



Northern Territory Government

2010-11

Treasurer's Annual Financial Report





Treasurer

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TREASURER'S ANNUAL FINANCIAL REPORT

for the year ended 30 June 2011

The Treasurer's Annual Financial Report for 2010-11 has been prepared to provide an informative, comprehensive and clear report of the Northern Territory Government's financial outcomes. It includes the Treasurer's Annual Financial Statement prepared in accordance with section 9 of the *Financial Management Act* and section 16 of the *Fiscal Integrity and Transparency Act*, and also includes unaudited information. In order to distinguish between the audited schedules and the other material, all schedules have been marked accordingly.

DELIA LAWRIE

19 October 2011

2010-11 Treasurer's Annual Financial Report

The financial statements and supplementary tables presented in the 2010-11 Treasurer's Annual Financial Report (the Report) have been prepared in accordance with Australian Accounting Standards.

A set of Uniform Presentation Framework (UPF) financial statements (Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity and Cash Flow Statement) have been provided for each sector. These sectors are: general government, public non financial corporations, non financial public sector, public financial corporations and total public sector. The Report is presented in two sections: one audited and the other unaudited.

Audited Section

The Report complies with the Australian Accounting Standards, in particular AASB 1049 Whole of Government and General Government Sector Financial Reporting and the UPF and is consistent with the requirements of the *Fiscal Integrity and Transparency Act (FITA)* and *Financial Management Act (FMA)*.

The audited section of the Report includes a set of financial statements, by sector, with notes provided for the general government sector and the total public sector.

Comparative data is provided for 2009-10 in both the financial statements and notes to the financial statements.

Unaudited Section

The unaudited section includes a summary table outlining appropriation changes through the year, by agency. Following this is an explanation of significant variations in appropriation for each general government agency, as well as an explanation of significant variations between the latest estimate and actual result for both operating revenue and expenses. The latter is provided for both general government agencies and government business divisions.

In this section additional tables required by the UPF are also provided relating to: taxes; grant revenue; grant expense; dividend and income tax equivalents; purchases of non financial assets for the general government sector; and Loan Council Allocation for 2010-11 for the non financial public sector.

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Ministerial Portfolio Arrangements

This schedule of Ministerial Portfolio Arrangements details the ministerial responsibilities for individual areas of Government as at 30 June 2011 (drawn from the Administrative Arrangements Order of 1 January 2011).

Ministerial Portfolio Arrangements as at 30 June 2011

Minister	Portfolio
The Hon. P. R. Henderson, MLA	Chief Minister
	Minister for Police, Fire and Emergency Services
	Minister for Major Projects and Economic Development
	Minister for Multicultural Affairs
	Minister for Defence Liaison
The Hon. D. P. Lawrie, MLA	Treasurer
	Minister for Justice and Attorney-General
	Minister for Racing, Gaming and Licensing
	Minister for Alcohol Policy
Dr C. B. Burns, MLA	Minister for Education and Training
	Minister for Public and Affordable Housing
	Minister for Public Employment
The Hon. K. Vatskalis, MLA	Minister for Health
	Minister for Children and Families
	Minister for Child Protection
	Minister for Primary Industries, Fisheries and Resources
The Hon. D. R. Knight, MLA	Minister for Business and Employment
	Minister for Trade
	Minister for Asian Relations
	Minister for Essential Services
	Minister for Defence Support
	Minister for Senior Territorians
	Minister for Young Territorians
	Minister for Local Government
	Minister for Regional Development
	Minister for Indigenous Development
The Hon. M. B. A. McCarthy, MLA	Minister for Tourism
	Minister for Women's Policy
	Minister for Statehood
	Minister for Natural Resources, Environment and Heritage
	Minister for Parks and Wildlife
	Minister for Climate Change
Mr K. R. Hampton, MLA	Minister for Sport and Recreation
	Minister for Information, Communications and Technology Policy
	Minister for Central Australia
	Minister for Lands and Planning
	Minister for Transport
The Hon. G. F. McCarthy, MLA	Minister for Construction
	Minister for Correctional Services
	Minister for Arts and Museums

Since the reporting date, amendments to the Administrative Arrangements Order were made on 15 September 2011, however ministerial portfolio responsibilities remain unchanged.

Overview

The Northern Territory is a small, open economy that is significantly affected by national circumstances and the performance of our trading partners. After a sustained period of economic growth and strong financial outcomes, as evidenced by eight consecutive cash surpluses to 2009-10, the cumulative effects of three years of the global financial crisis (GFC) has resulted in substantially reduced revenues. This coupled with the need for higher government infrastructure spending has had a considerable effect on the Territory's 2010-11 Budget outcome.

The GFC's influence on the Territory became apparent in 2009, later than in other jurisdictions. In response, the Territory Government reset its fiscal strategy to significantly increase its spending on infrastructure to maintain the local economy and protect Territory jobs by countering the decline in private sector investment. There were indications of a recovery nationally in 2010, however with continuation of credit restraint, lower consumption and construction activity and increasing international uncertainty, this did not occur. This lower economic activity nationally and in the Territory during 2010-11 has resulted in a worsening in the Territory's financial position.

In the 2010-11 Budget the Territory Government continued with its revised fiscal strategy but also initiated a number of budget improvement measures to constrain operating expenditure growth. These included the introduction of a staffing cap for public sector agencies, a reprioritisation of agency appropriation to be directed towards responding to increased demand pressures and new initiatives, and an increased efficiency dividend. These measures resulted in net savings of \$52 million in 2010-11.

The effect of the national economic downturn and associated consumer caution has significantly affected the Territory's Budget which is highly dependant on revenue from the Commonwealth due to the Territory's limited capacity to raise revenues and its high expenditure requirements. In the 2010-11 Budget, GST revenue represented 50 per cent of total revenue slightly lower than usual levels. The Territory's final 2010-11 GST revenue is \$135 million lower than the 2010-11 Budget estimate, \$144 million less than received in 2009-10 and more than \$300 million lower than predicted prior to the GFC. The cumulative loss in GST since 2008-09 is now in excess of \$450 million.

In line with the Territory's revised fiscal strategy to increase infrastructure investment while private sector investment is below usual levels, total infrastructure spending in 2010-11 was \$1.7 billion. This represents a \$200 million increase on 2009-10 levels and is double the level achieved in 2008-09. Economic data indicates that this strategy has been successful in maintaining economic growth and jobs in the Territory as evidenced by a 77.8 per cent increase in public sector investment since 2008-09 that has offset a decline of 43.1 per cent in private sector investment over the same period. Without this significant contribution by the Territory Government to counteract the decline in private sector investment, economic growth in the Territory would have been negatively affected.

This combination of lower GST revenues and increased infrastructure investment has resulted in a final cash outcome in 2010-11 of a deficit of \$387 million. This final outcome is higher than the revised estimate (May 2011) of a \$295 million

deficit due to delays in the timing of expected Commonwealth revenue, accelerated expenditure from 2011-12 and higher infrastructure spending including natural disaster spending. The effects of the timing differences on the Budget and forward estimates will be incorporated in the Mid-Year Report and will contribute to a net improvement in the 2011-12 estimate.

A summary of the key elements of the 2010-11 outcome include:

- for the general government sector, an operating surplus of \$238 million and a cash deficit of \$387 million;
- significantly higher capital spending of \$1.2 billion in the general government sector, a \$216 million increase from 2009-10 and 5.9 times the depreciation expense and \$1.7 billion in total infrastructure spending;
- taxation collections per capita, which are well below the average of the states; and
- increased ratios of net debt and net financial liabilities to revenue for the general government sector largely due to the higher cash deficit.

Table 1 sets out the fiscal aggregates for the general government sector for 2010-11, compared to the 2009-10 outcome, the 2010-11 original Budget (May 2010) and the final estimate (May 2011).

Table 1: Key Fiscal Aggregates

	2009-10 Outcome	2010-11 Budget	2010-11 Estimate	2010-11 Outcome	Variation on Budget
	\$M	\$M	\$M	\$M	\$M
Cash surplus/deficit	66	- 268	- 295	- 387	- 119
Net operating balance	536	441	384	238	- 203
Fiscal balance	- 43	- 310	- 375	- 503	- 193

	2009-10 Outcome	2010-11 Budget	2010-11 Estimate	2010-11 Outcome	Variation on Outcome
	\$M	\$M	\$M	\$M	\$M
Net debt	719	1 256	1 075	1 172	454
Net debt to revenue (%)	15	26	23	25	9
Net financial liabilities	3 959	4 264	4 256	4 555	596
Net financial liabilities to revenue (%)	85	89	90	96	11

Source: Northern Territory Treasury

Results Compared to Estimates – Operating and Cash Flow Statements

The operating balance (\$238 million), fiscal balance (-\$503 million) and cash outcome (-\$387 million) results for 2010-11 represent a decline when compared to the original Budget and the May 2011 estimate, as shown in Table 2.

Table 2: Key Operating Aggregates – General Government Sector

	2009-10 Outcome	2010-11 Budget	2010-11 Estimate	2010-11 Outcome	Variation on Budget
	\$M	\$M	\$M	\$M	\$M
OPERATING STATEMENT					
Revenue	4 649	4 784	4 722	4 723	- 61
/less Expenses	4 113	4 343	4 338	4 485	142
Net operating balance	536	441	384	238	- 203
/less Net capital spending	579	751	759	741	- 10
Fiscal balance	- 43	- 310	- 375	- 503	- 193
CASH FLOW STATEMENT					
Operating receipts	4 864	4 947 ¹	4 916	4 918	- 29
/less Operating payments	4 029	4 243 ¹	4 234	4 329	85
Net capital spending	752	955	958	952	- 3
Contribution for infrastructure/superannuation	17	17	19	24	8
Cash outcome	66	- 268	- 295	- 387	- 119

¹ Includes gross up of GST receipts and payments of \$176 million now required by accounting standards but not originally included in the Budget estimates.

Source: Northern Territory Treasury

Compared with the original 2010-11 Budget, the operating result has declined by \$57 million at May 2011 and \$203 million at the final outcome. The main influences on the revised estimates as reflected in the May 2011 Budget are:

- lower GST revenue of \$135 million resulting from lower national collections due to subdued economic conditions;
- the commencement of expenditure for important major reforms including the New Era in Corrections, Growing Them Strong, Together (response to the Bath Inquiry into Child Protection) and the Enough is Enough alcohol reform package; and
- the timing of additional Commonwealth revenue and expenditure between years.

Since May 2011, increased natural disaster spending and accelerated expenditure from 2011-12 including grants to support the Wadeye power station and Wirrina development, and delays in Commonwealth revenue contributed to the decline in the outcome. The effect of the timing differences will flow through to 2011-12 and will result in an improvement in the 2011-12 Mid-Year Report.

GST revenue remains the Territory's most significant revenue source. Compared to the original 2010-11 Budget, GST revenue in 2010-11 is \$135 million lower than estimated in May 2010 and \$144 million lower in absolute terms than received in 2009-10 as shown in Table 3.

Table 3: GST Revenue

	2009-10 Outcome	2010-11 Budget	2010-11 Estimate	2010-11 Outcome	Variation on Outcome	Variation on Budget
	\$M	\$M	\$M	\$M	\$M	\$M
GST revenue	2 489	2 480	2 370	2 345	- 144	- 135

Source: Northern Territory Treasury

The significant reduction in GST revenue experienced in 2010-11 is due to lower national collections that reflects lower consumption expenditure as households increase their propensity to save, a greater proportion of consumption being directed to GST-free items and the effects of natural disasters in Australia affecting business activity. Higher interest rates and challenging credit conditions have resulted in lower investment levels, further reducing GST collections and own source revenues. The uncertainty in some sectors of the Australian economy, masked by the growing strength in the resource sector, has resulted in a two-speed economy that is becoming more apparent across Australia. Overall, when compared to pre-GFC estimates, GST revenue is \$313 million lower in 2010-11 than estimated in May 2008.

The fiscal balance deficit, which incorporates capital investment net of depreciation increased by \$65 million at May 2011 and \$193 million at the 2010-11 final outcome, consistent with changes in the operating balance. The cash outcome, which incorporates net capital spending, has also declined but by a lower amount of \$27 million at May 2011 and \$119 million at the final outcome. This difference in variation between the cash outcome and the fiscal balance relates to timing effects between accrual and cash items including input tax credits from the Australian Taxation Office (ATO), accrued expenditure related to higher remote building activity and superannuation benefit payments (explained in more detail later in this chapter).

The fiscal balance and cash outcome are consistent with the Territory Government's commitment to maintain infrastructure investment at high levels to protect jobs and support the local economy in the current economic conditions. Estimated total infrastructure payments were \$1.8 billion in May 2010, revised to \$1.7 billion in May 2011, with an actual outcome of \$1.7 billion for 2010-11. The decrease from the original Budget was due to accelerated Strategic Indigenous Housing and Infrastructure Program (SIHIP) expenditure in 2009-10 that had been budgeted to occur in 2010-11. The increase in capital spending in addition to the reduced GST revenue has resulted in the deficit outcome for 2010-11.

Further details of the movements between the original Budget and the 2010-11 outcome for both the accrual and cash results, are included in Table 4.

Table 4: Variations to the Operating and Cash Flow Statements since May 2010 – General Government Sector

	2010-11	
	Accrual	Cash
	\$M	\$M
2010-11 BUDGET	- 309.7	- 268.0
REVENUE/RECEIPTS		
Revenue/receipts – non policy		
Taxation	- 1.5	- 1.7
GST revenue	- 135.6	- 135.6
Commonwealth revenue	6.5	3.4
Interest income	25.4	25.7
Mining royalties	- 7.5	- 7.5
Agency own-source revenue	37.8	56.5
Income tax equivalents and dividends	- 2.1	2.6
Other	16.5	27.7
Total Revenue/receipts – non policy	- 60.5	- 28.9
TOTAL REVENUE/RECEIPTS	- 60.5	- 28.9
OPERATING EXPENSES/PAYMENTS		
Expenses/payments – policy		
New initiatives	79.7	75.2
Savings measures	- 9.2	- 9.2
Total expenses/payments – policy	70.5	66.0
Expenses/payments – non policy		
Timing of expenditure between years and to capital	94.7	55.6
Employee entitlements	8.1	- 6.1
Depreciation	3.4	
Treasurer's Advance	- 38.2	- 38.2
Other	3.8	7.9
Total expenses/payments – non policy	71.8	19.2
TOTAL OPERATING EXPENSES/PAYMENTS	142.3	85.2
NET CAPITAL PAYMENTS		
Asset sales	- 16.6	- 16.6
Timing expenditure between years and from operational	12.6	12.6
Depreciation	- 3.4	
Other	- 2.4	1.3
TOTAL NET CAPITAL PAYMENTS	- 9.8	- 2.8
TOTAL EXPENSES/PAYMENTS	132.5	82.4
Future infrastructure and superannuation contributions/earnings		- 7.8
TOTAL VARIATION	- 193.0	- 119.1
2010-11 OUTCOME	- 502.7	- 387.1

Note: Excludes gross up of GST receipts and payments.
Source: Northern Territory Treasury

Operating revenue for 2010-11 was \$60.5 million lower than that projected in the May 2010 Budget while cash receipts were \$28.9 million lower.

The main differences between the cash and accrual variation are due to timing differences of agency revenue and are described in the relevant sections below.

The key non-discretionary revenue variations during 2010-11 were:

- decreased taxation revenue of \$1.5 million, predominately due to a reduction in gaming machine tax of \$6 million associated with the introduction of indoor smoking bans and a decline in stamp duty receipts on conveyances of \$7 million reflecting the moderating residential and commercial property market. This is largely offset by increased payroll tax collections of \$12 million as a result of employment growth combined with an increase in full-time working hours;
- decreased GST revenue of \$135.6 million associated with the reduction in the national GST pool;
- additional National Partnership Agreements and other Commonwealth grants of \$6.5 million;
- increased interest revenue of \$25.4 million due to an increase in short-term deposits and securities as a result of the flow-on effect of the improved 2009-10 cash outcome;
- a decrease in mining royalty income of \$7.5 million compared with that anticipated in May 2010, resulting from industry profitability moderating slightly, in part due to the strength of the Australian dollar;
- increased revenue of \$37.8 million and receipts of \$56.5 million across a number of agencies including increased patient revenue due to higher levels of cross-border charging and medical services, one-off adjustment for on-shore mineral exploration licence fees and remote public housing tenancy rents as a result of an increase in stock. The higher cash receipts is largely due to input tax credits from the ATO and the usual timing of accruals. Consistent with other jurisdictions and businesses, the Territory pays GST on goods and services purchased, and recovers the tax paid through input tax credits. During 2010-11, there was a net increase of \$41 million recoverable from the ATO, which is recognised in the Cash Flow Statement; and
- additional other revenue of \$16.5 million across a number of government agencies. The variance to cash receipts largely reflects the return of a prior year grant as a result of revised plans for sporting facilities.

The increases in general government agencies' operating expenses and cash payments during 2010-11 were \$142.3 million and \$85.2 million, respectively. The difference in the cash and accrual variation is due to timing differences of expenditure predominately Commonwealth related, including SIHIP due to higher construction activity than expected and timing of superannuation expenses on the Operating Statement compared to benefit payments on the Cash Flow Statement. The main policy-related expenditure variations were funding of \$79.7 million provided for new and expanded initiatives related to key service delivery areas of government including:

- \$8.4 million for child protection reforms as part of the Growing Them Strong, Together package of \$130 million over five years;

- \$7 million for the Enough is Enough alcohol reforms package of \$67 million over five years;
- \$4 million grant for the construction of a new squash facility at Marrara Sports Complex;
- \$7.7 million for a range of education-related initiatives including the regionalisation of school services, additional specialist teacher and teacher aide positions, and pathways for disengaged youth;
- \$4 million for a range of health initiatives;
- \$18 million for the Wirrina redevelopment including provision of land; and
- \$17.8 million for construction of a gas-fired power station at Wadeye.

Savings measures of \$9.2 million were implemented across agencies in 2010-11. This is an addition to the \$43 million in saving measures that were already in place as part of the 2010-11 Budget.

The key non-discretionary variations in 2010-11 were:

- the timing of expenditure between financial years, \$94.7 million in expenses and \$55.6 million in payments largely related to the delivery of Commonwealth-funded programs including SIHIP as well as additional expenditure related to natural disaster relief. The higher expense largely relates to amounts accrued for SIHIP;
- an increase in employee entitlements of \$8.1 million and a decrease in cash payments of \$6.1 million. The lower cash payments largely reflect less superannuation benefit payments than anticipated; and
- Treasurer's Advance of \$38.2 million was used throughout the year to fund one-off unexpected items.

In addition to these expense/payment variations there have been some minor variations to net capital spending, largely related to lower than anticipated sales of public housing stock and the net timing of expenditure across years.

Results Compared to Estimates – Balance Sheet

Table 5 presents the key asset and liability aggregates for the general government sector for the 2009-10 outcome, 2010-11 original Budget, 2010-11 estimate and 2010-11 outcome.

Table 5: Key Asset and Liability Aggregates – General Government Sector

	2009-10 Outcome	2010-11 Budget	2010-11 Estimate	2010-11 Outcome	Variation on Outcome
	\$M	\$M	\$M	\$M	\$M
Total assets	12 514	11 942	13 168	13 446	932
less: Total liabilities	5 668	5 402	5 581	5 884	216
Net worth	6 846	6 540	7 587	7 562	716
Net debt	719	1 256	1 075	1 172	454
Net debt to revenue (%)	15	26	23	25	9
Net financial liabilities	3 959	4 264	4 256	4 555	596
Net financial liabilities to revenue (%)	85	89	90	96	11

Source: Northern Territory Treasury

Net worth in 2010-11 is \$7562 million, an improvement of \$716 million from the 2009-10 outcome. This is due to an increase in total assets of \$932 million related to new asset acquisitions and an upward valuation of capital stock including rental properties, buildings and land across government, partially offset by an increase in liabilities of \$216 million.

The main components of the increase in total liabilities of \$216 million are:

- increased payables of \$58 million, largely SIHIP related, associated with the higher level of building activity in 2010-11;
- additional borrowings of \$209 million including Government's decision to assist the Power and Water Corporation (PWC) with their essential capital program through debt for equity swaps; and
- an increase in the superannuation liability of \$69 million; partially offset by
- a decrease in deposits held of \$151 million due to the timing of drawdown of loans by public non financial corporations.

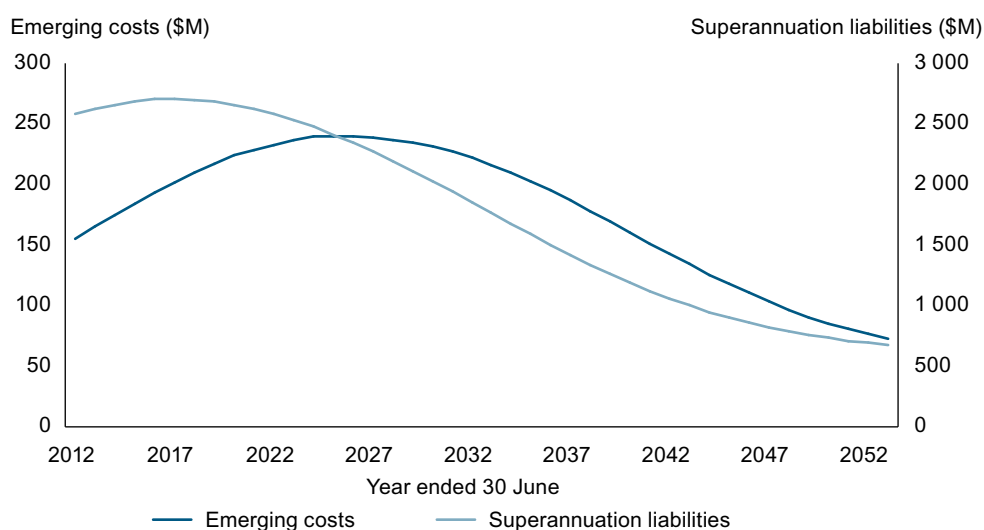
Net debt for 2010-11 is \$1172 million, \$454 million higher than that recorded in the 2009-10 outcome. The increase in net debt is the result of the 2010-11 cash deficit and the debt for equity swaps with PWC entered into in 2010-11. The net debt to revenue ratio has increased to 25 per cent in 2010-11 but remains significantly below the 61 per cent recorded in 2001-02.

Net financial liabilities have increased from the 2009-10 outcome by \$596 million due to the increase in net debt together with an increase in payables of \$58 million associated with higher SIHIP building activity, employee benefits of \$46 million and superannuation liabilities of \$69 million.

The increase in employee benefits reflects higher employee leave entitlements and superannuation as a result of revised actuarial assumptions, offset by a small increase in the bond rate used to value the Territory's superannuation liabilities, from 5.2 per cent at 30 June 2010 to 5.3 per cent at 30 June 2011. As discussed in previous reports, accounting standards require governments to value their superannuation liability using the 10-year bond rate at the time of reporting.

Figure 1, based on 2010-11 actuarial updates, shows the Territory's superannuation liabilities to peak around 2016 and superannuation payments around 2025.

Figure 1: Territory Superannuation Liabilities and Emerging Costs (2012-2053)



The Territory cannot influence the level of its future superannuation liabilities. The schemes to which the liabilities relate are closed and any variation to the liability is a result of factors outside the Territory's control such as longevity of members or long-term bond rates which affect valuation.

The Territory Government has also set aside dedicated funds within the Conditions of Service Reserve to partially fund this liability. The balance of this fund at 30 June 2011 was \$437 million.

Fiscal Strategy

The Territory's fiscal strategy sets out the Government's fiscal objectives. Adherence to the fiscal strategy is best assessed over time rather than at particular points in time. The fiscal strategy that was developed in the 2009 Budget to respond to the effect of the GFC remains unchanged and incorporates both short-term and medium-term objectives.

The medium-term objective of the strategy remains the achievement of both operating and cash surpluses. This is not expected to occur until economic activity returns to more usual levels, providing sufficient capacity to invest in infrastructure and also repay debt. In the short term, however, constrained local and national economic conditions will continue to affect revenues and expenses. This combined with increased infrastructure spending to support Territory jobs means the 2010-11 outcome of a cash deficit is expected to continue, albeit at a lower level, over the forward estimates period. Over the medium term, when revenue and expenditure are expected to return to more usual levels, the objective of returning the budget to an operating and cash surplus will provide the capacity to reduce Territory debt.

Sustainable Service Provision

This element of the fiscal strategy aims to limit growth in general government operating expenses to less than the growth in revenue, excluding tied Commonwealth funding, providing capacity to achieve operating surpluses to fund capital investment.

This overarching objective will ensure that during the current economic downturn when there is lower revenue growth and increased government infrastructure spending, cash deficits are kept to the minimum required to support growth in the local economy and service provision. For 2010-11, this objective was evidenced by a number of budget improvement measures to constrain operating expenditure

growth and included a staffing cap, a reprioritisation of 2 per cent of agency appropriation and an increased efficiency dividend. For 2010-11, the overall net savings achieved were \$52 million. These, plus additional measures in place as part of the 2011-12 Budget, mean net savings across 2010-11 and 2011-12 will be in excess of \$150 million.

Table 6 sets out the Territory's net operating balance and cash outcome for 2009-10 and 2010-11. The net operating balance determines whether the Government earns sufficient revenue to meet its operating activities and the cash outcome is a measure of whether total receipts within the year are sufficient to meet both operating and capital payments.

Table 6: Net Operating Balance and Cash Outcome – General Government

	2009-10 Outcome	2010-11 Budget	2010-11 Estimate	2010-11 Outcome	Variation on Budget
	\$M	\$M	\$M	\$M	\$M
Net operating balance	536	441	384	238	- 203
Cash outcome	66	- 268	- 295	- 387	- 119

Source: Northern Territory Treasury

The net operating balance surplus of \$238 million in 2010-11 was \$203 million lower than the original 2010-11 Budget, and \$298 million lower than the 2009-10 outcome. The most significant influence on the decline in the net operating balance for 2010-11 is the cumulative effect of lower GST revenue due to national economic conditions. The worsening in the Budget outcome since May 2011 is a combination of the timing of revenue from the Commonwealth together with accelerated expenditure brought forward from 2011-12. Despite this worsening position, the target of limiting operating expenditure growth to below revenue, excluding Commonwealth-tied funding has been achieved for 2010-11.

The 2010-11 cash deficit of \$387 million is \$119 million lower compared to the original 2010-11 Budget and \$453 million lower than the 2009-10 outcome, with the components affecting the movements largely in line with the operating result. The difference in variation between the cash outcome and the operating balance relates to timing effects between accrual and cash items including accessing superannuation benefit payments, accrued expenditure related to increased remote housing construction and the receipt of GST input tax credits. As with the operating result, the worsening in the cash outcome since May 2011 is largely due to net timing differences and accordingly is expected to result in an improvement in 2011-12.

Infrastructure for Economic and Community Development

Infrastructure investment is a key component of the Government's fiscal strategy and is essential for the delivery of the Territory's social and economic services.

The short-term fiscal strategy commits to spending at least twice the level of depreciation expenses on capital infrastructure, on average, over the current economic cycle, supporting service delivery and business growth in the Territory. Economic outcomes during 2010-11 highlight that this policy has been successful with economic growth and employment remaining positive despite reduced private sector investment.

When the economy and private sector investment return to more usual levels, the need for significant government investment will recede and the medium to longer term strategy is to maintain infrastructure at a level consistent with depreciation

to support medium-term economic growth, while trending towards a general government fiscal balance.

The outcome for 2010-11 is capital spending at almost six times depreciation levels, significantly exceeding the Government's fiscal strategy target as shown in Table 7.

Table 7: Capital Investment to Depreciation Ratio – General Government Sector

	2009-10 Outcome	2010-11 Budget	2010-11 Estimate	2010-11 Outcome	Variation on Budget
	\$M	\$M	\$M	\$M	\$M
Total capital investment	1 013	1 226	1 212	1 229	3
Depreciation	174	204	199	207	3
Capital investment to depreciation ratio	5.8	6.0	6.1	5.9	- 0.1

Source: Northern Territory Treasury

Table 8 shows the capital investment for the general government sector, which comprises purchases of non financial assets (including construction and capital items) and capital grants to non government organisations. Total infrastructure spending including PWC and repairs and maintenance is \$1.7 billion.

Table 8: Capital Investment – General Government Sector

	2009-10 Outcome	2010-11 Budget	2010-11 Estimate	2010-11 Outcome	Variation on Budget
	\$M	\$M	\$M	\$M	\$M
Purchases of non financial assets	843	1 049	1 053	1 030	- 19
Capital grants	170	177	158	199	22
Total	1 013	1 226	1 212	1 229	3

Source: Northern Territory Treasury

In total, actual capital investment is consistent with the Budget, but \$216 million higher than the 2009-10 outcome. This increase in capital investment from 2009-10 is due to increased Territory funding, together with higher Commonwealth capital funding including accelerated SIHIP expenditure.

The fiscal balance adjusts the operating balance to take into account the increase in capital stock net of depreciation. Table 9 presents the general government sector's fiscal balance for 2009-10 and 2010-11 in absolute terms and as a proportion of total revenue.

Table 9: Fiscal Balance – General Government Sector

	2009-10 Outcome	2010-11 Budget	2010-11 Estimate	2010-11 Outcome	Variation on Budget
Fiscal balance (\$M)	- 43	- 310	- 375	- 503	- 193
As a proportion of total revenue (%)	- 1	- 6	- 8	- 11	- 4

Source: Northern Territory Treasury

The general government's fiscal balance for 2010-11 is a deficit of \$503 million, a \$193 million worsening from the original 2010-11 Budget and \$128 million lower than the May 2011 Estimate. The changes since the original budget and the final estimate are in line with the operating balance. Net capital investment has remained largely unchanged. The deficit position in 2010-11 reflects the significant investment in infrastructure to support the economy and Territory jobs until private sector investment returns to pre-GFC levels.

Competitive Tax Environment

The Government is committed to ensuring taxes and charges are at levels that are competitive with the average of other jurisdictions and encourage increased levels of business activity in the Northern Territory.

Comparisons of relative tax competitiveness are complex due to inherent differences in respective economies and in taxation regimes. In order to assess the competitiveness of the Territory's tax system, the measures of taxation revenue per capita and taxation effort as assessed by the Commonwealth Grants Commission are utilised.

Taxation revenue per capita is a simple summary measure that affords some comparability with other jurisdictions. Table 10 shows that Territory taxation collections of \$1732 per capita are well below the average of the states and second lowest, after Tasmania.

Table 10: Taxation Revenue Per Capita – General Government Sector

	2009-10 Outcome	2010-11 Budget	2010-11 Estimate	2010-11 Outcome ¹	Variation on Budget
	\$	\$	\$	\$	\$
New South Wales	2 625	2 771	2 779	2 779	8
Victoria	2 451	2 576	2 630	2 630	54
Queensland	2 055	2 234	2 165	2 165	- 69
South Australia	2 206	2 332	2 324	2 324	- 8
Western Australia	2 712	2 842	2 857	2 857	15
Tasmania	1 709	1 716	1 698	1 698	- 18
Australian Capital Territory	3 101	3 133	3 444	3 444	311
State average	2 430	2 542	2 577	2 577	34
Northern Territory	1 809	1 739	1 679	1 732	- 7

¹ Based on Northern Territory's 2010-11 outcome and the 2010-11 estimate for all other jurisdictions.

Source: State and territory outcome reports, state and territory budget papers; ABS Cat. No. 3101.0

Although taxation per capita is a useful comparative measure, it is limited in that no allowances are made for the difference in states' capacities to raise revenue.

The Commonwealth Grants Commission's analysis of 'tax capacity and effort' is a more useful comparison of the Territory's tax system's competitiveness, which assesses the extent to which a particular jurisdiction's capacity to raise revenue is above or below average, and whether tax rates applied are above or below the states' average. Table 11 details the Territory's revenue-raising capacity and effort expressed as a percentage of the Australian average in 2009-10, the latest year assessed by the Commission.

Table 11: Northern Territory Revenue – Raising Capacity and Effort 2009-10

	Capacity ¹	Effort ²
	%	%
Total taxation	88	85
Total own-source revenue	101	117

¹ Northern Territory's capacity to raise revenue compared with the Australian average.

² Northern Territory's revenue effort compared with the Australian average, given the capacity available. Note: Australian average = 100 per cent.

Source: Commonwealth Grants Commission 2011 Update

The Commission's assessment shows that the Territory's capacity to raise tax revenue in 2009-10 is below the Australian average and reflects the Territory's fiscal strategy of ensuring taxes are competitive with the average of the jurisdictions. This

is mainly due to the Territory not imposing a land tax and having lower than average motor vehicle taxes such as motor vehicle registration fees.

In relation to own-source revenue, the Territory's effort is at 117 per cent, which is above the Australian average largely due to mining revenues. The Territory was assessed as having the second highest effort for mining revenues behind Western Australia, as a result of the high profitability of Territory miners in that year and the application of the Territory's profit-based royalty scheme. Although the Territory's mining royalty scheme is profit-based, the Commission's assessment is based on an average ad valorem basis that operates in all other jurisdictions. The Territory's profit-based scheme means that mining royalty revenue is highly variable in line with fluctuations in profit levels. The Commission's estimate of the Territory's mining revenue effort in 2007-08 and several preceding years was that it was below average, reinforcing that any comparison of profit-based schemes against ad valorem schemes needs to be undertaken over the life of a mine, rather than on a year-on-year basis.

When volatility associated with mineral royalties is removed, levels of effort are in line with the Australian average.

Prudent Management of Debt and Liabilities

This element of the fiscal strategy aims to ensure that debt is prudently managed, taking into consideration service delivery needs and capital investment in infrastructure to promote social wellbeing and economic growth.

The Territory's debt position is projected to worsen over the current economic cycle due to the policy responses adopted and the effect of national and local economic conditions on Territory revenue.

Once the economy recovers, the sustainable service provision target of limiting expenditure growth will provide capacity to reduce debt over time to pre-GFC levels. The target is to reduce debt by 5 per cent of the increase per annum, when this occurs.

The measures of net debt and net financial liabilities for the general government sector provide the means of assessing the Territory's performance against this element of the fiscal strategy.

Table 12: Northern Territory Net Debt – General Government Sector

	2009-10 Outcome	2010-11 Budget	2010-11 Estimate	2010-11 Outcome	Variation on Outcome
Net debt (\$M)	719	1 256	1 075	1 172	454
Net debt to revenue (%)	15	26	23	25	9

Source: Northern Territory Treasury

As shown in Table 12, for 2010-11 net debt for the general government sector is \$1172 million, \$454 million higher than recorded in 2009-10, giving a ratio of net debt to revenue of 25 per cent, compared to 15 per cent in 2009-10. The increase in net debt since 2009-10 is the result of the 2010-11 cash deficit and the debt for equity swaps with PWC as announced in the 2010-11 Budget.

Net financial liabilities are a broader measure than net debt in that it encompasses all liabilities, including unfunded employee entitlements that consist mainly of the Territory's superannuation liability, the major liability for the Territory and most jurisdictions.

Table 13 highlights that net financial liabilities have increased in 2010-11 from the 2009-10 outcome by \$596 million, resulting in a ratio to revenue of 96 per cent, compared to 85 per cent in 2009-10. This increase is predominately due to the flow-on effect of the increase in net debt and increases in superannuation liabilities, largely as a result of actuarial reassessment, employee leave entitlements and payables due to higher building activity.

Table 13: Net Financial Liabilities – General Government Sector

	2009-10 Outcome	2010-11 Budget	2010-11 Estimate	2010-11 Outcome	Variation on Outcome
Net financial liabilities (\$M)	3 959	4 264	4 256	4 555	596
Net financial liabilities to revenue (%)	85	89	90	96	11

Source: Northern Territory Treasury

Conclusion The 2010-11 financial result reflects the two-speed national economy and uncertain global economic conditions that have affected Territory revenues. GST revenue has continued to decline in absolute terms due to a greater propensity by households to save, a shift in consumption patterns to items that are not subject to GST and lower business activity. This substantial decline in GST revenue combined with lower growth in own-source revenue and increased investment in infrastructure has led to the 2010-11 cash deficit and increases in the Territory's debt position.

