Northern Territory
Auditor-General's Office

Results of Financial Audits

30 June and 31 December 2025

Auditor-General's Report
to the Legislative Assembly
No 1: 2026-27

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At the Northern Territory Auditor-General's Office we acknowledge the Aboriginal and Torres Strait Islander people as the traditional Owners, Custodians of Country throughout Australia and their connection to land, seas and community.

We pay our respects to their cultures, and to their Elders past and present.

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The Speaker
Legislative Assembly of the Northern Territory
Parliament House
Darwin

Auditor-General's Report to the Legislative Assembly No. 1 of 2026-27

In accordance with section 24 of the *Audit Act 1995*, I submit to the Legislative Assembly my report on the results of annual audits of financial reports completed between the tabling of Report No. 5 of 2025–26 and 30 June 2026.

The report primarily covers entities operating in the higher education, vocational education and training (VET), and research sector and outlines the key outcomes and observations arising from those audits.

Jara K Dean
Auditor-General

20 July 2026

Auditor-General's Report to the Legislative Assembly

No 1: 2026-27

Results of Financial Audits

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AUDITOR-GENERAL'S OVERVIEW

Introduction

The *Audit Act 1995* provides a legislative requirement for the Auditor-General to report to the Legislative Assembly at least once each year on matters arising from audits.

This is the first report of 2026-27 advising the Legislative Assembly on the results of financial audits completed since we last reported on our financial audit work in Report No. 5 of 2025-26 (tabled on 26 November 2025) and 30 June 2026.

The report includes commentary on the results of audits, key findings and financial performance of:

- entities in the higher education, vocational education and training (VET), and research sector for the calendar year ended 31 December 2025
- a small number of other entities for the financial year ended 30 June 2025 which were not completed in time for the November 2025 report
- the Northern Territory Police Supplementary Benefit Scheme for the period from 1 July 2024 until closure of its fund on 25 February 2026.

About this report

The report outlines the results of eight annual audits of financial reports.

It includes a section on education providers who report on a calendar year. In the Northern Territory, public tertiary education and research are delivered by:

- Charles Darwin University
- Menzies School of Health Research
- Batchelor Institute of Indigenous Tertiary Education.

The report also covers 30 June 2025 audits of:

- Territory Wildlife Parks
- Nitmiluk (Katherine Gorge) National Park Board
- Cobourg Peninsula Sanctuary and Marine Park Board.

In addition, the report documents the closure of the Northern Territory Police Supplementary Benefit Scheme's fund following the retirement of its last contributing member.

Quality and timeliness of financial reporting

All entities included in the report received clean audit opinions on their financial reports. A clean or unmodified audit opinion means that the Legislative Assembly and other users can have confidence in the information presented in the audited financial report.

Audit opinions issued

Clean Audit Opinion	Clean Audit Opinion with Emphasis of Matter	Qualified Audit Opinion
5	**3**	**0**

We added an emphasis of matter paragraph to some audit reports to highlight certain information for users which have been appropriately disclosed in the financial report.

The inclusion of an emphasis of matter paragraph in the auditor's report does not affect or modify the audit opinion and the reliance on the information in the financial report.

The types of audit opinions are explained in Appendix B *About auditing*.

In some instances, the financial reports initially submitted for audits required substantial corrections before we could issue clean audit opinions.

Timeliness of financial reporting impacts the relevance and usefulness of financial information and is fundamental for transparency, accountability and public trust. Our target for audited entities to finalise their financial report, for the audit to be completed and for the Auditor-General to issue the audit report is the first 100 days after balance date.

Time taken after balance date to issue audit report

≤ 100 days	> 100 days and ≤ 6 months	> 6 months

Adopting good financial reporting practices throughout the year is the major factor contributing to most entities being able to complete their financial report in a timely and efficient manner.

Timely financial reporting not only ensures that Parliament is better informed, it also enables entities to release resources for other important financial management tasks, thereby improving the overall transparency, efficiency and financial management of the public sector.

It took on average five months after the relevant year end to issue audit reports on financial reports of the entities included in this report.

149

Average number of days after balance date to issue audit report[1]

[1] We did not measure Northern Territory Police Supplementary Benefit Scheme's reporting timeliness because it was agreed that financial reports for the year ended 30 June 2025, and the period ended 25 February 2026 would both be prepared upon closure of the Fund.

Audit observations

We report audit findings, including any significant deficiencies in internal control, accounting issues or matters of governance interest that we identify during audits to those charged with governance.

Audit issues

Significant	High	Moderate	Low
3	6	24	10

Significant risk audit issues related to control deficiencies at the Department of Tourism and Hospitality:

- Ongoing deficiencies in processes and controls for recording and reconciling revenue on behalf of Nitmiluk (Katherine Gorge) National Park Board and Cobourg Peninsula Sanctuary and Marine Park Board. These weaknesses have the potential to impact the accuracy and completeness of revenue reported in the financial statements.
- Lack of controls over the identification, recording and capitalisation of capital works projects by Territory Wildlife Parks. The control deficiencies led to a material misstatement in property, plant and equipment balances and ultimately impacted the timely completion of the audit.

High risk audit issues were raised mainly in connection with controls around user access to IT applications and incorrect accounting practices.

The risk rating of audit issues is explained in Appendix C *Risk rating of audit issues.*

Financial snapshots

Higher educatiion, VET and research sector

This report presents the results of the audits of three Northern Territory public tertiary education and research institutions: Charles Darwin University (CDU), Menzies School of Health Research (Menzies) and Batchelor Institute of Indigenous Tertiary Education (Batchelor Institute).

Together, these entities play a significant role in delivering higher education, VET and research across the Territory, attract substantial government funding and are major employers.

All three entities received clean audit opinions on their 2025 financial reports, providing assurance that the financial statements were prepared in accordance with the relevant financial reporting framework and were free from material misstatement.

The financial results for 2025 reflected generally positive operating outcomes across the sector. CDU recorded a surplus of $15.4 million following deficits in previous years, supported by growth in Australian Government funding and higher student fee revenue on the back of increased international student enrolments. Menzies reported a surplus of $13.0 million driven by strong growth in research funding, particularly through the National Health and Medical Research Council and contract research activities. Batchelor Institute continued to report operating deficits, however, its financial position remained stable with positive operating cash flows.

