



# 2007-08

## Treasurer's Annual Financial Report



NORTHERN TERRITORY



Treasurer

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## TREASURER'S ANNUAL FINANCIAL REPORT

for the year ended 30 June 2008

The Treasurer's Annual Financial Report for 2007-08 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.

A handwritten signature in black ink, appearing to read 'Delia Lawrie'.

DELIA LAWRIE

17 October 2008



# 2007-08 Treasurer's Annual Financial Report

The financial statements and supplementary tables presented in the 2007-08 Treasurer's Annual Financial Report (the Report) have been prepared in accordance with the new accounting standard AASB 1049, *Whole of Government and General Government Sector Financial Reporting*, and are consistent with the 2007-08 revised estimate included in the May 2008 Budget. The new standard aims to harmonise government finance statistics and generally accepted accounting principles with the objectives of improving the clarity and transparency of government financial statements. AASB 1049 is applicable to annual reporting periods beginning on or after 1 July 2008. The Territory has early adopted for the financial year ended 30 June 2008 as permitted by the standard.

A set of UPF financial statements (Operating Statement, Balance Sheet and Cash Flow Statement) has 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 standard AASB 1049 and the Uniform Presentation Framework (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 total public sector and the general government sector.

Comparative data is provided for 2006-07 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; grants revenue; grant expense; dividend and income tax equivalents; purchases of non financial assets for the general government sector; and Loan Council Allocation for 2007-08 for the non financial public sector.

# Contents

Ministerial Portfolio Arrangements	5
Overview	7
<b>Treasurer's Annual Financial Statements (Audited)</b>	<b>21</b>
Auditor-General's Report	23
<b>Financial Statements</b>	
General Government Sector Operating Statement	25
General Government Sector Balance Sheet	26
General Government Sector Cash Flow Statement	27
Public Non Financial Corporation Sector Operating Statement	28
Public Non Financial Corporation Sector Balance Sheet	29
Public Non Financial Corporation Sector Cash Flow Statement	30
Non Financial Public Sector Operating Statement	31
Non Financial Public Sector Balance Sheet	32
Non Financial Public Sector Cash Flow Statement	33
Public Financial Corporation Sector Operating Statement	34
Public Financial Corporation Sector Balance Sheet	35
Public Financial Corporation Sector Cash Flow Statement	36
Total Public Sector Operating Statement	37
Total Public Sector Balance Sheet	38
Total Public Sector Cash Flow Statement	39
<b>Notes to the Financial Statements</b>	<b>41</b>
Note 1: Statement of Significant Accounting Policies	43
Note 2: Other Economic Flows	56
Note 3: GFS GAAP Reconciliation	57
Note 4: Taxation Revenue	59
Note 5: Current Grants	59
Note 6: Capital Grants	59
Note 7: Sales of Goods and Services	59
Note 8: Dividend and Income Tax Equivalent Income	59
Note 9: Other Revenue	60
Note 10: Other Operating Expenses	60
Note 11: Current Grants	60
Note 12: Capital Grants	60
Note 13: Subsidies and Personal Benefit Payments	60
Note 14: Cash and Deposits	60
Note 15: Advances Paid	61
Note 16: Investments, Loans and Placements	62
Note 18: Equity Investments – Other	64
Note 19: Land and Other Fixed Assets	64
Note 20: Deposits Held	67
Note 21: Advances Received	67
Note 22: Borrowings	68
Note 23: Superannuation Liabilities	68
Note 24: Other Employee Benefits	72
Note 25: Payables	72
Note 26: Other Liabilities	73
Note 27: Equity	74
Note 28: Commitments	75
Note 29: Contingent Assets and Liabilities	76

Note 30: Cash Flow Reconciliation	81
Note 31: Financial Instruments and Risk Management	82
Note 32: Events Subsequent to Reporting Date	90
Note 33: Remuneration of Auditors	90
Note 34: Write-Offs, Postponements, Waivers, Ex Gratia Payments and Gifts	91
Note 35: Details of Controlled Entities at Reporting Date	92
Note 36: General Government Sector Budgetary Information	93
Note 37: Supplementary Tables (Functional Information)	99
Note 38: Elimination Tables	103
Note 39: Glossary	111
<b>Additional Financial Information (Unaudited)</b>	<b>119</b>
<b>Variations to Allocations Authorised During the Year</b>	<b>123</b>
<b>Summary Agency/Government Business Division Financial Information</b>	
Auditor-General's Office	126
Northern Territory Electoral Commission	127
Ombudsman's Office	128
Department of the Chief Minister	129
Department of the Legislative Assembly	130
Northern Territory Police, Fire and Emergency Services	131
Department of Employment, Education and Training	132
Aboriginal Areas Protection Authority	133
Northern Territory Treasury	134
Central Holding Authority	135
Northern Territory Treasury Corporation	136
Department of Planning and Infrastructure	137
Darwin Bus Service	138
Construction Division	139
Darwin Port Corporation	140
Office of the Commissioner for Public Employment	141
Department of Health and Community Services	142
Department of Justice	143
Department of Business, Economic and Regional Development	144
Land Development Corporation	145
Tourism NT	146
Territory Discoveries	147
Territory Housing	148
Department of Primary Industry, Fisheries and Mines	149
Department of Natural Resources, Environment and the Arts	150
Territory Wildlife Parks	151
Department of Corporate and Information Services	152
Government Printing Office	153
NT Fleet	154
Data Centre Services	155
Department of Local Government, Housing and Sport	156
<b>Uniform Presentation Framework Supplementary Tables</b>	<b>157</b>
General Government Sector Taxes	157
General Government Sector Grant Revenue	157
General Government Sector Grant Expense	158
General Government Sector Dividend and Income Tax Equivalent Income	158
General Government Sector Purchases of Non Financial Assets by Function	159
Loan Council Allocation	159

# Ministerial Portfolio Arrangements

This schedule of Ministerial Portfolio Arrangements details the ministerial responsibilities for individual areas of Government as at 30 June 2008 (drawn from the Administrative Arrangements Order of 15 February 2008).

## Ministerial Portfolio Arrangements as at 30 June 2008

Minister	Portfolio
The Hon P. R. Henderson MLA	Chief Minister Minister for Police, Fire and Emergency Services Minister for Major Projects and Trade Minister for Climate Change Minister for Territory-Federal Relations and Statehood Minister for Information, Communications and Technology Policy Minister for Multicultural Affairs
Ms M. R. Scrymgour MLA	Minister for Employment, Education and Training Minister for Family and Community Services Minister for Child Protection Minister for Indigenous Policy Minister for Arts and Museums Minister for Women's Policy
The Hon D. P. Lawrie MLA	Treasurer Minister for Planning and Lands Minister for Infrastructure and Transport Minister for Public Employment
Dr C. B. Burns MLA	Minister for Health Minister for Justice and Attorney-General Minister for Racing, Gaming and Licensing Minister for Alcohol Policy
The Hon K. Vatskalis MLA	Minister for Business and Economic Development Minister for Tourism Minister for Housing Minister for Asian Relations Minister for Regional Development Minister for Defence Support Minister for Essential Services
Mr C. W. Natt MLA	Minister for Primary Industry and Fisheries Minister for Mines and Energy
Mr L. F. Kiely MLA	Minister for Natural Resources, Environment and Heritage Minister for Parks and Wildlife
Mr M. T. Bonson MLA	Minister for Sport and Recreation Minister for Corporate and Information Services Minister for Senior Territorians Minister for Young Territorians Minister assisting the Chief Minister on Multicultural Affairs
The Hon D. R. Knight MLA	Minister for Local Government Minister for Central Australia

Since the reporting date, amendments to the Administrative Arrangements Order were made. This schedule of Ministerial Portfolio Arrangements details the ministerial responsibilities for individual areas of Government as at August 2008 (drawn from the Administrative Arrangements Order of 18 August 2008).

## Ministerial Portfolio Arrangements as at August 2008

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

# Overview

The Treasurer's Annual Financial Report (The Report) presents the Northern Territory Government's financial results for 2007-08 as required by the *Fiscal Integrity and Transparency Act (FITA)*. The 2007-08 financial statements are presented in accordance with AASB 1049 – *Whole of Government and General Government Sector Financial Reporting*.

The AASB 1049 accounting standard was issued in October 2007 and is the result of the convergence of the Uniform Presentation Framework (UPF) requirements and the Australian Accounting Standards. AASB 1049 becomes operative for all Australian federal, state and territory government's outcome reports for 2008-09. In line with other jurisdictions, the Territory adopted the revised format in its May 2008 Budget Papers. The Territory has also chosen to early adopt the new standard for its 2007-08 outcome report, as allowed by the standard. The comparative data for 2006-07 have been restated to comply with the new standard and to enable comparisons to be made on a consistent basis.

The presentation of accounts in line with AASB 1049 has resulted in the removal of the long standing audit qualification for the Treasurer's Annual Financial Statements that existed due to the Territory presenting financial statements in line with the UPF but not preparing an additional set of statements in the format required by accounting standards. The new standard has harmonised both formats and removes the need for two sets of accounts prepared on different bases.

## Fiscal Position

The Report includes an assessment of the financial performance against the Territory's fiscal strategy. The key conclusions are:

- all key fiscal aggregates have improved significantly since the 2006-07 Outcome, the 2007-08 Budget (May 2007) and the 2007-08 Estimate (May 2008);
- achievement of the sixth consecutive cash surplus for the general government sector;
- capital spending of \$653 million for the non financial public sector, an increase from 2006-07 of \$86 million;
- a reduction of \$156 million in net debt since 2006-07, to a total of \$1.257 billion; and
- improvement in the net debt plus employee liabilities to revenue ratio from 107 per cent in 2006-07 to 89 per cent in 2007-08.

There are two treatment changes associated with the introduction of AASB 1049. All data presented in this Overview is consistent with AASB 1049. Thus the variations shown in the tables following are not affected by changes in accounting treatment.

The first of these changes relates to investment returns received by the Conditions of Service Reserve (COSR). This income is in the form of interest distributions from the fund that are automatically reinvested into COSR. Under AASB 1049 these amounts are required to be identified and recorded separately. Accordingly the distributions of \$44 million in 2007-08 (\$32 million in 2006-07) from the fund have been treated as operating revenue and the reinvestment as a separate financing transaction. Previously under the UPF these offsetting amounts were treated on a net basis.

The second change is in regards to the recognition of on-costs for superannuation on both recreation and long service leave. Previously this on-cost component was not recognised and has resulted in an increase in employee benefits of \$13.1 million in 2007-08 (\$12.4 million in 2006-07).

Neither of these treatments affects the cash outcome as the first has been incorporated in the contributions to the future superannuation and infrastructure fund and the second is an accrual transaction, with no effect on cash outlays.

However, there is an effect of the changed treatment on the operating result and fiscal balance due to the net effect of investment income of \$44 million interest, offset by a minimal increase in superannuation on-costs of \$0.7 million. The resulting improvement on the operating result and fiscal balance is \$43.3 million. All other fiscal aggregates, including the measures of net debt, net debt plus employee liabilities and net worth, are unaffected by the change in treatment for recognition of investment income. However the recognition of superannuation on-costs does flow through to these measures.

Table 1 sets out the key fiscal aggregates for 2007-08, compared to the 2006-07 Outcome and the 2007-08 original Budget (May 2007), final Estimate (May 2008) and unaudited outcome (August 2008). All aggregates have been restated for the above changes.

Table 1: Key Fiscal Aggregates – Cash Flow and Operating Statements

	2006-07 Outcome	2007-08 Budget	2007-08 Estimate	2007-08 PEFO	2007-08 Outcome	Variation on Budget
	\$M	\$M	\$M	\$M	\$M	\$M
<b>GENERAL GOVERNMENT</b>						
Cash surplus/deficit	33	- 40	5	209	211	252
Net operating balance	174	73	125	326	340	267
Fiscal balance	93	- 52	- 23	182	198	250

Source: Northern Territory Treasury

In addition to the 2007-08 Estimate published in the 2008-09 Budget Papers, a Pre-Election Fiscal Outlook (PEFO) Report was released subsequent to the writs being issued for the 2008 General Election. The PEFO was published on 1 August 2008 and presented a preliminary unaudited outcome for 2007-08. Aggregates are broadly consistent with the final outcome presented in this Report.

The outcome for all general government aggregates shown in Table 1 is a significant improvement on the original Budget. The cash outcome is a

surplus of \$211 million, the sixth consecutive surplus and an improvement of \$252 million from the May 2007 Budget. The net operating and fiscal balances are also surpluses of \$340 million and \$198 million respectively.

The significant improvement is generally the result of increased specific purpose payments (SPPs) from the Commonwealth that were not fully spent in 2007-08. This will result in higher expenditure in 2008-09 and future years, when the funds are spent. These timing variations are not unusual, however they are around three times higher in 2007-08 than previous years. The effect of these timing differences on the current year and the forward estimates period will be seen in the 2008-09 Mid-Year Report.

Table 2: Key Fiscal Aggregates – Balance Sheet

	2006-07 Outcome	2007-08 Budget	2007-08 Estimate	2007-08 PEFO	2007-08 Outcome	Variation on Budget
	\$M	\$M	\$M	\$M	\$M	\$M
<b>NON FINANCIAL PUBLIC SECTOR</b>						
Net worth	2 707	2 434	2 735	3 196	3 208	774
Net debt	1 413	1 693	1 477	1 255	1 257	- 436
Net debt as a percentage of total revenue (%)	38	44	36	30	30	- 15
Net debt plus employee liabilities	3 915	4 395	4 216	3 797	3 796	- 599
Net debt plus employee liabilities to revenue (%)	107	115	104	90	89	- 25

Source: Northern Territory Treasury

Consistent with the improvement in the general government sector operating and cash flow statements, there is a significant improvement in the non financial public sector balance sheet measures, relative to both the 2006-07 Outcome and the 2007-08 Budget. The above-mentioned treatment changes are also reflected in Table 2, however as outlined above, there is only minimal change as a result of the superannuation on-costs.

## Outcome for 2007-08

The operating balance (\$340 million), fiscal balance (\$198 million) and cash (\$211 million) surpluses for 2007-08 represent a significant improvement on both the original Budget and the final Estimate. This is largely due to the increase of \$268 million in SPPs from the Commonwealth, with a large proportion of the funds received towards the end of the year. The majority of this increase was the result of funding associated with the Northern Territory Emergency Response (NTER) which included significant funding under the Strategic Indigenous Housing Infrastructure Program (SIHIP).

Due to the time taken to finalise a number of the agreements, a significant portion of operational and capital funding received in 2007-08 was not spent and around \$100 million will be carried over to 2008-09 and future years. The effect of this carryover of expenditure, together with other updated revenue and expenditure estimates will be reflected in the 2008-09 Mid-Year Report.

Table 3 presents the key components of the operating and cash flow statements for the 2006-07 Outcome and 2007-08 original Budget, final Estimate, unaudited PEFO outcome and actual Outcome.

## General Government – Operating and Cash Flow Statements

Table 3: Key Operating Aggregates – General Government

	2006-07 Outcome	2007-08 Budget	2007-08 Estimate	2007-08 PEFO	2007-08 Outcome	Variation on Budget
	\$M	\$M	\$M	\$M	\$M	\$M
<b>CASHFLOW STATEMENT</b>						
Operating receipts	3 318	3 368	3 711	3 815	3 821	453
less: Operating payments	2 855	3 066	3 314	3 218	3 222	156
Net capital spending	200	264	295	292	292	27
Assets acquired under finance leases	48	34	33	33	33	- 1
Contribution for infrastructure/ superannuation	182	44	64	64	64	20
<b>Cash surplus/deficit</b>	<b>33</b>	<b>- 40</b>	<b>5</b>	<b>209</b>	<b>211</b>	<b>252</b>
<b>OPERATING STATEMENT</b>						
Revenue	3 321	3 383	3 722	3 858	3 869	486
less: Expenses	3 146	3 311	3 596	3 532	3 529	218
<b>Net operating balance</b>	<b>174</b>	<b>73</b>	<b>125</b>	<b>326</b>	<b>340</b>	<b>267</b>
less: Net capital spending	81	124	148	144	143	19
<b>Fiscal balance</b>	<b>93</b>	<b>- 52</b>	<b>- 23</b>	<b>182</b>	<b>198</b>	<b>250</b>

Source: Northern Territory Treasury

The operating result was an improvement of \$267 million from the original 2007-08 Budget and \$215 million from the Estimate published in the 2008-09 Budget. The main reasons for the significant improvement are:

- additional Commonwealth revenue of \$352 million, in the form of GST Revenue (\$84 million) and SPPs (\$268 million);
- increased taxation revenue (\$28 million) and mining royalties (\$22 million) due to continued economic activity;
- additional interest revenue of \$24 million; and
- increased agency own-source revenue of \$38 million.

These increases were offset by increased expenditure for:

- new and expanded initiatives of \$103 million; and
- expenditure associated with increased SPPs of \$115 million.

The cash outcome was an improvement of \$252 million from the original Budget and \$206 million from the May 2008 Estimate. The fiscal balance has improved by \$250 million and \$221 million from the original Budget and May 2008 Estimate respectively. The following table summarises the key movements in the cash outcome and fiscal balance for 2007-08.

Table 4: Variations to the Operating  
and Cash Flow Statements since  
May 2007

	2007-08	
	Accrual	Cash
	\$M	\$M
<b>2007-08 BUDGET</b>	<b>- 95.9</b>	<b>- 40.1</b>
Treatment changes	43.3	
<b>RESTATED 2007-08 BUDGET</b>	<b>- 52.6</b>	<b>- 40.1</b>
<b>OPERATING REVENUE/RECEIPTS</b>		
<b>Policy-related</b>		
Stamp duty rates reduction	- 1.0	- 1.0
<b>Subtotal</b>	<b>- 1.0</b>	<b>- 1.0</b>
<b>Non-discretionary</b>		
Taxation	29.1	29.2
GST revenue	83.8	83.8
Specific purpose payments	267.6	233.2
Interest revenue	24.0	21.9
Mining royalties	21.6	21.6
Agency own-source revenue	37.8	43.0
Tax equivalents and dividends	13.3	16.7
Other	10.1	4.5
<b>Subtotal</b>	<b>487.3</b>	<b>453.9</b>
<b>TOTAL OPERATIONAL REVENUE/RECEIPTS</b>	<b>486.3</b>	<b>452.9</b>
<b>OPERATING EXPENSES/PAYMENTS</b>		
<b>Policy</b>		
Closing The Gap	19.9	19.9
New and expanded initiatives	16.8	16.8
Power and Water Corporation:		
Capital infrastructure assistance	50.0	50.0
Undergrounding	16.6	16.6
<b>Subtotal</b>	<b>103.3</b>	<b>103.3</b>
<b>Non-discretionary</b>		
Timing of expenses and payments	29.0	- 24.8
Specific purpose payments	114.6	114.6
Interest	10.0	8.1
Depreciation	7.3	
Treasurer's Advance	- 40.0	- 40.0
Other	- 6.5	- 5.6
<b>Subtotal</b>	<b>114.4</b>	<b>52.3</b>
<b>TOTAL OPERATING EXPENSES/PAYMENTS</b>	<b>217.7</b>	<b>155.6</b>
<b>Net capital payments</b>		
Transfer of capital payments between years	- 5.6	- 5.6
Sales of assets	7.9	7.9
Closing the Gap and remote housing	18.0	18.0
Depreciation	- 7.3	
Other	5.5	5.5
<b>TOTAL NET CAPITAL PAYMENTS</b>	<b>18.5</b>	<b>25.8</b>
Contributions to infrastructure/superannuation		20.0
<b>TOTAL EXPENSES/PAYMENTS</b>	<b>236.2</b>	<b>201.4</b>
<b>TOTAL VARIATION</b>	<b>250.1</b>	<b>251.5</b>
<b>2007-08 OUTCOME</b>	<b>197.5</b>	<b>211.4</b>

Source: Northern Territory Treasury

Operating revenue for 2007-08 was \$486.3 million higher than that projected in the May 2007 Budget, with cash receipts \$452.9 million higher. The main difference between the cash and accrual variation is largely due to the recognition of SPPs from the Commonwealth that agencies had recognised, but not yet received.

During 2007-08 a policy decision was made to reduce the conveyance stamp duty rate and increase the property value at which the maximum rate of 4.95 per cent applies. This resulted in a revenue reduction of \$1 million in 2007-08.

The main non-discretionary revenue variations during 2007-08 were:

- increased taxation revenue of \$29 million due to continued growth in economic activity;
- additional GST revenue of \$83.8 million being a combined effect of increased population estimates and higher GST pool growth;
- increased SPP revenue of \$267.6 million and cash receipts of \$233.2 million. The increase through the year is largely due to the significant levels of NTER and SIHIP funding received in 2007-08;
- interest revenue increased by \$24 million, due to higher than expected cash balances, higher interest rates and a gain on extinguishment of loans in Territory Housing;
- increased mining royalty revenue of \$21.6 million due to increased mining production and commodity prices;
- increases in agency revenue across all agencies, largely linked to additional expenditure commitments; and
- increased tax equivalent payments as a result of the improved performance of the government's business entities, offset by lower dividends due to the dividend moratorium provided to Power and Water Corporation (PWC) to support additional capital investment.

The increase in general government operating expenses and cash payments during 2007-08 is \$217.7 million higher and \$155.6 million higher respectively. The main policy-related expenditure variations are:

- the Territory Government's commitment to Closing the Gap initiatives as part of the \$286 million approved over five years, commencing in 2007-08;
- funding for new and expanded initiatives including:
  - public safety, to include Safer Streets, digital radio network, antisocial behaviour and increased correctional services initiatives;
  - health, including patient assistance travel;
  - education, including special needs funding;
  - climate change, air quality and bushfires aimed at protecting the environment; and
  - additional funding for new local government shires and remote communications infrastructure; and
- funding to the PWC of \$16.6 million to complete undergrounding of powerlines for Milner and Rapid Creek and a \$50 million contribution to PWC's infrastructure program.

The key non-discretionary variations are:

- timing of non SPP-related expenses and payments, including the net effect of bringing forward cash superannuation payments from 2007-08 to 2006-07;
- additional expenditure associated with additional SPPs from the Commonwealth in both 2006-07 and 2007-08. This increase is lower than the revenue received and therefore the expenditure commitment carries over into future years;
- higher interest costs caused by a loss on extinguishment due to Territory Housing repaying debt earlier than anticipated, largely offset by the gain on extinguishment mentioned above;
- depreciation slightly higher than budgeted; and
- use of Treasurer's Advance through the year.

In addition to the above expense/payment variations there have been some variations to net capital spending, including:

- transfer of capital payments to 2008-09, largely related to timing of delivery of Commonwealth funded programs;
- increased sale of assets; and
- additional capital works cash for Closing the Gap and remote housing initiatives.

## Non Financial Public Sector – Balance Sheet

Table 5: Key Asset and Liability Aggregates

	2006-07 Outcome	2007-08 Budget	2007-08 Estimate	2007-08 PEFO	2007-08 Outcome	Variation on Budget
	\$M	\$M	\$M	\$M	\$M	\$M
<b>NON FINANCIAL PUBLIC SECTOR</b>						
Total Assets	7 944	7 939	8 226	8 552	8 548	609
Less: Total Liabilities	5 237	5 505	5 491	5 356	5 341	- 165
<b>Net Worth</b>	<b>2 707</b>	<b>2 434</b>	<b>2 735</b>	<b>3 196</b>	<b>3 208</b>	<b>774</b>
<b>Net Debt</b>	<b>1 413</b>	<b>1 693</b>	<b>1 477</b>	<b>1 255</b>	<b>1 257</b>	<b>- 436</b>
Net Debt as a percentage of Total Revenue (%)	38	44	36	30	30	- 15
<b>Net Debt plus Employee Liabilities</b>	<b>3 915</b>	<b>4 395</b>	<b>4 216</b>	<b>3 797</b>	<b>3 796</b>	<b>- 599</b>
Net Debt plus Employee Liabilities to Revenue (%)	107	115	104	90	89	- 25

Source: Northern Territory Treasury

Table 5 presents the key asset and liability aggregates for the non financial public sector for the 2006-07 Outcome and 2007-08 original Budget, final Estimate, unaudited PEFO outcome and actual Outcome.

Net worth for 2007-08 is \$3208 million, an improvement of \$774 million from the original Budget. This is the result of increased assets of \$609 million and a decrease in liabilities of \$165 million. The majority of the increase in assets is due to revaluations of housing assets, along with an increase in cash and investment balances due to the cash surpluses achieved in both 2006-07 and 2007-08. The decrease in liabilities is largely associated with a reduction in the Territory's superannuation liability that is further explained below.

Net debt for 2007-08 is \$1257 million, \$436 million lower than that recorded in the original budget. The improvement in net debt is largely the result of the flow-on effect of the improved outcomes for both 2006-07 and 2007-08. The net debt to revenue ratio has also reduced to 30 per cent, an improvement from the 44 per cent in May 2007 and a significant improvement from the 67 per cent recorded in 2001-02.

Net debt plus employee liabilities has decreased by \$599 million as a result of the improved net debt position together with a decrease in the Territory's superannuation liability.

In accordance with accounting standards, the Territory's superannuation liability has been revalued using the 10-year bond rate applied on 30 June 2008, being 6.5 per cent. This has resulted in a decrease of around \$190 million in superannuation liabilities from that projected in May 2007, due to the use of the long-term rate of 5.7 per cent at Budget time.

The net debt plus employee liabilities to revenue ratio is now 89 per cent, the first time this ratio has dropped below 100 per cent.

## Fiscal Strategy

The fiscal strategy sets out the Territory's medium-term fiscal objectives and is best measured over time rather than at particular points in time. The current fiscal strategy has now been in place for four years and the Territory's outcomes have shown a consistent improvement over that time as shown in Table 6.

Table 6: Fiscal Strategy Outcomes Over Time

	2004-05 Outcome	2005-06 Outcome	2006-07 Outcome	2007-08 Outcome
<b>GENERAL GOVERNMENT</b>				
<b>Sustainable government services</b>				
Cash surplus (\$M)	51	40	33	211
Net operating balance (\$M)	- 26	22	174	340
<b>Competitive tax environment</b>				
State average (\$)	1 963	2 082	2 297	2 498
Northern Territory (\$)	1 380	1 722	1 685	1 807
<b>NON FINANCIAL PUBLIC SECTOR</b>				
<b>Infrastructure for economic and community development</b>				
Total capital spending (\$M)	425	492	567	653
<b>Prudent management of liabilities</b>				
Net debt as a percentage of total revenue (%)	54	48	38	30
Net debt plus employee liabilities to revenue (%)	124	112	107	89

Source: Northern Territory Treasury

The fiscal strategy provides a sound fiscal management framework focussed on sustainable service provision, continued investment in infrastructure, reducing debt levels and a competitive tax environment that supports economic growth.

The 2007-08 outcomes are assessed against each of the fiscal strategy targets below, and based on this assessment, the Territory is on track to meet all targets.

## Sustainable Service Provision

### Target: General Government Net Operating Balance by 2012-13

Table 7 sets out the Territory's net operating balance and cash outcome for 2006-07 and 2007-08. As a measure, the net operating balance determines whether the Government earns sufficient revenue to meet its operating activities. An operating surplus is required to ensure the Government can increase its capital investment without additional borrowings. The cash outcome is a measure of whether total receipts within the year were sufficient to meet both operating and capital payments.

Table 7: Net Operating Balance and Cash Outcome – General Government

	2006-07 Outcome	2007-08 Budget	2007-08 Estimate	2007-08 PEFO	2007-08 Outcome	Variation on Budget
Net operating balance (\$M)	174	73	125	326	340	267
As a proportion of total revenue (%)	5.3	2.1	3.4	8.4	8.8	6.7
Cash outcome (\$M)	33	- 40	5	209	211	252

Source: Northern Territory Treasury

The net operating balance for 2007-08 was a \$267 million improvement from the original 2007-08 Budget, and a \$166 million improvement from the 2006-07 outcome. As a proportion of total revenue, the net operating balance has improved from 5.3 per cent in 2006-07 to 8.8 per cent in 2007-08. This improvement is largely the result of the significant increase in SPPs from the Commonwealth, where the expenditure will not occur until at least 2008-09.

The 2007-08 cash surplus of \$211 million was a \$252 million improvement on the original budget projection and \$178 million improvement on the 2006-07 outcome. This is the sixth consecutive cash surplus and includes a further contribution of \$64 million to the Territory's future infrastructure and superannuation requirements. As with the operating result, the improvement is largely due to higher SPP revenue that was not fully spent in 2007-08.

As mentioned earlier in this chapter the carryover from 2007-08 will have a flow on effect to the 2008-09 fiscal aggregates. The effect of this and other updated revenue and expenditure estimates on the operating and cash forecasts for 2008-09 will be reflected in the 2008-09 Mid-Year Report.

## Infrastructure for Economic and Community Development

### Target: Maintain Infrastructure Investment at Appropriate Levels and Achieve Fiscal Balance by 2012-13.

Infrastructure investment is a key component of the Government's budget strategy as it is essential for the delivery of the Territory's social and economic requirements. The provision of adequate levels of infrastructure remains an ongoing challenge for the Territory given its stage of development and issues of remoteness.

The fiscal balance is an accrual measure that includes the effect of both capital and operating transactions and demonstrates the Territory's investment balance. Table 8 presents the general government sector's fiscal balance for 2006-07 and 2007-08 in absolute terms and as a proportion of total revenue.

Table 8: Fiscal Balance - General Government

	2006-07 Outcome	2007-08 Budget	2007-08 Estimate	2007-08 PEFO	2007-08 Outcome	Variation on Budget
Fiscal balance (\$M)	93	- 52	- 23	182	198	250
As a proportion of total revenue (%)	2.8	- 1.5	- 0.6	4.7	5.1	6.6

Source: Northern Territory Treasury

The general government fiscal balance for 2007-08 is a surplus of \$198 million, a \$250 million improvement on the original Budget and \$105 million higher than the surplus achieved in 2006-07. This is consistent with the improvement in the operating result, partially offset by an increase in net capital spending.

However when considering capital investment in the Territory, it is appropriate to include investment by the non financial public sector, as this includes the Power and Water and Darwin Port corporations and better reflects the Government's total spending on infrastructure projects. Table 9 shows total capital investment for 2006-07 and 2007-08, comprising construction projects, capital purchases, assets acquired under finance leases (largely Darwin Convention Centre) and capital grants to non-government organisations.

Table 9: Purchases of Non Financial Assets - Non Financial Public Sector

	2006-07 Outcome	2007-08 Budget	2007-08 Estimate	2007-08 PEFO	2007-08 Outcome	Variation on Budget
	\$M	\$M	\$M	\$M	\$M	\$M
Purchases of non financial assets	410	506	533	525	529	23
Assets acquired under a finance lease	48	34	33	33	33	- 1
Capital grants	109	89	104	84	91	2
<b>Total</b>	<b>567</b>	<b>629</b>	<b>670</b>	<b>642</b>	<b>653</b>	<b>24</b>

Source: Northern Territory Treasury

In total, capital investment is \$24 million higher than that projected at the time of the 2007-08 Budget and \$86 million more than the 2006-07 outcome. The increase through 2007-08 is largely the result of additional investment in remote school facilities and housing due to Closing the Gap initiatives. The increase from 2006-07 is also due to increased construction activity across the Territory, with purchases of non financial assets \$119 million higher than 2006-07. This reflects the Government's continued investment in infrastructure across the Territory.

