which are reflected in these financial statements. The valuation method used was based on market evidence of sale prices of comparable land and buildings in similar locations. Note 13(a). For more information on fair value, see note 2 (ee).

## Loans and advances and receivables

Loans and advances, and other receivables have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at fair value through profit and loss less impairment. For more information on fair value, see note 2 (ee).

## Impairment of assets

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

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

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

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

## Impairment of financial assets - loans and advances

Financial assets are reviewed annually to determine whether there is objective evidence of impairment. A financial asset or group of financial assets is impaired, and impairment losses are incurred if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition that indicates that it is probable that the Department will be unable to collect all amounts due. The carrying amount of a financial asset identified as impaired is reduced to its estimated recoverable amount.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## r) Assets held for sale

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction or a grant agreement rather than continuing use. Assets held for sale consist of those assets that management has determined are available for immediate sale or granting in their present condition and their sale is highly probable within one year from the date of classification.

These assets are measured at the lower of the asset's carrying amount and fair value less costs to sell. These assets are not depreciated. Non-current assets held for sale have been recognised on the face of the financial statements as current assets.

The Department has no assets held for sale.

## s) Leased assets

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

The Department has no finance or operating leases.

## 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. See note 14.

## u) Borrowings

Government loans are initially recognised at the fair value of the consideration received less directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method. See note 15.

## v) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries and recreation leave. Liabilities arising in respect of wages and salaries, recreation leave and other employee benefit liabilities that fall due within 12 months of reporting date are classified as current liabilities and are measured at amounts expected to be paid. Non-current employee benefit liabilities that fall due after 12 months of the reporting date are measured at present value, calculated using the government long-term bond rate.

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

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

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

As part of the financial management framework, the Central Holding Authority assumes the long service leave liabilities of government agencies, including NT Home Ownership, and as such no long service leave liability is recognised in the Department financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## w) 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 Department makes superannuation contributions on behalf of its employees to the Central Holding Authority or non-government employee-nominated schemes. Superannuation liabilities related to government superannuation schemes are held by the Central Holding Authority and as such are not recognised in Department financial statements.

## x) Dividends

The Department provides for a dividend payable at the rate of 50 per cent of net surplus after tax in accordance with the Northern Territory Government's dividend policy. No dividend is payable by NT Home Ownership in respect to the 2015–16 financial year.

## y) Economic dependence

The entity, NT Home Ownership, is established by the *Financial Management Act* as a government business division and is subject to the direction of the Minister for Housing. The entity operates in a competitively neutral manner and adopts commercial practices. Where NT Home Ownership carries out activities it would not elect to do on a commercial basis, community service obligation funding is provided through the Department of Housing appropriation for identifiable community or social benefits. Community service obligation payments are reflected separately as revenue in the Comprehensive Operating Statement. These statements are prepared on a 'going concern' basis in the expectation that such funding will continue. See note 4.

## z) Nature and purpose of reserves

NT Home Ownership currently does not hold any reserves.

## aa) Administration fees

Administration fees were paid by the entity throughout the year to People's Choice Credit Union, for services provided in respect of home loans. See (note 8).

## bb) Contributions by and distributions to government

The Department may receive contributions from government where the government is acting as owner of the Department. Conversely, the Department may make distributions to government. In accordance with the *Financial Management Act* 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 Department as adjustments to equity.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## cc) Commitments

Disclosures in relation to capital and other commitments, including lease commitments, are shown at note 19.

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

## dd) 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 Department becomes a party to the contractual provisions of the financial instrument. The Department's financial instruments include cash and deposits; receivables; advances; investments loan and placements; payables; advances received; and borrowings.

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 risk arise in the normal course of activities. The Department's investments, loans and placements, and borrowings are predominantly managed through the NTTC adopting strategies to minimise the risk.

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

Financial liabilities are classified into the following categories:

- financial liabilities at fair value through profit or loss (FVTPL)
- financial liabilities at amortised cost.