The further deterioration to the 2010-11 cash deficit as compared to the May 2011 final estimate was largely a result of the timing of revenue and expenditure with the flow-on effect to be included in the 2011-12 Mid-Year Report.

The challenge to the Budget in the short-term amidst these uncertain economic conditions, remains the continued adherence to fiscal restraint measures in order to contain operational spending below revenue growth. Once revenue streams improve and there is a reduced requirement to invest heavily in infrastructure, this will provide the capacity to return the Budget to surplus and reduce debt levels.

**Treasurer's Annual
Financial Statement
(Audited)**



Auditor-General
Independent Auditor's Report
to the Treasurer
Treasurer's Annual Financial Statement
Year Ended 30 June 2011

Scope

I have audited the accompanying Treasurer's Annual Financial Statement ("the Statement") which comprises a balance sheet as at 30 June 2011, a comprehensive operating statement, a statement of changes in equity and a cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certification of the financial statements by the Treasurer.

The Responsibility of the Treasurer for the Statement

The Treasurer is responsible for the preparation and fair presentation of the Statement and the information it contains in accordance with the provisions of the *Financial Management Act* and the *Fiscal Integrity and Transparency Act* and for such internal control as the Treasurer determines is necessary to enable the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Financial Management Act*, my responsibility is to express an opinion on the Statement based on my audit. I have conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the Statement is free from material misstatement.

The audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depended on my judgement, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, I considered internal control relevant to the preparation and fair presentation of the Statement in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Northern Territory Government's internal controls. The audit also included evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the Statement.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Auditor's Opinion

In my opinion, the Treasurer's Annual Financial Statement presents fairly, in all material respects, the financial position of the Northern Territory as at 30 June 2011 and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act* and the *Fiscal Integrity and Transparency Act*.

F. McGuinness
Auditor-General for the Northern Territory
20 October 2011

Darwin, Northern Territory

General Government Sector

Comprehensive Operating Statement

	Notes	2010-11 \$000	2009-10 \$000
REVENUE			
Taxation revenue	4	397 026	414 609
Current grants	5	3 267 614	3 334 426
Capital grants	6	547 464	412 789
Sales of goods and services	7	205 279	184 898
Interest income		80 143	65 021
Dividend and income tax equivalent income	8	25 584	21 189
Other	9	200 336	215 902
TOTAL REVENUE		4 723 446	4 648 833
<i>less</i>			
EXPENSES			
Employee benefits expense		1 642 561	1 532 191
Superannuation expenses			
Superannuation interest cost		133 613	132 154
Other superannuation expenses		172 818	157 143
Depreciation and amortisation		207 429	173 746
Other operating expenses	10	1 091 750	1 000 396
Interest expenses		142 992	134 860
Other property expenses		977	396
Current grants	11	756 300	691 748
Capital grants	12	199 495	170 348
Subsidies and personal benefit payments	13	137 182	119 728
TOTAL EXPENSES		4 485 117	4 112 712
<i>equals</i>			
NET OPERATING BALANCE		238 329	536 122
<i>plus</i>			
Other economic flows – included in operating result	2	9 122	- 139 967
<i>equals</i>			
OPERATING RESULT		247 451	396 155
<i>plus</i>			
Other economic flows – other non-owner changes in equity	2	468 163	1 699 652
<i>equals</i>			
COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners		715 614	2 095 807
		238 329	536 122
<i>less</i>			
Net acquisition of non financial assets			
Purchases of non financial assets		1 029 526	843 139
Sales of non financial assets		- 77 416	- 90 823
<i>less</i> Depreciation	20, 22, 25	207 429	173 746
<i>plus</i> Change in inventories		726	669
<i>plus</i> Other movements in non financial assets		- 4 348	- 559
<i>equals</i> Total net acquisition of non financial assets		741 060	578 680
<i>equals</i>			
FISCAL BALANCE		- 502 731	- 42 558

General Government Sector

Balance Sheet

	Notes	2010-11 \$000	2009-10 \$000
ASSETS			
Financial assets			
Cash and deposits	14	186 266	310 252
Advances paid	15	143 290	133 638
Investments, loans and placements	16	856 486	1 134 742
Receivables	17	142 206	129 323
Equity			
Investments in other public sector entities		2 356 703	2 153 763
Investments – other	18	100	100
Other financial assets			
Total financial assets		3 685 050	3 861 818
Non financial assets			
Inventories	19	10 195	9 468
Property, plant and equipment	20	9 654 079	8 583 151
Investment property	21	52 730	50 076
Intangible assets	22	1 771	87
Assets held for sale	23	38 878	6 241
Biological assets	24		
Other non financial assets	25	3 027	3 057
Total non financial assets		9 760 680	8 652 080
TOTAL ASSETS		13 445 730	12 513 897
LIABILITIES			
Deposits held	26	290 775	441 988
Advances received	27	246 424	243 417
Borrowing	28	1 821 254	1 612 122
Superannuation	29	2 739 193	2 670 175
Other employee benefits	30	495 982	449 758
Payables	31	174 801	116 785
Other liabilities	32	115 343	133 306
TOTAL LIABILITIES		5 883 771	5 667 551
NET ASSETS/(LIABILITIES)		7 561 959	6 846 346
Contributed equity			
Accumulated surplus/(deficit)		1 458 297	1 197 918
Reserves	33	6 103 662	5 648 428
NET WORTH		7 561 959	6 846 346
NET FINANCIAL WORTH ¹		- 2 198 720	- 1 805 734
NET FINANCIAL LIABILITIES ²		4 555 423	3 959 497
NET DEBT³		1 172 410	718 896

¹ Net financial worth equals total financial assets minus total liabilities.

² Net financial liabilities equals the sum of total liabilities less total financial assets excluding investments in other public sector entities.

³ Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

General Government Sector

Statement of Changes in Equity

	Notes	Equity at 1 July \$000	Comprehensive Result \$000	Transactions with Owners in their Capacity as Owners \$000	Equity at 30 June \$000
2010-11					
Accumulated funds		1 197 918	247 451		1 445 369
Changes in accounting policy					
Correction of prior period errors					
Transfers from reserves			11 547		11 547
Dividends paid/payable					
Other movements directly to equity			1 382		1 382
Total accumulated funds		1 197 918	260 379		1 458 297
Reserves	33				
Asset revaluation surplus		3 578 083	366 093		3 944 176
Asset realisation surplus		337 209	- 4 341		332 868
Derivative revaluation surplus					
Investments in public sector entities revaluation surplus		1 732 385	91 961		1 824 346
Other reserves		751	1 522		2 272
Total reserves		5 648 428	455 234		6 103 662
Capital – transactions with owners					
Equity injections					
Capital appropriation					
Equity transfers in					
Other equity injections					
Specific purpose payments					
National partnership payments					
Commonwealth – capital					
Equity withdrawals					
Capital withdrawals					
Equity transfers out					
Total capital – transactions with owners					
TOTAL EQUITY AT END OF FINANCIAL YEAR		6 846 346	715 614		7 561 959
2009-10					
Accumulated funds		799 808	396 155		1 195 963
Changes in accounting policy					
Correction of prior period errors					
Transfers from reserves			7 134		7 134
Dividends paid/payable					
Other movements directly to equity			- 5 179		- 5 179
Total accumulated funds		799 808	398 110		1 197 918
Reserves	33				
Asset revaluation surplus		2 697 135	880 948		3 578 083
Asset realisation surplus		325 159	12 050		337 209
Derivative revaluation surplus					
Investments in public sector entities revaluation surplus		926 126	806 259		1 732 385
Other reserves		2 311	- 1 560		751
Total reserves		3 950 731	1 697 697		5 648 428
Capital – transactions with owners					
Equity injections					
Capital appropriation					
Equity transfers in					
Other equity injections					
Specific purpose payments					
National partnership payments					
Commonwealth – capital					
Equity withdrawals					
Capital withdrawals					
Equity transfers out					
Total capital – transactions with owners					
TOTAL EQUITY AT END OF FINANCIAL YEAR		4 750 539	2 095 807		6 846 346

General Government Sector

Cash Flow Statement

	Notes	2010-11	2009-10
		\$000	\$000
Cash receipts from operating activities			
Taxes received		395 998	410 446
Receipts from sales of goods and services		227 252	228 865
Grants and subsidies received		3 812 047	3 756 148
Interest receipts		80 429	64 257
Dividends and income tax equivalents		22 971	15 985
Other receipts		379 392	388 274
Total operating receipts		4 918 089	4 863 974
Cash payments for operating activities			
Payments for employees		- 1 826 249	- 1 706 661
Payment for goods and services		- 1 258 172	- 1 201 914
Grants and subsidies paid		- 1 091 961	- 978 587
Interest paid		- 143 380	- 133 638
Other payments		- 8 915	- 8 275
Total operating payments		- 4 328 677	- 4 029 075
NET CASH FLOWS FROM OPERATING ACTIVITIES	36	589 412	834 899
Cash flows from investments in non financial assets			
Sales of non financial assets		77 416	90 823
Purchases of non financial assets		- 1 029 526	- 843 139
Net cash flows from investments in non financial assets		- 952 110	- 752 316
NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS		- 362 698	82 582
Net cash flows from investments in financial assets for policy purposes ¹		- 120 903	- 4 657
Net cash flows from investments in financial assets for liquidity purposes		298 691	- 165 786
NET CASH FLOWS FROM INVESTING ACTIVITIES		- 774 322	- 922 759
Net cash flows from financing activities			
Advances received (net)		2 542	35 948
Borrowing (net)		209 596	- 46 087
Deposits received (net)		- 151 214	248 747
Other financing (net)			
NET CASH FLOWS FROM FINANCING ACTIVITIES		60 924	238 608
NET INCREASE/DECREASE IN CASH HELD		- 123 986	150 748
Net cash flows from operating activities		589 412	834 899
Net cash flows from investments in non financial assets		- 952 110	- 752 316
CASH SURPLUS (+)/(DEFICIT) (-)		- 362 698	82 582
Additional information to the Cash Flow Statement			
CASH SURPLUS (+)/(DEFICIT) (-)		- 362 698	82 582
Acquisitions under finance leases and similar arrangements			
ABS GFS SURPLUS (+)/DEFICIT (-) including finance leases and similar arrangements		- 362 698	82 582
Future infrastructure and superannuation contributions/earnings ²		- 24 355	- 16 878
UNDERLYING SURPLUS (+)/DEFICIT (-)		- 387 054	65 704

¹ Includes equity acquisitions, disposals and privatisations (net).

² Contributions for future infrastructure and superannuation requirements.

Public Non Financial Corporation Sector

Comprehensive Operating Statement

	2010-11	2009-10
	\$000	\$000
REVENUE		
Current grants	124 514	117 420
Capital grants	41 130	21 381
Sales of goods and services	620 213	589 141
Interest income	5 960	3 330
Other	51 842	33 013
TOTAL REVENUE	843 659	764 286
<i>less</i> EXPENSES		
Employee benefits expense	99 600	90 309
Superannuation expenses	12 133	11 108
Depreciation and amortisation	124 742	97 280
Other operating expenses	585 855	539 191
Interest expenses	65 559	46 853
Other property expenses	225	- 1 036
Current grants		
Capital grants	479	21 635
Subsidies and personal benefit payments	2 360	4 580
TOTAL EXPENSES	890 955	809 920
<i>equals</i> NET OPERATING BALANCE	- 47 295	- 45 634
<i>plus</i> Other economic flows – included in operating result	- 7 418	- 3 767
<i>equals</i> OPERATING RESULT	- 54 713	- 49 400
<i>plus</i> Other economic flows – other non-owner changes in equity	91 945	817 493
<i>equals</i> COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners	37 232	768 093
NET OPERATING BALANCE	- 47 295	- 45 634
<i>less</i> Net acquisition of non financial assets		
Purchases of non financial assets	348 558	338 573
Sales of non financial assets	- 4 856	- 216
<i>less</i> Depreciation	124 742	97 280
<i>plus</i> Change in inventories	5 504	1 184
<i>plus</i> Other movements in non financial assets	10 239	- 12 706
<i>equals</i> Total net acquisition of non financial assets	234 704	229 554
<i>equals</i> FISCAL BALANCE	- 281 999	- 275 188

Public Non Financial Corporation Sector

Balance Sheet

	2010-11	2009-10
	\$000	\$000
ASSETS		
Financial assets		
Cash and deposits	198 079	179 493
Advances paid		
Investments, loans and placements		
Receivables	82 119	82 879
Equity	3	3
Other financial assets		
Total financial assets	280 200	262 375
Non financial assets		
Inventories	24 834	19 330
Property, plant and equipment	3 008 007	2 698 740
Investment property		
Intangible assets	21 413	14 360
Assets held for sale		
Biological assets		
Other non financial assets		
Total non financial assets	3 054 254	2 732 430
TOTAL ASSETS	3 334 454	2 994 806
LIABILITIES		
Deposits held	42	122
Advances received		
Borrowing	1 122 703	943 429
Superannuation		
Other employee benefits	41 958	35 888
Payables	77 864	75 231
Other liabilities	26 342	22 539
TOTAL LIABILITIES	1 268 909	1 077 209
NET ASSETS/(LIABILITIES)	2 065 545	1 917 596
Contributed equity	474 302	363 322
Accumulated surplus/(deficit)	664 032	720 219
Reserves	927 211	834 054
TOTAL EQUITY	2 065 545	1 917 596
NET FINANCIAL WORTH¹	- 988 709	- 814 834
NET DEBT²	924 666	764 058

¹ Net financial worth equals total financial assets minus total liabilities.

² Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

Public Non Financial Corporation Sector

Statement of Changes in Equity

	Notes	Equity at 1 July \$000	Comprehensive Result \$000	Transactions with Owners in their Capacity as Owners \$000	Equity at 30 June \$000
2010-11					
Accumulated funds		720 219	- 54 713		665 506
Changes in accounting policy					
Correction of prior period errors					
Transfers from reserves					
Dividends paid/payable				- 262	- 262
Other movements directly to equity			- 1 212		- 1 212
Total accumulated funds		720 219	- 55 925	- 262	664 032
Reserves					
Asset revaluation surplus		834 054	93 156		927 211
Asset realisation surplus					
Derivative revaluation surplus					
Investments in public sector entities revaluation surplus					
Other reserves					
Total reserves		834 054	93 156		927 211
Capital – transactions with owners		363 322			363 322
Equity injections					
Capital appropriation					
Equity transfers in				57	57
Other equity injections				110 922	110 922
Specific purpose payments					
National partnership payments					
Commonwealth – capital					
Equity withdrawals					
Capital withdrawals					
Equity transfers out					
Total capital – transactions with owners		363 322		110 979	474 302
TOTAL EQUITY AT END OF FINANCIAL YEAR		1 917 596	37 232	110 717	2 065 545
2009-10					
Accumulated funds		766 258	- 49 400		716 858
Changes in accounting policy					
Correction of prior period errors					
Transfers from reserves					
Dividends paid/payable				- 213	- 213
Other movements directly to equity			3 574		3 574
Total accumulated funds		766 258	- 45 826	- 213	720 219
Reserves					
Asset revaluation surplus		20 136	813 919		834 054
Asset realisation surplus					
Derivative revaluation surplus					
Investments in public sector entities revaluation surplus					
Other reserves					
Total reserves		20 136	813 919		834 054
Capital – transactions with owners		362 172			362 172
Equity injections					
Capital appropriation					
Equity transfers in				1 151	1 151
Other equity injections					
Specific purpose payments					
National partnership payments					
Commonwealth – capital					
Equity withdrawals					
Capital withdrawals					
Equity transfers out					
Total capital – transactions with owners		362 172		1 151	363 322
TOTAL EQUITY AT END OF FINANCIAL YEAR		1 148 565	768 093	938	1 917 596

Public Non Financial Corporation Sector

Cash Flow Statement

	2010-11	2009-10
	\$000	\$000
Cash receipts from operating activities		
Receipts from sales of goods and services	639 439	591 033
Grants and subsidies received	166 111	138 749
Interest receipts	5 797	3 021
Other receipts	28 057	22 921
Total operating receipts	839 405	755 725
Cash payments for operating activities		
Income tax equivalents paid	- 175	1 400
Payments for employees	- 113 570	- 100 913
Payment for goods and services	- 586 017	- 532 222
Grants and subsidies paid	- 2 415	- 4 632
Interest paid	- 63 347	- 45 889
Other payments	- 1 496	- 5 210
Total operating payments	- 767 020	- 687 465
NET CASH FLOWS FROM OPERATING ACTIVITIES	72 385	68 260
Cash flows from investments in non financial assets		
Sales of non financial assets	4 856	216
Purchases of non financial assets	- 348 558	- 338 573
Net cash flows from investments in non financial assets	- 343 702	- 338 357
NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS	- 271 317	- 270 097
Net cash flows from investments in financial assets for policy purposes ¹		
Net cash flows from investments in financial assets for liquidity purposes		
NET CASH FLOWS FROM INVESTING ACTIVITIES	- 343 702	- 338 357
Net cash flows from financing activities		
Advances received (net)		
Borrowing (net)	179 273	338 066
Deposits received (net)	- 80	- 270
Dividends paid	- 213	- 311
Other financing (net)	110 922	
NET CASH FLOWS FROM FINANCING ACTIVITIES	289 902	337 484
NET INCREASE/DECREASE IN CASH HELD	18 585	67 387
Net cash flows from operating activities	72 385	68 260
Net cash flows from investments in non financial assets	- 343 702	- 338 357
Dividends paid	- 213	- 311
CASH SURPLUS (+)/(DEFICIT) (-)	- 271 530	- 270 408
Additional information to the Cash Flow Statement		
CASH SURPLUS (+)/(DEFICIT) (-)	- 271 530	- 270 408
Acquisitions under finance leases and similar arrangements		
ABS GFS SURPLUS (+)/DEFICIT (-) including finance leases and similar arrangements	- 271 530	- 270 408

¹ Includes equity acquisitions, disposals and privatisations (net).

Non Financial Public Sector

Comprehensive Operating Statement

	2010-11	2009-10
	\$000	\$000
REVENUE		
Taxation revenue	389 668	408 229
Current grants	3 267 220	3 334 388
Capital grants	547 790	413 324
Sales of goods and services	760 475	717 183
Interest income	80 170	65 060
Dividend and income tax equivalent income	25 097	22 554
Other	245 254	242 043
TOTAL REVENUE	5 315 675	5 202 783
<i>less</i> EXPENSES		
Employee benefits expense	1 742 138	1 622 499
Superannuation expenses		
Superannuation interest cost	133 613	132 154
Other superannuation expenses	179 172	162 279
Depreciation and amortisation	332 171	271 026
Other operating expenses	1 604 125	1 476 012
Interest expenses	202 619	178 422
Other property expenses	961	381
Current grants	704 407	643 898
Capital grants	159 170	171 138
Subsidies and personal benefit payments	66 528	54 700
TOTAL EXPENSES	5 124 903	4 712 508
<i>equals</i> NET OPERATING BALANCE	190 771	490 275
<i>plus</i> Other economic flows – included in operating result	1 704	- 143 733
<i>equals</i> OPERATING RESULT	192 476	346 542
<i>plus</i> Other economic flows – other non-owner changes in equity	523 138	1 749 265
<i>equals</i> COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners	715 614	2 095 807
NET OPERATING BALANCE	190 771	490 275
<i>less</i> Net acquisition of non financial assets		
Purchases of non financial assets	1 378 085	1 181 712
Sales of non financial assets	- 82 273	- 91 040
<i>less</i> Depreciation	332 171	271 026
<i>plus</i> Change in inventories	6 231	1 853
<i>plus</i> Other movements in non financial assets	5 892	- 13 266
<i>equals</i> Total net acquisition of non financial assets	975 764	808 234
<i>equals</i> FISCAL BALANCE	- 784 992	- 317 959

Non Financial Public Sector

Balance Sheet

	2010-11	2009-10
	\$000	\$000
ASSETS		
Financial assets		
Cash and deposits	186 832	311 641
Advances paid	143 290	133 638
Investments, loans and placements	856 486	1 134 742
Receivables	212 746	203 654
Equity		
Investments in other public sector entities	291 158	236 167
Investments – other	103	103
Other financial assets		
Total financial assets	1 690 615	2 019 944
Non financial assets		
Inventories	35 029	28 798
Property, plant and equipment	12 662 086	11 281 891
Investment property	52 730	50 076
Intangible assets	23 184	14 447
Assets held for sale	38 878	6 241
Biological assets		
Other non financial assets	3 027	3 057
Total non financial assets	12 814 934	11 384 510
TOTAL ASSETS	14 505 549	13 404 454
LIABILITIES		
Deposits held	93 305	264 006
Advances received	246 424	243 417
Borrowing	2 943 956	2 555 552
Superannuation	2 739 193	2 670 175
Other employee benefits	537 940	485 646
Payables	243 051	184 577
Other liabilities	139 720	154 735
TOTAL LIABILITIES	6 943 589	6 558 108
NET ASSETS/(LIABILITIES)	7 561 959	6 846 346
Contributed equity		
Accumulated surplus/(deficit)	2 122 328	1 918 137
Reserves	5 439 631	4 928 209
NET WORTH	7 561 959	6 846 346
NET FINANCIAL WORTH ¹	- 5 252 975	- 4 538 164
NET FINANCIAL LIABILITIES ²	5 544 132	4 774 331
NET DEBT³	2 097 076	1 482 954

1 Net financial worth equals total financial assets minus total liabilities.

2 Net financial liabilities equals the sum of total liabilities less total financial assets excluding investments in other public sector entities.

3 Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

Non Financial Public Sector

Statement of Changes in Equity

	Notes	Equity at 1 July \$000	Comprehensive Result \$000	Transactions with Owners in their Capacity as Owners \$000	Equity at 30 June \$000
2010-11					
Accumulated funds		1 918 137	192 476		2 110 613
Changes in accounting policy					
Correction of prior period errors					
Transfers from reserves			11 547		11 547
Dividends paid/payable					
Other movements directly to equity			170		170
Total accumulated funds		1 918 137	204 193		2 122 328
Reserves					
Asset revaluation surplus	4 412 137	4 412 137	459 250		4 871 387
Asset realisation surplus	337 209	337 209	- 4 341		332 868
Derivative revaluation surplus					
Investments in public sector entities revaluation surplus	178 112	178 112	54 991		233 103
Other reserves	751	751	1 522		2 272
Total reserves		4 928 209	511 421		5 439 631
Capital – transactions with owners					
Equity injections					
Capital appropriation					
Equity transfers in					
Other equity injections					
Specific purpose payments					
National partnership payments					
Commonwealth – capital					
Equity withdrawals					
Capital withdrawals					
Equity transfers out					
Total capital – transactions with owners					
TOTAL EQUITY AT END OF FINANCIAL YEAR		6 846 346	715 614		7 561 959
2009-10					
Accumulated funds		1 566 066	346 542		1 912 607
Changes in accounting policy					
Correction of prior period errors					
Transfers from reserves			7 134		7 134
Dividends paid/payable					
Other movements directly to equity			- 1 604		- 1 604
Total accumulated funds		1 566 066	352 071		1 918 137
Reserves					
Asset revaluation surplus	2 717 271	2 717 271	1 694 866		4 412 137
Asset realisation surplus	325 159	325 159	12 050		337 209
Derivative revaluation surplus					
Investments in public sector entities revaluation surplus	139 732	139 732	38 380		178 112
Other reserves	2 311	2 311	- 1 560		751
Total reserves		3 184 473	1 743 736		4 928 209
Capital – transactions with owners					
Equity injections					
Capital appropriation					
Equity transfers in					
Other equity injections					
Specific purpose payments					
National partnership payments					
Commonwealth – capital					
Equity withdrawals					
Capital withdrawals					
Equity transfers out					
Total capital – transactions with owners					
TOTAL EQUITY AT END OF FINANCIAL YEAR		4 750 539	2 095 807		6 846 346

Non Financial Public Sector

Cash Flow Statement

	2010-11	2009-10
	\$000	\$000
Cash receipts from operating activities		
Taxes received	388 915	404 119
Receipts from sales of goods and services	803 708	762 602
Grants and subsidies received	3 812 447	3 756 594
Interest receipts	80 456	64 296
Dividends and income tax equivalents	22 575	17 664
Other receipts	406 308	410 214
Total operating receipts	5 514 408	5 415 490
Cash payments for operating activities		
Payments for employees	- 1 931 957	- 1 801 091
Payment for goods and services	- 1 780 851	- 1 676 622
Grants and subsidies paid	- 928 665	- 844 915
Interest paid	- 200 957	- 176 545
Other payments	- 10 395	- 13 469
Total operating payments	- 4 852 825	- 4 512 642
NET CASH FLOWS FROM OPERATING ACTIVITIES	661 583	902 847
Cash flows from investments in non financial assets		
Sales of non financial assets	82 273	91 040
Purchases of non financial assets	- 1 378 085	- 1 181 712
Net cash flows from investments in non financial assets	- 1 295 812	- 1 090 673
NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS	- 634 229	- 187 826
Net cash flows from investments in financial assets for policy purposes ¹	- 9 980	- 4 657
Net cash flows from investments in financial assets for liquidity purposes	298 691	- 165 786
NET CASH FLOWS FROM INVESTING ACTIVITIES	- 1 007 102	- 1 261 115
Net cash flows from financing activities		
Advances received (net)	2 542	35 948
Borrowing (net)	388 869	291 979
Deposits received (net)	- 170 701	179 326
Other financing (net)		
NET CASH FLOWS FROM FINANCING ACTIVITIES	220 709	507 253
NET INCREASE/DECREASE IN CASH HELD	- 124 809	148 985
Net cash flows from operating activities	661 583	902 847
Net cash flows from investments in non financial assets	- 1 295 812	- 1 090 673
CASH SURPLUS (+)/(DEFICIT) (-)	- 634 229	- 187 826
Additional information to the Cash Flow Statement		
CASH SURPLUS (+)/(DEFICIT) (-)	- 634 229	- 187 826
Acquisitions under finance leases and similar arrangements		
ABS GFS SURPLUS (+)/DEFICIT (-) including finance leases and similar arrangements	- 634 229	- 187 826
Future infrastructure and superannuation contributions/earnings ²	- 24 355	- 16 878
UNDERLYING SURPLUS (+)/DEFICIT (-)	- 658 584	- 204 704

¹ Includes equity acquisitions, disposals and privatisations (net).

² Contributions for future infrastructure and superannuation requirements.

Public Financial Corporation Sector

Comprehensive Operating Statement

	2010-11	2009-10
	\$000	\$000
REVENUE		
Current grants		
Capital grants		
Sales of goods and services	222 905	186 275
Interest income	252 757	238 884
Other	3 514	11 543
TOTAL REVENUE	479 176	436 702
<i>less</i> EXPENSES		
Employee benefits expense	19 179	17 540
Superannuation expenses	2 034	3 084
Depreciation and amortisation	2 007	3 304
Other operating expenses	181 709	186 448
Interest expenses	203 956	177 779
Other property expenses	11 137	9 363
Current grants	2 843	2 273
Capital grants		
Subsidies and personal benefit payments		713
TOTAL EXPENSES	422 864	400 503
<i>equals</i> NET OPERATING BALANCE	56 312	36 198
<i>plus</i> Other economic flows – included in operating result	13 659	16 297
<i>equals</i> OPERATING RESULT	69 971	52 496
<i>plus</i> Other economic flows – other non-owner changes in equity	1 477	1 687
<i>equals</i> COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners	71 449	54 183
NET OPERATING BALANCE	56 312	36 198
<i>less</i> Net acquisition of non financial assets		
Purchases of non financial assets	1 414	6 686
Sales of non financial assets	- 115	- 2 329
<i>less</i> Depreciation	2 007	3 304
<i>plus</i> Change in inventories		
<i>plus</i> Other movements in non financial assets		
<i>equals</i> Total net acquisition of non financial assets	- 708	1 053
<i>equals</i> FISCAL BALANCE	57 020	35 145

Public Financial Corporation Sector

Balance Sheet

	2010-11	2009-10
	\$000	\$000
ASSETS		
Financial assets		
Cash and deposits	159 615	380 055
Advances paid	85 025	244 644
Investments, loans and placements	4 030 497	3 436 987
Receivables	156 928	153 957
Equity		
Other financial assets		
Total financial assets	4 432 065	4 215 642
Non financial assets		
Inventories		
Property, plant and equipment	47 324	46 282
Investment property		
Intangible assets	1 251	1 784
Assets held for sale		
Biological assets		
Other non financial assets		
Total non financial assets	48 575	48 066
TOTAL ASSETS	4 480 640	4 263 708
LIABILITIES		
Deposits held	498 474	532 489
Advances received	258 564	264 182
Borrowing	2 834 371	2 643 132
Superannuation		
Other employee benefits	5 029	5 516
Payables	69 903	79 017
Other liabilities	523 141	503 205
TOTAL LIABILITIES	4 189 482	4 027 542
NET ASSETS/(LIABILITIES)	291 158	236 167
Contributed equity	58 054	58 054
Accumulated surplus/(deficit)	210 654	157 084
Reserves	22 449	21 028
TOTAL EQUITY	291 158	236 167
NET FINANCIAL WORTH¹	242 583	188 100
NET DEBT²	- 683 727	- 621 883

1 Net financial worth equals total financial assets minus total liabilities.

2 Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

Public Financial Corporation Sector

Statement of Changes in Equity

	Notes	Equity at 1 July \$000	Comprehensive Result \$000	Transactions with Owners in their Capacity as Owners \$000	Equity at 30 June \$000
2010-11					
Accumulated funds		157 084	69 971		227 056
Changes in accounting policy					
Correction of prior period errors					
Transfers from reserves					
Dividends paid/payable				- 16 458	- 16 458
Other movements directly to equity			56		56
Total accumulated funds		157 084	70 027	- 16 458	210 654
Reserves					
Asset revaluation surplus		21 028	1 421		22 449
Asset realisation surplus					
Derivative revaluation surplus					
Investments in public sector entities revaluation surplus					
Other reserves					
Total reserves		21 028	1 421		22 449
Capital – transactions with owners		58 054			58 054
Equity injections					
Capital appropriation					
Equity transfers in					
Other equity injections					
Specific purpose payments					
National partnership payments					
Commonwealth – capital					
Equity withdrawals					
Capital withdrawals					
Equity transfers out					
Total capital – transactions with owners		58 054			58 054
TOTAL EQUITY AT END OF FINANCIAL YEAR		236 167	71 449	- 16 458	291 158
2009-10					
Accumulated funds		117 612	52 496		170 108
Changes in accounting policy					
Correction of prior period errors					
Transfers from reserves			2 917		2 917
Dividends paid/payable				- 15 802	- 15 802
Other movements directly to equity			- 138		- 138
Total accumulated funds		117 612	55 275	- 15 802	157 084
Reserves					
Asset revaluation surplus		19 521	1 508		21 028
Asset realisation surplus					
Derivative revaluation surplus		- 317	317		
Investments in public sector entities revaluation surplus					
Other reserves		2 917	- 2 917		
Total reserves		22 120	- 1 092		21 028
Capital – transactions with owners		58 054			58 054
Equity injections					
Capital appropriation					
Equity transfers in					
Other equity injections					
Specific purpose payments					
National partnership payments					
Commonwealth – capital					
Equity withdrawals					
Capital withdrawals					
Equity transfers out					
Total capital – transactions with owners		58 054			58 054
TOTAL EQUITY AT END OF FINANCIAL YEAR		197 786	54 183	- 15 802	236 167

Public Financial Corporation Sector

Cash Flow Statement

	2010-11	2009-10
	\$000	\$000
Cash receipts from operating activities		
Receipts from sales of goods and services	225 486	187 674
Grants and subsidies received		
Interest receipts	250 459	236 857
Other receipts	4 760	14 089
Total operating receipts	480 705	438 620
Cash payments for operating activities		
Income tax equivalents paid	- 6 794	- 4 317
Payments for employees	- 22 994	- 20 766
Payment for goods and services	- 177 940	- 172 658
Grants and subsidies paid	- 2 843	- 2 986
Interest paid	- 201 759	- 165 752
Other payments	- 2 507	- 2 621
Total operating payments	- 414 837	- 369 100
NET CASH FLOWS FROM OPERATING ACTIVITIES	65 868	69 521
Cash flows from investments in non financial assets		
Sales of non financial assets	115	2 329
Purchases of non financial assets	- 1 414	- 6 686
Net cash flows from investments in non financial assets	- 1 299	- 4 357
NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS	64 569	65 164
Net cash flows from investments in financial assets for policy purposes ¹	159 619	6 180
Net cash flows from investments in financial assets for liquidity purposes	- 579 865	- 402 216
NET CASH FLOWS FROM INVESTING ACTIVITIES	- 421 545	- 400 393
Net cash flows from financing activities		
Advances received (net)	- 5 414	- 6 388
Borrowing (net)	190 468	462 977
Deposits received (net)	- 34 014	82 981
Dividends paid	- 15 802	- 13 351
Other financing (net)		
NET CASH FLOWS FROM FINANCING ACTIVITIES	135 238	526 219
NET INCREASE/DECREASE IN CASH HELD	- 220 440	195 346
Net cash flows from operating activities	65 868	69 521
Net cash flows from investments in non financial assets	- 1 299	- 4 357
Distributions paid	- 15 802	- 13 351
CASH SURPLUS (+)/(DEFICIT) (-)	48 766	51 813
Additional information to the Cash Flow Statement		
CASH SURPLUS (+)/(DEFICIT) (-)	48 766	51 813
Acquisitions under finance leases and similar arrangements		
ABS GFS SURPLUS (+)/DEFICIT (-) including finance leases and similar arrangements	48 766	51 813

¹ Includes equity acquisitions, disposals and privatisations (net).

Total Public Sector

Comprehensive Operating Statement

	Notes	2010-11 \$000	2009-10 \$000
REVENUE			
Taxation revenue	4	388 377	407 081
Current grants	5	3 267 220	3 334 388
Capital grants	6	547 790	413 324
Sales of goods and services	7	973 012	895 772
Interest income		136 499	131 631
Dividend and income tax equivalent income	8		
Other	9	246 231	250 938
TOTAL REVENUE		5 559 128	5 433 135
<i>less</i>			
EXPENSES			
Employee benefits expense		1 760 041	1 639 037
Superannuation expenses			
Superannuation interest cost		133 613	132 154
Other superannuation expenses		181 161	165 316
Depreciation and amortisation		334 178	274 330
Other operating expenses	10	1 772 948	1 652 015
Interest expenses		210 146	183 888
Other property expenses		3 468	3 002
Current grants	11	707 250	646 171
Capital grants	12	159 170	171 138
Subsidies and personal benefit payments	13	66 528	55 413
TOTAL EXPENSES		5 328 502	4 922 464
<i>equals</i>			
NET OPERATING BALANCE		230 626	510 671
<i>plus</i>			
Other economic flows – included in operating result	2	15 364	- 127 436
<i>equals</i>			
OPERATING RESULT		245 990	383 235
<i>plus</i>			
Other economic flows – other non-owner changes in equity	2	469 624	1 712 572
<i>equals</i>			
COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners		715 614	2 095 807
		230 626	510 671
<i>less</i>			
Net acquisition of non financial assets			
Purchases of non financial assets		1 379 499	1 188 398
Sales of non financial assets		- 82 387	- 93 369
<i>less</i> Depreciation	20, 22, 25	334 178	274 330
<i>plus</i> Change in inventories		6 231	1 853
<i>plus</i> Other movements in non financial assets		5 892	- 13 266
<i>equals</i> Total net acquisition of non financial assets		975 056	809 287
<i>equals</i>			
FISCAL BALANCE		- 744 430	- 298 616

Total Public Sector

Balance Sheet

	Notes	2010-11 \$000	2009-10 \$000
ASSETS			
Financial assets			
Cash and deposits	14	319 860	477 669
Advances paid	15	139 064	129 207
Investments, loans and placements	16	1 893 662	2 130 454
Receivables	17	335 567	329 489
Equity			
Investments in other public sector entities			
Investments – other	18	103	103
Other financial assets			
Total financial assets		2 688 256	3 066 922
Non financial assets			
Inventories	19	35 029	28 798
Property, plant and equipment	20	12 709 410	11 328 173
Investment property	21	52 730	50 076
Intangible assets	22	24 435	16 231
Assets held for sale	23	38 878	6 241
Biological assets	24		
Other non financial assets	25	3 027	3 057
Total non financial assets		12 863 509	11 432 576
TOTAL ASSETS		15 551 765	14 499 498
LIABILITIES			
Deposits held	26	565 192	582 469
Advances received	27	254 338	259 806
Borrowing	28	2 946 405	2 756 128
Superannuation	29	2 739 193	2 670 175
Other employee benefits	30	542 969	491 163
Payables	31	303 198	255 929
Other liabilities	32	638 511	637 483
TOTAL LIABILITIES		7 989 805	7 653 153
NET ASSETS/(LIABILITIES)		7 561 959	6 846 346
Contributed equity			
Accumulated surplus/(deficit)		2 332 983	2 075 221
Reserves	33	5 228 976	4 771 125
NET WORTH		7 561 959	6 846 346
NET FINANCIAL WORTH¹		- 5 301 550	- 4 586 230
NET DEBT²		1 413 349	861 072

¹ Net financial worth equals total financial assets minus total liabilities.

² Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

Total Public Sector

Statement of Changes in Equity

	Notes	Equity at 1 July \$000	Comprehensive Result \$000	Transactions with Owners in their Capacity as Owners \$000	Equity at 30 June \$000
2010-11					
Accumulated funds		2 075 221	245 990		2 321 211
Changes in accounting policy					
Correction of prior period errors					
Transfers from reserves			11 547		11 547
Dividends paid/payable					
Other movements directly to equity			226		226
Total accumulated funds		2 075 221	257 762		2 332 983
Reserves	33				
Asset revaluation surplus		4 433 165	460 671		4 893 836
Asset realisation surplus		337 209	- 4 341		332 868
Derivative revaluation surplus					
Investments in public sector entities revaluation surplus					
Other reserves		751	1 522		2 272
Total reserves		4 771 125	457 851		5 228 976
Capital – transactions with owners					
Equity injections					
Capital appropriation					
Equity transfers in					
Other equity injections					
Specific purpose payments					
National partnership payments					
Commonwealth – capital					
Equity withdrawals					
Capital withdrawals					
Equity transfers out					
Total capital – transactions with owners					
TOTAL EQUITY AT END OF FINANCIAL YEAR		6 846 346	715 614		7 561 959
2009-10					
Accumulated funds		1 683 678	383 235		2 066 913
Changes in accounting policy					
Correction of prior period errors					
Transfers from reserves			10 051		10 051
Dividends paid/payable					
Other movements directly to equity			- 1 742		- 1 742
Total accumulated funds		1 683 678	391 543		2 075 221
Reserves	33				
Asset revaluation surplus		2 736 793	1 696 373		4 433 165
Asset realisation surplus		325 159	12 050		337 209
Derivative revaluation surplus		- 319	319		
Investments in public sector entities revaluation surplus					
Other reserves		5 228	- 4 478		751
Total reserves		3 066 861	1 704 264		4 771 125
Capital – transactions with owners					
Equity injections					
Capital appropriation					
Equity transfers in					
Other equity injections					
Specific purpose payments					
National partnership payments					
Commonwealth – capital					
Equity withdrawals					
Capital withdrawals					
Equity transfers out					
Total capital – transactions with owners					
TOTAL EQUITY AT END OF FINANCIAL YEAR		4 750 539	2 095 807		6 846 346

Total Public Sector

Cash Flow Statement

	Notes	2010-11 \$000	2009-10 \$000
Cash receipts from operating activities			
Taxes received		387 623	402 971
Receipts from sales of goods and services		1 018 978	942 656
Grants and subsidies received		3 812 447	3 756 594
Interest receipts		136 150	130 709
Other receipts		407 416	422 504
Total operating receipts		5 762 614	5 655 433
Cash payments for operating activities			
Payments for employees		- 1 952 383	- 1 819 633
Payment for goods and services		- 1 946 221	- 1 840 939
Grants and subsidies paid		- 931 508	- 847 901
Interest paid		- 207 951	- 171 853
Other payments		- 12 902	- 16 091
Total operating payments		- 5 050 966	- 4 696 417
NET CASH FLOWS FROM OPERATING ACTIVITIES	36	711 649	959 017
Cash flows from investments in non financial assets			
Sales of non financial assets		82 387	93 369
Purchases of non financial assets		- 1 379 499	- 1 188 398
Net cash flows from investments in non financial assets		- 1 297 111	- 1 095 030
NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS		- 585 463	- 136 013
Net cash flows from investments in financial assets for policy purposes ¹		- 9 980	- 4 522
Net cash flows from investments in financial assets for liquidity purposes		270 873	- 238 703
NET CASH FLOWS FROM INVESTING ACTIVITIES		- 1 036 219	- 1 338 255
Net cash flows from financing activities			
Advances received (net)		- 5 468	- 6 546
Borrowing (net)		189 505	462 151
Deposits received (net)		- 17 276	83 966
Other financing (net)			
NET CASH FLOWS FROM FINANCING ACTIVITIES		166 761	539 570
NET INCREASE/DECREASE IN CASH HELD		- 157 809	160 332
Net cash flows from operating activities		711 649	959 017
Net cash flows from investments in non financial assets		- 1 297 111	- 1 095 030
CASH SURPLUS (+)/(DEFICIT) (-)		- 585 463	- 136 013
Additional information to the Cash Flow Statement			
CASH SURPLUS (+)/(DEFICIT) (-)		- 585 463	- 136 013
Acquisitions under finance leases and similar arrangements			
ABS GFS SURPLUS (+)/DEFICIT (-) including finance leases and similar arrangements		- 585 463	- 136 013
Future infrastructure and superannuation contributions/earnings ²		- 24 355	- 16 878
UNDERLYING SURPLUS (+)/DEFICIT (-)		- 609 818	- 152 891

¹ Includes equity acquisitions, disposals and privatisations (net).

² Contributions for future infrastructure and superannuation requirements.

Notes to the Financial Statements

Notes to the Financial Statements

For the year ended 30 June 2011

Note 1: Statement of Significant Accounting Policies

The following summary sets out the significant accounting policies adopted in the Treasurer's Annual Financial Statement (TAFS).

a) Statement of Compliance

i) Compliance Framework

The 2010-11 TAFS is general purpose financial statements that have been prepared in accordance with all standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are effective for the current annual reporting period. In particular, the financial statements are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

The Government Finance Statistics (GFS) information included in this report is based on the GFS manual published by the Australian Bureau of Statistics.

The following new and revised accounting standards and interpretations were effective for the first time in 2010-11:

[AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project \[AASB 5, 8, 101, 107, 117, 118, 136 and 139\]](#)

A number of amendments are largely technical, clarifying particular terms or eliminating unintended consequences. Other changes include current/non current classification of convertible instruments, the classification of expenditure on unrecognised assets in the Cash Flow Statement and the classification of leases of land and buildings. The standard does not impact the financial statements.

[AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions](#)

The standard amends AASB 2 *Share-based Payment* to clarify the accounting for group cash-settled share-based payment transactions. An entity receiving goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction and no matter whether the transaction is settled in shares or cash. The standard does not impact the financial statements.

[AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues](#)

The standard amends AASB 132 *Financial Instruments: Presentation* to require a financial instrument that gives the holder the right to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as an equity instrument if, and only if, the entity offers the financial instrument pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. The standard does not impact the financial statements.

[AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project \[AASB 3, 7, 121, 128, 131, 132 and 139\]](#)

The amending standard clarifies certain matters, including the measurement of non-controlling interests in a business combination, transition requirements for

Note 1 (continued)

contingent consideration from a business combination and transition requirements for amendments arising as a result of AASB 127 *Consolidated and Separate Financial Statements*. The standard does not impact the financial statements.

Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

The interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. The interpretation does not impact the financial statements.

Compliance with IFRS

A statement of compliance with the International Financial Reporting Standard (IFRS) cannot be made due to the application of the not-for-profit requirements contained within AAS (no equivalent requirements exist in IFRS).

ii) Standards and Interpretations Issued but not yet Effective

At the date of authorisation of the financial statements, the standards and interpretations listed below were in issue but not yet effective.

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

Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 124 Related Party Disclosures	1 January 2011
AASB 2009-12 Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031, and Interpretations 2, 4, 16, 1039 and 1052]	1 January 2011
AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101 and 134, and Interpretation 13]	1 January 2011
AASB 2010-5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 and 1038, and Interpretations 112, 115, 127, 132 and 1042]	1 January 2011
Interpretation 4 Determining whether an Arrangement contains a Lease	1 January 2011
Interpretation 14 AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	1 January 2011
AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets	1 July 2011
AASB 2011-3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments	1 July 2012
AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2013
Interpretation 12 Service Concession Arrangements	1 January 2013

Note 1 (continued)

The following standards and interpretations are not expected to have a material impact on the TAFS for future reporting periods:

- Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments
- Interpretation 16 Hedges of a Net Investment in a Foreign Operation
- Interpretation 1039 Substantive Enactment of Major Tax Bills in Australia
- Interpretation 1052 Tax Consolidation Accounting
- AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets
- AASB 1053 Application of Tiers of Australian Accounting Standards, AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements
- Interpretation 10 Interim Financial Reporting and Impairment

b) The Government Reporting Entity

In accordance with AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, the financial statements cover the total public sector, comprising the general government, public non financial corporations, non financial public and public financial corporations sectors.

Financial information, in the form of a Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity and Cash Flow Statement, are presented for each of these reporting sectors. Notes to the financial statements are presented for the total public sector and the general government sector.

Note 41, Details of controlled entities at reporting date, contains a full list of entities forming each of the sectors listed below.

General Government Sector (GGS)

Entities that are mainly engaged in the production of goods or services outside the normal market mechanism. Goods and services are generally provided free of charge or at nominal charges well below costs of production. It also includes certain activities, government business divisions and government-controlled enterprises that operate in a cost-recovery environment observing competitive neutrality principles, but closely aligned to the operations of general government.

Public Non Financial Corporations (PNFC) Sector

A public enterprise primarily engaged in the production of goods or services of a non financial nature, for sale in the market place, at prices that aim to recover most of the costs involved.

Non Financial Public Sector (NFPS)

This sector is formed through a consolidation of the general government and public non financial corporations sub-sectors. This process eliminates transactions between the two sectors.

Public Financial Corporations (PFC) Sector

Government controlled entities that perform central bank functions, and or have the authority to incur liabilities and acquire financial assets in the market on their own account.

Note 1 (continued)

Total Public Sector (TPS)

The total public sector is formed through a consolidation of all sectors of government. This process eliminates transactions and balances between sectors.

c) Basis of Preparation

The financial statements have been prepared in accordance with the fair value basis of accounting with certain exceptions as described in the accounting policies set below.

The accounts have been prepared using the accrual basis of accounting applying the going concern assumption.

d) Basis of Consolidation

Reporting entities controlled by the Territory are consolidated within these financial statements and are included in a specific reporting sector and the total public sector.

Where control of an entity is obtained during a financial year, the results of that entity are included in the Comprehensive Operating Statement from the date on which control commenced. Where control of an entity ceases during a financial year, the entity's results are included for the part of the year for which control existed.

All material revenues, expenses, assets, liabilities and equity of the Government, including entities controlled by the Government, are included in the financial statements, and as part of the consolidation process material transactions and balances between government controlled entities are eliminated. Where necessary, adjustments are made to the financial statements of controlled entities to bring their accounting policies in line with the reporting entities controlled by the Territory.

e) Comparatives

Where necessary, comparative information for the 2009-10 financial year has been reclassified to provide consistency with current year disclosures.

f) Presentation and Rounding of Amounts

Amounts in 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. Totals may not add due to rounding.

g) Changes in Accounting Policies

There have been no changes to accounting policies adopted in 2010-11 as a result of management decisions.

h) Accounting Judgements and Estimates

Preparation of the financial statements require the making of judgements 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 of making the judgements 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.

Note 1 (continued)

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

- Superannuation Liabilities – Note 1 (p) and Note 29: Assumptions are made with regard to discount rate, salary rate, expected return on scheme assets, inflation and imputed cost of interest.
- Other Employee Benefits – Note 1 (q) and Note 30: Non current liabilities in respect of employee benefits are measured as the present value of estimated future cash outflows based on the appropriate Government bond rate, estimates of future salary and wage levels and employee periods of service.
- Other Liabilities – Note 1 (s) and Note 32: Outstanding claim liabilities associated with the Territory Insurance Office (TIO) and the Nominal Insurer are reported at net present value based on actuarial assumptions.
- Contingent Liabilities – Note 1 (y) and Note 35: The present value of material quantifiable contingent liabilities are calculated using a discount rate based on the published 10-year Government bond rate.
- Allowance for Impairment – Note 15: Advances Paid; Note 16: Investments, Loans and Placements; Note 1 (l), Note 17: Receivables.
- Depreciation and Amortisation – Note 1 (j), Note 20: Property, Plant and Equipment, Note 22: Intangible Assets and Note 25: Other Non Financial Assets.

i) Revenue from Transactions

Revenue is recognised at the fair value of the consideration received, exclusive of the amount of GST.

Taxation

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

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

The deferred tax assets and deferred tax liabilities of the public non financial corporation and public financial corporation entities are not recognised. Rather, tax payments in relation to these entities are recognised when payable. This is eliminated upon consolidation within the total public sector.

Grants and Other Contributions

Grants, subsidies, donations, gifts and other non-reciprocal contributions are recognised as revenue when the Government obtains control over the assets comprising the contributions.

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

Contributions of assets and contributions to assist in the acquisition of assets (capital grants), being non-reciprocal transfers, are recognised, unless otherwise

Note 1 (continued)

determined by Government, as revenue when the agency obtains control of the asset or contribution. Contributions are recognised at the fair value received or receivable.

Sale of Goods

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

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

Rendering of Services

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

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

Interest Income

Interest and other investment income is recognised as it accrues, using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Fees and Fines

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

j) Expenses from Transactions

Depreciation and Amortisation

Items of property, plant and equipment, including buildings but excluding land and non current assets held for sale, have limited useful lives and are depreciated or amortised using the straight-line method over their estimated useful lives. The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end. Investment properties are not subject to depreciation.

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

Note 1 (continued)

The estimated useful lives for each class of asset are summarised below for agencies and other consolidated entities:

	Entities Subject to FMA ¹	Other Consolidated Entities
Buildings	10-100 years	3-93 years
Infrastructure assets	8-70 years	n/a
Plant and equipment	1-20 years	2-20 years
Plant and equipment under finance lease	3-5 years	n/a
Cultural assets	100 years	n/a
Utility assets	n/a	1-100 years
Intangibles	2-10 years	1-21 years

¹ FMA means *Financial Management Act*.

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

Interest Expenses

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

Other Expenses

Other expenses from transactions include employee and other entitlements, property expenses, transfer of grants and subsidies, purchase of goods and services and other operating expenses.

k) Other Economic Flows

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions. Other economic flows include the following transactions:

Disposal of Non Financial Assets

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

Revaluation of Non Financial Assets

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

- land;
- buildings;
- infrastructure assets;
- heritage and cultural assets;
- investment properties;
- biological assets; and
- intangibles.

Note 1 (continued)

The above classes of non current assets include certain new assets that are initially recognised at cost. Such new assets will continue to be measured at cost, which is deemed to equate to fair value, until the next revaluation for that asset class occurs.

Plant and equipment are stated at historical cost less depreciation, which is deemed to equate to fair value. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The Australian Valuation Office (AVO) has provided independent valuations for key general government land, building and infrastructure assets. Valuations are in accordance with the fair value basis, with most general government building and infrastructure assets being valued at depreciated replacement cost. Parcels of land are valued based on existing land use.

A revaluation of urban rental properties, remote rental dwellings, and land and buildings was completed at 30 June 2011, the results of which are reflected in these financial statements.

Power and water utility assets are recognised at depreciated replacement cost. In 2009-10 for the purposes of financial reporting under AASB1049, assets were to be measured at fair value if able to be reliably estimated. The utility assets controlled by the Power and Water Corporation were re-valued from a deemed cost to a replacement cost basis prior to consolidating the Corporation's financial statements into the public non financial corporations sector. The resulting increase of \$799 million in the value of assets was recognised on the balance sheet of the public non financial corporations sector and an equivalent amount was recognised under total equity. However, it was misclassified as part of accumulated funds rather than as part of the asset revaluation surplus. This resulted in misstatements of some items on the Balance Sheets and the Operating Statements of the public non financial corporations sector, the non financial public sector and the total public sector, specifically the value of reserves was understated and the accumulated surplus overstated by \$799 million but had no effect on the total equity amount.

Similarly the revaluation surplus was misclassified as 'other economic flows – included in operating result' rather than 'other economic flows – other non-owner changes in equity', which resulted in the operating result being overstated by \$799 million but had no effect on the net operating balance and the comprehensive result. There was no effect on the key fiscal aggregates for the general government sector.

In 2010-11, these revaluation adjustments have been amended accordingly with a resulting restatement of the 2009-10 comparative information.

Net revaluation movement of investment properties are classified as 'other economic flows – included in operating result'; whereas, net revaluation movement of other non financial assets are recognised as 'other economic flows – other non-owner changes in equity'.

Other Value-Based Changes

These include changes in the value of financial instruments measured at fair value (refer Note 1 (u)), changes in unfunded employee entitlements because of changes in the long-term bond rate and other actuarial assumptions (refer Note 1 (p)) and changes in the fair value of investment property due to market value changes (refer Note 1 (m)).

Impairment of Assets

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

Non current physical and intangible assets are assessed for indicators of impairment on an annual basis.

If an indicator of impairment exists, Government determines the asset's recoverable amount. As the public sector is a not-for-profit entity, unless an asset has been identified as a surplus asset, the asset's recoverable amount is determined as the higher of the asset's depreciated replacement cost and fair value less costs to sell. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

In certain situations, an impairment loss may subsequently be reversed. The impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

l) Financial Assets

Cash and Deposits

For the purposes of the Balance Sheet and the Cash Flow Statement, cash includes cash on hand, cash at bank and cash equivalents. Cash equivalents are highly liquid short-term investments that are readily convertible to cash, which are subject to an insignificant risk of changes in value. Cash at bank includes monies held in the Accountable Officers' Trust Account that are ultimately payable to the beneficial owner (refer also to Note 26).

Advances Paid

Advances paid include investments in financial assets for policy purposes. Advances paid are recorded at cost less allowance for impairment.

The allowance for impairment losses represents the amount of advances paid that are likely to be uncollectible and are considered doubtful. The collectability of advances paid is reviewed regularly, and part of this process is to assess, at reporting date, whether an allowance for impairment loss is required.

Investments, Loans and Placements

Investments, loans and placements include investments in financial assets for liquidity management purposes.

Securities and investments are initially recorded at cost and are subsequently measured at amortised cost or at net market value, after deducting estimated costs of realisation at reporting date.

Loans are carried at amortised cost using the effective interest rate method less allowance for impairment.

Interest income is applied using the effective interest rate.

Receivables

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

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

Note 1 (continued)

receivables is reviewed regularly, and part of this process is to assess, at reporting date, whether an allowance for impairment loss is required.

m) Non Financial Assets

Inventories

Inventories include assets held either for sale or for distribution at no or nominal consideration in the ordinary course of business operations.

Inventories are valued at the lower of cost and net realisable value, except for those held for distribution, which are carried at the lower of cost and current replacement cost. The cost of inventories is assigned using a mixture of first in, first out or weighted average cost formula or using specific identification of individual costs.

Inventory held for distribution is regularly assessed for obsolescence and loss.

Property, Plant and Equipment

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

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.

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 Government in future years. Where these costs represent separate components of a complex asset, they are accounted for as separate assets and are separately depreciated over their expected useful lives.

Investment Properties

Investment property, which is property held to earn rentals and or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Revaluations are performed annually at the reporting date. Gains and losses arising from changes in the fair value of investment property are included in the Comprehensive Operating Statement as an 'other economic flows – included in operating result' in the period in which they arise. Any gains or losses on the retirement or disposal of an investment property are recognised in the Comprehensive Operating Statement as an 'other economic flows – included in operating result' in the period in which they arose.

Intangible Assets

Total public sector intangibles consist largely of deferred development costs associated with a gas purchase agreement to which a government-controlled entity is a party. Under this agreement, certain gas field development costs are reimbursed to the gas field developers.

The costs associated with field development are capitalised and amortised over the remaining periods of the gas purchase agreement. Deferred development costs are reviewed at reporting date, and where such costs are no longer considered

recoverable, they are written off as an expense in the Comprehensive Operating Statement.

Other intangible assets consist of purchased software and in-house installation thereof that meets the criteria for recognition as intangible assets. Intangible assets are originally stated at cost less accumulated amortisation and any accumulated impairment losses.

These intangible assets have limited useful lives and are amortised using the straight-line method over their estimated useful lives, which reflects the pattern of when expected economic benefits are likely to be realised. Assets are amortised from the date of acquisition or from the time the asset is held ready for use. Amortisation rates and methods are reviewed annually for appropriateness. When adjustments are made, they are reflected prospectively in current and future periods only.

All internally generated intangible assets have met the recognition criteria as defined under AASB 138.

Assets Held for Sale

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction or a grant agreement. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale or granting in its present condition. Management must be committed to the sale or grant agreement, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Biological Assets

Biological assets are living plants or animals that are either harvested as agricultural produce or are utilised to generate agricultural produce.

Biological assets are measured at fair value less costs to sell. Where fair value cannot be reliably estimated on initial recognition, the assets are measured at cost less accumulated depreciation and any accumulated impairment loss.

Other Non Financial Assets

This category currently consists of heritage and cultural assets. Only those assets that can be reliably measured are recognised in the TAFS.

Assets Not Recognised

Financial information in relation to significant school items such as land and buildings has been included in the financial statements. However, certain Northern Territory Government school assets have not been included in the financial statements due to the unreliability of the information.

In addition, financial information in relation to most works of art and museum collections has not been included in the financial statements. The unique nature of many of these assets makes the determination of reliable financial information difficult, particularly in relation to meaningful valuations. The AVO is currently undertaking valuations of the art and museum collections.

Note 1 (continued)

n) Leased Assets

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

Finance leases are capitalised and recorded under property, plant and equipment. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease.

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

Darwin Convention Centre Concession Arrangements – The Territory entered into contractual arrangements with Darwin Cove Convention Centre Pty Ltd ('the concession holder') under which, in return for a right to operate a Convention Centre, the concession holder was required to design, finance, construct, commission, control, operate, maintain, repair and refurbish the centre at the end of the concession period prior to the transfer of the centre to the Territory.

The concession holder, in turn, entered into a contractual arrangement with Ogden IFC (Darwin) Pty Ltd, now AEG Ogden, ('the operator') to operate and manage the centre. The concession arrangement will operate for a period of 25 years until June 2033, including a three-year handover phase.

The concession holder has also entered into separate contractual arrangements with Honeywell Ltd ('the facilities manager') for the maintenance, repair and refurbishment of the facility over the period until the centre is handed over to the Territory.

The concession arrangements provide for a payment by the Territory of periodic payments to the concession holder for the life of the concession period of 25 years following the construction of the centre. This payment primarily represents payments made in respect of debt, equity, construction and maintenance aspects of the project. Up to 75 per cent of this payment is subject to abatement if the facility should be unavailable, if the facility fails to meet availability standards or if the operator fails to achieve key performance indicators.

In addition the arrangements also provide for the payment of a Territory operating payment that comprises the net cash shortfall arising from the operation of the Convention Centre during a year, capped to a maximum contribution and subject to negotiation. The legal framework for the centre includes incentives intended to encourage the operator to exceed benchmark levels of performance.

Expenses incurred under the availability payment and operating payment arrangements are included in the in the Comprehensive Operating Statement for the year.

The liability under the Territory availability payment arrangement has been recognised as a liability of the Territory. This liability will reduce over the life of the concession arrangement in line with those payments that represent the principal component of the availability payment. The Territory has also recognised the Convention Centre as an asset, being the Territory's equitable interest in the underlying physical asset. That asset will be amortised on a straight-line basis over the useful life of the asset.

Operating Leases

Operating lease payments made at regular intervals throughout the term are expensed when the payments are due, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

Lease Incentives

Lease incentives received under an operating lease of a building or office space are recognised as a liability. The aggregate benefits of the lease incentives are recognised as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the lease are consumed.

o) Financial Liabilities

Financial liabilities such as interest-bearing liabilities, advances received and borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any differences between the initial recognised amount and the redemption amount being recognised in the Comprehensive Operating Statement over the period of the borrowing using the effective interest rate method.

Interest-Bearing Liabilities

Interest-bearing liabilities are recorded at amortised cost, using the effective interest rate method, with the associated interest expense recognised in the reporting period in which it is payable.

Advances Received

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

Borrowings

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

p) Superannuation

Employees' superannuation entitlements are provided through either a defined contribution plan or a defined benefits plan.

Defined Contribution Plans

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

Defined Benefit Plans

For defined benefit superannuation plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each reporting date. The projected unit credit method calculates the

Note 1 (continued)

accrued liability by discounting the value of the expected future benefit payments, after allowing for future salary increases, future interest and future pension increases where applicable, arising from membership completed prior to the reporting date. The discount rate used is the 10-year government bond rate as at 30 June 2011, which was 5.3 per cent; the equivalent rate as at 30 June 2010 was 5.2 per cent.

Actuarial gains and losses are recognised in full in the Comprehensive Operating Statement as an 'other economic flow – included in operating result' in the period in which they occur (refer Note 29 for further details).

The defined benefit superannuation plans include:

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

q) Other Employee Benefits

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

Liabilities recognised in respect of employee benefits that are expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

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

All recreation leave and unconditional long service leave liabilities are classified as current liabilities.

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.

r) Payables

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

s) Other Liabilities

Outstanding claims liabilities associated with TIO and the Nominal Insurer are based on claims reported but not yet paid, claims incurred but not reported and the expected costs associated with settlement of those claims, all of which are reported at net present value.

Workers compensation liabilities comprise those under the *Workers Rehabilitation and Compensation Act*, and COMCARE liabilities under Commonwealth legislation.

The change in liability for the year ended 30 June 2011 is based upon an actuarial assessment of the value of outstanding claims at the end of the period and takes into account revisions to earlier years' estimates of the value of outstanding claims.

t) Equity

The values of all holdings in entities external to a sector that are controlled by that sector are included in equity. The general government sector is considered to control all other government entities. The movement in the net worth of sub-sectors (that is, the public non financial corporations and public financial corporations) is included in the value of equity for the general government sector. Similarly, the non financial public sector includes the movement in the net worth of the public financial corporations sector.

In reporting the total public sector, the Government equity in public financial and non financial corporations are eliminated upon consolidation.

u) 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 Territory becomes a party to the contractual provisions of the financial instrument. The Territory's financial instruments include cash and deposits; receivables; advances; investments loan and placements; payables; advances received; borrowings and derivatives.

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

Classification of Financial Instruments

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

The TAFS classifies its financial assets into the following categories:

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

Financial liabilities are classified into the following categories:

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

Financial Assets or Financial Liabilities at Fair Value through Profit or Loss

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

Note 1 (continued)

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

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

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

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

Held-to-Maturity Investments

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

Loans and Receivables

For details refer to Note 1 (l).

Available-for-Sale Financial Assets

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

Financial Liabilities at Amortised Cost

Amortised cost is calculated using the effective interest method.

Fair Value of Financial Instruments

The fair value of financial instruments is determined based on quoted market prices, where available, or on estimates using present values or other valuation techniques. These techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. When market prices are not readily available, fair value is either based on estimates obtained from independent experts or quoted market prices of comparable instruments.

Derivatives

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

Derivatives are initially recognised at fair value on the date a derivative contract is entered into 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 Territory, 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 set-off and the net amount is recognised in the Comprehensive Operating Statement.

Other Financial Instruments Issued by the Territory

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual agreement. The Territory's compounding products are debt instruments.

Note 37 provides additional information on financial instruments.

v) Foreign Currency

Foreign currency transactions are initially translated into Australian currency at the date of the transaction. Amounts payable and receivable in foreign currencies at balance date are translated to Australian currency rates of exchange at 30 June.

The Government may undertake hedging to avoid or minimise adverse financial effects of movements in exchange rates. However, there were no foreign currency hedge contracts in place during the year ended 30 June 2011.

w) Taxation

The Government is exempt from Commonwealth taxation with the exception of fringe benefits tax and goods and services tax (GST).

Pursuant to National Competition Policy, the Government has implemented a tax equivalents regime that levies the equivalent of specified taxes and local government rates on certain public sector entities. Tax equivalents transactions and balances, other than taxation amounts actually payable, which are eliminated on consolidation, are excluded from these statements.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred on a purchase of goods and services is not recoverable from the Australian Taxation Office (ATO). In these circumstances, 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.

Note 1 (continued)

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 financial activities that 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 from, or payable to, the ATO.

x) **Commitments**

Disclosures in relation to capital and other commitments, including lease commitments, are shown at Note 34.

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

y) **Contingent Liabilities and Contingent Assets**

Contingent liabilities are not recognised in the Balance Sheet but are disclosed in the notes, unless the possibility of settlement is remote, in which case no disclosure is made. If settlement becomes probable, a provision is recognised.

Contingent assets are not recognised in the Balance Sheet but are disclosed in the notes when inflows are probable. If inflows become virtually certain, an asset is recognised.

The amount disclosed as a contingent liability or contingent asset is the best estimate of the settlement or inflow.

z) **Reporting Period**

The reporting period for consolidated entities is the year ended each 30 June, with the exception of the Batchelor Institute of Indigenous Tertiary Education, which operates on a calendar year reporting period. Management information, which is considered reliable, was used in respect of the Institute.

Note 2: Other Economic Flows

	General Government		Total Public Sector	
	2010-11	2009-10	2010-11	2009-10
	\$000	\$000	\$000	\$000
Gain (loss) on sale of non financial assets	20 717	22 429	14 668	22 052
Bad and doubtful debt	- 2 618	- 1 304	- 3 536	- 2 738
Net actuarial gains (losses)	- 478	- 194 726	- 478	- 194 726
Revaluations and asset impairment	- 8 417	33 388	4 792	47 730
Write down of inventory	- 82	245	- 82	245
Other economic flows – included in operating result	9 122	- 139 967	15 364	- 127 436
Revaluations	363 133	887 819	456 555	1 706 999
Gain (loss) on investments in other sector entities	91 961	806 259		
Other	13 069	5 574	13 069	5 574
Other economic flows – other non-owner changes in equity	468 163	1 699 652	469 624	1 712 572

Note 3: GFS Generally Accepted Accounting Principles (GAAP) Reconciliation

2010-11 GFS GAAP Reconciliation

	GGG	PNFC Sector	Eliminations	NFPS	PFC Sector	Eliminations	Total Public Sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
(a) Reconciliation to GFS Net Operating Balance							
Net result from transactions – net operating balance	238 329	- 47 295	- 262	190 771	56 312	- 16 458	230 626
Convergence differences							
Dividends to general government sector from other sector entities		- 262	262		- 16 458	16 458	
Total convergence difference		- 262	262		- 16 458	16 458	
GFS NET OPERATING BALANCE	238 329	- 47 557		190 771	39 854		230 626
(b) Reconciliation to GFS Fiscal Balance							
Fiscal balance	- 502 731	- 281 999	- 262	- 784 992	57 020	- 16 458	- 744 430
Convergence differences							
Relating to net operating balance Note 3 (a)		- 262	262		- 16 458	16 458	
Total convergence difference		- 262	262		- 16 458	16 458	
GFS FISCAL BALANCE	- 502 731	- 282 261		- 784 992	40 562		- 744 430
(c) Reconciliation to GFS Total Change in Net Worth							
Comprehensive result – total change in net worth before transactions with owners as owners	715 614	37 232	- 37 232	715 614	71 449	- 71 449	715 614
Convergence differences							
Relating to net operating balance Note 3 (a)		- 262	262		- 16 458	16 458	
Relating to other economic flows							
Bad and doubtful debts	2 618	1 325		3 943	- 406		3 536
Net gain on equity investments in other sector entities measured at proportional share of carrying amount of net assets/(liabilities)	918		- 1 325	- 406		406	
Remeasurement of shares and other contributed capital		- 38 295	38 295		- 54 585	54 585	
Total convergence difference	3 536	- 37 232	37 232	3 536	- 71 449	71 449	3 536
GFS TOTAL CHANGE IN NET WORTH	719 150			719 150			719 150
(d) Reconciliation to GFS Net Worth							
Net worth	7 561 959	2 065 545	- 2 065 545	7 561 959	291 158	- 291 158	7 561 959
Convergence differences							
Shares and other contributed capital		- 2 065 545	2 065 545		- 291 158	291 158	
GFS TOTAL CHANGE IN NET WORTH	7 561 959			7 561 959			7 561 959

Note 3 (continued)

2009-10 GFS GAAP Reconciliation

	GGS	PNFC Sector	Eliminations	NFPS	PFC Sector	Eliminations	Total Public Sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
(a) Reconciliation to GFS Net Operating Balance							
Net result from transactions – net operating balance	536 122	- 45 634	- 213	490 275	36 198	- 15 802	510 671
Convergence differences							
Dividends to general government sector from other sector entities		- 213	213		- 15 802	15 802	
Total convergence difference		- 213	213		- 15 802	15 802	
GFS NET OPERATING BALANCE	536 122	- 45 847		490 275	20 396		510 671

(b) Reconciliation to GFS Fiscal Balance

Fiscal balance	- 42 558	- 275 188	- 213	- 317 959	35 145	- 15 802	- 298 616
Convergence differences							
Relating to net operating balance Note 3 (a)		- 213	213		- 15 802	15 802	
Total convergence difference		- 213	213		- 15 802	15 802	
GFS FISCAL BALANCE	- 42 558	- 275 401		- 317 959	19 343		- 298 616

(c) Reconciliation to GFS Total Change in Net Worth

Comprehensive result – total change in net worth before transactions with owners as owners	2 095 807	768 093	- 768 093	2 095 807	54 183	- 54 183	2 095 807
Convergence differences							
Relating to net operating balance Note 3 (a)		- 213	213		- 15 802	15 802	
Relating to other economic flows							
Bad and doubtful debts	1 304	1 273		2 577	161		2 738
Net gain on equity investments in other sector entities measured at proportional share of carrying amount of net assets/(liabilities)	1 434		- 1 273	161		- 161	
Remeasurement of shares and other contributed capital		- 769 153	769 153		- 38 542	38 542	
Total convergence difference	2 738	- 768 093	768 093	2 738	- 54 183	54 183	2 738
GFS TOTAL CHANGE IN NET WORTH	2 098 545			2 098 545			2 098 545

(d) Reconciliation to GFS Net Worth

Net worth	6 846 346	1 917 596	- 1 917 596	6 846 346	236 167	- 236 167	6 846 346
Convergence differences							
Shares and other contributed capital		- 1 917 596	1 917 596		- 236 167	236 167	
GFS TOTAL CHANGE IN NET WORTH	6 846 346			6 846 346			6 846 346

General Government		Total Public Sector	
2010-11	2009-10	2010-11	2009-10
\$000	\$000	\$000	\$000

Note 4: Taxation Revenue

Taxes on employers' payroll and labour force taxes	163 840	151 749	155 190	144 221
Stamp duties on financial and capital transactions	102 966	126 515	102 966	126 515
Taxes on gambling	50 202	60 676	50 202	60 676
Taxes on insurance	32 754	29 319	32 754	29 319
Motor vehicle registration fees	47 265	46 350	47 265	46 350
Total taxation revenue	397 026	414 609	388 377	407 081

Note 5: Current Grants

GST revenue	2 344 841	2 489 273	2 344 841	2 489 273
General purpose grants	129 193	169 076	129 120	169 038
Specific purpose payments	362 298	357 608	362 298	357 608
National partnerships	336 648	247 524	336 648	247 524
Other grants and non capital contributions	94 634	70 945	94 313	70 945
Total current grants	3 267 614	3 334 426	3 267 220	3 334 388

Note 6: Capital Grants

General purpose capital grants	17 240	35 453	17 566	35 988
National partnerships	530 225	375 511	530 225	375 511
Other Commonwealth capital contributions		1 825		1 825
Total capital grants	547 464	412 789	547 790	413 324

Note 7: Sales of Goods and Services

Fees from regulatory services	24 248	16 223	22 367	15 281
Other goods and services revenue	181 031	168 675	950 645	880 491
Total sales of goods and services	205 279	184 898	973 012	895 772

Note 8: Dividend and Income Tax

Equivalent Income

Dividend income

Public non financial corporations sector	262	213
Public financial corporations sector	16 458	15 802

Tax equivalents regime

Public non financial corporations sector	225	- 1 578
Public financial corporations sector	8 639	6 752
Total dividend and income tax equivalent income	25 584	21 189

Note 9: Other Revenue

Rental income	7 727	6 286	13 144	12 146
Royalty income	154 588	145 634	154 588	145 634
Fines revenue	11 066	11 406	11 066	11 406
Miscellaneous revenue	25 313	50 597	55 127	70 897
Donated assets	1 642	1 979	12 305	10 855
Total other revenue	200 336	215 902	246 231	250 938

Note 10: Other Operating Expenses

	General Government		Total Public Sector	
	2010-11	2009-10	2010-11	2009-10
	\$000	\$000	\$000	\$000
Repairs and maintenance	198 253	171 945	270 176	244 971
Property management	162 638	150 561	135 385	124 890
Purchases of goods and services	723 920	672 055	1 359 846	1 275 677
Other operating expenses	6 939	5 835	7 541	6 477
Total other operating expenses	1 091 750	1 000 396	1 772 948	1 652 015

Note 11: Current Grants

General current grants	357 688	357 308	308 637	311 731
Recurrent grants to schools	242 218	209 855	242 218	209 855
Current grants to charities and not for profit associations	156 395	124 585	156 395	124 585
Total current grants	756 300	691 748	707 250	646 171

Note 12: Capital Grants

General capital grants	169 752	119 706	129 003	98 913
Capital grants to schools	24 678	45 448	24 678	45 448
Capital grants to charities and not for profit associations	1 619	2 687	1 619	2 687
Assets transferred	3 446	2 506	3 870	24 089
Total capital grants	199 495	170 348	159 170	171 138

Note 13: Subsidies and Personal Benefit Payments

Monetary transfers to households	49 746	39 165	49 746	39 165
Community service obligations and other subsidies	87 436	80 563	16 782	16 248
Total subsidies and personal benefit payments	137 182	119 728	66 528	55 413

Note 14: Cash and Deposits

Cash at bank	37 895	29 873	64 976	61 448
Cash on hand	1 122	835	1 151	866
Cash on call or short term deposit	147 248	279 544	253 733	415 356
Total cash and deposits	186 266	310 252	319 860	477 669

	General Government		Total Public Sector	
	2010-11	2009-10	2010-11	2009-10
	\$000	\$000	\$000	\$000
Note 15: Advances Paid¹				
Current				
Department of Business and Employment ²	274	382	274	382
Department of Housing, Local Government and Regional Services	1 000	1 000	1 000	1 000
Department of Natural Resources, Environment, the Arts and Sport	20	20	20	20
NT Home Ownership ³	2 329	1 925	2 329	1 925
<i>less: Allowance for impairment</i>	- 234	- 165	- 234	- 165
	3 389	3 162	3 389	3 162
Non current				
Department of Lands and Planning ⁴	4 226	4 431		
Department of the Chief Minister ⁵		42 817		42 817
Northern Territory Treasury ⁶	8 805	8 805	8 805	8 805
NT Home Ownership ³	135 865	126 222	135 865	126 222
<i>less: Allowance for impairment</i>	- 8 995	- 51 799	- 8 995	- 51 799
	139 900	130 475	135 674	126 045
Total advances paid	143 290	133 638	139 064	129 207

1 Advances paid refers to loans motivated by policy considerations rather than for liquidity management purposes.

2 Natural disaster relief and recovery arrangements advances within the Department of Business and Employment.

3 These balances comprise the HomeStart NT scheme, which provides advances to individuals to purchase homes.

4 Advances to TIO for home building certification.

5 Represents advances to the railway consortium written off in 2010-11.

6 Represents an amount advanced to Jabiru Town Development Authority. A provision for doubtful advances has been provided for in relation to this amount.