## Competitive Tax Environment

### Target: Ensure Territory Taxes and Charges are Competitive with the Average of the States

Comparisons of relative tax competitiveness are complex due to inherent differences in respective economies and in taxation regimes. Therefore in order to measure and assess the competitiveness of the Territory's tax system, the following are utilised:

- Taxation revenue per capita; and
- Taxation effort as assessed by the Commonwealth Grants Commission.

Taxation revenue per capita is a simple summary measure that affords some comparability with other jurisdictions. Table 10 shows that Territory taxation collections of \$1807 per capita are well below the average of the states and second lowest to Tasmania.

Table 10: Taxation Revenue Per Capita  
– General Government

	2006-07 Outcome	2007-08 Budget	2007-08 Estimate	2007-08 Outcome <sup>1</sup>	Variation on Budget
	\$	\$	\$	\$	\$
New South Wales	2 547	2 528	2 658	2 658	130
Victoria	2 219	2 197	2 382	2 382	185
Queensland	1 995	2 180	2 246	2 246	66
Western Australia	2 730	2 572	3 060	3 060	488
South Australia	1 883	2 029	2 232	2 232	202
Tasmania	1 504	1 512	1 723	1 723	211
Australian Capital Territory	2 574	2 696	3 006	3 006	309
State average	2 297	2 296	2 472	2 472	176
<b>Northern Territory</b>	<b>1 685</b>	<b>1 678</b>	<b>1 819</b>	<b>1 807</b>	<b>129</b>

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

1. Based on Northern Territory's 2007-08 outcome and the 2007-08 estimate for all other jurisdictions.

Population figures are based on the latest ABS data as at March 2008.

Although taxation per capita is a useful comparative measure, it is limited in that it does not make any allowances for the differences in states' capacities to raise revenue.

A more useful measure of tax competitiveness is the Commission's analysis of 'tax effort', which takes account of the extent to which a particular states' capacity to raise revenue is above or below average. Table 11 details the Territory's revenue raising capacity and effort expressed as a percentage of the Australian average in 2006-07, the latest year assessed by the Commission.

Table 11 : Northern Territory Revenue  
– Raising Capacity and Effort (2006-07  
Australian Average = 100 per cent)

	Capacity <sup>1</sup>	Effort <sup>2</sup>
	%	%
Total taxation	77	102
Total own source revenue	90	96

Source: Commonwealth Grants Commission 2008 Update

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

The Commission's assessment shows that for 2006-07 the Territory's tax effort was slightly above the Australian average, reflecting the continued growth in the housing market in that year.

In regard to own-source revenue, the Territory's effort is at 96 per cent, slightly below the average.

The Commission's assessment, combined with the per capita measure, demonstrates that the Territory continues to provide a competitive tax environment for all Territorians.

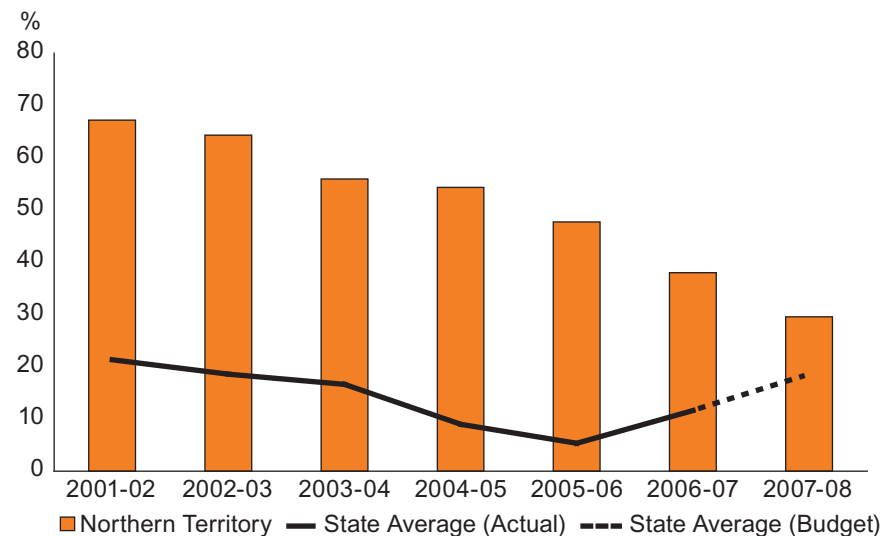
## Prudent Management of Liabilities

### Target: Net Debt and Employee Liabilities as a Proportion of Total Revenue to Fall

This component of the fiscal strategy aims to ensure that debt is prudently managed, taking into consideration service delivery needs and investment in necessary infrastructure to meet these needs. This is particularly important for the Territory due to its greater infrastructure requirements relative to other jurisdictions, resulting in the Territory traditionally having higher debt levels than the states.

Figure 1 compares the ratio of Territory debt to revenue with the average of other jurisdictions for 2001-02 to 2007-08. The chart illustrates the Territory's continuing improvement at a time when the states are estimating an increase in debt levels.

Figure 1: Net Debt Over Time



Source: State and territory outcome reports, state and territory budget papers

Table 12 presents the key net debt and net debt plus employee liability aggregates for the Northern Territory from 2001-02 to 2007-08.

Table 12: Net Debt and Net Debt plus Employee Liabilities Over Time – Non Financial Public Sector

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Net debt (\$M)	1 743	1 723	1 638	1 656	1 594	1 413	1 257
Net debt to revenue (%)	67	64	57	54	48	38	30
Total net debt plus employee liabilities (\$M)	3 453	3 508	3 435	3 777	3 753	3 915	3 796
Total as a proportion of revenue (%)	134	131	118	124	112	107	89

Source: Northern Territory Treasury

As highlighted above, since 2001-02, the level of net debt plus employee liabilities as a percentage of revenue has dropped from 134 per cent to 89 per cent in 2007-08. This is a significant reduction and due largely to the ongoing cash surpluses since 2002-03. This is despite increases in superannuation liabilities and record investment in infrastructure over recent years.

Table 13: Northern Territory Net Debt – Non Financial Public Sector

	2006-07 Outcome	2007-08 Budget	2007-08 Estimate	2007-08 PEFO	2007-08 Outcome	Variation on Budget
Net debt (\$M)	1 413	1 693	1 477	1 255	1 257	- 436
Net debt as a percentage of total revenue (%)	38	44	36	30	30	- 15

Source: Northern Territory Treasury

The Territory's commitment to improving its net debt position over time has resulted in a \$436 million improvement in net debt since May 2007 and a ratio to revenue of 30 per cent, compared to 44 per cent at Budget time. This improvement since the original Budget is largely due to the improved cash outcomes for both 2006 and 2007. The improved ratio to revenue is a significant improvement on the 67 per cent net debt ratio experienced in 2001-02.

Net debt plus employee liabilities is a broader measure than net debt as it includes unfunded employee entitlements, largely superannuation, which is a major liability for the Territory and most states.

Table 14 also highlights that the level of net debt plus employee liabilities has fallen significantly since May 2007 both in absolute terms and as a percentage to revenue. Net debt plus employee liabilities for 2007-08 are \$3796 billion, a reduction of \$599 million from the 2007-08 Budget, with a ratio to revenue of 89 per cent, compared to 115 per cent at Budget time. This is due to the improvement in net debt mentioned earlier and a reduction in the Territory's superannuation liability.

Table 14: Net Debt plus Employee Liabilities – Non Financial Public Sector

	2006-07 Outcome	2007-08 Budget	2007-08 Estimate	2007-08 PEFO	2007-08 Outcome	Variation on Budget
Net debt plus employee liabilities (\$M)	3 915	4 395	4 216	3 797	3 796	- 599
Net debt plus employee liabilities to revenue (%)	107	115	104	90	89	- 25

Source: Northern Territory Treasury

As discussed in the PEFO, the reduction in the Territory's superannuation liability is due largely to the higher discount factor used to estimate the net present value of liabilities as at 30 June 2008. In the 2007-08 Budget the long-term bond rate used to value the superannuation liability was 5.7 per cent, as advised by the Territory's actuary. However AASB 1049 requires the 10-year bond rate as at 30 June to be used for reporting purposes. At 30 June 2008 the applicable rate was 6.5 per cent, resulting in a lower liability than at budget time.

The rate used for measuring the Territory's liability will again be reassessed during the preparation of the 2008-09 Mid-Year Report. If the rate varies below 6.5 per cent, as seems likely from recent financial market volatility, the liability will increase accordingly.

## Conclusion

Taking all of the fiscal strategy targets and outcomes together, the Territory is continuing to maintain its trend towards improved financial outcomes.

The cash surplus is the sixth consecutive surplus and flows through to the improvements in net debt and net debt plus employee liabilities. The achievement of surpluses for both the operating and fiscal balances also indicates that meeting the target of a balanced result by 2012-13 remains realistic. This is more important when taking into consideration the significant infrastructure investment in recent years.

The Territory also continues to maintain its competitive tax environment, relative to the rest of Australia, in order to encourage increased levels of business activity in the Territory. This is particularly important at this time in the Territory's economic cycle.

Net debt and net debt plus employee liabilities to revenue have also shown a significant improvement on the outcome for 2006-07 and the projections during 2007-08. However, this is partially due to the significant increases in SPP revenue from the Commonwealth, where the corresponding expenditure will not occur until 2008-09 and later years, and the value of the Territory's superannuation liability as required by accounting standards. Without offsetting revenue increases, the carryover of SPP-related expenditure will affect the projected outcome for 2008-09.

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





## AUDITOR-GENERAL

# AUDITOR-GENERAL'S REPORT TO THE TREASURER ON THE TREASURER'S ANNUAL FINANCIAL STATEMENT YEAR ENDED 30 JUNE 2008

I have audited the accompanying Treasurer's Annual Financial Statement ("the Statement"), which comprises a balance sheet as at 30 June 2008, and the operating statement and statement of cash flow for the year ended on that date, a summary of significant accounting policies set out on pages 25 to 118.

### The Responsibility of the Treasurer for the Statement

The Treasurer is responsible for the preparation and presentation of the Statement and the information it contains in accordance with the requirements of section 9 of the *Financial Management Act*, Australian Accounting Standards, in particular AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, and Australian Accounting Interpretations. The Statement also satisfies the Treasurer's reporting obligations as set out in the *Fiscal Integrity and Transparency Act*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards and section 25 of the *Audit Act*. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on my judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, I consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Treasurer, as well as evaluating the overall presentation of the financial report.

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

### Auditor's Opinion

In my opinion the Treasurer's Annual Financial Statement:

- presents fairly, in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the financial position of the Northern Territory Government as at 30 June 2008, and its financial performance, changes in equity and its cash flows for the year then ended;
- has been prepared from the proper accounts and records; and,
- is presented fairly in accordance with the requirements of the *Financial Management Act* and the *Fiscal Integrity and Transparency Act*.

F McGuinness  
Auditor-General for the Northern Territory  
21 October 2008

Darwin  
Northern Territory



## General Government Sector

# Operating Statement

	Notes	2007-08 \$000	2006-07 \$000
<b>REVENUE</b>			
Taxation revenue	4	394 666	368 035
Current grants	5	2 771 588	2 450 470
Capital grants	6	232 927	106 335
Sales of goods and services	7	168 796	148 177
Interest income		106 074	80 113
Dividend and income tax equivalent income	8	58 795	40 732
Other	9	136 612	126 951
<b>TOTAL REVENUE</b>		<b>3 869 458</b>	<b>3 320 814</b>
<i>less</i>			
<b>EXPENSES</b>			
Employee expenses		1 246 014	1 157 333
Superannuation expenses			
Superannuation interest cost		127 131	104 800
Other superannuation expenses		136 520	137 365
Depreciation and amortisation	19	178 919	170 876
Other operating expenses	10	873 770	741 615
Interest expenses		151 820	139 259
Other property expenses		75	746
Current grants	11	540 099	471 412
Capital grants	12	173 454	129 855
Subsidies and personal benefit payments	13	101 171	93 097
<b>TOTAL EXPENSES</b>		<b>3 528 974</b>	<b>3 146 358</b>
<i>equals</i>			
<b>NET OPERATING BALANCE</b>		<b>340 484</b>	<b>174 456</b>
<i>plus</i> Other economic flows – included in operating result	2	- 18 893	- 226 366
<i>equals</i>			
<b>OPERATING RESULT</b>		<b>321 591</b>	<b>- 51 910</b>
<i>plus</i> Other economic flows – other movements in equity	2	179 279	64 808
<i>equals</i>			
<b>COMPREHENSIVE RESULT – Total change in net worth</b>		<b>500 870</b>	<b>12 898</b>
<b>NET OPERATING BALANCE</b>		<b>340 484</b>	<b>174 456</b>
<i>less</i>			
<b>Net acquisition of non financial assets</b>			
Purchases of non financial assets		349 197	284 925
Sales of non financial assets		- 57 541	- 85 117
<i>less</i> Depreciation	19	178 919	170 876
<i>plus</i> Change in inventories		357	701
<i>plus</i> Other movements in non financial assets		29 873	51 629
<i>equals</i>			
<b>Total net acquisition of non financial assets</b>		<b>142 966</b>	<b>81 263</b>
<i>equals</i>			
<b>FISCAL BALANCE</b>		<b>197 518</b>	<b>93 194</b>

## General Government Sector

# Balance Sheet

	Notes	2007-08 \$000	2006-07 \$000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and deposits	14	129 619	73 548
Advances paid	15	154 637	185 153
Investments, loans and placements	16	1 033 868	868 936
Receivables	17	179 568	116 486
Equity			
Investments in other public sector entities		1 173 573	1 069 948
Investments – other			
Other financial assets			
<b>Total financial assets</b>		<b>2 671 266</b>	<b>2 314 071</b>
<b>Non financial assets</b>			
Land and other fixed assets	19	5 414 559	5 191 986
Other non financial assets			
<b>Total non financial assets</b>		<b>5 414 559</b>	<b>5 191 986</b>
<b>TOTAL ASSETS</b>		<b>8 085 825</b>	<b>7 506 056</b>
<b>LIABILITIES</b>			
Deposits held	20	207 794	161 457
Advances received	21	240 159	295 327
Borrowing	22	1 756 679	1 745 716
Superannuation	23	2 098 831	2 087 387
Other employee benefits	24	415 591	392 305
Payables	25	109 986	87 657
Other liabilities	26	49 200	29 494
<b>TOTAL LIABILITIES</b>		<b>4 878 241</b>	<b>4 799 343</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>3 207 584</b>	<b>2 706 713</b>
Contributed equity			
Accumulated surplus/(deficit)		933 541	611 155
Reserves		2 274 043	2 095 558
<b>NET WORTH</b>	27	<b>3 207 584</b>	<b>2 706 713</b>
<b>NET FINANCIAL WORTH<sup>1</sup></b>		<b>-2 206 975</b>	<b>-2 485 273</b>
<b>NET FINANCIAL LIABILITIES<sup>2</sup></b>		<b>3 380 548</b>	<b>3 555 220</b>
<b>NET DEBT<sup>3</sup></b>		<b>886 508</b>	<b>1 074 863</b>

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 figure less investments in other public sector entities figure).

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

# Cash Flow Statement

	Notes	2007-08	2006-07
		\$000	\$000
<b>Cash receipts from operating activities</b>			
Taxes received		394 775	368 711
Receipts from sales of goods and services		158 165	146 119
Grants and subsidies received		2 970 094	2 555 604
Interest receipts		103 995	80 554
Dividends and income tax equivalents		54 427	47 817
Other receipts		139 857	119 006
<b>Total operating receipts</b>		<b>3 821 312</b>	<b>3 317 810</b>
<b>Cash payments for operating activities</b>			
Payments for employees		-1 403 789	-1 297 945
Payment for goods and services		- 856 862	- 732 436
Grants and subsidies paid		- 811 153	- 685 351
Interest paid		- 149 838	- 139 730
Other payments			
<b>Total operating payments</b>		<b>-3 221 642</b>	<b>-2 855 462</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	30	<b>599 670</b>	<b>462 348</b>
<b>Cash flows from investments in non financial assets</b>			
Sales of non financial assets		57 541	85 117
Purchases of non financial assets		- 349 197	- 284 925
<b>Net cash flows from investments in non financial assets</b>		<b>- 291 656</b>	<b>- 199 808</b>
<b>NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS</b>		<b>308 014</b>	<b>262 540</b>
Net cash flows from investments in financial assets for policy purposes <sup>1</sup>		21 517	35 781
Net cash flows from investments in financial assets for liquidity purposes		- 248 039	- 220 271
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>- 518 178</b>	<b>- 384 298</b>
Net cash flows from financing activities			
Advances received (net)		- 50 118	- 28 585
Borrowing (net)		- 21 639	2 559
Deposits received (net)		46 337	- 34 325
Other financing (net)			
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>- 25 420</b>	<b>- 60 351</b>
<b>NET INCREASE/DECREASE IN CASH HELD</b>		<b>56 072</b>	<b>17 699</b>
Net cash flows from operating activities		599 670	462 348
Net cash flows from investments in non financial assets		- 291 656	- 199 808
<b>CASH SURPLUS (+)/(DEFICIT) (-)</b>		<b>308 014</b>	<b>262 540</b>
<b>Additional information to the Cash Flow Statement</b>			
<b>CASH SURPLUS (+)/(DEFICIT) (-)</b>		<b>308 014</b>	<b>262 540</b>
Acquisitions under finance leases and similar arrangements		- 32 608	- 47 869
<b>ABS GFS SURPLUS (+)/DEFICIT (-) including finance leases and similar arrangements</b>		<b>275 406</b>	<b>214 671</b>
Future Infrastructure and Superannuation contributions/earnings <sup>2</sup>		- 63 978	- 181 886
<b>UNDERLYING SURPLUS (+)/DEFICIT (-)</b>		<b>211 428</b>	<b>32 785</b>

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

2. Contributions to meet future infrastructure requirements and defined benefit superannuation liabilities and investment earnings reinvested in the fund.

## Public Non Financial Corporation Sector

# Operating Statement

	2007-08	2006-07
	\$000	\$000
<b>REVENUE</b>		
Current grants	111 455	99 398
Capital grants	82 701	19 870
Sales of goods and services	432 899	411 083
Interest income	3 674	3 239
Other	39 495	23 110
<b>TOTAL REVENUE</b>	<b>670 224</b>	<b>556 700</b>
<i>less</i> <b>EXPENSES</b>		
Employee expenses	60 908	49 359
Superannuation expenses	8 206	7 733
Depreciation and amortisation	65 904	67 234
Other operating expenses	379 346	353 280
Interest expenses	30 556	26 916
Other property expenses	29 223	7 903
Current grants		
Capital grants	95	1 132
Subsidies and personal benefit payments	2 885	3 397
<b>TOTAL EXPENSES</b>	<b>577 124</b>	<b>516 955</b>
<i>equals</i> <b>NET OPERATING BALANCE</b>	<b>93 099</b>	<b>39 745</b>
<i>plus</i> Other economic flows – included in operating result	- 3 842	- 147 480
<i>equals</i> <b>OPERATING RESULT</b>	<b>89 257</b>	<b>- 107 735</b>
<i>plus</i> Other economic flows – other movements in equity	806	9 864
<i>equals</i> <b>COMPREHENSIVE RESULT – Total change in net worth</b>	<b>90 063</b>	<b>- 97 872</b>
<b>NET OPERATING BALANCE</b>	<b>93 099</b>	<b>39 745</b>
<i>less</i> <b>Net acquisition of non financial assets</b>		
Purchases of non financial assets	180 123	125 363
Sales of non financial assets	- 1 467	- 1 032
<i>less</i> Depreciation	65 904	67 234
<i>plus</i> Change in inventories	5 729	386
<i>plus</i> Other movements in non financial assets	13 094	13 015
<i>equals</i> <b>Total net acquisition of non financial assets</b>	<b>131 574</b>	<b>70 499</b>
<i>equals</i> <b>FISCAL BALANCE</b>	<b>- 38 475</b>	<b>- 30 754</b>

## Public Non Financial Corporation Sector

# Balance Sheet

	2007-08	2006-07
	\$000	\$000
<b>ASSETS</b>		
<b>Financial assets</b>		
Cash and deposits	95 689	50 055
Advances paid		
Investments, loans and placements		
Receivables	71 961	64 655
Equity	3	3
Other financial assets		
<b>Total financial assets</b>	<b>167 652</b>	<b>114 713</b>
<b>Non financial assets</b>		
Land and other fixed assets	1 364 462	1 236 120
Other non financial assets		
<b>Total non financial assets</b>	<b>1 364 462</b>	<b>1 236 120</b>
<b>TOTAL ASSETS</b>	<b>1 532 115</b>	<b>1 350 833</b>
<b>LIABILITIES</b>		
Deposits held	33	
Advances received		
Borrowing	466 313	388 487
Superannuation		
Other employee benefits	25 120	22 038
Payables	47 246	46 949
Other liabilities	52 672	42 692
<b>TOTAL LIABILITIES</b>	<b>591 384</b>	<b>500 165</b>
<b>NET ASSETS/(LIABILITIES)</b>	<b>940 731</b>	<b>850 668</b>
Contributed equity	356 549	356 518
Accumulated surplus/(deficit)	565 355	476 818
Reserves	18 826	17 332
<b>TOTAL EQUITY</b>	<b>940 731</b>	<b>850 668</b>
<b>NET FINANCIAL WORTH<sup>1</sup></b>	<b>- 423 732</b>	<b>- 385 451</b>
<b>NET DEBT<sup>2</sup></b>	<b>370 657</b>	<b>338 432</b>

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

# Cash Flow Statement

	2007-08	2006-07
	\$000	\$000
<b>Cash receipts from operating activities</b>		
Receipts from sales of goods and services	431 668	415 755
Grants and subsidies received	201 366	121 033
Interest receipts	3 524	3 150
Other receipts	12 461	2 883
<b>Total operating receipts</b>	<b>649 019</b>	<b>542 821</b>
<b>Cash payments for operating activities</b>		
Income tax equivalents paid	- 18 476	- 6 584
Payments for employees	- 70 865	- 60 656
Payment for goods and services	- 381 930	- 351 806
Grants and subsidies paid	- 2 980	- 3 658
Interest paid	- 29 884	- 26 998
Other payments		
<b>Total operating payments</b>	<b>- 504 136</b>	<b>- 449 702</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>144 883</b>	<b>93 119</b>
<b>Cash flows from investments in non financial assets</b>		
Sales of non financial assets	1 467	1 032
Purchases of non financial assets	- 180 123	- 125 363
<b>Net cash flows from investments in non financial assets</b>	<b>- 178 656</b>	<b>- 124 331</b>
<b>NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS</b>	<b>- 33 773</b>	<b>- 31 212</b>
Net cash flows from investments in financial assets for policy purposes <sup>1</sup>		
Net cash flows from investments in financial assets for liquidity purposes		
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>- 178 656</b>	<b>- 124 331</b>
Net cash flows from financing activities		
Advances received (net)		
Borrowing (net)	79 467	28 989
Deposits received (net)	33	
Dividends paid	- 128	- 9 724
Other financing (net)	35	233
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>79 406</b>	<b>19 498</b>
<b>NET INCREASE/DECREASE IN CASH HELD</b>	<b>45 634</b>	<b>- 11 714</b>
Net cash flows from operating activities	144 883	93 119
Net cash flows from investments in non financial assets	- 178 656	- 124 331
Dividends paid	- 128	- 9 724
<b>CASH SURPLUS (+)/(DEFICIT) (-)</b>	<b>- 33 901</b>	<b>- 40 936</b>
<b>Additional information to the Cash Flow Statement</b>		
<b>CASH SURPLUS (+)/(DEFICIT) (-)</b>	<b>- 33 901</b>	<b>- 40 936</b>
Acquisitions under finance leases and similar arrangements		
<b>ABS GFS SURPLUS (+)/DEFICIT (-) including finance leases and similar arrangements</b>	<b>- 33 901</b>	<b>- 40 936</b>

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

## Non Financial Public Sector

# Operating Statement

	2007-08	2006-07
	\$000	\$000
<b>REVENUE</b>		
Taxation revenue	389 797	363 610
Current grants	2 771 553	2 450 427
Capital grants	232 927	106 335
Sales of goods and services	552 785	507 691
Interest income	106 217	80 195
Dividend and income tax equivalent income	29 031	32 368
Other	170 308	132 290
<b>TOTAL REVENUE</b>	<b>4 252 618</b>	<b>3 672 916</b>
<i>less</i> <b>EXPENSES</b>		
Employee expenses	1 306 914	1 206 685
Superannuation expenses		
Superannuation interest cost	127 131	104 800
Other superannuation expenses	139 636	139 788
Depreciation and amortisation	244 824	238 110
Other operating expenses	1 198 320	1 027 861
Interest expenses	178 845	163 018
Other property expenses	66	727
Current grants	487 385	432 313
Capital grants	90 848	109 389
Subsidies and personal benefit payments	45 280	36 153
<b>TOTAL EXPENSES</b>	<b>3 819 249</b>	<b>3 458 844</b>
<i>equals</i> <b>NET OPERATING BALANCE</b>	<b>433 369</b>	<b>214 072</b>
<i>plus</i> Other economic flows – included in operating result	- 22 735	- 233 676
<i>equals</i> <b>OPERATING RESULT</b>	<b>410 634</b>	<b>- 19 604</b>
<i>plus</i> Other economic flows – other movements in equity	90 236	32 502
<i>equals</i> <b>COMPREHENSIVE RESULT – Total change in net worth</b>	<b>500 870</b>	<b>12 898</b>
<b>NET OPERATING BALANCE</b>	<b>433 369</b>	<b>214 072</b>
<i>less</i> <b>Net acquisition of non financial assets</b>		
Purchases of non financial assets	529 320	410 288
Sales of non financial assets	- 59 008	- 86 149
<i>less</i> Depreciation	244 824	238 110
<i>plus</i> Change in inventories	6 085	1 088
<i>plus</i> Other movements in non financial assets	42 967	64 645
<i>equals</i> <b>Total net acquisition of non financial assets</b>	<b>274 540</b>	<b>151 761</b>
<i>equals</i> <b>FISCAL BALANCE</b>	<b>158 829</b>	<b>62 310</b>

## Non Financial Public Sector

# Balance Sheet

	2007-08	2006-07
	\$000	\$000
<b>ASSETS</b>		
<b>Financial assets</b>		
Cash and deposits	132 395	75 698
Advances paid	154 637	185 153
Investments, loans and placements	1 033 868	868 936
Receivables	215 563	166 868
Equity		
Investments in other public sector entities	232 842	219 276
Investments – other	3	3
Other financial assets		
<b>Total financial assets</b>	<b>1 769 308</b>	<b>1 515 935</b>
<b>Non financial assets</b>		
Land and other fixed assets	6 779 022	6 428 105
Other non financial assets		
<b>Total non financial assets</b>	<b>6 779 022</b>	<b>6 428 105</b>
<b>TOTAL ASSETS</b>	<b>8 548 330</b>	<b>7 944 040</b>
<b>LIABILITIES</b>		
Deposits held	114 914	113 553
Advances received	240 159	295 327
Borrowing	2 222 991	2 134 203
Superannuation	2 098 831	2 087 387
Other employee benefits	440 707	414 343
Payables	150 819	128 836
Other liabilities	72 324	63 678
<b>TOTAL LIABILITIES</b>	<b>5 340 746</b>	<b>5 237 327</b>
<b>NET ASSETS/(LIABILITIES)</b>	<b>3 207 584</b>	<b>2 706 713</b>
Contributed equity		
Accumulated surplus/(deficit)	1 498 896	1 087 973
Reserves	1 708 688	1 618 740
<b>NET WORTH</b>	<b>3 207 584</b>	<b>2 706 713</b>
<b>NET FINANCIAL WORTH<sup>1</sup></b>	<b>-3 571 438</b>	<b>-3 721 392</b>
<b>NET FINANCIAL LIABILITIES<sup>2</sup></b>	<b>3 804 280</b>	<b>3 940 668</b>
<b>NET DEBT<sup>3</sup></b>	<b>1 257 164</b>	<b>1 413 296</b>

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 figure less investments in other public sector entities figure).

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

# Cash Flow Statement

	2007-08	2006-07
	\$000	\$000
<b>Cash receipts from operating activities</b>		
Taxes received	390 031	364 164
Receipts from sales of goods and services	542 048	511 317
Grants and subsidies received	2 967 597	2 557 651
Interest receipts	104 137	80 636
Dividends and income tax equivalents	35 896	31 346
Other receipts	160 082	110 949
<b>Total operating receipts</b>	<b>4 199 790</b>	<b>3 656 063</b>
<b>Cash payments for operating activities</b>		
Payments for employees	-1 469 841	-1 354 581
Payment for goods and services	-1 189 566	-1 022 054
Grants and subsidies paid	- 619 618	- 570 023
Interest paid	- 176 340	- 163 660
Other payments		
<b>Total operating payments</b>	<b>-3 455 366</b>	<b>-3 110 318</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>744 424</b>	<b>545 744</b>
<b>Cash flows from investments in non financial assets</b>		
Sales of non financial assets	59 008	86 149
Purchases of non financial assets	- 529 320	- 410 288
<b>Net cash flows from investments in non financial assets</b>	<b>- 470 312</b>	<b>- 324 139</b>
<b>NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS</b>	<b>274 113</b>	<b>221 605</b>
Net cash flows from investments in financial assets for policy purposes <sup>1</sup>	21 517	36 617
Net cash flows from investments in financial assets for liquidity purposes	- 248 039	- 220 271
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>- 696 834</b>	<b>- 507 793</b>
Net cash flows from financing activities		
Advances received (net)	- 50 118	- 28 585
Borrowing (net)	57 828	31 547
Deposits received (net)	1 362	- 21 893
Other financing (net)	35	- 604
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>9 107</b>	<b>- 19 535</b>
<b>NET INCREASE/DECREASE IN CASH HELD</b>	<b>56 697</b>	<b>18 417</b>
Net cash flows from operating activities	744 424	545 744
Net cash flows from investments in non financial assets	- 470 312	- 324 139
<b>CASH SURPLUS (+)/(DEFICIT) (-)</b>	<b>274 113</b>	<b>221 605</b>
<b>Additional information to the Cash Flow Statement</b>		
<b>CASH SURPLUS (+)/(DEFICIT) (-)</b>	<b>274 113</b>	<b>221 605</b>
Acquisitions under finance leases and similar arrangements	- 32 608	- 47 869
<b>ABS GFS SURPLUS (+)/DEFICIT (-) including finance leases and similar arrangements</b>	<b>241 505</b>	<b>173 737</b>
Future Infrastructure and Superannuation contributions/earnings <sup>2</sup>	- 63 978	- 181 886
<b>UNDERLYING SURPLUS (+)/DEFICIT (-)</b>	<b>177 527</b>	<b>- 8 149</b>

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

2. Contributions to meet future infrastructure requirements and defined benefit superannuation liabilities and investment earnings reinvested in the fund.

