

ANNUAL REPORT 2019-20

STRENGTHENING OUR COMMUNITY



DEPARTMENT OF LOCAL GOVERNMENT,
HOUSING AND COMMUNITY DEVELOPMENT

ACKNOWLEDGEMENT OF TRADITIONAL OWNERS

The department respectfully acknowledges the Traditional Owners of the lands on which we work.

We recognise and respect the connections Aboriginal and Torres Strait Islander people have with their traditional lands. We value our relationships with Aboriginal and Torres Strait Islander people and we value working with them to improve the lives of Aboriginal and Torres Strait Islander people all over the Northern Territory.

*Throughout this report, the term Aboriginal is understood to include Torres Strait Islander people.

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WELCOME

THIS ANNUAL REPORT

The annual report for the Department of Local Government, Housing and Community Development provides an overview of our operations, people, performance and achievements during the 2019-20 financial year.

It has been prepared to inform the Northern Territory Legislative Assembly through the Minister for Local Government, Housing and Community Development, The Hon. Gerald McCarthy MLA, our stakeholders, partners and the public.

LEGISLATIVE REQUIREMENTS

In accordance with the Northern Territory Administrative Arrangements Order dated 9 June 2020, the Department of Local Government, Housing and Community Development administers the following Acts of the Northern Territory Legislative Assembly and subordinate legislation:

- *Cemeteries Act 1952*
- *Community Housing Providers (National Uniform Legislation) Act 2013*
- *Crown Lands Act 1992 (section 79)*
- *Housing Act 1982*
- *Local Government Act 2008 (except Chapter 8)*
- *Local Government Act 2019*
- *Local Government Grants Commission Act 1986*
- *Local Government (Katherine Rates) Act 1999*
- *Northern Territory Rates Act 1971*
- *Nudity Act 1975*
- *Pounds Act 1930*
- *Status of Darwin Act 1959*
- *Status of Palmerston Act 2000.*

Under the Northern Territory Administrative Arrangements Order dated 9 June 2020, the Minister for Local Government, Housing and Community Development has responsibility for:

- Aboriginal housing
- remote communities and homelands
- community and social housing
- community development for regional centres, remote communities and homelands
- coordination of funding of essential services to remote Indigenous communities not serviced by Commonwealth programs
- coordination of municipal essential services for regional centres, remote communities and homelands
- essential services for remote communities and homelands
- government employee housing
- homelessness services
- housing
- interpreting and translating services
- local government
- local government funding
- public housing.

LANGUAGE ASSISTANCE



The Northern Territory Government is committed to providing accessible services to Territorians from cultural and linguistic backgrounds.

If you have difficulty understanding this annual report, you can contact the interpreter service on 131 450 for help.

CHINESE

如果您对理解这份年度报告存在困难，敬请拨打口译服务电话131 450寻求帮助。

GREEK

Αν έχετε δυσκολίες στην κατανόηση αυτής της ετήσιας έκθεσης, μπορείτε να επικοινωνήσετε με την υπηρεσία διερμηνέων για 131 450 για βοήθεια.

THAI

หากคุณประสบปัญหาในการทำความเข้าใจรายงานประจำปีฉบับนี้ คุณสามารถติดต่อขอความช่วยเหลือจากฝ่ายบริการลูกค้าได้ที่หมายเลข 131 450.

SWAHILI

Ikiwa una ugumu wa kuelewa repoti hii ya mwaka, unaweza wasiliana na huduma ya ukalimani kwa 131 450 kwa usaidizi.

INDONESIAN

Jika Anda mengalami kesulitan memahami laporan tahunan ini, Anda dapat menghubungi layanan juru-bahasa di 131 450 untuk mendapat bantuan.

VIETNAMESE

Nếu quý vị gặp khó khăn trong việc hiểu bản báo cáo thường niên này, quý vị có thể liên lạc với dịch vụ thông dịch viên ở số 131 450 để được giúp đỡ.

ARABIC

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ITALIAN

Se hai difficoltà a capire questa relazione e bilancio annuale, puoi contattare il servizio interpreti al numero 131 450 per l'assistenza del caso.

PORTUGUESE


Se tiver dificuldade em compreender este relatório anual, pode contactar o serviço de intérpretes através do número 131 450 para obter ajuda.

FILIPINO

Kung nahihirapan kang unawain ang taunang ulat na ito, maaari mong kontakin ang serbisyo ng interpreter sa 131 450 para sa tulong.

ONLINE VERSION

A version of this annual report is available online at dlghcd.nt.gov.au/annual-report

 This symbol indicates that content, occasionally with additional information, is available on our website.

LETTER OF COMPLIANCE

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

Dear Minister

Department of Local Government, Housing and Community Development 2019-20 Annual Report.

I am pleased to present the Department of Local Government, Housing and Community Development's annual report for the financial year 1 July 2019 to 30 June 2020.

Pursuant to the *Public Sector Employment and Management Act 1993*, the *Financial Management Act 1995* and the *Information Act 2002*, I advise that to the best of my knowledge and belief:

- The department has kept proper records of all transactions affecting the department and employees have observed the provisions of the *Financial Management Act 1995*, the Financial Management Regulations and Treasurer's Directions.
- Procedures within the agency afford proper internal control and a current description of such procedures has been recorded in the accounting and property manual which was prepared in accordance with the requirements of the *Financial Management Act 1995*.
- No indication of fraud, malpractice, major breach of legislation or delegation, major error in or omission from the accounts and records exists (or, where this is not the case, the department has provided details of any such instances).
- In accordance with the requirements of section 15 of the *Financial Management Act 1995*, the internal audit capacity available to the agency is adequate and the results of internal audits have been reported.
- The financial statements in this annual report have been prepared from proper accounts and records and are in accordance with Treasurer's Directions.
- All employment instructions issued by the Commissioner for Public Employment have been satisfied.
- The agency has complied with the provisions as prescribed in the *Information Act 2002*, including information access, privacy protection, records and archives management.

Yours sincerely



Jim Bamber
CHIEF EXECUTIVE OFFICER

28 August 2020

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CHIEF EXECUTIVE OFFICER'S MESSAGE



Chief Executive Officer Jim Bamber

I am pleased to present the 2019-20 annual report for the Department of Local Government, Housing and Community Development.

The department provides services in affordable and accessible housing, homelessness services, interpreters, local government and community development throughout the Northern Territory.

The department also has a significant role in improving access to housing and reducing overcrowding for Aboriginal Territorians living remotely through the \$1.5 billion investment to improve housing and infrastructure over 10 years through Our Community. Our Future.

Our Homes. and the National Partnership Agreement for Remote Housing Northern Territory.

As the champions of the Remote Engagement and Coordination Strategy and online toolkit bushready.nt.gov.au the department continues to lead best practice to engage with regional councils and those living in remote communities.

While 2020 has certainly brought its challenges to the Territory and the rest of Australia, the department remains committed to continue to:

- deliver improved social outcomes for the Territory and its people through improving access to housing, reducing overcrowding and sustaining tenancies
- advocate and support the economic and social development and growth of our communities, and continue to increase opportunities for local decision making
- provide governance support to local councils and regional communities.


In this annual report we recognise the department's successes in these areas, and in particular I would like to highlight the following achievements.

 904 employees by headcount

 13 106 dwellings in urban and remote locations


 894 contractors awarded works under the public housing stimulus program

 8505 interpreting jobs completed

 57 communities visited supporting Your Voice, Your Community engagement campaign

 8696 calls received by the Client Relations call centre for Housing Programs and Support Services

 \$38.9 million worth of works was awarded to ABEs under the remote housing investment package

 External Advisory Group established to support reforms to 43 town camps and community living areas

 NT Housing Strategy 2020-2025 launched

 98% of procurement activities awarded to Territory Enterprises





NORTHERN
TERRITORY
GOVERNMENT

Big Rivers Child
and Family Centre

ABOUT OUR DEPARTMENT

1

DEPARTMENT OVERVIEW

The Northern Territory Department of Local Government, Housing and Community Development comprises two output groups: Local Government, Housing and Community Development, and Corporate and Governance.

The Local Government, Housing and Community Development output group includes:

- Housing Services Delivery
- the Remote Housing Program Delivery Office
- Community Services
- Local Government and Community Development.

As at 30 June 2020, the Corporate and Governance output group includes:

- Finance and Programs
- Procurement and Grants Management
- Governance and Information Management
- Corporate Communications.

The department manages more than 13 000 dwellings across the Northern Territory's 1.35 million km².

In partnership with government, non-government agencies and the private sector, the department strives to:

- provide accommodation pathways and housing options for Territorians in need

- build stronger regions and communities through effective local government
- deliver and coordinate essential infrastructure projects and services to remote communities
- provide interpreting and translating services to support members of our community who speak a language other than English.

During 2019-20, the department had one portfolio minister and two chief executive officers.

The Hon. Gerald McCarthy, MLA was appointed Minister for Housing and Community Development on 8 September 2016, and subsequently the Minister for Local Government, Housing and Community Development on 31 January 2019.

Mr Jamie Chalker APM was the Chief Executive Officer during the financial year until 8 November 2019, with Mr Jim Bamber appointed as acting Chief Executive Officer from 11 November 2019 and formally appointed as the Chief Executive Officer on 23 March 2020.

VALUES AND CORPORATE PLAN

The department's values are based on those of the Northern Territory Public Sector, and alongside our Corporate Plan influence the way we work together, guide our behaviour and achieve long term goals.

PURPOSE AND DIRECTION

The department is guided by our purpose and direction strategy, which clearly outlines our purpose, vision and mission.

PURPOSE

Develop sustainable communities through partnerships to enhance the physical and social wellbeing of Territorians through connected and resourceful service delivery.

VISION

An engaged, dynamic social service that maximises opportunities for Territorians to strive, thrive and prosper.

MISSION

We will know our business, our people and our community to deliver improved social outcomes for the NT.

OUR STRUCTURE

The department sits within the Northern Territory Government's Children and Families cluster along with the departments of:

- Territory Families
- Health

- Education
- Police, Fire and Emergency Services.

These community-facing social service agencies work together to better coordinate policy and service delivery throughout the Northern Territory.

OUR STAKEHOLDERS AND PARTNERS

We work with a broad range of stakeholders and partners in developing sustainable communities, primarily:

- Northern Territory Government agencies
- non-government organisations, including the housing, homelessness and disability sectors
- legal advocates and peak bodies
- homelands service providers
- Aboriginal corporations
- local government councils and the Local Government Association of the Northern Territory
- land councils
- Aboriginal peak bodies
- Aboriginal business enterprises
- the construction and property development sectors
- Australian Government.

FUNCTIONS OF THE DEPARTMENT

OFFICE OF THE CHIEF EXECUTIVE

The Office of the Chief Executive provides executive support to the Chief Executive Officer and oversees Secretariat and the Public Housing Appeals Board.

The office supports and enhances corporate performance and ministerial communications and liaison.

Secretariat is the interface between the department and the office of the Minister. Staff allocate, coordinate, monitor and maintain quality control of all ministerial and Cabinet related correspondence.

The office is also responsible for coordinating the functions of the Public Housing Appeals Board. The board is a non-statutory body appointed by the chief executive officer with the approval of the Minister for Local Government, Housing and Community Development. Members are from diverse backgrounds from across the Northern Territory and appointments are for two-year terms.

OFFICE OF THE DEPUTY CHIEF EXECUTIVE OFFICER - HOUSING SERVICES, LOCAL GOVERNMENT AND COMMUNITY DEVELOPMENT

The office is responsible for the department's operational services and programs, delivered through teams located in Darwin and throughout the Territory's five regions. This includes managing more than 13 000 dwellings that provide accommodation and homes for people across the Northern Territory and Government Employee Housing.

Staff collaborate across government and with non-government agencies and businesses to enhance the lives of our clients and support thriving communities, including through housing services and community-led initiatives. The office provides tenancy and client support services directly to individuals and families and in conjunction with government and non-government service providers.

It drives urban renewal and leasing programs and the day-to-day management of housing assets as well as overseeing NT Home Ownership. It leads the program design and delivery of specialist homelessness services.

It is the local government regulator and works with the sector to build a strong, well governed and responsive third sphere of government, including through the administration of grants and secretariat role for the Northern Territory Grants Commission. The office supports best practice in remote community engagement through its leadership with the Remote Engagement and Coordination Strategy, including the BushTel remote community information site.

OFFICE OF THE DEPUTY CHIEF EXECUTIVE OFFICER - REMOTE PROGRAM DELIVERY OFFICE AND COMMUNITY SERVICES

The Remote Housing Program Delivery Office (RPDO) is responsible for delivering construction of new homes and improvements to existing homes in remote communities, community consultation, land tenure, Aboriginal Business Enterprise (ABE) development, and related land servicing and essential services infrastructure to support remote housing programs.

Complementary to these functions, Community Services is responsible for providing Aboriginal and other interpreter and translator services, as well as leading and coordinating the delivery of services to homelands, outstations and town camps.

STRATEGY, POLICY AND PERFORMANCE

The division shapes the strategic direction of the department by undertaking strategic planning and program development across the housing and homelessness portfolio, developing contemporary and compliant housing and homelessness policy, and delivering business intelligence and integrated reporting solutions to improve decision-making and service delivery performance.

The division comprises the following branches:

- Strategy
- Strategic Performance
- Policy
- Strategic Partnerships.

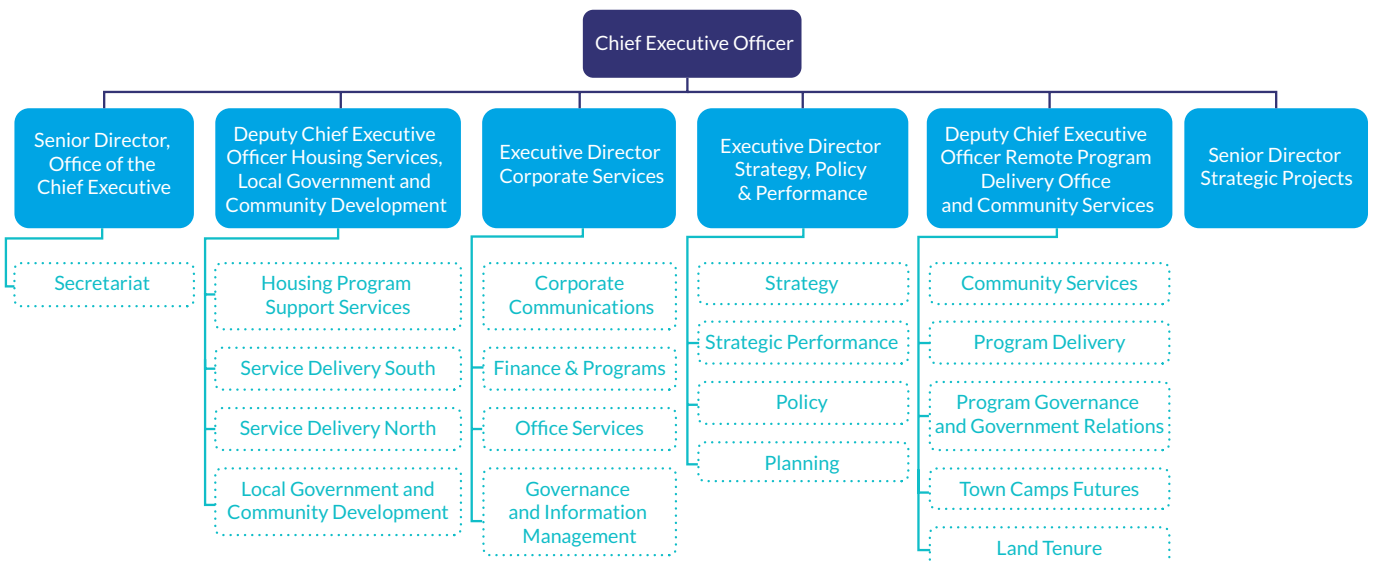
CORPORATE SERVICES

The division provides strategic advice and coordination to develop, implement and deliver financial, programs and budget management, marketing and communication and stakeholder relations, information management, workplace health and safety services, office and facilities management services, legal, governance, risk and audit services, and procurement and grants management.

The division ensures that the department has a robust corporate governance framework and that corporate services are provided in accordance with relevant legislation, regulations, rules and delegation. This ensures the department’s operational divisions are able to deliver upon their strategic objectives.

ORGANISATION CHART

Organisation charts overview







CELEBRATING
OUR PEOPLE AND
ACHIEVEMENTS **2**

OUR PEOPLE

The diversity of our community is reflected in the diversity of our workforce, and this strong commitment to developing our people helps us better understand the needs of Territorians and how we can best serve them.

Our human resources model is aligned with the department's corporate direction and is committed to growing a skilled, diverse workforce connected through

a positive, valued workplace culture that is regularly monitored to match the needs of staff and the department.

We recognise that progressive, effective recruitment, retention and professional development strategies help us grow and sustain our workforce now and into the future.

WHO WE ARE

The department is committed to ensuring effective recruitment, retention and professional development strategies are in place to grow and sustain its workforce now and into the future.

As at 30 June 2020, the department had 904 employees (by headcount), or 576.58 full time equivalent (FTE) employees, a decrease of 78.95 compared to 30 June 2019. Our employees' average age was 44 with 63% under 50 years old.

The Administrative Officer 5 employment classification was the largest with 96.27 FTE or 16.6% of total FTE.

The department's gender profile breakdown is 61% female to 39% male.

EMPLOYMENT STATUS	2018-19 FTE	2019-20 FTE	2019-20 % OF TOTAL FTE
Permanent	437.36	418.37	71.9%
Temporary / Contract	158.94	121.59	20.9%
Casual	58.51	42.19	7.2%

EMPLOYEE DIVERSITY

EQUAL EMPLOYMENT OPPORTUNITY GROUP	HEADCOUNT	
	30 JUNE 2019	30 JUNE 2020
Aboriginal or Torres Strait Islander	663 or 52.1%	348 or 37.7%
Aboriginal or Torres Strait Islander in senior and executive roles SAO1 ^{^†}	23 or 16.1%	21 or 14.5%
Culturally diverse background	350 or 27.5%	233 or 33.8%
People with disability	25 or 1.9%	17 or 1.9%
Women in executive roles SAO2 ^{^†}	32 or 57.1%	33 or 55.9%

[^] indicates the inclusion of all classifications equivalent to and above.

STAFFING SUMMARY

WORK HEALTH AND SAFETY INCIDENTS AND HAZARDS 🖱️

In 2019-20, there were 225 incidents or hazards reported to the department, up from 212 in 2018-19.

Incidents and hazards are monitored through FIGTREE, the Northern Territory Government's online reporting tool for all health and safety incidents, near misses or hazards.

The statistics retrieved through FIGTREE allow the department to manage hazards, monitor trends and identify gaps in training to address them as quickly as possible.

DEFIBRILLATORS INSTALLED

In 2019-20, the department purchased and installed eight Automated External Defibrillators (AEDs) and provided familiarisation training on the equipment with St John Ambulance (NT) in our offices in Tennant Creek, Alice Springs, Katherine, Cascom 4 and 5, Nhulunbuy, Groote Eylandt and Palmerston.

Cardiac arrest is one of the leading causes of sudden death in Australia and the use of defibrillation within the first few minutes of having a sudden cardiac arrest increases the chances of survival to over 70%.

REMOTE WORKER SAFETY

The Navman GPS system was installed in the department's remote travel vehicles in 2019-20.

The system meets the department's commitment to safety for employees travelling and working remotely. It provides duress capabilities, roll over and collision notifications and information on driver safety if required.

The system is installed as a 'black box' to the roof of the vehicle and includes a lone worker fob with connectivity up to 300 m, as well as an in car duress button to provide increased safety.



The Navman GPS system provides enhanced remote worker safety

LEARNING AND DEVELOPMENT

Employee learning and development is a key priority for the department. The department aims to build employee capability, strengthen skills and expand knowledge through a range of training courses to benefit individuals and the organisation.

During 2019-2020, 1053 employees attended 87 sessions for 21 training courses offered throughout the Northern Territory, including:

- Resilience workshop
- Clear Writing workshop
- Mental Health First Aid training.

ACCREDITED PROJECT MANAGEMENT

Since 2017, the department has been working with the Australian Institute of Management (AIM) to provide contextualised project management training to staff.

Since training began 144 staff have attended across eight intakes, with 56 staff enrolling to complete the Certificate IV in Project Management and 64 staff enrolling in the Diploma of Project Management.

In July 2019, the department held the first graduation for staff who completed the extensive study requirements for the certificate and diploma awards.

RECOGNITION OF SERVICE

In October 2019, the department set out to recognise employees who had achieved 10 and 20-year milestones working with the Northern Territory Government.

In total, 113 staff members were recognised for 10 years of service and 41 staff members recognised for 20 years of service.

This initiative acknowledged and rewarded staff for the years of service they have provided to the Northern Territory Government and was a key action from the department's Cultural Action Improvement plan.



(L-R) Janine, Nicole, Wayne, Daniel and Michelle celebrating 10 years of service



Group staff graduation from the certificate and diploma awards for Project Management

SERVICE DELIVERY

The department provides front line service delivery, property and tenancy management services for eligible Territorians and government employees living in urban and remote housing across the Northern Territory.

Service Delivery North, made up of the Darwin, Arafura, East Arnhem and Big Rivers regions manages housing assets and provides assistance to tenants across 13 regional council areas including Nhulunbuy, Darwin, Palmerston and Katherine and 45 remote communities in those Top End regions.

Service Delivery South manages housing assets and provides assistance and services to tenants living across three regional council areas in the Barkly and Central Desert regions, including Elliott, Tennant Creek, Ti Tree, Yulara and Alice Springs and 32 remote communities in those regions.

MAINTENANCE CALL CENTRE

The department operates call centres in Darwin and Alice Springs that are the primary point of contact for tenants, NGOs and other agencies to report public housing maintenance issues.

In 2019-20, the number of calls received and work orders raised in these centres were:

	2018-19	2019-20
SERVICE DELIVERY NORTH		
Calls received	41 896	37 826
Work orders raised	19 743	15 996
SERVICE DELIVERY SOUTH		
Calls received	40 183	34 073
Work orders raised	16 632	11 753

PRIDE IN YOUR PLACE AWARD

The Pride in your Place award celebrates public housing tenants that display outstanding pride in their homes, whether it's a great garden, tidy yard or a well maintained property. The award is designed to recognise house proud tenants.

Tenants are nominated by a department staff member, with the monthly winner receiving a \$200 gift voucher and a certificate signed by the Minister for Local Government, Housing and Community Development.

The Pride in your Place award creates friendly competition between neighbours and is open to all public housing tenants in urban and remote areas of the Northern Territory.

In 2019-20, there were 24 award nominations and 11 awards won. Tenancy visits and inspections were placed on hold during the coronavirus (COVID-19) pandemic restrictions, which impacted the number of nominations.

SERVICE DELIVERY NORTH

Arafura region	2
Arnhem region	1
Greater Darwin	2
Big Rivers region	2

SERVICE DELIVERY SOUTH

Barkly region	1
Central region	3



The Pride in Your Place award is open to all public housing tenants

REDUCING ANTISOCIAL BEHAVIOUR TRIAL IN ALICE SPRINGS

Tenancy staff and Public Housing Safety Officers (PHSOs) work with the Northern Territory Police and Territory Families to share information on urban and town camp public housing tenants, focusing on visitor management, youth issues and antisocial behaviour.

PHSOs routinely undertake Crime Prevention Through Environmental Design (CPTED) audits on unit complexes, highlighting safety issues and making recommendations to create and maintain safe neighbourhoods.

At a housing complex in Alice Springs, the department conducted a comprehensive engagement process to identify tenants and prospective tenants who prefer to live in an alcohol free environment. As at 30 June 2020, 80% of the tenants at the complex have agreed or requested for their homes to be a declared alcohol restricted premises.

The success of this trial is reflected in the 79% reduction in antisocial behaviour incidents over the past two years.

Through the CPTED audit, complex lighting has been upgraded and internal yard fencing installed for the security and safety of residents.

GOVERNMENT EMPLOYEE HOUSING IN ELLIOTT

The department builds, leases and administers Government Employee Housing (GEH) for Northern Territory Government employees working in remote areas, providing essential services to the community.

Five new two-bedroom GEH duplexes were completed in June 2020 increasing the available homes by 10 and meeting housing demand in Elliott, 250 km north of Tennant Creek.

Construction of these new duplexes enables the existing GEH dwellings to be allocated to families that may be locally recruited government employees and/or public housing tenants. Local Aboriginal workers helped build these new homes.



One of the new GEH duplex's in Elliott

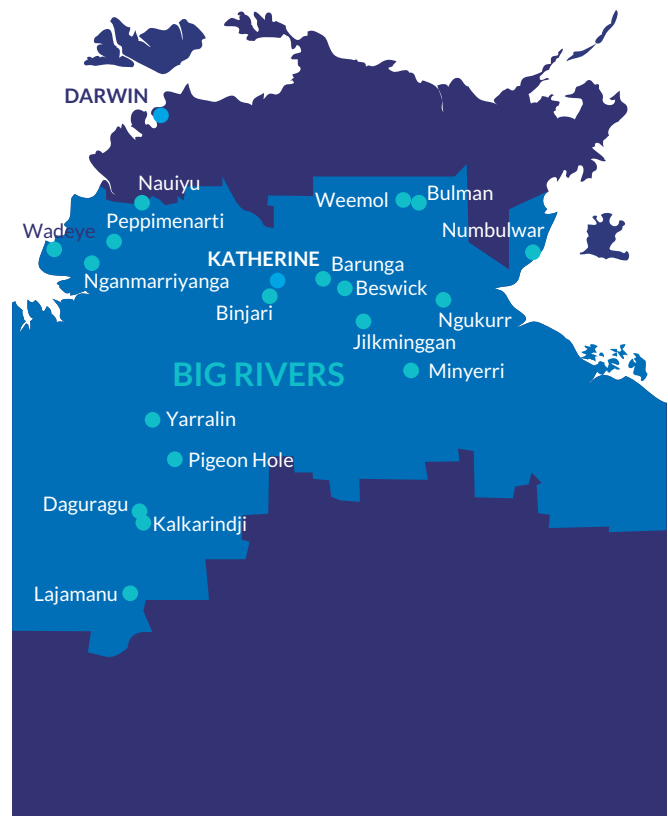
HOUSING REFERENCE GROUPS

There are currently 79 active Housing Reference Groups (HRGs) in the Northern Territory – 35 for Service Delivery North and 44 for Service Delivery South.

HRGs consist of community members with different interests, including Traditional Owners, community residents and organisations working in the community who provide advice on cultural and family related matters to inform decisions on housing and housing related matters in remote communities and town camps.

In 2019-20, the Big Rivers region staff facilitated 45 meetings with 18 HRGs from:

- Barunga
- Beswick (Wugularr)
- Binjari
- Bulman
- Daguragu
- Jilkminggan (Duck Creek)
- Kalkarindji (Wave Hill)
- Lajamanu (Hooker Creek)
- Minyerri
- Nauiyu (Daly River)
- Nganmarriyanga (Palumpa)
- Ngukurr
- Numbulwar
- Peppimenarti
- Pigeon Hole
- Wadeye (Port Keats)
- Weemol
- Yarralin.



Big Rivers region staff facilitated 45 meetings with 18 HRGs

REMOTE CONTRACT MANAGEMENT

In remote public housing, service providers are contracted by the department to provide tenancy and property management services in local communities across the Territory.

The department plans the program and coordinates the delivery of services, with contracts covering areas such as housing maintenance coordination that employ people in local communities to undertake minor repairs, and trade-related repairs and maintenance.

In 2019-20, the Arnhem region spent \$6.4 million across 21 remote contracts – 14 panel contracts, four housing maintenance contracts and three tenancy management contracts.

All remote contracts in the region met Aboriginal employment targets, with 86% Aboriginal employment for property contracts (40% target) and 76% Aboriginal contracts for tenancy contracts (50% target).

PALMERSTON ANIMAL MANAGEMENT ADVISORY COMMITTEE

The Palmerston Housing Office is an active member of the City of Palmerston's Animal Management Advisory Committee.

The committee meets to make recommendations to council on rules and procedures relating to animal management.

The department supports and promotes responsible animal management and ownership to our tenants in public housing. While pets are allowed, they must comply with a number of conditions including not being a nuisance or danger to others, and they must be registered if required by council.

STIMULUS PACKAGE IMPROVES PUBLIC HOUSING

The public housing stimulus program provided work to the local construction industry for improvement and repairs and maintenance to urban public housing dwellings.

In total, 894 contractors were awarded work that included installing concrete driveways and pathways to existing homes, external repainting, new fencing, full refurbishments, roof repairs, internal painting and electrical upgrades.

During 2019-20:

- Alice Springs spent \$5.2 million on 214 stimulus contracts awarded for work to 282 homes.
- The Arfura region spent \$588 000 on 27 stimulus contracts awarded for work to 41 homes.
- The Arnhem region spent \$2.2 million on 59 stimulus contracts awarded for work to 96 homes.
- The Big Rivers region spent \$6.1 million on 177 stimulus contracts awarded for work to 101 homes.
- Casuarina spent \$6.1 million on 218 stimulus contracts awarded for work to 193 homes.
- Darwin spent \$10 million on 161 stimulus contracts awarded for work to 139 homes.
- Palmerston spent \$14.1 million on 464 stimulus contracts awarded for work to 477 homes.
- Tennant Creek spent \$5.3 million on 113 stimulus contracts awarded for work to 152 homes.

In the same period, \$5 million was spent supporting non-government organisations and department owned properties leased to non-government organisations.

NGO owned properties (disability supported accommodation):

- TeamHealth – for the upgrade of 8 dwellings used for supported disability accommodation
- Somerville Community Services – for the conversion of 2 dwellings from commercial space to supported disability accommodation
- Helping People Achieve - for the upgrade of 10 dwellings used for supported disability accommodation
- Carpentaria Disability Services - for the upgrade of 4 dwellings used for supported disability accommodation.

Department owned properties:

- Carpentaria Disability Services - for the upgrading of 14 Darwin public housing properties leased to Carpentaria for the provision of supported disability accommodation
- Mission Australia – for the upgrading of 2 Department owned homelessness and transitional accommodation complexes leased to Mission in Alice Springs
- Anglicare – for the upgrading of 76 public housing dwellings in Darwin, Katherine and Alice Springs leased to Anglicare for supported accommodation
- Somerville Community Services – for the upgrading of 4 Darwin public housing properties leased to Somerville for the provision of supported homelessness accommodation



Stimulus funding in Alice Springs included fencing to improve safety and security for tenants

COUNTER DISASTER OPERATIONS

Cyclone Lam and Cyclone Nathan struck the north-east coast of the Northern Territory in early 2015 causing extensive damage to the region and the remote community of Galiwinku.

The department played an integral role supporting the emergency evacuation, accommodation and repatriation as well as the long term rebuilding of the Elcho Island community.

On their return, families with badly damaged houses were placed in 42 temporary cluster pod accommodation while homes were repaired and rebuilt.

In 2019 the last of 85 dwellings constructed and upgraded in response to Cyclone Lam and Cyclone Nathan was completed in Galiwinku and handed over.

Negotiations since 2019 resulted in three pods each repurposed for use by:

- Shepherdson College
- Galiwinku Women's Space
- Miwatj Health Aboriginal Corporation
- The Arnhem Land Progress Aboriginal Corporation.

In response to COVID-19 and the return of residents to the community, the remaining cluster pods were identified as emergency accommodation and repurposed to house tenants deemed at risk and vulnerable in the community.



The last of 85 dwellings handed over in Galiwinku

COMMUNITY SERVICES

Community Services oversees the Aboriginal Interpreter Service (AIS), Homelands Services Group and the Interpreting and Translating Service NT (ITSNT).

ABORIGINAL INTERPRETER SERVICE (NT)

The AIS is an essential function and vital service for Aboriginal language speakers engaging with government and non-government service delivery. The AIS offers registered interpreters providing professionally certified Aboriginal interpreters, including recording and re-scripting services. Through cross-border agreements, the AIS also provides interpreting services in South Australia and Western Australia to key service providers in areas such as legal, health and human services.

The AIS employs 208 registered interpreters, 52 of whom are nationally accredited or hold a Diploma of Interpreting.

In 2019-20, the AIS supported communication between Aboriginal language speakers and service providers through 8505 interpreting jobs, completing 31 037 interpreting hours.

The AIS works closely with the National Accreditation Authority for Translators and Interpreters (NAATI) to ensure that AIS interpreters are trained to national standards. AIS delivered 115 training sessions, including 40 Working with Interpreter training sessions.

The Recording and Production program maintained ABC Radio news bulletins, reporting on local, national and international stories in Yolngu Matha, Warlpiri and Kriol languages, while completing other major projects including:

- updates and messages in 18 languages for the Northern Territory Treaty Commission about ongoing work and the Interim Report of the Northern Territory Treaty Commissioner
- lung educational health applications about pneumonia, bronchiolitis and bronchiectasis targeting parents and carers of children, in seven languages for Menzies School of Health Research
- messaging about the BasicsCard being phased out and replaced with the Cashless Debit Card, in 18 languages for the Australian Government.

In the financial year, 610 recordings were completed, plus 92 relating to COVID-19 messaging.

INDIGENOUS LANGUAGES AND HEALTH COMMUNICATION SYMPOSIUM

The Aboriginal Interpreter Service along with the Menzies School of Health Research collaborated to host a symposium dedicated to Aboriginal health care and interpreting.

The aim of the Indigenous Languages and Health Communication Symposium was to promote the use of interpreters and highlight the importance of cross-cultural communication in health care.

More than 100 attendees participated in a range of panel discussions and listened to presentations from researchers and health care professionals including a role play with Aboriginal interpreters.



Role play with Aboriginal interpreters as part of the Indigenous Languages and Health Communication Symposium

HOMELANDS SERVICES GROUP

Homelands are dispersed across remote areas of the Northern Territory and have significant cultural value for Aboriginal people. Northern Territory grant funding to deliver housing and essential services helps Aboriginal people reside on homelands.