General Government		Total Public Sector	
2010-11	2009-10	2010-11	2009-10
Actual	Actual	Actual	Actual
\$000	\$000	\$000	\$000

Note 16: Investments, Loans and Placements

Current

Securities ¹	389 457	705 963	900 338	1 137 166
Conditions of Service Reserve (COSR) investments ²	436 606	393 357	436 606	393 357
Loans ³			12 372	14 767
<i>less: Allowance for impairment</i>				
	826 063	1 099 319	1 349 316	1 545 290
Securities ¹	5 000	10 000	5 000	10 000
Loans ³	25 423	25 423	539 872	576 083
<i>less: Allowance for impairment</i>			- 526	- 918
	30 423	35 423	544 346	585 164
Total investments, loans and placements	856 486	1 134 742	1 893 662	2 130 454

1 Current securities are predominately cash invested by the Northern Territory Treasury Corporation on behalf of the Territory Government. These investments include short-term securities, fixed-interest securities, asset swaps and fixed-rate notes.

2 COSR investments relate to funds that have been set aside to fund the Territory Government's employee related liabilities including salaries, leave entitlements, redundancy, superannuation payments and to meet similar payments. These funds are managed by three different external fund managers on behalf of the Territory Government. The value of the reserve at 31 August 2011 was estimated at \$418 million.

3 Current and non current loans are mainly those provided by TIO as part of its normal operations. Small loans are also provided by the Northern Territory Treasury Corporation to the University, schools and local government councils and communities.

	General Government		Total Public Sector	
	2010-11	2009-10	2010-11	2009-10
	\$000	\$000	\$000	\$000
Note 17: Receivables				
Current				
Receivables (a)	108 285	96 071	189 355	174 766
Accrued revenue	19 394	22 285	57 857	62 611
Prepaid expenses (b)	14 527	10 967	40 549	46 929
	142 206	129 323	287 761	284 306
Non current				
Receivables (a)			47 807	45 183
			47 807	45 183
Total receivables	142 206	129 323	335 567	329 489

a) Receivables comprise:

Current

Accounts receivable	49 841	47 889	112 188	122 132
less: Provision for impairment	- 12 140	- 10 933	- 13 944	- 12 842
Interest receivable	1 361	2 354	3 277	4 013
GST receivable	31 066	21 633	34 244	27 782
Other receivables	38 157	35 128	53 589	33 680
	108 285	96 071	189 355	174 766

Non current

Accounts receivable			96	140
Other			47 711	45 043
			47 807	45 183

Total receivables

108 285	96 071	237 161	219 949
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b) Prepaid expenses comprise:

Current

Prepaid salaries	1 226	1 093	1 327	1 121
Other prepayments	13 300	9 874	39 221	45 808
Total prepayments	14 527	10 967	40 549	46 929

Refer to Note 37(d) for aging of receivables.

General Government		Total Public Sector	
2010-11	2009-10	2010-11	2009-10
\$000	\$000	\$000	\$000

Note 18: Equity Investments – Other

Current	100	100	103	103
Total equity investments – other	100	100	103	103

Note: The balance represents holdings by Darnor Pty Limited in Amadeus Gas Trust (\$3000) and holdings by Tourism NT in Tourism NT Pty Ltd (\$100 000).

General Government		Total Public Sector	
Inventory	Inventory Held for Distribution	Inventory	Inventory Held for Distribution
\$000	\$000	\$000	\$000

Note 19: Inventories

2010-11

Carrying amount as at 1 July	806	8 662	1 262	27 536
Additions	3 422	45 668	4 354	51 175
Disposals	- 3 206	- 45 075	- 4 141	- 45 075
Transfers in/(out)	- 1	- 81	- 1	- 81
Revaluations/impairment adjustments	- 1	1	- 1	1
Carrying amount as at 30 June	1 019	9 175	1 472	33 556

2009-10

Carrying amount as at 1 July	965	7 834	1 456	25 489
Additions	5 934	47 691	5 934	50 455
Disposals	- 6 028	- 46 682	- 6 063	- 48 227
Transfers in/(out)	- 1	- 179		- 180
Revaluations/impairment adjustments	- 65	- 1	- 65	- 1
Carrying amount as at 30 June	806	8 662	1 262	27 536

Note 20: Property, Plant and Equipment

	Land ¹	Buildings ¹	Infrastructure ²	Power and Water Utility Assets	Construction Works in Progress	Plant and Equipment	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2010-11: General Government							
Asset							
Balance at 1 July	1 413 165	4 646 352	4 365 846		838 773	416 600	11 680 737
Additions	3 737	454	325		935 349	81 709	1 021 574
Disposals	- 17 930	- 1 868	- 5			- 42 532	- 62 335
Transfers in/(out)	- 16 303	412 891	111 378		- 611 544	9 672	- 93 907
Revaluations/impairment adjustments	248 850	478 147	- 4 914				722 084
Balance at 30 June (1)	1 631 519	5 535 976	4 472 631		1 162 578	465 449	13 268 153
Accumulated depreciation							
Balance at 1 July		1 416 560	1 493 337			187 690	3 097 586
Depreciation expense		114 230	42 609			50 479	207 318
Disposals		- 72				- 21 839	- 21 910
Transfers in/(out)		- 10	- 673			- 9 104	- 9 787
Revaluations/impairment adjustments		343 355	- 2 488				340 867
Balance at 30 June (2)		1 874 062	1 532 786			207 225	3 614 073
Carrying amount at 30 June (1 - 2)	1 631 519	3 661 913	2 939 845		1 162 578	258 223	9 654 079
2010-11: Total Public Sector							
Asset							
Balance at 1 July	1 518 777	5 090 814	4 812 786	3 899 548	1 270 796	476 293	17 069 015
Additions	3 737 ³	4 780 ⁷	549	131 086 ¹²	1 133 058 ¹³	84 884 ¹⁴	1 358 094
Disposals	- 17 930 ⁴	- 1 927	- 335	- 11 266 ¹²		- 42 646 ¹⁵	- 74 105
Transfers in/(out)	- 16 286 ⁵	416 138 ⁸	131 483 ¹⁰	89 222 ¹²	- 719 147 ¹³	10 036 ¹⁶	- 88 553
Revaluations/impairment adjustments	282 694 ⁶	422 557 ⁹	148 544 ¹¹	- 71 309 ¹²			782 486
Balance at 30 June (1)	1 770 992	5 932 362	5 093 027	4 037 281	1 684 707	528 567	19 046 937
Accumulated depreciation							
Balance at 1 July		1 628 268	1 683 244	2 221 074		208 256	5 740 842
Depreciation expense		123 239	61 918	91 082		54 082	330 320
Disposals		- 86	- 175	- 3 711		- 21 839	- 25 810
Transfers in/(out)		- 11	- 672	947		- 9 556	- 9 292
Revaluations/impairment adjustments		285 999	81 809	- 66 343			301 465
Balance at 30 June (2)		2 037 410	1 826 124	2 243 050		230 943	6 337 527
Carrying amount at 30 June (1 - 2)	1 770 992	3 894 952	3 266 903	1 794 232	1 684 707	297 624	12 709 410

Note 20 (continued)

	Land ¹	Buildings ¹	Infrastructure ²	Power and Water Utility Assets	Construction Works in Progress	Plant and Equipment	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2009-10: General Government							
Asset							
Balance at 1 July	518 561	4 339 459	4 217 609		331 833	364 704	9 772 166
Additions	4 650	3 769	326		739 950	87 032	835 726
Disposals	- 19 000	- 17 325				- 41 182	- 77 507
Transfers in/(out)	2 826	139 112	89 500		- 233 009	6 047	4 476
Revaluations/impairment adjustments	906 127	181 338	58 411				1 145 876
Balance at 30 June (1)	1 413 165	4 646 352	4 365 846		838 773	416 600	11 680 737
Accumulated depreciation							
Balance at 1 July		1 097 311	1 436 807			161 983	2 696 101
Depreciation expense		88 028	40 286			45 377	173 691
Disposals		- 7				- 19 086	- 19 094
Transfers in/(out)			- 9			- 641	- 649
Revaluations/impairment adjustments		231 228	16 252			57	247 537
Balance at 30 June (2)		1 416 560	1 493 337			187 690	3 097 586
Carrying amount at 30 June (1 - 2)	1 413 165	3 229 792	2 872 509		838 773	228 910	8 583 151
2009-10: Total Public Sector							
Asset							
Balance at 1 July	576 811	4 588 454	4 644 537	1 924 543	619 649	423 638	12 777 631
Additions	4 650	7 249	2 960	5 448	1 043 546	94 954	1 158 806
Disposals	- 19 000	- 17 325	- 465	- 586		- 43 858	- 81 233
Transfers in/(out)	2 825	180 508	107 344	89 444	- 392 399	1 559	- 10 719
Revaluations/impairment adjustments	953 490	331 928	58 411	1 880 700			3 224 530
Balance at 30 June (1)	1 518 777	5 090 814	4 812 786	3 899 548	1 270 796	476 293	17 069 015
Accumulated depreciation							
Balance at 1 July		1 201 155	1 614 272	987 449		183 146	3 986 021
Depreciation expense		95 403	61 355	63 888		48 384	269 031
Disposals		- 7	- 399	- 60		- 19 433	- 19 899
Transfers in/(out)		6 404	- 8 237	- 5 229		- 3 899	- 10 961
Revaluations/impairment adjustments		325 314	16 252	1 175 026		57	1 516 649
Balance at 30 June (2)		1 628 268	1 683 244	2 221 074		208 256	5 740 842
Carrying amount at 30 June (1 - 2)	1 518 777	3 462 546	3 129 542	1 678 474	1 270 796	268 038	11 328 173

Note 20 (continued)

- 1 Land incorporates urban and remote land reclassification which was classified as buildings in the previous year in the Department of Housing, Local Government and Regional Services.
- 2 Since completion of the railway, the Government works totalling \$401 million (\$405 million as at 30 June 2010), are classified as infrastructure assets within AustralAsia Railway Corporation (AARC). During the 50-year concession period the rights and obligations for the new rail corridor rest with AARC and the Territory as they have freehold title over large portions of the rail corridor and hold long-term head leases over the remaining portions on Aboriginal land. Hence, control over the corridor including the rail assets rests with AARC. As such no provision for the resulting diminution in the value of the Territory's assessment in AARC has been made in these financial statements. At the expiration of the 50-year concession period, the railway infrastructure (including the Government works) will be transferred to AARC. However, due to the subjectivity involved with any measurement of the future value of the asset after the expiry of the concession period, it is not considered practical, at this point, to recognise any further assets in the accounts of AARC or in these financial statements.
- 3 Land additions predominately consist of acquisitions made by the Department of Lands and Planning and the Department of Housing, Local Government and Regional Services.
- 4 Land disposals predominately relate to the sale of land including the Darwin Business Park, Bellamack and Johnston.
- 5 Land transfers out largely relate to land lots from Bellamack, Johnston and Zucolli transferred to assets held for sale by the Department of Lands and Planning.
- 6 Land across agencies was revalued by the AVO resulting in the upwards revaluation of land including Bellamack, Zucolli, Johnston, Middle Arm, East Arm including the Darwin Business Park, Hidden Valley, the Frogs Hollow Centre for the Arts and various Territory schools and colleges.
- 7 Building additions predominately consist of building improvements and renovations made by the Darwin Port Corporation and Power and Water Corporation.
- 8 Building transfers in consist predominately of completed construction of \$133 million in the Department of Education and Training (including \$60 million for Rosebery primary and middle school, \$6 million for the Alice Springs middle school and various other Territory schools) and completed dwellings built under the Strategic Indigenous Housing and Infrastructure Program by the Department of Housing, Local Government and Regional Services (\$168 million).
- 9 Buildings across Government were revalued by the AVO resulting in an upwards revaluation of \$423 million.
- 10 Infrastructure asset transfers of \$131 million predominately consist of completed construction of roads, bridges and airstrips within the Department of Lands and Planning.
- 11 Infrastructure asset revaluation adjustments consist predominately of upwards revaluations made by the Power and Water Corporation and its subsidiaries.
- 12 The movement in power and water utility assets predominately relate to additions of \$131 million due to increased capital spending, transfers in from completed works in progress of \$89 million, offset by revaluation adjustments of \$71 million.
- 13 The net movement in construction works in progress of \$413.9 million include costs associated with:
 - housing and community amenities including remote indigenous housing (\$344 million);
 - power generation and water assets within Power and Water Corporation and its subsidiaries (\$88 million); and
 - additional works associated with the construction of various assets managed by the Department of Construction and Infrastructure.
- 14 Plant and equipment additions include \$16 million for the Northern Territory Police, Fire and Emergency Services and \$40.6 million for NT Fleet.
- 15 Plant and equipment disposals predominately relate to vehicle disposals by NT Fleet of \$35.6 million and Northern Territory Police, Fire and Emergency Services of \$6.8 million.
- 16 Plant and equipment transfers predominately reflect fit out upgrades to the RCG Centre, Development House and the Domain.

	General Government		Total Public Sector	
	2010-11	2009-10	2010-11	2009-10
	\$000	\$000	\$000	\$000

Note 21: Investment Property¹

Carrying amount as at 1 July	50 076	48 629	50 076	48 629
Additions	6 164	7 374	6 164	7 374
Disposals	- 6 347	- 9 982	- 6 347	- 9 982
Transfers in/(out)				
Revaluations/impairment adjustments	2 838	4 054	2 838	4 054
Carrying amount as at 30 June	52 730	50 076	52 730	50 076

¹ This represents minority interest holdings in shared equity properties under the HomeStart NT scheme.

Note 22: Intangible Assets¹

a) Carrying amounts

At valuation	6 581	4 161	120 764	113 777
Accumulated amortisation	4 810	4 074	96 329	97 546
Written down value 30 June	1 771	87	24 435	16 231
Total intangible assets	1 771	87	24 435	16 231

b) Reconciliation of movements

Carrying amount at 1 July	87	126	16 231	5 210
Additions	1 779		21 846	33 510
Disposals			- 3 150	- 21 583
Amortisation	- 95	- 39	- 3 842	- 5 283
Revaluations/impairment adjustments			- 6 651	4 378
Carrying amount at 30 June	1 771	87	24 435	16 231

¹ The intangibles balance consists largely of software relating to TIO and purchased software, gas stocks and renewable energy certificates of the Power and Water Corporation.

	General Government		Total Public Sector	
	2010-11	2009-10	2010-11	2009-10
	\$000	\$000	\$000	\$000

Note 23: Assets Held for Sale¹

Land	34 935	6 241	34 935	6 241
Buildings	3 943		3 943	
Total assets held for sale	38 878	6 241	38 878	6 241

¹ Assets held for sale include land and buildings. The assets are held for disposal due to the government's intention to dispose of these assets within the following year.

Note 24: Biological Assets¹

Carrying amount as at 1 July		22		22
Additions				
Disposals				
Transfers in/(out)		- 22		- 22
Revaluations/impairment adjustments				
Carrying amount as at 30 June				

¹ Biological assets consists of aquatic assets held by the Department of Resources.

Note 25: Other Non Financial Assets¹

Assets

Balance at 1 July	3 409	3 451	3 409	3 451
Additions	10	40	10	40
Disposals				
Transfers in/(out)				
Revaluations/impairment adjustments	- 24	- 82	- 24	- 82
Balance at 30 June (1)	3 395	3 409	3 395	3 409

Accumulated depreciation

Balance at 1 July	352	336	352	336
Depreciation expense	16	16	16	16
Disposals				
Transfers in/(out)				
Revaluations/impairment adjustments				
Balance at 30 June (2)	368	352	368	352

Carrying amount as at 30 June (1 - 2)

	3 027	3 057	3 027	3 057
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¹ Other non financial assets consists of cultural assets.

	General Government		Total Public Sector	
	2010-11	2009-10	2010-11	2009-10
	\$000	\$000	\$000	\$000
Accountable Officers Trust Account (a)	39 789	22 324	39 789	22 324
Clearing money	9 647	3 886	10 433	5 066
Interest bearing deposits	228 158	395 782	501 747	534 960
Other	13 181	19 996	13 223	20 118
Total deposits held	290 775	441 988	565 192	582 469

a) Accountable Officers' Trust Account comprises:

Department of Business and Employment	1 545		1 545	
Department of Health	451	743	451	743
Department of Justice	14 993	1 160	14 993	1 160
Department of Housing, Local Government and Regional Services	5 397	5 100	5 397	5 100
Department of Natural Resources, Environment, the Arts and Sport	115	143	115	143
Department of Construction and Infrastructure	1 038	845	1 038	845
Department of Lands and Planning	210	37	210	37
Department of Resources	11 912	9 194	11 912	9 194
Land Development Corporation	38	37	38	37
Northern Territory Electoral Commission	3	1	3	1
Northern Territory Police, Fire and Emergency Services	936	1 019	936	1 019
NT Legal Aid Commission	8	8	8	8
Territory Discoveries	3 142	4 038	3 142	4 038
	39 789	22 324	39 789	22 324

Note 27: Advances Received¹

Current

Department of Housing, Local Government and Regional Services	1 054	9		
Northern Territory Treasury		54		54
NT Home Ownership	6 787	6 476		
Northern Territory Treasury Corporation			5 664	5 414
	7 841	6 539	5 664	5 468

Non current

Department of Housing, Local Government and Regional Services	82 227	83 736		
NT Home Ownership	156 356	153 142		
Northern Territory Treasury Corporation			248 674	254 338
	238 582	236 878	248 674	254 338
Total advances received	246 424	243 417	254 338	259 806

1 Advances received refers to loans motivated by policy considerations rather than for liquidity management purposes.

General Government		Total Public Sector	
2010-11	2009-10	2010-11	2009-10
\$000	\$000	\$000	\$000

Note 28: Borrowings¹

Current

Finance leases ²	1 109	963	1 109	963
Loans	1 474	1 305	2 889	1 959
	2 584	2 268	3 998	2 922

Non current

Finance leases ²	85 924	87 034	85 924	87 034
Loans	1 732 746	1 522 820	2 856 482	2 666 173
	1 818 670	1 609 854	2 942 407	2 753 206

Total borrowings

	1 821 254	1 612 122	2 946 405	2 756 128
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1 Refer also Note 37: Financial Instruments and Risk Management.

2 Refer also Note 34: Commitments.

Note 29: Superannuation Liabilities

Current	202 352	149 047	202 352	149 047
Non current	2 536 841	2 521 128	2 536 841	2 521 128
Total superannuation liabilities (a)	2 739 193	2 670 175	2 739 193	2 670 175

a) The Northern Territory Government Superannuation schemes comprise:

Legislative Assembly Members' (LAMS)	35 146	35 546	35 146	35 546
Commonwealth Superannuation Scheme (CSS)	1 518 547	1 497 400	1 518 547	1 497 400
Northern Territory Government and Public Authorities' Superannuation Scheme (NTGPASS)	801 700	769 694	801 700	769 694
Northern Territory Supplementary Superannuation Scheme (NTSSS)	225 200	222 894	225 200	222 894
Northern Territory Police Supplementary Benefit Scheme (NTPSBS)	42 900	41 741	42 900	41 741
Northern Territory Death and Invalidation Scheme (NTDIS)	49 600	41 200	49 600	41 200
Statutory schemes ¹	66 100	61 700	66 100	61 700
	2 739 193	2 670 175	2 739 193	2 670 175

1 Statutory schemes comprise the superannuation liability for the Administrator and judges.

The values reported above are based on estimates of the size and timing of future benefit payments obtained through actuarial reviews conducted at three-yearly intervals, that are updated on an annual basis. The NTGPASS, the NTSSS, the Supreme Court Judges Pension Scheme, the NTDIS, the Administrators Pension Scheme and the LAMS Fund are based on reviews as at 30 June 2010. The NTPSBS and the CSS are based on reviews as at 30 June 2009.

Note 29 (continued) Scheme Information

Commonwealth Superannuation Scheme

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

The amount of retirement benefit is the sum of:

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

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

Northern Territory Government and Public Authorities' Superannuation Scheme

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

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

The accrued employer component is calculated as 2.5% x total benefit points x benefit salary.

Northern Territory Supplementary Superannuation Scheme

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

Northern Territory Death and Invalidity Scheme

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

The NTPSBS, LAMS, Administrator and Judges Scheme are all pension-based schemes.

Note 29 (continued)

	30 June 2011	30 June 2010
	%	%
Key Assumptions		
Key assumptions as at balance date and for following year expense:		
Discount rate (gross of tax)	5.30	5.20
Salary rate	4.50	4.50
Expected return on scheme assets (net of tax)	6.00	6.00
Inflation (pensions)	2.50	2.50
Imputed cost of interest	5.20	5.60
Tax rate for employer contributions ¹	nil	nil

1 All employer contributions are untaxed. As such, no allowance has been made for contributions tax.

	30 June 2011	30 June 2010
	\$000	\$000
Balance Sheet Results		
Net liability		
Defined benefit obligation	2 789 926	2 717 612
Contributions tax liability		
Total defined benefit obligations	2 789 926	2 717 612
Scheme assets	- 50 733	- 47 437
Deficit/(surplus)	2 739 193	2 670 175
Unrecognised past service cost		
Unrecognised net (gain)/loss		
Net liability/(asset)	2 739 193	2 670 175

Funded Status**Defined benefit obligations**

Funded	50 733	47 437
Unfunded	2 739 193	2 670 175
Total	2 789 926	2 717 612

Scheme Assets

The LAMS Fund is the only scheme that holds assets and is therefore partly funded.

Fair value of scheme assets

Australian equities	16 351	14 894
Overseas equities	19 386	17 744
Fixed-interest securities	12 817	13 076
Property	2 179	1 723
Total	50 733	47 437

Note 29 (continued)

	30 June 2011	30 June 2010
	\$000	\$000

Movement in Net Liability

Movements in net liabilities

Net liability/(asset) in balance sheet at end of prior year	2 670 175	2 408 434
Expense recognised in operating statement (including other economic flows)	209 394	402 218
Actual employer contributions – benefits paid	- 140 376	- 140 477
Net liability/(asset) in balance sheet at end of year	2 739 193	2 670 175

Operating Results

Expense

Employer service cost	75 700	77 500
Interest cost	133 613	132 154
Recognised actuarial (gains)/losses (included in other economic flows)	81	192 564
Expense recognised	209 394	402 218

Reconciliations

Fair value of scheme assets

Fair value scheme assets at end of prior year	47 437	42 425
Expected return on assets	2 846	2 546
Expected assets at year end	50 283	44 971
Actuarial gain/(loss) on assets	450	2 467
Fair value scheme assets at year end	50 733	47 437

Reconciliation of actuarial (gain)/loss

Unrecognised actuarial (gain)/loss at end of prior year	- 13 152	- 15 618
Actuarial gain/(loss) on assets	450	2 467
Actuarial (gain)/loss on liabilities	81	192 564
Amount recognised during year in operating statement	81	192 564
Unrecognised actuarial (gain)/loss at end of year	- 12 702	- 13 152

Expected return on assets¹

Fair value scheme assets at end of prior year	47 437	42 425
Average expected assets	47 437	42 425
Assumed rate of return	6.00%	6.00%
Calculated expected return on assets	2 846	2 546

¹ The expected return on assets is 6 per cent, which is the long-term return expected for the class of investments held.

Actuarial gain/(loss) for year

Defined benefit obligations (net of tax, prior year assumptions)	2 724 012	2 484 011
Defined benefit obligations (net of tax, current assumptions)	2 739 193	2 670 175
Actuarial (gain)/loss for year due to assumptions	- 15 181	- 186 164
Actuarial (gain)/loss for year due to experience	15 100	- 6 400
Actuarial (gain)/loss for year (included in other economic flows)	- 81	- 192 564

Note 29 (continued)

	30 June 2011	30 June 2010	30 June 2009
	\$000	\$000	\$000
History			
The history of experience adjustments is as follows:			
Total defined benefit obligation at year end	2 789 926	2 717 612	2 450 859
Actual assets at year end	50 733	47 437	42 425
Deficit/(surplus)	2 739 193	2 670 175	2 408 434
Experience adjustment on liabilities	15 100	- 6 400	- 20 060

General Government		Total Public Sector	
2010-11	2009-10	2010-11	2009-10
\$000	\$000	\$000	\$000

Note 30: Other Employee Benefits

Current

Accrued salaries	35 794	28 409	38 027	30 047
Recreation leave	228 803	208 692	253 837	231 207
Long service leave	153 227	142 982	169 246	157 018
Provision for employer superannuation contributions	14 336	13 040	14 407	13 113
	432 160	393 123	475 517	431 385

Non current

Long service leave	63 823	56 635	67 452	59 779
	63 823	56 635	67 452	59 779
Total other employee benefits	495 982	449 758	542 969	491 163

Note 31: Payables

Current

Accounts payable	59 111	39 458	160 796	171 596
Accrued expenses	115 690	77 326	142 402	84 333
Total payables	174 801	116 785	303 198	255 929

Note 32: Other Liabilities

Current

Provisions:

	General Government		Total Public Sector	
	2010-11	2009-10	2010-11	2009-10
	\$000	\$000	\$000	\$000
Provision for current taxes	3 250	2 809	3 423	2 978
Provision for outstanding claims	2 561	5 059	84 261	76 790
Provision for workers compensation premiums	433	390	470	421
Other provisions	95	240	95	240
Unearned revenue	13 876	31 155	125 678	136 161
Workers compensation liability (a)	12 783	13 090	12 783	13 090
	32 998	52 742	226 709	229 680

Non current

Provisions:

Provision for outstanding claims	4 535	6 697	333 992	333 937
Other provisions	20 907	17 168	20 907	17 168
Unearned revenue	4 877	4 930	4 877	4 930
Workers compensation liability (a)	52 026	51 768	52 026	51 768
	82 345	80 564	411 802	407 803
Total other liabilities	115 343	133 306	638 511	637 483

a) Workers compensation liability comprises:

<i>Workers Rehabilitation and Compensation Act</i>	56 200	55 500	56 200	55 500
COMCARE (Commonwealth Act)	8 609	9 358	8 609	9 358
	64 809	64 858	64 809	64 858

	General Government			Total Public Sector		
	Outstanding	Current	Other	Outstanding	Current	Other
	claims	Taxes		claims	Taxes	
	\$000	\$000	\$000	\$000	\$000	\$000
Movements in provisions during the year were as follows:						
Brought forward as at 1 July 2010	11 756	2 809	17 798	410 727	2 978	17 829
Effect of changes in assumptions			3 499	16 712		3 499
Increase in claims incurred/recoveries anticipated over the year	- 683			110 612		
Payments	- 3 920			- 119 638		
Other movements	- 57	441	138	- 160	445	144
Balance at 30 June 2011	7 096	3 250	21 435	418 253	3 423	21 472

The outstanding claims predominantly relate to general claims and HIH claims originating from the workhealth system at general government and at the total public sector level also includes outstanding claims held by TIO.

Current taxes provisions largely relates to fringe benefits tax.

Other provisions predominately relate to the construction industry's portable long service leave benefits.

General Government		Total Public Sector	
2010-11	2009-10	2010-11	2009-10
\$000	\$000	\$000	\$000

Note 33: Reserves

Reserves

Balance at the beginning of the financial year	5 648 428	3 950 731	4 771 125	3 066 861
Movements through the year	455 234	1 697 697	457 851	1 704 264
Balance at the end of the financial year (a)	6 103 662	5 648 428	5 228 976	4 771 125

a) Reserves comprise:

Asset revaluation surplus

Balance at the beginning of the financial year	3 578 083	2 697 135	4 433 165	2 736 793
Revaluations increments/(decrements)	361 752	892 998	456 330	1 708 423
Transferred to/from asset realisation reserve	4 341	- 12 050	4 341	- 12 050
Balance at end of the financial year	3 944 176	3 578 083	4 893 836	4 433 165

Asset realisation surplus

Balance at the beginning of the financial year	337 209	325 159	337 209	325 159
Transferred to/from asset revaluation reserve	- 4 341	12 050	- 4 341	12 050
Balance at end of the financial year	332 868	337 209	332 868	337 209

Investments in public sector entities revaluation surplus

Balance at the beginning of the financial year	1 732 385	926 126		
Movements in net assets of public sector entities	91 961	806 259		
Balance at end of the financial year	1 824 346	1 732 385		

Derivative revaluation surplus

Balance at the beginning of the financial year				- 319
Movements through the year				319
Balance at end of the financial year				

Other reserves

Balance at the beginning of the financial year	751	2 311	751	5 228
Transferred to accumulated surplus/(deficit)	1 522	- 1 560	1 522	- 4 478
Balance at end of the financial year	2 272	751	2 272	751

2010-11	2009-10
\$000	\$000

Note 34: Commitments

a) Capital Expenditure Commitments

Capital expenditure commitments represent contracted capital expenditure with non-public sector entities additional to the amounts reported in the financial statements. These contracts are expected to require payment as follows:

Not later than one year	711 084	390 392
Later than one year and not later than five years	130 688	161 014
Later than five years		
Total capital expenditure commitments	841 772	551 406

Capital commitments predominantly relate to the Government's contracted commitments for capital works and Power and Water Corporation's capital investment program.

b) Operating Lease Commitments

Future non-cancellable operating lease commitments are payable as follows:

Not later than one year	71 577	61 893
Later than one year and not later than five years	138 767	120 975
Later than five years	74 283	73 265
Total operating lease commitments	284 627	256 133

c) Finance Lease Commitments

Future finance lease commitments not provided for in the financial statements represent future interest components relating to the Darwin Convention Centre and are payable as follows:

Not later than one year	6 876	6 799
Later than one year and not later than five years	35 604	35 188
Later than five years	128 189	135 482
Total finance lease commitments	170 669	177 469
<i>less: Future finance lease charges</i>	83 636	89 470
Total finance lease liability	87 033	87 999

d) Other Non Cancellable Contract Commitments

Other future commitments not provided for in the financial statements primarily represents non-cancellable purchase, lease and hire and, expenditure contracts expiring from 1 to 25 years. Other contracted commitments relate to grants and subsidies payable to health and education service providers and are payable as follows:

Not later than one year	448 499	433 973
Later than one year and not later than five years	1 000 288	798 014
Later than five years	4 370 040	4 517 191
Total other non cancellable contract commitments	5 818 827	5 749 178

The most significant portion relates to gas purchase commitments including take-or-pay obligations under a 25-year gas sale agreement.

e) Grant Commitments

Grant commitments not provided for in the financial statements primarily represents tied funding that must be applied to designated services or functions as follows:

Not later than one year	125 029	105 195
Later than one year and not later than five years	22 993	33 757
Total grant commitments	148 022	138 952

These predominantly relate to programs funded by the Commonwealth which will be expended in 2011-12 and later years.

Note 35: Contingent Assets and Liabilities

Contingent Assets

A contingent asset is a possible asset that arises from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or an asset that is not recognised because it is not probable that the future economic benefits embodied in the asset will eventuate, or the asset does not possess a cost or other value that can be measured reliably.

Under the *Crimes (Victims Assistance) Act*, the Territory is entitled to recover monies from an offender equal to the amount of assistance, costs and disbursements paid to victims under the Act. However, due to the circumstances of offenders including being imprisoned for lengthy terms, declared bankrupt or unable to be located, it is probable that a significant proportion of the amounts owed are uncollectable. Therefore any contingent asset cannot be reliably quantified.