### 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
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking
- a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

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
- the instrument forms part of a group of financial instruments that 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.
- financial liabilities at fair value through profit or loss include deposits held excluding statutory deposits, accounts payable and accrued expenses. Financial assets at fair value through profit or loss include short-term securities and bonds.

### Held-to-maturity investments

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

### Loans and receivables

For details, refer to note 2 (n), but exclude statutory receivables.

### Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets, principally equity securities, that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition, available-for-sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the Comprehensive Operating Statement.

### Financial liabilities at amortised cost

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

### ee) Fair value measurement

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

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

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

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

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

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

Level 3 – inputs are unobservable.

### **Shared equity investments**

Shared equity investments are classified as investment properties at fair value through profit or loss. Gains or losses on shared equity investments are recognised in Comprehensive Operating Statement and the related investments are classified as non-current investments in the Balance Sheet.

Shared equity investments are initially recognised at cost. Subsequently, shared equity investments are recorded at fair value. Fair value is determined using the market approach.

For more information on fair value, see notes 12, 13 and 2(ff).

### **ff) Shared equity investments**

These are properties held under loan programs previously provided by the Northern Territory Government and properties purchased and/or constructed from/by external parties under these programs. Initial recognition is the fair value using the market approach at the time of recognition, based on market evidence of sales prices of comparable land and buildings in similar locations.

Shared equity investments are revalued with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from their fair value at reporting date. Minority interest holdings are measured on the market approach at fair value basis, being the amount 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. The Department has adopted the policy of revaluing its minority interest holdings every year with any changes in fair value recognised as a gain or loss in the Comprehensive Operating Statement.