The Homelands Services Group plays a key role supporting more than 10 000 Aboriginal Territorians to live on homelands and outstations across the Northern Territory.

In addition to the support for 389 funded homelands, there are also 43 town camps that receive services funded through various programs.

A total of \$38.4 million was allocated for homelands funding in 2019-20. Funding was:

- \$14.9 million for municipal and essential services
- \$2.8 million for town camp municipal and essential services
- \$6.7 million for housing maintenance
- \$5.9 million for homelands jobs
- \$2.5 million for Homelands Extra Allowance
- \$5.6 million for Municipal and Essential Services Special Purposes Grants.

A total of 39 service provider organisations were responsible for undertaking a range of activities to support those living on homelands and outstations. These activities included:

- housing maintenance
- providing municipal services in place of municipal or regional councils
- ensuring essential power, water and waste services function effectively
- upgrading infrastructure when it reaches end of life.

HOMELANDS JOBS

Homelands Jobs is a program offering employment opportunities to Aboriginal residents of homelands and outstations through service provider organisations.

In 2019-20, the department allocated \$5.9 million to the program that funded 283 full-time and part-time positions.

Employment activities included maintaining fire breaks, rubbish collection, ground works and assisting tradespeople with housing maintenance.

HOMELANDS POLICY REVIEW

In 2019-20, the department engaged a consultancy to help review the existing homelands programs and to develop recommendations for reform to the Homelands Policy.

The review is to identify a range of new strategies to better deliver housing and essential services to Aboriginal people living on their ancestral lands.

With the first stage now complete, the department has been working through a number of measures to begin delivering on the review from 2021, through engaging with land councils, the Australian Government and other key stakeholders.

SPECIAL PURPOSE GRANTS

Special Purpose Grants provide funding to complement the intent of the Municipal and Essential Services (MES) program. In 2019-20, the department funded 144 Special Purpose Grants.

Of the 144 grants funded:

- 84 were for water, waste and septic
- 45 were for power projects
- 4 were municipal
- 10 were plant and equipment
- 1 was for re-sheeting an airstrip.

The grants are used for infrastructure and plant and equipment that supports municipal services in homelands.

NEW SEPTIC SYSTEM FOR ALICE WELL

Alice Well, a small outstation approximately 150 km south of Alice Springs near the Titjikala community, is reliant on solar power, bore water and septic systems.

As the Alice Well septic systems were ageing and beginning to fail, the department allocated a Special Purpose Grant through service provider MacDonnell Regional Council. In April 2020 the council arranged for two new 4000 litre septic systems with 40 m soakage drains to be installed, replacing the old system.

The septic system and an earlier bore pump upgrade were timely improvements as the small outstation became a safe place for a number of elderly residents who moved out of Titjikala temporarily during the early stages of COVID-19.



The new septic system being installed at Alice Well

INTERPRETING AND TRANSLATING SERVICE NT

The Interpreting and Translating Service NT (ITSNT) is responsible for delivering, coordinating, funding and monitoring all ethnic and AUSLAN interpreting demand across government.

ITSNT also provides document translations to government, non-government organisations and the public on a fee-for-service basis, providing accurate and timely multicultural communication.

During 2019-20, ITSNT completed 4365 interpreting requests from a diverse range of clients from the legal, housing, health and community services sectors. The top five in-demand languages were Swahili, Vietnamese, Greek, Mandarin and Thai.

In the same period, there were 632 translating requests. The top five in-demand languages were Chinese, Indonesian, French, Thai and Greek.

Major work included:

- an African swine fever poster and fact sheets in Tetum, Filipino and Chinese for the Department of Primary Industry and Resources
- cruise ship information in Chinese, Italian, Dutch and French for Tourism NT
- an information brochure in Chinese for StudyNT.

Community

African swine fever

Protektahan ang ating mga baboy.

Ang African swine fever (ASF) [sakit mula sa Africa na lagnat ng baboy] ay isang lubhang nakahahawang sakit ng mga baboy na sanhi ng virus na mabilis kumakalat at makasisira sa ating industriya ng baboy kung ito ay makapapasok sa Australya.

Ang ASF ay hindi mapanganib para sa kalusugan ng mga tao o kaligtasan ng mga pagkain.

Ang sakit ay naikakalat sa pamamagitan ng direktang kontak sa mga baboy na may impeksiyon, kontaminadong mga sasakyan, kagamitan o kasuotan, at sa pamamagitan ng pagpapakain sa mga baboy ng may impeksiyong swill o mga tira-tirang karne.

Mahalaga na huwag nating papasukin ang ASF sa Australya, at kailangan namin ang inyong tulong. Gawin ang inyong makakaya upang protektahan ang Australya sa pamamagitan ng:

Huwag kailanman magpakain ng swill sa mga baboy.
Kabilang dito ang mga alagang paboritong mga baboy.

- mga pie, pizza at sausage roll
- mga karneng mula sa deli
- mga tira-tira mula sa kusina o mga bagay-bagay mula sa restoran
- itinapang mantikang panluto

Alamin ang mga senyales.
Ang maagang pagtuklas ay susi sa pagpuksa ng sakit.

Kabilang sa mga sintomas ng ASF ang:

- biglang pagkamatay o pagkamatay sa loob ng isang dalawang araw
- pagmamantsa ng balat, lalo na sa mga tainga
- pagkawala ng ganang kumain
- pagkukulumpo o pagtatago sa mga sulok
- pagtatae, na maaaring may kasamang dugo.

Paggalang sa ating mga border (hanganan).
 Protektahan ang ating border laban sa ASF.

- Huwag magpasok sa ating bansa ng mga produktong-hayop. Kung kayo ay bumisita sa mga farm o nag-hiking (naglakad nang mahaba), kailangan din niyong ideklara ito sa pagbalik niyo sa Australya.
- Isumbong ang anumang internasyonal na padala sa koreo na nagtataglay ng karne, mga produktong-hayop, kagamitan para sa farm, at anumang iba pang mga alalahaning pang-biosecurity. Tingnan. Siguruhing ligtas. Isumbong sa hotline 1800 798 636.

Kung ito ay tila kahina-hinala, tawagan kami sa 1800 675 888.

African swine fever poster in Filipino

LOCAL GOVERNMENT AND COMMUNITY DEVELOPMENT

The Local Government and Community Development division regulates the local government sector and works with councils and others to build a strong, well-governed and responsive third sphere of government and stronger communities.

It works directly with councils and communities to support community-driven initiatives and local decision making. It leads strategies and provides tools to support government agencies and others to engage respectfully and effectively with remote communities through the Remote Engagement and Coordination Strategy and BushTel.

THE LOCAL GOVERNMENT 2030 STRATEGY

In early 2020, the department started developing the Local Government 2030 Strategy in partnership with the Local Government Association of the Northern Territory and the Northern Territory's 17 councils.

The strategy seeks to define a vision for a strong, responsive, well-governed local government sector, what it would look like in 2030 and the strategy for the sector to move from the current state to that vision.

A steering group, with representatives from councils, was established to lead the development of the strategy, including consultation and engagement with all councils. A draft report is expected to be delivered for consideration by the sector and government in early 2021.

BUSHTEL

The BushTel website (bushtel.nt.gov.au) is a publicly accessible central point for information about the remote communities of the Northern Territory.

It provides vital details including social, cultural and statistical information that helps to make informed decisions when engaging with Aboriginal communities.

During 2019-20, the BushTel site had 18 042 users, an increase of 4091 users, or 29.3% from the previous year.

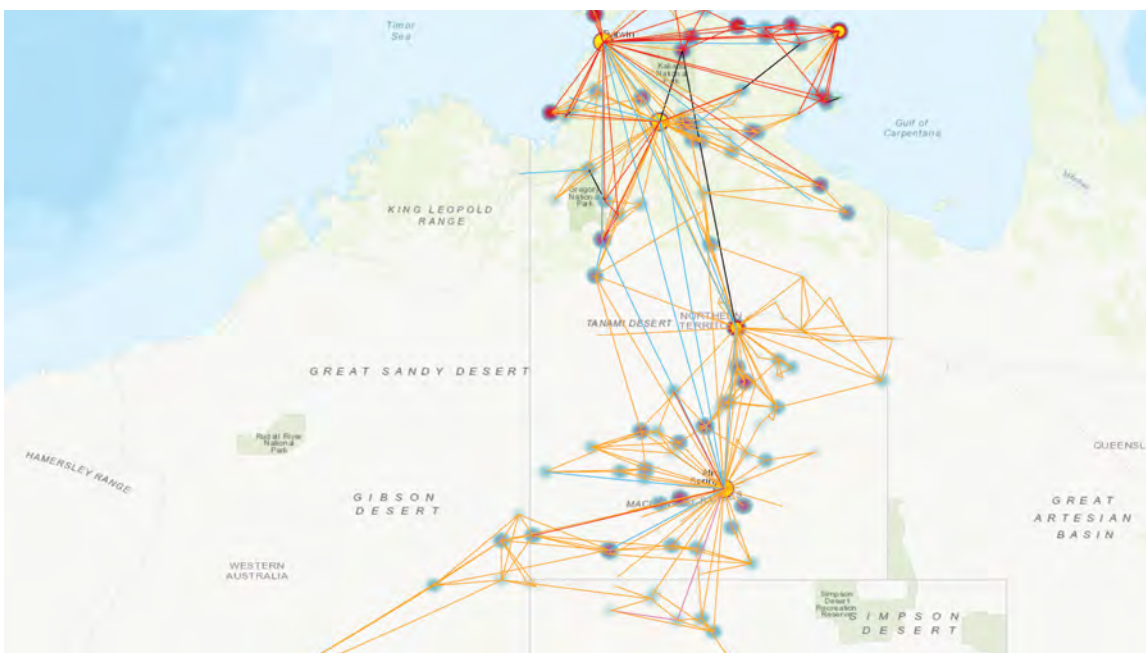
TRIPS DASHBOARD

The Travel Request Information Processing System (TRIPS) is a Northern Territory Government intranet application that automates many of the tasks required to process official travel requests.

During 2019-20, the department established the TRIPS Dashboard to support government agencies' ability to coordinate employee travel across the Northern Territory.

The dashboard takes travel information from the TRIPS system and provides an interactive display of employee's planned travel including who is travelling, where and when.

This allows coordination and collaboration, improved management oversight and cost saving across the whole of government, while supporting more effective and efficient engagement to benefit communities and the Northern Territory Government.



The TRIPS dashboard provides an interactive display of employee travel

LEGISLATION AND POLICY

LOCAL GOVERNMENT ACT

In November 2019, the Legislative Assembly of the Northern Territory passed the *Local Government Act 2019*. The legislation aims to improve local decision making and streamline and modernise local government rules and processes such as mandatory training for elected members, code of conduct, eligibility for office, meeting procedures and financial transparency.

The department drafted new regulations and guidelines following council feedback and is working on sample

policies, registers and forms to help councils transition to the new legislation.

The department has worked with all 17 councils and collaborated with the Local Government Association of the Northern Territory to develop training resources for elected members and other support materials to help implement the new legislation.

Commencement of the new legislation has been delayed until 2021 due to the impacts of COVID-19 on the Northern Territory's local government sector.

COMMUNITY DEVELOPMENT

In 2019-20, the department worked with regional councils and local authorities to build leadership, strengthen governance and facilitate local decision making. This included initiating plans within each region to prepare councils for commencement of the new *Local Government Act 2019*.

Regional staff supported remote community engagement work of the department and other agencies through established relationships and working directly with communities to support community-led initiatives, including:

- Gunbalanya Men's Shed, Arafura region
- Barunga Boundary Agreement, Big Rivers region
- Yuendumu Leadership Group, Central Australian region
- COVID-19 messaging 'Why Warriors', East Arnhem region.

YOUR VOICE, YOUR COMMUNITY

The Your Voice, Your Community engagement campaign helps eligible residents enrol to vote and ensures their electoral enrolment information is correct. Up to date information helps future planning and funding for infrastructure and services such as roads, healthcare and schools.

In 2019-20, the department worked with the Northern Territory Electoral Commission and regional councils to visit 57 communities in the Northern Territory. Throughout the campaign, the team engaged with 1190 people face-to-face, 908 people were confirmed on the electoral roll and the team helped 56 people complete electoral enrolment forms.

REGIONAL ROADS COMMITTEE

The Regional Roads Committees (RRCs) work effectively at a regional level to help local and Northern Territory governments better meet local road and access needs by coordinating information and resources.

Three of these committees are facilitated by the department and include the Department of Infrastructure, Planning and Logistics (DIPL), regional councils, municipal councils and the Local Government Association of the Northern Territory.

There are RRCs in Big Rivers, Arafura, East Arnhem and Central Australia (including the Barkly) regions.

Committees share technical expertise and resources, facilitate joint planning of road network repairs and road safety initiatives and collaborate to improve road planning and management between the Northern Territory Government and local governments.

A notable outcome in 2019-20 was the improvement of road signage requirements for wet season road closures in collaboration with DIPL, councils, corporations and stations.

WASTE MANAGEMENT COMMITTEES

The department has an advisory role with two Regional Waste Management Committees.

The Central Australian Waste Management Committee consists of the Central Desert, Barkly, MacDonnell, and the Alice Springs Town councils.

The Big Rivers Waste Management Group consists of the West Daly, Katherine, Victoria Daly, Roper Gulf and Coomalie councils.

In 2019-20, a one off grant of \$120 000 was provided to the Katherine Town Council to support the Big Rivers Regional Waste Management Coordinator project.

COMPLIANCE REVIEWS

In line with requirements under the *Local Government Act 2008*, the department has established a program of compliance reviews for councils.

Inspectors appointed by the Minister under the Act conduct the reviews to check, via a method of sampling, that councils are conducting their business lawfully.

In 2019-20, the Compliance team conducted compliance reviews on the City of Darwin and the Tiwi Islands Regional Council. None of the issues identified as part of the reviews were considered serious and councils are implementing improvement recommendations.

COMPLIANCE QUERIES AND APPLICATIONS FOR EXEMPTION FROM ACCOUNTING REGULATIONS

In 2019-20 the Compliance team received and responded to 288 queries from the local government sector. The queries mainly focused on helping councils comply with the *Local Government Act 2008* and Local Government Regulations on topics covering governance,

powers and functions, reporting, allowances, rates and procurement.

Over the same period, the Compliance team considered 12 requests from eight councils for exemption from compliance with the *Local Government (Accounting) Regulations 2008*. All of these requests sought exemptions from the tendering requirements. Eight of the 12 requests were granted.

ICAC PARTNERSHIP

During 2019-20, officers from the division and the office of the Independent Commissioner Against Corruption (ICAC) continued to work together to deliver Conflict of Interest presentations to councils, including:

- developing resources and information to protect public interest
- preventing improper conduct within the local government sector
- guiding the conduct of councils and their officers.

LOCAL GOVERNMENT FUNDING

NORTHERN TERRITORY OPERATIONAL SUBSIDY

The Northern Territory Operational Subsidy funding provided by the Northern Territory Government is the main funding source to help councils deliver local government services.

During 2019-20, \$31.5 million was paid to the nine local government regional councils as well as the Belyuen, Coomalie and Wagait councils.

Table – Northern Territory Operational Subsidy

COUNCIL	GRANT \$
Barkly Regional Council	4 319 644
Belyuen Community Government Council	82 385
Central Desert Regional Council	2 544 730
Coomalie Community Government Council	645 052
East Arnhem Regional Council	6 556 743
MacDonnell Regional Council	4 109 985
Roper Gulf Regional Council	4 455 940
Tiwi Islands Regional Council	1 500 721
Victoria Daly Regional Council	1 628 032
Wagait Shire Council	208 021
West Arnhem Regional Council	3 696 266
West Daly Regional Council	1 752 481
Total	31 500 000

RESERVES AND OTHER ORGANISATIONS

In 2019-20, the department provided funding of \$395 100 to five organisations that, while not local governing bodies, provide local government services around the Northern Territory through necessity.

Table – Reserves and other organisations

ORGANISATION	PURPOSE	GRANT \$
Blatherskite Park Reserve	Operational funding	145 000
Blatherskite Park Reserve	Operational funding additional	15 000
Katherine Town Council	Operational funding for the community of Binjari	139 100
Nhulunbuy Public Cemetery Trust	Operational funding	10 000
Robbie Robins Reserve	Operational funding	75 000
Roper Gulf Regional Council	Operational funding for the community of Larrimah	9 000
Roper Gulf Regional Council	Operational funding for the Mataranka (Elsey) Cemetery	2 000
Total		395 100

LOCAL AUTHORITY PROJECT FUNDING

Local authority project funding supports projects that encourage the continued development of local authorities and their communities.

The funding aims to:

- build stronger communities
- help local governing bodies and their communities become stronger and self-sustaining
- provide quality community infrastructure that facilitates activity and integration

- develop local government capacity to provide legitimate representation, effective governance, improved service delivery and sustainable development.

Funding is distributed to local authorities through a methodology developed by the Northern Territory Grants Commission.

In 2019-20, the department provided \$5.5 million in funding to all nine regional councils.

Table – Local authority project funding

COUNCIL	GRANT \$
Barkly Regional Council	460 880
Central Desert Regional Council	545 920
East Arnhem Regional Council	1 249 260
MacDonnell Regional Council	571 710
Roper Gulf Regional Council	849 620
Tiwi Islands Regional Council	359 880
Victoria Daly Regional Council	336 220
West Arnhem Regional Council	630 170
West Daly Regional Council	468 340
Total	5 472 000

INDIGENOUS JOBS DEVELOPMENT FUNDING

The department funds councils to subsidise the cost of employing Aboriginal people across regional councils and the Belyuen Community Government Council. This supports the delivery of local government services and Aboriginal employment.

In 2019-20, the department provided \$8.3 million in funding to 10 councils to support 648 jobs.

Table – Indigenous Jobs Development funding

COUNCIL	GRANT \$
Barkly Regional Council	968 000
Belyuen Community Government Council	39 000
Central Desert Regional Council	679 000
East Arnhem Regional Council	1 228 000
MacDonnell Regional Council	1 335 000
Roper Gulf Regional Council	1 457 435
Tiwi Islands Regional Council	571 000
Victoria Daly Regional Council	673 000
West Arnhem Regional Council	760 000
West Daly Regional Council	592 000
Total	8 302 435

ONE-OFF GRANTS

In 2019-20, the department provided one-off grants totalling \$391 116 to four organisations.

Table – One-off grants

ORGANISATION	PURPOSE	GRANT \$
Barkly Regional Council	Towards the installation of speed humps and associated signage in various Community Living Areas in and around the Tennant Creek township	27 570
Belyuen Community Government Council	Engage a consultant to conduct a risk based assessment of Council's operations	15 000
Belyuen Community Government Council	Engage a consultant to undertake activities to address the issues identified in the report 'Business Case and Process Review February 2020'	67 500
Belyuen Community Government Council	Enable the conversion and setup to CouncilWise local government business software	61 046
Katherine Town Council	Support the Big Rivers Regional Waste Management Coordinator project in 2019-20	120 000
Local Government Association of the Northern Territory	Facilitate and host two Australian Institute of Company Directors courses	100 000
Total		391 116

NATURAL DISASTER RELIEF AND RECOVERY ARRANGEMENTS

The department administers grants to local government bodies in line with the principles of the Australian Government's former Natural Disaster Relief and Recovery Arrangements and current Disaster Recovery Funding Arrangements.

The former and current arrangements support councils with the cost of recovering

local government assets and services after a natural disaster or emergency. This financial assistance is subject to funding availability.

In 2019-20, the department provided one grant totalling \$1.4 million representing the final assistance relating to Cyclone Marcus that hit the Top End in March 2018.

Table – Natural Disaster Relief and Recovery Arrangements

ORGANISATION	PURPOSE	GRANT \$
City of Darwin	Cyclone Marcus, March 2018	1 372 615
Total		1 372 615

COMMONWEALTH FINANCIAL ASSISTANCE PAYMENTS

General purpose and local roads funding

The Northern Territory Grants Commission is an independent body with the primary role to provide annual funding recommendations for the allocation of Commonwealth financial assistance general purpose and local road funding.

The general purpose payments are distributed on a needs-basis formula developed by the Commission. This takes into account a number of factors such as revenue-raising capacity, expenditure requirements, the size of a council's footprint and how difficult it is to access communities in the council area.

The local road payments are determined by the Commission applying a weighting to each council by road length and type.

In 2019-20, Commonwealth Financial Assistance for general purpose funding of \$8.6 million was provided to 17 councils, and \$8.9 million in local roads funding provided to 18 organisations.

Table – Commonwealth Financial Assistance: general purpose and local roads funding

ORGANISATION	GENERAL PURPOSE	LOCAL ROADS
	2019-20	2019-20
	\$	\$
Alice Springs Town Council	323 942	474 564
Barkly Regional Council	874 107	238 511
Belyuen Community Government Council	12 354	16 324
Central Desert Regional Council	507 397	535 665
City of Darwin	894 236	925 771
City of Palmerston	404 376	547 351
Coomalie Community Government Council	13 059	249 769
East Arnhem Regional Council	1 681 012	627 491
Katherine Town Council	277 741	292 972
Litchfield Council	259 823	1 271 649
Local Government Association of the Northern Territory	n/a	765 320
MacDonnell Regional Council	967 726	494 065
Roper Gulf Regional Council	971 993	528 249
Tiwi Islands Regional Council	200 425	483 260
Victoria Daly Regional Council	232 742	349 641
Wagait Shire Council	3 876	27 343
West Arnhem Regional Council	651 118	610 650
West Daly Regional Council	282 838	505 822
Total	8 558 765	8 944 417

HOUSING PROGRAMS AND SUPPORT SERVICES

Housing Programs and Support Services provides support for the housing service delivery divisions and delivers significant Northern Territory wide housing projects and programs.

The division identifies housing supply opportunities and promotes home ownership through innovation and partnership with the private sector, strategic program development, asset repurposing, asset maintenance and management.

The division funds a number of non-government organisations to deliver accommodation and client services in urban and regional centres, supporting

vulnerable Territorians who are at risk of or would otherwise be homeless.

This division implements and manages housing support, compliance, intervention and public housing safety programs for tenants to provide integrated housing responses aligned to the department's objectives, policies and legislation.

CLIENT RELATIONS AND COMPLIANCE

The Client Relations unit supports operational housing service delivery across four key areas of service: complaints, third party advocates enquiries, First Tier Appeals and compliance.

During 2019-20, the Client Relations call centre received 8696 calls and enquiries. Of these, 6386 related to the public housing safety strategy and 2310 were general enquiries, complaints or housing advocate enquiries.

The unit responded to:

- 3120 complaints regarding disruptive or antisocial behaviour at public housing premises

- 1133 general housing related complaints
- 710 enquiries from third party advocates
- 512 matters relating to compliance of a tenancy agreement
- 66 First Tier Appeal applications
- 61 Ombudsman's enquiries.

PUBLIC HOUSING SAFETY

In 2019-20, the Public Housing Safety unit continued to strengthen its community engagement activities.

Public Housing Safety Officers (PHSOs) worked with the Northern Territory Police, our Service Delivery unit and other government and community organisations on activities such as joint police patrols in public housing complexes, community engagement and attendance at regional shows and open days.

PHSOs also contributed to the department's Homelessness Strategy by conducting Crime Prevention Through Environmental Design audits that aim to identify and lessen or prevent crime by creating safe public spaces and communities.

To further support public housing safety, a new position was established within the Territory Intelligence and Coordination Centre.

The position helps analyse information and respond to emergencies in a collaborative manner to improve community safety and reduce disruptive and antisocial behaviour in urban public housing.

There are now 14 PHSOs in the Greater Darwin region, six in Alice Springs and three each in Tennant Creek and Katherine working with engagement officers in each region.

INDUSTRY AND AFFORDABLE HOUSING

The department operates a number of industry and affordable housing programs to assist eligible organisations and Territorians.

INDUSTRY HOUSING ASSISTANCE SCHEME

The Industry Housing Assistance Scheme supports government and non-government organisations to provide community and homelessness services and supported accommodation.

As at 30 June 2020, the department had 546 Industry Housing leases compared to 552 in 2018-19.

AFFORDABLE HOUSING HEAD-LEASING

The department long-term leased new dwellings from the private sector which are then sub-leased to tenants who are eligible for the affordable housing initiative.

There are 395 affordable housing dwellings.

SOCIAL HOUSING HEAD-LEASING

Social housing head-leasing aims to increase the number of dwellings available to low income Territorians eligible for public housing. The department long-term leases new

dwellings from the private sector which are then sub-leased to tenants.

In 2019-20, the department added 17 social housing head-leased dwellings to its stock, bringing the total to 200 dwellings.

A further six became available in July 2020.

NATIONAL RENTAL AFFORDABILITY SCHEME

The National Rental Affordability Scheme (NRAS) is a partnership between the Australian Government and the states and territories to provide an incentive for investment in affordable rental housing.

The department has 1007 dwellings across the Northern Territory that are part of the NRAS scheme, including 166 that are part of the department's affordable rental initiative and seven that are part of the department's social housing head leasing initiative.

In 2019-20, the department received a 6.7% increase in incentive payments from the previous financial year for its 173 affordable and social dwellings with NRAS.

PLANNING AND HOUSING SUPPLY

Planning and Housing Supply provides strategic direction for the development of new housing initiatives, redevelopment of urban public housing and new housing construction across the Territory and includes programs that create housing outcomes for community organisations to house people most in need.

In 2019-20, the department oversaw the construction and completion of 12 additional new urban public housing dwellings in Alice Springs, Katherine and Palmerston.

There were also four new replacement urban public housing dwellings constructed in Alice Springs and Katherine.

The dwellings are a fit-for-purpose construction that support current needs with a view to long term adaptability and usability as tenants age.

In addition, the department has 78 unit dwellings underway, through the construction of the John Stokes Square Redevelopment in Darwin replacing 75 unit dwellings.



Artists impression of the 78 unit development at John Stokes Square, Darwin

CAPABILITY AND DEVELOPMENT

The Capability Development branch provides training and ongoing support to service delivery staff and contractors delivering housing services on behalf of the department.

Training provides a greater understanding of internal operating systems and service delivery objectives and enables a standardised and higher quality of service.

In 2019-20, 545 service delivery staff and 37 contractors attended 60 training sessions in-person and online, for:

- Urban Public Housing Rent Review - Year Two
- *Residential Tenancies Act 1999*
- Inspections.

HOMELESSNESS PROGRAMS AND SUPPORT

NON-GOVERNMENT ORGANISATION HOMELESSNESS FUNDING

In 2019-20, the department allocated \$24.9 million in grant funding for a range of community housing and homelessness support services across the Northern Territory.

Grants were provided to non-government organisations in urban and regional centres to deliver services that support Territorians who are homeless, or at risk of homelessness.

Services included:

- accommodation management services supporting crisis, short term or transitional housing needs
- support services, consisting of outreach, case management and support to sustain a tenancy
- peak body funding.

Funding for these services was shared, with 64% provided by the Northern Territory Government and 36% from the Australian Government.

NEW TRANSITIONAL HOUSING PROGRAM IN ALICE SPRINGS

The department has entered into a partnership with the Central Australian Affordable Housing Company (CAAHC) and Tangentyere Women's Family Safety Group to provide 20 units for transitional housing at 34 South Terrace in Alice Springs.

The culturally respectful program supports older, single women and small families with children for 12-18 months. The program also offers access to living skills and client support for people wishing to live in an urban

centre but may not yet have the ability to take up a regular lease in either public, community or private housing.

The program will also provide participants with post-accommodation outreach support to enhance their likelihood of sustaining independence in longer-term accommodation.



Transitional housing units at 34 South Terrace, Alice Springs

REMOTE PROGRAM DELIVERY OFFICE

The Remote Program Delivery Office is responsible for the delivery of housing and housing related infrastructure to remote communities in the Northern Territory. These programs are funded by the Northern Territory and Australian governments and are aimed at reducing overcrowding by improving existing and building new houses.

Land Tenure, Land Services and Essential Services Infrastructure and the Indigenous Essential Services program support the remote housing delivery programs.

REMOTE HOUSING INVESTMENT PACKAGE – OUR COMMUNITY. OUR FUTURE. OUR HOMES.

The Northern Territory Government has committed \$1.1 billion to improve and build new housing in remote communities over 10 years from 2017-18. The investment is the largest in remote housing by the Northern Territory.

Our Community. Our Future. Our Homes. consists of:

- \$500 million to build new homes through HomeBuild NT
- \$200 million for Room to Breathe to increase living spaces in existing homes
- \$200 million to expand government employee housing
- \$200 million for repairs and maintenance.

An additional investment of \$426 million over eight years from 2016-17 is committed for preparing

land servicing and infrastructure for the remote housing works.

The Australian Government has also committed \$550 million over five years through the National Partnership Agreement for Remote Housing Northern Territory. The joint investment totals \$2.1 billion over 10 years.

The program focuses on:

- reducing overcrowding and improving living conditions
- local decision making and engagement with communities
- developing Aboriginal Business Enterprises
- sustainable local employment
- economic development.

COMMUNITY ENGAGEMENT AND LOCAL DECISION MAKING

Local decision making and community engagement are key principles of the Our Community. Our Future. Our Homes. remote housing investment package. This gives communities meaningful input into how the program is delivered.

Communities have input into decisions about:

- what work will happen (housing solutions for the community, scope and design)
- when work takes place
- where works happens
- how it happens (speed of the program, transitional housing, employment and training opportunities).

During 2019-20, the department conducted 130 engagement visits across 58 communities.



Local decision making gives communities input into how the remote housing investment package is delivered

HOMEBUILD

HomeBuild builds new homes in remote communities with a focus on innovative design and delivery options.

Through local decision making, the department works with each community to identify their specific priorities for new housing.

Communities have input into the type of housing needed, where housing is built, when the program is delivered and employment opportunities.

In 2019-20, a total of 38 new homes were delivered, with a further 208 underway. This includes 63 prefabricated homes that were built ready for transport during COVID-19, ensuring construction could continue and ongoing employment was supported.



Anthea in front of her brand new HomeBuild home in Santa Teresa

NATIONAL PARTNERSHIP FOR REMOTE HOUSING NT (NPRH NT)

In 2019-20, delivery of the NPRH NT commenced in two stages. Stage one, Beyond Economic Repair Capital Works plan and stage two, Room to Breathe and HomeBuild NT Capital Works plan, were approved by the Australian Government and supported by the four land councils.

Stage one delivery focused on replacing houses considered beyond economic repair or no longer fit for purpose, primarily in communities not receiving major investment under Our Community. Our Future. Our Homes.

The scope of stage two broadened to include extensions to existing houses and building new houses where land is available, or where augmentation of essential services could be undertaken, to better respond to housing need and reduce overcrowding.

As at 30 June 2020 under NPRH NT, a total of 79 new homes were underway across 15 communities with 27 new prefabricated homes completed, ready for delivery to communities when the COVID-19 biosecurity restrictions were lifted.

ROOM TO BREATHE

Room to Breathe is an extension program that adds additional living spaces to existing homes. The program aims to ease the pressure of overcrowding, allow houses to be better used, reduce wear and tear and provide opportunity for family-based accommodation options.

Additional living spaces include bedrooms, granny flats, bathrooms, outdoor cooking places, enclosing verandahs, and lockable storage.

Room to Breathe empowers local decision making through tenant co-design of alterations, additions and improvements to housing as part of a rigorous community engagement and design process.

At each step of the program rollout, local decision makers such as Housing Reference Groups and individual tenants are engaged to determine decisions around overcrowding priorities, design and layout choices as well as providing input into culturally appropriate design.

As at 30 June 2020, there were 78 additional bedrooms delivered, with a total of 161 additional living spaces across 15 communities. Works on extensions to a further 132 houses were underway.

GOVERNMENT EMPLOYEE HOUSING

As part of the Government employee program, more government employee housing is being built to include options for locally recruited remote Northern Territory Government employees.

In 2019-20, a total of 19 new homes were completed in six communities, with six underway in two communities.

Completed homes: Elliott, Engawala, Lajamanu, Mataranka, Emu Point, Beswick.

Underway homes: Alpururulam, Elliott.

REPAIRS AND MAINTENANCE

Repairs and maintenance works help keep houses habitable and safe. The focus of the repairs and maintenance program is preventative, and promotes the nine healthy living practices identified in the Housing for Health method.

In 2019-20, repairs and maintenance programs commenced in Kalkarindji and Lajamanu, with 25 homes completed and 11 underway.

ABORIGINAL BUSINESS ENTERPRISE DEVELOPMENT AND LOCAL EMPLOYMENT

The remote housing investment package focuses on developing Aboriginal Business Enterprises (ABEs), opportunities for joint ventures and Aboriginal employment.

Procurement strategies are prioritised as engaging:

1. local/community-based ABEs via select tender
2. regional ABEs via select tender
3. Territory organisations through an open tender process.

In 2019-20, a total of \$38.9 million worth of works was awarded to ABEs, with a total of \$82.1 million awarded to ABEs over the life of the program. This represents 41.2% of all contracts.

An average of 47% Aboriginal employment was achieved for the financial year.

LAND SERVICING AND HEADWORKS INFRASTRUCTURE PROGRAM

The land servicing and headworks infrastructure program supports the delivery of new housing by developing serviced lots and connecting essential services.

The program focuses on:

- infills, delivering additional serviced lots within existing community infrastructure
- subdivisions, delivering additional serviced land
- headworks, delivering essential services infrastructure to support development such as water bores, water tanks and pipelines.

In 2019-20, a total of 60 serviced lots were delivered through infills.

Subdivisions were also finalised in Galinwinku, Maningrida and Hermannsburg, delivering a further 84 serviced lots.

Major subdivisions have also commenced in Beswick, Pirlangimpi, and Yirrkala which will deliver 72 additional housing lots.

Through the infrastructure headworks program, water supply upgrades to support housing development commenced in Hermannsburg, Ngukurr, Galinwinku, Wurrumiyanga and Minyerri.

DRONE PILOT PROGRAM

In 2019-20, a drone and 3D imaging pilot program was launched to trial digital asset assessment of houses to better inform the department about future housing solutions.