For disclosure of a contingent asset associated with the granting of a concession to Darwin Cove Convention Centre Pty Ltd, refer to the Property and Business Services section under Unquantifiable Contingent Liabilities.

Contingent Liabilities

A contingent liability is a liability that the Government may be called on to meet at some future date if a specified event should occur. Contingent liabilities of the Territory may arise out of a range of circumstances, the most common of which are indemnities and guarantees contained in agreements executed by the Territory. Contingent liabilities may also arise as a result of undertakings made by the Territory or as a result of legislation containing a guarantee or indemnity.

The Treasurer's Directions (G2.5 – Guarantees and Indemnities) states that:

- a guarantee is an undertaking on the part of the Territory to be responsible for another's debt or contractual performance if that other person does not pay or perform; and
- an indemnity is a written undertaking to compensate, protect or insure another person or entity against future financial loss, damage or liability.

Agencies are required to maintain a register of contingent liabilities in accordance with the Treasurer's Directions. In relation to the reporting of contingent liabilities, the Treasurer has determined a materiality threshold of \$5 million.

Net present value amounts referred to in this schedule are calculated based on a discount factor of 5.3 per cent per annum. The discount rate is based on the published 10-year bond rate.

Details of estimated amounts of material contingent liabilities as at 30 June 2011 resulting from guarantees or indemnities granted by the Territory are presented as follows:

Note 35 (continued) Material Quantifiable Contingent Liabilities

	Estimated Quantifiable Contingent Liability as at 30 June 2011	Estimated Quantifiable Contingent Liability as at 30 June 2010
	\$M NPV ¹	\$M NPV ²
Amadeus Basin to Darwin gas pipeline	-	78
Pine Creek/McArthur River electricity purchase agreements	43	54
Public Trustee common fund	28	24 ³

1 Future values discounted at a nominal 5.3 per cent discount rate.

2 Future values discounted at a nominal 5.2 per cent discount rate.

3 Public Trustee common funds for 2009-10 is restated, as only common fund 1 is guaranteed by government.

Source: Northern Territory Treasury

The Amadeus Basin to Darwin gas pipeline contingent liability has extinguished in the 2010-11 financial year due to a change in ownership.

Public Trustee common fund 1 is reported totalling \$28 million as at 30 June 2011 and is government guaranteed and audited at time of publication.

As at the date of the report, no transaction or event of a material nature has occurred that would crystallise the contingent liabilities reported in this note.

Quantifiable Contingent Liabilities

Electricity, Gas and Water Supply

These contingent liabilities result from arrangements for the purchase and transportation of gas, and the purchase and sale of electricity by and for the Power and Water Corporation. Material contingent liabilities relating to these arrangements are reported below.

The Power and Water Corporation has been a government owned corporation (GOC) since 1 July 2002. Under the *Government Owned Corporations Act*, a GOC is not within the shield of the Crown and the obligations of a GOC are not guaranteed by the Territory except where the Treasurer specifically agrees to this. The following Territory commitments were given prior to the Power and Water Corporation (formerly the Power and Water Authority) becoming a GOC and will remain in place until the relevant contractual arrangements cease.

Electricity and Gas Supply to Pine Creek and McArthur River

The Power and Water Corporation has entered into agreements for the provision of gas and wholesale supply of electricity for the Pine Creek region and the McArthur River Mine. The agreement for the supply of gas contains three indemnities relating to the Power and Water Corporation supplying non-conforming gas.

Although the Corporation's total contingent liability is unquantifiable, a major portion of the value of the contingent liability is quantifiable, being the cost of overhauling turbine machinery, owned by the electricity producers, damaged by the provision of non-conforming gas. The Territory's maximum exposure is equivalent to the net present value of lease and operating charges under the purchase agreements.

Under the Power and Water Corporation's current operating practices, the contingent events relating to each of the above indemnities are within the Corporation's control and are expected to be avoidable.

Note 35 (continued) Statutory Contingent Liabilities

Public Trustee Act

Under section 97 of the *Public Trustee Act*, the Treasurer indemnifies the Common Funds against any deficiencies in money available to meet claims on it. The Common Funds are a repository for all moneys received by the Public Trustee on behalf of estates, trusts or persons, and earns interest. Money to the credit of the Common Funds is invested according to the directions issued by an Investment Board.

Although a material statutory contingent liability exists, the prospect of this contingent liability being called upon is considered low.

Unquantifiable Contingent Liabilities

Unquantifiable contingent liabilities exist that could pose a risk to the Government's financial projections.

Transport

The Territory has contingent liabilities in this category relating to indemnities and guarantees that have been provided in support of the Adelaide to Darwin railway project.

The AustralAsia Railway Corporation (AARC) and the Northern Territory and South Australian governments have entered into a concession arrangement for the Adelaide to Darwin railway on a build, own, operate and transfer-back basis.

Unquantifiable contingent liabilities of the Territory in relation to the Adelaide to Darwin railway project relate to the following:

- joint guarantee of the obligations of the AARC; and
- indemnities granted in relation to title over the railway corridor (title is secure but the indemnity continues).

The Darwin Port Corporation (DPC) has leased facilities at the Darwin Port to the concession holder, interfacing the port and the railway. There are contingent liabilities that arise out of the performance of the facilities.

AARC and the governments have comprehensive risk management procedures in place for all events that would give rise to liabilities.

The Northern Territory Government has entered into agreements for the relocation of fuel terminals from near the Darwin central business district to the East Arm industrial estate. The agreements provide for certain unquantifiable contingent liabilities to be provided to the developer of the new fuel terminal and an oil company. Government has put in place comprehensive risk management processes to address potential exposure.

The DPC has entered into an agreement that indemnifies the other party against any claim, loss, damage, liability, cost and expense that may be incurred or sustained by Shell arising out of any breach of DPC's obligation under the agreement or in connection with any failure or defect in the integrity of the bunker lines.

The Northern Territory has provided an indemnity to the DPC in relation to certain remedial works at East Arm Port. The indemnity covers third-party claims which may be made against DPC as well as rectification of damage to the wharf or other DPC

Note 35 (continued) property caused by the carrying out of the remedial works. Comprehensive risk management procedures are in place to minimise risk exposure to the Territory.

Health and Community Services

The Territory has granted a series of health-related indemnities for various purposes including indemnities to specialist medical practitioners employed or undertaking work in public hospitals, indemnities provided to medical professionals requested to give expert advice on inquiries before the Medical Board and indemnities to midwives.

Although the risks associated with health indemnities are potentially high, the beneficiaries of the indemnities are highly trained and qualified professionals. The indemnities generally cannot be called upon where there is wilful or gross misconduct on the part of the beneficiary.

There are no reportable contingent liabilities in this category.

Government Administration

Where the Territory has invited the participation of private sector persons and Government officers on boards of Government owned or funded companies, the Territory may grant indemnities to the board members to cover them for any losses which may result from good faith actions.

These indemnities are generally consistent with cover available through Directors and Officers Insurance and the policy of issuing an indemnity rather than purchasing commercial insurance is in line with the Government's self-insurance arrangements.

In relation to corporations established in accordance with the *Government Owned Corporations Act* (GOC Act) an indemnity given by the Territory to board members is limited to actions arising from compliance with a direction issued by the shareholding minister or the portfolio minister pursuant to the GOC Act.

The resulting contingent liabilities are considered low risk as board members are professionals selected based on their expertise and knowledge. Further the indemnities are restricted to good faith actions only. These contingent liabilities are unquantifiable.

Indemnities are also granted to the Commonwealth and other entities involved in funding or sponsoring activities and programs initiated or undertaken by the Territory. Under the indemnities, the Territory generally accepts liability for damage or losses occurring as a result of the activities or programs and acknowledges that, while the Commonwealth or another party has contributed financially or provided in-kind support, the Territory is ultimately liable for the consequences of the activity or program.

Although the resulting contingent liability may, depending on the activity undertaken, not always be low risk, the Territory's financial exposure is no greater than would have been the case without funding or sponsorship assistance. These contingent liabilities are unquantifiable.

The Territory was engaged in a number of legal proceedings and disputes at 30 June 2011. Due to the wide variety and nature of these cases and the uncertainty of any potential liability, no value can be attributed to these cases. In addition, the attribution of value to those cases also has the potential to prejudice the outcome of the proceedings and disputes.

Note 35 (continued) The Government has indemnified private sector insurers who provide workers compensation insurance in the Territory. The indemnity covers insurers for losses that arise as a result of acts of terrorism.

Except for the terrorism indemnity, which is unquantifiable, there are no reportable contingent liabilities in this category.

Secure Facilities

The Territory has contingent liabilities in this category that relate to indemnities and guarantees that have been provided in support of the new secure facilities project that will be conducted under a public private partnership (PPP) agreement.

The Territory has indemnified the proponent for losses arising from uninsurable risks. Except for this indemnity, which is unquantifiable, there are no other reportable contingent liabilities in this category.

Finance

The Territory's financial management framework is underpinned by centralised banking arrangements. The sole provider of banking-related services has been granted indemnities under the whole of government banking contract. These indemnities are considered not to involve significant risk.

There are no reportable contingent liabilities in this category.

Property and Business Services

Agreements for leases or licences of property, plant or equipment generally contain standard indemnity provisions, similar to those commonly found in commercial leases, covering the lessor or licensor for any losses suffered as a result of the lease or licence arrangement. The contingent liabilities resulting from the indemnities are unquantifiable.

The granting of a concession to Darwin Cove Convention Centre Pty Ltd, which has been described in Note 1 (n) gives rise to contingent liabilities associated with:

- discriminatory changes in law;
- environmental clean-up costs;
- incentive payments to the operator if performance targets established for the centre are exceeded; and
- negotiated payments to the operator in the early years of the centre's operation.

For the categories listed above, neither the probability nor the amount that the Territory might be called upon to pay at some future date can be determined reliably. As a result these items are regarded as contingent liabilities, where the existence of an actual liability in the future will be confirmed only by the occurrence of uncertain future events that lie outside the control of the Northern Territory.

A contingent asset also arises as a consequence of the concession arrangement. As described in Note 1 (n), a Territory Availability Payment (TAP) is recognised as a liability on the general government sector and whole of government Balance Sheets. However, the Territory has the right to recover up to 75 per cent of that liability if the operator should not achieve certain performance criteria. Because neither the probability of such a recovery nor the amount that might be recovered can be determined reliably, the part of the TAP that might be subject to abatement is classified as a contingent asset.

General Government		Total Public Sector	
2010-11	2009-10	2010-11	2009-10
\$000	\$000	\$000	\$000

Note 36: Cash Flow Reconciliation

Operating result	247 451	396 155	245 990	383 235
<i>less</i> Other economic flows – included in operating result	- 9 122	139 967	- 15 364	127 436
Gain (loss) on sale of non financial assets	- 20 717	- 22 429	- 14 668	- 22 052
Bad and doubtful debt	2 618	1 304	3 536	2 738
Net actuarial gains (losses)	478	194 726	478	194 726
Revaluations and asset impairment	8 499	- 33 634	- 4 710	- 47 975
<i>equals:</i> Net operating balance	238 329	536 122	230 626	510 671
<i>less:</i> Non cash items included in net operating balance				
Depreciation and amortisation	207 429	173 746	334 178	274 330
Increase in employee related provisions	122 743	114 828	122 431	116 874
Assets acquired below fair value	- 1 642	- 1 979	- 12 305	- 10 855
Assets donated	5 990	2 538	6 414	24 121
Gains and losses		- 1	- 378	- 38
Write offs	2	11	2	11
<i>Less:</i> changes in assets and liabilities				
Change in inventories	809	914	6 313	2 098
Increase in payables and borrowings	- 180 532	- 208 401	- 191 801	- 191 387
Increase in receivables and investments	196 285	217 121	216 170	233 191
<i>equals:</i> Cash flows from operating activities	589 412	834 899	711 649	959 017

For the purposes of the Cash Flow Statement, cash includes cash at bank, cash on hand, and cash on call or short-term deposit. A reconciliation of closing cash balances to the statement of cash flows for the total public sector is as below:

Cash at beginning of year	477 669	317 338
Net increase/(decrease) in cash held as per Cash Flow Statement	- 157 809	160 332
Cash at end of year	319 860	477 669

Note 37: Financial Instruments and Risk Management

a) Financial Risk Management Objectives and Policies

Exposure to financial risk arises in the normal course of government activity. The Territory's risk management strategy is incorporated into the Territory's fiscal strategy. The fiscal strategy provides a sound financial management framework to ensure sustainable service provision, continued capital investment, reducing debt levels and a competitive tax environment that supports economic growth. Further reference to the fiscal strategy can be found in the Overview of this *Treasurer's Annual Financial Report* and the *2011-12 Budget Paper No. 2*.

The Central Holding Authority (CHA), Northern Territory Treasury Corporation, Power and Water Corporation and TIO are the entities that hold complex financial instruments. Northern Territory Treasury Corporation manages the investments and borrowings of the CHA and reports to the Northern Territory Treasury Corporation Advisory Board. Power and Water Corporation and TIO have their own risk management policies and report to their boards.

b) Categorisation of Financial Instruments

The following table discloses the Territory's financial assets and financial liabilities by category.

	2010-11	2009-10
	\$000	\$000
Financial assets		
Cash and deposits	319 860	477 669
FVTPL:		
Held for trading	617 238	567 016
Designated as at FVTPL	495 152	448 187
Held-to-maturity investments	298 505	631 475
Loans and receivables	859 185	853 331
Available-for-sale financial assets	18 133	6 304
Financial liabilities		
Fair value through profit or loss (FVTPL):		
Held for trading		102
Designated as at FVTPL	321 106	266 334
Amortised cost	3 371 412	3 193 412

c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. It comprises interest rate, price risk and currency risk.

i) Interest Rate Risk

Interest rate risk is the risk of financial loss and or increased cost due to adverse movements in the values of financial assets and liabilities as a result of changes in interest rates. The interest rate exposure arises from unmatched maturity patterns and to manage this exposure and for hedging purposes certain Territory-controlled entities enter into interest rate swap agreements.

Interest rate swap is a transfer of interest rate obligations, where the agreement is to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Territory

to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The notional principal amounts represent the contract or face value of the swap. The notional amounts do not represent the amount exchanged by the parties to the contract. The Territory had interest rate swap agreements at the end of the financial year, with a notional amount of \$5.9 million (2010: \$40.8 million).

Sensitivity Analysis

Assuming the financial assets and liabilities at 30 June 2011 were to remain until maturity or settlement without any action by the Territory to alter the resulting interest rate risk exposure, a change in the variable rates of 100 basis points (1 per cent) at reporting date would have the following effect on the Territory's profit or loss and equity.

	Profit or Loss and Equity	
	100 Basis Points Increase \$000	100 Basis Points Decrease \$000
30 June 2011		
Financial assets – cash at bank	3 199	- 3 199
Financial assets – receivable loans	1 391	- 1 391
Financial liabilities – borrowings		
Net sensitivity	4 589	- 4 589
30 June 2010		
Financial assets – cash at bank	4 777	- 4 777
Financial assets – receivable loans	1 292	- 1 292
Financial liabilities – borrowings		
Net sensitivity	6 069	- 6 069

ii) Price Risk

The Territory is exposed to price risk as the Territory holds units in unit trusts. Price risk arises due to the changes in the market value of the units as advised by respective fund managers.

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

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

Sensitivity Analysis

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

Note 37 (continued) Price Risk Sensitivity Analysis

		2010-11	2009-10
	Change in Value	Impact on Profit or Loss and Equity	Impact on Profit or Loss and Equity
	%	\$000	\$000
Upside			
Equities	10	41 221	34 318
Property securities	10	6 623	5 507
Interest bearing	1	2 467	2 560
		50 311	42 384
Downside			
Equities	- 10	- 41 221	- 34 318
Property securities	- 10	- 6 623	- 5 507
Interest bearing	- 1	- 2 467	- 2 560
		- 50 311	- 42 384

iii) Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign Exchange Risk

Foreign exchange risk is the risk of financial loss due to adverse movements in foreign exchange rates. The Territory's exposure to foreign exchange risk arises when certain borrowings are denominated in foreign currencies or where the Territory has transactional currency exposures arising from purchases in a foreign currency. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. There were no foreign exchange contracts at balance date in 2009-10 and 2010-11.

Borrowings

To remove the currency exposure on borrowings they are fully hedged by way of cross currency interest rate swaps at initiation of the borrowing transaction. Cross currency interest rate swaps allow the Territory to raise long-term borrowings in foreign currencies and effectively swap them into Australian dollar fixed-interest rates. All the cross currency interest rate swaps are designated as cash flow hedges.

By using cross currency interest rate swap contracts, the Territory agrees to exchange specified principal and interest foreign currency amounts at an agreed future date at a specified exchange rate, thereby enabling the Territory to mitigate the risk of adverse movements in foreign exchange rates. The quantum and maturity profile of the cross currency interest rate swaps are reflected in the liquidity and interest rate table shown under Liquidity Risk below. There were no cross-currency interest rate swap contracts at balance date in 2009-10 and 2010-11.

d) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Territory. The Territory has adopted a policy of only dealing with credit-worthy counterparties and obtaining sufficient

Note 37 (continued) collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

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

i) Receivables

In relation to trade receivables, the Territory has a minimal concentration of credit risk as it undertakes transactions with a large number of customers and counterparties. The Territory is not materially exposed to any individual customer. There are no major concentrations of credit risk on service debtors due from customers within particular industries. Receivable balances are monitored on an ongoing basis to ensure that exposure to bad debts is not significant. A reconciliation and aging analysis of receivables is presented below.

2010-11	Aging of Receivables ¹	Aging of Impaired Receivables ²	Net Receivables
	\$000	\$000	\$000
Not overdue	152 508		152 508
Overdue for less than 30 days	28 448	91	28 357
Overdue for 30 to 60 days	2 058	161	1 897
Overdue for more than 60 days	20 285	13 692	6 593
Total	203 299	13 944	189 355

Reconciliation of the allowance for impairment losses

Opening	12 842
Written off during the year	- 3 188
Recovered during the year	576
Increase/(decrease) in allowance recognised in profit or loss	3 714
Total	13 944

2009-10	Aging of Receivables	Aging of Impaired Receivables	Net Receivables
	\$000	\$000	\$000
Not overdue	136 830		136 830
Overdue for less than 30 days	30 470		30 470
Overdue for 30 to 60 days	3 823		3 823
Overdue for more than 60 days	16 485	12 842	3 643
Total	187 608	12 842	174 766

Reconciliation of the allowance for impairment losses

Opening	13 808
Written off during the year	- 1 414
Recovered during the year	26
Increase/(decrease) in allowance recognised in profit or loss	422
Total	12 842

1 Aging analysis is presented at the total public sector, which includes service receivables of Power and Water Corporation that are generally 21-day terms. This also includes premium insurance receivables of TIO.

2 The allowance for impairment losses represents the amount of receivables that are likely to be uncollectable and are considered doubtful. The collectability of receivables is reviewed regularly, and part of this process is to assess, at reporting date, whether an allowance for impairment loss is required.

Note 37 (continued) ii) Advances Paid

Advances paid refer to loans motivated by policy considerations rather than for liquidity management purposes. At reporting date there were no significant concentrations of credit risk.

iii) Loans

Loans are mainly those provided by the TIO. The credit risk is largely associated with its retail loan assets including securitised loans, which are managed through established credit policies with regular monitoring. At the reporting date there were no significant concentrations of credit risk.

All loan arrears are managed on a daily basis. The securitisation loans are originated by TIO but are then assigned to an external entity for cash consideration, but are still recognised in TIO's Balance Sheet. All cash flows of the loan are passed on to the external entity. TIO takes out mortgage insurance contracts for all loans under the securitisation program to cover the risk of borrowers defaulting on their loan repayments. Although the credit risk associated with these loans is insured with a third party, in some exceptional cases there maybe a residual amount that the Territory is unable to seek recovery for under the policy. The maturity analyses of these loans are embedded in the liquidity tables on pages 99 and 100.

iv) Securities

The Territory's dealings in physical instruments and or derivative financial instruments are transacted only with counterparties possessing strong credit rating criteria as determined by the Standard and Poor's Rating Group. In addition, derivative financial instruments are only transacted with counterparties that have signed an International Swap and Derivatives Association Master Agreement with the Territory.

e) Liquidity Risk

Liquidity risk is the risk of financial loss and or increased costs due to unanticipated events or errors in cash flow forecasts that result in additional borrowing costs, reduced investment income or an inability to meet financial or operational commitments as they fall due. This is managed by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk is managed for day-to-day operations, the short-to-medium term and for the long term. Northern Territory Treasury Corporation predominantly assists the Territory with the management of liquidity risk on a day-to-day basis, using cash flow forecasts and communication with other controlled entities that advise Northern Territory Treasury Corporation of the occurrence of unusually large payments. This monitoring allows the Territory to identify potential liquidity issues and also assists in projecting potential investment opportunities.

The Territory's Budget is a five-year projection of the Territory's financial position, which incorporates the medium-term fiscal objectives and financial targets. The fiscal strategy assists in protecting against a liquidity problem in the future.

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

Note 37 (continued)

2010-11 Liquidity	Variable Interest	Fixed Interest Rate			Non Interest Bearing	Total	Weighted Average
		Less than a Year	1 to 5 Years	More than 5 Years			
	\$000	\$000	\$000	\$000	\$000	\$000	%
Cash and deposits	212 253	106 485			1 122	319 860	4.75
Receivables					255 551	255 551	
Advances	138 004				1 060	139 064	7.64
Investments loans and placements		800 177	88 250	174 039	25 423	1 087 889	
Unit trust investments ¹	807 329					807 329	
Derivative financial assets							
Interest rate swaps					64	64	
Embedded derivative							
Other financial assets							
Total financial assets	1 157 586	906 662	88 250	174 039	283 220	2 609 757	
Deposits held	97 515	363 956	36 218		27 715	525 404	
Payables					303 198	303 198	
Advances				254 338		254 338	4.66
Borrowings		637 162	2 232 581	627 312	25 000	3 522 055	
Finance lease liabilities		6 876	35 604	128 189		170 669	
Derivative financial liabilities							
Interest rate swaps		44	97			141	
Foreign currency contracts							
Total financial liabilities	97 515	1 008 038	2 304 500	1 009 839	355 913	4 775 805	

¹ Unit trust investments include a mix of interest-bearing investments and non-interest-bearing investments (equity and securities). Refer to Price Risk for further analysis.

Note 37 (continued)

2009-10 Liquidity	Variable Interest	Fixed Interest Rate			Non Interest Bearing	Total	Weighted Average
		Less than a Year	1 to 5 Years	More than 5 Years			
	\$000	\$000	\$000	\$000	\$000	\$000	%
Cash and deposits	341 022	135 813			835	477 669	4.50
Receivables					246 776	246 776	
Advances	127 970				1 237	129 207	6.50
Investments loans and placements		1 162 167	95 022	121 587	25 299	1 404 075	
Unit trust investments ¹	729 931					729 931	
Derivative financial assets							
Interest rate swaps					124	124	
Embedded derivative							
Other financial assets							
Total financial assets	1 198 923	1 297 980	95 022	121 587	274 270	2 987 782	
Deposits held	109 467	365 522	56 320		28 834	560 143	
Payables					252 429	252 429	
Advances		54		259 751		259 806	4.66
Borrowings		577 105	1 798 645	967 004	25 000	3 367 754	
Finance lease liabilities		6 799	35 188	135 482		177 469	
Derivative financial liabilities							
Interest rate swaps		- 103	6			- 97	
Foreign currency contracts							
Total financial liabilities	109 467	949 377	1 890 159	1 362 237	306 263	4 617 503	

1 Unit trust investments include a mix of interest-bearing investments and non-interest-bearing investments (equity and securities). Refer to Price Risk for further analysis.

Note 37 (continued) f) Net Fair Value

For those financial instruments recorded at fair value in the financial statements, the instruments are grouped into levels 1 to 3 based on the degree to which fair value is observable:

Level 1 – derived from quoted prices in active markets for identical assets or liabilities.

Level 2 – derived from inputs other than quoted prices that are observable directly or indirectly.

Level 3 – derived from inputs not based on observable market data.

	Total Carrying Amount	Net Fair Value Level 1	Net Fair Value Level 2	Net Fair Value Level 3	Net Fair Value Total
2010-11	\$000	\$000	\$000	\$000	\$000
Financial assets					
Derivative instruments					
Interest rate swaps	64		64		64
Non-derivative instruments					
Short term deposits	106 485		106 485		106 485
Floating rate notes	7 653	7 653			7 653
Other floating rate investments	85 042		85 042		85 042
Bonds	105 945	105 945			105 945
Units in unlisted trusts	312 177	312 177			312 177
Local government authorities – credit foncier loans	399		405		405
Total	617 765	425 775	191 996		617 771
Financial liabilities					
Interest rate swaps					
Fixed interest securities	2 585 026		2 685 749		2 685 749
Floating rate notes					
Promissory notes	49 531		49 533		49 533
Retail market					
Territory bonds	135 567		137 899		137 899
Migration linked bonds	2 500		2 534		2 534
Commonwealth					
Credit foncier loans	254 339		224 397		224 397
Finance lease	87 033		112 076		112 076
Total	3 113 996		3 212 188		3 212 188

Note 37 (continued)

2009-10	Total Carrying Amount	Net Fair Value Level 1	Net Fair Value Level 2	Net Fair Value Level 3	Net Fair Value Total
	\$000	\$000	\$000	\$000	\$000
Financial assets					
Derivative instruments					
Interest rate swaps	124		124		124
Non-derivative instruments					
Short term deposits	135 813		135 813		135 813
Floating rate notes	10 305	10 305			10 305
Other floating rate investments	79 649		79 649		79 649
Bonds	59 505	59 505			59 505
Units in unlisted trusts	281 620	281 620			281 620
Local government authorities – credit foncier loans	434		443		443
Total	567 450	351 430	216 029		567 459
Financial liabilities					
Interest rate swaps			- 102		- 102
Fixed interest securities	2 408 520		2 531 797		2 531 797
Floating rate notes					
Promissory notes					
Retail market					
Territory bonds	151 783		154 744		154 744
Migration linked bonds	1 750		1 770		1 770
Commonwealth					
Credit foncier loans	259 751		234 978		234 978
Finance lease	87 999		123 040		123 040
Total	2 909 803		3 046 227		3 046 227

The fair values of financial instruments disclosed above are related to Northern Territory Treasury Corporation, TIO and Darwin Waterfront Corporation. There are no transfers between levels during 2011.

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

- the fair value of cash and non-interest-bearing monetary financial assets and liabilities approximate their carrying value, which is defined as their historical cost;
- the fair value of other monetary financial assets and liabilities is based on discounting the expected future cash flows by applying current market interest rates for assets and liabilities with similar risk profiles. The market rates are then used to discount the expected future cash flows arising from the financial assets and liabilities to their present value. The margins applied to the current market interest rates on loans and borrowings take into account credit quality and liquidity considerations; and
- the fair value of derivative financial instruments are derived using current market yields and exchange rates appropriate to the instrument.

Note 38: Events Subsequent to Reporting Date

Subsequent to the end of the reporting period, the following are disclosed as events to occur in the 2011-12 financial year.

Gasgo Pty Limited

As the remaining 1985 Palm Valley Gas Purchase Agreement ceases in January 2012, the directors of Gasgo Pty Limited have approved that the company transfer its rights and obligations to its parent, Power and Water Corporation, effective 1 July 2011, and initiate steps towards terminating all of its business transactions.

Darnor Pty Limited

Since Darnor Pty Limited responsibilities for ensuring Power and Water Corporation's interests in the Amadeus Basin to Darwin Pipeline ceased with the termination of the leveraged lease arrangements on 16 June 2011, the company no longer acts as an agent for Power and Water Corporation in any new gas purchase or transportation arrangements. As such, the company has initiated steps towards terminating all of its business transactions.

Land Development Corporation

In September 2011, Cabinet approved the Land Development Corporation transferring from a general government agency reported in the general government sector to a government business division in the public non financial corporation sector.

Secure Facilities

On 5 October 2011, the Northern Territory Government achieved financial close on the Darwin Correctional Precinct public private partnership (PPP) project to design, build, finance and maintain the facility over a 30 year period. Construction of the precinct is anticipated to commence before the end of 2011 with the facility due to be open in mid 2014. In line with usual PPP funding arrangements, the Territory will not make any payments until post-construction.

Note 39: Remuneration of Auditors

With the exception of a small number of consolidation entities, audit services within the reporting entity are provided by the Auditor-General and are predominantly funded through appropriation. The total cost of these services totalled \$3.7 million (2010: \$3.6 million).

Note 40: Write-Offs, Postponements, Waivers, Ex Gratia Payments and Gifts – General Government Sector¹

	2010-11	No.	2009-10	No.
	\$000		\$000	
1 Write-offs, postponements and waivers under the <i>Financial Management Act</i>	44 441		1 397	
Amounts written off, postponed, waived by Treasurer	43 499	292	1 022	28
Irrecoverable money written off	416	180	417	23
Crimes compensation debts				
Taxation debts			228	2
Employee debts			23	3
Government services debts	403	176	154	17
Other	13	4	12	1
Losses or deficiencies of money written off			5	1
Waiver of right to receive or recover money	43 083	112	600	4
Crimes compensation debts				
Taxation debts			164	2
Government services debts	149	40		
Other	42 934 ³	72	436	2
Amounts written off, postponed, waived by delegates	941	1 834	375	1 138
Irrecoverable money written off	543	1 283	255	715
Losses or deficiencies of money written off	1	8	35	14
Value of public property written off	397	543	85	409
Waiver of right to receive or recover money				
2 Gifts²	3 441	7	510	166
Office furniture		3	9	137
Computer and other electronic equipment	10	2		
Vehicles	14	1	459	28
Other	3 418	1	42	1
3 Ex gratia payments	535	6	55	3
4 Write-offs, postponements and waivers authorised under other legislation	106	18	14	2

1 Details of write-offs, postponements and waivers approved under the *Financial Management Act* are reported by agencies in their financial statements.

2 Agency valuations at time of gifting. Where one recipient has received more than one gift covering various categories the gift has been counted in the category that has the highest value item.

3 Represents advances to the railway consortium written off in 2010-11 as reported in Note 15.

Note 41: Details of Controlled Entities at Reporting Date

Total Public Sector

Non Financial Public Sector

General Government

Aboriginal Areas Protection Authority
Auditor-General's Office
AustralAsia Railway Corporation¹
Batchelor Institute of Indigenous Tertiary Education¹
Central Holding Authority
Construction Division²
Darwin Waterfront Corporation¹
Data Centre Services²
Department of Business and Employment
Department of Children and Families
Department of Construction and Infrastructure
Department of the Chief Minister
Department of Education and Training
Department of Health
Department of Housing, Local Government and Regional Services
Department of Justice
Department of Lands and Planning
Department of the Legislative Assembly
Department of Natural Resources, Environment, The Arts and Sport
Department of Resources
Desert Knowledge Australia¹
Government Printing Office²
Land Development Corporation
Natural Resource Management Board¹
Nominal Insurer's Fund¹
Northern Territory Electoral Commission
Northern Territory Legal Aid Commission¹
Northern Territory Major Events Company Pty Ltd¹
Northern Territory Police, Fire and Emergency Services
Northern Territory Treasury
NT Build Statutory Corporation¹
NT Fleet²
NT Home Ownership²
Office of the Commissioner for Public Employment
Ombudsman's Office
Territory Discoveries²
Territory Wildlife Parks²
Tourism NT

Public Non Financial Corporations

Darnor Pty Ltd¹
Darwin Bus Service²
Darwin Port Corporation²
Gasgo Pty Ltd¹
Indigenous Essential Services Pty Ltd¹
Power and Water Corporation^{1,3}

Public Financial Corporations

Northern Territory Treasury Corporation²
Territory Insurance Office¹

¹ Non budget sector entity

² Government business divisions

³ Government owned corporation

Note 42 (a) – General Government Sector Budgetary Information

General Government Sector Comprehensive Operating Statement		2010-11	2010-11	Variance	Note
		Actual (Audited)	Original Budget (Unaudited)		
		\$000	\$000	\$000	
REVENUE					
	Taxation revenue	397 026	398 575	- 1 549	1
	Current grants	3 267 614	3 311 521	- 43 907	2
	Capital grants	547 464	632 647	- 85 183	2
	Sales of goods and services	205 279	167 436	37 843	3
	Interest income	80 143	54 771	25 372	4
	Dividend and income tax equivalent income	25 584	27 673	- 2 089	
	Other	200 336	191 327	9 009	5
	TOTAL REVENUE	4 723 446	4 783 950	- 60 504	
<i>less</i>	EXPENSES				
	Employee benefits expense	1 642 561	1 581 572	60 989	6
	Superannuation expenses				
	Superannuation interest cost	133 613	139 144	- 5 531	6
	Other superannuation expenses	172 818	132 863	39 955	6
	Depreciation and amortisation	207 429	204 031	3 398	
	Other operating expenses	1 091 750	1 145 249	- 53 499	7
	Interest expenses	142 992	141 931	1 061	
	Other property expenses	977		977	
	Current grants	756 300	714 466	41 834	8
	Capital grants	199 495	177 257	22 238	9
	Subsidies and personal benefit payments	137 182	106 317	30 865	8
	TOTAL EXPENSES	4 485 117	4 342 830	142 287	
<i>equals</i>	NET OPERATING BALANCE	238 329	441 120	- 202 791	
<i>plus</i>	Other economic flows – included in operating result	9 122	25 125	- 16 003	
<i>equals</i>	OPERATING RESULT	247 451	466 245	- 218 794	
<i>plus</i>	Other economic flows – other non-owner changes in equity	468 163	96 865	371 298	
<i>equals</i>	COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners	715 614	563 110	152 504	
	NET OPERATING BALANCE	238 329	441 120	- 202 791	
<i>less</i>	Net acquisition of non financial assets				
	Purchases of non financial assets	1 029 526	1 048 895	- 19 369	10
	Sales of non financial assets	- 77 416	- 94 026	16 610	11
<i>less</i>	Depreciation	207 429	204 031	3 398	
<i>plus</i>	Change in inventories	726		726	
<i>plus</i>	Other movements in non financial assets	- 4 348		- 4 348	
<i>equals</i>	Total net acquisition of non financial assets	741 060	750 838	- 9 778	
<i>equals</i>	FISCAL BALANCE	- 502 731	- 309 718	- 193 013	

42 (a) Notes:

The following note descriptions relate to variances greater than 10 per cent or \$5 million or where multiple significant variances have occurred.

1. The \$1.5 million decrease in taxation revenue from the May 2010 Budget reflects:
 - a reduction in stamp duty on conveyances due to a moderation in the residential and commercial property market; and
 - decreased taxes on gambling largely related to the effect of indoor smoking reforms; largely offset by
 - increased payroll tax collections as a result of higher employment combined with an increase in working hours.
2. Current and capital grants have decreased by \$129 million since May 2010 due to reduced GST revenue of \$135.6 million due to lower national GST collections, offset by a net increase in specific purpose payments and national partnership agreements of \$6.5 million.
3. Sales of goods and services has increased by \$37.8 million across various agencies including:
 - hospital cross border and medical services of \$14.7 million;
 - one-off adjustment for accumulated mineral title revenue of \$11.4 million; and
 - remote public housing tenancy rentals of \$6.6 million due to increased housing stock constructed; the funds are used for maintenance and management of properties.
4. Interest income has increased by \$25.3 million since May 2010 due to higher short-term deposits and securities, as a result of the improved 2009-10 cash outcome.
5. Other income has increased by \$9 million, due to:
 - increased petroleum and mining rents of \$4 million;
 - legal fee reimbursements of \$2.4 million;
 - increased infringement notices of \$1.3 million; and
 - donated assets received of \$1.6 million.
6. Employee and superannuation expenses have increased by \$95.4 million, due to enterprise bargaining agreement outcomes and increased staffing levels in key service delivery areas to support additional Territory and Commonwealth funded initiatives.
7. Other operating expenses were lower by \$53.5 million due to revised timing of revenue received from the Commonwealth across agencies, partially offset by increased repairs and maintenance expenditure relating to disaster maintenance and property management expenses.
8. Current grants and subsidies were \$72.7 million higher than budgeted, largely due to the on-passing of higher Commonwealth grants for children and families, health, schools and the Strategic Indigenous Housing and Infrastructure Program.
9. Capital grants have increased by \$22.2 million predominately due to payments for the Wadeye Power Station (\$17.8 million) and Darwin Squash Courts (\$4 million).
10. Purchase of non financial assets has decreased by \$19.4 million predominately due to revised timing and construction delays as a result of the extended wet season (\$50.3 million) offset by an increase for remote housing (\$30.9 million).
11. Sales of non financial assets has decreased by \$16.6 million, predominately due to reduced public housing sales in the Department of Housing, Local Government and Regional Services.