An independent valuation of all shared equity investments was completed by Colliers International (NT) Pty Ltd for values as at the 30 June 2016, the results of which are reflected in these financial statements. The valuation method was based on market evidence of sale prices of comparable land and buildings in similar locations.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$'000	2015 \$'000
<b>3. SALES OF GOODS AND SERVICES</b>		
Valuation fees	5	7
Miscellaneous revenue	2	-
	<b>7</b>	<b>7</b>
<b>4. COMMUNITY SERVICE OBLIGATIONS</b>		
<b>Interest subsidy – low interest rates</b>		
The Department offers low interest rate loans for low to moderate income Territorians. The aim of providing subsidised interest loans is to increase the level of home ownership in the Territory and reduce the demand on public housing.		
Community service obligation funding received	2 246	2 056
Net cost of delivering service	(2 246)	(2 056)
<b>CSO surplus/(deficit)</b>	<b>-</b>	<b>-</b>
<b>Stamp duty differential</b>		
The stamp duty differential is a grant paid to public housing tenants purchasing their public housing properties through private finance.		
Community service obligation funding received	18	81
Net cost of delivering service	(18)	(81)
<b>CSO surplus/(deficit)</b>	<b>-</b>	<b>-</b>
<b>5. INTEREST REVENUE</b>		
Interest on Cash at Bank	440	550
Interest on advances	9 060	10 264
	<b>9 500</b>	<b>10 814</b>
<b>6. PROFIT/(LOSS) ON DISPOSAL OF SHARED EQUITY INVESTMENTS</b>		
Net proceeds from the sale of shared equity investments	5 782	10 309
Less: Carrying value of shared equity investments disposed	(5 969)	(10 706)
<b>Loss on the disposal of shared equity investments</b>	<b>(187)</b>	<b>(397)</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$'000	2015 \$'000
<b>7. PROFIT/(LOSS) ON REVALUATION OF SHARED EQUITY INVESTMENTS</b>		
Revaluation of Investments	66 194	77 043
Less book value prior to revaluation	(70 851)	(79 241)
Less revaluation of investments during year	(223)	-
<b>Loss on the revaluation of shared equity investments</b>	<b>(4 880)</b>	<b>(2 199)</b>
<b>8. PURCHASES OF GOODS AND SERVICES</b>		
The net deficit has been arrived at after charging the following expenses:		
<b>Goods and services expenses:</b>		
Consultants	-	1
Advertising	5	2
Loan administration fees	1 748	2 312
Marketing and promotion	-	3
Valuation fees	60	85
Legal expenses	32	79
Audit fees	51	32
Training and study	2	-
Official duty fares	2	3
Travelling allowance	-	1
Other operational expenditure	66	58
	<b>1 966</b>	<b>2 576</b>
<b>9. INCOME TAX EXPENSE AND TAX EQUIVALENT REGIME</b>		
<b>Income Tax Payable</b>		
Deficit before income tax	(7 187)	(5 039)
Less revaluation of investments	(4 880)	(2 199)
<b>Taxable Income (Loss)</b>	<b>(12 067)</b>	<b>(7 238)</b>
<b>Income tax expense @30%</b>	<b>-</b>	<b>-</b>
*(I) Income tax is only payable where NT Home Ownership makes an accounting surplus for the financial year.		
<b>10. CASH AND DEPOSITS</b>		
Cash on hand	698	115
Cash at bank	7 483	35 780
	<b>8 181</b>	<b>35 895</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$'000	2015 \$'000
<b>11. RECEIVABLES AND ADVANCES</b>		
Current		
Interest receivable	12	58
GST receivables	30	24
<b>Total current receivables</b>	<b>42</b>	<b>82</b>
Loans to home purchasers	3 008	2 627
<b>Total current advances</b>	<b>3 008</b>	<b>2 627</b>
<b>Total current receivables and advances</b>	<b>3 049</b>	<b>2 709</b>
Non-Current		
Loans to home purchasers	162 368	167 242
Less impairment	(1 084)	(556)
<b>Total non-current advances</b>	<b>161 284</b>	<b>166 686</b>
<b>Total Receivables and Advances</b>	<b>164 333</b>	<b>169 396</b>
<b>12. SHARED EQUITY INVESTMENTS</b>		
Minority interest holding at independent valuation	66 194	77 043
<b>Total investments in shared equity</b>	<b>66 194</b>	<b>77 043</b>
<b>Shared Equity Investments</b>		
Opening Balance as at July 1	77 043	89 893
Additions	-	55
Disposals	(5 969)	(10 706)
Revaluation	(4 880)	(2 199)
<b>Total investments in shared equity as at 30 June</b>	<b>66 194</b>	<b>77 043</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## 13. 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 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
<b>2015-16</b>				
<b>Asset classes</b>				
Shared Equity Investments (note 12)	-	66 194	-	66 194
<b>Total</b>	<b>-</b>	<b>66 194</b>	<b>-</b>	<b>66 194</b>
<b>2014-15</b>				
<b>Asset classes</b>				
Shared Equity Investments (note 12)	-	77 043	-	77 043
<b>Total</b>	<b>-</b>	<b>77 043</b>	<b>-</b>	<b>77 043</b>

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 2 techniques	Level 3 techniques
<b>Asset classes</b>		
Shared Equity Investments	Market approach	

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

Colliers International (NT) Pty Ltd provided valuations for the shared equity investments as at 30 June 2016.

Level 2 fair values of shared equity investments were based on market evidence of sale prices of comparable land and buildings in similar locations.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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