A laser scanner positioned at reference points inside a house takes multiple high resolution images and is combined with images taken from a drone flown above the home, to produce a detailed and accurate floor plan.

It is anticipated the digitised imagery will provide efficiencies for service delivery and asset management.

Amoonguna was the first community to participate in the pilot program with Nauiyu scheduled for early 2021.

TOWN CAMPS

The Town Camps Futures Unit (TCFU) was established in August 2018 to implement the *Building our communities, together* Town Camps Reform Framework 2019-2024.

IMPLEMENTATION OF TOWN CAMPS REFORM FRAMEWORK

Through the TCFU, the department has invested \$40.9 million in housing and infrastructure upgrades. All work is scoped and prioritised through engagement with local residents to ensure informed local decision making throughout the projects.

As at 30 June 2020, 292 projects have commenced and 277 have been completed, with investment in town camps and community living areas in Darwin, Palmerston, Adelaide River, Katherine, Pine Creek, Mataranka, Elliott and Tennant Creek.

Underpinned by the principles of local decision making, work has started on the development of community-

specific action plans which are developed in partnership with town camp owners, residents and key stakeholders. They provide an accountable and clear way in which government, community and key Aboriginal controlled organisations will collaborate to see social and economic improvements.

Ongoing work includes building in the Miali Brumby community in the Big Rivers region, and completed housing and infrastructure projects in Bagot Community, Darwin.

HEALTHY HOMES

The TCFU is developing Healthy Homes Project Guidelines to inform the roll out of the Housing for Health program and a broader integration of the Healthy Living Practices into our remote tenancy and property management programs.

Upgrades will focus on the repair or replacement of hardware and infrastructure so that houses are safe and the occupants can carry out healthy living practices.



Completed works by Kalano Community Association in Miali Brumby community

TOWN CAMPS FUTURES UNIT EXTERNAL ADVISORY GROUP

In 2019-20, the Town Camps Futures Unit established an External Advisory Group that provides ongoing advice to guide and inform critical reforms affecting the 43 town camps and community living areas across the Northern Territory.

Members of the group are representatives from the Aboriginal Controlled Housing Organisations who are responsible for service provision areas of town camps and community living areas.

These are:

- Yilli Rreung Housing Aboriginal Corporation – Darwin
- Pine Creek Aboriginal Advancement Association Inc – Pine Creek
- Kalano Community Association – Katherine

- Mabunji Aboriginal Resource Association Inc – Borroloola
- Julalikari Council Aboriginal Corporation – Tennant Creek
- Tangentyere Council and Central Australian Affordable Housing – Alice Springs
- Aboriginal Housing NT.

STRATEGY, POLICY AND PERFORMANCE

The Strategy, Policy and Performance Division shapes the department's strategic direction across the housing system by leading, developing and implementing innovative and contemporary housing policies, leading strategic planning, and program development.

The division also develops innovative business intelligence and integrated reporting solutions that improve decision making and service delivery performance.

NORTHERN TERRITORY HOMELESSNESS STRATEGY

Launched in early 2019, the Pathways out of Homelessness: Northern Territory Homelessness Strategy 2018-2023 aims to strengthen the foundations of the service system to deliver improved housing and support outcomes for Territorians who are homeless or at risk of homelessness.

To support the strategy, the department held a series of presentations in Alice Springs, Darwin, Katherine and Tennant Creek to share and discuss findings and analysis of homelessness and housing data with specialist homelessness service providers.

Presentations were made to the Northern Territory Government Children and Families cluster of agencies to highlight the intersections between homelessness and other complex needs including mental health, disability and domestic and family violence.

During 2019-2020, the department progressed a number of projects outlined in the strategy including:

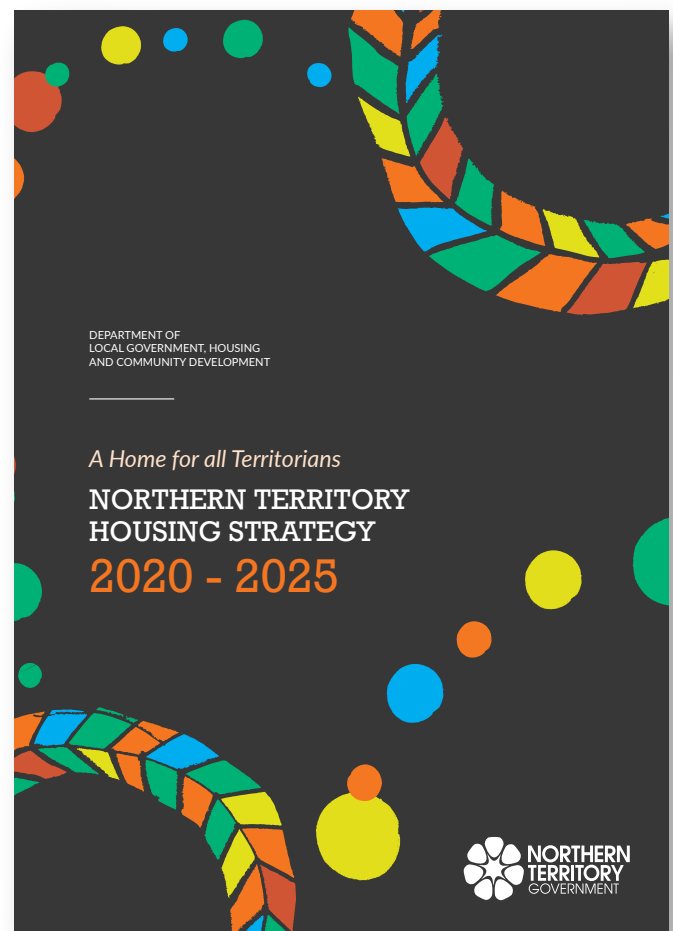
- working with sector stakeholders and Territory Families to trial a new service model to meet the housing needs of young people leaving out-of-home care
- developing a corporate training program to enable frontline staff to best engage with clients who are experiencing vulnerability or may have complex needs
- supporting the My Place program run by Central Australian Affordable Housing Company (CAAHC) in Alice Springs to prevent homelessness and improve access to housing in the private rental market.

NT HOUSING STRATEGY 2020-2025

A Home for all Territorians: The Northern Territory Housing Strategy 2020-2025 was developed in partnership with key internal and external stakeholders and launched by the department in December 2019.

The strategy sets out a framework, guiding principles and actions to promote increased access to social and affordable housing, private rental and home ownership across urban, regional and remote communities. It builds on existing programs and seeks to leverage new ideas and partnerships to create improved outcomes for individuals, families and communities.

During 2019-2020, the department started work on a number of projects and activities outlined in the strategy.



A Home for all Territorians: The Northern Territory Housing Strategy 2020-2025

HOUSING DATA

HOUSING STOCK

The department owns or manages 13 106 dwellings in urban and remote locations across the Northern Territory. This includes public housing, social head lease housing, industry housing, community housing, government employee housing, emergency housing and affordable housing.

In 2019-20, urban housing stock decreased compared to the last financial year, largely due to the disposal of 75 dwellings during the demolition of John Stokes Square in Nightcliff. Remote housing stock has increased due to capital works through the delivery of Our Community. Our Future. Our Homes.

Urban housing stock as at 30 June 2020:

	DARWIN / CASUARINA	PALMERSTON	ALICE SPRINGS	KATHERINE	NHULUNBUY	TENNANT CREEK	TOTAL
Urban public housing	2 050	1 309	774	408	39	134	4 714
Social head lease	143	50	3			4	200
Industry housing	180	38	226	51	8	43	546
Community housing	10		52	39			101
Affordable rental housing*	153	167	57			18	395
Government employee housing*	7	32	67	168	258	231	763
Total	2 543	1 596	1 179	666	305	430	6 719

*Affordable rental housing includes 383 head leased dwellings.

*Government employee housing in urban areas includes 424 head leased dwellings.

Remote housing stock as at 30 June 2020:

	CENTRAL AUSTRALIA	BIG RIVERS	ARNHEM	BARKLY	ARAFURA	TOTAL
Remote public housing	1 068	1 428	952	285	1 113	4 846
Town camp/community living area	284			101		385
Industry housing					29	29
Government employee housing*	277	257	229	70	252	1 085
Emergency housing			42			42
Total	1 629	1 685	1 223	456	1 394	6 387

* Government employee housing in remote areas includes 15 head leased dwellings.

URBAN PUBLIC HOUSING ALLOCATIONS

Allocations from the wait list depend on the availability of housing stock, which is generally linked to the number of households leaving public housing. In 2019-20, there were 198 internal transfers and 447 new households allocated from the wait list.

Allocations for urban locations, including social head lease housing between 1 July 2019 and 30 June 2020:

	1 BEDROOM	2 BEDROOM	3+ BEDROOMS	TOTAL
Darwin/Casuarina	68	90	129	287
Palmerston	40	76	66	182
Alice Springs	45	39	36	120
Katherine	10	9	15	34
Nhulunbuy		3		3
Tennant Creek	3	2	14	19
Total	166	219	260	645

APPLICATIONS FOR URBAN PUBLIC HOUSING

Eligible applications for public housing are placed on a wait list, in date order from when the application is received and includes general, priority and transfer applicants. Across all regions there were 1490 priority applicants, 2707 general applicants and 576 current public housing tenancies waiting to transfer to another public housing dwelling.

Waitlist summary as at 30 June 2020:

	PRIORITY/GENERAL	TRANSFER	TOTAL
Darwin/Casuarina	1 700	310	2 010
Palmerston	613	144	757
Alice Springs	1 143	74	1 217
Katherine	409	34	443
Nhulunbuy	119	3	122
Tennant Creek	213	11	224
Total	4 197	576	4 773

URBAN PUBLIC HOUSING WAIT TIMES

Wait times for public housing vary, depending on each applicant's circumstances. Wait time is influenced by a number of factors such as the general demand for public housing, the number of approved priority applications and the availability and turnover of suitable homes in each location.

Wait times as at 30 June 2020:

	1 BEDROOM	2 BEDROOM	3 BEDROOM
Darwin/Casuarina	6 to 8 years	2 to 4 years*	2 to 4 years*
Palmerston	6 to 8 years	< 2 years*	< 2 years*
Alice Springs	4 to 6 years	4 to 6 years	4 to 6 years
Katherine	6 to 8 years	4 to 6 years*	4 to 6 years
Nhulunbuy	4 to 6 years	4 to 6 years	4 to 6 years
Tennant Creek	6 to 8 years	6 to 8 years*	4 to 6 years

*Due to limited stock and turnover, manual calculation required.

KEY PERFORMANCE INDICATORS

LOCAL GOVERNMENT, HOUSING AND COMMUNITY DEVELOPMENT

	2019-20 ESTIMATE	2019-20 ACTUAL
HOUSING SERVICES DELIVERY		
Households assisted into public housing	870	923
Households assisted into private housing through the Bond Assistance Loan Scheme	450	452
Average number of days to occupy vacant public housing stock	70	97
Antisocial behaviour complaints responded to within target timeframes	95%	97%
People provided with support to sustain their tenancy	1 600	1 492
New social housing head-leased dwellings	49	17
Additional new constructed urban public housing dwellings	60	12
New constructed replacement urban public housing dwellings	0	4
REMOTE PROGRAM DELIVERY OFFICE		
Remote Housing Investment Package – Our Community, Our Future, Our Homes.		
Proportion of Aboriginal people employed to deliver housing works and services	40%	47%
Completed bedrooms and living spaces	474	468
Additional new constructed remote housing dwellings	100	51
New constructed replacement remote housing dwellings	30	46
Percentage of contracts awarded to Aboriginal business enterprises	42%	49%
Land services and infrastructure – new remote housing lots developed	230	144
COMMUNITY SERVICES		
Aboriginal interpreting assignments completed	70%	58%
Aboriginal interpreting hours provided by qualified interpreters	55%	42%
Ethnic interpreting assignments completed	90%	86%
Number of local Aboriginal workers employed under Homelands Jobs Grants ¹	145	283
LOCAL GOVERNMENT AND COMMUNITY DEVELOPMENT		
Locations visited to progress community development initiatives	79	79
Percentage of locations visited a minimum of four times during the year to progress community development initiatives	80%	53%
Scheduled compliance reviews completed	4	2
Number of training and workshop sessions funded or delivered by the department to improve council capabilities	10	10

¹ Homelands Jobs funding was allocated to homelands service providers for the employment of local Aboriginal workers in 145 full time equivalent positions. A total of 283 workers were employed across the funded positions as a result of workforce movement and mobility factors.

HOUSING SERVICES DELIVERY

Households assisted into public housing

Several factors are considered in the allocation of housing, including the number of bedrooms required by an applicant and suitability of the dwelling location. On most occasions, priority applicants are allocated before other applicants, but this is not always the case.

In 2019-20, the allocations of urban and remote public housing properties to eligible tenants decreased to 923 from 1153 in 2018-19.

Households assisted into private housing through the Bond Assistance Loan Scheme

To help enter the private rental market, low-income clients can apply for interest-free loans to help pay a bond and up to two weeks rent in advance.

Eligibility criteria requires Australian residency and includes income and asset limits. In 2019-20, 452 bond loans were provided to help people into private rental accommodation. This decreased by 12% compared to 516 loans provided in 2018-19.

Average number of days to occupy vacant public housing stock

The average time to re-tenant urban public housing stock across the Northern Territory was 97 days. This was 27 days more than the target of 70 days outlined in the 2019-20 Budget Paper 3, and a decrease of 22 days (down from 119 days) compared to 2018-19. A range of factors contribute to the result, including available dwellings not meeting the needs of clients on the wait list and the impact of the stimulus program on the turnaround calculation for long term vacant dwellings returned to service.

Antisocial Behaviour Complaints responded to within target timeframes

Response time to address antisocial behaviour complaints is determined by severity level:

COMPLAINT TYPE	RESPONSE TIMEFRAME
Serious complaints	within four hours
Moderate complaints	within two days
Minor complaints	within four days

A 97% response rate was achieved, slightly above the target of 95%.

People provided with support to sustain their tenancy

The department supported 1492 people to sustain their tenancy. The data is derived from individual level Specialist Homelessness Services Collection Statistical Summary Reports for the period 1 July 2019 to 30 June 2020.

The number of people supported has decreased when compared with 2018-19. This is due to a number of factors including increasing complexity of clients and a significant data integrity issue that is impacting one of the larger organisations and is currently being resolved.

New public housing head-leased dwellings

To help manage housing demand, the department head leases dwellings from private property owners which are sub-leased to tenants who qualify for public housing. Social housing head-leasing increases the number of properties available to low-income Territorians and their families, seniors and people with a disability.

In 2019-20 there were 17 new public housing head-leased dwellings constructed. The target was not achieved as a number of negotiations did not result in agreement of the terms, and the contracts were not executed.

Additional new constructed urban public housing dwellings

The department completed 12 new urban public housing dwellings in 2019-20. A further three new builds are currently under construction.

New constructed replacement urban public housing dwellings

There were four newly constructed replacement urban public housing dwellings completed in 2019-20, with a further one replacement dwelling under construction. Although these replacement dwellings did not have a Budget Paper 3 target, the department continues to replace end of life dwellings as they are usually in well established and serviced locations that are beneficial for public housing.

REMOTE PROGRAM DELIVERY OFFICE

Proportion of Aboriginal people employed to deliver housing works and services

The proportion of Aboriginal staff employed to deliver housing works and services was 47% for 2019-20, which exceeded the target of 40%. This was an increase of 7% from 2018-19.

Completed bedrooms and living spaces

During the year there was a total of 468 bedrooms and living spaces constructed across the Territory.

Additional new constructed and replacement remote housing dwellings

A total of 97 new and replacement remote housing dwellings were constructed during 2019-20. The additional new constructed remote housing dwellings target was not achieved due to bio-security restrictions associated with COVID-19.

As at 30 June 2020:

- 85 new on-site dwellings were underway in communities where access was limited or inaccessible
- a further 134 new prefabricated dwellings were underway, of which 63 were completed off-site but could not be installed due to bio-security restrictions.

Percentage of contracts awarded to Aboriginal Business Enterprises

The department exceeded the 2019-20 target and there has been an increase in the percentage of contracts awarded to Aboriginal Business Enterprises (ABEs) compared to the previous year.

Land services and infrastructure – new remote housing lots developed

There were 144 new remote housing lots delivered during 2019-20. The development of additional serviced land has been impacted by COVID-19 with bio-security restrictions limiting access to communities. This has impacted procurement and mobilisation to site, the ability to secure land tenure (including consent to construct) and local decision making and community engagement processes.

As at 30 June 2020:

- there were 114 lots with construction underway (including major subdivision works in Beswick, Pirlangimpi and Yirrkala)
- a further 86 lots were either in procurement (Ramingining) or being prepared for construction tender release early in the 2020-21 financial year (Wadeye and Gunbalanya).

COMMUNITY SERVICES

Aboriginal interpreting assignments completed

In 2019-20 the Aboriginal Interpreting Service (AIS) completed 8505 assignments, which was 58% of all assignments.

The main reasons for assignments not being completed are client cancellations and interpreter availability. COVID-19 also contributed to the AIS not achieving targets, as service providers reduced their face-to-face service provision and practiced physical distancing, and bio-security restrictions limited access to remote Aboriginal communities. Ongoing work that the AIS is typically involved in, such as Bush Courts, also temporarily ceased as a result of COVID-19.

Aboriginal interpreting hours provided by qualified interpreters

The percentage of Aboriginal interpreting hours provided by qualified interpreters in 2019-20 was 42%, which was less than the target of 55%. The closure of remote Aboriginal communities due to COVID-19, led to lower than expected performance as it prevented the AIS from travelling to communities to recruit and train interpreters. A total of 17 364 hours of interpreting by a qualified interpreter was completed.

Ethnic interpreting assignments completed

In 2019-20, 86% (3735) of ethnic interpreting assignments were completed, which is 4% below the target of 90%. The department's ability to recruit locally across emerging languages, particularly from parts of Africa, resulted in the target not being achieved.

Number of local Aboriginal workers employed under Homelands Jobs Grants

In 2019-20 there were 283 local Aboriginal workers employed under Homelands Jobs Grants, exceeding the target of 145.

LOCAL GOVERNMENT

Locations visited to progress community development initiatives

In 2019-20, the Community Development branch visited 79 remote communities to progress community development initiatives during the year to:

- support the work and development of local authorities
- conduct consultation sessions and engagement on the proposed *Local Government Act 2019*
- support the development of community directories for BushTel, Engagement Advice, and two-way communication between communities and government. The aim of this is to promote remote community engagement by Northern Territory Public Servants consistent with the principles in the Remote Engagement and Coordination Strategy
- work with community members to support up to date enrolment on the electoral roll so eligible people are able to participate in upcoming Legislative Assembly and Local Government elections
- support the development and implementation of community-led projects.

In working with communities, the department is working towards the objectives outlined in its Community Development Policy, which is aimed at building community capacity and increasing local decision making.

Percentage of locations visited a minimum of four times during the year to progress community development initiatives

During the financial year, 53% of the 79 communities were visited four or more times during the year, less than the target of 80%. This was due to the COVID-19 travel restrictions in place from March to May (inclusive).

Working in a community development context requires building relationships and trust with people. In terms of the Community Development Model, each visit aims to:

- support communities and local governments with their governance capacity and development
- help communities to have a voice with government
- improve engagement capability across the Northern Territory Public Sector
- support two-way information and knowledge exchange
- support the Local Decision Making Framework Policy.

Scheduled compliance reviews completed

The department administers a program of compliance reviews for councils, as required by the *Local Government Act 2008*, to ensure councils are conducting their business lawfully. Compliance reviews are conducted by local government inspectors and all councils are subject to a compliance review at least once every three years. Each year the department's Chief Executive Officer sets the local government compliance program, which includes determining which councils will be subject to a compliance review.

In 2019-20, compliance reviews were completed for the Tiwi Islands Regional Council and City of Darwin. The target of four councils could not be achieved due to COVID-19 travel restrictions that prohibited local government inspectors from visiting council headquarters to undertake on-site compliance checks.

Number of training and workshop sessions funded or delivered by the department to improve council capabilities

During the year the department supported 10 training and information sessions to help improve councils' capabilities.

NT HOME OWNERSHIP

	2019-20 ESTIMATE	2019-20 ACTUAL
NT HOME OWNERSHIP		
Loan portfolio balance	\$153M	\$153M
Loan accounts in arrears greater than 30 days	3.00%	4.18%
Households assisted in home ownership	90	52

Loan accounts in arrears greater than 30 days

The percentage is higher than budgeted due to the COVID-19 Assistance Package provided to 96 clients, through a range of short term assistance options.

Households assisted in home ownership

The target was not achieved as there was a downturn in home lending in the Northern Territory. These products are for newly built homes.

PROCUREMENT AND GRANTS MANAGEMENT

The Centralised Procurement and Grants Management unit is responsible for providing whole-of-agency policy advice, support, capability development and reporting for procurement and grants functions.

CENTRALISED PROCUREMENT MANAGEMENT UNIT

The Centralised Procurement Management unit is responsible for coordinating all new procurement activity, Tier 2 or above².

All Northern Territory Government purchases fall into one of five procurement tiers:

- Tier 1 - less than \$15 000
- Tier 2 - \$15 000 but less than \$100 000
- Tier 3 - \$100 000 but less than \$500 000
- Tier 4 - \$500 000 but less than \$5 million
- Tier 5 - \$5 million and over.

During 2019-20, the department awarded 433 Tier 2 or above procurements valued at \$60.3 million.

This represents an increase of 238 procurements in comparison to 195³ in the previous financial year, although there was a reduction of \$16.8 million in award value.

This largely reflects the Urban Public Housing Stimulus Program where procurement activities are high in volume but low value.

Of the 433 procurement activities awarded, 418 were Tier 2⁴, three were Tier 3, 10 were Tier 4, and two were Tier 5. Of those, 13 were procured via Public Tender and 420 were procured via Select Tender.

This also reflects the \$100 million Urban Public Housing Stimulus Program where most procurement activities were Tier 2 select to contractors on the program's supplier register.

Territory Enterprises were awarded 98% of procurement activities, 3% more than in 2018-19 demonstrating the department's commitment to the Northern Territory Government's Buy Local Plan.

The department is committed to continually improving procurement processes and capabilities and is

undertaking a range of development strategies to increase knowledge and capacity in this area.

These strategies include:

- providing accredited internal training for agency employees
- supporting training in Certificate IV and Diploma of Government Procurement and Contracting qualifications for employees undertaking significant procurement roles
- facilitating internal job rotation and mobility placements to 'grow our own' procurement officers and contract managers in-house.

²Tier 1 procurements are coordinated by the respective procuring division.

³Corrected from 194 as reported in 2018-19 annual report.

⁴This includes two Remote Contracting Framework Agreements which were awarded during 2019-20 and which hold no value as head contracts (\$1 in the Agency Purchase Requisitions Online system) noting, actual works packages are intended to gazette on award if and when works eventuate.

PROCUREMENT GOVERNANCE COMMITTEE

The Procurement Governance Committee provides direction to improve capability and performance and assure compliance to relevant Northern Territory Government legislation, policies and directions throughout the procurement management lifecycle.

The committee also oversees and monitors the Agency Procurement Management Plan and Significant Procurement Activity Plan to maximise procurement outcomes and achieve strategic objectives.

In 2019-20, the Procurement Governance Committee met four times to discuss agency procurement matters.

CENTRALISED GRANTS MANAGEMENT UNIT

In 2019-20, the Centralised Grants Management unit facilitated 3856 grant transactions valued at \$143.7 million. This represents an increase of 3171 transactions compared to the previous year's figures of 685.

The total number of grant agreements drafted by the unit (192) is slightly less than the previous year due to the whole of government standard funding agreement being established.

GRANTSNT

GrantsNT is the online grant management system for Northern Territory Government grants. In 2019-20, the department transitioned to using the system for the administration and payments of grants.

Leading the implementation, the unit configured 33 grants in GrantsNT, with two of those released under a competitive round.

With the transition, it was identified that training was needed for external funded organisations.

Training helped to:

- better understand the system
- use the system to its full capabilities
- understand the responsibilities for keeping user access and profile details up to date.

In total, 60 people attended 12 training sessions in Darwin, Katherine and Alice Springs.

GRANTS GOVERNANCE COMMITTEE

The Grants Governance Committee provides direction to improve capability and performance and assure conformance to relevant Northern Territory Government legislation, policies and directions on grants.

The committee oversees the management of grants across the agency and ensures grant programs comply with grants policy and applicable government directives.

In 2019-20, the committee met four times to discuss agency grant related matters.

CAPITAL WORKS EXPENDITURE

The table below details expenditure against the department's capital programs for the 2019-20 financial year.

	2019-20 ORIGINAL PROGRAM	2019-20 REVISED PROGRAM	2019-20 FINAL CASH BUDGET	2019-20 ACTUAL EXPENDITURE
	\$000	\$000	\$000	\$000
Major New Works	539 472	581 845	193 774	173 817
Public housing	121 501	131 772	30 012	27 447
Government employee housing	4 091	13 256	6 082	1 834
Aboriginal housing and infrastructure	413 880	436 734	157 680	144 495
Construct and refurbish remote morgues ¹		83		41
Minor New Works	37 206	22 400	38 656	38 015
Public housing	30 184	18 869	36 200	36 357
Government employee housing	6 577	3 086	2 456	1 597
Other ¹	445	445	-	61
Total Capital Works	576 678	604 245	232 430	211 832
Public housing	151 685	150 641	66 212	63 804
Government employee housing	10 668	16 342	8 538	3 431
Aboriginal housing and infrastructure	413 880	436 734	157 680	144 495
Construct and refurbish remote morgues ¹	-	83	-	41
Other ¹	445	445	-	61

Note

¹ Program and cash managed by Department of Infrastructure Planning and Logistics.





COVID-19 **3**

On 18 March 2020, the Northern Territory Minister for Health declared a public health emergency for the whole of the Territory in response to the coronavirus (COVID-19) pandemic.

Following that announcement, the department swiftly developed a Pandemic Plan and activated the Emergency Management Committee and Incident Management Team and other supporting groups to help guide our direction and response.

As part of the Northern Territory Government and the Children and Families cluster, the department implemented a number of health and safety measures to support Territorians in the staged response to COVID-19.

Frontline services were limited and work related travel throughout the Territory ceased. Alternative measures were established so that vital essential services could continue and others could resume seamlessly when restrictions were lifted.

Health and safety was at the forefront of the department's response. Work plans were developed to ensure physical distancing and good personal and work hygiene practices were observed.

Mental health and wellbeing was highlighted as a priority, with the need to look after those around us – friends, family and colleagues. Staff were offered expanded counselling and support services along with a range of online mental health and wellbeing resources and contacts.

Vulnerable staff members were encouraged to work from home and rostered working arrangements were implemented to observe the physical distancing and workplace capacity requirements.

A total of 23 staff members were seconded to other agencies and organisations to support those agencies tasked with the critical provision of services and information.

On 5 June, the Northern Territory successfully transitioned to stage 3 of the Roadmap to the new normal. This change enabled the department to resume its commitment to urban and remote housing, the local government sector, interpreter services and community development.

The department continues to support the basic principles of good health and hygiene practices and physical distancing in the workplace and encourages those same principles throughout the Northern Territory community.

COVID-19 has affected our lives in many ways, restricting our movement, family contact and work practices. Although at times it may have felt like we were not in control, the one thing we could determine was our response.

Thanks to the collective effort and dedication of our staff, we will build on our strengths, support one another and our local communities and continue to evolve to meet the challenges we all face from this pandemic, together.

PANDEMIC RESPONSE

WORKING FROM HOME

The department identified the need to protect vulnerable staff members and worked with other government agencies to support rostered or working-from-home arrangements.

The department approved 230 Work From Home (WFH) applications due to the provision of technical support and access to software and IT equipment.

Rostered work schedules were created and staff were given the opportunity to work from alternative office locations, allowing work units to adhere to strict workplace distancing requirements.

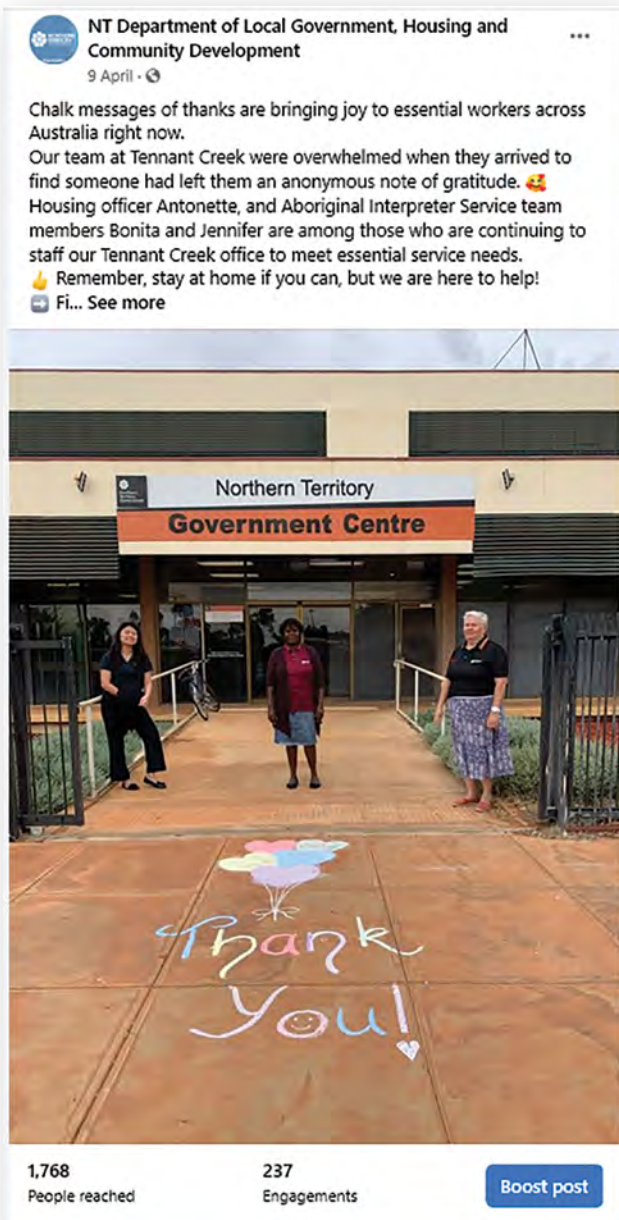
Work From Home applications listed by region:

REGION	APPROVED WFH APPLICATIONS	% OF TOTAL HEADCOUNT
Arafura	17	52%
Arnhem	12	43%
Barkly	1	5%
Big Rivers	26	50%
Central	16	19%
Greater Darwin	158	22%

FRONTLINE SERVICES

In line with the Northern Territory Government business-as-usual approach, the department continued with normal or appropriately modified operational procedures, where allowed.

This included keeping all housing offices open with increased protective barriers, personal protective equipment and regular cleaning, providing safe frontline services to clients seeking housing and tenancy assistance.



Our office in Tennant Creek were left with a street art 'thank you' for remaining open during COVID-19

TELEPHONE WELFARE CHECKS

As a result of measures adopted to prevent the spread of COVID-19, the department ceased all inspections and routine home visits while restrictions were in place.

Telephone welfare checks were made across all our tenancies to aged and vulnerable tenants to check on their health and wellbeing. Calls focused on ensuring support networks were in place and to provide assistance where necessary for tenancy or urgent maintenance issues.

The department was also able to provide referral assistance for medical and food requirements by linking with the government's Territory Welfare Group.

The department carried out two rounds of telephone welfare checks and successfully contacted more than 2400 tenants.

RETURN TO COUNTRY

Before travel restrictions and quarantine requirements were implemented, health experts encouraged Aboriginal people from homelands and communities across the Territory to return to country as it was considered the safest place to be during COVID-19.

The Homelands Services Group (HSG), in conjunction with the Australian Government, the four Territory land councils and Larrakia Nation, assisted 2100 people return to country.

A significant number moved back to homelands, many of which were previously unoccupied and required urgent reconnection to services such as water, sewerage and electricity. The HSG helped facilitate this work to ensure a safe and healthy home environment was available for returning residents.

SPECIAL COMMUNITY ASSISTANCE AND LOCAL EMPLOYMENT GRANT

The Minister for Local Government, Housing and Community Development established a Special Community Assistance and Local Employment grant program in 2019-20.

The one-off grant was aimed at ensuring business continuity for councils by providing immediate funding to assist with employment and operating costs, support job creation and economic stimulus opportunities, support community-based COVID-19 initiatives and COVID-19 related compliance and management costs.

The total funding pool of \$7.1 million was distributed and paid to municipal, regional and shire councils based on a funding formula.

Special Community Assistance and Local Employment funding

COUNCIL	GRANT 2019-20 \$
Alice Springs Town Council	761 200
Barkly Regional Council	491 900
Belyuen Community Government Council	100 000
Central Desert Regional Council	369 700
City of Darwin	300 000
City of Palmerston	743 700
Coomalie Community Government Council	128 700
East Arnhem Regional Council	345 200
Katherine Town Council	639 000
Litchfield Council	560 700
MacDonnell Regional Council	377 000
Roper Gulf Regional Council	398 400
Tiwi Islands Regional Council	533 600
Victoria Daly Regional Council	536 100
Wagait Shire Council	100 000
West Arnhem Regional Council	349 500
West Daly Regional Council	365 300
Total	7 100 000

POLICY REVIEW

The department was proactive in aligning the Northern Territory's COVID-19 policy position with National Cabinet commitments on housing and homelessness.

This was achieved by working with interstate counterparts and the Australian Government to share information and present policy options to limit the potential for transmission of the virus amongst those experiencing homelessness, or those at risk of homelessness.

This work included collaborating with the Department of Attorney General and Justice on changes to the Northern Territory's residential tenancy legislation. These changes were to recognise the economic and social impacts of COVID-19 on residential tenancies and offer protection to prevent homelessness and rental stress for those most vulnerable.

The measures introduced included modified entry and inspection processes and extended notice timeframes for terminations other than for a breach of agreement and for termination for non-payment of rent where COVID-19 hardship was present.