Note 42 (b) – General Government Sector Budgetary Information

General Government Sector Balance Sheet	2010-11	2010-11	Variance	Note
	Actual (Audited)	Original Budget (Unaudited)		
	\$000	\$000	\$000	
ASSETS				
Financial assets				
Cash and deposits	186 266	151 922	34 344	1
Advances paid	143 290	134 730	8 560	2
Investments, loans and placements	856 486	723 105	133 381	1
Receivables	142 206	128 819	13 387	3
Equity				
Investments in other public sector entities	2 356 703	2 300 881	55 822	4
Investments – other	100	100		
Other financial assets				
Total financial assets	3 685 050	3 439 557	245 493	
Non financial assets				
Inventories	10 195	8 797	1 398	5
Property, plant and equipment	9 654 079	8 435 436	1 218 643	6
Investment property	52 730	39 915	12 815	7
Intangible assets	1 771	3 231	- 1 460	8
Assets held for sale	38 878	12 088	26 790	9
Biological assets				
Other non financial assets	3 027	3 091	- 64	
Total non financial assets	9 760 680	8 502 558	1 258 122	
TOTAL ASSETS	13 445 730	11 942 115	1 503 615	
LIABILITIES				
Deposits held	290 775	106 996	183 779	10
Advances received	246 424	218 707	27 717	11
Borrowing	1 821 254	1 939 661	- 118 407	12
Superannuation	2 739 193	2 494 000	245 193	13
Other employee benefits	495 982	423 748	72 234	14
Payables	174 801	96 025	78 776	15
Other liabilities	115 343	123 312	- 7 969	16
TOTAL LIABILITIES	5 883 771	5 402 449	481 322	
NET ASSETS/(LIABILITIES)	7 561 959	6 539 666	1 022 293	
Contributed equity				
Accumulated surplus/(deficit)	1 458 297	1 745 814	- 287 517	
Reserves	6 103 662	4 793 852	1 309 810	17
NET WORTH	7 561 959	6 539 666	1 022 294	
NET FINANCIAL WORTH ¹	- 2 198 720	- 1 962 892	- 235 828	
NET FINANCIAL LIABILITIES ²	4 555 423	4 263 773	291 650	
NET DEBT³	1 172 410	1 255 607	- 83 197	

1 Net financial worth equals total financial assets minus total liabilities.

2 Net financial liabilities equals the sum of total liabilities less total financial assets excluding investments in other public sector entities.

3 Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

42 (b) Notes:

The following note descriptions relate to variances greater than 10 per cent or \$5 million or where multiple significant variances have occurred.

1. The increase in cash and deposits and investments, loans and placements reflects the improvement in the cash outcome in 2009-10.
2. Advances paid have increased by \$8.6 million predominately due to the increased take up of the HomeStart NT scheme.
3. Receivables have increased by \$13.4 million across various agencies due to the revised timing of receipts compared with the May 2010 Budget.
4. Investments in other public sector entities have increased by \$55.8 million in line with the net worth of government trading entities.
5. Inventories have increased by \$1.4 million largely due to increased pharmaceutical and medical supplies within the Department of Health.
6. Property, plant and equipment are \$1.2 billion higher than budget largely due to the upward revaluation of remote and urban rental properties and government land and buildings.
7. Investment properties have increased by \$12.8 million largely due lower disposals combined with revaluation of shared equity properties within NT Home Ownership.
8. Intangible assets have decreased by \$1.5 million due to revised timing for ICT transition establishment costs in the Department of Business and Employment.
9. The increase to assets held for sale of \$26.8 million predominately relates to land lots in Bellamack, Johnston and Zucolli expected to be sold in 2011-12.
10. The \$183.8 million increase in deposits held is largely due to higher cash balances held by the Central Holding Authority on behalf of trading entities.
11. Advances received has increased by \$27.7 million largely to accommodate the increased take up of loans under HomeStart NT.
12. The \$118.4 million reduction in borrowings reflects the revised timing of Government's funding requirements.
13. The increase of \$245.2 million in superannuation liabilities is predominately due to the movement in the discount rate (2011: 5.3 per cent, Budget: 5.7 per cent) in valuing the Territory's superannuation liabilities as required by accounting standards combined with updated actuarial assumptions.
14. The increase to other employee benefits of \$72.2 million is due to the timing of entitlement payments and increased staffing levels especially in key service delivery personnel to support Territory and Commonwealth-funded initiatives.
15. Payables have increased by \$78.8 million compared to the May 2010 Budget predominately due to revised timing of and accelerated works under the Strategic Indigenous Housing and Infrastructure Program.
16. Other liabilities have decreased by \$7.9 million largely due to the revised methodology of mineral title revenue collected on behalf of the Government.
17. The increase in reserves includes an increase to the asset revaluation reserve largely relating to the upward revaluation of remote and urban rental properties combined with government land and buildings.

Note 42 (c) – General Government Sector Budgetary Information

General Government Sector Cash Flow Statement	2010-11	2010-11	Variance	Note
	Actual (Audited)	Original Budget (Unaudited) ¹		
	\$000	\$000	\$000	
Cash receipts from operating activities				
Taxes received	395 998	397 727	- 1 729	1
Receipts from sales of goods and services	227 252	170 739	56 513	2
Grants and subsidies received	3 812 047	3 944 168	- 132 121	3
Interest receipts	80 429	54 771	25 658	4
Dividends and income tax equivalents	22 971	20 339	2 632	5
Other receipts	379 392	359 231	20 161	6
Total operating receipts	4 918 089	4 946 975	- 28 886	
Cash payments for operating activities				
Payments for employees	- 1 826 249	- 1 786 375	- 39 874	7
Payment for goods and services	- 1 258 172	- 1 317 279	59 107	8
Grants and subsidies paid	- 1 091 961	- 997 995	- 93 966	9
Interest paid	- 143 380	- 141 822	- 1 558	
Other payments	- 8 915		- 8 915	8
Total operating payments	- 4 328 677	- 4 243 471	- 85 206	
NET CASH FLOWS FROM OPERATING ACTIVITIES	589 412	703 504	- 114 092	
Cash flows from investments in non financial assets				
Sales of non financial assets	77 416	94 026	- 16 610	10
Purchases of non financial assets	- 1 029 526	- 1 048 895	19 369	11
Net cash flows from investments in non financial assets	- 952 110	- 954 869	2 759	
NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS	- 362 698	- 251 365	- 111 333	
Net cash flows from investments in financial assets for policy purposes ²	- 120 903	- 113 035	- 7 868	
Net cash flows from investments in financial assets for liquidity purposes	298 691	57 032	241 659	12
NET CASH FLOWS FROM INVESTING ACTIVITIES	- 774 322	- 1 010 872	236 550	
Net cash flows from financing activities				
Advances received (net)	2 542	- 26 784	29 326	13
Borrowing (net)	209 596	329 610	- 120 014	14
Deposits received (net)	- 151 214	- 238 358	87 144	15
Other financing (net)				
NET CASH FLOWS FROM FINANCING ACTIVITIES	60 924	64 468	- 3 544	
NET INCREASE/DECREASE IN CASH HELD	- 123 986	- 242 900	118 914	
Net cash flows from operating activities	589 412	703 504	- 114 092	
Net cash flows from investments in non financial assets	- 952 110	- 954 869	2 759	
CASH SURPLUS (+)/(DEFICIT) (-)	- 362 698	- 251 365	- 111 333	
Additional information to the Cash Flow Statement				
ABS GFS SURPLUS (+)/DEFICIT (-) including finance leases and similar arrangements	- 362 698	- 251 365	- 111 333	
Future infrastructure and superannuation contributions/earnings ³	- 24 355	- 16 601	- 7 754	16
UNDERLYING SURPLUS (+)/DEFICIT (-)	- 387 054	- 267 966	- 119 088	

1 2010-11 Original Budget includes gross up of GST receipts and payments.

2 Includes equity acquisitions, disposals and privatisations (net).

3 Contributions for future infrastructure and superannuation requirements.

42 (c) Notes:

The following note descriptions relate to variances greater than 10 per cent or \$5 million or where multiple significant variances have occurred.

1. The \$1.7 million decrease in taxation receipts from the May 2010 Budget reflects:
 - a reduction in stamp duty on conveyances due to a moderation in the residential and commercial property market; and
 - decreased taxes on gambling largely related to the effect of indoor smoking reforms; largely offset by
 - increased payroll tax collections as a result of higher employment combined with increased working hours.
2. Receipts from sales of good and services has increased by \$56.5 million across various agencies including:
 - hospital cross border and medical services;
 - one-off adjustment for accumulated mineral title revenue; and
 - residential and tenancy rentals with associated expenditure for remote and urban housing due to increased housing stock constructed.
3. Grants and subsidies received have decreased by \$132.1 million since May 2010, due to reduced GST revenue of \$135.6 million due to lower national GST collections, offset by a net increase in specific purpose payments and national partnership agreements of \$3.5 million.
4. Interest receipts have increased by \$25.7 million due to higher short-term deposits and securities as a result of the improved 2009-10 cash outcome.
5. The increase in dividends and income tax equivalents reflects the timing of receipts between financial years.
6. Other receipts have increased by \$20.1 million largely due to increased petroleum and mining rents, legal fee reimbursements and increased police infringement notices.
7. Payments for employees has increased by \$39.9 million due to enterprise bargaining agreement outcomes and increased staffing levels in key service delivery areas to support additional Territory and Commonwealth-funded initiatives.
8. Payments for goods and services and other payments have had a net decrease of \$50.2 million in line with the timing of revenue received from the Commonwealth across agencies, partially offset by increased repairs and maintenance expenditure relating to disaster maintenance and property management expenses.
9. Grants and subsidies paid is \$94 million higher than budgeted, largely due to the on-passing of Commonwealth grants for children and families, health, schools and Strategic Indigenous Housing and Infrastructure Program combined with payments for the Wadeye Power Station (\$17.8 million) and Darwin Squash Courts (\$4 million).
10. Sales of non financial assets has decreased by \$16.6 million, predominately due reduced public housing sales in the Department of Housing, Local Government and Regional Services.
11. Purchase of non financial assets has decreased by \$19.4 million predominately due to revised timing and construction delays as a result of the extended wet season (\$50.3 million) offset by increased spending for remote housing (\$30.9 million).
12. The \$241.7 million movement represents the reduced investment of cash holdings as a result of the 2010-11 outcome.
13. Advances received has increased by \$29.3 million largely due to the increased volume of advances under HomeStart NT.
14. Reflects the revised borrowing requirement.
15. The net \$87.1 million increase in deposits held is largely due to higher cash balances held by the Central Holding Authority on behalf of trading entities.
16. The \$7.8 million represents an increase to reinvested distributions within the Conditions of Service Reserve.

Note 43: Supplementary Tables (Functional Information)

	General Government		Total Public Sector	
	2010-11	2009-10	2010-11	2009-10
	\$000	\$000	\$000	\$000
a) General Government Sector and Total Public Sector Expenses by Function				
General public services				
Government superannuation benefits	2 881	2 773	2 881	2 773
Other general public services	86 960	103 617	86 960	103 617
Total general public services	89 841	106 390	89 841	106 390
Public order and safety				
Police and fire protection services				
Police services	241 959	221 135	241 959	221 135
Fire protection services	30 707	27 880	30 707	27 880
Law courts and legal services	127 843	117 694	127 843	117 694
Prisons and corrective services	113 767	97 180	113 767	97 180
Other public order and safety	5 944	6 430	5 944	6 430
Total public order and safety	520 220	470 320	520 220	470 320
Education				
Primary and secondary education				
Primary education	480 956	425 774	480 956	425 774
Secondary education	292 658	294 076	292 658	294 076
Primary and secondary education n.e.c.		2 698		2 698
Tertiary education				
University education	11 594	127	11 594	127
Technical and further education	116 365	90 988	116 365	90 988
Tertiary education n.e.c.	21 080	31 273	21 080	31 273
Preschool education and education not definable by level				
Preschool education	41 315	36 032	41 315	36 032
Special education	15 699	3 005	15 699	3 005
Other education not definable by level		926		926
Transportation of students				
Transportation of non-urban school students	1 799	1 995	1 799	1 995
Transportation of other students	11 314	12 775	11 314	12 775
Education n.e.c.	375	880	375	880
Total education	993 154	900 548	993 154	900 548

continued

Note 43 (continued)

	General Government		Total Public Sector	
	2010-11	2009-10	2010-11	2009-10
	\$000	\$000	\$000	\$000
Health				
Acute care institutions				
Admitted patient services in acute care institutions	500 332	456 666	500 332	456 666
Non-admitted patient services in acute care institutions	131 101	117 109	131 101	117 109
Mental health institutions	15 319	13 461	15 319	13 461
Community health services				
Community mental health services	29 205	26 813	29 205	26 813
Patient transport	67 892	32 449	67 892	32 449
Other community health services	193 338	177 019	193 338	177 019
Public health services	62 328	39 156	62 328	39 156
Pharmaceuticals, medical aids and appliances	30 393	28 997	30 393	28 997
Health research	7 110	5 649	7 110	5 649
Health administration n.e.c.		1 499		1 499
Total health	1 037 019	898 818	1 037 019	898 818
Social security and welfare				
Welfare services				
Family and child welfare services	143 799	112 671	143 799	112 671
Welfare services for the aged	38 524	32 442	38 524	32 442
Welfare services for people with a disability	68 462	61 182	68 462	61 182
Welfare services n.e.c.	28 439	22 961	28 439	22 961
Social security and welfare services n.e.c.	2 045	2 179	2 045	2 179
Total social security and welfare	281 270	231 434	281 270	231 434
Housing and community amenities				
Housing and community development				
Housing	286 367	252 200	286 367	252 200
Aboriginal community development	88 091	109 245	88 091	109 245
Other community development	39 802	34 097	39 802	34 097
Water supply				
Aboriginal community water supply	30 572	21 610	40 427	31 071
Other water supply	17 502	15 395	52 916	49 397
Sanitation and protection of the environment				
Aboriginal community sanitation services	18 102	12 667	23 530	17 879
Other sanitation and protection of the environment	34 372	24 718	57 454	46 880
Other community amenities	4 984	1 432	4 984	1 432
Total housing and community amenities	519 792	471 363	593 571	542 200

continued

Note 43 (continued)

	General Government		Total Public Sector	
	2010-11	2009-10	2010-11	2009-10
	\$000	\$000	\$000	\$000
Recreation and culture				
Recreation facilities and services				
National parks and wildlife	37 982	35 155	37 982	35 155
Recreation facilities and services n.e.c.	43 784	33 256	43 784	33 256
Cultural facilities and services	80 910	77 753	80 910	77 753
Broadcasting and film production	1 422	773	1 422	773
Recreation and culture n.e.c.	6 445	600	6 445	600
Total recreation and culture	170 542	147 538	170 542	147 538
Fuel and energy				
Fuel affairs and services				
Gas	3 077	1 028	3 077	1 028
Fuel affairs and services n.e.c.	6 714	4 077	6 714	4 077
Electricity and other energy				
Aboriginal community electricity services	49 612	34 671	105 790	88 609
Other electricity	57 153	60 941	436 274	424 943
Other energy			316	304
Fuel and energy n.e.c.	2 003	1 984	2 003	1 984
Total fuel and energy	118 559	102 701	554 174	520 944
Agriculture, forestry, fishing and hunting				
Agriculture	42 771	41 395	42 771	41 395
Forestry, fishing and hunting	17 197	16 234	17 197	16 234
Total agriculture, forestry, fishing and hunting	59 969	57 629	59 969	57 629
Mining and mineral resources other than fuels; manufacturing; and construction				
Mining and mineral resources other than fuels	18 635	18 418	18 635	18 418
Construction	4 469	14 246	4 469	14 246
Total mining and mineral resources other than fuels; manufacturing; and construction	23 103	32 664	23 103	32 664
Transport and other communications				
Road transport				
Aboriginal community road transport services	222	409	222	409
Road maintenance	154 484	144 742	154 484	144 742
Road rehabilitation	3 894	2 901	3 894	2 901
Road construction		8 222		8 222
Road transport n.e.c.	19 265	22 829	24 548	27 902
Water transport				
Urban water transport services	3 683	6 241	25 937	27 608
Non-urban water transport services	686	762	686	762
Rail transport				
Non-urban rail transport freight services	14 574	4 234	14 574	4 234
Non-urban rail transport passenger services	91		91	
Air transport				
Aboriginal community air transport services	5 136	3 871	5 136	3 871

continued

Note 43 (continued)

	General Government		Total Public Sector	
	2010-11	2009-10	2010-11	2009-10
	\$000	\$000	\$000	\$000
Other air transport services	599	5 976	599	5 976
Pipelines			17 602	16 900
Other transport				
Multi-mode urban transport	20 597	17 281	20 597	17 281
Other transport n.e.c.	8 291	8 264	8 291	8 264
Communications	4 126	8 468	4 126	8 468
Total transport and other communications	235 648	234 199	280 787	277 538
Other economic affairs				
Storage, saleyards, and markets		191		191
Tourism and area promotion	60 892	61 895	60 892	61 895
Vocational training	4 477	2 107	4 477	2 107
Labour and employment affairs				
Other labour and employment affairs	19 025	45 636	19 025	45 636
Other economic affairs	48 711	49 680	48 711	49 680
Total other economic affairs	133 105	159 508	133 105	159 508
Other purpose				
Public debt transactions	276 605	267 014	410 476	395 547
General purpose inter-government transactions	24 615	28 559	24 615	28 559
Natural disaster relief	1 673	2 601	1 673	2 601
Other purposes n.e.c.		1 426	154 980	150 225
Total other purpose	302 894	299 600	591 745	576 932
Total operating expenses	4 485 117	4 112 712	5 328 502	4 922 464

b) General Government Sector and Total Public Sector Assets by Function

For public policy purposes Government undertakes a centralised approach to investing in financial assets. In addition a number of Government's non financial assets are multipurpose and utilised across a number of functions, particularly in remote areas of the Territory. Accordingly it is not considered that the carrying amounts of assets recognised in the respective general government and total public sector balance sheets can be reliably attributable to specific functions.

Note 44: Elimination Table – Comprehensive Operating Statement

2010-11	GGG	PNFC Sector	NFPS Eliminations	NFPS	PFC Sector	TPS Eliminations	TPS
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
REVENUE							
Taxation revenue	397 026		- 7 358	389 668		- 1 291	388 377
Current grants	3 267 614	124 514	- 124 908	3 267 220			3 267 220
Capital grants	547 464	41 130	- 40 804	547 790			547 790
Sales of goods and services	205 279	620 213	- 65 017	760 475	222 905	- 10 368	973 012
Interest income	80 143	5 960	- 5 933	80 170	252 757	- 196 429	136 499
Dividend and income tax equivalent income	25 584		- 487	25 097		- 25 097	
Other	200 336	51 842	- 6 924	245 254	3 514	- 2 538	246 231
TOTAL REVENUE	4 723 446	843 659	- 251 431	5 315 675	479 176	- 235 722	5 559 128
<i>less</i> EXPENSES							
Employee benefits expense	1 642 561	99 600	- 23	1 742 138	19 179	- 1 276	1 760 041
Superannuation expenses							
Superannuation interest cost	133 613			133 613			133 613
Other superannuation expenses	172 818	12 133	- 5 780	179 172	2 034	- 45	181 161
Depreciation and amortisation	207 429	124 742		332 171	2 007		334 178
Other operating expenses	1 091 750	585 855	- 73 480	1 604 125	181 709	- 12 886	1 772 948
Interest expenses	142 992	65 559	- 5 933	202 619	203 956	- 196 429	210 146
Other property expenses	977	225	- 241	961	11 137	- 8 629	3 468
Current grants	756 300		- 51 894	704 407	2 843		707 250
Capital grants	199 495	479	- 40 804	159 170			159 170
Subsidies and personal benefit payments	137 182	2 360	- 73 014	66 528			66 528
TOTAL EXPENSES	4 485 117	890 955	- 251 169	5 124 903	422 864	- 219 265	5 328 502
<i>equals</i> NET OPERATING BALANCE	238 329	- 47 295	- 262	190 771	56 312	- 16 458	230 626
<i>plus</i> Other economic flows – included in operating result	9 122	- 7 418		1 704	13 659		15 364
<i>equals</i> OPERATING RESULT	247 451	- 54 713	- 262	192 476	69 971	- 16 458	245 990
<i>plus</i> Other economic flows – other non-owner changes in equity	468 163	91 945	- 36 970	523 138	1 477	- 54 991	469 624
<i>equals</i> COMPREHENSIVE RESULT – Total change in net worth before transactions with owners in their capacity as owners	715 614	37 232	- 37 232	715 614	71 449	- 71 449	715 614
NET OPERATING BALANCE	238 329	- 47 295	- 262	190 771	56 312	- 16 458	230 626
<i>less</i> Net acquisition of non financial assets							
Purchases of non financial assets	1 029 526	348 558		1 378 085	1 414		1 379 499
Sales of non financial assets	- 77 416	- 4 856		- 82 273	- 115		- 82 387
<i>less</i> Depreciation	207 429	124 742		332 171	2 007		334 178
<i>plus</i> Change in inventories	726	5 504		6 231			6 231
<i>plus</i> Other movements in non financial assets	- 4 348	10 239		5 892			5 892
<i>equals</i> Total net acquisition of non financial assets	741 060	234 704		975 764	- 708		975 056
<i>equals</i> FISCAL BALANCE	- 502 731	- 281 999	- 262	- 784 992	57 020	- 16 458	- 744 430

Note 44: Elimination Table – Balance Sheet

2010-11	GGG	PNFC Sector	NFPS Eliminations	NFPS	PFC Sector	TPS Eliminations	TPS
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS							
Financial assets							
Cash and deposits	186 266	198 079	- 197 512	186 832	159 615	- 26 587	319 860
Advances paid	143 290			143 290	85 025	- 89 251	139 064
Investments, loans and placements	856 486			856 486	4 030 497	- 2 993 321	1 893 662
Receivables	142 206	82 119	- 11 578	212 746	156 928	- 34 107	335 567
Equity							
Investments in other public sector entities	2 356 703		- 2 065 545	291 158		- 291 158	
Investments – other	100	3		103			103
Other financial assets							
Total financial assets	3 685 050	280 200	- 2 274 635	1 690 615	4 432 065	- 3 434 424	2 688 256
Non financial assets							
Inventories	10 195	24 834		35 029			35 029
Property, plant and equipment	9 654 079	3 008 007		12 662 086	47 324		12 709 410
Investment property	52 730			52 730			52 730
Intangible assets	1 771	21 413		23 184	1 251		24 435
Assets held for sale	38 878			38 878			38 878
Biological assets							
Other non financial assets	3 027			3 027			3 027
Total non financial assets	9 760 680	3 054 254		12 814 934	48 575		12 863 509
TOTAL ASSETS	13 445 730	3 334 454	- 2 274 635	14 505 549	4 480 640	- 3 434 424	15 551 765
LIABILITIES							
Deposits held	290 775	42	- 197 512	93 305	498 474	- 26 587	565 192
Advances received	246 424			246 424	258 564	- 250 650	254 338
Borrowing	1 821 254	1 122 703		2 943 956	2 834 371	-2 831 923	2 946 405
Superannuation	2 739 193			2 739 193			2 739 193
Other employee benefits	495 982	41 958		537 940	5 029		542 969
Payables	174 801	77 864	- 9 613	243 051	69 903	- 9 756	303 198
Other liabilities	115 343	26 342	- 1 965	139 720	523 141	- 24 350	638 511
TOTAL LIABILITIES	5 883 771	1 268 909	- 209 090	6 943 589	4 189 482	- 3 143 266	7 989 805
NET ASSETS/(LIABILITIES)	7 561 959	2 065 545	- 2 065 545	7 561 959	291 158	- 291 158	7 561 959
Contributed equity		474 302	- 474 302		58 054	- 58 054	
Accumulated surplus/(deficit)	1 458 297	664 032		2 122 328	210 654		2 332 983
Reserves	6 103 662	927 211	- 1 591 243	5 439 631	22 449	- 233 103	5 228 976
NET WORTH	7 561 959	2 065 545	- 2 065 545	7 561 959	291 158	- 291 158	7 561 959
NET FINANCIAL WORTH ¹	- 2 198 720	- 988 709	- 2 065 545	- 5 252 975	242 583	- 291 158	- 5 301 550
NET FINANCIAL LIABILITIES ²	4 555 423	988 709		5 544 132	- 242 583		5 301 550
NET DEBT³	1 172 410	924 666		2 097 076	- 683 727		1 413 349

1 Net financial worth equals total financial assets minus total liabilities.

2 Net financial liabilities equals the sum of total liabilities less total financial assets excluding investments in other public sector entities.

3 Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

Note 44: Elimination Table – Statement of Changes in Equity

2010-11	PNFC		NFPS		PFC		TPS	
	GGS	Sector	Eliminations	NFPS	Sector	Eliminations	TPS	TPS
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Equity as at 30 June 2010								
Accumulated funds								
Accumulated funds – opening balance	1 197 918	720 219		1 918 137	157 084			2 075 221
Current year surplus(+)/deficit(-)	247 451	- 54 713	- 262	192 476	69 971	- 16 458		245 990
Changes in accounting policy								
Correction of prior period errors								
Transfers from reserves	11 547			11 547				11 547
Dividends paid/payable		- 262	262		- 16 458	16 458		
Total financial assets	1 382	- 1 212		170	56			226
Total accumulated funds	1 458 297	664 032		2 122 328	210 654			2 332 983
Reserves								
Asset revaluation surplus	3 944 176	927 211		4 871 387	22 449			4 893 836
Asset realisation surplus	332 868			332 868				332 868
Derivative revaluation surplus								
Investments in public sector entities revaluation surplus	1 824 346		- 1 591 243	233 103		- 233 103		
Other reserves	2 272			2 272				2 272
Total reserves	6 103 662	927 211	- 1 591 243	5 439 631	22 449	- 233 103		5 228 976
Capital – transactions with owners								
Equity – opening balance		363 322	- 363 322		58 054	- 58 054		
Equity injections								
Capital appropriation								
Equity transfers in		57	- 57					
Other equity injections		110 922	- 110 922					
Specific purpose payments								
National partnership payments								
Commonwealth – capital								
Equity withdrawals								
Capital withdrawals								
Equity transfers out								
Total capital – transactions with owners		474 302	- 474 302		58 054	- 58 054		
TOTAL EQUITY AT END OF FINANCIAL YEAR	7 561 959	2 065 545	- 2 065 545	7 561 959	291 158	- 291 158		7 561 959

Note 44: Elimination Table – Cash Flow Statement

2010-11	PNFC		NFPS		PFC		TPS	
	GGS	Sector	Eliminations	NFPS	Sector	Eliminations	TPS	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash receipts from operating activities								
Taxes received	395 998		- 7 084	388 915			- 1 291	387 623
Receipts from sales of goods and services	227 252	639 439	- 62 983	803 708	225 486	- 10 216		1 018 978
Grants and subsidies received	3 812 047	166 111	- 165 712	3 812 447				3 812 447
Interest receipts	80 429	5 797	- 5 770	80 456	250 459	- 194 765		136 150
Dividends and income tax equivalents	22 971		- 396	22 575		- 22 575		
Other receipts	379 392	28 057	- 1 141	406 308	4 760	- 3 653		407 416
Total operating receipts	4 918 089	839 405	- 243 086	5 514 408	480 705	- 232 499		5 762 614
Cash payments for operating activities								
Income tax equivalents paid		- 175	175		- 6 794	6 794		
Payments for employees	- 1 826 249	- 113 570	7 862	- 1 931 957	- 22 994	2 567		- 1 952 383
Payment for goods and services	- 1 258 172	- 586 017	63 338	- 1 780 851	- 177 940	12 571		- 1 946 221
Grants and subsidies paid	- 1 091 961	- 2 415	165 712	- 928 665	- 2 843			- 931 508
Interest paid	- 143 380	- 63 347	5 770	- 200 957	- 201 759	194 765		- 207 951
Other payments	- 8 915	- 1 496	16	- 10 395	- 2 507			- 12 902
Total operating payments	- 4 328 677	- 767 020	242 873	- 4 852 825	- 414 837	216 697		- 5 050 966
NET CASH FLOWS FROM OPERATING ACTIVITIES	589 412	72 385	- 213	661 583	65 868	- 15 802		711 649
Cash flows from investments in non financial assets								
Sales of non financial assets	77 416	4 856		82 273	115			82 387
Purchases of non financial assets	- 1 029 526	- 348 558		- 1 378 085	- 1 414			- 1 379 499
Net cash flows from investments in non financial assets	- 952 110	- 343 702		- 1 295 812	- 1 299			- 1 297 111
NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS	- 362 698	- 271 317	- 213	- 634 229	64 569	- 15 802		- 585 463
Net cash flows from investments in financial assets for policy purposes ¹	- 120 903		110 922	- 9 980	159 619	- 159 619		- 9 980
Net cash flows from investments in financial assets for liquidity purposes	298 691			298 691	- 579 865	552 047		270 873
NET CASH FLOWS FROM INVESTING ACTIVITIES	- 774 322	- 343 702	110 922	- 1 007 102	- 421 545	392 428		- 1 036 219
Net cash flows from financing activities								
Advances received (net)	2 542			2 542	- 5 414	- 2 596		- 5 468
Borrowing (net)	209 596	179 273		388 869	190 468	- 389 832		189 505
Deposits received (net)	- 151 214	- 80	- 19 408	- 170 701	- 34 014	187 439		- 17 276
Dividends paid		- 213	213		- 15 802	15 802		
Other financing (net)		110 922	- 110 922					
NET CASH FLOWS FROM FINANCING ACTIVITIES	60 924	289 902	- 130 117	220 709	135 238	- 189 186		166 761
NET INCREASE/DECREASE IN CASH HELD	- 123 986	18 585	- 19 408	- 124 809	- 220 440	187 439		- 157 809
Net cash flows from operating activities	589 412	72 385	- 213	661 583	65 868	- 15 802		711 649

Note 44 (continued)	GGS	PNFC Sector	NFPS Eliminations	NFPS	PFC Sector	TPS Eliminations	TPS
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Net cash flows from investments in non financial assets	- 952 110	- 343 702		- 1 295 812	- 1 299		- 1 297 111
Dividends paid		- 213	213		- 15 802	15 802	
CASH SURPLUS (+)/(DEFICIT) (-)	- 362 698	- 271 530		- 634 229	48 766		- 585 463
Additional information to the Cash Flow Statement							
CASH SURPLUS (+)/(DEFICIT) (-)	- 362 698	- 271 530		- 634 229	48 766		- 585 463
Acquisitions under finance leases and similar arrangements							
ABS GFS SURPLUS (+)/DEFICIT (-) including finance leases and similar arrangements	- 362 698	- 271 530		- 634 229	48 766		- 585 463
Future infrastructure and superannuation contributions/earnings ²	- 24 355			- 24 355			- 24 355
UNDERLYING SURPLUS (+)/DEFICIT (-)	- 387 054	- 271 530		- 658 584	48 766		- 609 818

1 Includes equity acquisitions, disposals and privatisations (net).

2 Contributions for future infrastructure and superannuation requirements.

Note 44: Elimination Table – Comprehensive Operating Statement

2009-10	GGG	PNFC	NFPS		PFC	TPS	
	Sector	Sector	Eliminations	NFPS	Sector	Eliminations	TPS
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
REVENUE							
Taxation revenue	414 609		- 6 379	408 229		- 1 148	407 081
Current grants	3 334 426	117 420	- 117 458	3 334 388			3 334 388
Capital grants	412 789	21 381	- 20 845	413 324			413 324
Sales of goods and services	184 898	589 141	- 56 856	717 183	186 275	- 7 686	895 772
Interest income	65 021	3 330	- 3 291	65 060	238 884	- 172 313	131 631
Dividend and income tax equivalent income	21 189		1 365	22 554		- 22 554	
Other	215 902	33 013	- 6 872	242 043	11 543	- 2 648	250 938
TOTAL REVENUE	4 648 833	764 286	- 210 337	5 202 783	436 702	- 206 349	5 433 135
<i>less</i>	EXPENSES						
Employee benefits expense	1 532 191	90 309	- 2	1 622 499	17 540	- 1 001	1 639 037
Superannuation expenses							
Superannuation interest cost	132 154			132 154			132 154
Other superannuation expenses	157 143	11 108	- 5 972	162 279	3 084	- 47	165 316
Depreciation and amortisation	173 746	97 280		271 026	3 304		274 330
Other operating expenses	1 000 396	539 191	- 63 576	1 476 012	186 448	- 10 445	1 652 015
Interest expenses	134 860	46 853	- 3 291	178 422	177 779	- 172 313	183 888
Other property expenses	396	- 1 036	1 020	381	9 363	- 6 741	3 002
Current grants	691 748		- 47 850	643 898	2 273		646 171
Capital grants	170 348	21 635	- 20 845	171 138			171 138
Subsidies and personal benefit payments	119 728	4 580	- 69 608	54 700	713		55 413
TOTAL EXPENSES	4 112 712	809 920	- 210 123	4 712 508	400 503	- 190 547	4 922 464
<i>equals</i>	NET OPERATING BALANCE						
	536 122	- 45 634	- 213	490 275	36 198	- 15 802	510 671
<i>plus</i>	Other economic flows – included in operating result						
	- 139 967	- 3 766		- 143 733	16 297		- 127 436
<i>equals</i>	OPERATING RESULT						
	396 155	- 49 400	- 213	346 542	52 496	- 15 802	383 234
<i>plus</i>	Other economic flows – other non-owner changes in equity						
	1 699 652	817 493	- 767 880	1 749 265	1 687	- 38 380	1 712 573
<i>equals</i>	COMPREHENSIVE RESULT – Total change in net worth before transactions with owners in their capacity as owners						
	2 095 807	768 093	- 768 093	2 095 807	54 183	- 54 183	2 095 807
	NET OPERATING BALANCE						
	536 122	- 45 634	- 213	490 275	36 198	- 15 802	510 671
<i>less</i>	Net acquisition of non financial assets						
Purchases of non financial assets	843 139	338 573		1 181 712	6 686		1 188 398
Sales of non financial assets	- 90 823	- 216		- 91 040	- 2 329		- 93 369
<i>less</i> Depreciation	173 746	97 280		271 026	3 304		274 330
<i>plus</i> Change in inventories	669	1 184		1 853			1 853
<i>plus</i> Other movements in non financial assets	- 559	- 12 706		- 13 266			- 13 266
<i>equals</i>	Total net acquisition of non financial assets						
	578 680	229 554		808 234	1 053		809 287
<i>equals</i>	FISCAL BALANCE						
	- 42 558	- 275 188	- 213	- 317 959	35 145	- 15 802	- 298 616

Note 44: Elimination Table – Balance Sheet

2009-10	PNFC		NFPS		PFC		TPS	
	GGs	Sector	Eliminations	NFPS	Sector	Eliminations	TPS	TPS
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS								
Financial assets								
Cash and deposits	310 252	179 493	- 178 104	311 641	380 055	- 214 026	477 669	
Advances paid	133 638			133 638	244 644	- 249 074	129 207	
Investments, loans and placements	1 134 742			1 134 742	3 436 987	- 2 441 275	2 130 454	
Receivables	129 323	82 879	- 8 548	203 654	153 957	- 28 122	329 489	
Equity								
Investments in other public sector entities	2 153 763		- 1 917 596	236 167		- 236 167		
Investments – other	100	3		103			103	
Other financial assets								
Total financial assets	3 861 818	262 375	- 2 104 249	2 019 944	4 215 642	- 3 168 664	3 066 922	
Non financial assets								
Inventories	9 468	19 330		28 798			28 798	
Property, plant and equipment	8 583 151	2 698 740		11 281 891	46 282		11 328 173	
Investment property	50 076			50 076			50 076	
Intangible assets	87	14 360		14 447	1 784		16 231	
Assets held for sale	6 241			6 241			6 241	
Biological assets								
Other non financial assets	3 057			3 057			3 057	
Total non financial assets	8 652 080	2 732 430		11 384 510	48 066		11 432 576	
TOTAL ASSETS	12 513 897	2 994 806	- 2 104 249	13 404 454	4 263 708	- 3 168 664	14 499 498	
LIABILITIES								
Deposits held	441 988	122	- 178 104	264 006	532 489	- 214 026	582 469	
Advances received	243 417			243 417	264 182	- 247 793	259 806	
Borrowing	1 612 122	943 429		2 555 552	2 643 132	- 2 442 555	2 756 128	
Superannuation	2 670 175			2 670 175			2 670 175	
Other employee benefits	449 758	35 888		485 646	5 516		491 163	
Payables	116 785	75 231	- 7 438	184 577	79 017	- 7 665	255 929	
Other liabilities	133 306	22 539	- 1 110	154 735	503 205	- 20 457	637 483	
TOTAL LIABILITIES	5 667 551	1 077 209	- 186 653	6 558 108	4 027 542	- 2 932 497	7 653 153	
NET ASSETS/(LIABILITIES)	6 846 346	1 917 596	- 1 917 596	6 846 346	236 167	- 236 167	6 846 346	
Contributed Equity		363 322	- 363 322		58 054	- 58 054		
Accumulated surplus/(deficit)	1 197 918	720 219		1 918 137	157 084		2 075 221	
Reserves	5 648 428	834 055	- 1 554 273	4 928 209	21 028	- 178 112	4 771 125	
NET WORTH	6 846 346	1 917 596	- 1 917 596	6 846 346	236 167	- 236 167	6 846 346	
NET FINANCIAL WORTH ¹	- 1 805 734	- 814 834	- 1 917 596	- 4 538 164	188 100	- 236 167	- 4 586 230	
NET FINANCIAL LIABILITIES ²	3 959 497	814 834		4 774 331	- 188 100		4 586 230	
NET DEBT³	718 896	764 058		1 482 954	- 621 883		861 072	

1 Net financial worth equals total financial assets minus total liabilities.

2 Net financial liabilities equals the sum of total liabilities less total financial assets excluding investments in other public sector entities.