The audits identified a number of governance, financial management and information technology control weaknesses requiring management attention. Across CDU and Menzies, recurring information technology access control issues remained unresolved, including weaknesses in user account management, privileged access controls and monitoring of system access. These deficiencies continue to present risks to the security of information systems.

At Batchelor Institute, audit observations focused primarily on governance and internal control processes, including implementation of Independent Commissioner Against Corruption recommendations, revenue recognition practices, related-party disclosures and information technology controls.

The institutions manage significant assets and cash holdings. CDU completed major infrastructure projects and reported property, plant and equipment valued at $757 million. Menzies maintained strong liquidity, with cash and investments approaching $90 million, reflecting the long-term nature of research funding arrangements. Batchelor Institute increased its cash holdings to $14.4 million despite recording an accounting deficit, demonstrating the distinction between reported operating results and cash sustainability.

National park boards and Territory Wildlife Parks

Nitmiluk (Katherine Gorge) National Park Board and Cobourg Peninsula Sanctuary and Marine Park Board (the national park boards) and Territory Wildlife Parks are responsible for managing some of the Northern Territory's iconic assets, supporting traditional owner interests and delivering visitor and conservation services.

All three entities received clean audit opinions. However, the Cobourg Peninsula Sanctuary and Marine Park Board's audit report included an emphasis of matter relating to uncertainty associated with a land claim.

While material misstatements identified during the audits were resolved prior to the issuance of audit reports, significant governance, financial management and control weaknesses continue to affect the audited entities. Most notably, many previously reported audit issues within the Department of Tourism and Hospitality who supports the national park boards remain unresolved and Territory Wildlife Parks experienced substantial deficiencies in year-end financial reporting processes that resulted in the publication of an unaudited financial report that differed materially from the subsequently audited version.

The national park boards generated nearly $1.9 million in park income during 2024-25, of which $1.2 million was distributed to traditional owners. However, longstanding control deficiencies remain unresolved. Significant concerns continue regarding the reliability of revenue reported by commercial operators, the absence of updated park management plans and weaknesses in governance, asset management and financial administration. The continued recurrence of audit findings indicates that corrective actions have not been implemented with sufficient urgency.

Territory Wildlife Parks, a government business division, continued to rely heavily on government funding to support its operations, receiving $8.6 million in community service obligation payments. The entity recorded a deficit of $2.6 million. Audit work identified a significant issue relating to asset valuations, resulting in an overstatement of physical assets by $3.4 million prior to correction. Weaknesses in financial reporting processes contributed to delays in finalising the financial report and non-compliance with statutory reporting requirements.

Northern Territory Police Supplementary Benefit Scheme

The report documents the closure of the Northern Territory Police Supplementary Benefit Scheme's fund following the retirement of its last contributing member. The fund closed on 25 February 2026 and all remaining assets and liabilities were transferred to the Northern Territory Government.

How to use this report

A complete financial report normally comprises a balance sheet, income statement, statement of cash flows, statement of changes in equity, accompanying notes and explanatory material that form an integral part of the financial report.

The analysis presented in this report focuses on three of the primary financial statements: the income statement (also referred to as the statement of profit and loss), the balance sheet (or the statement of financial position) and the cash flow statement. Together, these statements provide a comprehensive view of an entity’s overall financial performance, position and cash management.

The **income statement** reports the revenues earned and expenses incurred during the reporting period and indicates whether the entity generated sufficient revenue to meet its operating costs, including depreciation and other expenses

Under accrual accounting, revenues and expenses are recognised when they are earned or incurred, rather than when cash is received or paid.

Including non-cash transactions provides a more comprehensive view of financial performance. For example, depreciation reflects the consumption of an asset's economic benefits over time due to use, wear and tear or obsolescence.

The **cash flow statement** complements the income statement by reporting actual cash inflows and outflows during the reporting period. It adjusts net income for non-cash items, such as depreciation, and for changes in working capital balances. In effect, the cash flow statement removes the impacts of accrual accounting to explain the movement in cash and cash equivalents between the beginning and end of the reporting period.

The **balance sheet** presents the entity's assets, liabilities and equity at the reporting date, providing a snapshot of its financial position. The asset section typically begins with cash and cash equivalents, the closing balance of which agrees to the ending cash balance reported in the cash flow statement.

The three statements are interconnected. Net income reported in the income statement contributes to changes in equity reported in the balance sheet, while the statement of cash flows reconciles accounting profit to the entity's actual cash position. Collectively, these statements provide users with a comprehensive understanding of an entity's financial sustainability, liquidity and overall financial health.

Income Statement

Government grants		$xxx
Other income		$xxx
Total revenue		$xxx
Employee costs		$xxx
Depreciation		$xxx
Other expenses		$xxx
Total expenses		$xxx
NET RESULT	1	$xxx

Cash Flow Statement

Receipts		$xxx
Payments		($xxx)
CF from operations		$xxx
Capital purchases		($xxx)
Proceeds from loans		$xxx
Net cash flows		($xxx)
Cash at beginning		$xxx
Net cash flows	2	($xxx)
CASH AT YEAR END		$xxx

Balance Sheet

Cash	3	$xxx
Receivables		$xxx
Physical assets	4	$xxx
Total assets		$xxx
Payables		$xxx
Borrowings		$xxx
Total liabilities		$xxx
NET ASSETS		$xxx
EQUITY		$xxx

Financial information (example)

	2024 $'000s
Government financial assistance	xxx
Sales of goods and services	xxx
Other revenue	xx
Total revenue	**x xxx**
Employee expenses	xxx
Other operating expenses	xxx
Depreciation	xx
Total expenses	**x xxx**
Net results 1	**x**
add back Net non-cash transactions	
Depreciation	xx
add back Net changes in working capital	x
Cash flows from operations	xx
less Capital spend	(x)
Borrowings	x
Other flows	(x)
Net increase/(decrease) in Cash 2	(xx)
Cash at the end of the year 3	xxx
Working capital	xx
Borrowings	x
Physical assets at the start of the year	xxx
Additions	x
Depreciation	xx
Revaluation	-
Disposal	(x)
Physical assets at the end of the year 4	xxx

Governments are generally not concerned with obtaining a financial return but are usually more interested in the ability of an entity to achieve its non-financial objectives, which in turn may depend upon the entity's financial position and financial performance.