## Public Financial Corporation Sector

## Operating Statement

	2007-08	2006-07
	\$000	\$000
<b>REVENUE</b>		
Current grants		
Capital grants		
Sales of goods and services	154 065	142 396
Interest income	253 072	245 874
Other	6 485	6 462
<b>TOTAL REVENUE</b>	<b>413 622</b>	<b>394 732</b>
<i>less</i> <b>EXPENSES</b>		
Employee expenses	16 566	15 843
Superannuation expenses	2 634	2 370
Depreciation and amortisation	2 227	2 108
Other operating expenses	126 387	115 411
Interest expenses	184 725	169 132
Other property expenses	14 297	18 418
Current grants	2 627	3 261
Capital grants		
Subsidies and personal benefit payments		
<b>TOTAL EXPENSES</b>	<b>349 462</b>	<b>326 543</b>
<i>equals</i> <b>NET OPERATING BALANCE</b>	<b>64 160</b>	<b>68 189</b>
<i>plus</i> Other economic flows – included in operating result	- 40 345	10 197
<i>equals</i> <b>OPERATING RESULT</b>	<b>23 815</b>	<b>78 386</b>
<i>plus</i> Other economic flows – other movements in equity	- 10 250	7 499
<i>equals</i> <b>COMPREHENSIVE RESULT – Total change in net worth</b>	<b>13 565</b>	<b>85 885</b>
<b>NET OPERATING BALANCE</b>	<b>64 160</b>	<b>68 189</b>
<i>less</i> <b>Net acquisition of non financial assets</b>		
Purchases of non financial assets	2 020	1 307
Sales of non financial assets	- 11 149	- 3 423
<i>less</i> Depreciation	2 227	2 108
<i>plus</i> Change in inventories		
<i>plus</i> Other movements in non financial assets		
<i>equals</i> <b>Total net acquisition of non financial assets</b>	<b>- 11 356</b>	<b>- 4 224</b>
<i>equals</i> <b>FISCAL BALANCE</b>	<b>75 516</b>	<b>72 413</b>

## Public Financial Corporation Sector

# Balance Sheet

	2007-08	2006-07
	\$000	\$000
<b>ASSETS</b>		
<b>Financial assets</b>		
Cash and deposits	233 118	207 439
Advances paid	303 269	303 269
Investments, loans and placements	2 882 235	2 921 710
Receivables	121 294	109 816
Equity		
Other financial assets		
<b>Total financial assets</b>	<b>3 539 915</b>	<b>3 542 234</b>
<b>Non financial assets</b>		
Land and other fixed assets	82 449	79 471
Other non financial assets		
<b>Total non financial assets</b>	<b>82 449</b>	<b>79 471</b>
<b>TOTAL ASSETS</b>	<b>3 622 363</b>	<b>3 621 705</b>
<b>LIABILITIES</b>		
Deposits held	375 101	379 275
Advances received	294 010	298 013
Borrowing	2 216 111	2 217 075
Superannuation		
Other employee benefits	4 851	4 598
Payables	65 476	68 471
Other liabilities	433 972	434 996
<b>TOTAL LIABILITIES</b>	<b>3 389 521</b>	<b>3 402 428</b>
<b>NET ASSETS/(LIABILITIES)</b>	<b>232 842</b>	<b>219 276</b>
Contributed equity	35 206	35 206
Accumulated surplus/(deficit)	176 439	170 289
Reserves	21 197	13 782
<b>TOTAL EQUITY</b>	<b>232 842</b>	<b>219 276</b>
<b>NET FINANCIAL WORTH<sup>1</sup></b>	<b>150 393</b>	<b>139 805</b>
<b>NET DEBT<sup>2</sup></b>	<b>- 533 399</b>	<b>- 538 055</b>

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

# Cash Flow Statement

	2007-08	2006-07
	\$000	\$000
<b>Cash receipts from operating activities</b>		
Receipts from sales of goods and services	159 237	147 897
Grants and subsidies received		
Interest receipts	250 018	246 689
Other receipts	999	7 487
<b>Total operating receipts</b>	<b>410 254</b>	<b>402 073</b>
<b>Cash payments for operating activities</b>		
Income tax equivalents paid	- 19 208	- 13 043
Payments for employees	- 20 204	- 19 478
Payment for goods and services	- 130 782	- 116 271
Grants and subsidies paid	- 2 627	- 3 261
Interest paid	- 184 863	- 174 197
Other payments	- 2 774	- 4 445
<b>Total operating payments</b>	<b>- 360 458</b>	<b>- 330 695</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>49 796</b>	<b>71 378</b>
<b>Cash flows from investments in non financial assets</b>		
Sales of non financial assets	11 149	3 423
Purchases of non financial assets	- 2 020	- 1 307
<b>Net cash flows from investments in non financial assets</b>	<b>9 129</b>	<b>2 116</b>
<b>NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS</b>	<b>58 925</b>	<b>73 494</b>
Net cash flows from investments in financial assets for policy purposes <sup>1</sup>		
Net cash flows from investments in financial assets for liquidity purposes	- 8 460	- 117 062
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>669</b>	<b>- 114 946</b>
Net cash flows from financing activities		
Advances received (net)	870	1 269
Borrowing (net)	- 4 930	215 817
Deposits received (net)	- 4 173	- 126 542
Dividends paid	- 16 554	- 18 278
Other financing (net)		
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>- 24 787</b>	<b>72 265</b>
<b>NET INCREASE/DECREASE IN CASH HELD</b>	<b>25 679</b>	<b>28 698</b>
Net cash flows from operating activities	49 796	71 378
Net cash flows from investments in non financial assets	9 129	2 116
Distributions paid	- 16 554	- 18 278
<b>CASH SURPLUS (+)/(DEFICIT) (-)</b>	<b>42 371</b>	<b>55 216</b>
<b>Additional information to the Cash Flow Statement</b>		
<b>CASH SURPLUS (+)/(DEFICIT) (-)</b>	<b>42 371</b>	<b>55 216</b>
Acquisitions under finance leases and similar arrangements		
<b>ABS GFS SURPLUS (+)/DEFICIT (-) including finance leases and similar arrangements</b>	<b>42 371</b>	<b>55 216</b>

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

## Total Public Sector

# Operating Statement

	Notes	2007-08 \$000	2006-07 \$000
<b>REVENUE</b>			
Taxation revenue	4	388 616	362 486
Current grants	5	2 771 553	2 450 427
Capital grants	6	232 927	106 335
Sales of goods and services	7	695 599	638 512
Interest income		177 973	162 886
Dividend and income tax equivalent income	8		
Other	9	175 367	137 382
<b>TOTAL REVENUE</b>		<b>4 442 036</b>	<b>3 858 029</b>
<i>less</i>			
<b>EXPENSES</b>			
Employee expenses		1 322 535	1 221 446
Superannuation expenses			
Superannuation interest cost		127 131	104 800
Other superannuation expenses		142 234	142 122
Depreciation and amortisation	19	247 051	240 219
Other operating expenses	10	1 311 806	1 130 306
Interest expenses		182 255	168 968
Other property expenses		2 841	3 346
Current grants	11	490 012	435 574
Capital grants	12	90 848	109 389
Subsidies and personal benefit payments	13	45 280	36 153
<b>TOTAL EXPENSES</b>		<b>3 961 992</b>	<b>3 592 323</b>
<i>equals</i>			
<b>NET OPERATING BALANCE</b>		<b>480 044</b>	<b>265 706</b>
<i>plus</i>			
Other economic flows – included in operating result	2	- 63 080	- 361 912
<i>equals</i>			
<b>OPERATING RESULT</b>		<b>416 964</b>	<b>- 96 206</b>
<i>plus</i>			
Other economic flows – other movements in equity	2	83 906	109 104
<i>equals</i>			
<b>COMPREHENSIVE RESULT – Total change in net worth</b>		<b>500 870</b>	<b>12 898</b>
<b>NET OPERATING BALANCE</b>		<b>480 044</b>	<b>265 706</b>
<i>less</i>			
<b>Net acquisition of non financial assets</b>			
Purchases of non financial assets		531 340	411 595
Sales of non financial assets		- 70 157	- 89 572
<i>less</i>			
Depreciation	19	247 051	240 219
<i>plus</i>			
Change in inventories		6 085	1 088
<i>plus</i>			
Other movements in non financial assets		42 967	64 645
<i>equals</i>			
<b>Total net acquisition of non financial assets</b>		<b>263 184</b>	<b>147 537</b>
<i>equals</i>			
<b>FISCAL BALANCE</b>		<b>216 860</b>	<b>118 169</b>

## Total Public Sector

# Balance Sheet

	Notes	2007-08 \$000	2006-07 \$000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and deposits	14	327 627	253 762
Advances paid	15	135 986	167 045
Investments, loans and placements	16	1 851 529	1 751 397
Receivables	17	304 370	233 303
Equity			
Investments in other public sector entities			
Investments – other	18	3	3
Other financial assets			
<b>Total financial assets</b>		<b>2 619 514</b>	<b>2 405 510</b>
<b>Non financial assets</b>			
Land and other fixed assets	19	6 861 471	6 507 576
Other non financial assets			
<b>Total non financial assets</b>		<b>6 861 471</b>	<b>6 507 576</b>
<b>TOTAL ASSETS</b>		<b>9 480 985</b>	<b>8 913 086</b>
<b>LIABILITIES</b>			
Deposits held	20	430 747	441 609
Advances received	21	275 461	285 800
Borrowing	22	2 332 700	2 320 036
Superannuation	23	2 098 831	2 087 387
Other employee benefits	24	445 558	418 941
Payables	25	208 716	187 032
Other liabilities	26	481 387	465 568
<b>TOTAL LIABILITIES</b>		<b>6 273 401</b>	<b>6 206 372</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>3 207 584</b>	<b>2 706 713</b>
Contributed equity			
Accumulated surplus/(deficit)		1 675 335	1 258 262
Reserves		1 532 249	1 448 451
<b>NET WORTH</b>	<b>27</b>	<b>3 207 584</b>	<b>2 706 713</b>
<b>NET FINANCIAL WORTH<sup>1</sup></b>		<b>-3 653 887</b>	<b>-3 800 863</b>
<b>NET DEBT<sup>2</sup></b>		<b>723 766</b>	<b>875 241</b>

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

# Cash Flow Statement

	Notes	2007-08	2006-07
		\$000	\$000
<b>Cash receipts from operating activities</b>			
Taxes received		388 850	363 040
Receipts from sales of goods and services		687 810	647 025
Grants and subsidies received		2 967 597	2 557 651
Interest receipts		173 583	163 425
Other receipts		160 031	119 243
<b>Total operating receipts</b>		<b>4 377 871</b>	<b>3 850 384</b>
<b>Cash payments for operating activities</b>			
Payments for employees		-1 487 919	-1 371 852
Payment for goods and services		-1 306 634	-1 131 076
Grants and subsidies paid		- 622 245	- 573 284
Interest paid		- 180 631	- 173 957
Other payments		- 2 775	- 1 370
<b>Total operating payments</b>		<b>-3 600 204</b>	<b>-3 251 539</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	30	<b>777 667</b>	<b>598 845</b>
<b>Cash flows from investments in non financial assets</b>			
Sales of non financial assets		70 157	89 572
Purchases of non financial assets		- 531 340	- 411 595
<b>Net cash flows from investments in non financial assets</b>		<b>- 461 183</b>	<b>- 322 023</b>
<b>NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS</b>		<b>316 484</b>	<b>276 822</b>
Net cash flows from investments in financial assets for policy purposes <sup>1</sup>		22 060	36 670
Net cash flows from investments in financial assets for liquidity purposes		- 231 175	- 326 051
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>- 670 298</b>	<b>- 611 404</b>
Net cash flows from financing activities			
Advances received (net)		- 416	23
Borrowing (net)		- 22 261	217 475
Deposits received (net)		- 10 862	- 147 426
Other financing (net)		35	- 604
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>- 33 504</b>	<b>69 467</b>
<b>NET INCREASE/DECREASE IN CASH HELD</b>		<b>73 865</b>	<b>56 908</b>
Net cash flows from operating activities		777 667	598 845
Net cash flows from investments in non financial assets		- 461 183	- 322 023
<b>CASH SURPLUS (+)/(DEFICIT) (-)</b>		<b>316 484</b>	<b>276 822</b>
<b>Additional information to the Cash Flow Statement</b>			
<b>CASH SURPLUS (+)/(DEFICIT) (-)</b>		<b>316 484</b>	<b>276 822</b>
Acquisitions under finance leases and similar arrangements		- 32 608	- 47 869
<b>ABS GFS SURPLUS (+)/DEFICIT (-) including finance leases and similar arrangements</b>		<b>283 876</b>	<b>228 952</b>
Future infrastructure and superannuation contributions/earnings <sup>2</sup>		- 63 978	- 181 886
<b>UNDERLYING SURPLUS (+)/DEFICIT (-)</b>		<b>219 898</b>	<b>47 066</b>

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

2. Contributions to meet future infrastructure requirements and defined benefit superannuation liabilities and investment earnings reinvested in the fund.



# Notes to the Financial Statements



# Notes to the Financial Statements

For the year ended 30 June 2008

## Note 1: Statement of Significant Accounting Policies

The following summary sets out the significant accounting policies adopted in the Treasurer's Annual Financial Statements.

### a) Statement of Compliance

#### i) Compliance Framework

The 2007-08 Treasurer's Annual Financial Statement (TAFS) is a general purpose financial report and has been prepared in accordance with Australian Accounting Standards (AAS) including AASB 1049, *Whole of Government and General Government Sector Financial Reporting*; and Australian Accounting Interpretations. This is the first year the Territory has prepared financial statements compliant with AAS.

AASB 1049 *Whole of Government and General Government Sector Financial Reporting* is a new accounting standard. It was issued in October 2007 requiring all Australian governments to adopt the standard for the 2008-09 Annual Reports. The Territory has chosen to early adopt the standard, as permitted under the standard and in May 2008 the format of the financial statements in the 2008-09 Budget followed the requirements of the standard.

The Uniform Presentation Framework (UPF) was updated in April 2008 to incorporate the finalised AASB 1049. The UPF sets out the minimum reporting standards which all jurisdictions are required to produce. The Territory is complying with both AAS and UPF.

The Territory has also adopted AASB 7 Financial Instruments: Disclosure which only impacted on the Territory's financial statements with respect to disclosure.

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 exists in IFRS).

#### ii) Standards and Interpretations Issued not yet Effective

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective.

Initial application of the following standards is not expected to have any material impact on the Treasurer's Annual Financial Statement (TAFS):

### AASB 101 – Presentation of Financial Statements

Effective for annual reporting period beginning on or after 1 January 2009.

The financial consolidated reporting of the Whole of Government and General Government Sector must comply with AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, therefore the required name changes to the financial statements in AASB 101 will not affect the TAFS. An Exposure Draft was issued for comment proposing that AASB 1049 be amended to reflect consistency with AASB 101, however the only impact of the amendments will be on disclosure in the financial statements.

## Note 1 (continued) **AASB 123 – Borrowing Costs (revised)**

Effective for annual reporting period beginning on or after 1 January 2009.

The Standard eliminates the option of expensing borrowing costs related to qualifying assets, instead requiring capitalisation. Transitional provisions require prospective application to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after the application.

### **AASB 1051 – Land under Roads**

Effective for annual reporting period beginning on or after 1 January 2009.

Land under roads is not recognised in the balance sheet as it can not be reliably measured at this stage. A review of this will be undertaken in the 2008-09 financial year.

## **b) The Government Reporting Entity**

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

Financial information, in the form of an Operating Statement, Balance Sheet and Cash Flow Statement, has been 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 35, 'Details of controlled entities as at reporting date', contains a full list of entities forming each of the sectors listed below.

### **General Government**

Entities which 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 (PNFCs)**

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 which 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 (PFCs)**

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.

### **Total Public Sector**

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

## Note 1 (continued)

### c) Basis of Preparation

Accrual accounting principles are employed in the preparation of the Treasurer's Annual Financial Statements (TAFS) so as to recognise the financial effects of transactions and other events in the period in which they occur, rather than when cash is paid out or received.

The TAFS are prepared in accordance with the historic cost convention, except for the revaluation of certain non current assets and certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

Certain liabilities, most notably superannuation and workers compensation, are calculated with regard to actuarial assumptions and recorded at fair value.

### 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 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.

Note 35, 'Details of controlled entities as at reporting date' contains a full list of entities consolidated within these Financial Statements.

### e) Comparatives

As this is the first year in adopting AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, the 2006-07 comparatives have been restated for consistency with the current year disclosures.

### f) Presentation and Rounding of Amounts

Amounts in the Financial Statements and Notes to the Financial Statements are presented in Australian dollars and have been rounded to the nearest thousand dollars, with amounts of \$500 or less being rounded down to zero. Totals may not add due to rounding.

### g) Changes in Accounting Policies

There have been no changes to accounting policies adopted in 2007-08 as a result of management decisions.

### h) Use and Revision of Accounting Estimates

The preparation of the financial report requires the making of estimations and assumptions 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

**Note 1 (continued)**

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.

**i) Revenue Recognition**

Revenue is recognised at the fair value of the consideration received, exclusive of the amount of goods and services tax (GST). Revenue is recognised as either a 'transaction' or an 'other economic flow'.

**Taxation**

Territory taxation is recognised when the underlying transaction or event which gives rise to the right to collect revenue occurs, and can be measured reliably. Government-assessed revenues are recognised at the time the assessments are issued. Taxpayer-assessed revenues, including payroll tax and stamp duty, 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 PNFC and PFC 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.

**Fees and Fines**

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

**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 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 control of the goods passes to the customer and specified conditions associated with the sale have been satisfied.

**Rendering of Services**

Revenue from rendering services is recognised on a stage of completion basis of the contract.

## Note 1 (continued)

### Interest Income

Interest and other investment income is recognised as it accrues, taking into account the effective yield on the financial asset.

### Disposal of Assets

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

### j) Interest Expenses

Interest expenses include interest charges, finance lease charges and borrowing costs. Interest expenses are expensed in the period in which they are incurred. With the exception of borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, that are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

### k) 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 (AOTA) that are ultimately payable to the beneficial owner (refer also to Note 20).

### l) Inventories

Inventories are recorded under 'land and other fixed assets'. 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.

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

### n) 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.

### o) Investments, Loans and Placements

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

**Note 1 (continued)**

Securities and investments are initially recorded at cost and are subsequently measured 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.

**p) Land and Other Fixed Assets**

'Land and other fixed assets' consist of the following asset categories:

- non current assets held for resale;
- inventory;
- land;
- buildings;
- infrastructure assets;
- construction works in progress;
- plant and equipment;
- heritage and cultural assets;
- investment properties;
- biological assets; and
- intangibles.

Further disclosure is included below and at Note 19.

**Acquisitions**

All items of property, plant and equipment with a cost, or other value, equal to or greater than \$5000 are recognised in the year of acquisition and depreciated as outlined below. Items of property, plant and equipment below the \$5000 threshold are expensed in the year of acquisition.

**Complex Assets**

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

**Subsequent Additional Costs**

Costs incurred on property, plant and equipment subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the 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.

**Revaluations**

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

- land;
- buildings;
- infrastructure assets;
- heritage and cultural assets;

## Note 1 (continued)

- investment properties;
- biological assets; and
- intangibles.

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. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Power and Water utility assets, consisting of electricity, water and sewerage systems, are measured at deemed cost.

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.

### 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. 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.

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

	Entities subject to FMA <sup>1</sup>	Other Consolidated Entities
Buildings	20-100 years	10-50 years
Infrastructure assets	8-50 years	3-99 years
Plant and equipment	1-15 years	3-99 years
Plant and equipment under finance lease	3-5 years	n/a
Cultural assets	100 years	n/a
Utility assets	n/a	3-99 years
Biological assets	100 years	n/a
Intangibles	3-6 years	4 years

<sup>1</sup> 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.

### 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. 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

**Note 1 (continued)**

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. Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount.

**Non Current Asset Held for Sale**

Non current 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.

Non current 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.

**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. Gains and losses arising from changes in the fair value of investment property are included in the Operating Statement as an Other Economic Flow in the period in which they arise.

**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 reliability of the information.

In addition financial information in relation to all 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 valuation of art and museum collections commenced in 2007-08. It is anticipated that the material valuations, where reliable, will be incorporated into the 2008-09 Financial Statements.

**q) Intangibles**

Intangibles are recorded under 'land and other fixed 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 Operating Statement.

Other intangible assets consist of purchased software and in-house installation thereof. Intangible assets are originally stated at cost less accumulated amortisation and any accumulated impairment losses.

## Note 1 (continued)

These intangible assets have limited useful lives and are amortised using the straight-line method over their estimated useful lives. 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.

### r) 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 'land and other fixed assets'. 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.

#### 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 is 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.

### s) 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.

### t) Financial Liabilities

Financial Liabilities such as interest bearing liabilities, advances received and borrowings are recorded initially at fair value, net of transactions 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 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.

**Note 1 (continued)****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.

**u) Employee Entitlements**

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

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.

Workers compensation liabilities comprise those under the *Work Health Act*, and COMCARE liabilities under Commonwealth legislation. The change in liability for the year ended 30 June 2008 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.

Outstanding claims liabilities associated with the Territory Insurance Office 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 (refer Note 26).

**v) 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 accrued liability by discounting the value of the expected future benefit payments, after allowing for future salary increases, future interest and future pension

## Note 1 (continued)

increases where applicable, arising from membership completed prior to the reporting date. The discount rate used is the 10 year government bond rates as at 30 June 2008, which was 6.5 per cent; the equivalent rate as at 30 June 2007 was 6.25 per cent.

Actuarial gains and losses are recognised in full in the Operating Statement as an Other Economic Flow in the period in which they occur (refer Note 23 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;
- Northern Territory Police Supplementary Benefit Scheme;
- Legislative Assembly Members and other statutory schemes

### w) 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 PNFCs and PFCs) 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.

### x) Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments include cash and deposits; receivables; advances, 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 Corporation and the 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.

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 has the following financial instruments:

- cash and cash equivalents;
- loans and receivables;
- trading financial assets in the normal course of operations;
- available for sale financial assets;
- trading financial liabilities in the normal course of operations;
- non-trading financial liabilities; and
- derivatives.

**Note 1 (continued)****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 and foreign exchange 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 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 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 Operating Statements.

**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 31 provides additional information on financial instruments.

**y) 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.

**z) Taxation**

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

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.

## Note 1 (continued)

### Goods and Services Tax

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

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 which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO.

#### aa) Commitments

Disclosures in relation to capital and other commitments, including lease commitments, are shown at Note 28.

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

#### ab) Contingent Liabilities and Contingent Assets

Contingent Liabilities are not recognised in the Balance Sheet but are disclosed in the financial report, 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 financial report 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.

#### ac) 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	
	2007-08	2006-07	2007-08	2006-07
	\$000	\$000	\$000	\$000
Gain (Loss) on sale of non financial assets	6 913	5 335	7 923	7 155
Net swap interest revenue			- 4	- 280
Bad and doubtful debts	- 6 051	- 2 307	- 7 307	- 3 157
Net actuarial gains	65 270	- 236 920	65 270	- 236 920
Revaluations and asset impairment	- 85 025	7 525	- 128 962	- 128 710
<b>Other economic flows – included in operating result</b>	<b>- 18 893</b>	<b>- 226 366</b>	<b>- 63 080</b>	<b>- 361 912</b>
Revaluations	75 683	94 820	83 906	109 104
Gain (Loss) on investments in other sector entities	103 597	- 30 012		
<b>Other economic flows – other movements in equity</b>	<b>179 279</b>	<b>64 808</b>	<b>83 906</b>	<b>109 104</b>

### Note 3: GFS GAAP Reconciliation – 2007-08

	GGs	PNFC Sector	Eliminations	NFPS Sector	PFC	Eliminations	Total Public Sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>a) Reconciliation to GFS Net Operating Balance</b>							
Net result from transactions – net operating balance	340 484	93 099	- 214	433 369	64 160	- 17 485	480 044
<b>Convergence differences</b>							
Dividends to GGS from other sector entities		- 214	214		- 17 485	17 485	
<b>GFS NET OPERATING BALANCE</b>	<b>340 484</b>	<b>92 885</b>		<b>433 369</b>	<b>46 675</b>		<b>480 044</b>

#### b) Reconciliation to GFS Fiscal Balance

Fiscal Balance	197 518	- 38 475	- 214	158 829	75 516	- 17 485	216 860
<b>Convergence differences</b>							
Relating to net operating balance Note 3a		- 214	214		- 17 485	17 485	
<b>GFS FISCAL BALANCE</b>	<b>197 518</b>	<b>- 38 689</b>		<b>158 829</b>	<b>58 031</b>		<b>216 860</b>

#### c) Reconciliation to GFS Total Change in Net Worth

Comprehensive result – total change in net worth before transactions with owners as owners	500 870	90 063	- 90 063	500 870	13 565	- 13 565	500 870
<b>Convergence differences</b>							
Relating to net operating balance Note 3a		- 214	214		- 17 485	17 485	
Relating to other economic flows							
Bad and doubtful debts	6 051	765		6 816	491		7 307
Net gain on equity investments in other sector entities measured at proportional share of carrying amount of net assets/(liabilities)	1 256		- 765	491		- 491	
Remeasurement of shares and other contributed capital		- 90 614	90 614		3 429	- 3 429	
<b>Total convergence difference</b>	<b>7 307</b>	<b>- 90 063</b>	<b>90 063</b>	<b>7 307</b>	<b>- 13 565</b>	<b>13 565</b>	<b>7 307</b>
<b>GFS TOTAL CHANGE IN NET WORTH</b>	<b>508 178</b>			<b>508 178</b>			<b>508 178</b>

#### d) Reconciliation to GFS Net Worth

Net worth	3 207 584	940 731	- 940 731	3 207 584	232 842	- 232 842	3 207 584
<b>Convergence differences</b>							
Shares and other contributed capital		- 940 731	940 731		- 232 842	232 842	
<b>GFS TOTAL CHANGE IN NET WORTH</b>	<b>3 207 584</b>			<b>3 207 584</b>			<b>3 207 584</b>

### Note 3: GFS GAAP Reconciliation – 2006-07

	GGG	PNFC Sector	Eliminations	NFPS Sector	PFC	Eliminations	Total Public Sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>a) Reconciliation to GFS Net Operating Balance</b>							
Net result from transactions – net operating balance	174 456	39 745	- 128	214 072	68 189	- 16 554	265 707
<b>Convergence differences</b>							
Dividends to GGS from other sector entities		- 128	128		- 16 554	16 554	
<b>GFS NET OPERATING BALANCE</b>	<b>174 456</b>	<b>39 616</b>		<b>214 072</b>	<b>51 635</b>		<b>265 707</b>
<b>b) Reconciliation to GFS Fiscal Balance</b>							
Fiscal Balance	93 194	- 30 754	- 128	62 310	72 413	- 16 554	118 169
<b>Convergence differences</b>							
Relating to net operating balance Note 3a		- 128	128		- 16 554	16 554	
<b>GFS FISCAL BALANCE</b>	<b>93 194</b>	<b>- 30 882</b>		<b>62 310</b>	<b>55 859</b>		<b>118 169</b>
<b>c) Reconciliation to GFS Total Change in Net Worth</b>							
Comprehensive result – total change in net worth before transactions with owners as owners	12 898	- 97 872	97 872	12 898	85 885	- 85 885	12 898
<b>Convergence differences</b>							
Relating to net operating balance Note 3a		- 128	128		- 16 554	16 554	
Relating to other economic flows							
Bad and doubtful debts	2 307	850		3 157			3 157
Net gain on equity investments in other sector entities measured at proportional share of carrying amount of net assets/(liabilities)	850		- 850				
Remeasurement of shares and other contributed capital		97 151	- 97 151		- 69 332	69 332	
<b>Total convergence difference</b>	<b>3 157</b>	<b>97 872</b>	<b>- 97 872</b>	<b>3 157</b>	<b>- 85 885</b>	<b>85 885</b>	<b>3 157</b>
<b>GFS TOTAL CHANGE IN NET WORTH</b>	<b>16 055</b>			<b>16 055</b>			<b>16 055</b>
<b>d) Reconciliation to GFS Net Worth</b>							
Net worth	2 706 713	850 668	- 850 668	2 706 713	219 276	- 219 276	2 706 713
<b>Convergence differences</b>							
Shares and other contributed capital		- 850 668	850 668		- 219 276	219 276	
<b>GFS TOTAL CHANGE IN NET WORTH</b>	<b>2 706 713</b>			<b>2 706 713</b>			<b>2 706 713</b>

General Government		Total Public Sector	
2007-08	2006-07	2007-08	2006-07
\$000	\$000	\$000	\$000

#### Note 4: Taxation Revenue

Taxes on employers' payroll and labour force taxes	140 824	127 993	134 774	122 444
Stamp Duties on financial and capital transactions	113 352	112 175	113 352	112 175
Taxes on gambling	71 293	64 528	71 293	64 528
Taxes on insurance	25 143	23 100	25 143	23 100
Motor vehicle registration fees	44 055	40 239	44 055	40 239
<b>Total taxation revenue</b>	<b>394 666</b>	<b>368 035</b>	<b>388 616</b>	<b>362 486</b>

#### Note 5: Current Grants

GST revenue	2 207 175	2 015 336	2 207 175	2 015 336
General purpose grants	44 411	41 093	44 411	41 093
Specific purpose grants	438 706	358 455	438 671	358 412
Other grants and non capital contributions	81 297	35 586	81 297	35 586
<b>Total current grants</b>	<b>2 771 588</b>	<b>2 450 470</b>	<b>2 771 553</b>	<b>2 450 427</b>

#### Note 6: Capital Grants

General purpose capital grants	9 545	804	9 545	804
Specific purpose capital grants	178 328	90 256	178 328	90 256
Other Commonwealth capital contributions	45 055	15 276	45 055	15 276
<b>Total capital grants</b>	<b>232 927</b>	<b>106 335</b>	<b>232 927</b>	<b>106 335</b>

#### Note 7: Sales of Goods and Services

Fees from regulatory services	12 570	13 246	11 415	10 891
Other goods and services revenue	156 226	134 931	684 184	627 621
<b>Total sales of goods and services</b>	<b>168 796</b>	<b>148 177</b>	<b>695 599</b>	<b>638 512</b>

#### Note 8: Dividend and Income Tax Equivalent Income

##### Dividend income

PNFC sector	214	128
PFC sector	17 485	16 554

##### Tax equivalents regime

PNFC sector	29 550	8 237
PFC sector	11 546	15 813
<b>Total dividend and income tax equivalent income</b>	<b>58 795</b>	<b>40 732</b>

	General Government		Total Public Sector	
	2007-08	2006-07	2007-08	2006-07
	\$000	\$000	\$000	\$000
<b>Note 9: Other Revenue</b>				
Rental income	5 408	4 289	12 941	10 957
Royalty income	95 226	77 373	95 226	77 373
Fines revenue	8 512	6 472	8 512	6 472
Miscellaneous revenue	27 388	38 457	45 518	30 934
Donated assets	77	360	13 171	11 646
<b>Total other revenue</b>	<b>136 612</b>	<b>126 951</b>	<b>175 367</b>	<b>137 382</b>

### Note 10: Other Operating Expenses

Repairs and maintenance	138 207	125 983	187 079	166 615
Property management	113 410	102 918	90 148	80 629
Purchases of goods and services	616 267	505 982	1 027 995	876 727
Other operating expenses	5 886	6 731	6 584	6 335
<b>Total other operating expenses</b>	<b>873 770</b>	<b>741 615</b>	<b>1 311 806</b>	<b>1 130 306</b>

### Note 11: Current Grants

General current grants	272 034	233 870	221 947	198 032
Recurrent grants to schools	160 502	143 560	160 502	143 560
Current grants to charities and not for profit associations	107 562	93 981	107 562	93 981
<b>Total current grants</b>	<b>540 099</b>	<b>471 412</b>	<b>490 012</b>	<b>435 574</b>

### Note 12: Capital Grants

General capital grants	154 298	106 836	71 693	88 099
Capital grants to schools	14 296	14 460	14 296	14 460
Capital grants to charities and not for profit associations	2 048	1 465	2 048	1 465
Assets transferred	2 811	7 095	2 811	5 366
<b>Total capital grants</b>	<b>173 454</b>	<b>129 855</b>	<b>90 848</b>	<b>109 389</b>

### Note 13: Subsidies and Personal Benefit Payments

Monetary transfers to households	30 227	21 688	30 227	21 688
Community service obligations and other subsidies	70 944	71 409	15 053	14 465
<b>Total subsidies and personal benefit payments</b>	<b>101 171</b>	<b>93 097</b>	<b>45 280</b>	<b>36 153</b>

### Note 14: Cash and Deposits

Cash at bank	14 445	11 744	43 359	42 221
Cash on hand	406	925	2 534	2 792
Cash on call or short term deposit	114 768	60 879	281 733	208 749
<b>Total cash and deposits</b>	<b>129 619</b>	<b>73 548</b>	<b>327 627</b>	<b>253 762</b>

General Government		Total Public Sector	
2007-08	2006-07	2007-08	2006-07
\$000	\$000	\$000	\$000

## Note 15: Advances Paid<sup>1</sup>

### Current

Department of Business, Economic and Regional Development <sup>2</sup>	578	654	578	654
Department of Local Government, Housing and Sport	20	24	20	24
NT Legal Aid Commission		13		13
Territory Housing <sup>3</sup>	1 662	1 961	1 662	1 961
Less: provision for doubtful advances	- 205	- 20	- 205	- 20
	<b>2 055</b>	<b>2 633</b>	<b>2 055</b>	<b>2 633</b>

### Non current

Department of Planning and Infrastructure <sup>4</sup>	3 938	3 395		
Department of the Chief Minister <sup>5</sup>	42 817	42 817	42 817	42 817
Northern Territory Treasury <sup>6</sup>	23 805	23 805	9 092	9 092
Territory Housing <sup>3</sup>	133 814	154 226	133 814	154 226
Less: provision for doubtful advances <sup>7</sup>	- 51 792	- 41 723	- 51 792	- 41 723
	<b>152 582</b>	<b>182 520</b>	<b>133 931</b>	<b>164 412</b>
<b>Total advances paid</b>	<b>154 637</b>	<b>185 153</b>	<b>135 986</b>	<b>167 045</b>

- Advances Paid refers to loans motivated by policy considerations rather than for liquidity management purposes.
- Natural Disaster Relief and Recovery Arrangements advances.
- These balances comprise the HomeStart program, which provides advances to individuals to purchase homes from the private markets, and the HomeShare program, which provides advances to individuals to purchase Territory Housing properties.
- Advances made to the Territory Insurance Office which are eliminated on consolidation at the Total Public Sector.
- Represents advances to the railway consortium. A \$43 million (2007: \$32 million) provision for doubtful advances has been provided in relation to these amounts.
- Total Public Sector represents an amount advanced to Jabiru Town Development Authority. A provision for doubtful advances has been provided for in relation to this amount. At the General Government Sector, this also includes advances to the Territory Insurance Office of \$15 million that are eliminated on consolidation at the Total Public Sector.
- The movement compared to the previous year represents an additional \$10 million provision for doubtful advances in relation to the railway.