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

	Shared equity investments \$'000
<b>2015–16</b>	
Fair value as at 1 July 2015	77 043
Additions	-
Disposals	(5 969)
Transfers from Level 2	-
Transfers to Level 2	-
Losses recognised in net deficit	(4 880)
<b>Fair value as at 30 June 2016</b>	<b>66 194</b>
<b>2014–15</b>	
Fair value as at 1 July 2014	89 893
Additions	55
Disposals	(10 706)
Transfers from Level 2	-
Transfers to Level 2	-
Losses recognised in net deficit	(2 199)
<b>Fair value as at 30 June 2015</b>	<b>77 043</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$'000	2015 \$'000
<b>14. PAYABLES</b>		
Accounts payable	167	172
Accrued expenses	137	252
Interest payables	559	696
<b>Total Payables</b>	<b>863</b>	<b>1 119</b>
<b>15. BORROWINGS AND ADVANCES</b>		
Current		
Loans and advances	8 579	38 186
<b>Total Current Loans and Advances</b>	<b>8 579</b>	<b>38 186</b>
Non-Current		
Loans and advances	202 214	208 793
<b>Total Non-Current Loans and Advances</b>	<b>202 214</b>	<b>208 793</b>
<b>Total Borrowings and Advances</b>	<b>210 793</b>	<b>246 979</b>
<b>16. PROVISIONS</b>		
Current		
<i>Employee benefits</i>		
Recreation leave	19	14
Leave loading	4	3
<b>Total current provisions</b>	<b>23</b>	<b>17</b>
<i>Other current provisions</i>		
Employee Superannuation	2	3
<b>Total other provisions</b>	<b>2</b>	<b>3</b>
<b>Total Provisions</b>	<b>25</b>	<b>20</b>

The Department employed two employees as at 30 June 2016 (three employees as at 30 June 2015).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

2016  
\$'000

2015  
\$'000

## 17. NOTES TO THE CASH FLOW STATEMENT

### Reconciliation of Cash

The total of Department 'cash and deposits' of \$8.181M 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

<b>Net Deficit</b>	(7 187)	(5 039)
<i>Non-cash items:</i>		
Loss on disposal of investments	187	397
Loss on revaluation of investments	4 880	2 199
Doubtful debts expense	528	286
<i>Changes in assets and liabilities:</i>		
Decrease/(Increase) in receivables	40	(45)
(Decrease)/Increase in payables	(257)	119
(Decrease)/Increase in provision for employee benefits	5	(8)
(Decrease)/Increase in other provisions	(1)	-
<b>Net Cash from Operating Activities</b>	<b>(1 803)</b>	<b>(2 091)</b>

### Non-Cash Financing and Investing Activities

#### Finance Lease Transactions

During the financial year, the Department acquired no plant and equipment/computer equipment and software with an aggregate fair value by means of finance leases.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## 18. 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 NT Home Ownership include cash and deposits, receivables, advances, payables and borrowings. NT Home Ownership has limited exposure to financial risks as discussed below.

### a) Categorisation of financial instruments

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

#### 2015–16 categorisation of financial instruments

	Fair value through profit or loss						
	Held for trading \$'000	Designated at fair value \$'000	Held-to-maturity investments \$'000	Financial assets - loans and receivables \$'000	Financial assets - available for sale \$'000	Financial liabilities - amortised cost \$'000	Total \$'000
Cash and deposits	-	8 181	-	-	-	-	8 181
Receivables	-	12	-	-	-	-	12
Advances	-	-	-	164 292	-	-	164 292
<b>Total Financial Assets</b>	<b>-</b>	<b>8 193</b>	<b>-</b>	<b>164 292</b>	<b>-</b>	<b>-</b>	<b>172 485</b>
Payables <sup>1</sup>	-	863	-	-	-	-	863
Loans	-	-	-	-	-	210 793	210 793
<b>Total Financial Liabilities</b>	<b>-</b>	<b>863</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>210 793</b>	<b>211 656</b>

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

## 2014-15 categorisation of financial instruments

	Fair value through profit or loss					
	Held for trading \$'000	Designated at fair value \$'000	Held-to-maturity investments \$'000	Financial assets - loans and receivables \$'000	Financial assets - available for sale \$'000	Financial liabilities - amortised cost \$'000
Cash and deposits	-	35 895	-	-	-	-
Receivables	-	58	-	-	-	-
Advances	-	-	-	169 314	-	-
<b>Total Financial Assets</b>	<b>-</b>	<b>35 953</b>	<b>-</b>	<b>169 314</b>	<b>-</b>	<b>-</b>
<b>205 267</b>						
Payables <sup>1</sup>	-	1 119	-	-	-	-
Loans	-	-	-	-	-	246 979
<b>Total Financial Liabilities</b>	<b>-</b>	<b>1 119</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>246 979</b>
<b>248 098</b>						

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

### b) Credit risk

Credit risk is the risk of financial loss and/or increased costs due to the failure of counterparty to meet its financial obligations. The Department's exposure to credit risk arises from funds advanced to loan counterparties and the possibility that counterparty will not adhere to the terms of the contract with the Department when settlement becomes due.