3 Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

Note 44: Elimination Table – Statement of Changes in Equity

2009-10	PNFC		NFPS		PFC		TPS	
	GGs	Sector	Eliminations	NFPS	Sector	Eliminations	TPS	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Equity as at 30 June 2010								
Accumulated funds								
Accumulated funds – opening balance	799 808	766 258		1 566 066	117 612			1 683 678
Current year surplus(+)/deficit(-)	396 155	- 49 400	- 213	346 541	52 496	- 15 802		383 235
Changes in accounting policy								
Correction of prior period errors								
Transfers from reserves	7 134			7 134	2 917			10 051
Dividends paid/payable		- 213	213		- 15 802	15 802		
Other movements directly to equity	- 5 179	3 574		- 1 604	- 137			- 1 742
Total accumulated funds	1 197 918	720 219		1 918 137	157 085			2 075 221
Reserves								
Asset revaluation surplus	3 578 083	834 055		4 412 137	21 028			4 433 165
Asset realisation surplus	337 209			337 209				337 209
Derivative revaluation surplus								
Investments in public sector entities revaluation surplus	1 732 385		- 1 554 273	178 112		- 178 112		
Other reserves	751			751				751
Total reserves	5 648 428	834 055	- 1 554 273	4 928 209	21 028	- 178 112		4 771 125
Capital – transactions with owners								
Equity – opening balance		362 172	- 362 172		58 054	- 58 054		
Equity injections								
Capital appropriation								
Equity transfers in		1 151	- 1 151					
Other equity injections								
Specific purpose payments								
National partnership payments								
Commonwealth – capital								
Equity withdrawals								
Capital withdrawals								
Equity transfers out								
Total capital – transactions with owners		363 323	- 363 323		58 054	- 58 054		
TOTAL EQUITY AT END OF FINANCIAL YEAR	6 846 346	1 917 596	- 1 917 596	6 846 346	236 167	- 236 167		6 846 346

Note 44: Elimination Table – Cash Flow Statement

2009-10	PNFC		NFPS		PFC		TPS	
	GGs	Sector	Eliminations	NFPS	Sector	Eliminations	TPS	TPS
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash receipts from operating activities								
Taxes received	410 446		- 6 326	404 119		- 1 148	402 971	
Receipts from sales of goods and services	228 865	591 033	- 57 296	762 602	187 674	- 7 621	942 656	
Grants and subsidies received	3 756 148	138 749	- 138 303	3 756 594			3 756 594	
Interest receipts	64 257	3 021	- 2 982	64 296	236 857	- 170 445	130 709	
Dividends and income tax equivalents	15 985		1 679	17 664		- 17 664		
Other receipts	388 274	22 921	- 981	410 214	14 089	- 1 799	422 504	
Total operating receipts	4 863 974	755 725	- 204 209	5 415 490	438 620	- 198 677	5 655 433	
Cash payments for operating activities								
Income tax equivalents paid		1 400	- 1 400		- 4 317	4 317		
Payments for employees	- 1 706 661	- 100 913	6 483	- 1 801 091	- 20 766	2 223	- 1 819 633	
Payment for goods and services	- 1 201 914	- 532 222	57 514	- 1 676 622	- 172 658	8 341	- 1 840 939	
Grants and subsidies paid	- 978 587	- 4 632	138 303	- 844 915	- 2 986		- 847 901	
Interest paid	- 133 638	- 45 889	2 982	- 176 545	- 165 752	170 445	- 171 853	
Other payments	- 8 275	- 5 210	16	- 13 469	- 2 621		- 16 091	
Total operating payments	- 4 029 075	- 687 465	203 898	- 4 512 642	- 369 100	185 325	- 4 696 417	
NET CASH FLOWS FROM OPERATING ACTIVITIES	834 899	68 260	- 311	902 847	69 521	- 13 351	959 017	
Cash flows from investments in non financial assets								
Sales of non financial assets	90 823	216		91 040	2 329		93 369	
Purchases of non financial assets	- 843 139	- 338 573		- 1 181 712	- 6 686		- 1 188 398	
Net cash flows from investments in non financial assets	- 752 316	- 338 357		- 1 090 673	- 4 357		- 1 095 030	
NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS	82 582	- 270 097	- 311	- 187 826	65 164	- 13 351	- 136 013	
Net cash flows from investments in financial assets for policy purposes ¹	- 4 657			- 4 657	6 180	- 6 045	- 4 522	
Net cash flows from investments in financial assets for liquidity purposes	- 165 786			- 165 786	- 402 216	329 299	- 238 703	
NET CASH FLOWS FROM INVESTING ACTIVITIES	- 922 759	- 338 357		- 1 261 115	- 400 393	323 253	- 1 338 255	
Net cash flows from financing activities								
Advances received (net)	35 948			35 948	- 6 388	- 36 107	- 6 546	
Borrowing (net)	- 46 087	338 066		291 979	462 977	- 292 806	462 151	
Deposits received (net)	248 747	- 270	- 69 151	179 326	82 981	- 178 341	83 966	
Dividends paid		- 311	311		- 13 351	13 351		
Other financing (net)								
NET CASH FLOWS FROM FINANCING ACTIVITIES	238 608	337 484	- 68 840	507 253	526 219	- 493 902	539 570	
NET INCREASE/DECREASE IN CASH HELD	150 748	67 387	- 69 151	148 985	195 346	- 184 000	160 332	

Note 44 (continued)	GGG	PNFC Sector	NFPS Eliminations	NFPS	PFC Sector	TPS Eliminations	TPS
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Net cash flows from operating activities	834 899	68 260	- 311	902 847	69 521	- 13 351	959 017
Net cash flows from investments in non financial assets	- 752 316	- 338 357		- 1 090 673	- 4 357		- 1 095 030
Dividends paid		- 311	311		- 13 351	13 351	
CASH SURPLUS (+)/(DEFICIT) (-)	82 582	- 270 408		- 187 826	51 813		- 136 013
<i>Additional Information to the Cash Flow Statement</i>							
CASH SURPLUS (+)/(DEFICIT) (-)	82 582	- 270 408		- 187 826	51 813		- 136 013
Acquisitions under finance leases and similar arrangements							
ABS GFS SURPLUS (+)/DEFICIT (-) including finance leases and similar arrangements	82 582	- 270 408		- 187 826	51 813		- 136 013
Future infrastructure and superannuation contributions/earnings ²	- 16 878			- 16 878			- 16 878
UNDERLYING SURPLUS (+)/DEFICIT (-)	65 704	- 270 408		- 204 704	51 813		- 152 891

1 Includes equity acquisitions, disposals and privatisations (net).

2 Contributions for future infrastructure and superannuation requirements.

Note 45: Glossary

ABS GFS Manual	The Australian Bureau of Statistics (ABS) publication Australian System of Government Finance Statistics: Concepts, Sources and Methods as updated from time to time.
Accountable Officer's Trust Account	Established under section 7(1) of the <i>Financial Management Act</i> to enable agencies to hold money in trust for another person or entity. Transactions in these accounts are excluded from the Public Account.
Accounts Payable	The value of short-term and long-term trade debt and accounts payable, interest payable and prepayments received.
Accounts Receivable	The value of short-term and long-term trade credit and accounts receivable interest receivable and prepayments made.
Accrual Accounting	A recording method in which revenues, expenses, lending and borrowing are recognised as they are earned or incurred regardless of when a cash payment is made or received.
Administrative Arrangements Order	A list of Ministers of the Northern Territory, agencies, Acts and principal areas of government for which they are responsible.
Advances/Advances Paid	Loans acquired for policy rather than liquidity management purposes. Included are long-term and short-term loans, non-marketable debentures and long and short term promissory agreements (bonds and bills) issued to public sector units for achieving government policy objectives.
Agency	A unit of government administration, or office or statutory corporation, nominated in an Administrative Arrangements Order for the purposes of the <i>Financial Management Act</i> and including, where the case requires, a part or division (by whatever name called) of an agency.
Appropriation	An authority given by the Legislative Assembly to make payments, now or at some future time, for the purposes stated, up to the limit of the amount in the particular Act.
Appropriation Act	Includes a <i>Supply Act</i> and an annual <i>Appropriation Act</i> or an additional <i>Appropriation Act</i> .
Australian Accounting Standards	Statements of accounting standards which can be applied in the preparation and presentation of financial statements.
Capital Grants	Transactions in which the ownership of an asset (other than cash and inventories) is transferred from one institutional unit to another, in which cash is transferred to enable the recipient to acquire another asset, or in which the funds realised by the disposal of another asset are transferred, for which no economic benefits of equal value are receivable or payable in return.
Cash Accounting	A recording method in which transactions are recognised when cash payments are made or received.

Cash Surplus/Deficit	<p>Reported in the Cash Flow Statement that measures the net impact of cash flows during the period. It equals net cash flows from operating activities plus net cash flows from acquisition and disposal of non financial assets, less distributions paid less value of assets acquired under finance leases and similar arrangements.</p> <p>Net cash flows from operating plus net cash from acquisition and disposal of non financial assets (less dividends paid for the public non financial corporations and public financial corporations sectors).</p>
Community Service Obligation	<p>A community service obligation (CSO) arises when the Government requires a government business division of government owned corporation to carry out activities which it would not choose to do on a commercial basis or would only do at higher commercial prices. CSOs allow the Government to achieve identifiable community or social objectives that would not be achieved if left to commercial considerations.</p>
Commonwealth Own-Purpose Expenses	<p>Payments by the Commonwealth for goods and service and associated transfer payments for the conduct of its general government activities.</p>
Central Holding Authority	<p>Created by section 5 of the <i>Financial Management Act</i>, the Central Holding Authority is a representation of the revenue, expenses, assets and liabilities of the Territory. Credited to this account is all money received by or on behalf of the Territory or an agency, except that required or permitted by or under the <i>Financial Management Act</i> or any other Act to be credited to an Operating Account or to an Accountable Officer's Trust Account.</p>
Change in Net Worth	<p>Change in net worth (comprehensive result) is revenue from transactions less expenses from transactions plus other economic flows, and measures the variation in a government's accumulated assets and liabilities.</p>
Comprehensive Result	<p>The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other movements in equity, other than transactions with owners as owners.</p>
Contingent Liability	<p>A potential financial obligation arising out of a condition, situation, guarantee or indemnity, the ultimate effect of which will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.</p>
Convergence Difference	<p>The difference between the amounts recognised in the financial statements compared with the amounts determined for GFS purposes as a result of differences in definition, recognition, measurement, classification and consolidation principles and rules.</p>
Current Grants	<p>Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.</p>
Doubtful Debt	<p>A debt which is treated as a possible future loss and for which a provision has been made.</p>
Eliminations	<p>Adjustments relating to interrelated transactions or entries between entities within the total public sector.</p>
Finance Lease	<p>Lease agreements that transfer substantially all the risks and benefits relating to ownership of an asset from the lessor (legal owner) to the lessee (party using the asset).</p>

- Financial Asset** Any asset that is:
- cash;
 - an equity instrument of another entity;
 - a contractual right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
 - a contract that will or may be settled in the entity's own equity instruments and is:
 - a non derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Fiscal Aggregates Analytical balances that are useful for macroeconomic analysis purposes, including assessing the impact of a government and its sectors on the economy. AASB 1049 prescribes net operating balance, net lending/borrowing (fiscal balance), change in net worth (comprehensive result), net worth and cash surplus/deficit. The UPF prescribes additional fiscal aggregates not included in AASB 1049: these are net debt, net financial worth, net financial liabilities and ABS GFS cash surplus/deficit.

Generally Accepted Accounting Principles (GAAP) Term used to describe broadly the body of principles that governs the accounting for financial transactions underlying the preparation of a set of financial statements.

General Government Sector (GGS) Defined in Government Finance Statistics as an entity or group of entities which are mainly engaged in the production of goods and or services outside the normal market mechanism. Goods and services are provided free of charge or at nominal charges well below costs of production.

Goods and Services Tax (GST) Revenue On 1 July 2000, the Commonwealth introduced the GST. Payments from the Commonwealth return the GST revenue to the states and territories, replacing the previous general purpose grants.

Government Business Division (GBD) A Territory-controlled trading entity that follows commercial practices and is required to comply with competitive neutrality principles.

Government Finance Statistics Refers to statistics that measure the financial transactions of governments and reflect the impact of those transactions on other sectors of the economy. Government Finance Statistics in Australia are developed by the Australian Bureau of Statistics in conjunction with all governments and are mainly based on international statistical standards developed, in consultation with member countries, by the International Monetary Fund.

Government Owned Corporation (GOC)	An entity whose objectives are to operate at least as efficiently as any corporate business and maximise the sustainable return to government. The <i>Government Owned Corporations Act</i> adopts the shareholder model of corporate governance. The Power and Water Corporation became the Territory's first government owned corporation on 1 July 2002.
Government Purpose Classification	Classifies outlays or expenditure transactions by the purpose served, eg. health, education.
Guarantee	An undertaking to answer for the debt or obligations of another person or entity.
Grants	<p>Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be of a current or capital nature (see current grants and capital grants).</p> <p>While grants to government may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly, benefits of approximately equal value. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers.</p> <p>Grants can be paid as general purpose grants which refer to grants which are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and or have conditions attached regarding their use.</p>
Grants for On-Passing	All grants paid to one institutional sector (eg. a state general government) to be passed on to another institutional sector (for example, local government or a non-profit institution).
Indemnity	A written undertaking to compensate, protect or insure another person or entity against future financial loss, damage or liability.
Intergovernmental Agreement	An agreement signed by all states and the Commonwealth in December 2008 defining the framework for federal financials relations, encompassing Commonwealth funding to states through general revenue assistance, Specific Purpose Payments and National Partnership payments.
Interest Expense	Costs incurred in connection with the borrowing of funds. It includes interest on advances, loans, overdrafts, bonds and bills, deposits, interest components of finance lease repayments, and amortisation of discounts or premiums in relation to borrowing.
International Financial Reporting Standards	The term used to describe the move to standardise existing global international accounting standards. Australian equivalents to these new standards have been adopted for reporting periods on or after 1 January 2005.
Inventories	Includes goods or other property used in the production of goods or services, or held for sale, but does not include livestock and other regenerative natural resources.

Loan Council	The Australian Loan Council coordinates borrowing by Australian and state governments. Current arrangements seek to emphasise transparency of public sector finances, through financial market scrutiny of proposed borrowing to restrict borrowing to prudent levels.
Loan Council Allocation	The nomination to the Loan Council of the level of financing required.
Memorandum Items – Loan Council	Memorandum items are used to adjust the cash surplus/deficit to include in the Loan Council Allocation certain transactions that may have the characteristics of public sector borrowings but do not constitute formal borrowings.
National Partnership Agreements	National Partnership Agreements (NPAs) are agreements between the Commonwealth, states and territories with defined objectives, outcomes, outputs and performance measures related to the delivery of projects of national significance or to facilitate reforms.
National Partnership Payments	National Partnership Payments (NPPs) are tied Commonwealth grants provided to states and territories to enable them to achieve the outcomes and outputs of a National Partnership Agreement.
Net Acquisition/ (Disposal) of Non Financial Assets from Transactions	<p>Purchases (or acquisitions) of non financial assets less sales (or disposals) of non financial assets less depreciation plus changes in inventories and other movements in non financial assets.</p> <p>Purchases and sales (or net acquisitions) of non financial assets generally include accrued expenses and payables for capital items. Purchases exclude non-produced assets and valuables which are included in other movements in non financial assets.</p>
Net Actuarial Gains	Includes actuarial gains and losses on defined benefit superannuation plans.
Net Cash Flows from Investments in Financial Assets (Liquidity Management purposes)	<p>Cash receipts from liquidation or repayment of investments in financial assets for liquidity management purposes less cash payments for such investments.</p> <p>Investment for liquidity management purposes means making funds available to others with no policy intent and with the aim of earning a commercial rate of return.</p>
Net Cash Flows from Investments in Financial Assets(Policy Purposes)	Cash receipts from the repayment and liquidation of investments in financial assets for policy purposes less cash payments for acquiring financial assets for policy purposes. Acquisition of financial assets for policy purposes is distinguished from investments in financial assets (liquidity management purposes) by the underlying government motivation for acquiring the assets. Acquisition of financial assets for policy purposes is motivated by government policies such as encouraging the development of certain industries or assisting citizens affected by natural disaster.
Net Debt	<p>Net debt measures a government's net stock of selected gross financial liabilities less financial assets.</p> <p>Net debt equals sum of deposits held, advances received, government securities, loans and other borrowing less the sum of cash and deposits, advances paid and investments, loans and placements.</p>
Net Financial Liabilities	Total liabilities less financial assets, other than equity in public non financial corporations and public financial corporations. This measure is broader than net debt as it includes significant liabilities, other than borrowings (for example, accrued employee liabilities such as superannuation and long service leave entitlements). For the public non financial corporations and public financial corporations sectors, it is equal to negative net financial worth.

Net Financial Worth	A measure of a government's net holdings of financial assets. It is calculated from the Uniform Presentation Framework balance sheet as financial assets minus liabilities. Net financial worth is a broader measure than net debt, in that it incorporates provisions (such as superannuation, but excludes depreciation and doubtful debts) as well as holdings of equity. Net financial worth includes all classes of financial assets and liabilities.
Net Gain on Equity Investment in other Sector Entities Measured at Proportional Share of the Carrying Amount of Net Assets/(Liabilities)	Comprises the net gains relating to the equity held by the General Government Sector in other sector entities. It arises from a change in the carrying amount of net assets of the subsidiaries. The net gains are measured based on the proportional share of the subsidiary's carrying amount of net assets /(liabilities) before elimination of intersector balances.
Net Lending/Borrowing (also referred to as Fiscal Balance)	An operating statement measure that differs from the net operating balance in that it includes spending on capital items but excludes depreciation. The net lending/borrowing measure more accurately reflects the cash requirements of a government in any given year. A net lending (or fiscal surplus) balance indicates that a government is saving more than enough to finance all its investment spending. A net borrowing (or fiscal deficit) position indicates that a government's level of investment is greater than its level of savings.
Net Other Economic Flows	The net change in the volume or value of assets and liabilities that does not result from transactions.
Net Result from Transactions – Net Operating Balance	The revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations and excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.
Net Worth	Provides a relatively comprehensive picture of a government's overall financial position. It is calculated as total assets less total liabilities less shares and other contributed capital. It includes a government's non financial assets such as land and other fixed assets, which may be sold and used to repay debt, as well as its financial assets and liabilities including debtors, creditors and superannuation liabilities. Net worth also shows asset acquisitions over time, giving an indication of the extent to which borrowings are used to finance asset purchases, rather than only current expenditure.
Non Financial Assets	Assets that are not financial assets, predominantly land and other fixed assets.
Non Financial Public Sector (NFPS)	The sector formed through a consolidation of the general government and public non financial corporation subsectors.
Non-Profit Institution	A legal or social entity that is created for the purpose of producing or distributing goods and services but is not permitted to be a source of income, profit or other financial gain for the units that establish, control or finance it.
Operating Account	A government business division Operating Account or an agency Operating Account established under section 6(1) of the <i>Financial Management Act</i> .
Operating Result	A measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner movements in equity'

Other Current Revenues	Current Revenue other than current revenue from taxes, sales of goods and services, and property income. It includes revenue from fines other than penalties imposed by tax authorities.
Other Economic Flows	Changes in the volume or value of an asset or liability that do not result from transactions (i.e. revaluations and other changes in the volume of assets).
Payables	Includes short-term and long-term trade debt and accounts payable, grants and interest payable.
Provisions	Amounts set aside by entities from current revenue or income for future payments.
Public Account	Comprises agencies subject to the <i>Financial Management Act</i> , where the financial transactions of the Northern Territory Government are recorded. As defined in section 4(2) of the Act, it comprises the Central Holding Authority and Operating Accounts.
Public Financial Corporation (PFC)	Government-controlled entities which perform central bank functions, and or have the authority to incur liabilities and acquire financial assets in the market on their own account.
Public Non Financial Corporation (PNFC)	Public enterprise primarily engaged in the production of goods or services of a non financial nature, for sale in the market place, at prices which aim to recover most of the costs involved.
Public Private Partnerships (PPPs)	A term used to describe a method of procuring government infrastructure and associated services. PPPs create opportunities with the private sector for increasing investment in social and economic infrastructure. The Territory's PPP policy framework, Territory Partnerships, defines the protocol for such commercial dealings between the public and private sectors.
Quasi-corporation	An unincorporated enterprise that functions as if it were a corporation, has the same relationship with its owner as a corporation, and keeps a separate set of accounts
Receivables	Includes short-term and long-term trade credit and accounts receivable, grants, taxes and interest receivable.
Sale of Goods and Services	Revenue from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rental income from the use of non-produced assets such as land. User charges includes sale of goods and services revenue.
Securities other than Shares	Negotiable financial instruments serving as evidence of the obligations to settle by means of providing cash, a financial instrument, or some other item of economic value. The security normally specifies a schedule for interest payments and principal repayments. Some examples are: bills, bonds and debentures, commercials paper, and securitised mortgage loans.
Social Benefits	Transfers in cash or in-kind to relieve households of the burden of a defined set of social risks, which are events or circumstances that may adversely affect the welfare of households by imposing additional demands on their resources or by reducing their income.
Specific Purpose Payments (SPPs)	A Commonwealth financial contribution to support state delivery of service in a particular sector. Payments are made from the Commonwealth Treasury to state treasuries, and are appropriated to the relevant Northern Territory agency.

Superannuation Interest Cost	The expense resulting from the increase in the liability due to the fact that, for all participants in the scheme, retirement (and death) is one year nearer, and so one fewer discount factors must be used to calculate the present value of the benefits for each future year. Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement, as per the relevant accounting standard. The cost is measured net of the actuarial return on plan assets of defined benefit schemes calculated using an actuarially determined long-term rate of return.
Other Superannuation Expense	Includes all superannuation expenses from transactions except superannuation interest cost. It generally includes current service cost, which is the increase in entitlements associated with the employment services provided by employees in the current period. Superannuation actuarial gains/losses are excluded as they are considered other economic flows.
Tax Equivalents Regime	The mechanism to ensure that GBDs and GOCs incur similar tax liabilities to privately owned organisations. Thus, greater parity exists between the cost structures of government-controlled trading entities and the private sector, aiding in the achievement of competitive neutrality.
Total Public Sector Transactions	The total public sector is formed through a consolidation of the non financial public sector and public financial corporations. Interactions between two institutional units by mutual agreement or actions within a unit that are analytically useful to treat as transactions.
Treasurer's Advance	An appropriation purpose of that name as specified in an Appropriation Act, which provides a pool of funds specifically set aside in each Budget to meet operational contingencies that arise during the year.
Uniform Presentation Framework (UPF)	A uniform framework agreed by the Australian Loan Council in 2000, which is a revision of the agreement reached at the 1991 Premiers' Conference. The UPF was further updated and reissued in April 2008 to incorporate accounting standard AASB 1049 Whole Government and General Government Sector Financial Reporting. The UPF specifies that the Commonwealth, state and territory governments will present a minimum set of budget and financial outcome information on the Government Finance Statistics basis according to an agreed format and specified Loan Council reporting arrangements.
Use of Goods and Services	The total value of goods and services used in production, and use of goods acquired for resale. Goods and services acquired for use as direct in-kind transfer to household or as grants are excluded.
Wages, Salaries and Supplements	Consist of all uncapitalised compensation of employees except for superannuation. It includes payments in cash or in-kind.
Whole of Government Financial Report	A financial report prepared by a government that is prepared in accordance with Australian Accounting Standards, including AASB 127 Consolidated and Separate Financial Statements, and thereby separately recognises assets, liabilities, income, expenses and cash flows of all entities under the control of the government on a line-by-line basis.

Additional Financial Information (Unaudited)

Additional Financial Information

This section of the Report provides financial information for agencies and government business divisions (GBDs) to supplement the whole of government and sectoral tables presented in the audited section. This information is not required under the Uniform Presentation Framework (UPF) or the *Fiscal Integrity and Transparency Act* (FITA) and accordingly is not audited. The summary agency financial information and explanations ensure that the report is a comprehensive financial report and evidence of the level of transparency and accountability in the Territory's financial reporting framework. The intent of this section is to highlight changes in appropriation (the direct funding to agencies approved by Parliament in the *Appropriation Act* and subsequent adjustments approved in accordance with the *Financial Management Act* (FMA)) to agencies and to provide a summary of the key financial performance for both agencies and GBDs, with significant movements during 2010-11 explained.

This section also includes supplementary tables that are required under the UPF, but not required to be audited.

Variations to Appropriations Authorised During the Year

Appropriation is the term used in the FMA to describe an amount authorised to be paid from the Central Holding Authority for operational and capital expenditure purposes to general agencies. Appropriation purpose to agencies for the 2010-11 financial year is specified in the 2010-11 *Appropriation Act*, passed by the Legislative Assembly. During the course of any financial year, situations can change that necessitate variations to appropriation.

Section 18 of the FMA provides that the Treasurer can approve additional appropriation through the use of Treasurer's Advance.

Section 19 of the FMA provides that the Administrator can approve, within specified parameters, an increase in Treasurer's Advance.

Section 19 (A) of the FMA allows the Treasurer to increase Commonwealth appropriation where there has been an increase in Commonwealth funding to the Territory.

Section 20 (1) of the FMA provides that the Treasurer can approve appropriation transfers within a financial year.

Section 21 of the FMA allows the transfer of appropriation between agencies following redistribution of government business (public sector restructure).

Appropriation transfers can also affect the Treasurer's Advance, which provides a pool of funds specifically set aside in each Budget to meet operational contingencies that arise during the year.

Appropriation transfers change the distribution of appropriation across agencies and the Treasurer's Advance but do not change the total Budget funding approved by Parliament.

Variations to appropriations recorded in the table reflect the net effect on appropriation arising from Government decisions taken during 2010-11.

Summary Agency/
Government
Business
Division Financial
Information

In addition to appropriation, agencies also receive agency revenue that comprises funding from external bodies and own-source revenue in the form of fees and charges.

General agency information is presented in two parts – an Appropriation summary and an Operating Statement summary, which includes expense and revenue variations. GBD information is presented as an Operating Statement summary. As commercially focused entities, GBDs do not receive appropriation and only one summary is necessary. All schedules include explanations of variations over 1 per cent or \$50 000.

For the Appropriation summary, the original 2010-11 Budget is compared to the final approved budget with significant variations reflecting approved Government decisions as they pertain to resources provided to general agencies. The appropriation changes in this summary align with the Variations to Appropriation table.

The Operating Statement summary contains a high-level comparison of financial performance for each agency and GBD. Comparison is made between the final approved budget and the actual result for 2010-11 highlighting significant variations between revenue and expenses. Explanations have been provided for material movements between the final estimate and the actual result. The actual results and the overall effect of movements explained in these summaries are reflected in the whole of government financial statements.

UPF
Supplementary
Tables

These tables are required by the UPF framework and provide detailed information on taxes, grant revenue and expense, dividends and income tax equivalents, purchases of non financial assets and Loan Council Allocations. All tables are based on the general government sector only, except for the Loan Council Allocation that is based on the non financial public sector.

Variations to Appropriations Authorised During the Year

AGENCY/Purpose	Appropriation Act	Variations Actioned under the Financial Management Act					Final
	2010-11	s18	s19	s19(A)	s20	s21	Appropriation
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
AUDITOR-GENERAL'S OFFICE	3 101				- 2		3 099
Output	3 101				- 2		3 099
Capital							
Commonwealth							
NORTHERN TERRITORY ELECTORAL COMMISSION	1 677				- 17		1 660
Output	1 677				- 17		1 660
Capital							
Commonwealth							
OMBUDSMAN'S OFFICE	2 137				89	- 457	1 769
Output	2 137				89	- 457	1 769
Capital							
Commonwealth							
DEPARTMENT OF THE CHIEF MINISTER	62 237	5 040			5 219	- 1 545	70 951
Output	61 842	5 040			5 219	- 1 545	70 556
Capital	395						395
Commonwealth							
DEPARTMENT OF THE LEGISLATIVE ASSEMBLY	22 347	500			266		23 113
Output	22 306	500			266		23 072
Capital	41						41
Commonwealth							
NORTHERN TERRITORY POLICE, FIRE AND EMERGENCY SERVICES	291 289			1 669	1 594	76	294 628
Output	251 465				- 2 620	76	248 921
Capital	9 237				4 214		13 451
Commonwealth	30 587			1 669			32 256

(Continued)

AGENCY/Purpose	Appropriation	Variations Actioned under the					Final
	Act	Financial Management Act					
	2010-11	s18	s19	s19(A)	s20	s21	Appropriation
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
NORTHERN TERRITORY TREASURY	101 122			1 038	- 51		102 109
Output	101 112				- 51		101 061
Capital	10						10
Commonwealth				1 038			1 038
DEPARTMENT OF JUSTICE	186 649			7 248	5 303	1 473	200 673
Output	186 023				2 749	1 473	190 245
Capital	256				2 554		2 810
Commonwealth	370			7 248			7 618
DEPARTMENT OF EDUCATION AND TRAINING	829 840			36 079	27		865 946
Output	592 918				- 973		591 945
Capital					1 000		1 000
Commonwealth	236 922			36 079			273 001
DEPARTMENT OF HOUSING, LOCAL GOVERNMENT AND REGIONAL SERVICES	808 103	27 700			58 850		894 653
Output	163 653	25 300			4 384		193 337
Capital	45 305	2 400			54 466		102 171
Commonwealth	599 145						599 145
OFFICE OF THE COMMISSIONER FOR PUBLIC EMPLOYMENT	5 926				7		5 933
Output	5 926				7		5 933
Capital							
Commonwealth							
DEPARTMENT OF HEALTH	1 005 483	10 000		11 678	12 588	- 127 287	912 462
Output	788 503	10 000			12 876	- 116 527	694 852
Capital	3 645				- 288		3 357
Commonwealth	213 335			11 678		- 10 760	214 253
DEPARTMENT OF CHILDREN AND FAMILIES				6 323	- 2 036	126 271	130 558
Output					- 2 036	115 511	113 475
Capital							
Commonwealth				6 323		10 760	17 083

(Continued)

AGENCY/Purpose	Appropriation	Variations Actioned under the					Final
	Act	Financial Management Act					
	2010-11	s18	s19	s19(A)	s20	s21	Appropriation
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
DEPARTMENT OF RESOURCES	57 934			1 474	- 980		58 428
Output	53 801				- 1 029		52 772
Capital	251				49		300
Commonwealth	3 882			1 474			5 356
DEPARTMENT OF BUSINESS AND EMPLOYMENT	137 056				- 1 038		136 018
Output	128 818				912		129 730
Capital	5 238				- 1 950		3 288
Commonwealth	3 000						3 000
TOURISM NT	39 212				- 106		39 106
Output	39 212				- 106		39 106
Capital							
Commonwealth							
ABORIGINAL AREAS PROTECTION AUTHORITY	3 186				- 32		3 154
Output	3 148				- 32		3 116
Capital	38						38
Commonwealth							
DEPARTMENT OF NATURAL RESOURCES, ENVIRONMENT, THE ARTS AND SPORT	136 466			5 295	6 174	1 830	149 765
Output	135 781				6 074	1 830	143 685
Capital	685				100		785
Commonwealth				5 295			5 295
DEPARTMENT OF LANDS AND PLANNING	340 254				16 690	- 1 180	355 764
Output	174 520				21 074	- 2 180	193 414
Capital	62 580				- 4 384	1 000	59 196
Commonwealth	103 154						103 154

(Continued)

AGENCY/Purpose	Appropriation Act	Variations Actioned under the Financial Management Act					Final Appropriation
	2010-11	s18	s19	s19(A)	s20	s21	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
LAND DEVELOPMENT CORPORATION	1 498						1 498
Output	1 498						1 498
Capital							
Commonwealth							
DEPARTMENT OF CONSTRUCTION AND INFRASTRUCTURE	319 047			10 740	636	819	331 242
Output	11 096				6 673	104	17 873
Capital	175 247				- 6 037	715	169 925
Commonwealth	132 704			10 740			143 444
CENTRAL HOLDING AUTHORITY	365 301	- 43 240	84 003		- 103 181		302 883
Treasurer's Advance	40 000	- 43 240	84 003		- 79 003		1 760
Interest, taxes and administration	140 239				- 15 105		125 134
Employee entitlements	185 062				- 9 073		175 989
TOTAL APPROPRIATION	4 719 865		84 003	81 544			4 885 412
Output	2 728 537	40 840			53 457	- 1 715	2 821 119
Capital	302 928	2 400			49 724	1 715	356 767
Commonwealth	1 323 099			81 544			1 404 643
Treasurer's Advance	40 000	- 43 240	84 003		- 79 003		1 760
Interest, taxes and administration	140 239				- 15 105		125 134
Employee entitlements	185 062				- 9 073		175 989
Total	4 719 865		84 003	81 544			4 885 412

Auditor-General's Office

Appropriation	May 2010 Published Budget	May 2011 Final Estimate	Final Approved Budget	Total Variance
	\$000	\$000	\$000	\$000
Output	3 101	3 099	3 099	- 2
Capital				
Commonwealth				
TOTAL APPROPRIATION	3 101	3 099	3 099	- 2