	General Government		Total Public Sector	
	2007-08	2006-07	2007-08	2006-07
	\$000	\$000	\$000	\$000
<b>Note 16: Investments, Loans and Placements</b>				
<b>Current</b>				
Securities <sup>1</sup>	409 688	381 605	698 811	740 833
Conditions of service reserve investments <sup>2</sup>	403 757	421 908	403 757	421 908
Loans <sup>3</sup>			17 453	20 811
	<b>813 445</b>	<b>803 513</b>	<b>1 120 022</b>	<b>1 183 552</b>
<b>Non current</b>				
Securities <sup>1</sup>	195 000	40 000	196 836	41 986
Loans <sup>3</sup>	25 423	25 423	535 717	526 931
Less: allowance for impairment			- 1 045	- 1 072
	<b>220 423</b>	<b>65 423</b>	<b>731 508</b>	<b>567 845</b>
<b>Total investments, loans and placements</b>	<b>1 033 868</b>	<b>868 936</b>	<b>1 851 529</b>	<b>1 751 397</b>

1. Securities are predominantly invested by the Northern Territory Treasury Corporation on behalf of the Territory Government.
2. The Conditions of Service Reserve (COSR) investments relate to funds that have been put aside to fund the Territory Government's employee related liabilities including salaries, leave entitlements, redundancy, superannuation payments and future infrastructure requirements. These funds are managed by three different external fund managers on behalf of the Territory Government. The value of the reserve at 31 August 2008 was estimated at \$407 million.
3. Current and non current loans are mainly those provided by the Territory Insurance Office 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	
	2007-08	2006-07	2007-08	2006-07
	\$000	\$000	\$000	\$000
<b>Note 17: Receivables</b>				
<b>Current</b>				
Receivables (a) (c)	137 230	84 039	174 910	126 303
Accrued revenue	29 220	23 136	49 961	41 242
Prepaid expenses (b)	12 850	9 111	39 641	31 938
	<b>179 300</b>	<b>116 286</b>	<b>264 512</b>	<b>199 483</b>
<b>Non current</b>				
Receivables (a)	268	200	39 858	33 820
	<b>268</b>	<b>200</b>	<b>39 858</b>	<b>33 820</b>
<b>Total receivables</b>	<b>179 568</b>	<b>116 486</b>	<b>304 370</b>	<b>233 303</b>

## Note 17 (continued)

	General Government		Total Public Sector	
	2007-08	2006-07	2007-08	2006-07
	\$000	\$000	\$000	\$000
<b>a) Receivables comprise:</b>				
<b>Current</b>				
Accounts receivable	33 317	27 356	100 956	98 398
Less: provision for impairment	- 6 281	- 5 838	- 9 823	- 9 907
Interest receivable	2 929	1 354	6 473	2 208
GST receivable	12 857	15 209	12 503	18 422
Other receivables	94 409	45 958	64 800	17 183
	<b>137 230</b>	<b>84 039</b>	<b>174 910</b>	<b>126 303</b>
<b>Non current</b>				
Accounts receivable	63		660	570
Other	205	200	39 197	33 250
	<b>268</b>	<b>200</b>	<b>39 858</b>	<b>33 820</b>
<b>Total receivables</b>	<b>137 498</b>	<b>84 239</b>	<b>214 768</b>	<b>160 123</b>

## b) Prepaid expenses comprise:

<b>Current</b>				
Prepaid salaries	816	407	841	412
Other prepayments	12 034	8 704	38 800	31 526
<b>Total prepaid expenses</b>	<b>12 850</b>	<b>9 111</b>	<b>39 641</b>	<b>31 938</b>

## c) Reconciliation and aging of receivables

	Total Public Sector 2007-08		
	Aging of	Aging of	Net
	Receivables <sup>1</sup>	Impaired Receivables <sup>2</sup>	Receivables
	\$000	\$000	\$000
Not overdue	163 463		
Overdue for less than 30 days	7 128		
Overdue for 30 to 60 days	2 394	603	
Overdue for more than 60 days	11 748	9 220	
<b>Total</b>	<b>184 733</b>	<b>9 823</b>	<b>174 910</b>

### Reconciliation of the allowance for impairment losses:

Opening	9 907
Written off during the year	
Recovered during the year	
Increase/(decrease) in allowance recognised in profit or loss	-84
<b>Total</b>	<b>9 823</b>

1. Aging analysis is presented at the Total Public Sector, which includes service receivables of Power and Water Corporation and are generally 21 day terms. This also includes premium insurance receivables of the Territory Insurance Office.

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 data, whether an allowance for impairment loss is required.

General Government		Total Public Sector	
2007-08	2006-07	2007-08	2006-07
\$000	\$000	\$000	\$000

## Note 18: Equity Investments – Other

Current		3	3
<b>Total equity investments - Other</b>		<b>3</b>	<b>3</b>

Note: The balance represents holdings by Darnor Pty Ltd in the Amadeus Gas Trust.

## Note 19: Land and Other Fixed Assets

Total Public Sector	At Valuation <sup>1</sup>		Accumulated Depreciation		Written Down Value	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Current</b>						
Non current assets held for resale	15 068				15 068	
Inventories	22 164	16 593			22 164	16 593
Inventory held for distribution	9 639	9 125			9 639	9 125
<b>Non current</b>						
Land	492 754	500 320			492 754	500 320
Buildings	4 072 058	3 891 695	1 050 333	991 597	3 021 725	2 900 097
Buildings under finance lease	105 242				105 242	
Infrastructure assets <sup>2</sup>	3 428 858	3 086 826	1 823 099	1 498 573	1 605 759	1 588 254
Power and water utility assets	1 613 489	1 784 462	869 668	1 081 374	743 820	703 088
Construction works in progress	522 029	399 689			522 029	399 689
Construction (work in progress) under finance lease		72 634				72 634
Plant and equipment	380 365	341 639	153 928	133 850	226 437	207 788
Property, plant and equipment under finance lease	3 624	7 339	3 492	7 098	132	241
Cultural assets	3 434	3 017	320	305	3 115	2 712
Biological assets	22	22			22	22
Investment properties	84 157	91 551			84 157	91 551
Intangibles <sup>3</sup>	86 895	83 189	77 488	67 728	9 407	15 461
<b>Total Public Sector total</b>	<b>10 839 799</b>	<b>10 288 101</b>	<b>3 978 328</b>	<b>3 780 525</b>	<b>6 861 471</b>	<b>6 507 576</b>
<b>General Government Sector totals</b>	<b>8 236 109</b>	<b>7 871 999</b>	<b>2 821 550</b>	<b>2 680 013</b>	<b>5 414 559</b>	<b>5 191 986</b>

1. For further information on valuation methods, refer Note 1 Statement of Significant Accounting Policies.

2. Since completion of the railway, the Government works totalling \$412 million (\$416 million as at 30 June 2007), 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 continue to 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 tracking through Aboriginal land. Hence, ultimate control over the corridor rests with AARC including the rail assets contained within. 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 complete railway infrastructure (including the Government works) will be transferred back 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. The intangibles balance consists largely of deferred development expenditure incurred by Gasgo Pty Ltd, a subsidiary of Power and Water Corporation.

## Note 19 (continued)

### Reconciliations

Reconciliations of the carrying amount for each class of land and other fixed assets are set out below:

Total Public Sector 2007-08	Balance at 30 June 2007			Depreciation \$000	Revaluation /Impairment Adjustments <sup>3</sup> \$000	Balance at 30 June 2008 \$000
	Additions <sup>1</sup> \$000	Disposals <sup>2</sup> \$000				
<b>Current</b>						
Non current assets held for resale <sup>4</sup>		15 068				15 068
Add: Inventories	16 593	5 950	378			22 164
Inventory held for distribution	9 125	43 156	42 643			9 639
<b>Non current</b>						
Land <sup>5</sup>	500 320	866	9 810		1 378	492 754
Buildings <sup>6</sup>	2 900 097	139 168	22 511	76 126	81 097	3 021 725
Buildings under finance lease <sup>7</sup>		105 242				105 242
Infrastructure assets <sup>8</sup>	1 588 254	100 703		83 197		1 605 759
Power and water utility assets <sup>9</sup>	703 088	84 761	7 623	36 407		743 820
Construction works in progress <sup>10</sup>	399 689	583 742	461 402			522 029
Construction (work in progress) under finance lease <sup>11</sup>	72 634	32 608	105 242			
Plant and equipment <sup>12</sup>	207 788	90 411	29 503	42 260		226 437
Property, plant and equipment under finance lease	241			109		132
Cultural assets	2 712	96		15	321	3 115
Biological assets	22					22
Investment properties <sup>13</sup>	91 551	4 842	18 630		6 394	84 157
Intangibles	15 461	3 801	918	8 936		9 407
<b>Total land and other fixed assets</b>	<b>6 507 576</b>	<b>1 210 414</b>	<b>698 659</b>	<b>247 051</b>	<b>89 191</b>	<b>6 861 471</b>
<b>General Government totals</b>	<b>5 191 986</b>	<b>930 089</b>	<b>606 155</b>	<b>178 919</b>	<b>77 499</b>	<b>5 414 559</b>

1. Additions include the gross value of transfers in, including the transfer of construction works in progress recognised upon completion.

2. Disposals include the gross value of transfers out and the written down value of sales.

3. Revaluation adjustments include adjustments to accumulated depreciation on revaluation and accumulated depreciation associated with transfers.

4. The additions to assets held for resale largely relate to non government assets being held for disposal by the Department of Employment, Education and Training. It also includes a remaining amount for Little Mindil transferred in from non current assets to current assets as it will be sold in 2008-09 by the Department of Planning and Infrastructure.

5. The movement in land disposals predominantly relates to \$2.1 million in sales by the Land Development Corporation and includes various disposals by the Department of Planning and Infrastructure including an amount transferred to current assets for land at Little Mindil.

6. Building additions include \$34.9 million in building assets in Territory Housing, \$23.2 million in building assets in the Department of Health and Community Services (including \$4.5 million for the Rapid Admission and Planning Unit and \$3.6 million for the Alice Springs Hospital), and \$52.1 million in building assets in the Department of Employment, Education and Training (including \$25 million for the new Darwin Middle School). Territory Housing assets predominantly contributed to building disposals of \$22.5 million and an upward revaluation of assets of \$81 million.

7. Additions to buildings under finance lease consist entirely of the Darwin Convention Centre transferred from constructions under finance lease.

8. Infrastructure asset additions include \$53 million towards the Darwin Waterfront, \$28 million in the Department of Planning and Infrastructure and \$10.4 million in Indigenous Essential Services.

9. The movement in Power and Water utility assets predominantly relates to transfers in from construction works in progress.

## Note 19 (continued)

10. The net movement in construction works in progress of \$122.3 million includes costs associated with:
- Expenditure relating to Territory roads (\$37.5 million)
  - Palmerston schools (\$12 million)
  - Alice Springs Hospital (\$7.9 million)
  - Kalkarindji Health Centre (\$3.1 million)
  - over \$61.5 million of works associated with the construction of various assets managed by the Department of Planning and Infrastructure.
11. The movements in construction (WIP) under finance lease relates to the transfer of the completed Darwin Convention Centre to buildings under finance.
12. The increase in plant and equipment included \$14 million in additions by the Northern Territory Police, Fire and Emergency Services, motor vehicle acquisitions by NT Fleet totalling \$34 million, \$9 million for various assets for the Department of Health and Community Services and a further \$9 million for the Department of Justice including the fit out of Old Admiralty House Towers. Disposals predominantly relate to vehicle disposals by NT Fleet of \$28 million.
13. The movement in investment properties relates to the addition and disposal of investment holdings under the HomeNorth HomeStart scheme in Territory Housing. This category also includes the owner-occupied buildings in the Territory Insurance Office, classified as 'investment properties', which were revalued upwards in 2007-08.

## Reconciliations

Reconciliations of the carrying amount for each class of land and other fixed assets are set out below:

	Balance at 30 June				Revaluation /Impairment	Balance at 30 June
2006-07	2006	Additions	Disposals	Depreciation	Adjustments	2007
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Current</b>						
Non current assets held for resale						
Add: Inventories	16 319	637	364			16 593
Inventory held for distribution	8 312	40 700	39 886			9 125
<b>Non current</b>						
Land	497 341	5 938	7 695		4 735	500 320
Buildings	2 795 921	98 331	23 563	73 979	103 387	2 900 097
Buildings under finance lease						
Infrastructure assets	1 486 891	80 925	17 470	73 981	111 890	1 588 254
Power and water utility assets	939 037	195 556	136 399	46 715	- 248 390	703 088
Construction Works in Progress	315 293	409 068	324 674			399 689
Construction (work in progress) under finance lease	24 765	47 869				72 634
Plant and equipment	182 900	111 321	50 165	36 128	- 141	207 788
Property, plant and equipment under finance lease	4 702		3 754	707		241
Cultural assets	2 553	27	49	15	196	2 712
Biological assets	22					22
Investment properties	93 107	7 277	18 610		9 777	91 551
Intangibles	24 066	1 253	824	8 695	- 340	15 461
<b>Total land and other fixed assets</b>	<b>6 391 229</b>	<b>998 903</b>	<b>623 452</b>	<b>240 219</b>	<b>- 18 885</b>	<b>6 507 576</b>
<b>General Government totals</b>	<b>5 012 213</b>	<b>600 935</b>	<b>351 023</b>	<b>170 876</b>	<b>100 736</b>	<b>5 191 986</b>

## Note 20: Deposits Held

	General Government		Total Public Sector	
	2007-08	2006-07	2007-08	2006-07
	\$000	\$000	\$000	\$000
Accountable Officers Trust Account (a)	18 216	18 844	18 216	18 844
Clearing Money	4 449	2 663	6 207	6 373
Interest Bearing Deposits	174 484	136 732	395 646	413 174
Other	10 646	3 218	10 679	3 218
<b>Total deposits held</b>	<b>207 794</b>	<b>161 457</b>	<b>430 747</b>	<b>441 609</b>

### a) Accountable Officers' Trust Account comprises:

Department of Corporate and Information Services		3		3
Department of Health and Community Services	349	283	349	283
Department of Justice	822	673	822	673
Department of Local Government, Housing and Sport	3 228	3 422	3 228	3 422
Department of Natural Resources, Environment and the Arts	170	169	170	169
Department of Planning and Infrastructure	695	386	695	386
Department of Primary Industry, Fisheries and Mines	4 774	4 403	4 774	4 403
Department of the Chief Minister		3		3
Department of the Legislative Assembly	1	1	1	1
Land Development Corporation	9	358	9	358
Northern Territory Electoral Commission		6		6
Northern Territory Police, Fire and Emergency Services	455	453	455	453
NT Legal Aid Commission	16	5	16	5
Territory Discoveries	5 891	6 942	5 891	6 942
Territory Housing	1 806	1 737	1 806	1 737
	<b>18 216</b>	<b>18 844</b>	<b>18 216</b>	<b>18 844</b>

## Note 21: Advances Received<sup>1</sup>

### Current

Batchelor Institute of Indigenous Tertiary Education		762		762
Northern Territory Treasury	102	83	102	83
Territory Housing	6 615	7 093		
Northern Territory Treasury Corporation			4 947	4 730
	<b>6 718</b>	<b>7 938</b>	<b>5 049</b>	<b>5 575</b>

### Non current

AustralAsia Railway Corporation		5 050		5 050
Central Holding Authority	1 109	1 109		
Territory Housing	232 333	281 230		
Northern Territory Treasury Corporation			264 926	270 071
Territory Insurance Office			5 486	5 104
	<b>233 441</b>	<b>287 389</b>	<b>270 412</b>	<b>280 225</b>
<b>Total advances received</b>	<b>240 159</b>	<b>295 327</b>	<b>275 461</b>	<b>285 800</b>

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

	General Government		Total Public Sector	
	2007-08	2006-07	2007-08	2006-07
	\$000	\$000	\$000	\$000
<b>Note 22: Borrowings<sup>1</sup></b>				
<b>Current</b>				
Finance leases <sup>2</sup>	673	19 457	717	19 560
Loans	103 660	861	295 054	424 502
	<b>104 332</b>	<b>20 318</b>	<b>295 772</b>	<b>444 062</b>
<b>Non current</b>				
Finance leases <sup>2</sup>	89 011	53 280	89 011	53 324
Loans	1 563 335	1 672 118	1 947 918	1 822 650
	<b>1 652 346</b>	<b>1 725 398</b>	<b>2 036 929</b>	<b>1 875 974</b>
<b>Total borrowings</b>	<b>1 756 679</b>	<b>1 745 716</b>	<b>2 332 700</b>	<b>2 320 036</b>

1. Refer also Note 31: Financial Instruments.

2. Refer also Note 28: Commitments.

## Note 23: Superannuation Liabilities

Current	134 388	126 614	134 388	126 614
Non current	1 964 443	1 960 773	1 964 443	1 960 773
<b>Total superannuation liabilities (a)</b>	<b>2 098 831</b>	<b>2 087 387</b>	<b>2 098 831</b>	<b>2 087 387</b>

### a) The Northern Territory Government Superannuation schemes comprise:

Legislative Assembly Members' Superannuation Scheme	11 731	6 971	11 731	6 971
Commonwealth Superannuation Scheme	1 203 300	1 208 500	1 203 300	1 208 500
Northern Territory Government and Public Authorities Superannuation Scheme	601 700	593 400	601 700	593 400
Northern Territory Supplementary Superannuation Scheme	164 200	167 200	164 200	167 200
Northern Territory Police Supplementary Benefit Scheme	32 000	30 818	32 000	30 818
Northern Territory Death and Invalidity Scheme	41 200	37 400	41 200	37 400
Statutory Schemes <sup>1</sup>	44 700	43 098	44 700	43 098
	<b>2 098 831</b>	<b>2 087 387</b>	<b>2 098 831</b>	<b>2 087 387</b>

1. The 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. The Northern Territory Government and Public Authorities Superannuation Scheme, the Northern Territory Supplementary Superannuation Scheme, the Supreme Court Judges Pension Scheme, the Death and Invalidity Scheme, the Administrators Pension Scheme and the Legislative Assembly Members' Superannuation Scheme are based on reviews carried out at 30 June 2007. The Northern Territory Police Supplementary Benefit Scheme and the Commonwealth Superannuation Scheme are based on reviews carried out at 30 June 2006.

## Note 23 (continued) Scheme Information

### Commonwealth Superannuation Scheme (CSS)

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 (NTGPASS)

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

- the member's accumulation account; plus
- an accrued employer component.

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

### Northern Territory Supplementary Superannuation Scheme (NTSSS)

The NTSSS is a non-contributory lump sum superannuation scheme which 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 to employment for each year of service since October 1988.

### Northern Territory Death and Invalidity Scheme (NTDIS)

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

The Northern Territory Police Supplementary Benefit Scheme, Legislative Assembly Members' Superannuation Scheme, Administrator and Judges Scheme are all pension based schemes.

The following schemes are included in the consolidated disclosures:

- Commonwealth Superannuation Scheme
- Northern Territory Government and Public Authorities Superannuation Scheme
- Northern Territory Supplementary Superannuation Scheme
- Northern Territory Death and Invalidity Scheme
- Northern Territory Police Supplementary Benefit Scheme
- Legislative Assembly Members' Superannuation Scheme
- Administrators Pension Scheme
- Supreme Court (Judges' Pension) Scheme

**Note 23 (continued)**

	30 June 2008	30 June 2007
	%	%
<b>Key assumptions as at balance date and for following year expense</b>		
Discount rate (gross of tax)	6.50	6.25
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	6.25	5.90
Tax rate for employer contributions <sup>1</sup>	nil	nil
Decrement rates		
As per the last triennial review for each individual scheme		
1. All employer contributions are untaxed. As such, no allowance has been made for contributions tax.		
	30 June 2008	30 June 2007
	\$000	\$000
<b>Balance sheet results</b>		
<b>Net liability</b>		
Defined benefit obligation	2 150 622	2 144 450
Contributions tax liability		
<b>Total defined benefit obligations</b>	<b>2 150 622</b>	<b>2 144 450</b>
Scheme assets	- 51 791	- 57 063
<b>Deficit/(surplus)</b>	<b>2 098 831</b>	<b>2 087 387</b>
<b>Net liability</b>	<b>2 098 831</b>	<b>2 087 387</b>
<b>Funded status</b>		
Defined benefit obligations		
Funded	51 791	57 063
Unfunded	2 098 831	2 087 387
<b>Total</b>	<b>2 150 622</b>	<b>2 144 450</b>
<b>Scheme assets</b>		
The Legislative Assembly Members' Superannuation Scheme is the only scheme that holds assets and is therefore partly funded.		
<b>Fair value of scheme assets</b>		
Australian equities	16 939	19 763
Overseas equities	18 842	21 577
Fixed interest securities	14 284	13 904
Property	1 726	1 819
<b>Total</b>	<b>51 791</b>	<b>57 063</b>

## Note 23 (continued)

	30 June 2008	30 June 2007
	\$000	\$000
<b>Movement in net liability</b>		
Net liability/(asset) in balance sheet at end of prior year	2 087 387	1 773 196
Expense recognised in operating statement (including other economic flows)	137 658	424 970
Actual employer contributions – benefits paid	- 126 213	- 110 779
<b>Net liability/(asset) in balance sheet at end of year</b>	<b>2 098 831</b>	<b>2 087 387</b>
<b>Operating results for year</b>		
Expense:		
Employer service cost	75 797	83 250
Interest cost	127 131	104 800
Recognised actuarial (gains)/losses	- 65 270	236 920
<b>Expense recognised</b>	<b>137 658</b>	<b>424 970</b>
<b>Reconciliations:</b>		
<b>Fair value of scheme assets</b>		
Fair value scheme assets at end of prior year	57 063	48 596
Expected return on assets	3 424	2 916
Expected assets at year end	60 487	51 512
Actuarial gain/(loss) on assets	- 8 696	5 551
<b>Fair value scheme assets at year end</b>	<b>51 791</b>	<b>57 063</b>
<b>Reconciliation of actuarial gain/loss</b>		
Unrecognised actuarial (gain)/loss at end of prior year	5 551	
Actuarial gain/(loss) on assets	- 8 696	5 551
Actuarial (gain)/loss on liabilities	- 65 270	236 920
less: Amount recognised during year in operating statement	- 65 270	236 920
<b>Unrecognised actuarial gain/(loss) at end of year</b>	<b>- 3 145</b>	<b>5 551</b>
<b>Expected return on assets</b>		
Fair value scheme assets at end of prior year	57 063	48 596
Average expected assets	57 063	48 596
Assumed rate of return	6.00%	6.00%
Calculated expected return on assets	3 424	2 916
The expected return on assets is 6 percent which is the long term return expected for the class of investments held.		
<b>Actuarial gain/(loss) for year</b>		
Defined benefit obligations (net of tax, prior year assumptions)	2 162 531	1 990 337
Defined benefit obligations (net of tax, current assumptions)	2 098 831	2 087 387
Actuarial gain/(loss) for year due to assumptions	63 700	- 97 050
Actuarial gain/(loss) for year due to experience	1 570	- 139 870
<b>Actuarial gain/(loss) for year</b>	<b>65 270</b>	<b>- 236 920</b>

**Note 23 (continued)**

	30 June 2008	30 June 2007
	\$000	\$000
<b>History<sup>1</sup></b>		
<b>The history of experience adjustments is as follows:</b>		
Total defined benefit obligation at year end	2 150 622	2 144 450
Actual assets at year end	51 791	57 063
Deficit/(surplus)	2 098 831	2 087 387
Experience adjustment on liabilities	1 570	- 139 870

1. As this is the first annual reporting period the Territory has reported on the revised AASB 1049, the above information shall be disclosed prospectively.

	General Government		Total Public Sector	
	2007-08	2006-07	2007-08	2006-07
	\$000	\$000	\$000	\$000
<b>Current</b>				
Accrued salaries	20 705	15 822	21 868	16 183
Recreation leave	115 918	112 816	125 892	121 772
Long service leave	126 771	122 075	137 553	132 068
Provision for employer superannuation contributions <sup>1</sup>	13 053	13 022	13 086	13 022
Provision for workers compensation premiums	81	72	111	92
Workers compensation liability (a)	14 200	14 593	14 200	14 593
	<b>290 728</b>	<b>278 399</b>	<b>312 710</b>	<b>297 729</b>
<b>Non current</b>				
Recreation leave	47 029	39 559	48 357	40 234
Long service leave	34 329	33 190	40 985	39 821
Workers compensation liability (a)	43 506	41 157	43 506	41 157
	<b>124 864</b>	<b>113 906</b>	<b>132 848</b>	<b>121 212</b>
<b>Total other employee benefits</b>	<b>415 591</b>	<b>392 305</b>	<b>445 558</b>	<b>418 941</b>

1. The 2006-07 amounts have been restated to incorporate the on-costs related to employer superannuation contributions.

**a) Workers Compensation Liability Comprises:**

Work Health Act	48 500	47 300	48 500	47 300
COMCARE (Commonwealth Act)	9 206	8 450	9 206	8 450
	<b>57 706</b>	<b>55 750</b>	<b>57 706</b>	<b>55 750</b>

**Note 25: Payables**

<b>Current</b>				
Accounts payable	42 207	27 075	126 183	105 314
Accrued expenses	66 721	59 078	81 475	80 214
	<b>108 928</b>	<b>86 153</b>	<b>207 658</b>	<b>185 528</b>
<b>Non current</b>				
Accounts payable	1 058	1 504	1 058	1 504
	<b>1 058</b>	<b>1 504</b>	<b>1 058</b>	<b>1 504</b>
<b>Total payables</b>	<b>109 986</b>	<b>87 657</b>	<b>208 716</b>	<b>187 032</b>

## Note 26: Other Liabilities

### Current

#### Provisions:

	General Government		Total Public Sector	
	2007-08	2006-07	2007-08	2006-07
	\$000	\$000	\$000	\$000
Provision for current taxes	2 324	2 223	2 439	2 332
Provision for outstanding claims	1 106	2 656	64 134	61 912
Other provisions	195	450	195	450
Unearned revenue	30 033	9 958	118 663	107 256
	<b>33 657</b>	<b>15 287</b>	<b>185 432</b>	<b>171 950</b>

### Non current

#### Provisions:

Provision for outstanding claims	8 116	9 197	288 529	288 607
Other provisions	7 426	5 010	7 426	5 010
	<b>15 542</b>	<b>14 207</b>	<b>295 955</b>	<b>293 617</b>
<b>Total other liabilities</b>	<b>49 200</b>	<b>29 494</b>	<b>481 387</b>	<b>465 568</b>

	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 2007	11 853	2 223	5 460	350 519	2 332	5 460
Effect of changes in assumptions				- 13 947		
Increase in claims incurred/recoveries anticipated over the year	- 108		- 200	90 058		- 200
Payments	- 2 475			- 73 954		
Other movements	- 48	101	2 361	- 13	107	2 361
<b>Balance at 30 June 2008</b>	<b>9 222</b>	<b>2 324</b>	<b>7 621</b>	<b>352 663</b>	<b>2 439</b>	<b>7 621</b>

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 the Territory Insurance Office.

Current taxes provisions largely relates to Fringe Benefits Tax.