The Department has limited credit risk exposure (risk of default). In respect of any dealings with organisations external to government, the Department 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 exposure to credit risk is influenced mainly by the individual characteristics of each non-government debtor. In monitoring debtor credit risk, debtors are grouped according to their ageing profile and existence of previous financial difficulties. Loans are provided to home purchasers subject to the retention of title clauses so that in the event of non-payment, the Department may have a secured claim.

The Department has established an allowance for impairment that represents its estimate of incurred losses in respect of loan receivables. The main components of this allowance are a specific loss component that relates to individual exposures, and/or collective loss component established for groups of similar assets.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

The Department believes that no impairment allowance is necessary in respect of general receivables.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Department'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 that exposure to bad debts is not significant. A reconciliation and ageing analysis of receivables is presented below.

	Ageing of receivables \$'000	Ageing of impaired receivables \$'000	Net receivables \$'000
<b>Internal receivables</b>			
<b>2015-16</b>			
Not overdue	12	-	12
<b>Total</b>	<b>12</b>	<b>-</b>	<b>12</b>
<b>2014-15</b>			
Not overdue	58	-	58
<b>Total</b>	<b>58</b>	<b>-</b>	<b>58</b>
<b>External Receivables - Loans &amp; Advances</b>			
<b>2015-16</b>			
Not overdue	164 292	-	164 292
Overdue for less than 30 days	10	10	-
Overdue for 30 to 60 days	4	4	-
Overdue for more than 60 days	1 070	1 070	-
<b>Total</b>	<b>165 376</b>	<b>1 084</b>	<b>164 292</b>
<b>Reconciliation of the Allowance for Impairment Losses</b>			
Opening		556	
Written off during the year		-	
Recovered during the year		-	
Increase in allowance recognised in profit or loss		528	
<b>Total</b>		<b>1 084</b>	
<b>2014-15</b>			
Not overdue	169 314	-	169 314
Overdue for less than 30 days	17	17	-
Overdue for 30 to 60 days	11	11	-
Overdue for more than 60 days	527	527	-
<b>Total</b>	<b>169 869</b>	<b>556</b>	<b>169 314</b>
<b>Reconciliation of the Allowance for Impairment Losses</b>			
Opening		270	
Written off during the year		-	
Recovered during the year		-	
Increase in allowance recognised in profit or loss		527	
<b>Total</b>		<b>556</b>	



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## c) Liquidity risk

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

The following tables detail the Department's remaining contractual maturity for its financial assets and liabilities. It should be noted that these values are undiscounted, and consequently totals may not reconcile to the carrying amounts presented in the Balance Sheet.