To assure long-term financial sustainability, entities should, at a minimum, budget and operate to break-even while managing their assets in a way that maximises service delivery and manages related risks. Surpluses over a longer period disadvantage those who rely on the services and losses are not sustainable in the long-term.

Non-cash transactions such as depreciation and accrual accounting transactions are added back to the Net result to arrive at ***Cash flows from operations.***

Cash spend on assets can be used to calculate the ***Assets sustainability ratio*** (Capital spend divided by Depreciation expense)

The ratio provides a comparison of the rate of spending on existing property, plant and equipment through renewing, restoring and replacing existing assets, with depreciation.

Working capital measures liquidity and is the difference between current assets (cash, accounts receivable etc.) and current liabilities (accounts payable, accrued expenses etc.).

Unless otherwise stated, all financial information presented in this report has been sourced from audited financial reports. Any information derived from other unaudited sources is separately identified.

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HIGHER EDUCATION AND VET SECTOR

Introduction

Charles Darwin University (CDU) and the Batchelor Institute of Indigenous Tertiary Education (Batchelor Institute) are the Northern Territory's only public dual-sector tertiary education providers.

Dual-sector providers are distinctive because they deliver both vocational education and training (VET) and higher education programs within a single institution. This enables integrated learning pathways, allowing students to progress from certificates and diplomas to degree-level qualifications while benefiting from a combination of industry-focused training and academic education.

Funding

The Australian Government has primary responsibility for the higher education sector. It supports higher education institutions through direct funding under the Commonwealth Grant Scheme and by underwriting the Higher Education Loan Program (HELP), which enables students to defer tuition and related fees.

HELP loans are paid directly to providers and include:

- HECS-HELP for student contribution amounts in Commonwealth-supported places
- FEE-HELP for tuition fees in full fee-paying places
- SA-HELP for student services and amenities fees.

Responsibility for the VET sector is shared between the Australian and state and territory governments.

Australian Government support includes funding for agreed outcomes and VET Student Loans, which similarly to HELP loans are paid directly to approved providers for eligible students undertaking designated courses.

The majority of Australian Government VET funding is directed towards employer assistance programs, including workforce training initiatives, advisory services and incentives for employers to engage apprentices and trainees. Most direct VET delivery funding is provided by states and territories, with the Australian Government largely funding delivery indirectly through the National Skills Agreement, Fee-Free TAFE and similar agreements. This funding is administered by jurisdictions and combined with their own funds for training delivery and related VET programs.

A new five-year National Skills Agreement commenced on 1 January 2024. The agreement provides access to additional funding for a number of national priorities focused on addressing critical skills and workforce shortages and longer-term VET reform.

Under the agreement, the Northern Territory is eligible to receive up to $154.8 million over five years, comprising:

Northern Territory's funding component	Maximum contribution $'000	Share of funding pool
Flexible funding (minimum contribution)	85 130	1.0%
Flexible funding (maximum additional cap funding)[1]	22 810	1.0%
Policy initiatives	46 860	4.3%
NT's estimated maximum funding	**154 800**	**1.3%**

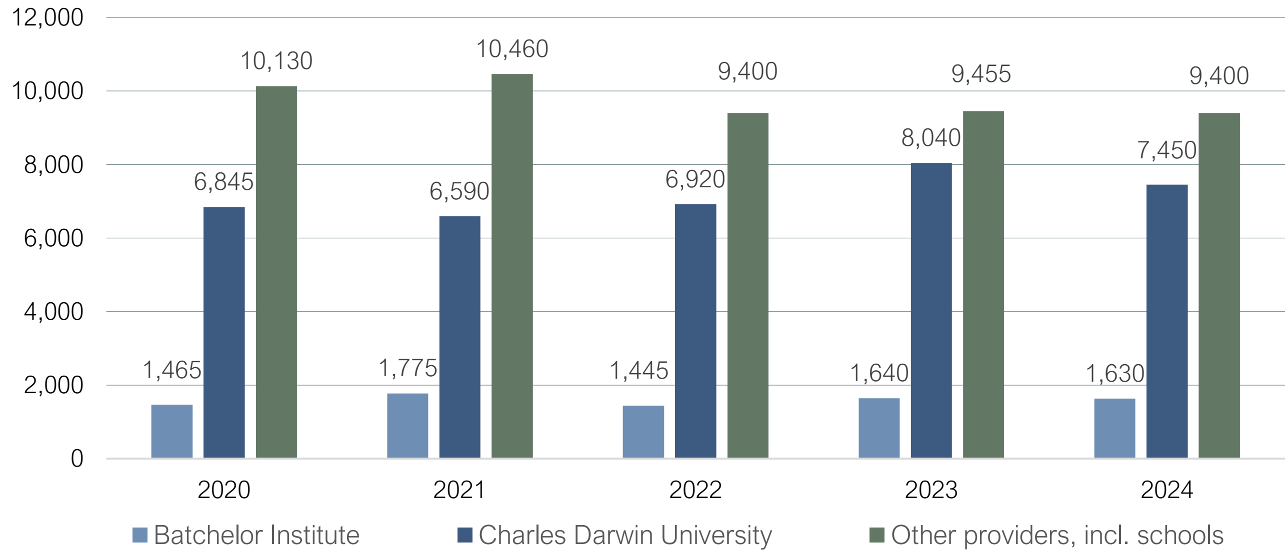
[1]Flexible funding will scale in proportion to eligible Territory expenditure, up to agreed maximum caps.

Source: National Skills Agreement (1 January 2024 to 31 December 2028).

The Northern Territory's share of flexible funding broadly reflects its proportion of VET students compared with other jurisdictions. However, the Territory receives a significantly larger share of policy initiative funding, recognising its unique challenges and strategic importance in areas such as Closing the Gap, improving outcomes for First Nations Australians, addressing workforce shortages in remote communities and supporting economic development across the Territory. This targeted funding reflects the agreement's focus on achieving nationally significant outcomes while recognising differing jurisdictional needs.

The VET sector in the Northern Territory is characterised by almost an even split between public and private providers and schools.