These changes ensured that the private and public residential housing markets in the Northern Territory were protected during COVID-19 and Territorians were not placed in housing rental stress or at risk of homelessness as a result of the economic impact of COVID-19.

MAKING A DIFFERENCE FOR EVACUEES

In May 2020, four Interpreting and Translating Services NT (ITSNT) interpreters worked with the Australian Medical Assistance Teams (AUSMAT) to provide interpreter services for Australian citizens arriving from Wuhan, China.

Emily Chao, Luo Mitchell, Jane Wang and Lisa You interpreted messages from English to Mandarin from the moment evacuees landed in Darwin, and throughout the time the evacuees were housed at the Howard Springs Coronavirus quarantine facility.

'Our job wasn't finished until every evacuee had safely completed their quarantine and were able to return home,' Emily said.

Quarantined herself, Luo got to work the day after she was given the appropriate health clearance.

'Once I got there, I interpreted numerous messages from different professionals, doctors and nurses including Chief Medical Officer Brendan Murphy and Federal Minister for Health Greg Hunt,' she said.

'I was really proud to tell them I was their interpreter from ITSNT.'

The ITSNT team also helped to interpret any queries the evacuees had, as well as any medical concerns, or questions about the facility.



Luo at the Howard Springs Coronavirus facility helping interpret English to Mandarin

For our interpreters, this was one of their longest jobs, but they say it was one of their most rewarding.

'It was certainly very different from my other ones but I felt very honoured and grateful to be involved. It was an unforgettable lifetime experience,' Emily said.

“ I knew AUSMAT needed Mandarin interpreters on deck so I got straight onto the job after I was cleared, Luo said. ”

MAPPING FOR INCIDENT PLANNING

The Remote Information and Engagement team supported operations in the Emergency Operations Centre (EOC) by adapting the incident web map, which would normally assist the department to plan for natural disasters like cyclones and floods.

The map was adapted with 30 additional data sets to cater for COVID-19 and provided the EOC with a visual representation of services and infrastructure across the Northern Territory.

Access to this kind of information allowed in-depth analysis and collaboration and improved management oversight reducing duplication and human error.



Tenancy Contract Officer Courtney (right) with new tenants at Mount Liebig

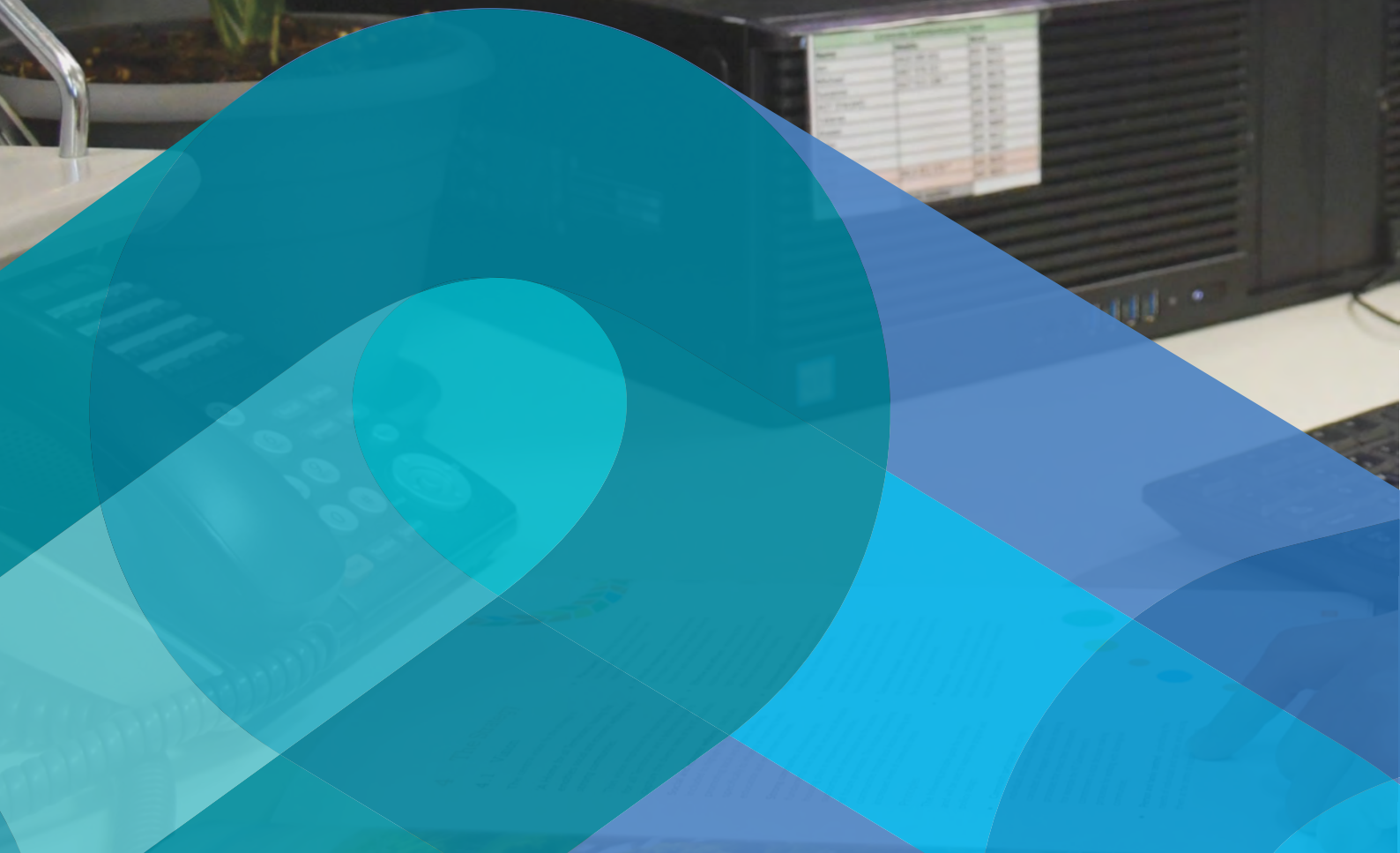
GETTING BACK TO BUSINESS

Remote communities in the Northern Territory were initially declared biosecurity areas to all non-essential visitors including department staff, to keep people safe and to limit the possibility of transmitting COVID-19.

With the staged lifting of restrictions and the need to return to providing vital face-to-face services, Service Delivery South staff under the Approved Essential Workers program were able to visit remote communities such as Mount Liebig, 300 km west of Alice Springs.

While wearing appropriate personal protective equipment and adhering to physical distancing, staff were able to provide the security and safety that residents had requested and resume programs and services such as the sign-up process for new tenancies to upgraded homes in the community.

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GOVERNANCE AND INFORMATION MANAGEMENT **4**

The Corporate Services division provides strategic advice and coordination to develop, implement and deliver:

- financial and budget management
- communications and media
- work health and safety
- office services
- governance
- legal, risk and audit
- procurement
- grants management.

It supports the service delivery areas of the department by providing and administering systems and processes that enable the efficient conduct of the department's business.

The division comprises the following branches:

- Budgets and Finance
- Corporate Communications
- Governance and Information Management
- Procurement and Grants Management
- Business Services
- Legal Services
- Work Health and Safety.

COMMITTEES AND GROUPS

The department's corporate objective is to deliver strong and efficient operational services that is achieved through a solid governance foundation.

The department is invested in developing the expertise of senior leaders and staff to maintain a strong focus on leadership and governance in high level committees and groups.

SENIOR EXECUTIVE GROUP

The Senior Executive Group meets daily to consider the strategic priorities and critical issues to the department and discuss whole of government matters.

The composition of the group includes the:

- Chief Executive Officer
- Acting Deputy Chief Executive Officer Housing Services, Local Government and Community Development
- Deputy Chief Executive Officer Remote Program Delivery Office and Community Services
- Executive Director Corporate Services
- Senior Director of the Office of the Chief Executive.

BOARD OF MANAGEMENT

The Board of Management came into effect on 23 March 2020, replacing the Executive Management Board and the Executive Strategic Operational Group.

The board monitors performance across the department including people, procurement and finance. It leads the delivery of cross agency and whole of government priorities, conducts reviews of strategic documentation, assesses key data including informed risk management and ensures business practices are implemented and maintained to achieve the department's objectives.

RISK AND AUDIT COMMITTEE

The Risk and Audit Committee is an independent and impartial assurance committee that provides advice to the Chief Executive Officer to ensure relevant legislative responsibilities are met as the department's Accountable Officer.

The committee is independently chaired and oversees the department's governance, risk management and audit programs and policies and ensures best practice initiatives are consistent with the department's business objectives.

OPTIMISATION COMMITTEE

The Optimisation Committee is a sub-committee of the Board of Management, established to drive business improvement primarily in the housing services area through:

- improved processes and documentation that create efficiencies
- improved use of technology and business intelligence to support improved practices
- alignment to address department priorities
- providing relevant training for staff to deliver the department's operations.

INFORMATION MANAGEMENT GOVERNANCE COMMITTEE

The Information Management Governance Committee oversees project proposal and business cases in line with the department's strategic objectives. The committee monitors potential project risks in information and communication technology and business systems.

DEPARTMENT AND UNION CONSULTATIVE COMMITTEE

This committee provides a forum for negotiation and consultation on issues of mutual concern.

The Department and Union Consultative Committee is chaired by the Executive Director Corporate Services and the Director Human Resources is the Deputy Chair.

The committee is made up of up to four staff representatives, up to four union delegates and the Manager Human Resources.

CHANGE MANAGEMENT COMMITTEE

The Change Management Committee oversees significant changes to the department structure and the implementation and monitoring of communications and ensures employee support, workforce development and resourcing options.

The committee reviews proposed organisational change in line with job profiles to maintain alignment with the department's operations.

Staff from across the department, including a representative from a regional centre make up the membership of the committee that reports directly to senior management.

WORK HEALTH AND SAFETY STEERING COMMITTEE

The Work Health and Safety Steering Committee ensures any concerns, incidents or compliance for Work Health and Safety matters are implemented and communicated to all staff of the department.

The committee's principal focus is to guarantee that safety and environmental considerations are a key focus of all staff and included in the department's operations, at all levels.

WORK HEALTH AND SAFETY WORKSITE COMMITTEES

The Work Health and Safety Worksite Committees are established in each worksite of the department to monitor, report and provide remedies for any potential safety or environmental matters that could impact staff and their ability to meet the department's business objectives. The worksite committees are required to meet quarterly and keep registers and records of any issues raised.

Worksite reports and recommendations for improvement or preventative measures are provided to the Work Health and Safety Steering Committee at each meeting.

RECRUITMENT REVIEW COMMITTEE

The Recruitment Review Committee was re-established in 2019 to monitor the department's full time equivalent staffing numbers and seek reasonable budget savings measures that would not compromise service delivery to Territorians.

The committee is responsible for approving all recruitment activity and endorsing, for CEO approval, positions for SAO2 and above. The committee oversees approval of all recruitment activity including advertising, higher duties, contract extensions and transfers. The committee also considers opportunities for the placement of unattached officers.

The committee is comprised of:

- Director Human Resources – DCIS Chair/Secretary
- Deputy Chief Executive Officer Housing Services, Local Government and Community Development
- Deputy Chief Executive Officer Remote Program Delivery Office and Community Services
- Executive Director Corporate Services
- Chief Financial Officer.

COMPLIANCE FRAMEWORK

INTERNAL AUDITS

In line with compliance requirements, the department conducts an internal audit program as part of its governance framework. In accordance with the *Financial Management Act 1995*, *Audit Act 1995* and Treasurer's Directions, the department conducted and completed the following nine internal audits.

- Probity Audit – Social Head Leasing
- Probity Audit – Government Employee Housing
- Probity Audit - \$100 million stimulus program

- Work Health and Safety Review Audit
- Value for Territory (mandatory annual audit)
- Travel Audit (mandatory annual audit)
- Procurement Review
- *Residential Tenancies Act 1999* Compliance Review
- NT Home Ownership Internal Audit.

EXTERNAL AUDITS

The Northern Territory Auditor-General's Office, through the appointed authorised auditors, conducted and completed eight external audits during 2019-2020. The findings are regularly reported and tabled at the Legislative Assembly sittings.

The external audits included:

- Room to Breathe Performance Management System Audit
- End of Year Review

- NT Home Ownership Financial Statement
- Local Government Financial Statement Acquittal
- NT Grants Commission Financial Statement Audit
- Agency Compliance Audit
- \$100M Stimulus Performance Management System Audit
- NT Home Ownership Interim Financial Statement Audit.

INFORMATION ACCESS

INFORMATION ACT COMPLIANCE

All public sector organisations, including the department, its staff and contract service providers are required to comply with the provisions of the *Information Act 2002* (the Act) and the Information Privacy Principles at schedule 2 of the Act.

The Act is the governing legislation for requests for information under Freedom of Information, it protects privacy and personal information and provides guidance for retaining and recording information under Part 9.

Governance of the Act within the department rests with the Information Access Team in the Governance and Information Management Unit.

The team ensures the department remains compliant with the Act, processes all requests for information, helps develop policy and conducts investigations into non-compliance or privacy breaches when required.

The department has information sharing arrangements in place, that together with the Act, provide support and assistance with requests from:

- local and federal law enforcement agencies
- local and federal courts
- inquiries conducted by the Coroner
- Ombudsman NT
- Children's Commissioner
- investigations for child protection and domestic and family violence.

APPLICATIONS UNDER THE INFORMATION ACT

The department is one of three major agencies across the Northern Territory Government that receives a large volume of Freedom of Information requests annually.

In accordance with the *Information Act 2002*, the department received, processed and closed 183 requests for information this financial year, an increase of 26% from the 2018-19 annual total of 145 requests.

Most requests received by the department are for personal information relating to tenancies, with legal advocates and support organisations representing most of those clients.

During 2019-20, the department did not receive any requests for a review of a decision, any complaints to the Commissioner or any applications for the correction of personal information.

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FINANCIAL REPORTS **5**

DEPARTMENT OF LOCAL GOVERNMENT, HOUSING AND COMMUNITY DEVELOPMENT

FINANCIAL STATEMENTS OVERVIEW

The Department of Local Government, Housing and Community Development provides accommodation pathways, housing options and client support for those in need, empowers and supports communities to grow through respectful engagement, including through the delivery of interpreting and translating services. The department also delivers remote essential services and land tenure outcomes, provides funding and support to the local government sector, and assists with homelands services.

The department's financial performance for the year and its financial position as at 30 June 2020 are reported in the following financial statements and consist of a Comprehensive Operating Statement, Balance sheet, Statement of Changes in Equity, and Cash Flow Statement, and the notes accompanying these statements.

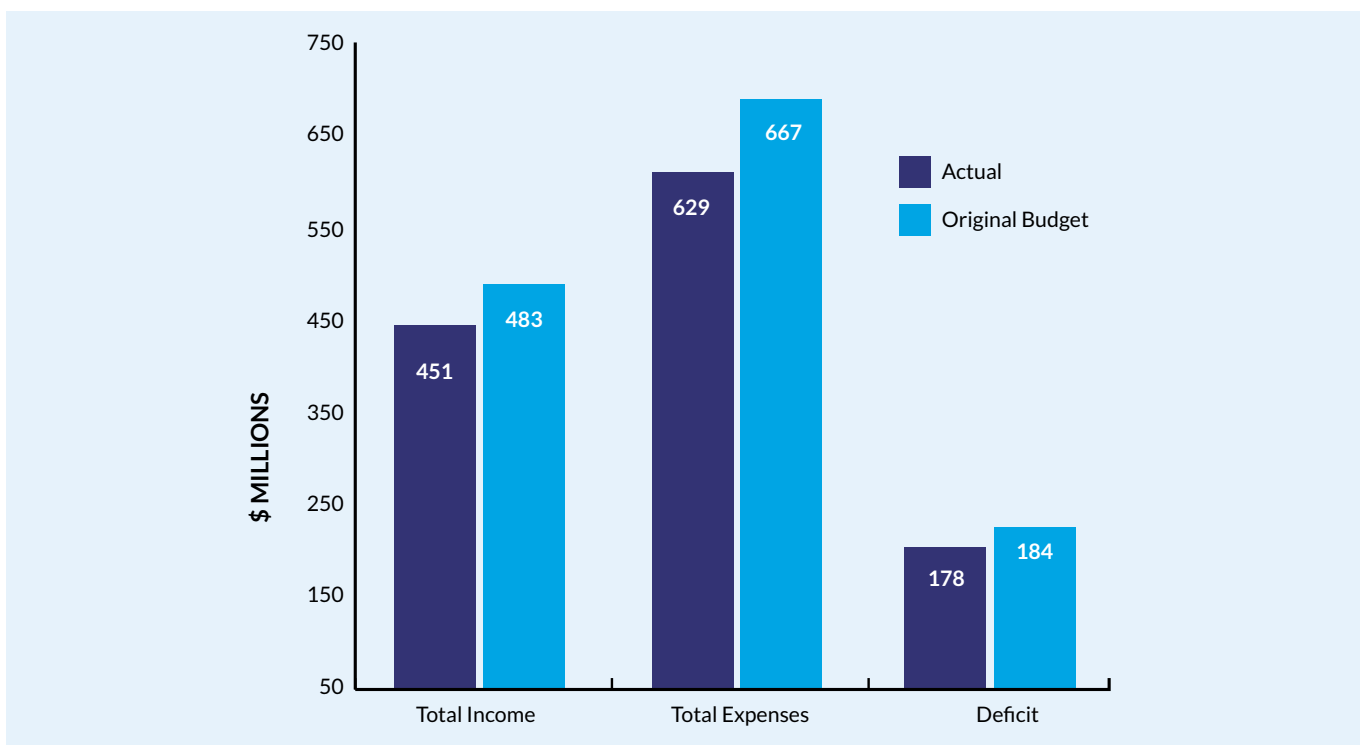
The department's output groups are Local Government, Housing and Community Development and Corporate and Governance. Note 3 of the financial statements outlines the Comprehensive Operating Statement by output groups.

SUMMARY OF FINANCIAL PERFORMANCE

The department reports an operating deficit of \$178 million against a budgeted deficit of \$184 million. A deficit result was planned as depreciation expenses (\$146 million budget and \$149 million actual result) are not funded through Output Appropriation under the Territory's Financial Management Framework. The deficit also includes non-cash expenses relating to write downs of the book value of remote and urban dwellings that have been demolished (for replacement), re-categorisation of capital works program expenditure

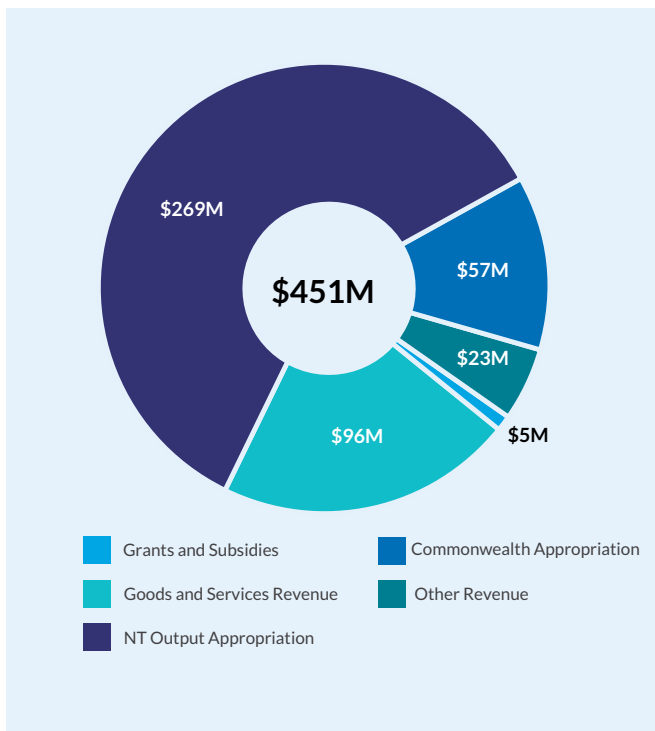
to capital grants, expenses relating to capital works expenditure that did not meet the department's capitalisation criteria and also increase in loss allowance provision. Given the nature of expenses, these were not budgeted for. Note 32 outlines the original budget against the actual result for the year.

The department's overall Comprehensive result of \$241 million deficit includes \$63 million related to revaluation of assets (revaluation decrement for the year).



COMPREHENSIVE OPERATING STATEMENT

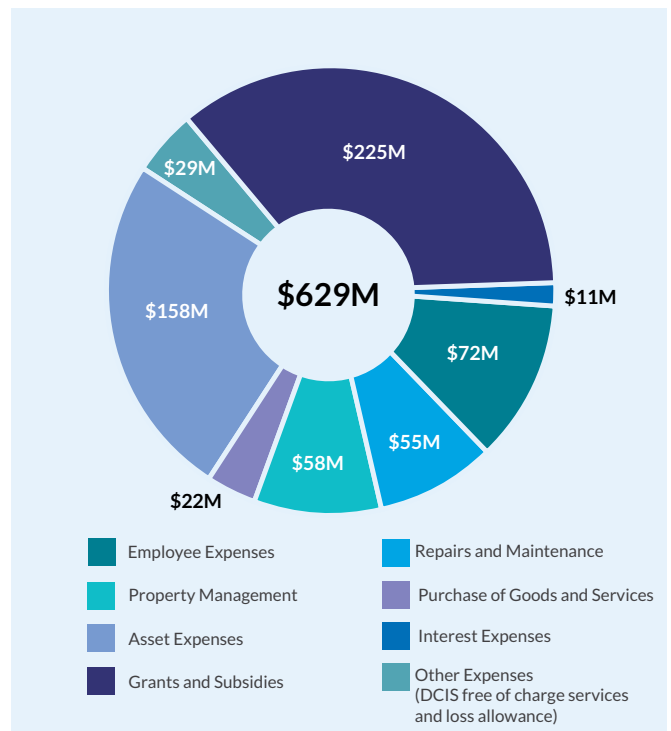
Operating revenue 2019-20



Operating revenue for the financial year was \$451 million. This included goods and services revenue of \$96 million from housing tenancy charges and income earned from language interpreter services.

The department remains dependent on government appropriations with the Northern Territory Government contributing \$269 million and the Commonwealth \$57 million. A further \$5 million in Grants was from the Commonwealth government.

Operating expenses 2019-20



The department's operating expenses were \$629 million. The payment of grants and subsidies contributed to 36% (\$225 million) of total operating expenses. These were largely grants to local councils, government and non-government organisations for the provision of services and capital works.

Employee expense was 11% (\$72 million) of total operating expenses, with purchase of goods and services expenditure being \$22 million (3% of the total operating expenses). Interest expense from borrowings and finance leases was \$11 million.

The remainder of operational expenses were directly related to expenses on the department's housing assets, these being repairs and maintenance of \$55 million, and property management of \$58 million (water and sewerage, rates and lease charges).

Non-cash asset expenses were \$158 million including \$149 million in depreciation and amortisation charges across the urban and remote housing portfolio.

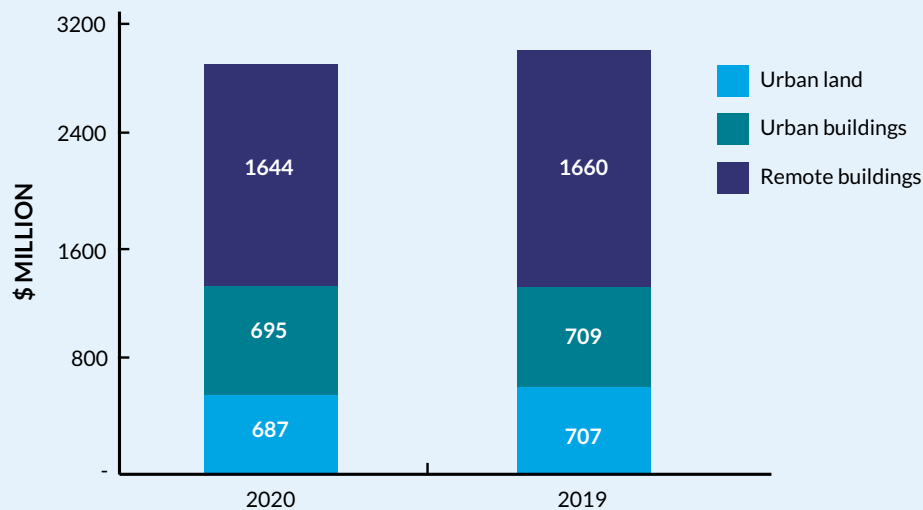
BALANCE SHEET

The balance sheet shows the department's net worth and financial position. The department held total assets worth \$3.2 billion at 30 June 2020, consisting mainly of \$3 billion (2019: \$3.1 billion) of public housing assets.

Total liabilities is \$301 million, which consists mainly of borrowings from the NT Treasury Corporation and lease liability of \$165 million and unearned capital and operating revenue of \$116 million.

CASH FLOW STATEMENT

The Statement of Cash Flows represents cash received and used during the year from department's operating, investing and financing activities. As at 30 June 2020, the department held \$41 million (2019: \$33 million) in cash and deposits. In 2019-20, the department spent \$212 million (2019: \$230 million) in capital works, upgrading dwellings and building new dwellings largely funded through NT and Commonwealth capital appropriation.



CERTIFICATION OF THE FINANCIAL STATEMENTS

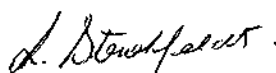
We certify that the attached financial statements for the Department of Local Government, Housing and Community Development have been prepared based on proper accounts and records in accordance with the prescribed format, the *Financial Management Act 1995* and Treasurer's Directions.

We further state that the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2020 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.



JIM BAMBER
Chief Executive Officer
28 August 2020



LISA STROHFELDDT
Chief Financial Officer
28 August 2020

COMPREHENSIVE OPERATING STATEMENT

For the year ended 30 June 2020

	NOTE	2020 \$000	2019 \$000
INCOME			
Grants and subsidies revenue	4a		
Current		2 630	37 728
Capital		2 625	-
Appropriation	4b		
Output		269 242	311 795
Commonwealth		56 907	90 906
Sales of goods and services	4c	96 148	90 096
Goods and services received free of charge	5	16 883	9 937
Other income	4d	6 551	2 248
TOTAL INCOME	3	450 986	542 710
EXPENSES			
Employee expenses		71 637	71 858
Administrative expenses			
Purchases of goods and services ¹	7	21 603	27 070
Repairs and maintenance ¹	9	55 007	78 249
Property management ¹		57 837	74 400
Depreciation and amortisation	18, 19	148 820	133 783
Asset expenses ¹	10	8 848	35 802
Other administrative expenses ²	11	28 972	17 999
Grants and subsidies expenses			
Current ¹		170 835	234 067
Capital		50 316	113 772
Community service obligations		3 414	3 414
Interest expenses	8	11 281	10 282
Loss on disposal of assets	6	291	158
TOTAL EXPENSES	3	628 861	800 854
NET SURPLUS/(DEFICIT)		(177 875)	(258 144)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to net surplus/deficit			
Changes in asset revaluation surplus		(62 811)	(63 993)
TOTAL OTHER COMPREHENSIVE INCOME		(62 811)	(63 993)
COMPREHENSIVE RESULT		(240 686)	(322 137)

¹Re-classification of comparatives to align with 2020 treatment.

²Includes DCIS services charges.

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

BALANCE SHEET

As at 30 June 2020

	NOTE	2020 \$000	2019 \$000
ASSETS			
Current assets			
Cash and deposits	13	41 101	33 185
Receivables	15	15 848	15 575
Prepayments		2 306	4 450
Total current assets		59 255	53 210
Non-current assets			
Property, plant and equipment	18, 19, 26	3 225 695	3 168 455
Total non-current assets		3 225 695	3 168 455
TOTAL ASSETS		3 284 950	3 221 665
LIABILITIES			
Current liabilities			
Deposits held	23	676	431
Payables	20	4 898	7 225
Borrowings and advances	21	19 225	3 276
Provisions	22	8 808	8 762
Other liabilities	23	88 516	3 720
Total current liabilities		122 123	23 414
Non-current liabilities			
Deposits held	23	5 646	5 466
Borrowings and advances	21	146 021	89 536
Other liabilities	23	27 064	-
Total non-current liabilities		178 731	95 002
TOTAL LIABILITIES		300 854	118 416
NET ASSETS		2 984 097	3 103 249
EQUITY			
Capital		2 413 704	2 276 762
Asset revaluation reserve	25	1 413 281	1 478 174
Accumulated funds		(842 888)	(651 687)
TOTAL EQUITY		2 984 097	3 103 249

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 2020

	NOTE	EQUITY AT 1 JULY	COMPREHENSIVE RESULT	TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS	EQUITY AT 30 JUNE
		\$000	\$000	\$000	\$000
2019-20					
Accumulated funds		(651 687)	(177 875)	-	(829 562)
Adjustment on adoption of AASB 15 & AASB 1058		(15 408)	-	-	(15 408)
Transfers from reserves		-	2 082	-	2 082
		(667 095)	(175 793)	-	(842 888)
Asset Revaluation Reserve	25	1 478 174	(64 893)		1 413 281
Capital – transactions with owners		2 276 762	-	-	2 276 762
Adjustment on adoption of AASB 15 & AASB 1058		(75 258)	-	-	(75 258)
Equity injections					
Capital appropriation		-	-	126 288	126 288
Equity transfers in		-	-	167	167
Other equity injections		-	-	30 000	30 000
National partnership payments		-	-	56 225	56 225
Equity withdrawals					
Equity transfers out				(481)	(481)
		2 201 504	-	212 200	2 413 704
Total equity at end of financial year		3 012 583	(240 686)	212 200	2 984 097
2018-19					
Accumulated Funds		(409 200)	(258 144)	-	(667 344)
Adjustment on adoption of AASB 9		(3 436)	-	-	(3 436)
Transfers from reserves		-	19 092	-	19 092
		(412 636)	(239 051)	-	(651 687)
Asset Revaluation Reserve	25	1 561 258	(83 084)	-	1 478 174
Capital – transactions with owners		2 024 457	-	-	2 024 457
Equity injections					
Capital appropriation		-	-	140 506	140 506
Equity transfers in		-	-	85	85
Other equity injections		-	-	27 000	27 000
National partnership payments		-	-	85 469	85 469
Equity withdrawals					
Equity transfers out		-	-	(755)	(755)
		2 024 457	-	252 305	2 276 762
Total Equity at End of Financial Year		3 173 079	(322 135)	252 305	3 103 249

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 2020

	NOTE	2020	2019
		\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating receipts			
Grants and subsidies received			
Current		2 630	37 728
Appropriation			
Output		269 242	311 795
Commonwealth		52 007	90 906
Receipts from sales of goods and services		109 693	101 517
Total operating receipts		433 572	541 946
Operating payments			
Payments to employees		(71 191)	(71 257)
Payments for goods and services ¹		(149 443)	(204 713)
Grants and subsidies paid			
Current ¹		(170 835)	(234 068)
Capital		(28 459)	(113 112)
Community service obligations		(3 414)	(3 414)
Interest paid		(11 282)	(10 283)
TOTAL OPERATING PAYMENTS		(434 624)	(636 847)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	14	(1 052)	(94 901)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing receipts			
Proceeds from asset sales	6	2 211	1 751
Repayment of advances		10	7
Total investing receipts		2 221	1 758
Investing payments			
Purchases of assets		(211 752)	(229 641)
Total investing payments		(211 752)	(229 641)
Net cash from/(used in) investing activities		(209 531)	(227 883)
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing receipts			
Deposits received		426	218
Equity injections			
Capital appropriation		126 288	140 506
Commonwealth appropriation		80 196	85 469
Other equity injections		30 000	27 000
Total financing receipts		236 910	253 193

CASH FLOW STATEMENT

For the year ended 30 June 2020

	NOTE	2020	2019
		\$000	\$000
Financing payments			
Repayment of borrowings		(2 949)	(2 592)
Finance lease payments		(15 457)	(338)
Equity withdrawals		(5)	-
Total financing payments		(18 411)	(2 930)
Net cash from/(used in) financing activities	14	218 499	250 263
Net increase/(decrease) in cash held		7 916	(72 521)
Cash at beginning of financial year		33 185	105 706
CASH AT END OF FINANCIAL YEAR	13	41 101	33 185

¹Re-classification of comparatives to align with 2020 treatment.

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

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1. OBJECTIVES AND FUNDING

The Department of Local Government, Housing and Community Development (the department) provides accommodation pathways, housing options and client support for those in need, empowers and supports communities to grow through respectful engagement, including through the delivery of interpreting and translating services, delivers remote essential services and land tenure outcomes, and provides funding and support to the local government sector, and assists with homelands services.

Additional information in relation to the Department of Local Government, Housing and Community Development and its principal activities may be found in the performance section of the annual report.

The department is predominantly funded and therefore dependent, on the receipt of parliamentary appropriations. Approximately 21 per cent of all operating revenue is derived from tenants and the public. 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:

- **Local Government, Housing and Community Development output group with the following outputs:**
 - Housing Services Delivery
 - Remote Program Delivery Office
 - Community Services
 - Local Government and Community Development
- **Corporate and Governance output group with the following outputs:**
 - Corporate and Governance
 - Shared Services Received

Note 3 provides summarised financial information in the form of a comprehensive operating statement by the output group.

a) MACHINERY OF GOVERNMENT CHANGES

Transfers out

Details of transfer: Corporate Services unit transferred to the Department of Corporate and Information Services (DCIS)

Basis of transfer: Administrative Arrangements Order 27 June 2019

Date of transfer: Effective from 1 July 2019

The assets and liabilities transferred as a result of this change were as follows:

ASSETS	\$000
Cash	550
	550
LIABILITIES	
Provisions	550
	550
Net assets	-

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the requirements of the *Financial Management Act 1995* and related Treasurer's Directions. The *Financial Management Act 1995* requires the Department of Local Government, Housing and Community Development to prepare financial statements for the year ended 30 June based on the form determined by the Treasurer. The form of agency financial statements should include:

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

2. BASIS OF ACCOUNTING

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

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

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

Standards and interpretations effective from 2019-20

AASB 15 Revenue from contracts with a customer / AASB 1058 Income for not-for-profit entities

AASB 15 Revenue from contracts with customers (AASB 15) supersedes AASB 111 Construction contracts, AASB 118 Revenue and related interpretations and applies, with limited exceptions, to all revenue arising from contracts with customers. Under AASB 15 revenue from agreements that are enforceable, have sufficiently specific performance obligations and transfer goods or services to the customer or third party beneficiary will be recognised when or as performance obligations are satisfied. AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when assessing contracts with their customers.