### 2016 Maturity analysis for financial assets and liabilities

	Variable interest rate			Fixed interest rate			Non interest bearing %	Total %	Weighted average %
	Less than a year \$'000	1 to 5 years \$'000	More than 5 years \$'000	Less than a year \$'000	1 to 5 years \$'000	More than 5 years \$'000			
<b>Assets</b>									
Cash and deposits	8 181	-	-	-	-	-	-	8 181	1.97%
Receivables	-	-	-	-	-	-	12	12	-
Advances	15 088	62 546	339 068	-	-	-	-	416 702	5.30%
<b>Total Financial Assets</b>	<b>23 269</b>	<b>62 546</b>	<b>339 068</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>424 895</b>	
<b>Liabilities</b>									
Payables	-	-	-	-	-	-	863	863	-
Loans	-	-	-	18 385	141 838	104 031	-	264 254	4.74%
Other	-	-	-	-	-	-	2	2	-
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18 385</b>	<b>141 838</b>	<b>104 031</b>	<b>865</b>	<b>265 119</b>	
<b>2015 Maturity analysis for financial assets and liabilities</b>									
<b>Assets</b>									
Cash and deposits	35 895	-	-	-	-	-	-	35 895	2.36%
Receivables	-	-	-	-	-	-	58	58	-
Advances	13 106	52 426	263 455	-	-	-	-	328 987	6.17%
<b>Total Financial Assets</b>	<b>49 001</b>	<b>52 426</b>	<b>263 455</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58</b>	<b>364 940</b>	
<b>Liabilities</b>									
Payables	-	-	-	-	-	-	1 119	1 119	-
Loans	-	-	-	49 276	150 067	153 714	-	353 057	4.88%
Other	-	-	-	-	-	-	3	3	-
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49 276</b>	<b>150 067</b>	<b>153 714</b>	<b>1 122</b>	<b>354 179</b>	

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## 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 market risk has been assessed to be minimal.

### (i) Interest rate risk

Interest rate risk is the risk of financial loss and or increased costs due to adverse movements in the values of financial assets and liabilities as a result of changes in interest rates. The Department's exposure to interest rate risk and the average interest rate for classes of financial assets and financial liabilities is set above. The average interest rate is based on the outstanding balance at the end of the year.

The Department's operating account earns monthly interest at a variable interest rate Northern Territory Treasury Corporation's weighted average cash return less 50 basis points.

NT Home Ownership's exposure to interest rate risk by asset and liability classes is disclosed above under liquidity risk.

### Market sensitivity analysis

Assuming the financial assets and liabilities at 30 June 2016 were to remain until maturity or settlement without any action by the entity to alter the resulting interest rate risk exposure, an immediate and sustained increase or decrease of one per cent in market interest rates across all maturities would have the following impact on the Department's profit or loss and equity:

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

	Profit or loss and equity	
	100 basis points increase \$'000	100 basis points decrease \$'000
<b>30 June 2016</b>		
Financial assets – cash at bank	82	(82)
Financial assets – receivable loans	1 643	(1 643)
Financial liabilities – borrowings	(2 108)	2 108
<b>Net Sensitivity</b>	<b>(383)</b>	<b>383</b>
<b>30 June 2015</b>		
Financial assets – cash at bank	359	(359)
Financial assets – receivable loans	1 693	(1 693)
Financial liabilities – borrowings	(2 470)	2 470
<b>Net Sensitivity</b>	<b>(418)</b>	<b>418</b>

### (ii) Price risk

NT Home Ownership is not exposed to price risk as NT Home Ownership does not hold units in unit trusts.

### (iii) Currency risk

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## e) Net fair value

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

- The net fair value of level 1 instruments are based on initial acquisition costs or charges and will be realised in the next 12 months.
- The net fair value of level 2 instruments are based on based on discount of future cash flows by applying current market interest rates. Current market interest rates are determined with reference to the Australian Financial Markets Association sub reference rates plus margin.
- NT Home Ownership does not hold level 3 instruments.

There were no changes in valuation techniques during the period.