Figure 1: Nationally recognised VET activity by provider/provider type (2020-2024)



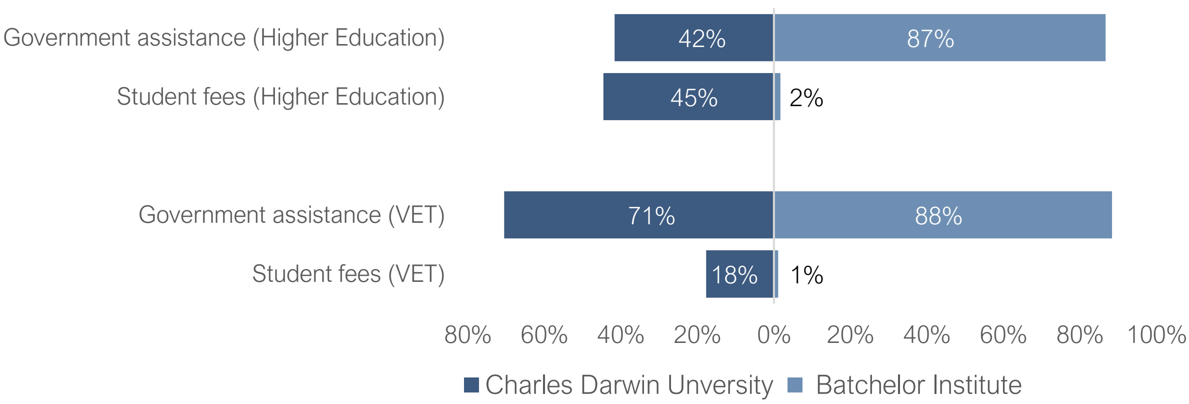
Source: National Centre for Vocational Education Research.

On average over the past five years, private providers and schools delivered larger share of nationally recognised VET activity, exceeding the activity levels of both CDU and Batchelor Institute. This indicates that a significant proportion of VET courses (certificate or above, excluding single subjects such as white card or first aid) is delivered outside the public sector. As a result, CDU and Batchelor Institute operate in a competitive environment, competing with a large cohort of private providers for public funding and student enrolments. The relatively stable activity levels at Batchelor Institute and the modest growth in CDU's activity suggest that neither institution has significantly increased its share of the overall VET market during the period.

While both CDU and Batchelor Institute are dual-sector providers delivering VET and higher education, CDU is predominantly a comprehensive university with significant TAFE operations, whereas Batchelor Institute is a specialist Indigenous tertiary institution whose activity is more heavily concentrated in vocational education and training, particularly for First Nations learners in regional and remote communities.

The differing roles are reflected in revenue profile of the two providers is shown in Figure 2.

Figure 2: Government assistance and student fees as a percentage of total revenue (2025)



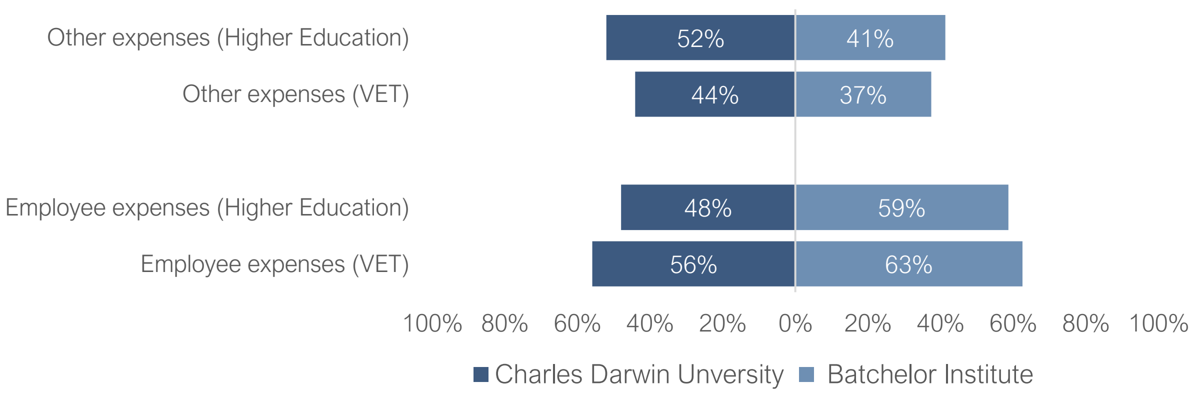
Source: CDU and Batchelor Institute financial reports (audited).

Batchelor Institute is significantly more reliant on government funding than CDU across both higher education and VET activities. Government assistance accounts for 87 per cent of Batchelor Institute's higher education income and 88 per cent of its VET income, compared with 42 per cent and 71 per cent respectively for CDU. Conversely, student fees comprise a much larger share of CDU's income, contributing 45 per cent of higher education revenue and 18 per cent of VET revenue, compared with just 2 per cent and 1 per cent respectively for Batchelor Institute.

While CDU attracts a broad student base across higher education, postgraduate studies, research and VET, resulting in a greater capacity to generate revenue from student fees, Batchelor Institute is a specialist Indigenous tertiary education provider with a strong focus on improving educational access and workforce participation for indigenous students in regional and remote communities. As a result, its operations are supported predominantly through government funding rather than fee revenue.

The composition of expenditure also reflects the distinct roles of the two dual-sector providers as shown in Figure 3.

Figure 3: Employee and other expense as a percentage of total sector expenditure (2025)



Source: CDU and Batchelor Institute financial reports (audited).

Batchelor Institute directs a larger proportion of expenditure towards employee-related costs in both higher education (59 per cent) and VET (63 per cent) than CDU (48 per cent and 56 per cent respectively). CDU's expenditure is more evenly distributed across employee and other operating expenses, consistent with its broader university functions, including research, student services and infrastructure.

When considered alongside the revenue profile, the expenditure profile highlights the complementary roles of the two institutions. CDU's more diversified revenue base, including a greater contribution from student fees, supports a broader mix of operational expenditure. Batchelor Institute's stronger reliance on government funding is accompanied by a workforce-intensive expenditure model, reflecting its focus on delivering education and training services to students from regional and remote communities. CDU's more balanced expenditure profile is consistent with its larger higher education footprint and greater capacity to generate student fee revenue.