AASB 1058 Income for not-for-profit entities (AASB 1058) clarifies and simplifies income-recognition requirements that apply to not-for-profit entities and replaces most of the not-for-profit provisions under AASB 1004 Contributions. AASB 1058 applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and where volunteer services are received.

In contrast with previous standards such as AASB 1004, AASB 1058 allows deferral of income from capital grants where there is an enforceable contract with sufficiently specific performance obligations and the agreement does not require the agency to transfer the asset to other parties. For such capital grants, the funding received is initially deferred in an unearned revenue liability and subsequently recognised as revenue as or when the agency satisfies obligations under the agreement. Where funding is received from another Territory Government-controlled entity other than Commonwealth funds on-passed by the Central Holding Authority, revenue is recognised upfront on receipt.

Under AASB 1058, the agency will continue to recognise volunteer services only when the services would have been purchased if they had not been donated, and the fair value of those services can be measured reliably. This treatment is consistent with treatment in prior years.

In accordance with transition provisions, the agency has applied the modified retrospective approach on transition to AASB 15 and AASB 1058, with the cumulative effect of applying both accounting standards recognised in accumulated funds or appropriate equity code at 1 July 2019. Accordingly, the comparative information presented for 2018-19 has not been restated and is presented as previously reported. The agency applied the accounting standards retrospectively to all contracts, including completed contracts, at 1 July 2019. Completed contracts include contracts where the agency had recognised all revenue in prior periods under AASB 1004 Contributions.

The agency has applied the following practical expedients permitted by AASB 15 and AASB 1058 on transition:

- Application of hindsight on determining the transaction price and allocating the transaction price to the satisfied and unsatisfied performance obligations
- contract modifications that occurred prior to the date of initial application accounted for on an aggregated basis when identifying the satisfied and unsatisfied performance obligations
- assets previously acquired for significantly less than fair value not remeasured but recorded at cost.

The following tables summarise the transitional impact of adoption of AASB 15 and AASB 1058.

Impact on balances affected by adopting AASB 15 and AASB 1058 as at 1 July 2019:

ASSETS	\$000
Receivables	-
Contract receivables	-
Accrued contract revenue	-
TOTAL ASSETS	-
LIABILITIES	
Other Liabilities	
Unearned contract revenue	2 531
Unearned revenue capital grants	12 877
Unearned Commonwealth capital appropriation	75 258
TOTAL LIABILITIES	90 666
NET ASSETS	(90 666)

The table below summarises the impacts of adopting AASB 15 and AASB 1058 in the 2019-20 financial statements. It compares actual amounts reported to amounts that would have been reported if previous revenue standards (AASB 1004, AASB 118, AASB 111 and related interpretations) had been applied in the current financial year.

Impact on balances affected by adopting AASB 15 and AASB 1058 as at 30 June 2020:

Comprehensive operating statement

	NOTE	30 JUNE 2020 WITHOUT AASB 15/1058	IMPACT OF AASB15/1058	30 JUNE 2020 WITH AASB 15/1058
		\$000	\$000	\$000
INCOME				
Grants and subsidies revenue				
Current		1 626	1 004	2 630
Capital		-	2 625	2 625
Appropriation				
Commonwealth		52 007	4 900	56 907
TOTAL INCOME		53 633	8 529	62 162
TOTAL EXPENSES		-	-	-
NET SURPLUS/(DEFICIT)		53 633	8 529	62 162
TOTAL OTHER COMPREHENSIVE INCOME		-	-	-
COMPREHENSIVE RESULT		53 633	8 529	62 162

Balance sheet

NOTE	30 JUNE 2020 WITHOUT AASB 15/1058	IMPACT OF AASB15/1058	30 JUNE 2020 WITH AASB 15/1058
	\$000	\$000	\$000
ASSETS			
Current Assets			
Receivables	10 948	4 900	15 848
Total current assets	10 948	4 900	15 848
Non-current assets			
Receivables	-	-	-
Total non-current assets	-	-	-
TOTAL ASSETS	10 948	4 900	15 848
LIABILITIES			
Current liabilities			
Payables	-	-	-
Other liabilities	4 572	83 944	88 516
Total current liabilities	4 572	83 944	88 516
Non-current liabilities			
Other liabilities	-	27 064	27 064
Total non-current liabilities	-	27 064	27 064
TOTAL LIABILITIES	4 572	111 008	115 580
NET ASSETS	6 376	(106 108)	(99 732)
EQUITY	6 376	(106 108)	(99 732)

AASB 16 Leases

AASB 16 Leases (AASB 16) supersedes AASB 117 Leases and relevant interpretations and introduces significant changes to lessee accounting by removing the distinction between operating and finance leases. For lessees with operating leases, a right-of-use asset has now been recognised on the balance sheet together with a lease liability at the lease commencement, for all leases except for leases with a term of less than 12 months or where the underlying assets are of low value. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged and has not had a significant impact for leases where the agency is the lessor.

In accordance with transition provisions, the agency has applied the modified retrospective approach on transition to AASB 16, with the cumulative effect of initial application of the standard as an adjustment to the balance sheet as at 1 July 2019. Accordingly, the comparative information presented for 2018-19 has not been restated and is presented as previously reported.

Lease liabilities recognised at 1 July 2019 have been measured at the present value of the remaining lease payments discounted using the Northern Territory Treasury Corporation's institutional bond rate as the incremental borrowing rate at the date of initial application. The weighted average incremental borrowing rate applied to the lease liabilities as at 1 July 2019 was 1.72%.

The corresponding right-of-use asset has been recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 1 July 2019.

The agency has applied the following practical expedients permitted by AASB 16 on transition:

- lease classification has been grandfathered. Where a contract did not contain a lease at 1 July 2019 under AASB 117 and Interpretation 4, these have not been reassessed
- application of a single discount rate to a portfolio of leases with reasonably similar characteristics
- application of onerous contract assessment before transition, in place of performing an impairment review
- leases with a remaining term of less than 12 months as at 1 July 2019 were expensed rather than recognised on the balance sheet
- exclusion of initial direct costs from the measurement of the right-of-use asset as at 1 July 2019
- application of hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

On adoption of AASB 16, the agency recognised additional right-of-use assets and lease liabilities for social, affordable and Government employee housing dwelling leases, which had previously been, classified as operating leases.

Impact on affected balances of adopting AASB 16 as at 1 July 2019 is as follows:

Balance sheet	\$000
ASSETS	
Property, plant and equipment	84 327
TOTAL ASSETS	84 327
LIABILITIES	
Borrowings and advances	84 327
TOTAL LIABILITIES	84 327
NET ASSETS	-

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

	\$000
Minimum operating lease commitments as at 30 June 2019	112 269
Less: commitments relating to short-term leases	(4 459)
Less: commitments relating to leases of low-value assets	(125)
Less: lease payments relating to renewal periods included in operating lease commitments as at 30 June 2019	(18 107)
Undiscounted lease payments	89 578
Less: effect of discounting using the incremental borrowing rate	(5 251)
Additional lease liabilities recognised at 1 July 2019	84 327
Add: commitments relating to leases previously classified as finance leases	23 333
Adjusted lease liabilities as at 1 July 2019	107 660

AASB 2016-8 Amendments to Australian accounting standards – Australian implementation guidance for not-for-profit entities (AASB 9 Financial instruments)

AASB 2016-8 is effective for the first time in 2019-20 and will require non-contractual receivables arising from statutory requirements to apply the initial recognition and measurement requirements of AASB 9. The requirements of AASB 2016-8 are largely consistent with existing recognition and measurement practices of the agency and is therefore not expected to have a material impact.

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

Standards and interpretations issued but not yet effective

No Australian accounting standards have been early adopted for 2019-20.

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

3. REPORTING ENTITY

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

The Department of Local Government, Housing and Community Development (“the Department”) is a Northern Territory department established under the *Interpretation Act 1978* and *Administrative Arrangements Order*.

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

4. AGENCY AND TERRITORY ITEMS

The financial statements of the Department of Local Government, Housing and Community Development include income, expenses, assets, liabilities and equity over which the Department of Local Government, Housing and Community Development 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 agency’s financial statements.

The Department of Local Government, Housing and Community Development does not collect any Territory items on behalf of the Central Holding Authority.

5. COMPARATIVES

Where necessary, comparative information for the 2018-19 financial year has been reclassified to provide consistency with current year disclosures.

6. 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.

7. CHANGES IN ACCOUNTING POLICIES

There have been no changes to accounting policies adopted in 2019-20 as a result of management decisions. Changes in policies relating to COVID-19 are disclosed in note 2(11) below.

8. 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.

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.

9. 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.

10. CONTRIBUTIONS BY AND DISTRIBUTIONS TO GOVERNMENT

The agency may receive contributions from government where the government is acting as owner of the agency. Conversely, the agency may make distributions to government. In accordance with the *Financial Management Act 1995* and Treasurer's Directions, certain types of contributions and distributions, including those relating to administrative restructures, have been designated as contributions by, and distributions to, government. These designated contributions and distributions are treated by the agency as adjustments to equity.

The statement of changes in equity provides additional information in relation to contributions by, and distributions to, government.

11. IMPACT OF COVID-19

The Territory Government modified its debt recovery process and postponed the payment date for a number of regulatory fees and charges to ease financial hardship faced by individuals and businesses as a result of COVID-19.

In addition, management made a number of decisions as a result of COVID-19 which has impacted the 2019-20 financial statements.

In response to the COVID-19, the local government Special Purpose Grant program and the Strategic Local Government Infrastructure Fund were combined and repurposed into a one-off Special Community Assistance and Local Employment grant program in support of the local government sector. All 17 local government councils across the Territory were allocated a share of this grant which was aimed at supporting business continuity, job creation and retention and other community initiatives directly related to COVID-19. A pre-condition of this grant was councils must adopt a "Public Benefit Concessions Policy for Commercial Ratepayers" which required councils to agree to offer a one-off 25 per cent rates waiver and 3-month rates deferral for non-residential ratepayers that demonstrate financial hardship as per the Australian government's JobKeeper guidelines.

Each year the Local Government and Community Development division issues approximately 325 Rates Notices under the *Northern Territory Rates Act 1977* and charges monthly interest on all unpaid notices. As part of the Northern Territory Government's support to help Territorians manage the unprecedented economic impacts associated with COVID-19, the minister approved to remit all interest accrued since 1 March 2020 on overdue rates, and reset the interest rate applicable on overdue rates from 9.54 per cent to 0.00 per cent per annum to prevent any further interest from accruing.

Similarly, bio-security restriction implemented under COVID-19 in NT remote communities has resulted in delaying the construction and installation of new dwellings on-site, consultation for house design, land tenure negotiation and community survey. This has impacted the remote capital work programs.

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3. COMPREHENSIVE OPERATING STATEMENT BY OUTPUT GROUP

LOCAL GOVERNMENT, HOUSING AND COMMUNITY DEVELOPMENT

	NOTE	HOUSING SERVICES DELIVERY		REMOTE PROGRAM DELIVERY OFFICE	
		2020	2019	2020	2019
		\$000	\$000	\$000	\$000
INCOME					
Grants and subsidies revenue	4a				
Current		531	600	473	-
Capital		1 665	-	960	-
Appropriation	4b				
Output		68 894	61 931	89 247	124 605
Commonwealth		55 138	89 137	-	-
Sales of goods and services	4c	91 808	85 752	-	-
Goods and services received free of charge	5	-	-	-	-
Other income	4d	1 706	1 476	42	695
TOTAL INCOME		219 742	238 896	90 721	125 300
EXPENSES					
Employee expenses		36 043	33 603	9 768	9 294
Administrative expenses					
Purchases of goods and services ¹	7	12 848	14 653	2 900	5 039
Repairs and maintenance ¹	9	54 846	67 922	-	10 250
Property management ¹		57 336	73 819	99	53
Depreciation and amortisation		148 456	133 014	-	-
Asset expenses ¹	10	7 040	31 882	1 808	3 920
Other administrative expenses ²	11	11 439	8 062	-	-
Grants and subsidies expenses					
Current ¹		24 708	24 723	58 952	73 545
Capital		1 769	622	42 916	99 748
Community service obligations		3 414	3 414	-	-
Interest expenses	8	11 281	10 282	-	-
Loss on disposal of assets	6	291	158	-	-
TOTAL EXPENSES		369 471	402 156	116 442	201 849
NET SURPLUS/(DEFICIT)		(149 729)	(163 260)	(25 721)	(76 550)
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to net surplus/deficit					
Changes in asset revaluation surplus		(62 811)	(63 993)	-	-
TOTAL OTHER COMPREHENSIVE INCOME		(62 811)	(63 993)	-	-
COMPREHENSIVE RESULT		(212 540)	(227 253)	(25 721)	(76 550)

¹Re-classification of comparatives to align with 2020 treatment.

²Includes DCIS service charges.

LOCAL GOVERNMENT, HOUSING AND COMMUNITY DEVELOPMENT

CORPORATE AND GOVERNANCE

COMMUNITY SERVICES		LOCAL GOVERNMENT AND COMMUNITY DEVELOPMENT		CORPORATE AND GOVERNANCE		TOTAL	
2020	2019	2020	2019	2020	2019	2020	2019
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000

1 626	1 768	-	35 360	-	-	2 630	37 728
-	-	-	-	-	-	2 625	-
42 448	49 060	55 814	59 901	12 839	16 298	269 242	311 795
1 770	1 770	-	-	-	-	56 907	90 906
1 366	1 526	2 974	2 818	-	-	96 148	90 096
-	-	-	-	16 883	9 937	16 883	9 937
-	-	4 721	2	82	76	6 551	2 248
47 209	54 123	63 510	98 081	29 804	26 311	450 986	542 710

10 426	10 873	5 670	5 376	9 731	12 712	71 637	71 858
1 926	2 256	1 148	1 919	2 780	3 201	21 603	27 070
-	-	-	-	161	77	55 007	78 249
123	102	30	40	249	385	57 837	74 400
-	-	-	-	364	769	148 820	133 783
-	-	-	-	-	-	8 848	35 802
-	-	650	-	16 883	9 937	28 972	17 999
32 642	35 743	54 534	100 056	-	-	170 835	234 067
5 631	7 642	-	5 760	-	-	50 316	113 772
-	-	-	-	-	-	3 414	3 414
-	-	-	-	-	-	11 281	10 282
-	-	-	-	-	-	291	158
50 748	56 617	62 032	113 151	30 168	27 081	628 861	800 854
(3 539)	(2 493)	1 477	(15 071)	(363)	(770)	(177 875)	(258 144)

-	-	-	-	-	-	-	-
-	-	-	-	-	-	(62 811)	(63 993)
-	-	-	-	-	-	(62 811)	(63 993)
(3 539)	(2 493)	1 477	(15 071)	(363)	(770)	(240 686)	(322 137)

Income

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.

4. REVENUE

a) GRANTS AND SUBSIDIES REVENUE

	2020		2019	
	\$000	\$000	\$000	\$000
	REVENUE FROM CONTRACTS WITH CUSTOMERS	OTHER	TOTAL	
Current grants	1 004	1 626	2 630	37 728
Capital grants	479	2 146	2 625	-
Total grants and subsidies revenue	1 483	3 772	5 255	37 728

Grants revenue is recognised at fair value exclusive of the amount of GST. Until 30 June 2019, grant revenue and other non-reciprocal contributions were recognised as revenue when the agency obtains control over the asset comprising the contribution, which was normally obtained on receipt.

From 1 July 2019, where a grant agreement is enforceable and has sufficiently specific performance obligations for the agency to transfer goods or services to the grantor or a third party beneficiary, the transaction is accounted for under AASB 15. In this case, revenue is initially deferred as a contract liability when received in advance and recognised as or when the performance obligations are satisfied. The agency has adopted a low value contract threshold of \$50 000 excluding GST and recognises revenue from contracts with a low value, upfront on receipt of income.

The department's contracts with customer includes remote service delivery including community-driven planning maps in 50 remote minor communities and construction of subdivision for the remote communities. The department generally satisfies obligation and recognises revenue as services are being delivered as specified in the agreement.

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

Where grant agreements do not meet criteria above, it is accounted for under AASB 1058 and income is recognised on receipt of funding except for capital grants revenue received for the purchase or construction of non-financial assets to be controlled by the agency. Capital grants with enforceable contracts and sufficiently specific obligations are recognised as an unearned revenue liability when received and subsequently recognised progressively as revenue as or when the agency satisfies its obligations under the agreement. Where a non-financial asset is purchased, revenue is recognised at the point in time the asset is acquired and control transfers to the agency.

For constructed assets, revenue is recognised over time, using the percentage of completion method, measured as the costs incurred as a proportion of estimated total project costs.

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

Revenue from contracts with customers for the 2019-20 financial year have been disaggregated below into categories to enable users of these financial statements to understand the nature, amount, timing and uncertainty of income and cash flows. These categories include a description of the type of product or service line, type of customer and timing of transfer of goods and services.

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

	2020
	\$000
Type of good and service:	
Regulatory services	
Service delivery	1 414
Construction services	69
Sales of inventory	-
Research services	-
Total revenue from contracts with customers by good or service	1 483
Type of customer:	
Australian Government entities	1 483
State and territory governments	-
Non-government entities	-
Total revenue from contracts with customers by type of customer	1 483
Timing of transfer of goods and services:	
Overtime	1 483
Point in time	-
Total revenue from contracts with customers by timing of transfer	1 483

b) APPROPRIATION

	2020		2019	
	\$000	\$000	\$000	\$000
	REVENUE FROM CONTRACTS WITH CUSTOMERS	OTHER	TOTAL	
Output	-	269 242	269 242	311 795
Commonwealth	-	56 907	56 907	90 906
Total appropriation	-	326 149	326 149	402 701

Output appropriation is the operating payment to each agency for the outputs they provide as specified in the *Appropriation Act*. It does not include any allowance for major non-cash costs such as depreciation. The treatment of output appropriations remains the same after adopting AASB 15 and AASB 1058, because they do not have sufficiently specific performance obligations.

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 passed on to the relevant agencies as Commonwealth appropriation. Until 30 June 2019, Commonwealth appropriation was recognised in the period when the agency gains control of the funds, which was on receipt of funding.

From 1 July 2019, where appropriation received has an enforceable contract with sufficiently specific performance obligations as defined in AASB 15, revenue is recognised as and when goods and or services are transferred to the customer or third party beneficiary. Otherwise revenue is recognised when the agency gains control of the funds. Commonwealth appropriation includes NP payments on Aboriginal Interpreting Services (NTRAI), Remote Housing NT and National Housing and Homelessness Services (NHHA). Agency receives funding for the financial year and achieves its performance obligation as per the agreement within the same year for NTRAI and NHHA. Funding for NPRHNT is received as agency achieves its performance obligation, thus the income recognised also includes accrued revenue.

c) SALES OF GOODS AND SERVICES

	2020		2019
	\$000	\$000	\$000
	REVENUE FROM CONTRACTS WITH CUSTOMERS	OTHER	TOTAL
Sales of goods and services	-	96 148	96 148
Total sales of goods and services	-	96 148	96 148

Sale of goods

Until 30 June 2019, revenue from sales of goods is recognised as revenue when the agency transfer significant risks and rewards of ownership of the goods to the buyer. From 1 July 2019, revenue from sales of goods is recognised when the agency satisfies a performance obligation by transferring the promised goods. The agency typically satisfies its performance obligations when the control of goods is transferred to the customers, and when a customer obtains control of promised goods.

Revenue from these sales are based on the price specified in the contract, and revenue is only recognised to the extent that it is highly probable a significant reversal will not occur. There is no element of financing present as sales are made with a short credit term. Agency does not sell goods.

Rendering of services

Until 30 June 2019, revenue from rendering services was recognised by reference to the stage of completion of the contract. From 1 July 2019, revenue from rendering of services is recognised when the agency satisfies the performance obligation by transferring the promised services. The department's rendering services include providing Aboriginal interpreting services and other interpreting and translating services. The agency typically satisfies its performance obligations when services is provided to the customers.

Most of the goods and services revenue disclosed in this note include rental income from operating lease arrangement of agency public housing and training center properties. Rental income arising is accounted for on a straight-line basis over the lease terms. Operating lease arrangements is further disclosed in Note 17.

d) OTHER INCOME

	2020		2019	
	\$000	\$000	\$000	\$000
	REVENUE FROM CONTRACTS WITH CUSTOMERS	OTHER	TOTAL	
Other income	1 333	5 219	6 551	2 248
Total other income	1 333	5 219	6 551	2 248

The department's revenue from contract with customer includes revenue under the National Rental Affordability Scheme (NRAS). The department is one of the participants under this scheme where an agency is required to provide affordable rental dwellings at least 20 per cent below market rates. Revenue is recognised when the agency satisfies its performance obligation.

Revenue from contracts with customers for the 2019-20 financial year includes delivery of goods and services, from the Australian Government entity and is recognised at point in time.

5. GOODS AND SERVICES RECEIVED FREE OF CHARGE

	2020	2019
	\$000	\$000
Corporate and information services	16 883	9 937
Total	16 883	9 937

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

In addition, from 1 July 2019, some corporate services staff and functions were centralised under the Department of Corporate and Information Services as part of a machinery of government change and now forms part of goods and services free of charge of the agency.

6. LOSS ON DISPOSAL OF ASSETS

	2020	2019
	\$000	\$000
Net proceeds from the disposal of non-current assets	2 211	1 750
Less: Carrying value of non-current assets disposed	(2 502)	(1 908)
Total loss on disposal of assets	(291)	(158)

7. PURCHASES OF GOODS AND SERVICES

The net surplus/(deficit) has been arrived at after charging the following expenses:

	2020	2019
	\$000	\$000
Goods and services expenses:		
Consultants ¹	3 128	4 720
Advertising ²	2	9
Marketing and promotion ³	243	387
Document production	54	41
Legal expenses ⁴	589	916
Recruitment ⁵	111	63
Training and study	515	878
Official duty fares	776	1 311
Travelling allowance	481	648
Accommodation	483	651
Information technology charges	2 869	4 552
Communications	937	950
Audit Fees	121	54
Motor vehicle expenses	2 110	2 419
Agency service arrangements ⁶	7 853	7 861
Other	1 331	1 610
	21 603	27 070

¹Includes marketing, promotion and IT consultants.

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

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

⁴Includes legal fees, claim and settlement costs.

⁵Includes recruitment-related advertising costs.

⁶Includes remote tenancy management expenses. Comparative has been re-classified, as remote tenancy management expense was paid as current grants in 2019.

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

8. INTEREST EXPENSE

	2020	2019
	\$000	\$000
Interest from lease liabilities ¹	2 495	1 139
Interest from loans and advances	8 786	9 143
Revenue	11 281	10 282

¹The 2020 interest expense relates to lease liabilities in accordance with AASB 16, while 2019 interest expense relates to finance lease liabilities in accordance with AASB 117.

Interest expenses consist of interest and other costs incurred in connection with the borrowing of funds. It includes interest on loans and advances and lease liabilities.

9. REPAIRS AND MAINTENANCE

	2020	2019
	\$000	\$000
Urban and Government Employee Housing repairs and maintenance program	23 152	40 059
Remote repairs and maintenance program*	31 855	38 190
	55 007	78 249

*Comparatives have been re-classified, as remote repair and maintenance expense was recorded as current grant in 2019.

Repairs and maintenance program

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

10. ASSET EXPENSE

	2020	2019
	\$000	\$000
Assets demolished	2 576	25 914
Capital works (WIP) expense*	6 272	9 888
	8 848	35 802

*Capital expenditure on agency assets not meeting capitalisation criteria. The comparatives have been re-classified, as it was recorded as repairs and maintenance in 2019.

11. OTHER ADMINISTRATIVE EXPENSE

	2020	2019
	\$000	\$000
Doubtful debts expense	10 204	6 273
Write offs and losses	1 885	1 789
Goods and services received free of charge	16 883	9 937
	28 972	17 999

12. WRITE-OFFS, POSTPONEMENTS, WAIVER, GIFTS AND EX GRATIA PAYMENTS

	AGENCY			
	2020 \$000	NO. OF TRANS.	2019 \$000	NO. OF TRANS.
WRITE-OFFS, POSTPONEMENTS AND WAIVERS UNDER THE FINANCIAL MANAGEMENT ACT 1995				
REPRESENTED BY:				
AMOUNTS WRITTEN OFF, POSTPONED AND WAIVED BY DELEGATES				
Irrecoverable amounts payable to the Territory or an agency written off	1 885	1 379	433	298
Losses or deficiencies of money written off	-	-	-	1
Total written off, postponed and waived by delegates	1 885	1 379	433	299
AMOUNTS WRITTEN OFF, POSTPONED AND WAIVED BY THE TREASURER				
Irrecoverable amounts payable to the Territory or an agency written off	-	-	1 356	370
Waiver or postponement of right to receive or recover money or property	1	1	-	-
Total written off, postponed and waived by the Treasurer	1	1	1 356	370
Total written off, postponement and waived under the <i>Financial Management Act 1995</i>	1 886	1 380	1 789	669
Gifts by Treasurer under the <i>Financial Management Act 1995</i>	-	2	-	-
Ex gratia payments under the <i>Financial Management Act 1995</i>	10	1	-	-

13. CASH AND DEPOSITS

	2020	2019
	\$000	\$000
Cash on hand	62	25
Cash at bank	41 039	33 160
Total	41 101	33 185

For the purposes of the balance sheet and the cash flow statement, cash includes cash on hand and cash at bank. 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 31.

14. CASH FLOW RECONCILIATION

a) RECONCILIATION OF CASH

The total of agency 'Cash and deposits' of \$41.1 million recorded in the balance sheet is consistent with that recorded as 'Cash' in the cash flow statement.

	2020	2019
	\$000	\$000
RECONCILIATION OF NET SURPLUS/DEFICIT TO NET CASH FROM OPERATING ACTIVITIES		
Net surplus/deficit	(177 875)	(258 144)
NON-CASH ITEMS:		
Depreciation and amortisation	148 820	133 783
Asset write-offs/write-downs*	8 848	35 803
Loss on disposal of assets	291	158
Capital Grant (non-cash)	21 858	660
Doubtful debt expense - other	650	-
CHANGES IN ASSETS AND LIABILITIES:		
Decrease/(Increase) in receivables	(273)	(1 036)
Decrease/(Increase) in prepayments	57	218
(Decrease)/Increase in payables	(697)	(1 858)
(Decrease)/Increase in provision for employee benefits	31	456
(Decrease)/Increase in other provisions	14	(3 335)
(Decrease)/Increase in other liabilities	(2 776)	(1 606)
Net cash from operating activities	(1 052)	(94 901)

*reclassification of comparative, non-cash R&M to asset write-offs/write-downs.

b) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

2019-20	CASH FLOWS						NON CASH			
	RECOGNISED ON AASB 16 ADOPTION	ADJUSTED 1 JULY	LOANS AND ADVANCES	APPROPRIATION	EQUITY ¹	FINANCE LEASE	TOTAL CASH FLOWS	FINANCE LEASE	OTHER	TOTAL NON-CASH
1 JULY	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Deposits held	5 897	5 897	425	-	-	-	425	-	-	6 322
Borrowings	69 479	69 479	(2 948)	-	-	-	(2 948)	-	-	66 531
Lease Liabilities	23 333	107 660	-	-	(15 458)	6 513	(15 458)	6 513	-	98 715
Equity ¹	-	-	-	206 484	29 996	-	236 480	-	(24 280)	212 200
Total	98 709	183 036	(2 523)	206 484	29 996	6 513	218 499	6 513	(24 280)	383 768
2018-19	CASH FLOWS						NON CASH			
	LOANS AND DEPOSIT REPAID/ RECEIVED	APPROPRIATION	EQUITY ¹	FINANCE LEASE	TOTAL CASH FLOWS	FINANCE LEASE	OTHER	TOTAL NON-CASH		
1 JULY	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000		
Deposits held	5 678	219	-	-	219	-	-	5 897		
Borrowings	72 071	(2 592)	-	-	(2 592)	-	-	69 479		
Lease Liabilities	22 840	-	(338)	831	(338)	831	-	23 333		
Equity ¹	-	-	225 975	27 000	252 975	-	(670)	252 305		
Total	100 589	(2 373)	225 975	27 000	250 264	831	(670)	351 014		

¹Includes equity injection and withdrawal.

c) NON-CASH FINANCING AND INVESTING ACTIVITIES

Lease transactions

During the financial year, the agency recorded right-of-use asset for affordable, social and government employee housing with an aggregate value of \$90.8 million (2019: \$1 million).

15. RECEIVABLES

	2020	2019
	\$000	\$000
CURRENT		
Accounts receivable	67 019	56 164
Less: loss allowance	(59 535)	(49 874)
	7 484	6 290
Accrued contract revenue	6 127	-
Less: loss allowance	-	-
	6 127	-
GST receivables	2 062	7 837
Other receivables	175	1 448
Total receivables	15 848	15 575

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

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

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

The loss allowance reflects lifetime expected credit losses and represents the amount of receivables the agency estimates are likely to be uncollectible and are considered doubtful.

ACCRUED CONTRACT REVENUE

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

Accrued contract revenue includes accrued revenue on National Partnership Agreement's property and tenancy management and National Rental Assistance Scheme (NRAS) where the department has achieved the performance obligation and is waiting on the assessment outcome from the Commonwealth.

CREDIT RISK EXPOSURE OF RECEIVABLES

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

The expected loss rates are based on historical observed loss rates, adjusted to reflect current and forward-looking information, including macroeconomic factors. The agency's accounts receivable balance mainly includes tenancy related charges. The only forward looking factor identified that may affect housing tenancy related clients would be Centrelink benefits as most of the clients are reliant on Centrelink benefits to pay their rental charges, and it is not likely to decrease overtime. Thus expected credit loss rate applied is historical default rate.

In accordance with the provisions of the FMA, receivables are written-off when there is no reasonable expectation of recovery.

Due to COVID-19, the agency's credit risk exposure has increased and is reflected in the expected credit losses reported. To ease financial hardship faced by individuals and businesses as a result of the COVID-19, the Territory Government modified its debt recovery process and postponed the payment date for a number of regulatory fees and charges. This has been reflected in the expected credit loss recorded within the reporting period.

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

LOSS ALLOWANCE FOR RECEIVABLES

2020

	GROSS RECEIVABLES	LOSS RATE	EXPECTED CREDIT LOSSES	NET RECEIVABLES
	\$000	%	\$000	\$000
INTERNAL RECEIVABLES				
Not overdue	579	0%	-	579
Overdue for less than 30 days	1	0%	-	1
Overdue for 30 to 60 days	1	0%	-	1
Overdue for more than 60 days	1	0%	-	1
Total internal receivables	582		-	582
EXTERNAL RECEIVABLES				
Not overdue	6 874	2%	171	6 703
Overdue for less than 30 days	736	38%	277	459
Overdue for 30 to 60 days	861	47%	405	456
Overdue for more than 60 days	64 093	92%	58 682	5 411
Total external receivables	72 564	82%	59 535	13 029

2019

	GROSS ADVANCES PAID	LOSS RATE	EXPECTED CREDIT LOSSES	NET ADVANCES PAID
	\$000	%	\$000	\$000
INTERNAL RECEIVABLES				
Not overdue	238	0%	-	238
Overdue for less than 30 days	204	0%	-	204
Overdue for 30 to 60 days	91	0%	-	91
Overdue for more than 60 days	107	0%	-	107
Total internal advances paid	640		-	640

EXTERNAL RECEIVABLES				
Not overdue	637	44%	281	356
Overdue for less than 30 days	979	57%	559	420
Overdue for 30 to 60 days	988	60%	595	392
Overdue for more than 60 days	52 921	92%	48 439	4 482
Total external receivables	55 525	90%	49 874	5 650

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

RECONCILIATION OF LOSS ALLOWANCE FOR RECEIVABLES

	2020	2019
	\$000	\$000
EXTERNAL RECEIVABLES		
Opening balance	49 874	43 444
Written off during the year	(1 885)	(1 789)
Recovered during the year	107	157
Increase/decrease in allowance recognised in profit or loss	11 439	8 062
Total external receivables	59 535	49 874

Internal receivables are from entities controlled by the NTG (entities listed in TAFR 2018-19 Note 43: Details of controlled entities at reporting date), whereas external receivables are from parties external to the NTG.

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.

16. ADVANCES

	2020	2019
	\$000	\$000
CURRENT		
Advances paid	650	-
Less: loss allowance	(650)	-
Total advances and investments	-	-

a) ADVANCES PAID

Advances paid are recognised initially at fair value plus or minus relevant transaction costs and are recognised in the balance sheet when the agency becomes party to the contractual provisions of the financial instruments. Where the advances are provided with interest free periods or at concessional interest rates, they are considered to have a fair value which is less than the amount lent. This fair value is calculated in accordance with Note 26. The difference between the amount lent and the fair value is recognised as an expense in the comprehensive income statement.

Subsequently, advances paid are measured at amortised cost using the effective interest method.