	Total carrying amount \$'000	Net fair value level 1 \$'000	Net fair value level 2 \$'000	Net fair value level 3 \$'000	Net fair value total \$'000
<b>2016</b>					
<b>Financial Assets</b>					
Cash and deposits	8 181	8 181	-	-	8 181
Receivables	12	12	-	-	12
Advances	164 292	164 292	-	-	164 292
<b>Total Financial Assets</b>	<b>172 485</b>	<b>172 485</b>	<b>-</b>	<b>-</b>	<b>172 485</b>
<b>Financial Liabilities</b>					
Payables	863	863	-	-	863
Advances	210 793	-	217 390	-	217 390
Employee Benefits	23	23	-	-	23
Other	2	2	-	-	2
<b>Total Financial Liabilities</b>	<b>211 681</b>	<b>888</b>	<b>217 390</b>	<b>-</b>	<b>218 278</b>
<b>2015</b>					
<b>Financial Assets</b>					
Cash and deposits	35 895	35 895	-	-	35 895
Receivables	58	58	-	-	58
Advances	169 314	169 314	-	-	169 314
<b>Total Financial Assets</b>	<b>205 267</b>	<b>205 267</b>	<b>-</b>	<b>-</b>	<b>205 267</b>
<b>Financial Liabilities</b>					
Payables	1 119	1 119	-	-	1 119
Advances	246 979	-	247 811	-	247 811
Employee Benefits	17	17	-	-	17
Other	3	3	-	-	3
<b>Total Financial Liabilities</b>	<b>248 118</b>	<b>1 139</b>	<b>247 811</b>	<b>-</b>	<b>248 950</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016		2015	
	Internal \$'000	External \$'000	Internal \$'000	External \$'000
<b>19. COMMITMENTS</b>				
<b>(i) Capital expenditure commitments</b>				
Capital expenditure commitments primarily related to the provision of HomeStart NT loans. Capital expenditure commitments contracted for at balance date but not recognised as liabilities are payable as follows within one year.				
<b>Loans approved not funded</b>				
Loan Commitments where approval for the facility has been given but drawdowns not commenced	-	390	-	381
	-	390	-	381
<b>(ii) Other expenditure commitments</b>				
Future contractual commitments not recognised as liabilities are payable as follows:				
Within one year	-	1 540	-	1 848
Later than one year and not later than five years	-	-	-	1 540
	-	1 540	-	3 388

## 20. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

### a) Contingent liabilities

The Department had no contingent liabilities as at 30 June 2016 or 30 June 2015.

### b) Contingent assets

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

## 21. 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.

## 22. WRITE-OFFS, POSTPONEMENTS, WAIVERS, GIFTS AND EX-GRATIA PAYMENTS

NT Home Ownership had no write-offs, postponements, waivers, gifts or ex-gratia payments in 2015–16 and 2014–15.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## 23. BUDGETARY INFORMATION

Comprehensive Operating Statement	2015–16 actual \$'000	2015–16 original budget \$'000	Variance \$'000	Note
<b>INCOME</b>				
Sales of goods and services	7	-	7	
Interest revenue	9 500	11 442	(1 942)	1
Gain on disposal of investments and revaluation	-	940	(940)	2
Community Service Obligations	2 264	2 489	(225)	
<b>TOTAL INCOME</b>	<b>11 771</b>	<b>14 871</b>	<b>(3 100)</b>	
<b>EXPENSES</b>				
Employee expenses	235	267	(32)	
Administrative expenses				
Purchases of goods and services	1 966	2 435	(469)	3
Write Offs / Impairment	528	-	528	
Loss on Revaluation of assets	4 880	-	4 880	2
Loss on disposal of assets	187	-	187	2
Grants and subsidies expenses				
Current	18	243	(225)	
Interest expenses	11 144	11 423	(279)	
<b>TOTAL EXPENSES</b>	<b>18 958</b>	<b>14 368</b>	<b>4 590</b>	
<b>NET SURPLUS/(DEFICIT)</b>	<b>(7 187)</b>	<b>503</b>	<b>(7 690)</b>	
<b>COMPREHENSIVE RESULT</b>	<b>(7 187)</b>	<b>-</b>	<b>(7 690)</b>	

### Notes:

Explanations relate to significant variations greater than 10 per cent and \$1 million.