Financial reporting

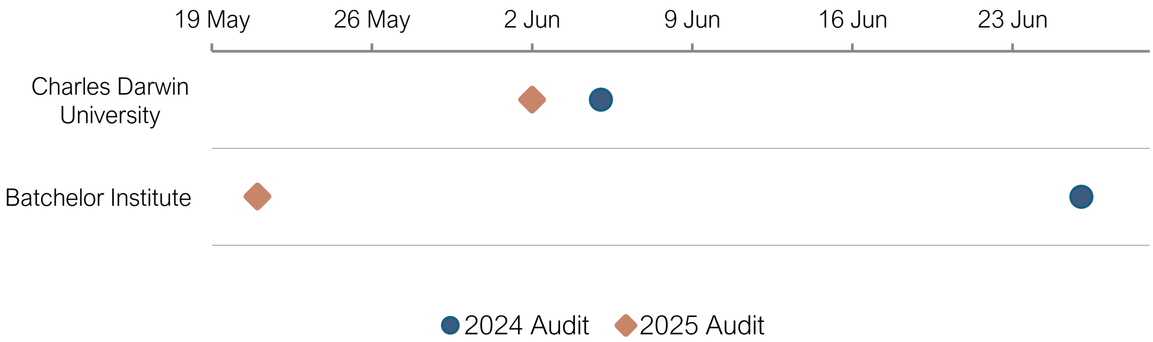
Entities in the higher education and VET sectors report on a calendar year basis. The Vice-Chancellor of CDU and the Chief Executive Officer of Batchelor Institute are required to submit financial reports to the Auditor-General by 31 March and the Auditor-General is required to report to the responsible ministers on the financial reports by 30 June each year.

Both CDU and Batchelor Institute prepare their financial reports in accordance with their respective enabling legislation and the requirements of the *Higher Education Support Act 2003* (Cth). As registered charities, they must also comply with the reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (Cth), including Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022* (Cth).

Our audit approach and reporting were designed to address these multiple legislative and regulatory reporting obligations. This included considering the financial reporting requirements arising from the institutions' status as public tertiary education providers, as well as their obligations as registered charities, to provide assurance that the financial reports complied with all applicable frameworks.

Both audits were completed before the statutory reporting deadline of 30 June. As shown in Figure 4, the audit of Batchelor Institute was finalised significantly earlier in 2025, with completion occurring more than five weeks ahead of the 2024 audit. The completion date for CDU was broadly consistent across the two years

Figure 4: Audit completion dates (2024 and 2025)



Source: Northern Territory Auditor-General’s Office.

Notwithstanding compliance with statutory reporting requirements, there is an opportunity to improve the timeliness of financial reporting and audit completion. The completion dates for both CDU and Batchelor Institute were above the Auditor-General's target of 100 days from year end. While financial reports were prepared and audit matters were substantially resolved earlier in the reporting cycle, the timing of Council meetings can influence when audited financial reports are approved and audit reports are issued. Consideration could be given to aligning Council meeting schedules more closely with the completion of the annual audit to facilitate earlier certification and improve performance against the timeliness benchmark.

Key audit matters

Disclosing key audit matters in audit reports contributes to better governance, increases transparency, improves audit quality and overall adds to better financial reporting.

Key audit matters encourage dialogue between the Auditor-General and those charged with governance, contributing to better governance.

Key audit matters help auditors focus their attention and effort on areas of higher risk or significant judgement, contributing to the quality of the audit.

Key audit matters provide preparers and users of financial reports with greater insight into the audit process and areas involving significant management judgement, contributing to improved transparency and higher quality financial reporting.

Consistent with these objectives, the audit reports on the financial reports of CDU and Batchelor Institute included key audit matters relating to the areas that required the greatest auditor attention and involved the most significant audit judgements. The key audit matters reported for both institutions focused on the following areas:

- recognition of revenue, predominantly government grants
- valuation of land, buildings and infrastructure assets.

Recognition of revenue income

Education providers and research institutions derive a significant portion of their income from government grants, research contracts and student fees. Revenue from these sources is material to the financial reports and involves a high degree of complexity and judgement.

Revenue recognition in the education and research sectors requires management to assess the nature of funding arrangements, including whether they are within the scope of AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities*, and to determine the appropriate timing of revenue recognition. This includes identifying performance obligations and assessing whether revenue should be recognised over time or at a point in time.

We consider this to be a key audit matter because these revenue sources are financially significant, the judgement involved in identifying performance obligations and recognition timing and the presumed risk of fraud in revenue recognition.

Valuation of property, plant and equipment (PPE)

Education providers own significant land, buildings and infrastructure assets. These assets are measured at fair value, which is determined using valuation techniques that involve significant judgement and estimation.

We consider this to be a key audit matter because of the financial significance and key judgements involved in determining replacement costs of specialised buildings, assessing the condition and remaining useful lives of buildings and infrastructure assets and selecting appropriate valuation inputs and assumptions.

In addition, the calculation of depreciation of building and infrastructure assets includes estimation of useful lives and residual values which involves a high degree of subjectivity. Changes in assumptions underlying depreciation calculations can significantly impact the depreciation charged.

Parent v consolidated financial information

While Charles Darwin University as the parent entity and Menzies School of Health Research as its controlled entity comprise an economic entity, both entities are established under separate legislation, with their own governance structures and reporting obligations. In our analysis, we focused on financial information for CDU as the parent entity rather than the consolidated group to better understand the key drivers and risks impacting its balance sheet, its cash flows or its ability to generate sufficient revenue to ensure its financial sustainability.

Charles Darwin University

Introduction

Charles Darwin University (CDU) is a dual-sector provider offering both higher education and vocational education and training across seven campuses in Darwin, Sydney and remote locations in the Northern Territory.

This chapter presents financial information for CDU as the parent entity.

Snapshot

		2025 $'000	2024 $'000
Surplus/(Deficit)	↗	15 379	(3 169)
Cash flows from operations	↗	63 705	19 638
Total cash and term deposits	↗	189 334	149 650
Unspent grants and refund obligations	↗	97 384	81 197
Working capital	⇆	39 387	42 162

↗ Improvement from prior year ↘ Deterioration from prior year ⇆ No material change from prior year

Quality and timeliness of financial reporting

A draft financial report was submitted on 23 March 2026. The financial report was certified on 2 June 2026 and the audit report was issued on the same day.

CDU received a clean audit opinion on the financial report

153
Number of days after balance date to issue audit report

Background

CDU was established under the *Charles Darwin University Act 2003*. CDU provides both higher education and vocational education and training (VET) and controls Menzies School of Health Research.

The cost of higher education is subsidised by the Australian Government through the Commonwealth Grant Scheme. Eligible students may receive financial assistance from the Australian Government to help pay for the cost of their study under the Higher Education Loan Program (HELP). HELP loans are paid directly to CDU.