Significant variances

No significant variation to Appropriation

Operating Statement

	Final Approved Budget 2010-11	Actual Result 2010-11	Total Variance	
	\$000	\$000	\$000	
Income	3 754	3 853	99	(1)
Expenses	3 998	3 932	- 66	(2)
Net surplus(+)/deficit(-)	- 244	- 79	165	

Significant variances

(1) Increased income from audit activity	85
(2) Higher than anticipated employee expenses offset by lower operating costs	- 66

Northern Territory Electoral Commission

Appropriation	May 2010 Published Budget	May 2011 Final Estimate	Final Approved Budget	Total Variance
	\$000	\$000	\$000	\$000
Output	1 677	1 660	1 660	- 17
Capital				
Commonwealth				
TOTAL APPROPRIATION	1 677	1 660	1 660	- 17

Significant variances

No significant variation to Appropriation

Operating Statement

	Final Approved Budget 2010-11	Actual Result 2010-11	Total Variance	
	\$000	\$000	\$000	
Income	2 482	2 656	174	(1)
Expenses	2 721	2 978	257	(2)
Net surplus(+)/deficit(-)	- 239	- 322	- 83	

Significant variances

(1) Contribution from the Australian Electoral Commission for the operation of the Alice Springs office	50
Higher than anticipated goods and services free of charge	75
Reimbursement of costs from the Australian Electoral Commission for assisting in the 2010 federal election	49
(2) Increased expenses associated with the office relocation, electorate boundary redistribution, and the Araluen by-election	128
Higher than anticipated goods and services free of charge	75
Higher than anticipated depreciation expenses	54

Ombudsman's Office

Appropriation	May 2010 Published Budget	May 2011 Final Estimate	Final Approved Budget	Total Variance
	\$000	\$000	\$000	\$000
Output	2 137	1 769	1 769	- 368 (1)
Capital				
Commonwealth				
TOTAL APPROPRIATION	2 137	1 769	1 769	- 368

Significant variances

(1) Transfer of funding to the Department of Justice for the Health and Community Services Complaints Commission	- 457
Increased operational expenses	100

Operating Statement

	Final Approved Budget 2010-11	Actual Result 2010-11	Total Variance
	\$000	\$000	\$000
Income	2 103	2 111	8
Expenses	2 129	2 025	- 104 (2)
Net surplus(+)/deficit(-)	- 26	86	112

Significant variances

(2) Lower than anticipated employee expenses	- 73
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Department of the Chief Minister

Appropriation	May 2010 Published Budget	May 2011 Final Estimate	Final Approved Budget	Total Variance	
	\$000	\$000	\$000	\$000	
Output	61 842	65 516	70 556	8 714	(1)
Capital	395	395	395		
Commonwealth					
TOTAL APPROPRIATION	62 237	65 911	70 951	8 714	

Significant variances

(1) Transfer of funding to the Department of Natural Resources, Environment, the Arts and Sport for the Arafura Games	- 1 545
Savings delivered through the new Information Communication Technology contracts	- 438
Funding for the Northern Territory Centenary celebrations and Queensland Flood Appeal donations	859
Technical studies, commercial and legal advice for the Marine Supply Base	3 000
Support for major events including the V8 Supercars, the Race and Rock concert, Australian Superbikes and the Finke Desert Race	1 798
Additional funding to support Ministerial Offices, the Board of Inquiry into the Northern Territory Child Protection system, increased police patrols in the Alice Springs CBD and social order issues in Yuendumu	5 040

Operating Statement

	Final Approved Budget 2010-11	Actual Result 2010-11	Total Variance	
	\$000	\$000	\$000	
Income	78 468	89 511	11 043	(2)
Expenses	95 456	113 792	18 336	(3)
Net surplus(+)/deficit(-)	- 16 988	- 24 281	- 7 293	

Significant variances

(2) Additional Commonwealth funding for the Alice Springs Transformation Plan and Remote Indigenous Housing	10 960
(3) Revaluation of railway corridor assets as required by Australian Accounting Standards	18 090

Department of the Legislative Assembly

Appropriation	May 2010 Published Budget	May 2011 Final Estimate	Final Approved Budget	Total Variance	
	\$000	\$000	\$000	\$000	
Output	22 306	22 572	23 072	766	(1)
Capital	41	41	41		
Commonwealth					
TOTAL APPROPRIATION	22 347	22 613	23 113	766	

Significant variances

(1) Additional support for the operations of the Legislative Assembly	324
Funding for the Presiding Officers' and Clerks' Conference, the Alice Springs sittings and repairs and maintenance	500

Operating Statement

	Final Approved Budget 2010-11	Actual Result 2010-11	Total Variance	
	\$000	\$000	\$000	
Income	25 121	25 190	69	
Expenses	29 141	29 481	340	(2)
Net surplus(+)/deficit(-)	- 4 020	- 4 292	- 272	

Significant variances

(2) Higher than anticipated operational and building management costs	251
Higher than anticipated goods and services free of charge	45

Northern Territory Police, Fire and Emergency Services

Appropriation	May 2010 Published Budget	May 2011 Final Estimate	Final Approved Budget	Total Variance	
	\$000	\$000	\$000	\$000	
Output	251 465	248 921	248 921	- 2 544	(1)
Capital	9 237	13 451	13 451	4 214	(2)
Commonwealth	30 587	32 256	32 256	1 669	(3)
TOTAL APPROPRIATION	291 289	294 628	294 628	3 339	

Significant variances

(1) Savings delivered through the new Information Communication Technology contracts	- 1 979
Transfer of funding to the Department of Children and Families for the Alice Springs Youth Action Plan	- 654
Transfer of funding to the Department of Business and Employment for accommodation lease payments	- 141
(2) Transfer of output to capital appropriation for the purchase of specialist equipment	100
Indexation for capital equipment funding	303
Funding for a replacement aircraft to support operations	4 000
(3) Funding for National Partnership Agreements	1 669

Operating Statement

	Final Approved Budget 2010-11	Actual Result 2010-11	Total Variance	
	\$000	\$000	\$000	
Income	297 574	301 859	4 285	(4)
Expenses	312 773	320 455	7 682	(5)
Net surplus(+)/deficit(-)	- 15 199	- 18 596	- 3 397	

Significant variances

(4) Higher than anticipated revenue received for various Commonwealth funded programs	4 688
(5) Higher than anticipated employee expenses including overtime, police housing entitlements and workers compensation	10 025
Timing variations in externally funded programs, cyclone shelters and Natural Disaster Resilience grants	- 2 932
Higher than anticipated goods and services free of charge	586

Northern Territory Treasury

Appropriation	May 2010 Published Budget	May 2011 Final Estimate	Final Approved Budget	Total Variance
	\$000	\$000	\$000	\$000
Output	101 112	101 061	101 061	- 51
Capital	10	10	10	
Commonwealth		1 038	1 038	1 038 (1)
TOTAL APPROPRIATION	101 122	102 109	102 109	987

Significant variances

(1) Funding for National Partnership Agreements				1 038
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Operating Statement

	Final Approved Budget 2010-11	Actual Result 2010-11	Total Variance
	\$000	\$000	\$000
Income	104 824	104 815	- 9
Expenses	104 799	102 553	- 2 246 (2)
Net surplus(+)/deficit(-)	25	2 262	- 2 237

Significant variances

(2) Lower net expenditure than estimated			- 1 052
Lower uptake of home owner incentive grants			- 1 152

Northern Territory Treasury Corporation

Operating Statement

	May 2011 Final Estimates 2010-11	Actual Result 2010-11	Variance
	\$000	\$000	\$000
Goods and services revenue	471	471	
Community service obligations			
Other revenue	197 507	196 791	- 716
Operating expenses (after income tax)	181 134	180 804	- 330
Net surplus(+)/deficit(-)	16 844	16 458	- 386

Significant variances

No significant variations

Department of Justice

Appropriation	May 2010 Published Budget	May 2011 Final Estimate	Final Approved Budget	Total Variance	
	\$000	\$000	\$000	\$000	
Output	186 023	186 445	190 245	4 222	(1)
Capital	256	6 610	2 810	2 554	(2)
Commonwealth	370	7 618	7 618	7 248	(3)
TOTAL APPROPRIATION	186 649	200 673	200 673	14 024	

Significant variances

(1) Funding to support Darwin Greyhound Association	1 400
Savings delivered through the new Information Communication Technology contracts	- 663
Transfer of funding from the Ombudsman's Office for the Health and Community Services Complaints Commission	457
Additional ongoing funding for the establishment and operation of the stand alone Health and Community Services Complaints Commission	260
Transfer of funding from the Department of Children and Families for the Children's Commissioner	1 016
Additional funding for judges and magistrates including Remuneration Tribunal Determinations	455
Variation to reflect revised timing of the Integrated Justice Information System and Seamless National Economy projects	- 2 900
Transfer of funding to the Department of Construction and Infrastructure for capital and minor works	- 395
Additional funding for the Enough is Enough Alcohol Reform Package	2 900
Transfer of output to capital appropriation for various projects including the Barkly Work Camp, adult correctional centres, video conferencing and iTalk	- 2 254
Transfer of capital to output appropriation for ID scanners to support alcohol reforms	3 800
(2) Transfer of output to capital appropriation for various projects including the Barkly Work Camp, adult correctional centres, video conferencing and iTalk	2 254
Transfer of capital to output appropriation for ID scanners to support alcohol reforms	- 3 800
Additional funding for the Enough is Enough Alcohol Reform Package	4 100
(3) Funding for National Partnership Agreements	7 248

Operating Statement

	Final Approved Budget 2010-11	Actual Result 2010-11	Total Variance	
	\$000	\$000	\$000	
Income	228 183	228 992	809	
Expenses	246 872	252 353	5 481	(4)
Net surplus(+)/deficit(-)	- 18 689	- 23 361	- 4 672	

Significant variances

(4) Timing variations for the delivery of externally funded programs	- 1 966
Additional legal expenses and workers compensation	4 950
Revised timing of grant to Thoroughbred Racing NT	3 000

Department of Education and Training

Appropriation	May 2010 Published Budget	May 2011 Final Estimate	Final Approved Budget	Total Variance	
	\$000	\$000	\$000	\$000	
Output	592 918	591 945	591 945	- 973	(1, 2)
Capital		1 000	1 000	1 000	(2)
Commonwealth	236 922	269 224	273 001	36 079	(3)
TOTAL APPROPRIATION	829 840	862 169	865 946	36 106	

Significant variances

(1) Funding brought forward from 2011-12 to purchase rather than lease computers	6 154
Savings delivered through the new Information Communication Technology contracts	- 225
Transfer of funding to the Department of Children and Families for the Alice Springs Youth Action Plan	- 700
Transfer of funding to the Department of Construction and Infrastructure for various infrastructure projects	- 2 185
Variation to reflect the revised timing of Northern Territory contributions to the Closing the Gap in the Northern Territory National Partnership Agreement	- 500
Additional funding for teachers	3 709
Revision to align appropriation with accrual data	- 6 088
(2) Transfer of output to capital appropriation for information technology equipment	1 000
(3) Funding for National Partnership Agreements, including Primary Schools for the 21st Century and Closing the Gap in the Northern Territory	36 079

Operating Statement

	Final Approved Budget 2010-11	Actual Result 2010-11	Total Variance
	\$000	\$000	\$000
Income	903 302	902 821	- 481
Expenses	924 114	925 575	1 461
Net surplus(+)/deficit(-)	- 20 812	- 22 754	- 1 942

Significant variances

No significant variations

Department of Housing, Local Government and Regional Services

Appropriation	May 2010 Published Budget	May 2011 Final Estimate	Final Approved Budget	Total Variance	
	\$000	\$000	\$000	\$000	
Output	163 653	168 037	193 337	29 684	(1)
Capital	45 305	99 771	102 171	56 866	(2)
Commonwealth	599 145	555 277	555 277	- 43 868	(3)
TOTAL APPROPRIATION	808 103	823 085	850 785	42 682	

Significant variances

(1) Savings delivered through the new Information Communication Technology contracts	- 828
Additional funding for Supported Housing and Public Housing initiatives	2 200
Transfer of funding to the Department of Business and Employment for accommodation lease payments	- 484
Additional funding for the Ampilatwatja power line connection to Arlparra grid	2 100
Increased repairs and maintenance funding for government employee housing	1 461
Funding for natural disaster relief recovery arrangements	1 600
Funding for the Indigenous employment package for shire councils	3 700
Funding for the construction of a new gas-fired power station at Wadeye	17 800
Increased repairs and maintenance for public housing	2 200
(2) Variation to reflect revised timing of essential services infrastructure delivery	16 563
Additional minor new works funding for public housing	3 000
Additional funding for public housing infrastructure projects	14 800
Additional funding for various infrastructure projects	22 503
(3) Variation to reflect revised timing for National Partnership Agreement payments from the Commonwealth	- 43 868

Operating Statement

	Final Approved Budget 2010-11	Actual Result 2010-11	Total Variance	
	\$000	\$000	\$000	
Income	428 087	458 599	30 512	(4)
Expenses	490 245	527 115	36 870	(5)
Net surplus(+)/deficit(-)	- 62 158	- 68 516	- 6 358	

Significant variances

(4) Revised timing of Commonwealth revenue	11 463
Additional payments for Commonwealth funded programs	13 500
Higher than anticipated rental revenue	5 743
(5) Higher than anticipated property management expenses and government employee housing leasing costs	3 170
Revaluation of housing assets	4 208
Land contribution for the Wirrina housing development	3 418
Revised timing of grant payments including remote Indigenous housing and the Wirrina redevelopment	26 430

NT Home Ownership

Operating Statement

	May 2011 Final Estimates 2010-11	Actual Result 2010-11	Variance
	\$000	\$000	\$000
Goods and services revenue		22	22
Community service obligations	1 239	1 239	
Other revenue	11 060	13 220	2 160 (1)
Operating expenses (after income tax)	10 570	10 548	- 22
Net surplus(+)/deficit(-)	1 729	3 933	2 204

Significant variances

(1) Higher than anticipated interest revenue	645
Higher than anticipated revaluation of shared equity properties	1 545

Office of the Commissioner for Public Employment

Appropriation	May 2010 Published Budget	May 2011 Final Estimate	Final Approved Budget	Total Variance
	\$000	\$000	\$000	\$000
Output	5 926	5 933	5 933	7
Capital				
Commonwealth				
TOTAL APPROPRIATION	5 926	5 933	5 933	7

Significant variances

No significant variation to Appropriation

Operating Statement

	Final Approved Budget 2010-11	Actual Result 2010-11	Total Variance
	\$000	\$000	\$000
Income	7 252	7 217	- 35
Expenses	7 270	6 856	- 414 (1)
Net surplus(+)/deficit(-)	- 18	361	379

Significant variances

(1) Lower than anticipated employee expenses - 382

Department of Health

Appropriation	May 2010 Published Budget	May 2011 Final Estimate	Final Approved Budget	Total Variance	
	\$000	\$000	\$000	\$000	
Output	788 503	685 952	694 852	- 93 651	(1)
Capital	3 645	3 357	3 357	- 288	
Commonwealth	213 335	214 253	214 253	918	(2)
TOTAL APPROPRIATION	1 005 483	903 562	912 462	- 93 021	

Significant variances

(1) Funding response to the 'Growing them strong, together' report	9 500
Savings delivered through the new Information Communication Technology contracts	- 517
Transfer of funding to establish the Department of Children and Families	- 116 527
Transfer of funding from the Department of Children and Families for the non-Government organisation (NGO) grants management system	800
Increased funding for the provision of emergency road ambulance and medical transportation services by St John Ambulance	3 085
Funding for enhanced community-based services for exceptional and complex needs clients in the community	950
Transfer of funding to the Department of Construction and Infrastructure for Pirlangimpi Health Centre capital works	- 1 100
Additional funding for cross border arrangements, pensioner concessions, aged and disability programs and increased aero medical services	10 000
(2) Funding variations for various National Partnership Agreements	16 714
Transfer of funding to the Department of Children and Families for child protection-related programs	- 15 513

Operating Statement

	Final Approved Budget 2010-11	Actual Result 2010-11	Total Variance	
	\$000	\$000	\$000	
Income	1 066 290	1 049 653	- 16 637	(3)
Expenses	1 098 800	1 112 584	13 784	(4)
Net surplus(+)/deficit(-)	- 32 510	- 62 931	- 30 421	

Significant variances

(3) Revised timing of Commonwealth payments, including the Critical Care Trauma Response Centre	- 11 999
Lower than anticipated revenue from Cross Border and hospital fees	- 4 837
(4) Increased demand for acute care services	7 401
Higher than anticipated depreciation expenses	1 572
Increased community service obligation payments to Power and Water Corporation for pensioner concessions	2 941

Department of Children and Families

Appropriation	May 2010 Published Budget	May 2011 Final Estimate	Final Approved Budget	Total Variance	
	\$000	\$000	\$000	\$000	
Output		113 475	113 475	113 475	(1)
Capital					
Commonwealth		17 083	17 083	17 083	(2)
TOTAL APPROPRIATION		130 558	130 558	130 558	

Significant variances

(1) Transfer of funding from the Department of Health to establish the Department of Children and Families	116 527
Funding for the Territory contribution to the National Affordability Housing Agreement	770
Transfer of funding from the Department of the Chief Minister for the Alice Springs Youth Action Plan	654
Transfer of funding from the Department of Education and Training for the Alice Springs Youth Action Plan	700
Transfer of funding to the Department of Health for the NGO grants management system	- 800
Transfer of funding to the Department of Construction and Infrastructure for Secure Care Infrastructure	- 1 500
Transfer of funding to the Department of Justice for the Children's Commissioner	- 1 016
Transfer of funding to the Department of Construction and Infrastructure for Alice Springs Youth Action Plan capital works	- 1 100
(2) Transfer of funding from the Department of Health for child protection-related programs	15 513
Funding for the Homelessness National Partnership Agreement	1 570

Operating Statement

	Final Approved Budget 2010-11	Actual Result 2010-11	Total Variance	
	\$000	\$000	\$000	
Income	142 449	142 095	- 354	
Expenses	141 029	146 568	5 539	(3)
Net surplus(+)/deficit(-)	1 420	- 4 473	- 5 893	

Significant variances

(3) Higher than anticipated expenditure on child protection activities	5 192
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Department of Resources

Appropriation	May 2010 Published Budget	May 2011 Final Estimate	Final Approved Budget	Total Variance	
	\$000	\$000	\$000	\$000	
Output	53 801	52 772	52 772	- 1 029	(1)
Capital	251	300	300	49	
Commonwealth	3 882	5 268	5 268	1 386	(2)
TOTAL APPROPRIATION	57 934	58 340	58 340	406	

Significant variances

(1) Savings delivered through the new Information Communication Technology contracts	- 262
Transfer of funding to the Department of Construction and Infrastructure for the Araluen Solar Electricity project	- 118
Variation to reflect revised timing for buy back of fishing licences	- 600
(2) Funding for National Partnership Agreements	1 474

Operating Statement

	Final Approved Budget 2010-11	Actual Result 2010-11	Total Variance
	\$000	\$000	\$000
Income	71 144	71 536	392
Expenses	77 525	76 819	- 706
Net surplus(+)/deficit(-)	- 6 381	- 5 282	1 099

Significant variances

No significant variations

Department of Business and Employment

Appropriation	May 2010 Published Budget	May 2011 Final Estimate	Final Approved Budget	Total Variance	
	\$000	\$000	\$000	\$000	
Output	128 818	129 730	129 730	912	(1)
Capital	5 238	3 288	3 288	- 1 950	(2)
Commonwealth	3 000	3 000	3 000		
TOTAL APPROPRIATION	137 056	136 018	136 018	- 1 038	

Significant variances

(1) Savings delivered through the new Information Communication Technology contracts	- 328
Additional funding for the Government Business Improvement Review	288
Transfer of funding from various agencies for property management	833
(2) Variation to reflect revised timing arrangements for the Seamless National Economy and Corporate Services Review projects	- 1 950

Operating Statement

	Final Approved Budget 2010-11	Actual Result 2010-11	Total Variance
	\$000	\$000	\$000
Income	168 682	168 732	50
Expenses	160 724	160 320	- 404
Net surplus(+)/deficit(-)	7 958	8 411	453

Significant variances

No significant variations

Data Centre Services

Operating Statement

	May 2011 Final Estimates 2010-11	Actual Result 2010-11	Variance	
	\$000	\$000	\$000	
Goods and services revenue	22 004	23 463	1 459	(1)
Community service obligations				
Other revenue	299	311	12	
Operating expenses (after income tax)	19 614	20 151	537	(2)
Net surplus(+)/deficit(-)	2 689	3 623	934	

Significant variances

(1) Continued growth in midrange and storage services	1 459
(2) Timing of employee recruitment	- 743
Increased operational costs and income tax expense associated with service growth	1 277

Government Printing Office

Operating Statement

	May 2011 Final Estimates 2010-11	Actual Result 2010-11	Variance	
	\$000	\$000	\$000	
Goods and services revenue	5 900	5 467	- 433	(1)
Community service obligations				
Other revenue	90	151	61	
Operating expenses (after income tax)	5 913	5 588	- 325	(2)
Net surplus(+)/deficit(-)	77	30	- 47	

Significant variances

(1) Lower than anticipated sales	- 433
(2) Lower than anticipated employee and operational expenses	- 307

NT Fleet

Operating Statement

	May 2011 Final Estimates 2010-11	Actual Result 2010-11	Variance	
	\$000	\$000	\$000	
Goods and services revenue	46 127	45 551	- 576	(1)
Community service obligations				
Other revenue	5 490	5 513	23	
Operating expenses (after income tax)	40 815	40 936	121	(2)
Net surplus(+)/deficit(-)	10 802	10 128	- 674	

Significant variances

(1) Lower than anticipated revenue from service charges	- 576
(2) Higher than anticipated employee and operational expenses	410
Lower than estimated income tax expense	- 289

Aboriginal Areas Protection Authority

Appropriation	May 2010 Published Budget	May 2011 Final Estimate	Final Approved Budget	Total Variance
	\$000	\$000	\$000	\$000
Output	3 148	3 116	3 116	- 32
Capital	38	38	38	
Commonwealth				
TOTAL APPROPRIATION	3 186	3 154	3 154	- 32

Significant variances

No significant variation to Appropriation

Operating Statement

	Final Approved Budget 2010-11	Actual Result 2010-11	Total Variance
	\$000	\$000	\$000
Income	5 768	5 772	4
Expenses	5 811	5 583	- 228 (1)
Net surplus(+)/deficit(-)	- 43	189	232

Significant variances

(1) Lower than anticipated employee expenses	- 186
Information technology project timing delay	- 68

Tourism NT

Appropriation	May 2010 Published Budget	May 2011 Final Estimate	Final Approved Budget	Total Variance
	\$000	\$000	\$000	\$000
Output	39 212	39 106	39 106	- 106
Capital				
Commonwealth				
TOTAL APPROPRIATION	39 212	39 106	39 106	- 106

Significant variances

No significant variation to Appropriation

Operating Statement	Final Approved Budget 2010-11	Actual Result 2010-11	Total Variance
	\$000	\$000	\$000
Income	42 604	42 955	351
Expenses	43 047	42 711	- 336
Net surplus(+)/deficit(-)	- 443	244	687

Significant variances

No significant variations

Territory Discoveries

Operating Statement

	May 2011 Final Estimates 2010-11	Actual Result 2010-11	Variance	
	\$000	\$000	\$000	
Goods and services revenue	2 832	3 108	276	(1)
Community service obligations	925	925		
Other revenue	1 650	1 729	79	
Operating expenses (after income tax)	5 589	5 661	72	(2)
Net surplus(+)/deficit(-)	- 182	101	283	

Significant variances

(1) Increased revenue from commissions earned	276
(2) Lower than anticipated employee expenses	- 74
Increased marketing costs	146

Department of Natural Resources, Environment, the Arts and Sport

Appropriation	May 2010 Published Budget	May 2011 Final Estimate	Final Approved Budget	Total Variance	
	\$000	\$000	\$000	\$000	
Output	135 781	143 776	143 685	7 904	(1)
Capital	685	785	785	100	
Commonwealth		4 308	5 295	5 295	(2)
TOTAL APPROPRIATION	136 466	148 869	149 765	13 299	

Significant variances

(1) Additional funding to support environmental compliance initiatives and environmental monitoring of Darwin Harbour	2 200
Transfer of funding from the Department of the Chief Minister for the Arafura Games	1 545
Transfer of funding to the Department of Construction and Infrastructure for 17½ Mile WWII Camp Site capital works	- 406
Savings delivered through the new Information Communication Technology contracts	- 1 056
Funding for grant to Tourism Central Australia for the West MacDonnell Discovery Centre fit-out	600
Additional funding to support the 2011 Arafura Games	1 100
Funding for grant to Northern Territory Hockey Association to repair the hockey surface at Marrara	500
Variation to reflect revised timing for various programs	- 979
Increased support for the Darwin Festival	500
Funding for grant to Squash NT for construction of a new 12-court squash facility at Marrara	4 000
(2) Funding for National Partnership Agreements and the Indigenous Communication Program	5 295

Operating Statement

	Final Approved Budget 2010-11	Actual Result 2010-11	Total Variance	
	\$000	\$000	\$000	
Income	174 279	172 906	- 1 373	(3)
Expenses	188 157	193 625	5 468	(4)
Net surplus(+)/deficit(-)	- 13 878	- 20 719	- 6 841	

Significant variances

(3) Timing variations for the receipt of externally funded grants	- 1 841
(4) Higher than expected expenditure including parks and reserves land rent, wildfire suppression and delivery of the Arafura Games	3 556
Disaster maintenance expenditure	983
Higher than anticipated depreciation expense and goods and services free of charge	903

Territory Wildlife Parks

Operating Statement

	May 2011 Final Estimates 2010-11	Actual Result 2010-11	Variance	
	\$000	\$000	\$000	
Goods and services revenue	2 320	2 023	- 297	(1)
Community service obligations	7 915	7 915		
Other revenue	18	5	- 13	
Operating expenses (after income tax)	12 057	12 913	856	(2)
Net surplus(+)/deficit(-)	- 1 804	- 2 970	- 1 166	

Significant variances

(1) Lower than anticipated visitor numbers	- 297
(2) Higher than anticipated employee expenses	745
Disaster maintenance expenditure	321

Department of Lands and Planning

Appropriation	May 2010 Published Budget	May 2011 Final Estimate	Final Approved Budget	Total Variance	
	\$000	\$000	\$000	\$000	
Output	174 520	178 314	193 414	18 894	(1)
Capital	62 580	74 296	59 196	- 3 384	(2)
Commonwealth	103 154	59 529	59 529	- 43 625	(3)
TOTAL APPROPRIATION	340 254	312 139	312 139	- 28 115	

Significant variances

(1) Funding for installation of security cameras in taxis and minibuses	711
Transfer of funding to the Department of Construction and Infrastructure for the Green Streetscape Program	- 2 000
Savings delivered through the new Information Communication Technology contracts	- 624
Variation reflects revised administrative arrangements for road safety from Motor Accidents Compensation scheme	1 233
Revised timing of information technology expenditure relating to Drivesafe NT	- 481
Grant to support the Alice Springs revitalisation project	5 000
Transfer of capital to output appropriation for disaster maintenance on Territory roads	15 000
(2) Additional funding for land acquisitions	1 000
Transfer of funding from the Department of Construction and Infrastructure for the McMinn Street duplication	4 242
Variation to reflect revised timing arrangements for Commonwealth roads funding	6 474
Transfer of capital to output appropriation for disaster maintenance on Territory roads	- 15 000
(3) Variation to reflect revised timing arrangements including Commonwealth payments for Tiger Brennan Drive being received in 2009-10	- 43 625

Operating Statement

	Final Approved Budget 2010-11	Actual Result 2010-11	Total Variance	
	\$000	\$000	\$000	
Income	232 501	240 398	7 897	(4)
Expenses	276 409	299 467	23 058	(5)
Net surplus(+)/deficit(-)	- 43 908	- 59 069	- 15 161	

Significant variances

(4) Revised timing of Commonwealth payments	- 1 523
Higher than anticipated goods and services received free of charge	810
Higher than anticipated revenue from land sales	8 300
(5) Higher than anticipated employee expenses	3 683
Planning studies for land development and future developments at East Arm Wharf	5 521
Higher than anticipated disaster maintenance expenditure and repairs and maintenance on roads	4 215
Revaluation of assets as required by Australian Accounting Standards	9 747

Darwin Bus Service

Operating Statement

	May 2011 Final Estimates 2010-11	Actual Result 2010-11	Variance	
	\$000	\$000	\$000	
Goods and services revenue	7 961	8 242	281	(1)
Community service obligations				
Other revenue	792	803	11	
Operating expenses (after income tax)	8 360	8 520	160	(2)
Net surplus(+)/deficit(-)	393	524	131	

Significant variances

(1) Increased revenue from additional bus services	281
(2) Higher expenses associated with additional bus services	100

Land Development Corporation

Appropriation	May 2010 Published Budget	May 2011 Final Estimate	Final Approved Budget	Total Variance
	\$000	\$000	\$000	\$000
Output	1 498	1 498	1 498	
Capital				
Commonwealth				
TOTAL APPROPRIATION	1 498	1 498	1 498	

Significant variances

No variation to Appropriation

Operating Statement

	Final Approved Budget 2010-11	Actual Result 2010-11	Total Variance	
	\$000	\$000	\$000	
Income	10 599	8 684	- 1 915	(1)
Expenses	3 819	5 400	1 581	(2)
Net surplus(+)/deficit(-)	6 780	3 284	- 3 496	

Significant variances

(1) Lower than anticipated rental revenue	- 380
Revised timing of land sales	- 1 526
(2) Additional project feasibility expenses	1 587

Darwin Port Corporation

Operating Statement

	May 2011 Final Estimates 2010-11	Actual Result 2010-11	Variance	
	\$000	\$000	\$000	
Goods and services revenue	30 749	30 010	- 739	(1)
Community service obligations	4 316	4 316		
Other revenue	2 949	3 553	604	(2)
Operating expenses (after income tax)	37 383	32 504	- 4 879	(3)
Net surplus(+)/deficit(-)	631	5 375	4 744	

Significant variances

(1) Lower than anticipated cargo volume	- 739
(2) Increased revenue and cost recovery	566
(3) Recognition of deferred tax benefit as required by Australian Accounting Standards	- 4 617
Timing of expenditure related to major projects	- 2 016
Higher than anticipated expenses, including City Wharf property maintenance, legal fees and employee expenses	1 651

Department of Construction and Infrastructure

Appropriation	May 2010 Published Budget	May 2011 Final Estimate	Final Approved Budget	Total Variance	
	\$000	\$000	\$000	\$000	
Output	11 096	10 980	17 873	6 777	(1)
Capital	175 247	175 627	169 925	- 5 322	(2)
Commonwealth	132 704	143 444	143 444	10 740	(3)
TOTAL APPROPRIATION	319 047	330 051	331 242	12 195	

Significant variances

(1) Savings delivered through the new Information Communication Technology contracts	- 20
Transfer of funding to the Department of Lands and Planning for repairs and maintenance at the Armidale Street depot	- 200
Transfer of capital to output appropriation for the asset management system, legal expenses, worksafe compliance and the NT Build levy	6 893
(2) Net transfers of funding for various infrastructure projects for the Department of Education and Training	1 845
Net transfers of funding for various infrastructure projects for the Department of Lands and Planning	- 3 242
Net transfers of funding for various infrastructure projects for the Department of Health	1 100
Net transfers of funding for various infrastructure projects for the Department of Children and Families	2 600
Net transfers of funding for various infrastructure projects for the Department of Justice	395
Variation to reflect 2010-11 capital works cash adjustment	- 1 100
Transfer of capital to output appropriation for the asset management system, legal expenses, worksafe compliance and the Northern Territory Build levy	- 6 893
(3) Funding for National Partnership Agreements and Commonwealth funded programs	10 740

Operating Statement

	Final Approved Budget 2010-11	Actual Result 2010-11	Total Variance	
	\$000	\$000	\$000	
Income	28 952	28 700	- 252	(4)
Expenses	29 790	29 373	- 417	(4,5)
Net surplus(+)/deficit(-)	- 838	- 673	165	

Significant variances

(4) Lower than anticipated services free of charge	- 292
(5) Lower repairs and maintenance expenses	- 183

Construction Division

Operating Statement

	May 2011 Final Estimates 2010-11	Actual Result 2010-11	Variance	
	\$000	\$000	\$000	
Goods and services revenue	62 620	86 409	23 789	(1)
Community service obligations				
Other revenue	613	1 054	441	
Operating expenses (after income tax)	62 152	86 466	24 314	(2)
Net surplus(+)/deficit(-)	1 081	997	- 84	

Significant variances

(1) Additional project management revenue from higher than anticipated construction activity	23 803
(2) Additional project management expenses associated with higher than anticipated construction activity	24 326

Uniform Presentation Framework

Supplementary Tables**General Government Sector Taxes**

	2010-11 Actual	2009-10 Actual
	\$M	\$M
Taxes on employers' payroll and labour force	164	152
Taxes on property		
Stamp duties on financial and capital transactions	103	127
Taxes on the provision of goods and services		
Taxes on gambling	50	61
Taxes on insurance	33	29
Taxes on the use of goods and performance of activities		
Motor vehicle registration fees	47	46
Total taxes	397	415

General Government Sector Grant Revenue

	2010-11 Actual	2009-10 Actual
	\$M	\$M
Current grant revenue		
Current grants from the Commonwealth (including for on-passing)		
General purpose grants	2 569	2 729
National partnership payments	337	248
Specific purpose payments	362	358
Total current grant revenue	3 268	3 334
Capital grant revenue		
Capital grants from the Commonwealth (including for on-passing)		
General purpose grants	17	37
National partnership payments	530	376
Specific purpose payments		
Total capital grant revenue	547	413
Total grant revenue	3 815	3 747

General Government Sector Grant Expense

	2010-11 Actual	2009-10 Actual
	\$M	\$M
Current grant expense including subsidies and personal benefit payments		
Local government	114	113
Private and not-for-profit sector (including for on-passing)	542	490
Grants to other sectors of government	52	48
Other	185	160
Total current grant expense including subsidies and personal benefit payments	893	811
Capital grant expense		
Local government	9	8
Private and not-for-profit sector (including for on-passing)	146	139
Grants to other sectors of government	41	21
Other	3	3
Total capital grant expense	199	170
Total grant expense	1 092	982

General Government Sector Dividend and Income Tax Equivalent Income

	2010-11 Actual	2009-10 Actual
	\$M	\$M
Dividend and income tax equivalent income from public non financial corporations sector	1	- 1
Dividend and income tax equivalent income from public financial corporations sector	25	22
Total dividend and income tax equivalent income	26	21

General Government Sector Purchases of Non Financial Assets by Function

	2010-11 Actual	2009-10 Actual
	\$M	\$M
General public services	20	21
Defence	1	
Public order and safety	54	60
Education	142	189
Health	52	68
Housing and community amenities	538	276
Recreation and culture	46	25
Agriculture, forestry, fishing and hunting	9	5
Mining, manufacturing and construction	16	17
Transport and communications	147	172
Other purposes	5	8
Total purchases of non financial assets	1 030	843

Loan Council Allocation

	Original Budget 2010-11	Actual 2010-11
	\$M	\$M
General government sector cash deficit (+)/surplus (-)	251	363
Public non financial corporations sector cash deficit (+)/surplus (-)	363	272
Non financial public sector cash deficit (+)/surplus (-)	614	634
<i>minus</i> Acquisitions under finance leases and similar arrangements		
<i>equals</i> ABS GFS cash deficit (+)/surplus (-)	614	634
<i>minus</i> Net cash flows from investments in financial assets for policy purposes		- 10
<i>plus</i> Memorandum Items		
2010-11 Loan Council Allocation¹	614	644

¹ The actual result for 2010-11 is a deficit of \$644 million, a \$30 million movement from the 2010-11 Budget-time estimate of a \$614 million deficit. This is inside the revised tolerance limit of 2 per cent of non financial public operating cash receipts, which is calculated based on the 2010-11 Budget-time estimate.



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