1. Interest revenue is lower than budget due to a decreasing loan portfolio balance resulting from a lower value of loans taken out, and lower interest earned on existing and new loans.
2. The budget represents estimated revaluation increments. Actual results were losses on disposals and a revaluation decrement due to a general downturn in the NT housing market. Actuals are shown as expenditure in accordance with accounting standards.
3. Purchase of goods and services are lower than budget, which is mainly related to loan administration fees being lower than prior years.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## 23. BUDGETARY INFORMATION (CONT)

Balance Sheet	2015-16 actual \$'000	2015-16 original budget \$'000	Variance \$'000	Note
<b>ASSETS</b>				
Cash and deposits	8 181	34 778	(26 597)	1
Receivables	42	37	4	
Advances and investments	230 486	215 100	15 386	2
<b>TOTAL ASSETS</b>	<b>238 709</b>	<b>249 915</b>	<b>(11 207)</b>	
<b>LIABILITIES</b>				
Payables	863	916	(53)	
Borrowings and advances	210 793	208 793	2 000	
Provisions	25	29	(4)	
<b>TOTAL LIABILITIES</b>	<b>211 681</b>	<b>209 738</b>	<b>1 943</b>	
<b>NET ASSETS</b>	<b>27 028</b>	<b>40 177</b>	<b>(13 150)</b>	
<b>EQUITY</b>				
Capital	22 745	22 745	-	
Accumulated funds	4 283	17 432	(13 150)	
<b>TOTAL EQUITY</b>	<b>27 028</b>	<b>40 177</b>	<b>(13 150)</b>	

### Notes:

Explanations relate to significant variations greater than 10 per cent and \$1 million.

1. Cash and deposits are lower than budget due to \$28 million of maturing NT Treasury Corporation loans repaid during the financial year.
2. Advances and shared equity investments have a higher balance at 30 June 2016 than budgeted due to a slowing of repayments/refinancing of loans in comparison to the previous financial year.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## 23. BUDGETARY INFORMATION (CONT)

Cash Flow Statement	2015–16 actual \$'000	2015–16 original budget \$'000	Variance \$'000	Note
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Operating receipts</b>				
Receipts from sales of goods and services and community service obligations	2 415	2 489	(74)	
Interest received	9 547	11 442	(1 895)	1
<b>Total operating receipts</b>	<b>11 962</b>	<b>13 931</b>	<b>(1 969)</b>	
<b>Operating payments</b>				
Payments to employees	(236)	(267)	31	
Payments for goods and services	(2 230)	(2 435)	205	
Grants and subsidies paid				
Current	(18)	(243)	225	
Interest paid	(11 281)	(11 474)	193	
<b>Total operating payments</b>	<b>(13 765)</b>	<b>(14 419)</b>	<b>654</b>	
<b>Net cash used in operating activities</b>	<b>(1 803)</b>	<b>(488)</b>	<b>(1 315)</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Investing receipts</b>				
Repayment of advances	18 966	36 000	(17 034)	2
Sales of investments	5 782	11 000	(5 218)	2
<b>Total investing receipts</b>	<b>24 748</b>	<b>47 000</b>	<b>(22 252)</b>	
<b>Investing payments</b>				
Advances and investing payments	(14 473)	(15 000)	527	
<b>Total investing payments</b>	<b>(14 473)</b>	<b>(15 000)</b>	<b>527</b>	
<b>Net cash used in investing activities</b>	<b>10 275</b>	<b>32 000</b>	<b>(21 725)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Financing payments</b>				
Repayment of borrowings	(36 186)	(38 186)	2 000	
<b>Total financing payments</b>	<b>(36 186)</b>	<b>(38 186)</b>	<b>2 000</b>	
<b>Net cash used in financing activities</b>	<b>(36 186)</b>	<b>(38 186)</b>	<b>2 000</b>	
Net decrease in cash held	(27 714)	(6 674)	(21 040)	
Cash at beginning of financial year	35 895	41 452	(5 557)	
<b>CASH AT END OF FINANCIAL YEAR</b>	<b>8 181</b>	<b>34 778</b>	<b>(26 597)</b>	

### Notes:

Explanations relate to significant variations greater than 10 per cent and \$10 million.

1. Interest received is lower than budget due to a decreasing loan portfolio balance and lower interest earned on existing and new loans.
2. Lower than budgeted due to lower than anticipated repayment of loans and a general downturn in the NT housing market.