The Northern Territory Government funds VET, with a significant proportion of that funding contributed by the Australian Government through intergovernmental agreements.

CDU also engages in research and experimental development activities which are funded from government grants and financial support from non-government entities.

Financial reporting

The *Charles Darwin University Act 2003* requires the Vice-Chancellor to prepare the financial report by 31 March and forward it to the Auditor-General. The Auditor-General must audit the financial report and report to the responsible minister.

A draft financial report was submitted for audit on 23 March 2026. The audit report was issued on 2 June 2026.

CDU prepares a consolidated financial report, which combines the financial transactions and balances of CDU as the parent entity and Menzies School of Health Research as its controlled entity.

Audit observations

Audit issue	Risk rating
Terminated users were not removed or deactivated from the system in a timely manner	High
Privileged-level access is not appropriately restricted	Moderate
Incorrect assessment of grant agreements	Moderate
Deficiencies in end-of-year financial reporting processes	Moderate
Bank signatories included a former employee	Moderate

Although CDU has a formal process to disable user accounts, we continue to identify instances where access to the main finance and student management systems was not disabled in a timely manner. Failure to promptly disable user accounts increases the risk of unauthorised access.

Update on prior year's audit observations

Audit issue	Risk rating	Status
Applications user access controls	High	Unresolved
The assessment of accounting for grant agreements requires improvement[1]	Moderate	Partially resolved
No Service Level Agreement for the provision of information technology services to Menzies School of Health Research	Moderate	Resolved

Unresolved Partially resolved Resolved

[1]Whilst the revenue assessment process has improved compared to the previous year, there were still instances in 2025 where management's assessment was incorrect.

Financial analysis

CDU recorded a surplus of $15.4 million in 2025 compared to a deficit of $3.2 million in the previous year.

Total revenue increased substantially to $433.5 million during 2025, up from $377.5 million in the previous year. The $56.0 million increase in revenue was largely due to increased funding from the Australian Government and student fees, largely overseas students.

As a dual sector provider, CDU received funding from both the Australian and Northern Territory Governments:

		Higher Education		VET	
		2025 $'000	**2024 $'000**	**2025 $'000**	**2024 $'000**
Australian Government	↗	141 701	117 952	2 990	1 161
Northern Territory Government	⇆	10 070	9 254	1 551	3 086
Total Government funding	↗	**151 771**	**127 206**	**4 541**	**4 247**

Funding from the Australian Government represented 33 per cent of total revenue. The increase of $25.6 million in 2025 to $144.7 million in 2025 was predominantly due to increased subsidies, mainly for students studying in Commonwealth supported places in areas such as education and health to address skill shortages.

CDU also recognised $13.9 million in capital grants received from the Australian Government, including $10.0 million for the construction of a new health teaching and research facility.

Funding from the Northern Territory Government remained largely unchanged at $11.6 million.

Revenue from student fees increased by 13 per cent to $219.3 million in 2025, driven by a 5.5 per cent increase in total enrolments.

Overall enrolments grew across both higher education and VET. Total enrolments increased from 28,535 in 2024 to 30,096 in 2025. This growth was supported by a significant rise in international student enrolments, which increased by 29 per cent, compared to more modest growth in domestic enrolments of 1.4 per cent.

	Higher Education		**VET**	
	2025	**2024**	**2025**	**2024**
Domestic student enrolments	9 152	9 478	15 529	14 862
International student enrolments	5 070	3 789	345	407
Total enrolments	14 222	13 266	15 874	15 269

Source: Provided by CDU (unaudited).

The increase in international students was concentrated in higher education, where enrolments rose from 3,789 in 2024 to 5,070 in 2025. In contrast, domestic student growth was primarily in VET, with enrolments increasing from 14,862 to 15,529, while domestic higher education enrolments declined slightly.

Revenue from course fees paid by international students increased by $18.3 million to $111.1 million during the year. International student fees accounted for 50 per cent of CDU's own-source revenue, representing a slight increase from 48 per cent in the prior year and highlighting a growing reliance on this revenue stream.

Overall, the strong growth in higher-margin international students in higher education was the key driver of the increase in student fee revenue.

The Australian Government introduced caps on new international student enrolments to improve the integrity and sustainability of the international education sector. CDU's allocation of new overseas student commencement for 2025 was 2,200 for higher education and 90 for VET courses. This initial allocation was a 10 per cent increase on the number of overseas student commencements in 2023. The cap on new overseas students commencing higher education courses is set to increase to 2,650 in 2026. VET allocation remains unchanged at 90 new commencements.

Other revenue, which increased by $5.5 million to $57.9 million comprised largely of grants from non-government and government entities for research and experimental development. Revenue from contract research grew by $4.7 million predominantly due to $3.2 million recognised in 2025 for targeted workforce innovation research to address critical health shortages in partnership with the Northern Territory Department of Health.

Total expenses increased to $418.2 million in 2025, compared to $380.7 million in the prior year, representing an overall increase of 10 per cent.

Employee expenses remained the largest cost component, accounting for 50 per cent of total expenditure and increasing from $196.7 million in 2024 to $209.4 million in 2025.

Despite a reduction in the average number of full-time equivalent (FTE) employees during the year, the 6.5 per cent increase in employee expenses was primarily driven by indexation, as well as higher utilisation of part-time and casual staff.

Whilst CDU experienced a reduction in the average number of FTE employees during the year, the increase was primarily attributable to indexation and the employment of part time and casual employees during the year.

This was particularly evident in employee benefits for academic staff, which rose by 14 per cent compared to the prior year, while non-academic employee benefits remained broadly consistent.

		2025 $'000	2024 $'000	2023 $'000
Academic staff	↗	100 833	88 443	83 949
Non-academic	⇆	96 723	97 369	96 274
Total employee benefits[1]	⇆	**197 556**	**185 812**	**180 196**

[1]Excludes payroll tax, workers compensation cost and redundancies.

Total staff numbers decreased by 126 FTEs during the year across both academic and non-academic staff.

		2025 FTE	2024 FTE	2023 FTE
Academic staff average	⇆	627	635	606
Non-academic average	↘	728	846	893
Total staff average	⇆	**1 355**	**1 481**	**1 499**

Source: Provided by CDU (unaudited).

Other expenses increased by $19.7 million to $181.3 million in 2025 (2024, $161.6 million), broadly in line with CDU's expanded enrolment base and strategic growth initiatives. The increase in expenditure aligns with higher revenue generated from international students and the expansion of medical-related disciplines.