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

	General Government		Total Public Sector	
	2007-08	2006-07	2007-08	2006-07
	\$000	\$000	\$000	\$000
Accumulated surplus/(deficit) (a)	933 541	611 155	1 675 335	1 258 262
Reserves (b)	2 274 043	2 095 558	1 532 249	1 448 451
<b>Total Equity</b>	<b>3 207 584</b>	<b>2 706 713</b>	<b>3 207 584</b>	<b>2 706 713</b>

## Note 27: Equity

### a) Accumulated Surplus/(Deficit)

Balance at the beginning of financial year	611 155	662 657	1 258 262	1 354 360
Current year surplus	321 591	- 51 910	416 964	- 96 206
Transfers to reserves and other movements	794	408	109	108
<b>Balance at end of the financial year</b>	<b>933 541</b>	<b>611 155</b>	<b>1 675 335</b>	<b>1 258 262</b>

### b) Reserves

Balance at the beginning of the financial year	2 095 558	2 031 199	1 448 451	1 345 986
Movements through the year	178 485	64 359	83 798	102 466
<b>Balance at end of the financial year</b>	<b>2 274 043</b>	<b>2 095 558</b>	<b>1 532 249</b>	<b>1 448 451</b>

#### Reserves comprise of:

##### Asset Revaluation Reserve

Balance at the beginning of the financial year	1 107 232	1 026 261	1 137 430	1 047 801
Revaluations increments/(decrements)	75 037	94 516	82 796	103 175
Transferred to Asset Realisation Reserve	- 11 852	- 13 545	- 11 852	- 13 545
<b>Balance at end of the financial year</b>	<b>1 170 416</b>	<b>1 107 232</b>	<b>1 208 374</b>	<b>1 137 430</b>

##### Asset Realisation Reserve

Balance at the beginning of the financial year	307 646	294 101	307 646	294 101
Transferred from Asset Revaluation Reserve	11 852	13 545	11 852	13 545
<b>Balance at end of the financial year</b>	<b>319 498</b>	<b>307 646</b>	<b>319 498</b>	<b>307 646</b>

##### Investments in Public Sector Entities Revaluation Reserve

Balance at the beginning of the financial year	678 221	708 233		
Movements in net assets of public sector entities	103 597	- 30 012		
<b>Balance at end of the financial year</b>	<b>781 818</b>	<b>678 221</b>		

##### Hedging Reserves

Balance at the beginning of the financial year			- 2 001	- 1 435
Movement through the year			1 150	- 565
<b>Balance at end of the financial year</b>			<b>- 850</b>	<b>- 2 001</b>

##### Other Reserves

Balance at the beginning of the financial year	2 459	2 603	5 376	5 520
Transferred to Accumulated surplus/(deficit)	- 148	- 144	- 148	- 144
<b>Balance at end of the financial year</b>	<b>2 311</b>	<b>2 459</b>	<b>5 228</b>	<b>5 376</b>

Total Public Sector

	2007-08	2006-07
--	---------	---------

	\$000	\$000
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## Note 28: 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	162 952	185 623
Later than one year and not later than five years	31 769	8 045
Later than five years		
<b>Total capital expenditure commitments</b>	<b>194 721</b>	<b>193 668</b>

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	51 989	48 411
Later than one year and not later than five years	94 495	106 157
Later than five years	55 589	62 673
<b>Total operating lease commitments</b>	<b>202 073</b>	<b>217 240</b>

### c) Finance lease commitments

Future finance lease commitments are payable as follows:

Not later than one year	6 675	15 662
Later than one year and not later than five years	34 290	33 906
Later than five years	151 570	96 005
less: Future finance lease charges	102 807	72 689
<b>Total</b>	<b>89 728</b>	<b>72 884</b>

Represented by:

Current	717	19 560
Non-current	89 011	53 324
	<b>89 728</b>	<b>72 884</b>

This relates to the recognition of a liability matching the certified Darwin Convention Centre which will be repaid over the next 25 years following practical completion that occurred during the year.

The net present value of the total minimum lease payments, including all finance charges, following completion of the Darwin Convention Centre is estimated to total \$115 million.

## Note 28 (continued)

	2007-08	2006-07
	\$000	\$000
<b>d) Other non cancellable contract commitments</b>		
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:		
Not later than one year	320 210	208 740
Later than one year and not later than five years	858 586	800 121
Later than five years	4 395 243	4 744 220
<b>Total other non cancellable contract commitments</b>	<b>5 574 039</b>	<b>5 753 081</b>

The most significant portion relates to gas purchase commitments including take-or-pay obligations under a 25-year gas sale agreement, the first supply of which is contracted to commence on the 1 January 2009.

## 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	158 195	24 480
Later than one year and not later than five years	10 516	
<b>Total grant commitments</b>	<b>168 711</b>	<b>24 480</b>

These predominately relate to programs funded by the Commonwealth, including the Northern Territory Emergency Response that will be expended in 2008-09 and later years.

## Note 29: 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.

## 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.

## Note 29 (continued)

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 6.5 per cent per annum. The discount rate is based on the published 10-year bond rate. In previous years the discount rate was the published 10-year bond rate plus a margin to reflect the Territory's cost of funds and the uncertainties associated with contingent liabilities. The effect of using the government bond rate without a margin as the discount rate may result in the NPV fluctuating from year to year, however, the change in methodology is to ensure consistency and comparability with other long term liabilities (i.e. employee entitlements such as superannuation).

Details of estimated amounts of material contingent liabilities as at 30 June 2008 resulting from guarantees or indemnities granted by the Territory are presented as follows:

### Material Quantifiable Contingent Liabilities

	Estimated Quantifiable Contingent Liability as at 30 June 2008	Estimated Quantifiable Contingent Liability as at 30 June 2007
	\$M NPV <sup>1</sup>	\$M NPV <sup>2</sup>
Amadeus Basin to Darwin gas pipeline	48	43
Pine Creek/McArthur River electricity purchase agreements	73	80
Public Trustee common funds	33	35

1. Future values discounted at a nominal 6.5 per cent discount rate.

2. Future values discounted at a nominal 7.5 per cent discount rate

Source: Northern Territory Treasury

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

**Note 29 (continued)** 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.

#### Amadeus Basin to Darwin Gas Pipeline

The Territory has indemnified the financiers of the Amadeus Basin to Darwin Gas Pipeline Lease in relation to the residual value of the pipeline to be paid by the Power and Water Corporation on expiry or termination of the pipeline lease agreement.

#### 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 contingent liability is unquantifiable, a major portion of the value of the contingent liability is 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.

#### 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 which could pose a risk to the Government's financial projections.

#### Transport

The Territory also has contingent liabilities in this category that relate 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;

## Note 29 (continued)

- indemnities granted in relation to title over the railway corridor (title is secure but the indemnity continues);
- agreement to compensate in the case of early termination of the project (where a termination event is caused by the Territory); and
- indemnities in favour of the Commonwealth for its financial contribution.

The Darwin Port Corporation has leased facilities at the Darwin Port to Asia Pacific Transport Pty Ltd, interfacing the port and the railway. There are contingent liabilities which 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.

### 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

**Note 29 (continued)** 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 2008. 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. To attempt to attribute a value to these cases also has the potential to prejudice the outcome of the proceedings and disputes.

The Government has indemnified private sector insurers who provide workers compensation insurance in the Territory. The indemnity covers insurers for losses which 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.

### 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. The contingent liability resulting from the indemnities is unquantifiable.

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 generally, 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.

There are risks in relation to the Darwin Waterfront Development project that may result in payments being made by the Territory. These risks relate to discriminatory changes in law, native title and environmental clean-up costs. The amount of these risks is unable to be estimated accurately but provision has been made in the forward estimates for environmental clean-up costs and it is within the Territory's discretion whether to make a discriminatory change in law.

There are no other reportable contingent liabilities in this category.

	General Government		Total Public Sector	
	2007-08	2006-07	2007-08	2006-07
	\$000	\$000	\$000	\$000
<b>Operating result</b>	<b>321 591</b>	<b>- 51 910</b>	<b>416 964</b>	<b>- 96 206</b>
<i>less: Other economic flows – included in operating result</i>	<b>18 893</b>	<b>226 366</b>	<b>63 080</b>	<b>361 912</b>
Gain (loss) on sale of non financial assets	- 6 913	- 5 335	- 7 923	- 7 155
Net swap interest revenue			4	280
Bad and doubtful debt	6 051	2 307	7 307	3 157
Net actuarial gains	- 65 270	236 920	- 65 270	236 920
Revaluations and asset impairment	85 025	- 7 525	128 962	128 710
<i>equals: Net operating balance</i>	<b>340 484</b>	<b>174 456</b>	<b>480 044</b>	<b>265 706</b>
<i>less: Non cash items included in net operating balance</i>				
Depreciation and amortisation	178 919	170 876	247 051	240 219
Increase in employee related provisions	108 038	107 011	106 141	101 974
Increase in other provisions				
Assets acquired below fair value	- 77	- 360	- 13 171	- 11 646
Assets donated	2 811	7 095	2 811	5 366
Gains and losses	- 6	57	- 86	649
Write-offs	4	2	4	2
<i>less: Changes in assets and liabilities</i>				
Change in inventories	718	1 021	6 446	1 407
Increase in payables and borrowings	- 159 702	- 148 482	- 179 064	- 167 978
Increase in receivables and investments	128 480	150 673	127 489	163 148
<i>equals: Cash flows from operating activities</i>	<b>599 670</b>	<b>462 348</b>	<b>777 667</b>	<b>598 845</b>

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:

<b>Cash at beginning of year</b>	<b>253 762</b>	<b>196 855</b>
Net increase/(decrease) in cash held as per Cash Flow Statement	73 865	56 907
<b>Cash at end of year</b>	<b>327 627</b>	<b>253 762</b>

#### *Finance Lease Transactions*

During the financial year the Darwin Convention Centre was completed. The amount acquired by means of finance lease during 2007-08 was \$32.6 million. Refer also to Note 22: Borrowings and Note 28: Commitments.

## Note 31: 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 competitive tax environment that supports economic growth. Further reference to the fiscal strategy can be found in the Overview chapter of this Treasurer's Annual Financial Report and the 2008-09 Budget Paper No. 2.

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

### b) 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 swaps 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 \$121.8 million (2007: \$122.5 million).

#### *Sensitivity Analysis*

Assuming the financial assets and liabilities at 30 June 2008 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.

## Note 31 (continued)

	Profit or Loss and Equity	
	100 Basis Points Increase	100 Basis Points Decrease
	\$000	\$000
30 June 2008		
Financial assets – cash at bank	3 276	-3 276
Financial assets – receivable loans	1 356	-1 356
Financial liabilities – borrowings	2 902	-2 902
<b>Net sensitivity:</b>	<b>7 534</b>	<b>-7 534</b>
30 June 2007		
Financial assets – cash at bank	2 538	-2 538
Financial assets – receivable loans	1 563	-1 563
Financial liabilities – borrowings	4 413	-4 413
<b>Net sensitivity:</b>	<b>8 514</b>	<b>-8 514</b>

### ii) Price Risk

The Territory is exposed to price risk as the Territory hold 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.

### Price Risk Sensitivity Analysis

	Change in Unit Price	2008		2007	
		Impact on Profit	Impact on Equity	Impact on Profit	Impact on Equity
		\$000	\$000	\$000	\$000
<b>Upside</b>					
Equities	+10%	26 737	26 737	29 897	29 897
Property securities	+10%	5 579	5 579	7 285	7 285
Interest bearing	+1%	3 075	3 075	3 212	3 212
		<b>35 391</b>	<b>35 391</b>	<b>40 394</b>	<b>40 394</b>
<b>Downside</b>					
Equities	-10%	-26 737	-26 737	-29 897	-29 897
Property securities	-10%	-5 579	-5 579	-7 285	-7 285
Interest bearing	-1%	-3 075	-3 075	-3 212	-3 212
		<b>-35 391</b>	<b>-35 391</b>	<b>-40 394</b>	<b>-40 394</b>

**Note 31 (continued) 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.

*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.

*Capital Purchases*

In order to protect against exchange rate movements and to manage the cost of construction, the Territory has entered into forward exchange contracts to purchase US dollars. These contracts are hedging highly probable forecast payments timed to mature, including rollover strategy, when payments are scheduled to be made.

The cash flows are expected to occur between 2-12 months from 30 June 2008. At balance date the details of outstanding contracts are:

Buy US\$/Sell Aus\$	June 2008	June 2007	June 2008	June 2007
	\$	\$	Avg exch rate	Avg exch rate
Maturity < 12 months	7 696 413	29 160 375	0.7624	0.7701
Maturity > 12 months		5 096 490		0.7597
<b>Total</b>	<b>7 696 413</b>	<b>34 256 865</b>	<b>0.7624</b>	<b>0.7685</b>

*Hedge Accounting*

At the inception of the hedge relationship, the Territory documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions.

Furthermore, at the inception of the hedge and on an ongoing basis, the Territory documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in the cash flows of the hedged item.

*Cashflow Hedge*

The Territory has designated its hedging transactions as cash flow hedges. Hedges are classified as cash flow hedges when they hedge the exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or a forecast transaction. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges

## Note 31 (continued)

are deferred in equity, while the gain or loss relating to the ineffective portion is recognised immediately in the Operating Statement as an Other Economic Flow.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, any amounts deferred in equity remains in equity until the forecast transaction affects profit or loss and is thus transferred to the Operating Statement. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability. Where a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the Operating Statement.

### c) 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 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. Refer to Note 17 for further analysis of Receivables.

#### 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 Territory Insurance Office (TIO). The credit risk is largely associated to their retail loan assets including securitised loans which are managed through established credit policies with regular monitoring. The majority of the TIO loans are home loans where there is a concentration of risk as 92 per cent of the loans are to Northern Territory residents.

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, there is the residual the Territory may not be eligible in some exceptional cases to seek recovery under the policy. The maturity analysis of these loans are embedded in the Liquidity tables on pages 87 and 88.

**Note 31 (continued)****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.

**d) Liquidity Risk**

Liquidity risk is the risk of financial loss and/or increased costs due to unanticipated events or errors in cash flow forecasts which result in additional borrowing costs, reduced investment income or an inability to meet financial or operational commitments as they fall due. 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 the day-to-day operations, short-to-medium term and for the long term. NTTC predominantly assists the Territory with management of liquidity risk on a day to day basis, involving the use of cashflow forecasts and communication with the other controlled entities as they are required to advise NTTC of unusually large payments that are to occur. 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 also outlines the Territory's fiscal strategy incorporating 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 Territory's remaining contractual maturity for its financial assets and financial liabilities.

## Note 31 (continued)

### 2007-08 Liquidity

	Variable Interest \$000	Fixed Interest Rate			Non Interest Bearing \$000	Total \$000	Weighted Average %
		Less than a Year \$000	1 to 5 Years \$000	More than 5 Years \$000			
Cash and deposits	327 627					327 627	6.50
Receivables					264 729	264 729	
Advances	135 593	49	173	171		135 986	8.77
Investments loans and placements		675 039	410 248	36 221	35 684	1 157 192	
Unit trust investments <sup>1</sup>	691 177					691 177	
Derivative financial assets							
Interest rate swaps					1 324	1 324	
Embedded derivative					1 836	1 836	
Other financial assets					39 643	39 643	
<b>Total financial assets</b>	<b>1 154 397</b>	<b>675 088</b>	<b>410 421</b>	<b>36 392</b>	<b>343 216</b>	<b>2 619 514</b>	
Deposits held					430 747	430 747	
Payables					127 245	127 245	
Employee entitlements					2 544 389	2 544 389	
Advances		17 538	75 645	422 259		515 442	6.33
Borrowings		447 033	1 754 173	1 357 535	25 000	3 583 741	
Finance lease liabilities	99 673	3 756	18 564	70 542		192 535	6.69
Derivative financial liabilities							
Interest rate swaps					505	505	
Foreign currency contracts					1 442	1 442	
<b>Total financial liabilities</b>	<b>99 673</b>	<b>468 327</b>	<b>1 848 382</b>	<b>1 850 336</b>	<b>3 129 328</b>	<b>7 396 046</b>	

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 31 (continued)

## 2006-07 Liquidity

	Variable Interest \$000	Fixed Interest Rate			Non Interest Bearing \$000	Total \$000	Weighted Average %
		Less than a Year \$000	1 to 5 Years \$000	More than 5 Years \$000			
Receivables					201 366	201 366	
Advances	156 257		579		10 209	167 045	7.58
Investments loans and placements		755 863	216 526	38 870		1 011 259	6.89
Unit trust investments <sup>1</sup>	738 108					738 108	
Derivative financial assets							
Interest rate swaps					44	44	
Embedded derivative					1 986	1 986	
Other financial assets					31 940	31 940	
<b>Total financial assets</b>	<b>1 148 127</b>	<b>755 863</b>	<b>217 105</b>	<b>38 870</b>	<b>245 545</b>	<b>2 405 510</b>	
Deposits held					441 609	441 609	
Payables					106 817	106 817	
Employee entitlements					2 506 328	2 506 328	
Advances	83	17 545	75 215	439 743	5 812	538 398	4.70
Borrowings		588 652	1 487 236	1 493 471	27 285	3 596 644	6.37
Finance lease liabilities	68 774	15 662	18 564	42 573		145 573	6.69
Derivative financial liabilities							
Interest rate swaps					799	799	
Foreign currency contracts							
<b>Total financial liabilities</b>	<b>68 857</b>	<b>621 859</b>	<b>1 581 015</b>	<b>1 975 787</b>	<b>3 088 650</b>	<b>7 336 168</b>	

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 31 (continued) e) Net Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their respective net fair values with the exception of the following:

	2008		2007	
	Total Carrying Amount	Net Fair Value	Total Carrying Amount	Net Fair Value
	\$000	\$000	\$000	\$000
<b>Financial assets</b>				
Local government authorities – credit foncier loans	831	781	883	879
<b>Total financial assets</b>	<b>831</b>	<b>781</b>	<b>883</b>	<b>879</b>
<b>Financial liabilities</b>				
<b>Borrowings and advances</b>				
Wholesale market				
Fixed interest securities	1 654 399	1 616 468	1 623 273	1 620 335
Floating rate notes	199 999	205 777	159 980	164 216
Retail market				
Territory bonds	170 517	166 179	171 198	168 513
Migration linked bonds	10 906	11 058	41 861	42 325
Commonwealth				
Credit foncier loans	269 873	207 308	274 603	215 139
<b>Total financial liabilities</b>	<b>2 305 694</b>	<b>2 206 789</b>	<b>2 270 915</b>	<b>2 210 528</b>

The fair values of financial instruments disclosed above are related to NTTC and 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; and
- the fair value of other monetary financial assets and liabilities is based on discounting the expected future cashflows by applying current market interest.

### Note 32: Events Subsequent to Reporting Date

The period since 30 June 2008 has been characterised by instability in international financial markets, accompanied by strong fiscal and monetary policy responses by various national governments.

Financial investments held by the Northern Territory Government comprise a range of financial instruments including short term securities, fixed interest securities, fixed rate notes and equity instruments. In some cases these assets are managed by external fund managers on behalf of the Northern Territory Government and portfolios are structured in a way intended to ensure that expected cash flows on long term investments match expected cash flows associated with long term liabilities.

The recent events have resulted in gains on interest bearing securities accompanied by unrealised losses on some other classes of investments. The estimated change in the net value of investments since the 30 June 2008 is a decrease of \$11.8 million.

It is considered that the actions taken by various national governments to stabilise financial markets will be effective with the result that the unrealised losses will reverse during the term of the investments in question.

### Note 33: 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 \$3.3 million (2007: \$3.2 million).

## Note 34: Write-Offs, Postponements, Waivers, Ex Gratia Payments and Gifts – Total Public Sector

	2007-08	No.	2006-07	No.
	\$000		\$000	
<b>1. WRITE-OFFS, POSTPONEMENTS AND WAIVERS UNDER THE FINANCIAL MANAGEMENT ACT</b>	<b>565</b>		<b>3 949</b>	
<b>Amounts Written Off, Postponed, Waived By Treasurer</b>	<b>327</b>	<b>65</b>	<b>3 372</b>	<b>24</b>
Irrecoverable money written off	190	35	486	16
Crimes compensation debts				
Taxation debts			213	10
Employee debts				
Government services debts	167	33	72	5
Other	23	2	201	1
Losses or deficiencies of money written off				
Waiver of right to receive or recover money	137	30	2 886	8
Crimes compensation debts				
Taxation debts	137	30	2 816	6
Government services debts			70	2
<b>Amounts Written Off, Postponed, Waived by Delegates</b>	<b>238</b>	<b>559</b>	<b>577</b>	<b>1 488</b>
Irrecoverable money written off	177	487	363	867
Losses or deficiencies of money written off	2	20	1	2
Value of public property written off	51	46	208	611
Waiver of right to receive or recover money	8	6	5	8
<b>2. GIFTS<sup>1</sup></b>	<b>310</b>	<b>22</b>	<b>190</b>	<b>14</b>
Office furniture	1	6	1	5
Computer and other electronic equipment				
Vehicles	295	13	178	6
Other	14	3	10	3
<b>3. EX GRATIA PAYMENTS</b>	<b>235</b>	<b>3</b>	<b>659</b>	<b>7</b>
<b>4. WRITE-OFFS, POSTPONEMENTS AND WAIVERS AUTHORISED UNDER OTHER LEGISLATION</b>			<b>3</b>	<b>2</b>

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

1. 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 which has the highest value item.

## Note 35: 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 Corporation<sup>3</sup>  
 Batchelor Institute of Indigenous Tertiary Education<sup>3</sup>  
 Central Holding Authority  
 Construction Division<sup>1</sup>  
 Darwin Waterfront Corporation  
 Data Centre Services<sup>1</sup>  
 Department of Business, Economic and Regional Development  
 Department of the Chief Minister  
 Department of Corporate and Information Services  
 Department of Employment, Education and Training  
 Department of Health and Community Services  
 Department of Justice  
 Department of the Legislative Assembly  
 Department of Local Government, Housing and Sport  
 Department of Natural Resources, Environment and the Arts  
 Department of Planning and Infrastructure  
 Department of Primary Industry, Fisheries and Mines  
 Desert Knowledge Australia<sup>3</sup>  
 Government Printing Office<sup>1</sup>  
 Land Development Corporation  
 Natural Resource Management Board<sup>3</sup>  
 Nominal Insurer's Fund<sup>3</sup>  
 Northern Territory Electoral Commission  
 Northern Territory Legal Aid Commission<sup>3</sup>  
 Northern Territory Major Events Company Pty Ltd<sup>3</sup>  
 Northern Territory Police, Fire and Emergency Services  
 Northern Territory Treasury  
 NT Build<sup>3</sup>  
 NT Fleet<sup>1</sup>  
 Office of the Commissioner for Public Employment  
 Ombudsman's Office  
 Territory Discoveries<sup>1</sup>  
 Territory Housing<sup>1</sup>  
 Territory Motor Sports Board Pty Ltd<sup>3</sup>  
 Territory Wildlife Parks<sup>1</sup>  
 Tourism NT

##### Public Non Financial Corporations

Darnor Pty Ltd<sup>3</sup>  
 Darwin Bus Service<sup>1</sup>  
 Darwin Port Corporation<sup>1</sup>  
 Gasgo Pty Ltd<sup>3</sup>  
 Indigenous Essential Services Pty Ltd<sup>3</sup>  
 Power and Water Corporation<sup>2,3</sup>

##### Public Financial Corporations

Northern Territory Treasury Corporation<sup>1</sup>  
 Territory Insurance Office<sup>3</sup>

1. Government business divisions
2. Government owned corporation
3. Non budget sector entity

## Note 36(a): General Government Sector Budgetary Information

### General Government Sector Operating Statement

	2007-08 Actual (Audited) \$000	2007-08 Original Budget (Unaudited) \$000	Variance \$000	Note
<b>REVENUE</b>				
Taxation revenue	394 666	366 562	28 104	1
Current grants	2 771 588	2 529 156	242 432	2
Capital grants	232 927	123 927	109 000	2
Sales of goods and services	168 796	131 019	37 777	3
Interest income	106 074	38 046	68 028	4
Dividend and income tax equivalent income	58 795	45 487	13 308	5
Other	136 612	104 910	31 702	6
<b>TOTAL REVENUE</b>	<b>3 869 458</b>	<b>3 339 107</b>	<b>530 351</b>	
<i>less</i> <b>EXPENSES</b>				
Employee expenses	1 246 014	1 221 175	24 839	7
Superannuation expenses				
Superannuation interest cost	127 131	126 675	456	
Other superannuation expenses	136 520	112 309	24 211	8
Depreciation and amortisation	178 919	171 591	7 328	
Other operating expenses	873 770	842 753	31 017	9
Interest expenses	151 820	141 785	10 035	10
Other property expenses	75		75	
Current grants	540 099	499 897	40 202	11
Capital grants	173 454	105 891	67 563	12
Subsidies and personal benefit payments	101 171	92 093	9 078	
<b>TOTAL EXPENSES</b>	<b>3 528 974</b>	<b>3 314 169</b>	<b>214 805</b>	
<i>equals</i> <b>NET OPERATING BALANCE</b>	<b>340 484</b>	<b>24 938</b>	<b>315 546</b>	
Superannuation earnings		3 600	- 3 600	
<b>Underlying net operating balance</b>	<b>340 484</b>	<b>28 538</b>	<b>311 946</b>	
<i>plus</i> Other economic flows – included in operating result	- 18 893	23 213	- 42 106	13
<i>equals</i> <b>OPERATING RESULT</b>	<b>321 591</b>	<b>48 151</b>	<b>273 440</b>	
<i>plus</i> Other economic flows – other movements in equity	179 279	28 240	151 039	14
<i>equals</i> <b>COMPREHENSIVE RESULT – Total change in net worth</b>	<b>500 870</b>	<b>76 391</b>	<b>424 479</b>	
<b>NET OPERATING BALANCE</b>	<b>340 484</b>	<b>24 938</b>	<b>315 546</b>	
<i>less</i> <b>Net acquisition of non financial assets</b>				
Purchases of non financial assets	349 197	329 854	19 343	15
Sales of non financial assets	- 57 541	- 65 420	7 879	
<i>less</i> Depreciation	178 919	171 591	7 328	
<i>plus</i> Change in inventories	357		357	
<i>plus</i> Other movements in non financial assets	29 873	31 587	- 1 714	
<i>equals</i> <b>Total net acquisition of non financial assets</b>	<b>142 966</b>	<b>124 430</b>	<b>18 536</b>	
<i>equals</i> <b>FISCAL BALANCE</b>	<b>197 518</b>	<b>- 99 492</b>	<b>297 010</b>	
Superannuation earnings		3 600	- 3 600	
<b>UNDERLYING FISCAL BALANCE</b>	<b>197 518</b>	<b>- 95 892</b>	<b>293 410</b>	

### 36(a) Notes:

1. The \$28.1 million increase in taxation revenue from the May 2007 budget was related to higher economic activity and comprised of a \$16 million increase in conveyance stamp duty collections, with increased payroll tax receipts, motor vehicle registration fees and casino tax revenue contributing equally to the balance.
2. Current and capital grants have increased by \$351.4 million since May 2007, largely as a result of:
  - additional GST receipts of \$84 million due to increased national GST collections and higher Territory population;
  - the Commonwealth's contribution to the Northern Territory Emergency Response (NTER) of \$98 million across various agencies; and
  - increased specific purpose payments (SPP) and other contributions from the Commonwealth of \$168 million largely relating to health and education services and Indigenous housing.
3. Sales of goods and services have increased by \$37.8 million due to increases across various agencies including:
  - higher payments from the Commonwealth of \$13.4 million for off-shore petroleum rents in line with increased exploration;
  - hospital cross-border and other patient revenue of \$9.2 million;
  - \$6.3 million in the NT Build levy due to higher levels of construction than expected; and
  - \$8.9 million across a number of agencies.
4. Interest income has significantly increased by \$68 million to \$106 million since budgeted predominantly due to:
  - a change in accounting treatments with AASB 1049 resulting in the separate identification of \$44 million reinvested distributions within the Conditions of Service Reserve (COSR), previously this has been included within the capital value of investments;
  - gain on the extinguishment of Territory Housing loans.
  - higher than anticipated cash balances; and
  - higher interest rates.
5. Dividend and income tax equivalents were greater than budgeted by \$13.3 million due to higher income tax equivalents of \$20 million paid by Power and Water Corporation (PWC) as a result of additional grants from the Territory offset by lower than anticipated dividends received.
6. Other Revenue has increased by \$31.7 million, due largely to increased royalty income of \$21.6 million as a result of increased mining activity and commodity prices.
7. Employee expenses have increased by \$24.8 million, due to higher EBA outcomes and increased staffing levels especially in key service delivery personnel such as nurses, doctors, teachers and police officers to support the NTER and NT Government initiatives including Closing the Gap (CTG).
8. Adoption of Australian Accounting Standards resulted in the accounting treatment for superannuation on-costs and combined with an actuarial reassessment of the Territory's unfunded superannuation liabilities results in an increase in other superannuation expenses.
9. Other operating expenses are \$31 million greater than budgeted and have increased in line with increased revenue across a number of agencies, including increased SPP and NTER funding from the Commonwealth together with the NT Government's funded initiatives.
10. Interest expenses higher than budgeted, largely due to a loss on extinguishment of Territory Housing loans, offset by the gain mentioned above.
11. Current grants are \$40.2 million greater than budgeted, largely due to the on-passing of higher Commonwealth grants.
12. Capital grants are \$67.6 million greater than budgeted predominantly due to the capital grant from Northern Territory Treasury to the Power Water Corporation of \$66 million as a contribution to PWC's significant infrastructure program and to complete the undergrounding of powerlines for Millner and Rapid Creek.
13. This largely represents the actuarial gain for the year, due to a movement in the discount bond rate (2008: 6.5 per cent, Budget: 5.7 per cent) used for valuing the Territory's superannuation liabilities, as required by accounting standards. This is partially offset by the fall in market value of the Territory's investments, including the Conditions of Service Reserve, as a result of recent volatility in financial markets.
14. This represents the increased net worth held by the General Government sector in government trading entities and the increase in the Territory's non-financial asset base following an upward revaluation by the Australian Valuation Office, largely related to Territory Housing assets.
15. Purchases of non financial assets increased by \$19.3 million since budgeted predominantly due to an \$18 million increase in infrastructure related to CTG and remote housing.