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

Credit risk exposure of advances paid

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

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

2020

	GROSS ADVANCES PAID	LOSS RATE	EXPECTED CREDIT LOSSES	NET ADVANCES PAID
	\$000	%	\$000	\$000
EXTERNAL ADVANCES PAID				
Overdue for more than 60 days	650	100%	650	-
Total external advances paid	650	100%	650	-

2019

	GROSS ADVANCES PAID	LOSS RATE	EXPECTED CREDIT LOSSES	NET ADVANCES PAID
	\$000	%	\$000	\$000
EXTERNAL ADVANCES PAID				
Overdue for more than 60 days	-	0%	-	-
Total external advances paid	-	0%	-	-

RECONCILIATION OF LOSS ALLOWANCE FOR ADVANCES PAID

	2020	2019
	\$000	\$000
EXTERNAL ADVANCES PAID		
Opening balance	-	-
Written off during the year	-	-
Recovered during the year	-	-
Increase/decrease in allowance recognised in profit or loss	650	-
Total external advances paid	650	-

17. OTHER ASSETS

a) AGENCY AS A LESSOR

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

From 1 July 2019, subleases are classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. A sublease is an arrangement where the underlying asset is re-leased by a lessee (intermediate lessor) to another party, and the lease (head lease) between the head lessor and original lessee remains in effect.

Finance leases

At the lease commencement date, the entity recognises a receivable for assets held under a finance lease in its statement of financial position at an amount equal to the net investment in the lease. The net investment in leases is classified as financial assets amortised cost and equals the lease payments receivable by a lessor and the unguaranteed residual value, plus initial direct costs, discounted using the interest rate implicit in the lease initial direct costs.

Finance income arising from finance leases is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

The agency does not have any finance lease or sublease arrangements.

Operating leases

An operating lease is a lease other than a finance lease. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

The agency owns housing rental properties across the Territory. These properties are leased to tenants under operating lease arrangements with rentals payable weekly. Tenancy leases for the housing properties are short term or periodic with the provision of cancelling lease with number of days' notice required by *Residential Tenancy Act 1999* (RTA) by either party.

The agency also subleases properties under Affordable and Social Housing and Government Employee Housing (GEH) Private Head-lease arrangements. Sub-lease arrangements for affordable housing buildings are generally short term (6 months to one year), similarly sublease arrangements under social housing are also short term or periodic with the provision of cancelling lease with number of days' notice required by RTA by either party. Thus, sub-lease arrangements under affordable and social housing are treated as operating lease. Similarly, GEH private head-lease properties are sub-leased to NTG agencies and are categorised as operating lease.

At 30 June 2020, the agency does not have non-cancellable operating lease future rental receivable.

b) CONTRACT COST ASSET

Costs to obtain a contract are expensed where goods and services will be transferred within one year or less and only capitalised if deemed material. Territory Government employee costs that satisfy the criteria for recognition as a cost to fulfil a contract are not capitalised and expensed immediately. Other costs to fulfil a contract are accounted for as a contract cost asset if deemed material. For the 2019-20 reporting period, no costs were capitalised as a contract cost asset.

18. PROPERTY, PLANT AND EQUIPMENT

a) TOTAL PROPERTY, PLANT AND EQUIPMENT

	2020	2019
	\$000	\$000
RENTAL PROPERTIES		
Urban rental properties		
Urban vacant land at fair value	11 654	12 820
Urban improved land at fair value	675 688	694 384
Urban buildings at fair value	694 759	708 842
	1 382 101	1 416 046
Remote rental properties		
Remote buildings at fair value	3 024 422	2 993 328
Less: accumulated depreciation	(1 380 669)	(1 333 710)
	1 643 753	1 659 618
Total rental properties	3 025 854	3 075 664
PUBLIC BUILDINGS – REMOTE TRAINING CENTRES		
At fair value	13 816	15 008
Less: accumulated depreciation	(8 895)	(9 538)
	4 921	5 470
LAND – CEMETERIES AND LAND UNDER TRAINING CENTRES		
At fair value	3 603	3 651
CONSTRUCTION (WORK IN PROGRESS)		
At capitalised cost	93 530	60 216
PLANT AND EQUIPMENT		
At fair value	9 078	8 943
Less: accumulated depreciation	(8 373)	(8 143)
	705	800
LEASED LAND AND BUILDINGS¹		
At capitalised cost	115 089	24 250
Less: accumulated depreciation	(18 007)	(1 595)
	97 082	22 655
Total Property, Plant and Equipment	3 225 695	3 168 455

¹2019-20 balance relates to concessionary leases, which are right-of-use assets under leases that have significantly below-market terms and conditions principally to enable the agency to further its objectives. 2018-19 balance relates to leased assets under finance lease arrangement as per AASB 117.

2020 Property, plant and equipment reconciliations

From 1 July 2019, property, plant and equipment includes right-of-use assets under AASB 16 Leases, effective from that date. Further information on right-of-use assets is disclosed in Note 17.

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2019/20 is set out below:

	LAND - CEMETERIES AND LAND UNDER TRAINING CENTRES		LAND - URBAN RENTAL PROPERTIES		BUILDINGS - URBAN RENTAL DWELLINGS		BUILDINGS - REMOTE RENTAL DWELLINGS		TRAINING CENTRES		CONSTRUCTION (WORK IN PROGRESS)		PLANT AND EQUIPMENT		LEASED LAND AND BUILDINGS		LEASED PROPERTY PLANT AND EQUIPMENT		TOTAL
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Carrying Amount as at 1 July 2019	3 651	707 204	708 841	1 659 618	5 470	60 216	800	-	-	-	22 655	84 327	-	22 655	3 168 455				
Reclassification ¹	-	-	-	-	-	-	-	-	-	-	22 655	-	-	-	(22 655)	-	-	-	-
Recognition of right-of-use assets on initial adoption of AASB 16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	84 327
Adjusted carrying amount as at 1 July 2019	3 651	707 204	708 841	1 659 618	5 470	60 216	800	-	-	-	211 732	106 982	-	-	3 252 782				
Additions	-	-	-	-	-	-	-	-	-	-	211 732	-	-	-	-	-	-	-	211 732
Additions of right-of-use assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4 285	-	-	4 285
Disposals	-	(1 832)	(995)	(2 251)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5 078)
Depreciation expense - asset owned	-	-	(33 272)	(98 771)	(135)	-	(230)	-	-	-	-	-	-	-	-	-	-	-	(132 409)
Amortisation expense - right-of-use asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(16 412)	-	-	(16 412)
Additions/disposals from asset transfers	(30)	26	59 085	91 673	(407)	(178 418)	135	-	-	-	-	-	-	-	-	-	-	-	(27 937)
Revaluation increments/decrements	(18)	(17 998)	(33 229)	(12 244)	(7)	-	-	-	-	-	-	-	-	-	-	2 227	-	-	(61 269)
Other Movement Transfers between Asset Classes	-	(58)	(5 670)	5 728	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Carrying Amount as at 30 June 2020	3 603	687 342	694 759	1 643 753	4 921	93 530	705	97 082	3 225 695	705	97 082	705	97 082	705	97 082	97 082	97 082	97 082	97 082

¹Existing finance lease asset under AASB 117 are reclassified and presented under the corresponding underlying asset from 1 July 2019

2019 Property, plant and equipment reconciliations

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2018-19 is set out below:

	LAND - CEMETERIES AND LAND UNDER TRAINING CENTRES	LAND - URBAN RENTAL PROPERTIES	BUILDINGS - URBAN RENTAL DWELLINGS	BUILDINGS - REMOTE RENTAL DWELLINGS	TRAINING CENTRES	CONSTRUCTION (WORK IN PROGRESS)	PLANT AND EQUIPMENT	LEASED PROPERTY, PLANT AND EQUIPMENT	TOTAL
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount as at 1 July 2018	3 650	732 034	695 412	1 657 585	5 953	59 582	1 212	22 499	3 177 927
Additions	-	-	-	-	-	271 451	57	930	272 438
Disposals	-	(1 289)	(4 228)	(22 305)	-	-	-	(100)	(27 922)
Depreciation expense	-	-	(33 229)	(99 111)	(253)	-	(516)	(674)	(133 783)
Additions/disposals from asset transfers	-	77	83 984	130 553	-	(270 817)	47	-	(56 156)
Revaluation increments/ decrements	1	(23 618)	(45 590)	5 388	(230)	-	-	-	(64 049)
Transfer between the asset classes	-	-	12 492	(12 492)	-	-	-	-	-
Carrying amount as at 30 June 2019	3 651	707 204	708 841	1 659 618	5 470	60 216	800	22 655	3 168 455

b) PROPERTY, PLANT AND EQUIPMENT HELD AND USED BY THE AGENCY

A reconciliation of the carrying amount of property, plant and equipment held and used by the agency at the beginning and end of 2019-20 is set out below:

	LAND - CEMETERIES AND LAND UNDER TRAINING CENTRES	LAND - URBAN RENTAL PROPERTIES	BUILDINGS - URBAN RENTAL DWELLINGS	BUILDINGS - REMOTE RENTAL DWELLINGS	TRAINING CENTRES	CONSTRUCTION (WORK IN PROGRESS)	PLANT AND EQUIPMENT	LEASED LAND AND BUILDINGS	TOTAL
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
BALANCE AT 1 JULY									
Gross carrying amount	3 651	14 781	54 605	444 094	-	60 216	8 943	-	586 291
Accumulated depreciation/ amortisation	-	-	-	(211 430)	-	-	(8 143)	-	(219 573)
Carrying Amount as at 1 July 2019	3 651	14 781	54 605	232 664	-	60 216	800	-	366 718
Reclassification	-	-	-	-	-	-	-	-	-
Recognition of right-of-use assets on initial adoption of AASB 16	-	-	-	-	-	-	-	-	-
Adjusted carrying amount as at 1 July 2019	3 651	14 781	54 605	232 664	-	60 216	800	-	366 718
Additions	-	-	-	-	-	211 732	-	-	211 732
Additions of right-of-use assets	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(109)	-	-	-	-	(109)
Depreciation expense - asset owned	-	-	(3 091)	(11 093)	-	-	(230)	-	(14 413)
Amortisation expense - right- of-use asset	-	-	-	-	-	-	-	-	-
Additions/disposals from asset transfers	(30)	-	9 707	6 399	-	(178 418)	135	-	(162 207)
Revaluation increments/ decrements	(18)	72	(699)	1 187	-	-	-	-	542
Other Movement Transfers between Asset Classes	-	(26)	(675)	701	-	-	-	-	-
Carrying Amount as at 30 June 2020	3 603	14 827	59 848	229 750	-	93 530	705	-	402 262

c) PROPERTY, PLANT AND EQUIPMENT WHERE ENTITY IS LESSOR UNDER OPERATING LEASES

A reconciliation of the carrying amount of property, plant and equipment where agency is lessor under operating leases at the beginning and end of 2019-20 is set out below:

	LAND - CEMETERIES AND LAND UNDER TRAINING CENTRES	LAND - URBAN RENTAL PROPERTIES	BUILDINGS - URBAN RENTAL DWELLINGS	BUILDINGS - REMOTE RENTAL DWELLINGS	TRAINING CENTRES	CONSTRUCTION (WORK IN PROGRESS)	PLANT AND EQUIPMENT	LEASED LAND AND BUILDINGS	LEASED PROPERTY PLANT AND EQUIPMENT	TOTAL
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
BALANCE AT 1 JULY										
Gross carrying amount	-	692 423	654 237	2 549 234	15 008	-	-	-	24 250	3 935 151
Accumulated depreciation/ amortisation	-	-	-	(1 122 280)	(9 538)	-	-	-	(1 595)	(1 133 413)
Carrying Amount as at 1 July 2019	-	692 423	654 237	1 426 954	5 470	-	-	-	22 655	2 801 738
Reclassification ¹	-	-	-	-	-	-	-	22 655	(22 655)	-
Recognition of right-of-use assets on initial adoption of AASB 16							84 327			84 327
Adjusted carrying amount as at 1 July 2019	-	692 423	654 237	1 426 954	5 470	-	106 982	-	-	2 886 065
Additions										-
Additions of right-of-use assets							4 285			4 285
Disposals		(1 832)	(995)	(2 142)						(4 969)
Depreciation expense - asset owned			(30 182)	(87 679)	(135)					(117 995)
Amortisation expense - right-of-use asset							(16 412)			(16 412)
Additions/disposals from asset transfers		26	49 378	85 274	(407)					134 270
Revaluation increments/ decrements		(18 069)	(32 531)	(13 431)	(7)		2 227			(61 811)
Other Movement Transfers between Asset Classes		(32)	(4 995)	5 027						-
Carrying Amount as at 30 June 2020	-	672 515	634 911	1 414 003	4 921	-	97 082	-	-	2 823 433

¹Existing finance lease asset under AASB 117 are reclassified and presented under the corresponding underlying asset from 1 July 2019

Acquisitions

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

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

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. The agency's policy is not to componentise assets with values less than \$5 million.

Subsequent additional costs

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

Construction (work in progress)

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

REVALUATIONS AND IMPAIRMENT

Revaluation of assets

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

- Urban rental land and dwellings
- Remote rental land and dwellings including, Government Employee Housing (GEH) remote rental dwellings
- Training Centres

The Territory Property Consultants Pty. Ltd. conducted an independent valuation at 30 June 2020. The Northern Territory Valuer – General, subsequently endorsed the valuation outcome. The valuation outcomes are reflected in the financial statements.

Asset classes not revalued during 2020 financial year include:

- Local Government Cemeteries are specialised assets in nature and are stated at unimproved capital value.
- Plant and equipment are stated at historical cost less depreciation, which is deemed to equate to fair value.
- For right-of-use assets, the net present value of the remaining lease payments is often an appropriate proxy for the fair value of relevant right-of-use assets at the time of initial recognition. Subsequently, right-of-use assets are stated at cost less amortisation, which is deemed to equate to fair value.

- For right-of-use assets under leases that have significantly below-market terms and conditions principally to enable the agency to further its objectives, the agency has elected to measure the asset at cost. These right-of-use assets are not subject to revaluation.

Urban rental properties

The basis for the valuation of urban rental properties is the market approach, 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. Urban rental properties consist of land, houses, flat complexes and interests in body corporates.

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.

Remote rental land and dwellings including, Government Employee Housing (GEH) remote rental dwellings and training centres

Remote rental dwellings and training centres are measured on the basis of 'fair value' using the depreciated replacement cost methodology. The useful lives of all remote rental dwellings and training centres are also reassessed at the time of valuation.

Refer to Note 26: Fair value for additional disclosures.

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

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

In certain situations, an impairment loss may subsequently be reversed. Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognised in the comprehensive operating statement as income, 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 25 provides additional information in relation to the asset revaluation surplus.

Agency property, plant and equipment assets were assessed for impairment as at 30 June 2020. No impairment adjustments were required as a result of this review.

Depreciation and amortisation expense

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

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

	2020	2019
Urban Dwellings	50 years	50 years
Remote Public Housing Dwellings	30 years	30 years
GEH ^(a) remote area dwellings	40 years	40 years
Plant and Equipment	5-10 years	5-10 years
Land Under Finance Lease	n/a	Remaining period of lease
Leased Building Upgrades	Remaining period of lease	Remaining period of lease
Right-of-use assets ¹	Remaining period of lease	n/a

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

¹Further information on right-of-use assets is disclosed in Note 19.

^(a) Government employee housing (GEH)

19. AGENCY AS A LESSEE

The agency leases include affordable and social housing head leases, government employee housing private head leases, government employee housing remote land leases and remote land peppercorn leases. Lease contracts are typically made for fixed periods of 2 to 40 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants. The agency does not provide residual value guarantees in relation to leases.

Extension and termination options are included in most of the lease arrangements that the department has in place. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the agency and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The agency has not included lease liabilities for the lease extension options where it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs that affects this assessment and is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was nil.

The agency has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less with no purchase option. Low value assets are assets with a fair value of \$10,000 or less when new and not subject to a sublease arrangement.

RIGHT-OF-USE ASSET

The following table presents right-of-use assets included in the carrying amounts of property, plant and equipment at Note 18.

	LAND	BUILDING	TOTAL
	\$000	\$000	\$000
Balance as at 1 July 2019	22 655	-	22 655
Additions	-	88 612	88 612
Disposals	-	-	-
Amortisation expense	(762)	(15 649)	(16 411)
Revaluation increments/decrements including remeasurement	2 271	(44)	2 226
Carrying amount as at 30 June 2020	24 164	72 919	97 082

The following amounts were recognised in the statement of comprehensive income for the year ending 30 June 2020 in respect of leases where the agency is the lessee:

	\$000
Amortisation expense of right-of-use assets	16 411
Interest expense on lease liabilities	2 495
Expense relating to short-term leases	8 966
Expense relating to leases of low-value assets	-
Variable lease payments, not included in the measurement of lease liabilities	-
Intergovernmental leases	1 430
Income from subleasing right-of-use assets	-
Gains or losses arising from sale and leaseback transactions	-
Total amount recognised in the comprehensive operating statement	29 302

Recognition and measurement (under AASB 16 from 1 July 2019)

The agency assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The agency recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

The agency recognises right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability, adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land	12 to 40 years
Building	2 to 10 years

If ownership of the leased asset transfers to the agency at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are subsequently measured at fair value which approximates costs except for those arising from leases that have significantly below-market terms and conditions principally to enable the agency to further its objectives and are also subject to impairment.

The right-of-use assets are subject to remeasurement principles consistent with the lease liability including indexation and market rent review that approximates fair value and only revalued where a trigger or event may indicate their carrying amount does not equal fair value.

Inter-governmental leases

The agency applies the inter-governmental leases recognition exemption as per the Treasurer's Direction – Leases and recognise these as an expense on a straight-line basis over the lease term. These largely relate to the lease of motor vehicles from NT Fleet. Leases of commercial properties for office accommodation are centralised with the Department of Corporate and Information Services (DCIS). Consequently all lease liabilities and right-of-use assets relating to these arrangements are recognised by DCIS and not disclosed within these financial statements.

The agency owned remote public housing dwellings are on land owned by the Traditional owners. The agency enters into a long-term peppercorn lease arrangements with the Traditional owners against the housing lots. The lease contract specifies lease payments of \$1 per annum (payable if and when demanded). The land lots must be used for the provision of public housing and as appropriate the construction, demolition, upgrading, extending, refurbishing, landscaping and maintenance of houses. The remote public housing operation is dependent on these lease arrangements.

Right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable the agency to further its objectives, are measured at cost.

These right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, subject to impairment. They are not subject to revaluation.

Recognition and measurement (under AASB 117 until 30 June 2019)

Leases under which the agency 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 are capitalised and recorded under property, plant and equipment. A lease asset and a 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.

Repayments of principal reduce lease liabilities. The interest components of the lease payments are expensed.

Operating lease payments are recognised as an operating expense in the comprehensive operating statement on a straight-line basis over the lease term.

20. PAYABLES

	2020	2019
	\$000	\$000
Accounts payable	599	1 701
Accrued expenses	3 683	3 276
Accrued work in progress	593	2 224
Interest payable	23	24
Total payables	4 898	7 225

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

21. BORROWINGS AND ADVANCES

	2020	2019
	\$000	\$000
CURRENT		
Loans and advances	3 355	2 949
Lease liabilities	15 870	327
	19 225	3 276
NON CURRENT		
Loans and advances	63 176	66 530
Lease liabilities	82 845	23 006
	146 021	89 536
Total borrowings and advances	165 246	92 812

Borrowings and advances are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, these are measured at amortised cost using the effective interest method.

LEASE LIABILITIES

At the commencement date of the lease where the agency is the lessee, the agency recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable
- variable lease payments that depend on an index or a rate
- amounts expected to be paid under residual value guarantees
- exercise price of a purchase options reasonably certain to be exercised by the entity
- payments of penalties for terminating the lease, if the lease term reflects the entity exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the agency's leases, the Northern Territory Treasury Corporation's institutional bond rate is used as the incremental borrowing rate.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (such as changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liabilities are determined in accordance with AASB 117 until 30 June 2019. From 1 July 2019, lease liabilities are determined in accordance with AASB 16

The following table presents liabilities under leases for 2019-20.

	<u>\$000</u>
Balance at 1 July 2019	23 333
Recognition of lease liabilities on initial adoption of AASB 16	84 327
Adjusted balance at 1 July 2019	107 660
Additions/re-measurements	6 513
Interest expenses	2 495
Payments	(17 953)
Balance at 30 June 2020	98 715

The agency had total cash outflows for leases of \$17.953 million in 2019-20.

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

	<u>2020</u>		<u>2019</u>	
	INTERNAL ^(A)	EXTERNAL ^(A)	INTERNAL ^(A)	EXTERNAL ^(A)
Within one year	966	4 627	1 145	20 462
Later than one year and not later than five years	1 284	-	2 726	45 320
Later than five years	-	-	-	46 487
Total	2 250	4 627	3 871	112 269

^(a) Internal commitments reflect commitments with entities controlled by the NTG only where these are real charges and not notional charges (entities listed in TAFR 18-19 Note 43: details of controlled entities at reporting date), whereas external commitments reflect those to third parties external to the NTG.

22. PROVISIONS

	2020	2019
	\$000	\$000
CURRENT		
Employee benefits		
Recreation leave	6 702	6 609
Leave loading	952	1 000
Recreation leave fares	20	30
Purchased leave	34	38
	7 708	7 677
Other employee benefits		
Fringe Benefits Tax	28	94
Payroll Tax	469	446
Superannuation contributions	603	545
	1 100	1 085
Total provisions	8 808	8 762

The Agency employed 577 full time equivalent (FTE) employees as at 30 June 2020 (656 as at 30 June 2019).

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 twelve 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 twelve months of the reporting date are measured at present value, calculated using the government long-term bond rate.

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

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

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

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

23. DEPOSITS HELD AND OTHER LIABILITIES

	2020	2019
	\$000	\$000
CURRENT		
Unearned contract revenue	1 528	-
Unearned capital grants	4 188	-
Unearned Commonwealth capital appropriation	78 228	-
Other liability - Unearned revenue – rent charged / paid in advance	4 572	3 720
Deposit Held - Unclaimed monies	676	431
	89 192	4 151
NON-CURRENT		
Unearned capital grants	6 064	-
Unearned Commonwealth capital appropriation	21 000	-
Deposits Held – rental security bond deposits	5 646	5 466
	32 710	5 466
Total other liabilities	121 902	9 617

SUPERANNUATION

Employees' superannuation entitlements are provided through the:

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

The agency makes superannuation contributions on behalf of its employees to 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 therefore not recognised in agency financial statements.

UNEARNED CONTRACT REVENUE

Unearned contract revenue relates to consideration received in advance from the Commonwealth to provide services in the remote communities under the Remote Planning Framework and Wallaby Beach Infrastructure funding. Unearned contract revenue balances as at 30 June 2020 is \$1.528 million (balance at 1 July 2019 was \$2.531 million). The revenue will be realised as the agency achieves performance obligation overtime.

Of the amount included in the unearned contract revenue balance as at 1 July 2019, \$1 million has been recognised as revenue in 2019-20.

The agency anticipates to recognise as revenue, any liabilities for unsatisfied obligations as at the end of the reporting period within one year.

	<u>2020</u>
	\$000
Not later than one year	1 528
Later than one year and not later than five years	-
Later than five years	-
Total	1 528

UNEARNED CAPITAL GRANTS AND COMMONWEALTH CAPITAL APPROPRIATION

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

	<u>2020</u>
	\$000
Unearned on initial application of AASB 1058	88 134
Add: receipt of cash during the financial year	80 196
Less: income recognised during the financial year	(58 850)
Total unearned capital grants Commonwealth capital appropriation	109 480

For assets acquired, performance obligations are typically satisfied at the point in time the asset is acquired.

For constructed assets, performance obligations are typically satisfied overtime as the asset is constructed and revenue is recognised accordingly. An input method is used to measure the progress towards the satisfaction of performance obligations and hence the amount of revenue recognised. The progress towards satisfaction of the performance obligations is measured using the percentage of completion method, which is the cost incurred to date as a proportion of the total project costs.

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

	<u>2020</u>
	\$000
Not later than one year	82 416
Later than one year and not later than five years	27 064
Later than five years	-
Total	109 480

24. COMMITMENTS

Commitments are those contracted as at 30 June where the amount of the future commitment can be reliably measured. Following the adoption of AASB 16 Leases, operating lease commitments as reported in 2019, satisfying eligibility criteria, have now been recognised as a lease liability on the balance sheet and in Note 21.

Similarly, following the adoption of AASB 15 Revenue from contracts with customers and AASB 1058 Income of not-for-profit entities, a significant portion of capital commitments and other non-cancellable commitments as reported in 2019 have now been recognised as unearned liabilities on the balance sheet.

Disclosures in relation to capital and other commitments are detailed below:

	2020		2019	
	INTERNAL ^(A)	EXTERNAL ^(A)	INTERNAL ^(A)	EXTERNAL ^(A)
	\$000	\$000	\$000	\$000
(i) CAPITAL EXPENDITURE COMMITMENTS				
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	-	99 748	-	73 792
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total	-	99 748	-	73 792
(ii) OTHER EXPENDITURE COMMITMENTS				
Other non-cancellable expenditure commitments not recognised as liabilities are payable as follows:				
Within one year	-	41 674	-	63 772
Later than one year and not later than five years	-	3 580	-	143 267
Later than five years	-	912	-	2 956
Total	-	46 166	-	209 995

Excludes capital and lease commitments, but includes maintenance contracts.

^(a) Internal commitments reflect commitments with entities controlled by the NTG (entities listed in TAFR 18-19 Note 43: details of controlled entities at reporting date), whereas external commitments reflect those to third parties external to the NTG.

25. 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

2020

	LAND - CEMETERIES AND LAND UNDER TRAINING CENTRES	LAND - URBAN RENTAL PROPERTIES	BUILDINGS - URBAN RENTAL DWELLINGS	BUILDINGS - REMOTE RENTAL DWELLINGS	TRAINING CENTRES	TOTAL
	\$000	\$000	\$000	\$000	\$000	\$000
Balance as at 1 July 2019	1 827	646 704	127 563	700 099	1 981	1 478 174
Transfers to accumulated funds	-	(1 727)	2 496	(2 340)	149	(1 422)
Transfers in/out	-	3 506	(8 197)	4 717	-	26
Increment/ decrement	(18)	(17 998)	(33 230)	(12 244)	(7)	(63 497)
Balance as at 30 June 2020	1 809	630 485	88 632	690 232	2 123	1 413 281

2019

	LAND - CEMETERIES AND LAND UNDER TRAINING CENTRES	LAND - URBAN RENTAL PROPERTIES	BUILDINGS - URBAN RENTAL DWELLINGS	BUILDINGS - REMOTE RENTAL DWELLINGS	TRAINING CENTRES	TOTAL
	\$000	\$000	\$000	\$000	\$000	\$000
Balance as at 1 July 2018	1 826	670 961	167 567	718 693	2 211	1 561 258
Transfers to accumulated funds	-	(1 246)	(1 770)	(16 076)	-	(19 092)
Transfers in/out	-	607	7 356	(7 906)	-	57
Increment/ decrement	1	(23 618)	(45 590)	5 388	(230)	(64 049)
Balance as at 30 June 2019	1 827	646 704	127 563	700 099	1 981	1 478 174

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

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

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

Level 2 – inputs 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.

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

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

a) FAIR VALUE HIERARCHY

The agency does not recognise any financial assets or liabilities at fair value as these are recognised at amortised cost. The carrying amounts of these financial assets and liabilities approximates their fair value.

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

	LEVEL 1		LEVEL 2		LEVEL 3		TOTAL FAIR VALUE	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Assets⁽¹⁾								
Land - cemeteries and land under training centres	-	-	-	-	3 603	3 651	3 603	3 651
Land - urban rental properties	-	-	687 342	707 204	-	-	687 342	707 204
Buildings - urban rental properties	-	-	694 759	708 842	-	-	694 759	708 842
Buildings - remote rental dwellings	-	-	-	-	1 643 753	1 659 618	1 643 753	1 659 618
Buildings - training centres	-	-	-	-	4 921	5 470	4 921	5 470
Construction work in progress	-	-	-	-	93 530	60 216	93 530	60 216
Leased land and building	-	-	-	-	97 082	22 655	97 082	22 655
Plant and equipment	-	-	-	-	705	800	705	800
Total assets	-	-	1 382 101	1 416 046	1 843 594	1 752 410	3 225 695	3 168 455

There were no transfers between Level 1 and Levels 2 or 3 during 2019-20.

¹From 1 July 2019, property, plant and equipment includes right-of-use assets under AASB 16 Leases.

b) VALUATION TECHNIQUES AND INPUTS

Valuation techniques used to measure fair value in 2019-20 are:

Asset classes	LEVEL 2	LEVEL 3
	TECHNIQUES	TECHNIQUES
Land - cemeteries and land under training centres		Cost Approach
Land - urban rental properties	Market Approach	
Buildings - urban rental properties	Market Approach	
Buildings - remote rental dwellings		Cost Approach
Buildings - training centres		Cost Approach
Construction work in progress		Cost Approach
Leased land and building		Cost Approach
Plant and equipment		Cost Approach

There were no changes in valuation techniques from 2018-19 to 2019-20.

c) ADDITIONAL INFORMATION FOR LEVEL 3 FAIR VALUE MEASUREMENTS

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

	LAND - CEMETERIES AND LAND UNDER TRAINING CENTRES	BUILDINGS - REMOTE RENTAL DWELLINGS	TRAINING CENTRES	CONSTRUCTION (WORK IN PROGRESS)	LEASED LAND AND BUILDING	PLANT AND EQUIPMENT
	\$000	\$000	\$000	\$000	\$000	\$000
2019-20						
Fair value as at 1 July 2019	3 651	1 659 618	5 470	60 216	22 655	800
Recognition of right- of-use asset on initial application of AASB 16	-	-	-	-	84 327	-
Adjusted fair value as at 1 July 2019	3 651	1 659 618	5 470	60 216	106 982	800
Additions	-	-	-	211 732	6 512	-
Disposals	-	(2 251)	-	-	-	-
Transfers from level 2	-	5 728	-	-	-	-
Transfers to level 2	-	-	-	-	-	-
Depreciation	-	(98 771)	(135)	-	(16 412)	(230)
Additions from asset transfers	(30)	91 673	(407)	(178 418)	-	135
Gains/losses recognised in other comprehensive income	(18)	(12 244)	(7)	-	-	-
Fair value as at 30 June 2020	3 603	1 643 753	4 921	93 530	97 082	705
2018-19						
Fair value as at 1 July 2018	3 650	1 657 585	5 953	59 582	22 499	1 212
Additions	-	-	-	271 451	930	57
Disposals	-	(22 305)	-	-	(100)	-
Transfers from Level 2	-	-	-	-	-	-
Transfers to Level 2	-	(12 492)	-	-	-	-
Depreciation	-	(99 111)	(253)	-	(674)	(516)
Additions from Asset Transfers	-	130 553	-	(270 817)	-	47
Gains/losses recognised in other comprehensive income	1	5 388	(230)	-	-	-
Fair value as at 30 June 2019	3 651	1 659 618	5 470	60 216	22 655	800

Transfer to and from level 2 is a result of updated land tenure data.

(ii) Sensitivity analysis

Plant and equipment – Unobservable inputs used in computing the fair value of buildings include the historical cost and the consumed economic benefit for each building. Given the locations and number of agency buildings, 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.

Remote rental dwellings and training centres – Unobservable inputs used in computing the fair value of buildings include the new replacement costs on a per structure basis, have been ascertained from analysis of remote residential construction contracts for new constructions over the past year, on either a whole or part basis, information received from major construction contractors/architects/quantity surveyors and engineers cross referenced to Rawlinson's, Cordell's and the Building Economists guidelines to derive construction cost rates on a per square metre/net area modern equivalent basis.

Useful economic life determinations on a per structure basis have been undertaken with reference to historic information, individual construction/engineering characteristics and associated obsolescent factors (to include technical, structural, economic and functional features) and industry standards as identified by the Australian Taxation Office and the Institute of Chartered Accountants in Australia. Remote residential housing and associated infrastructure are generally accepted to have useful economic lives of between 20-40 years, however individual units will vary dependent on construction type, location, utility, alternate use and related service features and functions. For the purposes of this valuation a useful economic life of 30 years has been applied in all instances with the exception of Government Employee Housing (GEH) which have a higher quality of internal fit-out and fittings, and these have had a useful economic life of 40 years applied. The Training Centre generally has a useful economic life of between 30 to 40 years.

Given the locations and number of agency buildings, 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 replacement cost results in a higher fair value and greater consumption of economic benefit lowers fair value.

27. FINANCIAL INSTRUMENTS

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

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

The Department of Local Government, Housing and Community Development has limited exposure to financial risks as discussed below.

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

a) CATEGORIES OF FINANCIAL INSTRUMENTS

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

	FAIR VALUE THROUGH PROFIT OR LOSS			FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	TOTAL
	MANDATORILY AT FAIR VALUE	DESIGNATED AT FAIR VALUE	AMORTISED COST		
	\$000	\$000	\$000		
2019-20					
Cash and deposits	-	41 101	-	-	41 101
Receivables ¹	-	-	7 659	-	7 659
Advances paid	-	-	-	-	-
Total financial assets	-	41 101	7 659	-	48 760
Deposits held ¹	-	-	6 322	-	6 322
Payables ¹	-	-	4 898	-	4 898
Advances received - rent	-	-	4 572	-	4 572
Loans	-	-	66 531	-	66 531
Lease liabilities	-	-	98 715	-	98 715
Total financial liabilities	-	-	181 038	-	181 038
2018-19					
Cash and deposits	-	33 185	-	-	33 185
Receivables ¹	-	-	7 738	-	7 738
Advances paid	-	-	-	-	-
Total financial assets	-	33 185	7 738	-	40 923
Deposits held ¹	-	-	5 897	-	5 897
Payables ¹	-	-	7 225	-	7 225
Advances received - rent	-	-	3 720	-	3 720
Loans	-	-	69 479	-	69 479
Finance lease liabilities	-	-	23 333	-	23 333
Total financial liabilities	-	-	109 654	-	109 654

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

Categories of financial instruments

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

Financial assets are classified under the following categories:

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

Financial liabilities are classified under the following categories:

- amortised cost
- FVTPL.

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

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

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

Financial assets at amortised cost

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

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

Financial assets at fair value through other comprehensive income

Financial assets are classified at fair value through other comprehensive income when they are held by the agency to both collect contractual cash flows and sell the financial assets, and the contractual cash flows are solely payments of principal and interest.