Key movements in other expenses included:

- scholarships, grants, and prizes increased by $11.9 million to $56.4 million, reflecting CDU's continued investment in its revenue growth strategy. This includes attracting international students and Higher Degree by Research candidates through targeted financial support for eligible programs
- materials expenses increased by $4.4 million to $18.2 million, primarily driven by growth in nursing and medical student enrolments
- a combined increase of $5.1 million was recorded across agents' fees, travel, utilities, and facilities management, reflecting both higher international student activity and the first full year of operations of the new Darwin City campus.

Repairs and maintenance rose by $1.3 million to $8.1 million (2024, $7.0 million), primarily attributable to CDU's expanded asset base and ageing existing assets.

CDU also recognised an impairment loss of $1.6 million on the underutilised Alice Springs Trades Training Centre.

CDU continued to generate positive net cash flows from operations and increase its cash balance year on year. CDU held $114.3 million in cash and short-term deposits as at 31 December 2025. A further $75.0 million was invested in medium-term deposits, of which $42.7 million (2024, $42.7 million) was held on behalf of Menzies School of Health Research.

		2025 $'000	2024 $'000	2023 $'000
Cash at bank	↗	94 334	41 150	33 601
Term deposits (maturity < 90 days)	↘	20 000	40 000	51 323
Term deposits (maturity > 90 days)	⇆	75 000	68 500	111 000
Total cash and term deposits	↗	**189 334**	**149 650**	**195 924**

The improved cash position was largely due to the increased funding and student fees. During the year, CDU also sold all the shares in IDP Education Ltd for $16.7 million and halved its capital spend to $36.4 million.

CDU's working capital position remained relatively unchanged at $39.4 million as at 31 December 2025 (2024: $42.2 million).

CDU borrowed $126.5 million from the Northern Territory Infrastructure Facility to fund the construction of the Danala campus in Darwin. The loan is interest-only loan for the first 10 years and is repayable by March 2048. Interest on the loan was $2.2 million per annum.

Unspent grants and refund obligations comprised Australian Government financial assistance received in advance, student fees for courses not yet delivered and unearned grant revenue. The balance of unspent grants and refund obligations increased by $16.2 million to $97.4 million as at 31 December 2025 (2024, $81.2 million). This increase was primarily driven by the earlier processing of enrolments for both domestic and international students for the first semester of the 2026 academic year.

The carrying value of CDU's property, plant and equipment (excluding right of use assets) was $757.1 million as at 31 December 2025, representing an increase of $55.3 million compared to 2024.

During the year, CDU completed:

- a new health teaching and research facility, jointly funded by the Australian Government
- a new VET training centre, jointly funded by the Northern Territory Government.

A total of $45.5 million was capitalised in additions to buildings, infrastructure assets, and plant and equipment in 2025.

CDU underwent a full revaluation of its land, buildings and infrastructure assets in 2025, which resulted in a net increase of $42.0 million in their carrying amount. The value of artworks and library collections also increased by $1.8 million.

	Last valuation	Valuation method	Revaluation increment $'000	Impairment loss $'000	Carrying Amount $'000
Land	2022	Market	5 655	-	46 055
Infrastructure	2022	Replacement cost	6 456	-	40 605
Buildings	2022	Replacement cost	29 899	(1 569)	633 966
Library collection	2022	Replacement cost	1 215	-	4 247
Artwork	2022	Replacement cost	545	-	2 783
Total			**43 770**	**(1 569)**	**727 656**

Depreciation expense, excluding right of use assets increased by $5.1 million to $23.2 million driven by the commissioning of new assets, namely the Danala campus in 2024. Depreciation is likely to increase in future years due the increased values of depreciated assets, such as buildings and land improvement.

During 2025, CDU invested $36.4 million in its assets, down from $71.3 million in 2024 following the completion of several major capital projects. Capital investment continued to exceed annual depreciation, resulting in an asset sustainability ratio of 157 per cent for the year, which remains above the benchmark of 100 per cent.

	2025 $'000	2024 $'000	2023 $'000
Depreciation on property, plant and equipment[1]	23 193	18 085	15 583
Payments for property, plant and equipment	36 421	71 303	116 302
Asset sustainability ratio	**157.0%**	**394.3%**	**746.3%**

[1]Excludes leased (right of use assets).

Other matters

CDU recognised a provision of $2.0 million for the cost of remediating unfinished carpentry qualifications. This estimate includes additional costs associated with student consumables, consultants and reimbursed expenses for both students and their employers.

In addition, CDU continued to remediate the underpayment of casual employee wages, with $2.7 million repaid as at December 2025. No provision was recognised for the remaining cost of completing remediation for all impacted employees. Due to the individual circumstances of each employee, CDU is unable to reliably estimate the outstanding back-payments. In June 2026, CDU entered into an enforceable undertaking with the Fair Work Ombudsman.

In 2025, CDU announced plans to establish a campus in London to deliver online postgraduate programs with in-person masterclasses. Those plans were discontinued in early 2026.

Financial information

	2025 $'000	2024 $'000	2023 $'000
Australian Government financial assistance	144 691	119 113	104 338
Northern Territory Government financial assistance	11 621	12 340	18 450
Student fees and loans	219 274	193 625	170 943
Other revenue	57 949	52 409	48 283
Total revenue	433 535	377 487	342 014
Employee expenses	209 372	196 682	190 636
Other operating expenses	181 315	161 638	153 406
Depreciation	27 469	22 336	18 575
Total expenses	418 156	380 656	362 617
Surplus/(Deficit)	15 379	(3 169)	(20 603)

Cash flows from operations	63 705	19 638	23 661
less Capital spend	(36 421)	(71 303)	(116 302)
Borrowings	-	8 125	107 397
Proceeds from sale of equity investments	16 714	42 500	-
Net transfers from/(to) term deposits	(6 500)	-	(22 000)
Other flows	(4 314)	(2 734)	(1 552)
Net increase/(decrease) in cash	33 184	(3 774)	(8 796)

Cash at the end of the year	114 334	81 150	84 924
Working capital	39 387	42 162	105 314
Unspent grants and refund obligations	97 384	81 197	61 153
Borrowings	126 500	126 500	118 375
Building works committed and due within one year	3 046	13 253	66 383
Physical assets at the beginning of the year	701 650	648 433	546 846
Additions	36 421	71 361	117 281
Depreciation	(23 193)	(18 084)	(15 583)
Revaluation	43 770	-	-
Impairment	(1 569)	-	-
Disposals	(2)	(60)	(111)
Physical assets at the end of the year	757 077	701 650	648 433

Menzies School of Health Research

Introduction

Menzies School of Health Research (Menzies) is a medical research institute within Charles Darwin University's Institute of Advanced Studies.