## Note 36(b): General Government Sector Budgetary Information

General Government Sector Balance Sheet	2007-08	2007-08	Variance	Note
	Actual	Original		
	(Audited)	(Unaudited)		
	\$000	\$000	\$000	
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and deposits	129 619	76 061	53 558	1
Advances paid	154 637	197 035	- 42 398	2
Investments, loans and placements	1 033 868	678 448	355 420	1
Receivables	179 568	114 510	65 058	3
Equity				
Investments in other public sector entities	1 173 573	1 085 953	87 620	4
Investments – other				
Other financial assets				
<b>Total financial assets</b>	<b>2 671 266</b>	<b>2 152 007</b>	<b>519 259</b>	
<b>Non financial assets</b>				
Land and other fixed assets	5 414 559	5 243 821	170 738	5
Other non financial assets				
<b>Total non financial assets</b>	<b>5 414 559</b>	<b>5 243 821</b>	<b>170 738</b>	
<b>TOTAL ASSETS</b>	<b>8 085 825</b>	<b>7 395 828</b>	<b>689 997</b>	
<b>LIABILITIES</b>				
Deposits held	207 794	148 354	59 440	6
Advances received	240 159	323 529	- 83 370	7
Borrowing	1 756 679	1 725 021	31 658	7
Superannuation	2 098 831	2 288 346	- 189 515	8
Other employee benefits	415 591	377 712	37 879	9
Payables	109 986	85 039	24 947	10
Other liabilities	49 200	14 284	34 916	11
<b>TOTAL LIABILITIES</b>	<b>4 878 241</b>	<b>4 962 285</b>	<b>- 84 044</b>	
<b>NET ASSETS/(LIABILITIES)</b>	<b>3 207 584</b>	<b>2 433 543</b>	<b>774 041</b>	
<b>Contributed Equity</b>				
Accumulated surplus/(deficit)	933 541	405 506	528 035	
Reserves	2 274 043	2 028 037	246 006	
<b>NET WORTH</b>	<b>3 207 584</b>	<b>2 433 543</b>	<b>774 041</b>	
NET FINANCIAL WORTH <sup>1</sup>	-2 206 975	-2 810 278	603 303	
NET FINANCIAL LIABILITIES <sup>2</sup>	3 380 548	3 896 231	- 515 683	
<b>NET DEBT<sup>3</sup></b>	<b>886 508</b>	<b>1 245 360</b>	<b>- 358 852</b>	

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 figure less investments in other public sector entities figure).

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.

**36(b) Notes:**

1. The increase in cash and deposits and investments, loans and placements reflects the improvement in the cash outcomes, in 2006-07 and 2007-08.
2. Advances paid are lower than budgeted by \$42.4 million predominantly due to advances in Territory Housing being \$31 million lower than anticipated.
3. The increase in receivables largely relates to Commonwealth funding that has been accrued but not yet received, predominantly related to the Northern Territory Emergency Response (NTER).
4. Investments in other public sector entities have increased by \$87.6 million as a result of the increase in net worth of government trading entities.
5. Land and other fixed assets are \$170.7 million higher due to increased investment in the Territory's infrastructure together with an upward revaluations predominantly related to Territory Housing assets.
6. The net \$59.4 million increase in deposits is largely due to increased cash invested on behalf of government trading entities by the Central Holding Authority of \$68.2 million offset by a reduction in interest bearing deposits.
7. The net movement in advances received and borrowings of \$51.7 million relates predominantly to Territory Housing's repayment of Government loans and advances.
8. The reduction in superannuation of \$189.5 million is predominantly due to the movement in the discount bond rate (2008: 6.5 per cent, Budget: 5.7 per cent) in valuing the Territory's superannuation liabilities, as required by accounting standards.
9. The increase to employee benefits of \$37.9 million is due to:
  - a change of accounting treatment for Superannuation on-costs;
  - end of year salary accruals;
  - increases to related provisions in line with Enterprise Bargaining Agreement (EBA) outcomes; and
  - increased staffing levels due to the Commonwealth NTER and the NT Government's initiatives including Closing The Gap (CTG).
10. Payables have increased by \$24.9 million across various agencies due to usual end of year accruals.
11. Other liabilities have increased by \$34.9 million across various agencies relating to both Commonwealth funded initiatives and revenue from charges received in advance.

## Note 36(c): General Government Sector Budgetary Information

General Government Sector Cash Flow Statement	2007-08	2007-08	Variance	Note
	Actual	Original		
	(Audited)	(Unaudited)		
	\$000	\$000		
<b>Cash receipts from operating activities</b>				
Taxes received	394 775	366 562	28 213	1
Receipts from sales of goods and services	158 165	131 387	26 778	2
Grants and subsidies received	2 970 094	2 653 083	317 011	3
Interest receipts	103 995	38 046	65 949	4
Dividends and income tax equivalents	54 427	37 764	16 663	5
Other receipts	139 857	97 575	42 282	6
<b>Total operating receipts</b>	<b>3 821 312</b>	<b>3 324 417</b>	<b>496 895</b>	
<b>Cash payments for operating activities</b>				
Payments for employees	-1 403 789	-1 382 626	- 21 163	7
Payment for goods and services	- 856 862	- 846 265	- 10 597	8
Grants and subsidies paid	- 811 153	- 695 336	- 115 817	9
Interest paid	- 149 838	- 141 778	- 8 060	
Other payments				
<b>Total operating payments</b>	<b>-3 221 642</b>	<b>-3 066 005</b>	<b>- 155 637</b>	
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>599 670</b>	<b>258 412</b>	<b>341 258</b>	
<b>Cash flows from investments in non financial assets</b>				
Sales of non financial assets	57 541	65 420	- 7 879	
Purchases of non financial assets	- 349 197	- 329 854	- 19 343	10
<b>Net cash flows from investments in non financial assets</b>	<b>- 291 656</b>	<b>- 264 434</b>	<b>- 27 222</b>	
<b>NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS</b>	<b>308 014</b>	<b>- 6 022</b>	<b>314 036</b>	
Net cash flows from investments in financial assets for policy purposes <sup>1</sup>	21 517	109	21 408	11
Net cash flows from investments in financial assets for liquidity purposes	- 248 039	77 107	- 325 146	12
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>- 518 178</b>	<b>- 187 218</b>	<b>- 330 960</b>	
Net cash flows from financing activities				
Advances received (net)	- 50 118	- 53	- 50 065	13
Borrowing (net)	- 21 639	- 26 680	5 041	
Deposits received (net)	46 337	- 15 530	61 867	14
Other financing (net)				
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>- 25 420</b>	<b>- 42 263</b>	<b>16 843</b>	
<b>NET INCREASE/DECREASE IN CASH HELD</b>	<b>56 072</b>	<b>28 931</b>	<b>27 141</b>	
Net cash flows from operating activities	599 670	258 412	341 258	
Net cash flows from investments in non financial assets	- 291 656	- 264 434	- 27 222	
<b>CASH SURPLUS (+)/(DEFICIT) (-)</b>	<b>308 014</b>	<b>- 6 022</b>	<b>314 036</b>	
<b>Additional Information to the Cash Flow Statement</b>				
<b>CASH SURPLUS (+)/(DEFICIT) (-)</b>	<b>308 014</b>	<b>- 6 022</b>	<b>314 036</b>	
Acquisitions under finance leases and similar arrangements	- 32 608	- 34 087	1 479	
<b>ABS GFS SURPLUS (+)/DEFICIT (-) including finance leases and similar arrangements</b>	<b>275 406</b>	<b>- 40 109</b>	<b>315 515</b>	
Future Infrastructure and Superannuation contributions/earnings <sup>2</sup>	- 63 978		- 63 978	
<b>UNDERLYING SURPLUS (+)/DEFICIT (-)</b>	<b>211 428</b>	<b>- 40 109</b>	<b>251 537</b>	

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

2. Contributions to meet future infrastructure requirements and defined benefit superannuation liabilities and investment earnings reinvested in the fund.

**36(c) Notes:**

1. The \$28.2 million increase in taxation revenue from the May 2007 Budget was related to higher economic activity and comprised of a \$16 million increase in conveyance stamp duty collections, with increased payroll tax receipts, motor vehicle registration fees and casino tax revenue contributing equally to the balance.
2. Receipts from sales of goods and services have increased by \$26.8 million due to increases across various agencies including higher payments from the Commonwealth of \$13.4 million for off-shore petroleum rents in line with increased exploration and \$6.3 million in the NT Build levy due to higher levels of construction than expected.
3. Grants and subsidies received have increased by \$317 million since originally budgeted, largely a result of the following:
  - additional GST receipts of \$84 million due to increased national GST collections and higher Territory population;
  - the Commonwealth's contribution to the Northern Territory Emergency Response (NTER) of \$98 million across various agencies; and
  - increased specific purpose payments (SPP) and other contributions from the Commonwealth of \$135 million largely relating to health and education services and Indigenous housing.
4. Interest income has significantly increased by \$66 million to \$104 million since budgeted predominantly due to:
  - a change in accounting treatments with AASB 1049 resulting in the separate identification of \$44 million reinvested distributions within the Conditions of Service Reserve (COSR), previously this has been included within the capital value of investments;
  - gain on the extinguishment of Territory Housing loans.
  - higher than anticipated cash balances; and
  - higher interest rates.
5. The increase in dividend and income tax equivalents of \$16.7 million relates to higher tax equivalents received from government trading entities.
6. Other Revenue has increased by \$42.3 million, due largely to increased royalty income of \$21.6 million as a result of increased mining activity and commodity prices.
7. Employee expenses have increased by \$21.1 million, due to higher EBA outcomes and increased staffing levels especially in key service delivery personnel such as nurses, doctors, teachers and police officers to support the NTER and NT Government initiatives including Closing the Gap (CTG).
8. Payments for Goods and Services have increased by \$10.6 million in line with increased revenue across a number of agencies, including increased SPP and NTER funding from the Commonwealth together with the NT Government's funded initiatives.
9. Grants and Subsidies paid have increased by \$115.8 million largely due to the timing of the on passing of Commonwealth grants.
10. Purchases of non financial assets have increased by \$19.3 million since budgeted, predominantly due to an \$18 million increase in infrastructure related to CTG and remote housing.
11. Net cash flows from investments in financial assets for policy purposes have increased since budgeted by \$21.4 million due to the repayment of Territory Housing advances.
12. The \$325 million variation represents investment of increased cash holdings.
13. Advances received have decreased by \$50 million predominantly due to the early repayment of Territory Housing's loans to the Treasury Corporation.
14. The \$61.9 million movement in deposits received represents increased cash invested on behalf of government trading entities by the Central Holding Authority.

## Note 37: Supplementary Tables (Functional Information)

	General Government 2007-08 \$000	Total Public Sector 2007-08 \$000
<b>a) General Government Sector and Total Public Sector Expenses by Function</b>		
<b>General public services</b>		
Government superannuation benefits	2 919	2 919
Other general public services	104 570	104 570
<b>Total General public services</b>	<b>107 489</b>	<b>107 489</b>
<b>Public order and safety</b>		
Police and fire protection services		
Police services	175 404	175 404
Fire protection services	26 673	26 673
Law courts and legal services	107 219	107 219
Prisons and corrective services	86 255	86 255
Other public order and safety	7 728	7 728
<b>Total Public order and safety</b>	<b>403 279</b>	<b>403 279</b>
<b>Education</b>		
Primary and secondary education		
Primary education	330 922	330 922
Secondary education	217 509	217 509
Tertiary education		
University education	124	124
Technical and further education	86 652	86 652
Tertiary education n.e.c.	31 724	31 724
Preschool education and education not definable by level		
Preschool education	25 428	25 428
Special education		
Transportation of students		
Transportation of non-urban school children	2 728	2 728
Transportation of other students	14 523	14 523
Education n.e.c.	661	661
<b>Total Education</b>	<b>710 272</b>	<b>710 272</b>
<b>Health</b>		
Acute care institutions		
Admitted patient services in acute care institutions	384 098	384 098
Non-admitted patient services in acute care institutions	66 484	66 484
Mental health institutions	8 727	8 727

## Note 37 (continued)

	General Government	Total Public Sector
	2007-08	2007-08
	\$000	\$000
Community health services		
Community mental health services	22 755	22 755
Patient transport	23 937	23 937
Other community health services	142 886	142 886
Public health services	38 694	38 694
Pharmaceuticals, medical aids and appliances	25 462	25 462
Health research	13 615	13 615
Health administration n.e.c.	966	966
<b>Total Health</b>	<b>727 624</b>	<b>727 624</b>
<b>Social security and welfare</b>		
Welfare Services		
Family and child welfare services	69 857	69 857
Welfare services for the aged	15 712	15 712
Welfare services for people with a disability	56 109	56 109
Welfare services n.e.c.	17 892	17 892
Social security and welfare services n.e.c.	1 474	1 474
<b>Total Social security and welfare</b>	<b>161 043</b>	<b>161 043</b>
<b>Housing and community amenities</b>		
Housing and community development		
Housing	165 826	165 826
Aboriginal community development	83 552	83 552
Other community development	48 919	48 919
Water supply		
Aboriginal community water supply	13 910	13 910
Other water supply	7 809	24 120
Sanitation and protection of the environment		
Aboriginal community sanitation services	4 078	4 078
Other sanitation and protection of the environment	23 680	43 319
Other community amenities	3 050	3 050
<b>Total Housing and community amenities</b>	<b>350 823</b>	<b>386 774</b>
<b>Recreation and culture</b>		
Recreation facilities and services		
National parks and wildlife	28 493	28 493
Recreation facilities and services n.e.c.	28 692	28 692
Cultural facilities and services	59 651	59 651
Broadcasting and film production	715	715
Recreation and culture n.e.c.	378	378
<b>Total Recreation and culture</b>	<b>117 929</b>	<b>117 929</b>

Note 37 (continued)

	General Government 2007-08 \$000	Total Public Sector 2007-08 \$000
<b>Fuel and energy</b>		
Fuel affairs and services		
Fuel affairs and services n.e.c.	6 657	6 657
Electricity and other energy		
Aboriginal community electricity services	49 830	49 830
Other electricity	133 719	321 209
Other energy	989	1 158
Fuel and energy n.e.c.	985	985
<b>Total Fuel and energy</b>	<b>192 180</b>	<b>379 839</b>
<b>Agriculture, forestry, fishing and hunting</b>		
Agriculture	46 022	46 022
Forestry, fishing and hunting	15 761	15 761
<b>Total Agriculture, forestry, fishing and hunting</b>	<b>61 783</b>	<b>61 783</b>
<b>Mining and mineral resources other than fuels; manufacturing; and construction</b>		
Mining and mineral resources other than fuels	14 815	14 815
Manufacturing		
Construction	2 122	2 122
<b>Total Mining and mineral resources other than fuels; manufacturing; and construction</b>	<b>16 936</b>	<b>16 936</b>
<b>Transport and other communications</b>		
Road transport		
Aboriginal community road transport services	263	263
Road maintenance	128 533	128 533
Road rehabilitation	2 104	2 104
Road transport n.e.c.	14 660	14 660
Water transport		
Aboriginal community water transport services		
Urban water transport services	3 136	25 692
Non-urban water transport services	460	460
Rail transport		
Non-urban rail transport freight services	4 419	4 419
Non-urban rail transport passenger services	84	84
Air transport		
Aboriginal community air transport services	2 926	2 926
Other air transport services	200	200
Pipelines	106	11 640
Other transport		
Multi-mode urban transit systems	15 899	15 899
Other transport n.e.c.	7 698	7 698
Communications	5 599	5 599

**Note 37 (continued)**

	General Government 2007-08	Total Public Sector 2007-08
	\$000	\$000
<b>Total Transport and other communications</b>	<b>186 086</b>	<b>220 177</b>
<b>Other economic affairs</b>		
Tourism and area promotion	47 399	47 399
Labour and employment affairs		
Other labour and employment affairs	30 938	30 938
Other economic affairs	41 505	41 505
<b>Total Other economic affairs</b>	<b>119 842</b>	<b>119 842</b>
<b>Other purpose</b>		
Public debt transactions	279 027	311 101
General purpose inter-government transactions	8 322	8 322
Natural disaster relief	15 522	15 522
Other purposes n.e.c.	70 818	214 062
<b>Total Other purpose</b>	<b>373 689</b>	<b>549 007</b>
<b>Total Operating Expenses</b>	<b>3 528 974</b>	<b>3 961 992</b>

1. Due to the first time adoption of AASB 1049 no comparative amounts have been included.

### 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 38: Elimination Table – Operating Statement

2007-08			NFPS		TPS			
	GG	PNFC	Eliminations	NFPS	PFC	Eliminations	TPS	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
<b>REVENUE</b>								
Taxation revenue	394 666		- 4 869	389 797		- 1 181	388 616	
Current grants	2 771 588	111 455	- 111 490	2 771 553			2 771 553	
Capital grants	232 927	82 701	- 82 701	232 927			232 927	
Sales of goods and services	168 796	432 899	- 48 910	552 785	154 065	- 11 251	695 599	
Interest income	106 074	3 674	- 3 531	106 217	253 072	- 181 315	177 973	
Dividend and income tax equivalent income	58 795		- 29 764	29 031		- 29 031		
Other	136 612	39 495	- 5 799	170 308	6 485	- 1 426	175 367	
<b>TOTAL REVENUE</b>	<b>3 869 458</b>	<b>670 224</b>	<b>- 287 064</b>	<b>4 252 618</b>	<b>413 622</b>	<b>- 224 204</b>	<b>4 442 036</b>	
<i>less</i>	<b>EXPENSES</b>							
Employee expenses	1 246 014	60 908	- 9	1 306 914	16 566	- 945	1 322 535	
Superannuation expenses								
Superannuation interest cost	127 131			127 131			127 131	
Other superannuation expenses	136 520	8 206	- 5 090	139 636	2 634	- 36	142 234	
Depreciation and amortisation	178 919	65 904		244 824	2 227		247 051	
Other operating expenses	873 770	379 346	- 54 797	1 198 320	126 387	- 12 900	1 311 806	
Interest expenses	151 820	30 556	- 3 531	178 845	184 725	- 181 315	182 255	
Other property expenses	75	29 223	- 29 232	66	14 297	- 11 523	2 841	
Current grants	540 099		- 52 714	487 385	2 627		490 012	
Capital grants	173 454	95	- 82 701	90 848			90 848	
Subsidies and personal benefit payments	101 171	2 885	- 58 776	45 280			45 280	
<b>TOTAL EXPENSES</b>	<b>3 528 974</b>	<b>577 124</b>	<b>- 286 849</b>	<b>3 819 249</b>	<b>349 462</b>	<b>- 206 719</b>	<b>3 961 992</b>	
<i>equals</i>	<b>NET OPERATING BALANCE</b>							
	<b>340 484</b>	<b>93 099</b>	<b>- 214</b>	<b>433 369</b>	<b>64 160</b>	<b>- 17 485</b>	<b>480 044</b>	
<i>plus</i>	Other economic flows – included in operating result							
	- 18 893	- 3 842		- 22 735	- 40 345		- 63 080	
<i>equals</i>	<b>OPERATING RESULT</b>							
	<b>321 591</b>	<b>89 257</b>	<b>- 214</b>	<b>410 634</b>	<b>23 815</b>	<b>- 17 485</b>	<b>416 964</b>	
<i>plus</i>	Other economic flows – other movements in equity							
	179 279	806	- 89 849	90 236	- 10 250	3 920	83 906	
<i>equals</i>	<b>COMPREHENSIVE RESULT – total change in net worth</b>							
	<b>500 870</b>	<b>90 063</b>	<b>- 90 063</b>	<b>500 870</b>	<b>13 565</b>	<b>- 13 566</b>	<b>500 870</b>	
	<b>NET OPERATING BALANCE</b>	<b>340 484</b>	<b>93 099</b>	<b>- 214</b>	<b>433 369</b>	<b>64 160</b>	<b>- 17 485</b>	<b>480 044</b>
<i>less</i>	<b>Net acquisition of non financial assets</b>							
Purchases of non financial assets	349 197	180 123		529 320	2 020		531 340	
Sales of non financial assets	- 57 541	- 1 467		- 59 008	- 11 149		- 70 157	
<i>less</i>	Depreciation							
	178 919	65 904		244 824	2 227		247 051	
<i>plus</i>	Change in inventories							
	357	5 729		6 085			6 085	
<i>plus</i>	Other movements in non financial assets							
	29 873	13 094		42 967			42 967	
<i>equals</i>	<b>Total net acquisition of non financial assets</b>							
	<b>142 966</b>	<b>131 574</b>		<b>274 540</b>	<b>- 11 356</b>		<b>263 184</b>	
<i>equals</i>	<b>FISCAL BALANCE</b>							
	<b>197 518</b>	<b>- 38 475</b>	<b>- 214</b>	<b>158 829</b>	<b>75 516</b>	<b>- 17 485</b>	<b>216 860</b>	

## Note 38: Elimination Table – Balance Sheet

2007-08			NFPS		TPS		
	GG	PNFC	Eliminations	NFPS	PFC	Eliminations	TPS
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>ASSETS</b>							
<b>Financial assets</b>							
Cash and deposits	129 619	95 689	- 92 913	132 395	233 118	- 37 886	327 627
Advances paid	154 637			154 637	303 269	- 321 920	135 986
Investments, loans and placements	1 033 868			1 033 868	2 882 235	-2 064 573	1 851 529
Receivables	179 568	71 961	- 35 966	215 563	121 294	- 32 487	304 370
Equity							
Investments in other public sector entities	1 173 573		- 940 731	232 842		- 232 842	
Investments – other		3		3			3
Other financial assets							
<b>Total financial assets</b>	<b>2 671 266</b>	<b>167 652</b>	<b>-1 069 610</b>	<b>1 769 308</b>	<b>3 539 915</b>	<b>-2 689 709</b>	<b>2 619 514</b>
<b>Non financial assets</b>							
Land and other fixed assets	5 414 559	1 364 462		6 779 022	82 449		6 861 471
Other non financial assets							
<b>Total non financial assets</b>	<b>5 414 559</b>	<b>1 364 462</b>		<b>6 779 022</b>	<b>82 449</b>		<b>6 861 471</b>
<b>TOTAL ASSETS</b>	<b>8 085 825</b>	<b>1 532 115</b>	<b>-1 069 610</b>	<b>8 548 330</b>	<b>3 622 363</b>	<b>-2 689 709</b>	<b>9 480 985</b>
<b>LIABILITIES</b>							
Deposits held	207 794	33	- 92 913	114 914	375 101	- 59 269	430 747
Advances received	240 159			240 159	294 010	- 258 708	275 461
Borrowing	1 756 679	466 313		2 222 991	2 216 111	-2 106 402	2 332 700
Superannuation	2 098 831			2 098 831			2 098 831
Other employee benefits	415 591	25 120	- 4	440 707	4 851		445 558
Payables	109 986	47 246	- 6 413	150 819	65 476	- 7 579	208 716
Other liabilities	49 200	52 672	- 29 549	72 323	433 972	- 24 908	481 387
<b>TOTAL LIABILITIES</b>	<b>4 878 241</b>	<b>591 384</b>	<b>- 128 879</b>	<b>5 340 746</b>	<b>3 389 521</b>	<b>-2 456 866</b>	<b>6 273 401</b>
<b>NET ASSETS/(LIABILITIES)</b>	<b>3 207 584</b>	<b>940 731</b>	<b>- 940 731</b>	<b>3 207 584</b>	<b>232 842</b>	<b>- 232 842</b>	<b>3 207 584</b>
Contributed Equity		356 549	- 356 549		35 206	- 35 206	
Accumulated surplus/(deficit)	933 541	565 355		1 498 896	176 439		1 675 335
Other reserves	2 274 043	18 826	- 584 181	1 708 688	21 197	- 197 636	1 532 249
<b>NET WORTH</b>	<b>3 207 584</b>	<b>940 731</b>	<b>- 940 731</b>	<b>3 207 584</b>	<b>232 842</b>	<b>- 232 842</b>	<b>3 207 584</b>
NET FINANCIAL WORTH <sup>1</sup>	-2 206 975	- 423 732	- 940 731	-3 571 438	150 393	- 232 842	-3 653 887
NET FINANCIAL LIABILITIES <sup>2</sup>	3 380 548	423 732		3 804 280	- 150 393		3 653 887
<b>NET DEBT<sup>3</sup></b>	<b>886 508</b>	<b>370 657</b>		<b>1 257 164</b>	<b>- 533 398</b>		<b>723 766</b>

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 figure less investments in other public sector entities figure).

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 38: Elimination Table – Cash Flow Statement

2007-08	NFPS			TPS			
	GG	PNFC	Eliminations	NFPS	PFC	Eliminations	TPS
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Cash receipts from operating activities</b>							
Taxes received	394 775		- 4 744	390 031		- 1 181	388 850
Receipts from sales of goods and services	158 165	431 668	- 47 785	542 048	159 237	- 13 475	687 810
Grants and subsidies received	2 970 094	201 366	- 203 863	2 967 597			2 967 597
Interest receipts	103 995	3 524	- 3 382	104 137	250 018	- 180 572	173 583
Dividends and income tax equivalents	54 427		- 18 531	35 896		- 35 896	
Other receipts	139 857	12 461	7 765	160 083	999	- 1 050	160 031
<b>Total operating receipts</b>	<b>3 821 312</b>	<b>649 019</b>	<b>- 270 540</b>	<b>4 199 790</b>	<b>410 254</b>	<b>- 232 174</b>	<b>4 377 871</b>
<b>Cash payments for operating activities</b>							
Income tax equivalents paid		- 18 476	18 476		- 19 208	19 208	
Payments for employees	-1 403 789	- 70 865	4 813	-1 469 841	- 20 204	2 126	-1 487 919
Payment for goods and services	- 856 862	- 381 930	49 226	-1 189 566	- 130 782	13 715	-1 306 634
Grants and subsidies paid	- 811 153	- 2 980	194 514	- 619 618	- 2 627		- 622 245
Interest paid	- 149 838	- 29 884	3 382	- 176 340	- 184 863	180 572	- 180 631
Other payments					- 2 774		- 2 775
<b>Total operating payments</b>	<b>-3 221 642</b>	<b>- 504 136</b>	<b>270 412</b>	<b>-3 455 366</b>	<b>- 360 458</b>	<b>215 620</b>	<b>-3 600 204</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>599 670</b>	<b>144 883</b>	<b>- 129</b>	<b>744 424</b>	<b>49 796</b>	<b>- 16 554</b>	<b>777 667</b>
<b>Cash flows from investments in non financial assets</b>							
Sales of non financial assets	57 541	1 467		59 008	11 149		70 157
Purchases of non financial assets	- 349 197	- 180 123		- 529 320	- 2 020		- 531 340
<b>Net cash flows from investments in non financial assets</b>	<b>- 291 656</b>	<b>- 178 656</b>		<b>- 470 312</b>	<b>9 129</b>		<b>- 461 183</b>
<b>NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS</b>	<b>308 014</b>	<b>- 33 773</b>	<b>- 129</b>	<b>274 113</b>	<b>58 925</b>	<b>- 16 554</b>	<b>316 484</b>
Net cash flows from investments in financial assets for policy purposes <sup>1</sup>	21 517			21 517		543	22 060
Net cash flows from investments in financial assets for liquidity purposes	- 248 039			- 248 039	- 8 460	25 324	- 231 175
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>- 518 178</b>	<b>- 178 656</b>		<b>- 696 834</b>	<b>669</b>	<b>25 867</b>	<b>- 670 298</b>
<b>Net cash flows from financing activities</b>							
Advances received (net)	- 50 118			- 50 118	870	48 832	- 416
Borrowing (net)	- 21 639	79 467		57 828	- 4 930	- 75 159	- 22 261
Deposits received (net)	46 337	33	- 45 008	1 362	- 4 173	- 8 051	- 10 862
Dividends paid		- 128	128		- 16 554	16 554	
Other financing (net)		35		35			35
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>- 25 420</b>	<b>79 406</b>	<b>- 44 880</b>	<b>9 107</b>	<b>- 24 787</b>	<b>- 17 824</b>	<b>- 33 504</b>
<b>NET INCREASE/DECREASE IN CASH HELD</b>	<b>56 072</b>	<b>45 634</b>	<b>- 45 008</b>	<b>56 697</b>	<b>25 679</b>	<b>- 8 511</b>	<b>73 865</b>
Net cash flows from operating activities	599 670	144 883	- 129	744 424	49 796	- 16 554	777 667
Net cash flows from investments in non financial assets	- 291 656	- 178 656		- 470 312	9 129		- 461 183
Dividends paid		- 128	128		- 16 554	16 554	
<b>CASH SURPLUS (+)/(DEFICIT) (-)</b>	<b>308 014</b>	<b>- 33 901</b>		<b>274 113</b>	<b>42 371</b>		<b>316 484</b>

## Note 38 (continued)

	GG	PNFC	NFPS Eliminations	NFPS	PFC	TPS Eliminations	TPS
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Additional Information to the Cash Flow Statement</b>							
<b>CASH SURPLUS (+)/(DEFICIT) (-)</b>	<b>308 014</b>	<b>- 33 901</b>		<b>274 113</b>	<b>42 371</b>		<b>316 484</b>
Acquisitions under finance leases and similar arrangements	- 32 608			- 32 608			- 32 608
<b>ABS GFS SURPLUS (+)/DEFICIT (-) including finance leases and similar arrangements</b>	<b>275 406</b>	<b>- 33 901</b>		<b>241 505</b>	<b>42 371</b>		<b>283 876</b>
Future Infrastructure and Superannuation contributions/earnings <sup>2</sup>	- 63 978			- 63 978			- 63 978
<b>UNDERLYING SURPLUS (+)/DEFICIT (-)</b>	<b>211 428</b>	<b>- 33 901</b>		<b>177 527</b>	<b>42 371</b>		<b>219 898</b>