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

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

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

Financial assets at fair value through profit or loss

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

The agency's financial assets categorised at FVTPL include certain debt instruments. Unrealised gains in relation to these investments are recognised in other economic flows in the comprehensive operating statement, however realised gains are recognised in the net result.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are measured at amortised cost using the effective interest rate method. The agency's financial liabilities categorised at amortised cost include all accounts payable, deposits held, lease liabilities and borrowings.

Financial liabilities at fair value through profit or loss

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

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

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

Derivatives

The agency may enter into a variety of derivative financial instruments to manage its exposure to interest rate risk. The agency 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 agency, 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.

b) CREDIT RISK

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

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

Credit risk relating to receivables is disclosed in Note 15 and advances paid in Note 16.

c) LIQUIDITY RISK

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

The following tables detail the agency's remaining contractual maturity for its financial liabilities, calculated based on undiscounted cash flows at reporting date. The undiscounted cash flows in these tables differ from the amounts included in the balance sheet, which are based on discounted cash flows.

Maturity analysis for financial liabilities

	CARRYING AMOUNT	LESS THAN A YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
	\$000	\$000	\$000	\$000	\$000
2020					
Deposits held	6 322	6 322	-	-	6 322
Payables	4 898	4 898	-	-	4 898
Advances received - rent	4 572	4 572	-	-	4 572
Loans	66 531	11 736	46 943	55 368	114 047
Lease liabilities	98 715	18 070	55 384	49 588	123 042
Total financial liabilities	181 038	45 598	102 327	104 956	252 881
2019					
Deposits held	5 897	5 897	-	-	5 897
Payables	7 225	7 225	-	-	7 225
Advances received - rent	3 720	3 720	-	-	3 720
Loans	69 479	11 736	46 943	73 162	131 841
Lease liabilities	23 333	1 380	5 520	38 132	45 032
Total financial liabilities	109 654	29 958	52 463	111 294	193 715

d) MARKET RISK

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

(i) INTEREST RATE RISK

The Department of Local Government, Housing and Community Development exposure to interest rate risk by asset and liability classes is disclosed below.

2020 Interest rate risk for financial assets and liabilities

	INTEREST BEARING		NON-INTEREST BEARING	TOTAL	WEIGHTED AVERAGE
	VARIABLE	FIXED			
	\$000	\$000	\$000	\$000	%
ASSETS					
Cash and deposits	-	-	41 101	41 101	
Receivables	-	-	7 659	7 659	
Advances	-	-	-	-	
Total financial assets	-	-	48 760	48 760	
LIABILITIES					
Deposits held	-	-	6 322	6 322	
Payables	-	-	4 898	4 898	
Advances received - rent	-	-	4 572	4 572	
Loans	-	66 531	-	66 531	12.89%
Lease liabilities	-	98 715	-	98 715	2.44%
Total financial liabilities	-	165 246	15 792	181 038	

2019 Interest rate risk for financial assets and liabilities

	INTEREST BEARING		NON-INTEREST BEARING	TOTAL	WEIGHTED AVERAGE
	VARIABLE	FIXED			
	\$000	\$000	\$000	\$000	%
ASSETS					
Cash and deposits	-	-	33 185	33 185	
Receivables	-	-	7 738	7 738	
Advances	-	-	-	-	
Total financial assets	-	-	40 923	40 923	
LIABILITIES					
Deposits held	-	-	5 897	5 897	
Payables	-	-	7 225	7 225	
Advances received - rent	-	-	3 720	3 720	
Loans	-	69 479	-	69 479	12.89%
Lease liabilities	-	23 333	-	23 333	4.51%
Total financial liabilities	-	92 812	16 842	109 654	

The Department of Local Government, Housing and Community Development is not exposed to interest rate risk as agency financial assets and financial liabilities, with the exception of finance leases and NTTC loans are non interest bearing. Finance lease and loan arrangements are established on a fixed interest rate and therefore do not expose the Department of Local Government, Housing and Community Development to interest rate risk.

(ii) PRICE RISK

The Department of Local Government, Housing and Community Development is not exposed to price risk, as the Department of Local Government, Housing and Community Development does not hold units in unit trusts.

(iii) CURRENCY RISK

The Department of Local Government, Housing and Community Development is not exposed to currency risk as the agency does not hold borrowings denominated in foreign currencies or transactional currency exposures arising from purchases in a foreign currency.

28. RELATED PARTIES

i) RELATED PARTIES

The Department of Local Government, Housing and Community Development is a government administrative entity and is wholly owned and controlled by the Territory Government. Related parties of the department include:

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

ii) KEY MANAGEMENT PERSONNEL (KMP)

Key management personnel of the Department of Local Government, Housing and Community Development are those persons having authority and responsibility for planning, directing and controlling the activities of Department of Local Government, Housing and Community Development. These include the Minister for Department of Local Government, Housing and Community Development, the Chief Executive Officer and the 18 members of the executive team.

iii) REMUNERATION OF KEY MANAGEMENT PERSONNEL

The details below excludes the salaries and other benefits of Minister for Local Government, Housing and Community Development as the minister's remuneration and allowances are payable by the Department of the Legislative Assembly and consequently disclosed within the Treasurer's annual financial statements.

The aggregate compensation of key management personnel of Local Government, Housing and Community Development is set out below:

	2020	2019
	\$000	\$000
Short-term benefits	4 138	4 586
Total	4 138	4 586

iv) RELATED PARTY TRANSACTIONS:

Transactions with Northern Territory Government-controlled entities

The department's primary ongoing source of funding is received from the Central Holding Authority in the form of output and capital appropriation and on-passed Commonwealth national partnership and specific-purpose payments.

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

RELATED PARTY	REVENUE FROM	PAYMENTS TO	AMOUNTS OWED BY	AMOUNTS OWED
	RELATED PARTIES	RELATED PARTIES	RELATED PARTIES	TO RELATED PARTIES
	\$000	\$000	\$000	\$000
2020				
All NTG Government departments	26 698	135 390	566	68 604
2019				
All NTG Government departments	18 729	170 851	2 373	71 816

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

Other related party transactions are as follows:

Given the breadth and depth of Territory Government activities, related parties will transact with the Territory public sector in a manner consistent with other members of the public including paying stamp duty and other government fees and charges and therefore these transactions have not been disclosed.

Based on the declaration provided by the KMP, the department has no other related party transaction in excess of \$10,000.

29. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a) CONTINGENT LIABILITIES

Trustees appointed to Reserves established under section 79 of the *Crown Lands Act 1992* and 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.

There are a number of current court proceedings against the department that may result in the department having to pay compensation. The likelihood of payment and settlement cost of these court

matters cannot be determined at this point.

As a lessee, the department holds finance leases on approximately 550 affordable and social housing dwellings across the NT where it is required to make good as the leases expire. A reliable estimate of the amount of the obligation cannot be made at this stage.

The department also holds contingent liabilities in operating and finance lease agreements on Government Employee Housing dwellings and Remote Government Employee Housing land leases. The risk associated with these agreements is assessed and considered low and unquantifiable.

b) CONTINGENT ASSETS

The department does not hold any contingent assets at reporting date.

30. 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.

31. ACCOUNTABLE OFFICER'S TRUST ACCOUNT

In accordance with section 7 of the *Financial Management Act 1995*, 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	RECEIPTS	PAYMENTS	CLOSING BALANCE
	1 JULY 2019			30 JUNE 2020
	\$000	\$000	\$000	\$000
Security deposits	5 466	353	173	5 646
Unclaimed money	431	251	6	676
	5 897	604	179	6 322

32. BUDGETARY INFORMATION

COMPREHENSIVE OPERATING STATEMENT	2019-20		VARIANCE	NOTE
	ACTUAL	ORIGINAL BUDGET		
	\$000	\$000		
INCOME				
Grants and subsidies revenue				
Current	2 630	36 858	(34 228)	1
Capital	2 625	-	2 625	
Appropriation				
Output	269 242	293 068	(23 826)	
Commonwealth	56 907	58 244	(1 337)	
Sales of goods and services	96 148	82 443	13 705	2
Goods and services received free of charge	16 883	10 592	6 291	
Profit on disposal of assets	-	2 000	(2 000)	
Other income	6 551	30	6 521	
TOTAL INCOME	450 986	483 235	(32 249)	
EXPENSES				
Employee expenses	71 637	54 333	17 304	3
Administrative expenses				
Purchases of goods and services	21 603	17 254	4 349	
Repairs and maintenance	55 007	32 102	22 905	4
Property management	57 837	46 910	10 927	4
Depreciation and amortisation	148 820	145 997	2 823	
Asset expenses	8 848	38 962	(30 114)	5
Other administrative expenses	28 972	10 592	18 380	6
Grants and subsidies expenses				
Current	170 835	260 994	(90 159)	4 & 7
Capital	50 316	45 548	4 768	
Community service obligations	3 414	3 657	(243)	
Interest expenses	11 281	10 728	553	
Loss on disposal of assets	291	-	291	
TOTAL EXPENSES	628 861	667 077	(38 216)	
NET SURPLUS/(DEFICIT)	(177 875)	(183 842)	5 967	
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to net surplus/deficit				
Changes in asset revaluation surplus	(62 811)	-	(62 811)	
TOTAL OTHER COMPREHENSIVE INCOME	(62 811)	-	(62 811)	
COMPREHENSIVE RESULT	(240 686)	(183 842)	(56 844)	

Notes:

The following note descriptions relate to variances greater than 10 per cent or \$10 million.

1. Revenue relating to Commonwealth funded Local Government financial assistance grants are no longer recognised as revenue and neither is associated grant expenditure.
2. Largely due to remote rent revenue is based on rent received rather than rent charged.
3. The employee budget has a structural deficiency mainly due to cessation of Commonwealth agreements.
4. Reclassification of actual remote housing property and rates from current grants to repairs and maintenance and property management due to changes in accounting treatment.
5. Reversal of budgeted infrastructure assets gifted to Indigenous Essential Services due to change in accounting treatment, an end of year adjustment to expense 2020 work in progress that does not meet capitalisation criteria and the write off of demolished dwellings.
6. Increased provision of doubtful debts and bad debts write-off not budgeted and an increase in goods and services received free of charge from the transfer of some corporate services functions to the Department of Corporate and Information Services following Machinery of Government relating to corporate services reform.
7. Grant expenditure relating to Commonwealth funded Local Government financial assistance grants are no longer recognised as an expense and grant programs deferred as part of the Department's 2019-20 budget repair savings measures.

BALANCE SHEET	2019-20	2019-20	VARIANCE	NOTE
	ACTUAL	ORIGINAL BUDGET		
	\$000	\$000		
ASSETS				
Current assets				
Cash and deposits	41 101	7 524	33 577	1
Receivables	15 848	14 540	1 308	
Prepayments	2 306	2 582	(276)	
	-	667	(667)	
Total current assets	59 255	25 313	33 942	
Non-current assets				
Property, plant and equipment	3 225 695	3 492 550	(266 855)	2
Total non-current assets	3 225 695	3 492 550	(266 855)	
TOTAL ASSETS	3 284 950	3 517 863	(232 913)	
LIABILITIES				
Current liabilities				
Deposits held	676	5 678	(5 002)	
Payables	4 898	10 786	(5 888)	
Borrowings and advances	19 225	1 916	17 309	3
Provisions	8 808	8 205	603	
Other liabilities	88 516	5 326	83 190	4
Total current liabilities	122 123	31 911	90 212	
Non-current liabilities				
Deposits held	5 646	-	5 646	
Borrowings and advances	146 021	157 314	(11 293)	3
Other liabilities	27 064	-	27 064	4
Total non-current liabilities	178 731	157 314	21 417	
TOTAL LIABILITIES	300 854	189 225	111 629	
NET ASSETS	2 984 097	3 328 638	(344 541)	
EQUITY				
Capital	2 413 704	2 517 292	(103 588)	
Reserves	1 413 281	1 561 258	(147 977)	5
Accumulated funds	(842 888)	(749 912)	(92 976)	
TOTAL EQUITY	2 984 097	3 328 638	(344 541)	

Notes:

The following note descriptions relate to variances greater than 10 per cent or \$10 million.

- Variations are detailed in the Cash Flow Statement and notes thereto. Key variation is the result of Commonwealth capital works cash not fully expended. This occurred due to delays related to land tenure, appropriate consultation processes with communities (local decision making) and the impact of COVID-19.
- Adjustment to original budget due to the 2019 actuals being substantially less than the budget (\$182.6M). Capital expenditure for 2020 was \$24.1M less than cash budget and a \$61.3M revaluation decrement at 30 June 2020.
- Total variance of \$6.016M across current and non-current is due to the new financial leases for affordable and government employee housing signed in 2019-20 not reflected in original budget.
- Unearned revenue liability higher than budget as a result of revised timing of program delivery and additional funding received from the Commonwealth in 2019-20 for remote housing that will be delivered in the outer years.
- Write down of values of dwellings and adjustment to Asset Revaluation reserve on disposal of eight urban dwellings.

CASH FLOW STATEMENT	2019-20	2019-20	VARIANCE	NOTE
	ACTUAL	ORIGINAL BUDGET		
	\$000	\$000		

CASH FLOWS FROM OPERATING ACTIVITIES

Operating receipts				
Grants and subsidies received				
Current	2 630	36 858	(34 228)	1
Appropriation				
Output	269 242	293 068	(23 826)	
Commonwealth	52 007	58 244	(6 237)	
Receipts from sales of goods and services	109 693	82 473	27 220	2
Total operating receipts	433 572	470 643	(37 071)	
Operating payments				
Payments to employees	(71 191)	(54 333)	(16 858)	3
Payments for goods and services	(149 443)	(96 266)	(53 177)	4
Grants and subsidies paid				
Current	(170 835)	(260 994)	90 159	4 & 5
Capital	(28 459)	(45 548)	17 089	6
Community service obligations	(3 414)	(3 657)	243	
Interest paid	(11 282)	(10 729)	(553)	
Total operating payments	(434 624)	(471 527)	36 903	
Net cash from/(used in) operating activities	(1 052)	(884)	(168)	

CASH FLOWS FROM INVESTING ACTIVITIES

Investing receipts				
Proceeds from asset sales	2 211	10 200	(7 989)	
Repayment of advances	10	-	10	
Total investing receipts	2 221	10 200	(7 979)	
Investing payments				
Purchases of assets	(211 752)	(251 102)	39 350	7
Total investing payments	(211 752)	(251 102)	39 350	
Net cash from/(used in) investing activities	(209 531)	(240 902)	31 371	

CASH FLOWS FROM FINANCING ACTIVITIES

CASH FLOWS FROM FINANCING ACTIVITIES				
Financing receipts				
Deposits received	426	-	426	
Equity injections				
Capital appropriation	126 288	133 506	(7 218)	
Commonwealth appropriation	80 196	107 396	(27 200)	8
Other equity injections	30 000	-	30 000	9
Total financing receipts	236 910	240 902	(3 992)	
Financing payments				
Repayment of borrowings	(2 949)	(2 949)	-	
Finance lease payments	(15 457)	(13 708)	(1 749)	
Equity withdrawals	(5)	-	(5)	
Total financing payments	(18 411)	(16 657)	(1 754)	
Net cash from/(used in) financing activities	218 499	224 245	(5 746)	
Net increase/(decrease) in cash held	7 916	(17 541)	25 457	
Cash at beginning of financial year	33 185	25 065	8 120	
CASH AT END OF FINANCIAL YEAR	41 101	7 524	33 577	

Notes:

The following note descriptions relate to variances greater than 10 per cent or \$10 million.

- Revenue relating to Commonwealth funded Local Government financial assistance grants are no longer recognised as revenue and neither is associated grant expenditure.
- The variance primarily relates to GST receivables from the Australian Taxation Office that are not budgeted, actual remote rental receipts exceeded budget and unspent grant funding returned from Local Government Association Northern Territory (LGANT).
- The employee budget has a structural deficiency mainly due to cessation of Commonwealth agreements.
- Reclassification of actual remote housing property, tenancy and rates from current grants to payments for goods and services due to changes in accounting treatment.
- Grant expenditure relating to Commonwealth funded Local Government financial assistance grants are no longer recognised as an expense and grant programs deferred as part of the Department's 2019-20 budget repair savings measures.
- Variation mainly due to revised timing of program delivery and grant programs deferred/ceased as part of the Department's 2019-20 budget repair savings measures.
- Commonwealth capital works cash not fully expended. This occurred due to delays related to land tenure, appropriate consultation processes with communities (local decision making) and the impact of COVID-19.
- Reduction reflects revised timing of Commonwealth funded program delivery.
- Equity funding was provided at the end of the financial year to meet planned delivery of capital works programs under the old National Partnership Agreement for Remote Housing.





NT HOME
OWNERSHIP **6**

FINANCIAL STATEMENT OVERVIEW

FOR THE YEAR ENDED 30 JUNE 2020

NT Home Ownership operates as a Government Business Division (GBD) as determined by the Treasurer under the *Financial Management Act 1995*. 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 equivalent regime and dividend policy. The recipient of these payments is the Northern Territory Government, as owner.

NT Home Ownership oversees the provision of Northern Territory Government home loan products and services to assist eligible Territorians to achieve affordable home ownership. NT Home Ownership provides home loan products and services to increase supply at the more affordable end of the housing market and provides home ownership opportunities for Territorians otherwise unable to enter the housing market, and reduces pressure on the rental market.

NT Home Ownership loans are administered by the People's Choice Credit Union under a mortgage management agreement, to enable efficiencies and ensure access to appropriate skills and knowledge.

NT Home Ownership has recorded a net operating deficit of \$5.195 million (2019: \$2.206 million) in the 2020 financial year. The operating deficit is largely a result of non-cash expenses for the year, which include write down in value of shared equity investments and increase in the loss allowance for advances to customers.

Revenue

The principal source of revenue for NT Home Ownership is interest earned on home loans to clients, revenue earned in 2020 was \$7.33 million (2019: \$8.509 million). With interest rates continuing to be low and a declining loan portfolio, interest revenue on the loan portfolio continues to decrease (See chart 1).

Where NT Home Ownership is required to carry out activities, which it would not elect to do on a commercial basis, such as subsidised or below market rate loans, it can apply for Community Service Obligation (CSO) funding. In 2020, the funding received was \$3.414 million (2019: \$3.414 million).

Expense

NT Home Ownership incurred total expenses of \$15.942 million in financial year 2020 (2019: \$14.131 million). Similar to 2019, major variations in expenditure for 2020

relates to subdued housing market and general economic conditions in the Northern Territory, with shared equity values reducing by \$3.011 million (2019: \$1.424 million) and losses of \$0.257 million on NT Home Ownership's equity share as shareholders sold their properties.

As a reflection of current economic conditions and the impact on the financial industry, the loss allowance for advances increased by \$1.779 million in 2020 (2019: \$1.176 million).

Shared Equity Investments are a key strategy for NT Home Ownership to assist Territorians otherwise unable to enter into home ownership. NT Home Ownership invests in a portion of the equity in the purchase of a home, with the expectation that over time capital gains are likely to accrue from the equity share. The downturn in the real estate market over the past six years and decrease in number of shared equity investments have resulted in the value of equity share investments declining (see chart 2).

Home Loan portfolio

At 30 June 2020, NT Home Ownership's loan portfolio comprised of 1 628 loans issued to Territorians totalling \$145 million (2019: \$155 million); a decrease of \$9 million with the pay down of advances by borrowers (\$12 million) and additional loss allowance of \$1.7 million largely offset by new lending of \$4.4 million through Home Build Access loans. The movement in the value of the loan portfolio over the years is illustrated in chart 1. At 30 June 2020, NT Home Ownership held an interest in 508 shared equity investment properties valued at \$39.959 million.

Borrowings

Financing of loans/advances to clients for the purchase of a home is funded through borrowings from NT Treasury Corporation, and the repayment of loans from existing clients. These borrowings are the major component of liabilities in the Balance Sheet and as at 30 June 2020 total \$184 million, a decrease of \$6 million from the previous year.

Cash at bank

Cash at bank has increased to \$7.013 million from \$3.295 million in 2019. This is largely due to repayment of advances and the payment of NTHO minority interest on shared equity properties by the clients, offset by the lower intake of loan products.

Chart 1 – NT Home Ownership loan portfolio & interest revenue earned

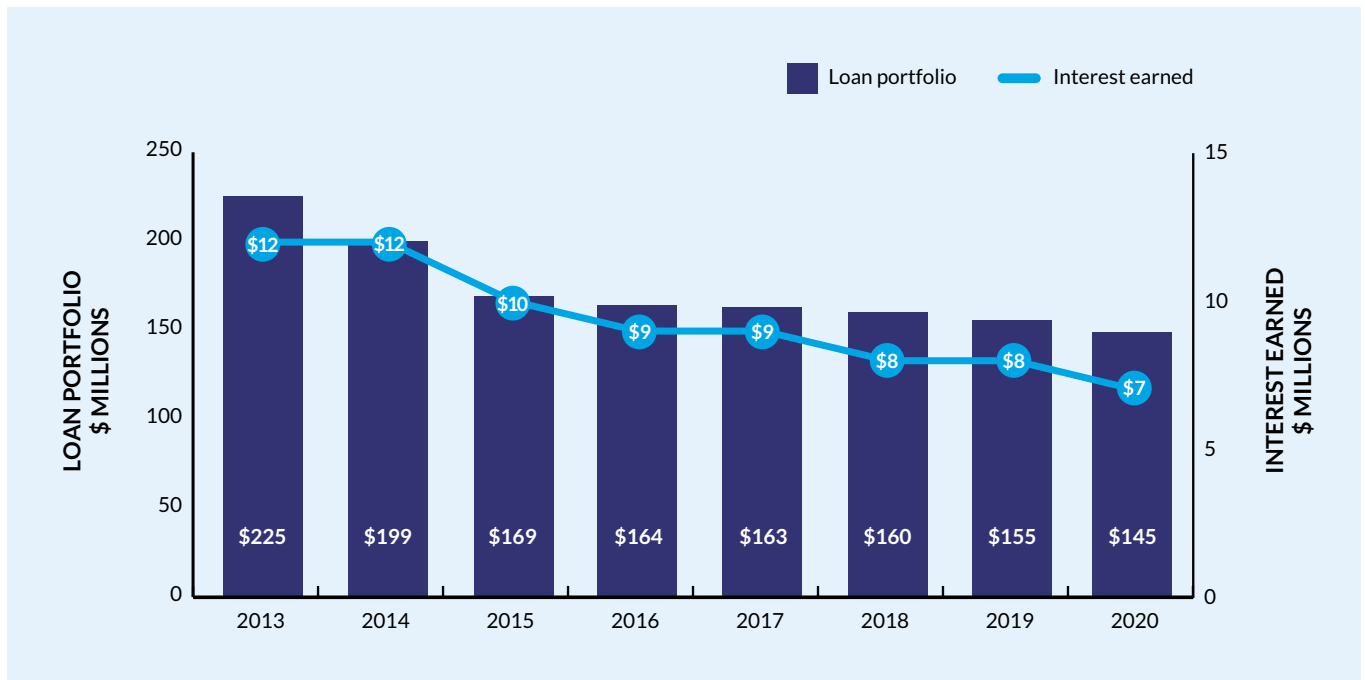
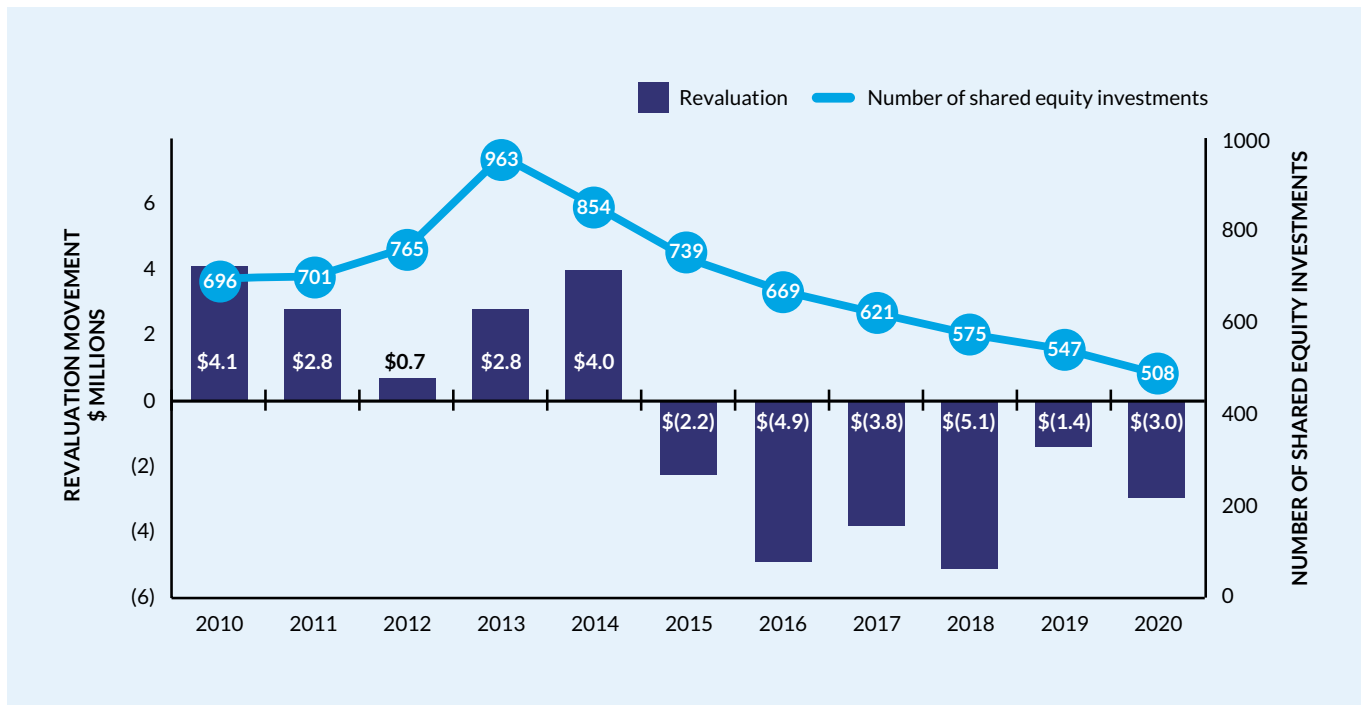


Chart 2 – Investment revaluations





Auditor-General
Independent Auditor's Report
to the Minister for Territory Families and Urban Housing
NT Home Ownership
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Opinion

I have audited the accompanying financial report of NT Home Ownership, which comprises the balance sheet as at 30 June 2020, and the comprehensive operating statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, and the certification of the financial statements by the Chief Executive Officer.

In my opinion, the financial report gives a true and fair view, in all material respects, of the financial position of NT Home Ownership as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Basis for Opinion

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

Other Information

The Chief Executive Officer of the former Department of Local Government, Housing and Community Development is responsible for the other information. The other information comprises the information included in NT Home Ownership's financial statement overview for the year ended 30 June 2020, but does not include the financial report and my auditor's report thereon.

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

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

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

Responsibilities of the Chief Executive Officer for the Financial Report

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the ability of NT Home Ownership to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate NT Home Ownership or to cease operations, or has no realistic alternative but to do so.



Auditor-General

Page 2 of 2

Those charged with governance are responsible for overseeing the financial reporting process of NT Home Ownership.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control within NT Home Ownership.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of NT Home Ownership to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report however future events or conditions may cause NT Home Ownership to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Julie Crisp
Auditor-General for the Northern Territory

Darwin, Northern Territory

29 September 2020

Level 9 Northern Territory House 22 Mitchell Street Darwin 0800 Tel: 08 8999 7155

CERTIFICATION OF THE FINANCIAL STATEMENTS

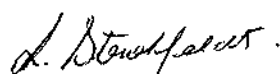
We certify that the attached financial statements for the NT Home Ownership have been prepared based on proper accounts and records in accordance with the prescribed format, the *Financial Management Act 1995* and Treasurer's Directions.

We further state that the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2020 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



JIM BAMBER
Chief Executive Officer
28 August 2020



LISA STROHFELDDT
Chief Financial Officer
28 August 2020

COMPREHENSIVE OPERATING STATEMENT

For the year ended 30 June 2020

	NOTE	2020 \$000	2019 \$000
INCOME			
Community service obligations	3a	3 414	3 414
Sales of goods and services	3b	3	2
Interest revenue	3c	7 330	8 509
TOTAL INCOME		10 747	11 925
EXPENSES			
Employee expenses		244	160
Administrative expenses			
Purchases of goods and services	5	2 328	2 192
Write-offs and loss allowance expenses	7	1 779	1 176
Loss on revaluation of shared equity investments	8	3 011	1 424
Loss on disposal of shared equity investments	4	257	197
Grants and subsidies expenses			
Current		-	-
Interest expenses	6	8 323	8 982
TOTAL EXPENSES		15 942	14 131
NET SURPLUS/(DEFICIT) BEFORE INCOME TAX		(5 195)	(2 206)
Income tax expenses	9	-	-
NET DEFICIT AFTER INCOME TAX		(5 195)	(2 206)
COMPREHENSIVE RESULT		(5 195)	(2 206)

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

BALANCE SHEET

As at 30 June 2020

	NOTE	2020	2019
		\$000	\$000
ASSETS			
Current assets			
Cash and deposits	10	7 013	3 295
Receivables	12	16	38
Advances	13	3 355	3 391
Total current assets		10 384	6 724
Non-Current Assets			
Receivables	12	-	-
Advances	13	142 125	151 485
Shared equity investments	15, 21	39 959	45 791
Total non-current assets		182 084	197 276
TOTAL ASSETS		192 468	204 000
LIABILITIES			
Current liabilities			
Payables	17	387	457
Borrowings and advances	18	6 593	6 283
Provisions	19	23	7
Total current liabilities		7 003	6 747
Non-current liabilities			
Borrowings and advances	18	177 643	184 236
Total non-current liabilities		177 643	184 236
TOTAL LIABILITIES		184 646	190 983
NET ASSETS		7 822	13 017
EQUITY			
Capital		22 745	22 745
Accumulated funds		(14 923)	(9 728)
TOTAL EQUITY		7 822	13 017

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 2020

	NOTE	EQUITY AT 1 JULY	COMPREHENSIVE RESULT	TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS	EQUITY AT 30 JUNE
		\$000	\$000	\$000	\$000
2019-20					
Accumulated funds		(9 728)	(5 195)	-	(14 923)
Capital – transactions with owners		22 745	-	-	22 745
Total equity at end of financial year		13 017	(5 195)	-	7 822
2018-19					
Accumulated funds		(7 223)	(2 206)	-	(9 429)
Changes in accounting policy - adoption of AASB 9		(299)	-	-	(299)
Capital – transactions with owners		22 745	-	-	22 745
Total equity at end of financial year		15 223	(2 206)	-	13 017

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 2020

	NOTE	2020	2019
		\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating receipts			
Receipts from sales of goods and services and community service obligations		3 606	3 562
Interest received		7 332	8 521
Total operating receipts		10 938	12 083
Operating payments			
Payments to employees		(226)	(169)
Payments for goods and services		(2 587)	(2 382)
Grants and subsidies paid			
Current		-	-
Interest paid		(8 306)	(9 089)
Total operating payments		(11 119)	(11 640)
Net cash from/(used in) operating activities	11	(181)	443
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing receipts			
Repayment of advances		12 045	10 172
Sales of investments		2 565	2 238
Total investing receipts		14 610	12 410
Investing payments			
Advances and investing payments		(4 428)	(6 089)
Total investing payments		(4 428)	(6 089)
Net cash from/(used in) investing activities		10 182	6 321
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing receipts			
Proceeds of borrowings		-	-
Total financing receipts			
Financing payments			
Repayment of borrowings		(6 283)	(15 988)
Total financing payments		(6 283)	(15 988)
Net cash from/(used in) financing activities	11	(6 283)	(15 988)
Net increase/(decrease) in cash held		3 718	(9 224)
Cash at beginning of financial year		3 295	12 519
CASH AT END OF FINANCIAL YEAR	10	7 013	3 295

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

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1. OBJECTIVES AND FUNDING

NT Home Ownership (NTHO) operates as a Government Business Division (GBD), as determined by the Treasurer under the *Financial Management Act 1995*. Under the Government Business Division 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 equivalent regime and dividend policy to the 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 which it would not elect to do on a commercial basis, Community Service Obligation funding is provided through the Department of Local Government, Local Government, Housing and Community Development appropriation for identifiable community or social benefits.

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

1. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the requirements of the *Financial Management Act 1995* and related Treasurer's Directions. The *Financial Management Act 1995* requires the NT Home Ownership to prepare financial statements for the year ended 30 June based on the form determined by the Treasurer. The form of (NTHO) financial statements should include:

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

2. 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 GBD transactions and balances have been eliminated.

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

The form of the (NTHO) 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.

Standards and interpretations effective from 2019-20

AASB 15 Revenue from contracts with a customer / AASB 1058 Income for not-for-profit entities

AASB 15 Revenue from contracts with customers (AASB 15) supersedes AASB 111 Construction contracts. AASB 118 Revenue and related interpretations applies, with limited exceptions, to all revenue arising from contracts with customers. Under AASB 15 revenue from agreements that are enforceable, have sufficiently specific performance obligations and transfer goods or services to the customer or third party beneficiary will be recognised when or as performance obligations are satisfied. AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when assessing contracts with their customers.

AASB 1058 Income for not-for-profit entities (AASB 1058) clarifies and simplifies income-recognition requirements that apply to not-for-profit entities and replaces most of the not-for-profit provisions under AASB 1004 Contributions. AASB 1058 applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and where volunteer services are received.

In contrast with previous standards such as AASB 1004, AASB 1058 allows deferral of income from capital grants where there is an enforceable contract with sufficiently specific performance obligations and the agreement does not require the GBD to transfer the asset to other parties. For such capital grants, the funding received is initially deferred in an unearned revenue liability and subsequently recognised as revenue as or when the GBD satisfies obligations under the agreement. Where funding is received from another Territory Government-controlled entity other than Commonwealth funds on-passed by the Central Holding Authority, revenue is recognised upfront on receipt.