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

2. Contributions to meet future infrastructure requirements and defined benefit superannuation liabilities.

## Note 38: Elimination Table – Operating Statement

2006-07			NFPS		TPS			
	GG	PNFC	Eliminations	NFPS	PFC	Eliminations	TPS	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>REVENUE</b>								
Taxation revenue	368 035		- 4 425	363 610		- 1 124	362 486	
Current grants	2 450 470	99 398	- 99 441	2 450 427			2 450 427	
Capital grants	106 335	19 870	- 19 870	106 335			106 335	
Sales of goods and services	148 177	411 083	- 51 569	507 691	142 396	- 11 574	638 512	
Interest income	80 113	3 239	- 3 157	80 195	245 874	- 163 183	162 886	
Dividend and income tax equivalent income	40 732		- 8 365	32 368		- 32 368		
Other	126 951	23 110	- 17 771	132 290	6 462	- 1 370	137 382	
<b>TOTAL REVENUE</b>	<b>3 320 814</b>	<b>556 700</b>	<b>- 204 598</b>	<b>3 672 916</b>	<b>394 732</b>	<b>- 209 619</b>	<b>3 858 029</b>	
<i>less</i>	<b>EXPENSES</b>							
Employee expenses	1 157 333	49 359	- 8	1 206 685	15 843	- 1 082	1 221 446	
Superannuation expenses								
Superannuation interest cost	104 800			104 800			104 800	
Other superannuation expenses	137 365	7 733	- 5 310	139 788	2 370	- 36	142 122	
Depreciation and amortisation	170 876	67 234		238 110	2 108		240 219	
Other operating expenses	741 615	353 280	- 67 034	1 027 861	115 411	- 12 966	1 130 306	
Interest expenses	139 259	26 916	- 3 157	163 018	169 132	- 163 182	168 968	
Other property expenses	746	7 903	- 7 921	727	18 418	- 15 800	3 346	
Current grants	471 412		- 39 099	432 313	3 261		435 574	
Capital grants	129 855	1 132	- 21 598	109 389			109 389	
Subsidies and personal benefit payments	93 097	3 397	- 60 342	36 153			36 153	
<b>TOTAL EXPENSES</b>	<b>3 146 358</b>	<b>516 955</b>	<b>- 204 470</b>	<b>3 458 844</b>	<b>326 543</b>	<b>- 193 064</b>	<b>3 592 323</b>	
<i>equals</i>	<b>NET OPERATING BALANCE</b>							
	<b>174 456</b>	<b>39 745</b>	<b>- 128</b>	<b>214 072</b>	<b>68 189</b>	<b>- 16 556</b>	<b>265 706</b>	
<i>plus</i>	Other Economic Flows – Included in Operating Result							
	- 226 366	- 147 480	140 170	- 233 676	10 197	- 138 432	- 361 912	
<i>equals</i>	<b>OPERATING RESULT</b>							
	<b>- 51 910</b>	<b>- 107 735</b>	<b>140 041</b>	<b>- 19 604</b>	<b>78 386</b>	<b>- 154 988</b>	<b>- 96 206</b>	
<i>plus</i>	Other Economic Flows – Other Movements in Equity							
	64 808	9 864	- 42 170	32 502	7 499	69 103	109 104	
<i>equals</i>	<b>COMPREHENSIVE RESULT – Total change in net worth</b>							
	<b>12 898</b>	<b>- 97 872</b>	<b>97 872</b>	<b>12 898</b>	<b>85 885</b>	<b>- 85 885</b>	<b>12 898</b>	
	<b>NET OPERATING BALANCE</b>	<b>174 456</b>	<b>39 745</b>	<b>- 128</b>	<b>214 072</b>	<b>68 189</b>	<b>- 16 556</b>	<b>265 706</b>
<i>less</i>	<b>Net acquisition of non financial assets</b>							
Purchases of non financial assets	284 925	125 363		410 288	1 307		411 595	
Sales of non financial assets	- 85 117	- 1 032		- 86 149	- 3 423		- 89 572	
<i>less</i> Depreciation	170 876	67 234		238 110	2 108		240 219	
<i>plus</i> Change in inventories	701	386		1 088			1 088	
<i>plus</i> Other movements in non financial assets	51 629	13 015		64 645			64 645	
<i>equals</i>	<b>Total net acquisition of non financial assets</b>							
	<b>81 263</b>	<b>70 499</b>		<b>151 761</b>	<b>- 4 224</b>		<b>147 537</b>	
<i>equals</i>	<b>FISCAL BALANCE</b>							
	<b>93 194</b>	<b>- 30 754</b>	<b>- 129</b>	<b>62 310</b>	<b>72 413</b>	<b>- 16 554</b>	<b>118 169</b>	

## Note 38: Elimination Table – Balance Sheet

2006-07			NFPS		TPS		
	GG	PNFC	Eliminations	NFPS	PFC	Eliminations	TPS
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>ASSETS</b>							
<b>Financial assets</b>							
Cash and deposits	73 548	50 055	- 47 905	75 698	207 439	- 29 375	253 762
Advances paid	185 153			185 153	303 269	- 321 377	167 045
Investments, loans and placements	868 936			868 936	2 921 710	-2 039 249	1 751 397
Receivables	116 486	64 655	- 14 273	166 868	109 816	- 43 381	233 303
Equity							
Investments in other public sector entities	1 069 948		- 850 672	219 276		- 219 276	
Investments – other		3		3			3
Other financial assets							
<b>Total financial assets</b>	<b>2 314 071</b>	<b>114 713</b>	<b>- 912 849</b>	<b>1 515 935</b>	<b>3 542 234</b>	<b>-2 652 659</b>	<b>2 405 510</b>
<b>Non financial assets</b>							
Land and other fixed assets	5 191 986	1 236 120		6 428 105	79 471		6 507 576
Other non financial assets							
Total non financial assets	5 191 986	1 236 120		6 428 105	79 471		6 507 576
<b>TOTAL ASSETS</b>	<b>7 506 056</b>	<b>1 350 833</b>	<b>- 912 849</b>	<b>7 944 040</b>	<b>3 621 705</b>	<b>-2 652 659</b>	<b>8 913 086</b>
<b>LIABILITIES</b>							
Deposits held	161 457		- 47 905	113 553	379 275	- 51 218	441 609
Advances received	295 327			295 327	298 013	- 307 540	285 800
Borrowing	1 745 716	388 487		2 134 203	2 217 075	-2 031 243	2 320 036
Superannuation	2 087 387			2 087 387			2 087 387
Other employee benefits	392 305	22 038		414 343	4 598		418 941
Payables	87 657	46 949	- 5 770	128 836	68 471	- 10 275	187 032
Other liabilities	29 494	42 692	- 8 507	63 678	434 996	- 33 106	465 568
<b>TOTAL LIABILITIES</b>	<b>4 799 343</b>	<b>500 165</b>	<b>- 62 182</b>	<b>5 237 327</b>	<b>3 402 428</b>	<b>-2 433 382</b>	<b>6 206 372</b>
<b>NET ASSETS/(LIABILITIES)</b>	<b>2 706 713</b>	<b>850 668</b>	<b>- 850 667</b>	<b>2 706 713</b>	<b>219 276</b>	<b>- 219 276</b>	<b>2 706 713</b>
Contributed Equity		356 518	- 356 518		35 206	- 35 206	
Accumulated surplus/(deficit)	611 155	476 818		1 087 973	170 289		1 258 262
Other reserves	2 095 559	17 332	- 494 150	1 618 740	13 782	- 184 071	1 448 451
<b>NET WORTH</b>	<b>2 706 713</b>	<b>850 668</b>	<b>- 850 669</b>	<b>2 706 713</b>	<b>219 276</b>	<b>- 219 276</b>	<b>2 706 713</b>
NET FINANCIAL WORTH <sup>1</sup>	-2 485 273	- 385 453	- 850 666	-3 721 392	139 805	- 219 276	-3 800 863
NET FINANCIAL LIABILITIES <sup>2</sup>	3 555 220	385 453	- 6	3 940 668	- 139 805		3 800 863
<b>NET DEBT<sup>3</sup></b>	<b>1 074 863</b>	<b>338 432</b>		<b>1 413 296</b>	<b>- 538 055</b>		<b>875 241</b>

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 figure less investments in other public sector entities figure).

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 38: Elimination Table – Cash Flow Statement

2006-07	NFPS			TPS			
	GG	PNFC	Eliminations	NFPS	PFC	Eliminations	TPS
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Cash receipts from operating activities</b>							
Taxes received	368 711		- 4 547	364 164		- 1 124	363 040
Receipts from sales of goods and services	146 119	415 755	- 50 556	511 317	147 897	- 12 189	647 025
Grants and subsidies received	2 555 604	121 033	- 118 986	2 557 651			2 557 651
Interest receipts	80 554	3 150	- 3 068	80 636	246 689	- 163 900	163 425
Dividends and income tax equivalents	47 817		- 16 471	31 346		- 31 346	
Other receipts	119 006	2 883	- 10 940	110 949	7 487	807	119 243
<b>Total operating receipts</b>	<b>3 317 810</b>	<b>542 821</b>	<b>- 204 569</b>	<b>3 656 063</b>	<b>402 073</b>	<b>- 207 752</b>	<b>3 850 384</b>
<b>Cash payments for operating activities</b>							
Income tax equivalents paid		- 6 584	6 584		- 13 043	13 043	
Payments for employees	-1 297 945	- 60 656	4 020	-1 354 581	- 19 478	2 207	-1 371 852
Payment for goods and services	- 732 436	- 351 806	62 187	-1 022 054	- 116 271	7 250	-1 131 076
Grants and subsidies paid	- 685 351	- 3 658	118 986	- 570 023	- 3 261		- 573 284
Interest paid	- 139 730	- 26 998	3 068	- 163 660	- 174 197	163 900	- 173 957
Other payments					- 4 445	3 074	- 1 370
<b>Total operating payments</b>	<b>-2 855 462</b>	<b>- 449 702</b>	<b>194 846</b>	<b>-3 110 318</b>	<b>- 330 695</b>	<b>189 475</b>	<b>-3 251 539</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>462 348</b>	<b>93 119</b>	<b>- 9 723</b>	<b>545 744</b>	<b>71 378</b>	<b>- 18 277</b>	<b>598 845</b>
<b>Cash flows from investments in non financial assets</b>							
Sales of non financial assets	85 117	1 032		86 149	3 423		89 572
Purchases of non financial assets	- 284 925	- 125 363		- 410 288	- 1 307		- 411 595
<b>Net cash flows from investments in non financial assets</b>	<b>- 199 808</b>	<b>- 124 331</b>		<b>- 324 139</b>	<b>2 116</b>		<b>- 322 023</b>
<b>NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS</b>	<b>262 540</b>	<b>- 31 212</b>	<b>- 9 723</b>	<b>221 605</b>	<b>73 494</b>	<b>- 18 277</b>	<b>276 822</b>
Net cash flows from investments in financial assets for policy purposes <sup>1</sup>	35 781		837	36 617		53	36 670
Net cash flows from investments in financial assets for liquidity purposes	- 220 271			- 220 271	- 117 062	11 282	- 326 051
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>- 384 298</b>	<b>- 124 331</b>	<b>836</b>	<b>- 507 793</b>	<b>- 114 946</b>	<b>11 335</b>	<b>- 611 404</b>
<b>Net cash flows from financing activities</b>							
Advances received (net)	- 28 585			- 28 585	1 269	27 339	23
Borrowing (net)	2 559	28 989		31 547	215 817	- 29 890	217 475
Deposits received (net)	- 34 325		12 432	- 21 893	- 126 542	1 009	- 147 426
Dividends paid		- 9 724	9 724		- 18 278		
Other financing (net)		233	- 837	- 604			- 604
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>- 60 351</b>	<b>19 498</b>	<b>21 318</b>	<b>- 19 535</b>	<b>72 265</b>	<b>16 737</b>	<b>69 467</b>
<b>NET INCREASE/DECREASE IN CASH HELD</b>	<b>17 699</b>	<b>- 11 714</b>	<b>12 432</b>	<b>18 417</b>	<b>28 698</b>	<b>9 793</b>	<b>56 908</b>
Net cash flows from operating activities	462 348	93 119	- 9 723	545 744	71 378	- 18 277	598 845
Net cash flows from investments in non financial assets	- 199 808	- 124 331		- 324 139	2 116		- 322 023
Dividends paid		- 9 724	9 724		- 18 278	18 278	
<b>CASH SURPLUS (+)/(DEFICIT) (-)</b>	<b>262 540</b>	<b>- 40 936</b>		<b>221 605</b>	<b>55 216</b>		<b>276 822</b>

## Note 38 (continued)

	GG	PNFC	NFPS Eliminations	NFPS	PFC	TPS Eliminations	TPS
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Additional Information to the Cash Flow Statement</b>							
<b>CASH SURPLUS (+)/(DEFICIT) (-)</b>	<b>262 540</b>	<b>- 40 936</b>		<b>221 605</b>	<b>55 216</b>		<b>276 822</b>
Acquisitions under finance leases and similar arrangements	- 47 869			- 47 869			- 47 869
<b>ABS GFS SURPLUS (+)/DEFICIT (-) including finance leases and similar arrangements</b>	<b>214 671</b>	<b>- 40 936</b>		<b>173 737</b>	<b>55 216</b>		<b>228 952</b>
Future Infrastructure and Superannuation contributions/earnings <sup>2</sup>	- 181 886			- 181 886			- 181 886
<b>UNDERLYING SURPLUS (+)/DEFICIT (-)</b>	<b>32 785</b>	<b>- 40 936</b>		<b>- 8 149</b>	<b>55 216</b>		<b>47 066</b>

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

2. Contributions to meet future infrastructure requirements and defined benefit superannuation liabilities.

## Note 39: 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.
Allocation	An amount authorised to be paid from the Central Holding Authority pursuant to an <i>Appropriation Act</i> or an amount required by any other Act to be provided from the public monies of the Territory, and includes any variation in that amount authorised in accordance with the <i>Financial Management Act</i> or any other Act.
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.
<i>Appropriation Act</i>	Includes a <i>Supply Act</i> and an annual <i>Appropriation Act</i> or an additional <i>Appropriation Act</i> which authorises an Allocation to a Purpose.
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	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.  Net cash flows from operating plus net cash from acquisition and disposal of non-financial assets (less dividends paid for the PNFC and PFC sectors).

## Note 39 (continued)

<b>Central Holding Authority</b>	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.
<b>Change in Net Worth</b>	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.
<b>Comprehensive Result</b>	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.
<b>Contingent Liability</b>	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.
<b>Convergence Difference</b>	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.
<b>Current Grants</b>	Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.
<b>Doubtful Debt</b>	A debt which is treated as a possible future loss and for which a provision has been made.
<b>Eliminations</b>	Adjustments relating to interrelated transactions or entries between entities within the total public sector.
<b>Finance Lease</b>	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).
<b>Financial Asset</b>	Any asset that is: <ul style="list-style-type: none"> <li>• cash;</li> <li>• an equity instrument of another entity;</li> <li>• a contractual right: <ul style="list-style-type: none"> <li>– to receive cash or another financial asset from another entity; or</li> <li>– to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or</li> </ul> </li> <li>• a contract that will or may be settled in the entity's own equity instruments and is: <ul style="list-style-type: none"> <li>– 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</li> <li>– 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.</li> </ul> </li> </ul>

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.

## Note 39 (continued)

<b>Fiscal Aggregates</b>	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.
<b>Generally Accepted Accounting Principles (GAAP)</b>	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.
<b>General Government Sector (GGS)</b>	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.
<b>Goods and Services Tax (GST) Revenue</b>	On 1 July 2000, the Commonwealth introduced the goods and services tax (GST). Payments from the Commonwealth return the GST revenue to the states and territories, replacing the previous general purpose grants.
<b>Government Business Division (GBD)</b>	A Territory-controlled trading entity that follows commercial practices and is required to comply with competitive neutrality principles.
<b>Government Finance Statistics</b>	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.
<b>Government Owned Corporation (GOC)</b>	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.
<b>Government Purpose Classification</b>	Classifies outlays or expenditure transactions by the purpose served, eg., health, education.
<b>Guarantee</b>	An undertaking to answer for the debt or obligations of another person or entity.
<b>Grants</b>	<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>

## Note 39 (continued)

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.
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.
Net Acquisition/ (Disposal) of Non-Financial Assets from Transactions	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.  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.
Net Actuarial Gains	Includes actuarial gains and losses on defined benefit superannuation plans.
Net Cash Flows from Investments in Financial Assets (Liquidity Management purposes)	Cash receipts from liquidation or repayment of investments in financial assets for liquidity management purposes less cash payments for such investments. 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.
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.

## Note 39 (continued)

<b>Net Debt</b>	<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>
<b>Net Financial Liabilities</b>	<p>Total liabilities less financial assets, other than equity in PNFCs and PFCs. 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 PNFC and PFC sectors, it is equal to negative net financial worth.</p>
<b>Net Financial Worth</b>	<p>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.</p>
<b>Net Gain on Equity Investment in other Sector Entities Measured at Proportional Share of the Carrying Amount of Net Assets/ (Liabilities)</b>	<p>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.</p>
<b>Net Lending/ Borrowing (also referred to as Fiscal Balance)</b>	<p>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.</p>
<b>Net Operating Balance</b>	<p>Calculated from the operating statement as revenue from transactions less expenses. This excludes capital expenditure and provides a good measure of a government's position over time and an indication of the sustainability of the existing level of government service provision.</p>
<b>Net Other Economic Flows</b>	<p>The net change in the volume or value of assets and liabilities that does not result from transactions.</p>
<b>Net Result from Transactions – Net Operating Balance</b>	<p>The revenue from transaction 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.</p>

## Note 39 (continued)

<b>Net Worth</b>	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.
<b>Non Financial Assets</b>	Assets that are not financial assets, predominantly land and other fixed assets.
<b>Non Financial Public Sector</b>	The sector formed through a consolidation of the general government and public non financial corporation subsectors.
<b>Non-Profit Institution</b>	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.
<b>Operating Account</b>	A government business division Operating Account or an agency Operating Account established under section 6(1) of the <i>Financial Management Act</i> .
<b>Operating Result</b>	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'.
<b>Other Current Revenues</b>	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.
<b>Other Economic Flows</b>	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).
<b>Payables</b>	Includes short-term and long-term trade debt and accounts payable, grants and interest payable.
<b>Provisions</b>	Amounts set aside by entities from current revenue or income for future payments.
<b>Public Account</b>	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.
<b>Public Financial Corporation (PFC)</b>	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.
<b>Public Non Financial Corporation (PNFC)</b>	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.
<b>Public Private Partnerships (PPPs)</b>	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.
<b>Quasi-corporation</b>	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

## Note 39 (continued)

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)	Tied grants received from the Commonwealth, which are earmarked for a specific purposes.
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 Equivalent 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.
Transactions	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 Allocation 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.

## Note 39 (continued)

<b>Uniform Presentation Framework</b>	A uniform reporting framework (UPF) 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 the new 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.
<b>Use of Goods and Services</b>	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.
<b>Wages, Salaries and Supplements</b>	Consist of all uncapitalised compensation of employees except for superannuation. It includes pay in cash or in-kind.
<b>Whole of Government Financial Report</b>	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 further enhancements to, and improvements in, 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 2007-08 explained.

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

## Variations to Allocations Authorised During the Year

Allocation is the term used in the FMA to describe appropriation provided for operational and capital expenditure purposes to general agencies. Appropriation is described as either Output Appropriation or Capital Appropriation. Allocation to agencies for the 2007-08 financial year is specified in the 2007-08 *Appropriation Act*, passed by the Legislative Assembly. During the course of any financial year, situations can change which necessitate variations to Allocation.

Section 18 of the FMA provides that the Treasurer can approve additional allocation 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 20 of the FMA provides that the Treasurer can approve allocation transfers within a financial year, as follows:

- Section 20 (1) – allows the transfer of allocation from one agency to another agency; and
- Section 20 (1A) – allows the transfer of allocation between appropriation purposes within an agency (for example a transfer from Output Appropriation to Capital Appropriation or vice versa).
- Section 21 – allows the transfer of allocation between agencies following redistribution of government business (public sector restructure).

Allocation 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.

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

## Summary Agency/ Government Business Division Financial Information

Variations to allocations recorded in the table reflect the net effect on allocation arising from Government decisions taken during 2007-08.

In addition to appropriation, agencies also receive agency revenue that comprises funding from external bodies (usually the Commonwealth in the form of specific purpose payments) 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 2007-08 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 Allocations 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 2007-08 highlighting significant variations between revenue and expenses. For GBDs, the original May 2007 Budget is also provided. 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, grants 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 latter that is based on the non financial public sector.

# Variations to Allocations Authorised During the Year

AGENCY/Activity	Appropriation Act	Variations actioned under the Financial Management Act				Final Allocation
	2007-08	s18	s19	s20	s21	
	\$000	\$000	\$000	\$000	\$000	\$000
<b>AUDITOR-GENERAL'S OFFICE</b>	<b>2 881</b>					<b>2 881</b>
Output Appropriation	2 881					2 881
Capital Appropriation						
<b>NORTHERN TERRITORY ELECTORAL COMMISSION</b>	<b>1 403</b>	<b>450</b>				<b>1 853</b>
Output Appropriation	1 403	450				1 853
Capital Appropriation						
<b>OMBUDSMAN'S OFFICE</b>	<b>1 868</b>					<b>1 868</b>
Output Appropriation	1 868					1 868
Capital Appropriation						
<b>DEPARTMENT OF THE CHIEF MINISTER</b>	<b>46 281</b>	<b>3 290</b>		<b>691</b>		<b>50 262</b>
Output Appropriation	45 886	3 290		691		49 867
Capital Appropriation	395					395
<b>DEPARTMENT OF THE LEGISLATIVE ASSEMBLY</b>	<b>18 455</b>	<b>400</b>		<b>255</b>		<b>19 110</b>
Output Appropriation	18 414	400		255		19 069
Capital Appropriation	41					41
<b>NORTHERN TERRITORY POLICE, FIRE AND EMERGENCY SERVICES</b>	<b>204 229</b>			<b>10 474</b>		<b>214 703</b>
Output Appropriation	197 793			8 908		206 701
Capital Appropriation	6 436			1 566		8 002
<b>DEPARTMENT OF EMPLOYMENT, EDUCATION AND TRAINING</b>	<b>503 558</b>			<b>8 688</b>		<b>512 246</b>
Output Appropriation	503 558			8 688		512 246
Capital Appropriation						
<b>ABORIGINAL AREAS PROTECTION AUTHORITY</b>	<b>2 417</b>	<b>100</b>				<b>2 517</b>
Output Appropriation	2 379	100		32		2 511
Capital Appropriation	38			- 32		6
<b>NORTHERN TERRITORY TREASURY</b>	<b>97 537</b>			<b>65 533</b>		<b>163 070</b>
Output Appropriation	97 484			65 533		163 017
Capital Appropriation	53					53
<b>DEPARTMENT OF PLANNING AND INFRASTRUCTURE</b>	<b>409 155</b>	<b>14 119</b>		<b>- 51 689</b>		<b>371 585</b>
Output Appropriation	206 283	14 119		- 50 502		169 900
Capital Appropriation	202 872			- 1 187		201 685

(continued)

## Variations to Allocations Authorised During the Year (continued)

AGENCY/Activity	Appropriation	Variations actioned under the				Final
	Act	Financial Management Act				
	2007-08	s18	s19	s20	s21	Allocation
	\$000	\$000	\$000	\$000	\$000	\$000
<b>OFFICE OF THE COMMISSIONER FOR PUBLIC EMPLOYMENT</b>	<b>6 087</b>					<b>6 087</b>
Output Appropriation	6 087					6 087
Capital Appropriation						
<b>DEPARTMENT OF HEALTH AND COMMUNITY SERVICES</b>	<b>583 970</b>			<b>- 18 368</b>		<b>565 602</b>
Output Appropriation	580 325			- 18 263		562 062
Capital Appropriation	3 645			- 105		3 540
<b>DEPARTMENT OF JUSTICE</b>	<b>132 752</b>			<b>7 894</b>		<b>140 646</b>
Output Appropriation	132 481			6 214		138 695
Capital Appropriation	271			1 680		1 951
<b>DEPARTMENT OF BUSINESS, ECONOMIC AND REGIONAL DEVELOPMENT</b>	<b>22 882</b>			<b>417</b>		<b>23 299</b>
Output Appropriation	22 882			417		23 299
Capital Appropriation						
<b>LAND DEVELOPMENT CORPORATION</b>	<b>1 464</b>					<b>1 464</b>
Output Appropriation	1 464					1 464
Capital Appropriation						
<b>TOURISM NT</b>	<b>35 183</b>			<b>- 219</b>		<b>34 964</b>
Output Appropriation	35 106			- 219		34 887
Capital Appropriation	77					77
<b>DEPARTMENT OF PRIMARY INDUSTRY, FISHERIES AND MINES</b>	<b>51 805</b>			<b>91</b>		<b>51 896</b>
Output Appropriation	51 304			129		51 433
Capital Appropriation	501			- 38		463
<b>DEPARTMENT OF NATURAL RESOURCES, ENVIRONMENT AND THE ARTS</b>	<b>99 010</b>			<b>687</b>		<b>99 697</b>
Output Appropriation	98 370			687		99 057
Capital Appropriation	640					640
<b>DEPARTMENT OF CORPORATE AND INFORMATION SERVICES</b>	<b>93 333</b>	<b>5 500</b>		<b>- 2 609</b>		<b>96 224</b>
Output Appropriation	93 333	5 500		- 2 609		96 224
Capital Appropriation						
<b>DEPARTMENT OF LOCAL GOVERNMENT, HOUSING AND SPORT</b>	<b>84 372</b>			<b>119 766</b>		<b>204 138</b>
Output Appropriation	84 327			119 766		204 093
Capital Appropriation	45					45

(continued)

## Variations to Allocations Authorised During the Year (continued)

AGENCY/Activity	Appropriation	Variations actioned under the				Final
	Act	Financial Management Act				
	2007-08	s18	s19	s20	s21	Allocation
	\$000	\$000	\$000	\$000	\$000	\$000
<b>CENTRAL HOLDING AUTHORITY</b>	<b>356 439</b>	<b>- 23 859</b>	<b>137 754</b>	<b>- 141 611</b>		<b>328 723</b>
Treasurer's Advance	40 000	- 23 859	137 754	- 147 672		6 223
Interest, Taxes and Administration	143 949			29 051		173 000
Employee Entitlements	172 490			- 22 990		149 500
<b>TOTAL APPROPRIATION</b>	<b>2 755 081</b>		<b>137 754</b>			<b>2 892 835</b>
Output Appropriation	2 183 628	23 859		139 727		2 347 214
Capital Appropriation	215 014			1 884		216 898
Treasurer's Advance	40 000	- 23 859	137 754	- 147 672		6 223
Interest, Taxes and Administration	143 949			29 051		173 000
Employee Entitlements	172 490			- 22 990		149 500
<b>Total</b>	<b>2 755 081</b>		<b>137 754</b>			<b>2 892 835</b>

# Auditor-General's Office

Appropriation	May 2007 Published Budget	May 2008 Final Estimate	Final Approved Budget	Total Variance
	\$000	\$000	\$000	\$000
Output Appropriation	2 881	2 881	2 881	
Capital Appropriation				
<b>TOTAL APPROPRIATION</b>	<b>2 881</b>	<b>2 881</b>	<b>2 881</b>	

## Significant Variances

No variations to Appropriation

## Operating Statement

	Final Approved Budget	Actual Result	Total Variance
	\$000	\$000	\$000
<b>Operating Statement</b>			
Income	3 536	3 660	124 (1)
Expenses	3 536	3 477	- 59 (2)
<b>Net Surplus(+)/Deficit(-)</b>		<b>183</b>	<b>183</b>

## Significant Variances

(1) Increased revenue from audit activity	124
(2) Delays in timing of invoice receipts	- 40

# Northern Territory Electoral Commission

## Appropriation

	May 2007 Published Budget	May 2008 Final Estimate	Final Approved Budget	Total Variance	
	\$000	\$000	\$000	\$000	
Output Appropriation	1 403	1 403	1 853	450	(1)
Capital Appropriation					
<b>TOTAL APPROPRIATION</b>	<b>1 403</b>	<b>1 403</b>	<b>1 853</b>	<b>450</b>	

## Significant Variances

(1) Additional funding for redistribution of Legislative Assembly electoral boundaries and Greatorix by-election				450	
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## Operating Statement

	Final Approved Budget	Actual Result	Total Variance	
	\$000	\$000	\$000	
<b>Operating Statement</b>				
Income	2 333	2 476	143	(2)
Expenses	2 340	2 342	2	
<b>Net Surplus(+)/Deficit(-)</b>	<b>- 7</b>	<b>134</b>	<b>141</b>	

## Significant Variances

(2) Additional revenue associated with fee-for-service elections				136	
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# Ombudsman's Office

Appropriation	May 2007 Published Budget	May 2008 Final Estimate	Final Approved Budget	Total Variance
	\$000	\$000	\$000	\$000
Output Appropriation	1 868	1 868	1 868	
Capital Appropriation				
<b>TOTAL APPROPRIATION</b>	<b>1 868</b>	<b>1 868</b>	<b>1 868</b>	

## Significant Variances

No variations to Appropriation

## Operating Statement

	Final Approved Budget	Actual Result	Total Variance
	\$000	\$000	\$000
<b>Operating Statement</b>			
Income	2 214	2 257	43 (1)
Expenses	2 287	2 259	- 28 (2)
<b>Net Surplus(+)/Deficit(-)</b>	<b>- 73</b>	<b>- 2</b>	<b>71</b>

## Significant Variances

(1) Additional funding from the Commonwealth's Project Employment Scheme	33
Additional funding for trainees under the Northern Territory Public Service Apprenticeship Program	10
(2) Increased employee expenses	52
Lower than anticipated expenses including vehicle, plant and equipment and information technology	- 49
Reclassification of Case Management System upgrade from expenses to assets	- 36

# Department of the Chief Minister

Appropriation	May 2007 Published Budget	May 2008 Final Estimate	Final Approved Budget	Total Variance	
	\$000	\$000	\$000	\$000	
Output Appropriation	45 886	44 068	49 867	3 981	(1)
Capital Appropriation	395	395	395		
<b>TOTAL APPROPRIATION</b>	<b>46 281</b>	<b>44 463</b>	<b>50 262</b>	<b>3 981</b>	

## Significant Variances

(1) Management of the Waterfront precinct	912
Funding for climate change policy development, additional major events, staff costs and contributions to overseas natural disaster relief	2 000
Staffing and operational costs for Ministers offices and Leader of the Opposition	1 290
Transfer of funding for Translating Service NT to Department of Local Government, Housing and Sport	- 465
Closing the Gap initiatives	50

## Operating Statement

	Final Approved Budget	Actual Result	Total Variance	
	\$000	\$000	\$000	
<b>Operating Statement</b>				
Income	56 120	56 470	350	
Expenses	56 885	62 306	5 421	(2)
<b>Net Surplus(+)/Deficit(-)</b>	<b>- 765</b>	<b>- 5 836</b>	<b>- 5 071</b>	

## Significant Variances

(2) Provision for doubtful debts and liabilities in relation to the Australasian Railway Project	5 067
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# Department of the Legislative Assembly

Appropriation	May 2007 Published Budget	May 2008 Final Estimate	Final Approved Budget	Total Variance
	\$000	\$000	\$000	\$000
Output Appropriation	18 414	18 669	19 069	655 (1)
Capital Appropriation	41	41	41	
<b>TOTAL APPROPRIATION</b>	<b>18 455</b>	<b>18 710</b>	<b>19 110</b>	<b>655</b>

## Significant Variances

(1) Data cabling project in Parliament House	400
Remuneration Tribunal Determination	133
Parliament House security contract	80

## Operating Statement

	Final Approved Budget	Actual Result	Total Variance
	\$000	\$000	\$000
<b>Operating Statement</b>			
Income	20 984	20 976	- 8
Expenses	22 895	22 877	- 18
<b>Net Surplus(+)/Deficit(-)</b>	<b>- 1 911</b>	<b>- 1 901</b>	<b>10</b>

## Significant Variances

Income and expense variations less than 1%

# Northern Territory Police, Fire and Emergency Services

Appropriation	May 2007 Published Budget	May 2008 Final Estimate	Final Approved Budget	Total Variance	
	\$000	\$000	\$000	\$000	
Output Appropriation	197 793	204 689	206 701	8 908	(1)
Capital Appropriation	6 436	8 202	8 002	1 566	(2)
<b>TOTAL APPROPRIATION</b>	<b>204 229</b>	<b>212 891</b>	<b>214 703</b>	<b>10 474</b>	

## Significant Variances

(1) Closing the Gap initiatives				4 000	
Additional funding for Northern Territory Emergency Service				274	
Increased police employee entitlements				3 785	
Funding for CCTV to address antisocial behaviour				650	
(2) Closing the Gap initiatives				550	
Funding for CCTV to address antisocial behaviour				1 125	
Transfer of Appropriation to Department of Planning and Infrastructure for Urban Search and Rescue training facilities				- 200	

## Operating Statement

	Final Approved Budget	Actual Result	Total Variance
	\$000	\$000	\$000
<b>Operating Statement</b>			
Income	247 251	245 082	- 2 169
Expenses	249 781	248 950	- 831
<b>Net Surplus(+)/Deficit(-)</b>	<b>- 2 530</b>	<b>- 3 868</b>	<b>- 1 338</b>

## Significant Variances

Income and expense variations less than 1%

# Department of Employment, Education and Training

Appropriation	May 2007 Published Budget	May 2008 Final Estimate	Final Approved Budget	Total Variance
	\$000	\$000	\$000	\$000
Output Appropriation	503 558	516 735	512 246	8 688 (1)
Capital Appropriation				
<b>TOTAL APPROPRIATION</b>	<b>503 558</b>	<b>516 735</b>	<b>512 246</b>	<b>8 688</b>

## Significant Variances

(1) Additional funding for middle years schooling	423
Transfer of mine safety function from the Department of Primary Industry, Fisheries and Mines	558
Additional funding for expanded safety and regulatory functions within NT WorkSafe	778
Closing the Gap initiatives	2 615
Fitout and establishment costs for schools	2 724
Funding for improved delivery of school services	5 000
Additional funding for school telecommunication requirements	2 400
Transfer of funds from capital works program to capital equipment	510
Transfer of responsibility for teacher housing to Territory Housing	- 7 073
Grant to United Nations University Institute of Indigenous Knowledge	500

## Operating Statement

	Final Approved Budget	Actual Result	Total Variance
	\$000	\$000	\$000
<b>Operating Statement</b>			
Income	685 121	689 870	4 749
Expenses	704 780	700 339	- 4 441
<b>Net Surplus(+)/Deficit(-)</b>	<b>- 19 659</b>	<b>- 10 469</b>	<b>9 190</b>

## Significant Variances

Income and expense variations less than 1%

# Aboriginal Areas Protection Authority

## Appropriation

	May 2007 Published Budget	May 2008 Final Estimate	Final Approved Budget	Total Variance	
	\$000	\$000	\$000	\$000	
Output Appropriation	2 379	2 379	2 511	132	(1,2)
Capital Appropriation	38	38	6	- 32	(2)
<b>TOTAL APPROPRIATION</b>	<b>2 417</b>	<b>2 417</b>	<b>2 517</b>	<b>100</b>	

## Significant Variances

(1) Additional funding to support increased demand for authority certificates	100
(2) Transfer to Output Appropriation	- 32

## Operating Statement

	Final Approved Budget	Actual Result	Total Variance
	\$000	\$000	\$000
<b>Operating Statement</b>			
Income	3 451	3 476	25
Expenses	3 469	3 490	21
<b>Net Surplus(+)/Deficit(-)</b>	<b>- 18</b>	<b>- 14</b>	<b>4</b>

## Significant Variances

Income and expense variations less than 1%

# Northern Territory Treasury

Appropriation	May 2007 Published Budget	May 2008 Final Estimate	Final Approved Budget	Total Variance	
	\$000	\$000	\$000	\$000	
Output Appropriation	97 484	163 017	163 017	65 533	(1)
Capital Appropriation	53	53	53		
<b>TOTAL APPROPRIATION</b>	<b>97 537</b>	<b>163 070</b>	<b>163 070</b>	<b>65 533</b>	

## Significant Variances

(1) Capital grant to Power and Water Corporation 66 600

## Operating Statement

	Final Approved Budget	Actual Result	Total Variance	
	\$000	\$000	\$000	
<b>Operating Statement</b>				
Income	166 909	166 915	6	
Expenses	165 550	161 435	- 4 115	(2)
<b>Net Surplus(+)/Deficit(-)</b>	<b>1 359</b>	<b>5 480</b>	<b>4 121</b>	

## Significant Variances

(2) Lower than anticipated employee expenses - 911  
 Lower than anticipated legal expenses, information technology and consultancy charges - 2 350  
 Lower than anticipated take up rate of the First Home Owner Grant - 689

# Central Holding Authority

## Operating Statement

	Final Approved Budget	Actual Result	Total Variance
	\$000	\$000	\$000
<b>Operating Statement</b>			
Income	2 895 333	2 972 785	77 452 (1)
Expenses	2 776 723	2 698 089	- 78 634 (2)
<b>Net Surplus(+)/Deficit(-)</b>	<b>118 610</b>	<b>274 696</b>	<b>156 086</b>

### Significant Variances

(1) Higher income tax equivalents and payroll tax collections consistent with growth in employment, wages and the economy	11 688
Increased GST revenue due to additional collections by the Commonwealth combined with growth in the Territory's population	32 775
Increased Commonwealth capital grants associated with the Northern Territory Emergency Response	31 668
(2) Decrease predominantly relates to actuarial reviews of superannuation	- 65 657

# Northern Territory Treasury Corporation

## Operating Statement

	May 2007 Published Budget	May 2008 Final Estimates	Actual Result	Total Variance
	\$000	\$000	\$000	\$000
<b>Operating Statement</b>				
Goods and Services Revenue	483	471	471	- 12
Community Service Obligations				
Other Revenue	164 724	173 573	173 592	8 868
Operating Expenses (after Income Tax)	151 432	157 178	156 577	5 145
<b>Net Surplus(+)/Deficit(-)</b>	<b>13 775</b>	<b>16 866</b>	<b>17 485</b>	<b>3 710</b>

## Significant Variances

Income and expense variations less than 1%

# Department of Planning and Infrastructure

Appropriation	May 2007 Published Budget	May 2008 Final Estimate	Final Approved Budget	Total Variance	
	\$000	\$000	\$000	\$000	
Output Appropriation	206 283	153 714	169 900	- 36 383	(1,2)
Capital Appropriation	202 872	203 680	201 685	- 1 187	(2)
<b>TOTAL APPROPRIATION</b>	<b>409 155</b>	<b>357 394</b>	<b>371 585</b>	<b>- 37 570</b>	

## Significant Variances

(1) Additional funding for road maintenance following natural disasters	12 719
Additional funding for legal expenses	1 400
Safety upgrade of rural bus stops	1 000
Expanded testing of drinking water in remote communities	2 100
Transfer of Appropriation from Capital	5 435
Transfer of Darwin Waterfront budget allocation to the Darwin Waterfront Corporation	- 2 703
Transfer of Indigenous Essential Services to Department of Local Government, Housing and Sport	- 56 453
(2) Additional funding for Territory roads	8 741
Additional Commonwealth funding for Auslink projects	957
Additional capital appropriation due to revised land sales estimates	4 631
Transfer of Appropriation to Output to fund non-capital items	- 5 756
Revised timing for community infrastructure at the Waterfront	- 10 000

## Operating Statement

	Final Approved Budget	Actual Result	Total Variance	
	\$000	\$000	\$000	
<b>Operating Statement</b>				
Income	237 101	245 928	8 827	(3)
Expenses	281 489	282 372	883	
<b>Net Surplus(+)/Deficit(-)</b>	<b>- 44 388</b>	<b>- 36 444</b>	<b>7 944</b>	

## Significant Variances

(3) Additional Commonwealth funding for Auslink capital projects	5 074
Additional public transport revenue, primarily ticket sales	598
Additional interest revenue	522
Higher than anticipated profit from land sales	2 131

# Darwin Bus Service

## Operating Statement

	May 2007 Published Budget	May 2008 Final Estimates	Actual Result	Total Variance	
	\$000	\$000	\$000	\$000	
<b>Operating Statement</b>					
Goods and Services Revenue	6 575	6 575	6 829	254	(1)
Community Service Obligations					
Other Revenue	414	559	757	198	(2)
Operating Expenses (after Income Tax)	6 797	6 855	7 157	302	(3)
<b>Net Surplus(+)/Deficit(-)</b>	<b>192</b>	<b>279</b>	<b>429</b>	<b>150</b>	

## Significant Variances

(1) Increased revenue for additional bus services	254
(2) Higher than anticipated fuel levies, subsidies and fuel tax credits	159
Additional revenue from fleet sales	33
(3) Additional employee and operational expenses resulting from additional bus services	313
Lower than anticipated depreciation expenses	- 75
Increased income tax expenses due to higher than anticipated operating surplus	64

# Construction Division

## Operating Statement

	May 2007 Published Budget	May 2008 Final Estimates	Actual Result	Total Variance	
	\$000	\$000	\$000	\$000	
<b>Operating Statement</b>					
Goods and Services Revenue	39 982	44 382	49 969	5 587	(1)
Community Service Obligations					
Other Revenue	120	120	493	373	(2)
Operating Expenses (after Income Tax)	38 699	43 157	45 495	2 338	(3)
<b>Net Surplus(+)/Deficit(-)</b>	<b>1 403</b>	<b>1 345</b>	<b>4 967</b>	<b>3 622</b>	

## Significant Variances

(1) Additional project management revenue from higher than anticipated construction activity	5 587
(2) Additional interest revenue	366
(3) Additional project management expenses from higher than anticipated construction activity	831
Increased income tax expenses due to higher than anticipated operating surplus	1 557

# Darwin Port Corporation

## Operating Statement

	May 2007 Published Budget	May 2008 Final Estimates	Actual Result	Total Variance	
	\$000	\$000	\$000	\$000	
<b>Operating Statement</b>					
Goods and Services Revenue	16 738	16 977	16 340	- 637	(1)
Community Service Obligations	2 306	2 426	2 426		
Other Revenue	1 500	1 247	2 159	912	(2)
Operating Expenses (after Income Tax)	25 004	25 022	24 996	- 26	
<b>Net Surplus(+)/Deficit(-)</b>	<b>- 4 460</b>	<b>- 4 372</b>	<b>- 4 070</b>	<b>302</b>	

### Significant Variances

(1) Lower than anticipated revenue from wharfage services	- 512
(2) Higher than anticipated revenue from rental and recovery charges	875
Additional interest revenue	35

# Office of the Commissioner for Public Employment

## Appropriation

	May 2007 Published Budget	May 2008 Final Estimate	Final Approved Budget	Total Variance
	\$000	\$000	\$000	\$000
Output Appropriation	6 087	6 087	6 087	
Capital Appropriation				
<b>TOTAL APPROPRIATION</b>	<b>6 087</b>	<b>6 087</b>	<b>6 087</b>	

## Significant Variances

No variations to Appropriation

## Operating Statement

	Final Approved Budget	Actual Result	Total Variance
	\$000	\$000	\$000
<b>Operating Statement</b>			
Income	8 064	7 936	- 128 (1)
Expenses	8 090	7 321	- 769 (2)
<b>Net Surplus(+)/Deficit(-)</b>	<b>- 26</b>	<b>615</b>	<b>641</b>

## Significant Variances

(1) Department of Corporate and Information Services charges lower than estimated	- 71
Lower than estimated takeup of training programs	- 60
(2) Lower than anticipated employee expenses	- 453
Lower than anticipated administration expenses associated with reduced uptake of training programs	- 423
Additional grants for remote school professional development	123

# Department of Health and Community Services

Appropriation	May 2007 Published Budget	May 2008 Final Estimate	Final Approved Budget	Total Variance	
	\$000	\$000	\$000	\$000	
Output Appropriation	580 325	592 679	562 062	- 18 263	(1)
Capital Appropriation	3 645	3 540	3 540	- 105	(2)
<b>TOTAL APPROPRIATION</b>	<b>583 970</b>	<b>596 219</b>	<b>565 602</b>	<b>- 18 368</b>	

## Significant Variances

(1) Additional funding for initiatives addressing antisocial behaviour	1 110
Funding for expanded services under the <i>Youth Justice Act</i>	350
Closing the Gap initiatives	5 450
Reduction in line with carry forward to 2008-09	- 30 000
Medical Officers workplace agreement	2 781
Menzies School of Health capital grant	5 500
Transfer of Appropriation to Department of Planning and Infrastructure for minor new works	- 200
Transfer of responsibility for staff housing to Territory Housing	- 3 018
(2) Net transfers between Output and Capital Appropriation for equipment	- 105

## Operating Statement

	Final Approved Budget	Actual Result	Total Variance	
	\$000	\$000	\$000	
<b>Operating Statement</b>				
Income	867 656	872 413	4 757	
Expenses	911 846	885 687	- 26 159	(3)
<b>Net Surplus(+)/Deficit(-)</b>	<b>- 44 190</b>	<b>- 13 275</b>	<b>30 915</b>	

## Significant Variances

(3) Higher than anticipated repairs and maintenance and depreciation expenses	3 459
Timing delays due to outstanding acquittals of Commonwealth funded programs	- 31 700

# Department of Justice

## Appropriation

	May 2007 Published Budget	May 2008 Final Estimate	Final Approved Budget	Total Variance	
	\$000	\$000	\$000	\$000	
Output Appropriation	132 481	137 982	138 695	6 214	(1)
Capital Appropriation	271	1 951	1 951	1 680	(2)
<b>TOTAL APPROPRIATION</b>	<b>132 752</b>	<b>139 933</b>	<b>140 646</b>	<b>7 894</b>	

## Significant Variances

(1) Closing the Gap initiatives	3 279
Remuneration Tribunal determination for judges and magistrates	919
Additional funding for Youth Camps	330
Additional funding to address antisocial behaviour in Darwin and Katherine	1 386
Transfer of funding from agencies for outsourced legal services	400
(2) Closing the Gap initiatives	1 680

## Operating Statement

	Final Approved Budget	Actual Result	Total Variance	
	\$000	\$000	\$000	
<b>Operating Statement</b>				
Income	165 205	166 202	997	
Expenses	171 495	178 315	6 820	(3)
<b>Net Surplus(+)/Deficit(-)</b>	<b>- 6 290</b>	<b>- 12 113</b>	<b>- 5 823</b>	

## Significant Variances

(3) Costs associated with increased prisoner numbers	2 000
Crimes Victims Assistance payments	3 050
Higher than anticipated legal settlement costs	1 570

# Department of Business, Economic and Regional Development

Appropriation	May 2007 Published Budget	May 2008 Final Estimate	Final Approved Budget	Total Variance
	\$000	\$000	\$000	\$000
Output Appropriation	22 882	23 299	23 299	417 (1)
Capital Appropriation				
<b>TOTAL APPROPRIATION</b>	<b>22 882</b>	<b>23 299</b>	<b>23 299</b>	<b>417</b>

## Significant Variances

(1) Battery Hill Mining Centre upgrade	250
Closing the Gap initiatives	400
Transfer of Tennant Creek Indigenous Land Use Agreement funding to 2008-09	- 250

## Operating Statement

	Final Approved Budget	Actual Result	Total Variance
	\$000	\$000	\$000
<b>Operating Statement</b>			
Income	26 591	26 520	- 71
Expenses	26 603	25 336	- 1 267 (2)
<b>Net Surplus(+)/Deficit(-)</b>	<b>- 12</b>	<b>1 184</b>	<b>1 196</b>

## Significant Variances

(2) Higher than anticipated grant expenditure	999
Lower than anticipated employee expenses	- 952
Timing delays in delivery of projects	- 1 053

# Land Development Corporation

## Appropriation

	May 2007 Published Budget	May 2008 Final Estimate	Final Approved Budget	Total Variance
	\$000	\$000	\$000	\$000
Output Appropriation	1 464	1 464	1 464	
Capital Appropriation				
<b>TOTAL APPROPRIATION</b>	<b>1 464</b>	<b>1 464</b>	<b>1 464</b>	

## Significant Variances

No variations to Appropriation

## Operating Statement

	Final Approved Budget	Actual Result	Total Variance	
	\$000	\$000	\$000	
<b>Operating Statement</b>				
Income	2 167	2 054	- 113	(1)
Expenses	2 333	2 075	- 258	(2)
<b>Net Surplus(+)/Deficit(-)</b>	<b>- 166</b>	<b>- 21</b>	<b>145</b>	

## Significant Variances

(1) Lower than anticipated rental revenue	- 114
(2) Revised timing for development projects	- 244

# Tourism NT

Appropriation	May 2007 Published Budget	May 2008 Final Estimate	Final Approved Budget	Total Variance
	\$000	\$000	\$000	\$000
Output Appropriation	35 106	34 887	34 887	- 219
Capital Appropriation	77	77	77	
<b>TOTAL APPROPRIATION</b>	<b>35 183</b>	<b>34 964</b>	<b>34 964</b>	<b>- 219</b>

## Significant Variances

Variation of Appropriation less than 1%

Operating Statement	Final Approved Budget	Actual Result	Total Variance
	\$000	\$000	\$000
<b>Operating Statement</b>			
Income	38 657	39 261	604 (1)
Expenses	38 802	39 369	567 (2)
<b>Net Surplus(+)/Deficit(-)</b>	<b>- 145</b>	<b>- 108</b>	<b>37</b>

## Significant Variances

(1) Late receipt of Commonwealth grants for cultural based tourism	440
Revaluation of Tourism NT's investment in Territory Discoveries	144
(2) Revised timing of grant payments	501

# Territory Discoveries

## Operating Statement

	May 2007 Published Budget	May 2008 Final Estimates	Actual Result	Total Variance	
	\$000	\$000	\$000	\$000	
<b>Operating Statement</b>					
Goods and Services Revenue	6 118	5 300	5 394	94	(1)
Community Service Obligations	448	793	793		
Other Revenue	2 587	2 325	2 446	121	(2)
Operating Expenses (after Income Tax)	8 054	8 418	8 587	169	(3)
<b>Net Surplus(+)/Deficit(-)</b>	<b>1 099</b>		<b>45</b>	<b>45</b>	

## Significant Variances

(1) Additional commission earned from holiday sales	94
(2) Additional interest revenue	126
(3) Additional employee expenses following conclusion of workplace agreement negotiations	181

# Territory Housing

## Operating Statement

	May 2007 Published Budget	May 2008 Final Estimate	Actual Result	Total Variance	
	\$000	\$000	\$000	\$000	
<b>Operating Statement</b>					
Goods and Services Revenue	44 093	33 456	36 239	2 783	(1)
Community Service Obligations	15 483	31 378	31 378		
Other Revenue	107 478	147 403	153 625	6 222	(2)
Operating Expenses (after Income Tax)	179 303	198 685	189 871	- 8 814	(3)
<b>Net Surplus(+)/Deficit(-)</b>	<b>- 12 249</b>	<b>13 552</b>	<b>31 371</b>	<b>17 819</b>	

## Significant Variances

(1) Increase in public housing rental revenue	1 500
Increase in agency headlease rental revenue	1 000
(2) Return to Territory Housing of unspent grant funding from previous year	2 000
Additional Commonwealth grants for housing in remote areas	9 500
Additional grant funding from Department of Health and Community Services	1 000
Transfer of the Strategic Indigenous Housing Infrastructure Program to the Department of Local Government, Housing and Sport	- 7 200
Additional interest revenue	390
(3) Timing delays due to outstanding acquittals of Commonwealth funded programs	- 11 810
Additional employee and operational expenses associated with expanding activities	3 010

# Department of Primary Industry, Fisheries and Mines

Appropriation	May 2007 Published Budget	May 2008 Final Estimate	Final Approved Budget	Total Variance
	\$000	\$000	\$000	\$000
Output Appropriation	51 304	51 433	51 433	129 (1)
Capital Appropriation	501	463	463	- 38
<b>TOTAL APPROPRIATION</b>	<b>51 805</b>	<b>51 896</b>	<b>51 896</b>	<b>91</b>

## Significant Variances

(1) Alice Springs Solar Cities project	675
Transfer of Mine Safety function to the Department of Employment, Education and Training	- 558

## Operating Statement

	Final Approved Budget	Actual Result	Total Variance
	\$000	\$000	\$000
<b>Operating Statement</b>			
Income	79 340	89 911	10 571 (2)
Expenses	81 129	75 729	- 5 400 (3)
<b>Net Surplus(+)/Deficit(-)</b>	<b>- 1 789</b>	<b>14 181</b>	<b>15 970</b>

## Significant Variances

(2) Additional Renewable Remote Power Generation Program (RRPG) funding from the Commonwealth	989
One-off fees associated with the transfer of titles relating to offshore petroleum	9 185
(3) Timing delays in relation to the Mt Todd Rehabilitation Strategy and Alice Springs Solar Cities project	- 723
National Livestock Identification Scheme	320
Exceptional Circumstances Drought funding	487
Timing delays in externally funded programs including grant payments under RRPG	- 4 497
Reduced repairs and maintenance expenses through capitalisation of airconditioning plant	- 885

# Department of Natural Resources, Environment and the Arts

Appropriation	May 2007 Published Budget	May 2008 Final Estimate	Final Approved Budget	Total Variance
	\$000	\$000	\$000	\$000
Output Appropriation	98 370	99 057	99 057	687
Capital Appropriation	640	640	640	
<b>TOTAL APPROPRIATION</b>	<b>99 010</b>	<b>99 697</b>	<b>99 697</b>	<b>687</b>

## Significant Variances

Variation to Appropriation less than 1%

## Operating Statement

	Final Approved Budget	Actual Result	Total Variance
	\$000	\$000	\$000
<b>Operating Statement</b>			
Income	120 061	122 481	2 420 (1)
Expenses	130 144	127 653	- 2 491 (2)
<b>Net Surplus(+)/Deficit(-)</b>	<b>- 10 083</b>	<b>- 5 171</b>	<b>4 912</b>

## Significant Variances

(1) Higher than anticipated revenue from Natural Heritage Trust cost recovery, Araluen Art Precinct and agency services	1 270
Additional Commonwealth grant funding	856
(2) Lower than anticipated employee expenses	- 692
Delayed timing on externally funded projects	- 2 291
Higher than anticipated repairs and maintenance and non cash expenses	320

# Territory Wildlife Parks

## Operating Statement

	May 2007 Published Budget	May 2008 Final Estimates	Actual Result	Total Variance	
	\$000	\$000	\$000	\$000	
<b>Operating Statement</b>					
Goods and Services Revenue	2 259	2 219	2 568	349	(1)
Community Service Obligations	7 915	7 915	7 915		
Other Revenue	18	35	77	42	(2)
Operating Expenses (after Income Tax)	11 687	12 160	12 623	463	(3)
<b>Net Surplus(+)/Deficit(-)</b>	<b>- 1 495</b>	<b>- 1 991</b>	<b>- 2 063</b>	<b>- 72</b>	

## Significant Variances

(1) Additional revenue associated with the management of Territory Wildlife Park gift shop/café	349
(2) Additional interest revenue	36
(3) Reduced expenses through changes to work practices	- 386
Additional employee expenses associated with management of Territory Wildlife Park gift shop/café and workplace agreement outcome	823

# Department of Corporate and Information Services

Appropriation	May 2007 Published Budget	May 2008 Final Estimate	Final Approved Budget	Total Variance
	\$000	\$000	\$000	\$000
Output Appropriation	93 333	90 724	96 224	2 891 (1)
Capital Appropriation				
<b>TOTAL APPROPRIATION</b>	<b>93 333</b>	<b>90 724</b>	<b>96 224</b>	<b>2 891</b>

## Significant Variances

(1) Transfer of centralised workers compensation claims to the Central Holding Authority	- 1 300
Transfer of the NT Archive Service to the Department of Natural Resources, Environment and the Arts	- 1 272
Remote communications infrastructure	5 500

## Operating Statement

	Final Approved Budget	Actual Result	Total Variance
	\$000	\$000	\$000
<b>Operating Statement</b>			
Income	108 422	108 693	271
Expenses	109 079	109 580	501
<b>Net Surplus(+)/Deficit(-)</b>	<b>- 657</b>	<b>- 886</b>	<b>- 229</b>

## Significant Variances

Income and expense variations less than 1%

# Government Printing Office

## Operating Statement

	May 2007 Published Budget	May 2008 Final Estimates	Actual Result	Total Variance
	\$000	\$000	\$000	\$000
<b>Operating Statement</b>				
Goods and Services Revenue	6 310	5 895	5 871	- 24
Community Service Obligations				
Other Revenue	100	160	142	- 18
Operating Expenses (after Income Tax)	6 152	5 956	5 912	- 44
<b>Net Surplus(+)/Deficit(-)</b>	<b>258</b>	<b>99</b>	<b>102</b>	<b>3</b>

## Significant Variances

Income and expense variations less than 1%

# NT Fleet

## Operating Statement

	May 2007 Published Budget	May 2008 Final Estimate	Actual Result	Total Variance	
	\$000	\$000	\$000	\$000	
<b>Operating Statement</b>					
Goods and Services Revenue	35 000	35 000	35 551	551	(1)
Community Service Obligations					
Other Revenue	1 095	1 898	2 232	334	(2)
Operating Expenses (after Income Tax)	30 268	30 110	30 459	349	(3)
<b>Net Surplus(+)/Deficit(-)</b>	<b>5 827</b>	<b>6 788</b>	<b>7 324</b>	<b>536</b>	

### Significant Variances

(1) Additional revenue from vehicle leases	551
(2) Higher than anticipated profit on disposal of vehicles	273
Additional interest revenue	50
(3) Increased income tax expenses due to higher than anticipated operating surplus	230
Higher than anticipated depreciation expense due to an increased asset base	122

# Data Centre Services

## Operating Statement

	May 2007 Published Budget	May 2008 Final Estimates	Actual Result	Total Variance	
	\$000	\$000	\$000	\$000	
<b>Operating Statement</b>					
Goods and Services Revenue	18 316	18 754	18 720	- 34	
Community Service Obligations					
Other Revenue	189	235	282	47	(1)
Operating Expenses (after Income Tax)	16 817	17 070	16 029	- 1 041	(2)
<b>Net Surplus(+)/Deficit(-)</b>	<b>1 688</b>	<b>1 919</b>	<b>2 974</b>	<b>1 055</b>	

## Significant Variances

(1) Additional interest revenue				11	
Additional revenue from data cabling services				36	
(2) Capitalisation of Epass2 project				- 1 500	
Increased income tax expenses due to higher than anticipated operating surplus				453	

# Department of Local Government, Housing and Sport

Appropriation	May 2007 Published Budget	May 2008 Final Estimate	Final Approved Budget	Total Variance
	\$000	\$000	\$000	\$000
Output Appropriation	84 327	204 093	204 093	119 766 (1)
Capital Appropriation	45	45	45	
<b>TOTAL APPROPRIATION</b>	<b>84 372</b>	<b>204 138</b>	<b>204 138</b>	<b>119 766</b>

## Significant Variances

(1) Closing the Gap initiatives	17 700
Establishment of new Local Government Shires	4 900
Additional funding for the administration and regulation of the <i>Swimming Pool Safety Act</i>	116
Transfer of responsibility for staff housing from various agencies	15 784
Litchfield Shire swimming pool grant	1 500
Additional funding for remote Indigenous housing	20 000
Transfer of funding for Translating Services NT from the Department of the Chief Minister	465
Transfer of funding for the Nightcliff Skate Park to the Department of Employment, Education and Training	- 250
Transfer of Indigenous Essential Services (IES) from the Department of Planning and Infrastructure	56 453
Additional funding for IES	2 978

## Operating Statement

	Final Approved Budget	Actual Result	Total Variance
	\$000	\$000	\$000
<b>Operating Statement</b>			
Income	353 552	369 394	15 842 (2)
Expenses	349 178	334 675	- 14 503 (3)
<b>Net Surplus(+)/Deficit(-)</b>	<b>4 374</b>	<b>34 719</b>	<b>30 345</b>

## Significant Variances

(2) Increased Current and Capital Grant receipts primarily relating to IES and Strategic Indigenous Housing Infrastructure Program (SIHIP)	16 270
(3) Timing differences relating to SIHIP	- 14 616

## Uniform Presentation Framework

# Supplementary Tables

## General Government Sector Taxes

	2007-08 Actual	2006-07 Actual
	\$M	\$M
Taxes on employers' payroll and labour force	141	128
Taxes on property		
Stamp duties on financial and capital transactions	113	112
Taxes on the provision of goods and services		
Taxes on gambling	71	65
Taxes on insurance	25	23
Taxes on the use of goods and performance of activities		
Motor vehicle registration fees	44	40
<b>Total taxes</b>	<b>395</b>	<b>368</b>

## General Government Sector Grant Revenue

	2007-08 Actual	2006-07 Actual
	\$M	\$M
<b>Current grant revenue</b>		
Current grants from the Commonwealth		
General prupose grants	2 252	2 056
Specific purpose grants	421	307
Specific purpose grants for on-passing	99	87
<b>Total current grant revenue</b>	<b>2 772</b>	<b>2 450</b>
<b>Capital grant revenue</b>		
Capital grants from the Commonwealth		
General purpose grants	9	1
Specific purpose grants	145	23
Specific purpose grants for on-passing	79	82
<b>Total capital grant revenue</b>	<b>233</b>	<b>106</b>
<b>Total grant revenue</b>	<b>3 005</b>	<b>2 556</b>

## General Government Sector Grant Expense

	2007-08 Actual	2006-07 Actual
	\$M	\$M
<b>Current grant expense including subsidies and personal benefit payments</b>		
Local government	71	65
Private and not-for-profit sector	279	244
Private and not-for-profit sector on-passing	99	87
Grants to other sectors of government	53	39
Other	138	129
<b>Total current grant expense including subsidies and personal benefit payments</b>	<b>641</b>	<b>565</b>
<b>Capital grants expense</b>		
Local government	2	1
Local government on-passing	9	13
Private and not-for-profit sector	8	20
Private and not-for-profit sector on-passing	70	69
Grants to other sectors of government	83	20
Other	3	7
<b>Total capital grants expense</b>	<b>173</b>	<b>130</b>
<b>Total grant expense</b>	<b>815</b>	<b>694</b>

## General Government Sector Dividend and Income Tax Equivalent Income

	2007-08 Actual	2006-07 Actual
	\$M	\$M
Dividend and income tax equivalent income from PNFC sector	30	8
Dividend and income tax equivalent income from PFC sector	29	33
<b>Total dividend and income tax equivalent income</b>	<b>59</b>	<b>41</b>

## General Government Sector Purchases of Non Financial Assets by Function

	2007-08 Actual	2006-07 Actual
	\$M	\$M
General public services	12	12
Public order and safety	29	15
Education	62	64
Health	36	36
Social security and welfare	2	2
Housing and community amenities	54	40
Recreation and culture	48	44
Fuel and energy	5	2
Agriculture, forestry, fishing and hunting	5	4
Mining, manufacturing and construction	3	7
Transport and communications	91	55
Other economic affairs	2	5
<b>Total purchases of non financial assets</b>	<b>349</b>	<b>285</b>

## Loan Council Allocation

	Original Budget 2007-08	Actual 2007-08
	\$M	\$M
General government sector cash deficit (+)/surplus (-)	6	- 308
Public non financial corporations sector cash deficit (+)/surplus (-)	94	34
Non financial public sector cash deficit (+)/surplus (-)	100	- 274
<i>minus</i> Acquisitions under finance leases and similar arrangements	- 34	- 33
<i>equals</i> ABS GFS cash deficit (+)/surplus (-)	134	- 241
<i>minus</i> Net cash flows from investments in financial assets for policy purposes		22
<i>plus</i> Memorandum items		
<b>2007-08 Loan Council Allocation<sup>1</sup></b>	<b>134</b>	<b>- 263</b>

1. The actual result for 2007-08 is a surplus of \$263 million, an improvement of \$397 million from the 2007-08 Budget time estimate of \$134 million deficit. This is outside the revised tolerance limit of 2 per cent of non financial public sector operating cash receipts, albeit in a positive direction, which is calculated based on the 2007-08 Budget-time estimate.



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