Under AASB 1058, the GBD will continue to recognise volunteer services only when the services would have been purchased if they had not been donated, and the fair value of those services can be measured reliably. This treatment is consistent with treatment in prior years.

In accordance with transition provisions, the GBD has applied the modified retrospective approach on transition to AASB 15 and AASB 1058, with the cumulative effect of applying both accounting standards recognised in accumulated funds or appropriate equity code at 1 July 2019. Accordingly, the comparative information presented for 2018-19 has not been restated and is presented as previously reported. The GBD applied the accounting standards retrospectively to all contracts, including completed contracts, at 1 July 2019. Completed contracts include contracts where the GBD had recognised all revenue in prior periods under AASB 1004 Contributions.

At the adoption of AASB 15 and AASB 1058, the standards did not have any impact on NT Home Ownership.

AASB 16 Leases

AASB 16 Leases (AASB 16) supersedes AASB 117 Leases and relevant interpretations and introduces significant changes to lessee accounting by removing the distinction between operating and finance leases. For lessees with operating leases, a right-of-use asset has now been recognised on the balance sheet together with a lease liability at the lease commencement, for all leases except for leases with a term of less than 12 months or where the underlying assets are of low value. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged and has not had a significant impact for leases where the GBD is the lessor.

In accordance with transition provisions, the GBD has applied the modified retrospective approach on transition to AASB 16, with the cumulative effect of initial application of the standard as an adjustment to the balance sheet as at 1 July 2019. Accordingly, the comparative information presented for 2018-19 has not been restated and is presented as previously reported.

This standard did not have any impact on NT Home Ownership.

AASB 2016-8 Amendments to Australian accounting standards – Australian implementation guidance for not-for-profit entities (AASB 9 Financial instruments)

AASB 2016-8 is effective for the first time in 2019-20 and will require non-contractual receivables arising from statutory requirements to apply the initial recognition and measurement requirements of AASB 9. The requirements of AASB 2016-8 are largely consistent with existing recognition and measurement practices of the GBD and is therefore not expected to have a material impact.

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

Standards and interpretations issued but not yet effective

No Australian accounting standards have been early adopted for 2019-20.

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

3. REPORTING ENTITY

The financial statements cover the NT Home Ownership (NTHO) as an individual reporting entity.

The NT Home Ownership (“GBD”) is a Northern Territory department established under the *Interpretation Act 1978 and Administrative Arrangements Order*.

The principal place of business of the department is: 47 Mitchell Street Darwin, Northern Territory.

4. GBD 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 (GBD items). Certain items, while managed by the GBD, are controlled and recorded by the Territory rather than the GBD (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 GBD’s financial statements.

NT Home Ownership does not have any Territory items other than unfunded superannuation and long service leave.

5. COMPARATIVES

Where necessary, comparative information for the 2018-19 financial year has been reclassified to provide consistency with current year disclosures.

6. 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.

7. CHANGES IN ACCOUNTING POLICIES

There have been no changes to accounting policies adopted in 2019-20 as a result of management decisions. Changes in policies relating to COVID-19 are disclosed in note 2(11) below.

8. 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.

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.

9. 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.

10. CONTRIBUTIONS BY AND DISTRIBUTIONS TO GOVERNMENT

The GBD may receive contributions from government where the government is acting as owner of the GBD. Conversely, the GBD may make distributions to government. In accordance with the *Financial Management Act 1995* 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 GBD as adjustments to equity.

The statement of changes in equity provides additional information in relation to contributions by, and distributions to, government.

11. IMPACT OF COVID-19

NTHO 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. Major components of NTHO's balance sheet includes advances issued to its clients under various home loan products.

NTHO has introduced a number of initiatives to ease financial hardship faced by clients as a result of COVID-19. This includes deferral of advance repayments up to six months or temporary conversion of home loan to interest only payments for a period of no more than six months. This has impacted the value of advances recorded in 2019-20 financial statements.

12. INCOME

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.

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset. Refer to note 3c.

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 to Note 4.

Community Service Obligation funding

Community Service Obligation funding is received from the Northern Territory Government where the GBD is required to carry out activities on a non-commercial basis. NTHO receives Community Service Obligation from NT Government through the Department of Local Government, Housing and Community Development for the interest rate and stamp duty differential. Revenue in respect of this funding is recognised in the period in which the GBD gains control of the funds. Refer Note to note 3a.

3. REVENUE

a) COMMUNITY SERVICE OBLIGATION (CSO)

	2020			2019
	REVENUE FROM CONTRACTS WITH CUSTOMERS	OTHER	TOTAL	
	\$000	\$000	\$000	\$000
Community Service Obligation	-	3 414	3 414	3 414
Total community Service Obligation	-	3 414	3 414	3 414

NTHO receives community service obligation revenue from Northern Territory Government through the Department of Local Government, Housing and Community Development. community service obligation funding is received from the Northern Territory Government where the GBD is required to carry out activities on a non-commercial basis. NTHO receives Community Service Obligation for the interest rate and stamp duty differential. The GBD 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. Similarly, the stamp duty differential is a grant paid to public housing tenants purchasing their public housing properties through private finance. These CSOs are provided at the projection of differential for the budget year, thus performance obligations attached are assessed not to be sufficiently specific and revenue in respect of this funding is recognised in the period in which the GBD gains control of the funds.

b) SALES OF GOODS AND SERVICES

	2020			2019
	REVENUE FROM CONTRACTS WITH CUSTOMERS	OTHER	TOTAL	
	\$000	\$000	\$000	\$000
Valuation fees	3	0	3	2
Total sales of goods and services	3	-	3	2

Sale of goods

Until 30 June 2019, revenue from sales of goods is recognised as revenue when the GBD transfer significant risks and rewards of ownership of the goods to the buyer. From 1 July 2019, revenue from sales of goods is recognised when the GBD satisfies a performance obligation by transferring the promised goods. NTHO's sales of goods and service revenue consists of the valuation fees. Valuation fees are the contributions made by the home loan clients for the valuation done on the home loan products. The payments are typically due when valuations are accepted by both the client and the NTHO.

Revenue from these sales are based on the price specified in the contract, and revenue is only recognised to the extent that it is highly probable a significant reversal will not occur. There is no element of financing present as sales are made with a short credit term.

Rendering of services

Until 30 June 2019, revenue from rendering services was recognised by reference to the stage of completion of the contract. From 1 July 2019, revenue from rendering of services is recognised when the GBD satisfies the performance obligation by transferring the promised services.

Revenue from contracts with customers for the 2019-20 financial year have been disaggregated below into categories to enable users of these financial statements to understand the nature, amount, timing and uncertainty of income and cash flows. These categories include a description of the type of product or service line, type of customer and timing of transfer of goods and services.

	2020
	\$000
Type of good and service:	
Service delivery	3
Total revenue from contracts with customers by good or service	3
Type of customer:	
Non-government entities	3
Total revenue from contracts with customers by type of customer	3
Timing of transfer of goods and services:	
Point in time	3
Total revenue from contracts with customers by timing of transfer	3

c) INTEREST INCOME

	2020			2019
	REVENUE FROM CONTRACTS WITH CUSTOMERS	OTHER	TOTAL	
	\$000	\$000	\$000	\$000
Interest on cash at bank	-	37	37	146
Interest on advances	-	7 293	7 293	8 363
Total other income	-	7 330	7 330	8 509

NTHO interest income includes interest earned on cash balances and interest on advances issued to clients under various home loan products.

Interest income is recognised when control over the resulting asset is obtained, which is the earlier of the receipt of cash or the recognition of a receivable for interest earned.

NTHO recognises interest revenue as it accrues, taking into account the effective yield on the financial asset.

4. LOSS ON DISPOSAL OF SHARED EQUITY INVESTMENTS

	2020	2019
	\$000	\$000
Net proceeds from the sale of shared equity investments	2 549	2 238
Less: carrying value of shared equity investments disposed	(2 806)	(2 435)
Loss on the disposal of shared equity investments	(257)	(197)

5. PURCHASES OF GOODS AND SERVICES

The net surplus/(deficit) has been arrived at after charging the following expenses:

	2020	2019
	\$000	\$000
GOODS AND SERVICES EXPENSES:		
Loan administration fees ¹	2 111	1 964
Marketing and promotion ²	-	5
Valuation fees	41	39
Legal expenses ³	100	55
Audit fees	35	47
Training and study	2	-
Information technology charges and communications	12	4
Other operational expenditure	27	78
Total	2 328	2 192

¹ Includes fee paid to People Choice Credit Union for the management of its loan portfolio.

² Includes advertising for marketing and promotion but excludes marketing and promotion consultants' expenses, which are incorporated in the consultants' category.

³ Includes legal fees, claim and settlement costs.

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

6. INTEREST EXPENSE

	2020	2019
	\$000	\$000
Interest from loans	8 323	8 982
Total	8 323	8 982

Interest expenses consist of interest costs incurred in connection with the borrowing of funds. It includes interest on loans from NT Treasury Corporation.

7. LOSS ALLOWANCE EXPENSE - WRITE-OFFS, POSTPONEMENTS, WAIVER, GIFTS AND EX-GRATIA PAYMENTS

NT Home Ownership had no write-offs, postponements, gifts or ex gratia payments in 2019-20 and 2018-19.

	2020	2019
	\$000	\$000
Amounts waived by Treasurer under the Financial Management Act 1995¹	53	64
Loss allowance expense - advances	1 726	1 112
For further information on impairment of advances, refer to Note 13.		
Total	1 779	1 176

¹Number of waived transactions was one each for 2020 and 2019.

8. LOSS ON REVALUATION OF SHARED EQUITY INVESTMENTS

	2020	2019
	\$000	\$000
Revaluation of investments	39 959	45 791
Less: book value prior to revaluation	(42 970)	(47 215)
Loss on the revaluation of shared equity investments	(3 011)	(1 424)

9. INCOME TAX EXPENSE AND TAX EQUIVALENT REGIME

	2020	2019
	\$000	\$000
Income Tax Payable		
Deficit before income tax	(5 195)	(2 207)
Revaluation of investments	3 011	1 424
Taxable Income (Loss)	(2 184)	(783)
Income tax expense @30%	-	-

Income tax is only payable where NT Home Ownership makes an accounting surplus for the financial year.

10. CASH AND DEPOSITS

	2020	2019
	\$000	\$000
Cash on hand	28	331
Cash at bank	6 985	2 964
	7 013	3 295

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

11. CASH FLOW RECONCILIATION

a) RECONCILIATION OF CASH

The total of GBD 'Cash and deposits' of \$7.013 million recorded in the balance sheet is consistent with that recorded as 'Cash' in the cash flow statement.

Reconciliation of net surplus/deficit to net cash from operating activities.

	2020	2019
	\$000	\$000
Net surplus/deficit	(5 195)	(2 206)
<i>Non-cash items:</i>		
Advance written off	53	64
Loss on disposal of investments	257	197
Loss on revaluation of investments	3 011	1 424
Loss allowance expense	1 726	1 112
<i>Changes in assets and liabilities:</i>		
Decrease/(Increase) in receivables	21	11
(Decrease)/Increase in payables	(70)	(150)
(Decrease)/Increase in provision for employee benefits	16	(9)
Net cash from operating activities	(181)	443

b) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	CASH FLOWS			NON CASH	
	1-JUL	LOAN AND ADVANCES	TOTAL CASH FLOWS	TOTAL NON- CASH	30 JUNE
	\$000	\$000	\$000	\$000	\$000
2019-20					
Borrowings	190 519	(6 283)	(6 283)	-	184 236
Total	190 519	(6 283)	(6 283)	-	184 236
2018-19					
Borrowings	206 507	(15 988)	(15 988)	-	190 519
Total	206 507	(15 988)	(15 988)	-	190 519

c) NON-CASH FINANCING AND INVESTING ACTIVITIES

Lease transactions

During the financial year, the NTHO recorded nil right-of-use assets.

12. RECEIVABLES

	2020	2019
	\$000	\$000
CURRENT		
Interest receivables	1	4
GST receivables	15	34
	16	38
NON CURRENT		
Other receivables	-	-
	-	-
Total receivables	16	38

Interest and GST receivable are from NT Treasury Corporation and Australian Taxation Office respectively and both are not over due at 30 June 2020.

Receivables include interest receivable from Northern Territory Treasury Corporation and GST receivable from Australian Taxation Office and are recognised at fair value less any loss allowance.

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

The loss allowance reflects lifetime expected credit losses and represents the amount of receivables the GBD estimates are likely to be uncollectible and are considered doubtful.

NTHO believes that no loss allowance is necessary in respect of general receivables.

Credit risk exposure of receivables

Receivables are monitored on an ongoing basis to ensure that exposure to bad debts is not significant. The entity applies the AASB 9 simplified approach to measuring expected credit losses. This approach recognises a loss allowance based on lifetime expected credit losses for all accounts receivables.

Receivables for NTHO includes interest receivable from Northern Territory Corporation and GST receivable from Australian Taxation Office and are not subject to impairment.

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.

13. ADVANCES

	2020	2019
	\$000	\$000
CURRENT		
Advances paid	3 424	3 413
Less: loss allowance	(69)	(22)
	3 355	3 391
NON-CURRENT		
Advances paid	147 084	154 764
Less: loss allowance	(4 959)	(3 279)
	142 125	151 485
Total advances and investments	145 480	154 876

a) ADVANCES PAID

Advances paid are recognised initially at fair value plus or minus relevant transaction costs and are recognised in the balance sheet when the GBD becomes party to the contractual provisions of the financial instruments.

Subsequently, advances paid are measured at amortised cost using the effective interest method. The effective interest rate calculation includes the contractual terms of the loans together with fees and transaction costs.

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

Credit risk exposure of advances paid

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

Due to COVID-19, the GBD's credit risk exposure has increased and is reflected in the expected credit loss reported. NTHO has introduced a number of initiatives to ease financial hardship faced by clients as a result of COVID-19. This includes deferral of advance repayments up to six months or temporary conversion of home loan to interest only payments for a period of no more than six months. This has been reflected in the expected credit loss recorded within the reporting period.

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

EXTERNAL ADVANCES PAID	2020			
	GROSS ADVANCES PAID	LOSS RATE	EXPECTED CREDIT LOSSES	NET ADVANCES PAID
	\$000	%	\$000	\$000
Not overdue	146 677	0.85%	1 251	145 426
Overdue for less than 30 days	14	7.14%	1	13
Overdue for 30 to 60 days	45	8.89%	4	41
Overdue for more than 60 days	3 772	100%	3 772	-
Total external advances paid	150 508	3.34%	5 028	145 480

EXTERNAL ADVANCES PAID	2019			
	GROSS ADVANCES PAID	LOSS RATE	EXPECTED CREDIT LOSSES	NET ADVANCES PAID
	\$000	%	\$000	\$000
Not overdue	155 464	0.39%	610	154 854
Overdue for less than 30 days	12	7.85%	1	11
Overdue for 30 to 60 days	12	7.85%	1	11
Overdue for more than 60 days	2 689	100%	2 689	-
Total external advances paid	158 177	2.09%	3 301	154 876

Reconciliation of loss allowance for advances paid

	2020	2019
	\$000	\$000
EXTERNAL ADVANCES PAID		
Opening balance	3 301	2 189
Written off during the year	(53)	(64)
Recovered during the year	-	-
Increase/decrease in allowance recognised in profit or loss	1 780	1 176
Total external advances paid	5 028	3 301

14. OTHER ASSETS

NTHO does not have other assets.

a. NTHO AS A LESSOR

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

From 1 July 2019, subleases are classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. A sublease is an arrangement where the underlying asset is re-leased by a lessee (intermediate lessor) to another party, and the lease (head lease) between the head lessor and original lessee remains in effect.

Finance leases

NTHO does not have any finance lease or sublease arrangements.

Operating leases

NTHO does not have any operating lease arrangements.

b. CONTRACT COST ASSET

Costs to obtain a contract are expensed where goods and services will be transferred within one year or less and only capitalised if deemed material. Territory Government employee costs that satisfy the criteria for recognition as a cost to fulfil a contract are not capitalised and expensed immediately. Other costs to fulfil a contract are accounted for as a contract cost asset if deemed material. For the 2019-20 reporting period, no costs were capitalised as a contract cost asset.

15. SHARED EQUITY INVESTMENTS

	2020	2019
	\$000	\$000
Minority interest holding at independent valuation	39 959	45 791
Total investments in shared equity	39 959	45 791

SHARED EQUITY INVESTMENTS		
Opening balance as at July 1	45 791	49 650
Additions	-	-
Disposals	(2 821)	(2 435)
Revaluation	(3 011)	(1 424)
Total investments in shared equity as at 30 June	39 959	45 791

SHARED EQUITY INVESTMENTS

Shared equity investments represent NT Home Ownership's minority financial interest in housing properties held under a loan/shared equity scheme previously provided by the Northern Territory Government and properties purchased and/or constructed from/by external parties under these schemes. These investments are classified as investment properties.

Shared equity investments are recognised at cost, including transaction costs at the time of acquisition and subsequently measured at fair value.

REVALUATIONS AND IMPAIRMENT

Revaluation of assets

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

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.

Revaluations are performed annually at the reporting date. Gains and losses arising from changes in the fair value, retirement or disposal are included in the comprehensive operating statements in the period in which they arise. Shared equity investments are not subject to depreciation.

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 GBD 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 shared equity investment was completed as at 30 June 2020 by Territory Property Consultants Pty. Ltd., the results of which are reflected in these financial statements. The valuation method used was based on market evidence of sales prices of comparable land and buildings in similar locations.

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 GBD 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 GBD determines the asset's recoverable amount. The asset's recoverable amount is determined as the higher of the asset's current replacement cost and fair value less costs to sell. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

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

In certain situations, an impairment loss may subsequently be reversed. Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognised in the comprehensive operating statement as income, unless the asset is carried at a revalued amount, in which case the impairment reversal results in an increase in the asset revaluation surplus.

16. NTHO AS A LESSEE

NTHO is not in any lease arrangement.

17. PAYABLES

	2020	2019
	\$000	\$000
Accounts payable	-	88
Accrued expenses	207	205
Interest payable	180	164
Total payables	387	457

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 GBD. Accounts payable are normally settled within 20 days.

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

18. BORROWINGS AND ADVANCES

	2020	2019
	\$000	\$000
CURRENT		
Loans and advances	6 593	6 283
NON CURRENT		
Loans and advances	177 643	184 236
Total borrowings and advances	184 236	190 519

Borrowings and advances are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, these are measured at amortised cost using the effective interest method.

One interest only loan valued at \$10 million will mature within the next financial year. NT Home Ownership intends to refinance this loan when it matures, thus has been categorized as non-current at 30 June 2020.

19. PROVISIONS

	2020	2019
	\$000	\$000
CURRENT		
<i>Employee benefits</i>		
Recreation leave	17	4
Leave loading	4	2
<i>Other current provisions</i>		
Employee superannuation	2	1
Total provisions	23	7

NTHO employed two employees as at 30 June 2020 (two employees at 30 June 2019).

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 twelve 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 twelve months of the reporting date are measured at present value, calculated using the government long-term bond rate.

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

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

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

As part of the financial management framework, the Central Holding Authority assumes the long service leave liabilities of government agencies, including NT Home Ownership and therefore no long service leave liability is recognised in GBD financial statements.

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.

NTHO 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 therefore not recognised in GBD financial statements.

20. COMMITMENTS

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

Disclosures in relation to commitments are detailed below:

	2020 EXTERNAL	2019 EXTERNAL
	\$000	\$000
(i) Capital expenditure commitments		
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.		
	-	-
(ii) Loans approved not funded		
Loan commitments where approval for the facility has been given but drawdowns not commenced		
Within one year	-	136
Later than one year and not later than five years	-	-
Later than five years	-	-
	-	136

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

Unobservable inputs are data, assumptions and judgments not available publicly but relevant to the characteristics of the assets/liabilities being valued. Such inputs include internal GBD 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.

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

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

a) FAIR VALUE HIERARCHY

The GBD does not recognise any financial assets or liabilities at fair value as these are recognised at amortised cost. The carrying amounts of these financial assets and liabilities approximates their fair value.

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

	LEVEL 1		LEVEL 2		LEVEL 3		TOTAL FAIR VALUE	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS								
Shared equity investments (Note 15)	-	-	39 959	45 791	-	-	39 959	45 791
Total assets	-	-	39 959	45 791	-	-	39 959	45 791

b) VALUATION TECHNIQUES AND INPUTS

Valuation techniques used to measure fair value in 2019-20 are:

ASSET CLASSES	LEVEL 2 TECHNIQUES	LEVEL 3 TECHNIQUES
Shared equity investments	Market approach	-

There were no changes in valuation techniques from 2018-19 to 2019-20.

Territory Property Consultants Pty. Ltd. provided valuation for the Shared equity investments as at 30 June 2020.

Level 2 fair values of Shared Equity Investments were based on market evidence of sales prices of comparable land and buildings in similar locations.

c) ADDITIONAL INFORMATION FOR LEVEL 3 FAIR VALUE MEASUREMENT

NT Home Ownership does not have any level 3 fair value measurement assets.

22. 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 GBD becomes a party to the contractual provisions of the financial instrument. The GBD's financial instruments include cash and deposits; receivables; advances paid, payables 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 financial risks is discussed below.

a) CATEGORIES OF FINANCIAL INSTRUMENTS

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

	FAIR VALUE THROUGH PROFIT OR LOSS			FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	TOTAL
	MANDATORILY AT FAIR VALUE	DESIGNATED AT FAIR VALUE	AMORTISED COST		
	\$000	\$000	\$000	\$000	\$000
2019-20					
Cash and deposits	-	7 013	-	-	7 013
Receivables ¹	-	-	1	-	1
Advances paid	-	-	145 480	-	145 480
Total financial assets	-	7 013	145 481	-	152 494
Payables ¹	-	-	387	-	387
Loans	-	-	184 236	-	184 236
Total financial liabilities	-	-	184 623	-	184 623
2018-19					
Cash and deposits	-	3 295	-	-	3 295
Receivables ¹	-	-	4	-	4
Advances paid	-	-	154 876	-	154 876
Total financial assets	-	3 295	154 880	-	158 175
Payables ¹	-	-	457	-	457
Loans	-	-	190 519	-	190 519
Total financial liabilities	-	-	190 976	-	190 976

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

Categories of financial instruments

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

Financial assets are classified under the following categories:

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

Financial liabilities are classified under the following categories:

- amortised cost
- FVTPL.

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

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

Financial assets at amortised cost

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

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

Financial assets at fair value through other comprehensive income

Financial assets are classified at fair value through other comprehensive income when they are held by the GBD to both collect contractual cash flows and sell the financial assets, and the contractual cash flows are solely payments of principal and interest.

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

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

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

Financial assets at fair value through profit or loss

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

The GBD's financial assets categorised at FVTPL include certain debt instruments. Unrealised gains in relation to these investments are recognised in other economic flows in the comprehensive operating statement, however realised gains are recognised in the net result.

Financial liabilities at amortised cost

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

Financial liabilities at fair value through profit or loss

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

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

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

b) CREDIT RISK

The credit risk is the risk of financial loss and/or increased costs due to the failure of counterparty to meet its financial obligations. NTHO'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 GBD when settlement becomes due.

In respect of any dealings with individual external to Government, the NTHO has adopted a policy of only dealing with credit worthy individual 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 aging 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, NTHO may have a secured claim.

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

Credit risk relating to receivables is disclosed in Note 12 and advances paid in Note 13.

c) LIQUIDITY RISK

Liquidity risk is the risk the GBD will not be able to meet its financial obligations as they fall due. The GBD's approach to managing liquidity is to ensure it will always have sufficient funds to meet its liabilities when they fall due. This is achieved by ensuring minimum levels of cash are held in the GBD bank account to meet various current employee and supplier liabilities. NTHO's exposure to liquidity risk is minimal.

The following tables detail the GBD's remaining contractual maturity for its financial liabilities, calculated based on undiscounted cash flows at reporting date. The undiscounted cash flows in these tables differ from the amounts included in the balance sheet, which are based on discounted cash flows.

2020 Maturity analysis for financial liabilities

	CARRYING AMOUNT	LESS THAN A YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
	\$000	\$000	\$000	\$000	\$000
LIABILITIES					
Payables	387	387	-	-	387
Loans	184 236	24 261	130 533	62 069	216 863
Total financial liabilities	184 623	24 648	130 533	62 069	217 250

2019 Maturity analysis for financial liabilities

	CARRYING AMOUNT	LESS THAN A YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
	\$000	\$000	\$000	\$000	\$000
LIABILITIES					
Payables	457	457	-	-	457
Loans	190 519	28 325	128 375	72 414	229 114
Total financial liabilities	190 976	28 782	128 375	72 414	229 571

d) MARKET RISK

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

i) INTEREST RATE RISK

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. NT Home Ownership's exposure to interest rate risk and the average interest rate for classes of financial assets and financial liabilities is set out below. The average interest rate is based on the outstanding balance at the end of the year.

NT Home Ownership's operating account earns monthly interest at a variable interest rate of 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 below:

2020 Interest rate risk for financial assets and liabilities

	INTEREST BEARING		NON-INTEREST BEARING	TOTAL	WEIGHTED AVERAGE
	VARIABLE	FIXED			
	\$000	\$000	\$000	\$000	\$000
ASSETS					
Cash and deposits	7 013	-	-	7 013	0.25%
Receivables	-	-	1	1	
Advances	145 480	-	-	145 480	4.53%
Total financial assets	152 493	-	1	152 494	
LIABILITIES					
Payables	-	-	387	387	
Loans	-	184 236	-	184 236	4.41%
Total financial liabilities	-	184 236	387	184 623	

2019 Interest rate risk for financial assets and liabilities

	INTEREST BEARING		NON-INTEREST BEARING	TOTAL	WEIGHTED AVERAGE
	VARIABLE	FIXED			
	\$000	\$000			
ASSETS					
Cash and deposits	3 295	-	-	3 295	1.25%
Receivables	-	-	4	4	
Advances	154 876	-	-	154 876	5.13%
Total financial assets	158 171	-	4	158 175	
LIABILITIES					
Payables	-	-	457	457	
Loans	-	190 519	-	190 519	4.48%
Total financial liabilities	-	190 519	457	190 976	

Sensitivity analysis

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

	PROFIT OR LOSS AND EQUITY	
	100 BASIS POINTS INCREASE	100 BASIS POINTS DECREASE
	\$000	\$000
30 June 2020		
Financial assets – cash at bank	70	(70)
Financial assets – advances	1 455	(1 455)
Financial liabilities – borrowings	-	-
Net sensitivity	1 525	(1 525)
30 June 2019		
Financial assets – cash at bank	33	(33)
Financial assets – advances	1 549	(1 549)
Financial liabilities – borrowings	-	-
Net sensitivity	1 582	(1 582)

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.

23. RELATED PARTIES

i) RELATED PARTIES

NT Home Ownership is a Government Business Division of the Department of Local Government, Housing and Community Development, which is a government administrative entity and is wholly owned and controlled by the Territory Government. Related parties of the department include:

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

ii) KEY MANAGEMENT PERSONNEL (KMP)

Key management personnel of the NTHO are those persons having authority and responsibility for planning, directing and controlling the activities of NTHO. These include the minister for Local Government, Housing and Community Development, the Chief Executive Officer and four members of the executive team of the Department of Local Government, Housing and Community Development.

iii) REMUNERATION OF KEY MANAGEMENT PERSONNEL

The details below excludes the salaries and other benefits of the minister for the Department of Local Government, Housing and Community Development as the minister's remunerations and allowances are payable by the Department of the Legislative Assembly and consequently disclosed within the Treasurer's annual financial statements. The KMP employment benefits provided below are paid by Department of Local Government, Housing and Community Development and are not included in NTHO's accounts.

The aggregate compensation of key management personnel of NT Home Ownership is set out below:

	2019-20	2018-19
	\$000	\$000
Short-term benefits	914	922
Total	914	922

IV) RELATED PARTY TRANSACTIONS:

Transactions with Northern Territory Government-controlled entities

Significant transactions with government related entities includes funding received from the Department of Local Government, Housing and Community Development for Community Service Obligations and loans from Northern Territory Treasury Corporation.

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

RELATED PARTY	REVENUE FROM RELATED PARTIES	PAYMENTS TO RELATED PARTIES	AMOUNTS OWED BY RELATED PARTIES	AMOUNTS OWED TO RELATED PARTIES
	\$000	\$000	\$000	\$000
2020				
All NTG Government departments	3 451	14 667	1	184 439
2019				
All NTG Government departments	3 560	25 053	4	190 714

Given the breadth and depth of Territory Government activities, related parties will transact with the Territory Public sector in a manner consistent with other members of the public including paying stamp duty and other government fees and charges and therefore these transactions have not been disclosed.

NTHO has no other related party transactions with KMPs.

24. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a) CONTINGENT LIABILITIES

NT Home Ownership had no contingent liabilities as at 30 June 2020.

b) CONTINGENT ASSETS

NT Home Ownership had no contingent assets as at 30 June 2020.

25. 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.

26. BUDGETARY INFORMATION

COMPREHENSIVE OPERATING STATEMENT	2019-20 ACTUAL	2019-20 ORIGINAL BUDGET	VARIANCE	NOTE
	\$000	\$000	\$000	\$000
INCOME				
Community service obligation	3 414	3 657	(243)	
Sales of goods and services	3	-	3	
Interest revenue	7 330	8 508	(1 178)	1
TOTAL INCOME	10 747	12 165	(1 418)	
EXPENSES				
Employee expenses	244	267	(23)	
Administrative expenses				
Purchases of goods and services	2 328	2 195	133	
Write-offs and loss allowance expenses	1 779	-	1 779	2
Loss on revaluation of shared equity investments	3 011	-	3 011	3
Loss on disposal of shared equity investments	257	-	257	
Grants and subsidies expenses				
Current	-	243	(243)	
Interest expenses	8 323	8 690	(367)	
TOTAL EXPENSES	15 942	11 395	4 547	
NET SURPLUS/(DEFICIT)	(5 195)	770	(5 965)	
Income tax expense	-	-	-	
NET DEFICIT AFTER INCOME TAX	(5 195)	770	(5 965)	
COMPREHENSIVE RESULT	(5 195)	770	(5 965)	

Notes:

The following note descriptions relate to variances greater than 10 per cent and \$1 million.

1. Reduced interest revenue collected due to lower interest rates and a reducing loan portfolio.
2. Non-budgeted increase in loss allowance on advances to customers.
3. NTHO revalue its Shared Equity Investments annually. Any increment or decrement depends on the prevailing Northern Territory housing market.

BALANCE SHEET	2019-20 ACTUAL	2019-20 ORIGINAL BUDGET	VARIANCE	NOTE
	\$000	\$000	\$000	\$000
ASSETS				
Current assets				
Cash and deposits	7 013	6 485	528	
Receivables	16	49	(33)	
Advances	3 355	3 110	245	
Total current assets	10 384	9 644	740	
Non-current assets				
Receivables	-	-	-	
Advances	142 125	150 323	(8 198)	1
Shared equity investments	39 959	41 650	(1 691)	
Total non-current assets	182 084	191 973	(9 889)	
TOTAL ASSETS	192 468	201 617	(9 149)	
LIABILITIES				
Current liabilities				
Payables	387	569	(182)	
Borrowings and advances	6 593	5 238	1 355	
Provisions	23	14	9	
Total current liabilities	7 003	5 821	1 182	
Non-current liabilities				
Borrowings and advances	177 643	178 998	(1 355)	
Total non-current liabilities	177 643	178 998	(1 355)	
TOTAL LIABILITIES	184 646	184 819	(173)	
NET ASSETS	7 822	16 798	(8 976)	
EQUITY				
Capital	22 745	22 745	-	
Accumulated funds	(14 923)	(5 947)	(8 976)	
TOTAL EQUITY	7 822	16 798	(8 976)	

Notes:

The following note descriptions relate to variances greater than 10 per cent and \$1 million.

1. Fewer new loans to customers have resulted in a lower level of advances than budgeted.

CASH FLOW STATEMENT	2019-20 ACTUAL	2019-20 ORIGINAL BUDGET	VARIANCE	NOTE
	\$000	\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating receipts				
Receipts from sales of goods and services and community service obligation	3 606	3 657	(51)	
Interest received	7 332	8 508	(1 176)	1
Total operating receipts	10 938	12 165	(1 227)	
Operating payments				
Payments to employees	(226)	(267)	41	
Payments for goods and services	(2 587)	(2 195)	(392)	1
Grants and subsidies paid				
Current	-	(243)	243	
Interest paid	(8 306)	(8 671)	365	
Total operating payments	(11 119)	(11 376)	257	
Net cash from/(used in) operating activities	(181)	789	(970)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Investing receipts				
Repayment of advances	12 045	15 000	(2 955)	2
Sales of investments	2 565	4 000	(1 435)	3
Total investing receipts	14 610	19 000	(4 390)	
Investing payments				
Advances and investing payments	(4 428)	(12 000)	7 572	4
Total investing payments	(4 428)	(12 000)	7 572	
Net cash from/(used in) investing activities	10 182	7 000	3 182	
CASH FLOWS FROM FINANCING ACTIVITIES				
Financing receipts				
Proceeds of borrowings	-	-	-	
Total financing receipts	-	-	-	
Financing payments				
Repayment of borrowings	(6 283)	(6 283)	-	
Total financing payments	(6 283)	(6 283)	-	
Net cash from/(used in) financing activities	(6 283)	(6 283)	-	
Net increase/(decrease) in cash held	3 718	1 506	2 212	
Cash at beginning of financial year	3 295	4 979	(1 684)	
CASH AT END OF FINANCIAL YEAR	7 013	6 485	528	

Notes:

The following note descriptions relate to variances greater than 10 per cent and \$1 million.

1. Reduction in interest received is due to lower interest rates and a reducing loan portfolio.
2. Actual repayment of advances are below budget due to reduced demand for new loans from customers.
3. Sales of investments is lower as a result of a subdued real estate market.
4. Significant reduction in demand for home loan due to subdued economic condition.

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