Snapshot

		2025 $'000	2024 $'000
Surplus	↗	12 969	6 087
Cash flows from operations	↗	11 786	6 944
Cash and term deposits	↗	89 567	78 057
Unspent grants	⇆	31 411	33 526
Working capital	↗	53 120	39 925

↗ improvement from prior year ↘ deterioration from prior year ⇆ no material change from prior year

Quality and timeliness of financial reporting

A draft financial report was submitted on 13 February 2026. The financial report was certified on 29 May 2026 and the audit report was issued on the same day.

Menzies received a clean audit opinion on the financial report

149
Number of days after balance date to issue audit report

Background

Menzies was established under the *Menzies School of Health Research Act 1985* to undertake medical and public health research relevant to the Northern Territory and the broader region. The activities are controlled by a board consisting of the Director, the Vice Chancellor of Charles Darwin University (CDU) and up to nine members appointed by the Council of CDU.

Apart from research into critical health issues and life-threatening illnesses impacting predominantly people living in the tropics, Menzies also delivers postgraduate public health and health research studies on behalf of CDU.

Financial reporting

The *Menzies School of Health Research Act 1985* requires the Director to prepare the financial report by 31 March and forward it to the Auditor-General. The Auditor-General must audit the financial report and report to the responsible minister and the Council of CDU.

A draft financial report was submitted for audit on 13 February 2026. The audit report was issued on 29 May 2026.

Audit observations

Audit issue	Risk rating
Inappropriate administrator access and lack of user access monitoring for key IT systems.	High
Employees accruing excessive leave without Director's approval as required under the *Menzies 2022 Enterprise Agreement*	Moderate
Lack of controls over accounting and recording of Timor-Leste transactions in the Menzies' main general ledger	Moderate

Update on prior year's audit observations

Audit issue	Risk rating	Status
Applications user access controls	High	Unresolved
Assessment of accounting for grant agreements[1]	Moderate	Partially resolved
Lack of appropriate delegation pertaining to the processing of journal entries within the financial system	Moderate	Resolved
Several corporate documents require review and update or renewal	Moderate	Resolved
Employees accruing excessive leave without Director's approval as required under the *Menzies 2022 Enterprise Agreement*	Moderate	Unresolved

Unresolved Partially resolved Resolved

[1]Whilst the revenue assessment process has improved compared to the previous year, there were still instances in 2025 where the assessment was incorrect, or the accounting treatment did not reflect management's assessment.

Financial analysis

Menzies reported a surplus of $13.0 million for the year ended 2025, representing a significant increase from the previous year's surplus of $6.1 million.

The improved result was largely due to an increase in revenue from grants from the Australian Government, which represented 36.8 per cent of total revenue for the year.

The $7.5 million increase in Australian Government financial assistance was predominantly due to an increased income for research funded by the National Health and Medical Research Council (NHMRC). Funding from NHMRC is Menzies's principal source of research funding, which increased from $12.8 million in 2024 to $18.5 million in 2025.

Menzies also received research funding from non-government organisations both domestically and internationally. Contract research revenue increased by $4.7 million to $21.7 million in 2025, supporting projects in Timor-Leste as well as a global initiative focused on enhancing tools for tracking malaria transmission.

Revenue received from the Northern Territory Government totalled $6.0 million and was primarily derived from a partnership agreement between Menzies and the Northern Territory's Department of Health.

Increased student fees, research support funding from CDU based on research performance metrics and other revenue, predominantly reimbursements contributed to the improved result report this year.

National Health and Medical Research Council grants

Over 60 percent of Australian Government funding is through NHMRC. In 2025, Menzies was awarded multi-year research grants totalling $24.3 million.

	2025 $'000	2024 $'000	2023 $'000
Total amount awarded	1 078 626	1 005 206	908 264
Amount awarded to NT Institution	25 319	16 032	18 165
Amount awarded to Menzies	24 306	16 019	18 159

Source: National Health and Medical Research Council, Outcomes of funding rounds.

Revenue from research grants does not necessarily correlate with the number or value of awarded grants. Under standard accounting treatment for research grants, these funds are not always recognised as revenue upon receipt. Instead, they are initially recorded as a contract liability (unearned revenue) on the balance sheet. Revenue is then recognised progressively over the life of the grant, as the researcher fulfils the associated performance obligations.

Duration of research grants varies depending on the field of research, with 3 to 5 years being the standard duration for most research grants. Aligning the immediate receipt of grant cash with the long-term, incremental nature of research presents a predicament for most grant recipients in the not-for-profit and university sectors.

In some instances, grant recipients may be required to recognise the entire grant sum upfront as income when certain criteria are not met. This causes spikes in surplus in year one and does not reflect the operational reality of the research. In other cases, revenue is recognised alongside the research expenses incurred, rather than at the time of cash receipt.

Total expenses increased by $8.3 million to $62.6 million in 2025, representing overall increase of 15 per cent. In comparison, total revenue increased by 25 per cent over the same period.

Employee expenses remained the largest cost component at 63 per cent of total expenditure, increasing from $35.5 million in 2024 to $39.5 million in 2025. The 12 per cent increase was primarily attributable to workforce expansion, particularly within research, and a 3.2 per cent indexation.

Research staff cost increased by 10 per cent over the year and remained the dominant cost category, accounting for approximately 83 per cent of total employee expenses in 2025.

Employee expenses include both direct salaries and the associated employment on-costs, such as superannuation, payroll tax and workers' compensation. However, not all costs that are a consequence of employing employees are employee benefits, such as payroll tax and similar on-costs.

		2025 $'000	2024 $'000	2023 $'000
Research staff	↗	30 637	27 848	26 051
Academic staff	⇆	1 583	1 589	1 191
Non-academic	↗	5 290	4 584	4 633
Total employee benefits[1]	↗	**37 510**	**34 021**	**31 875**

[1]Excludes payroll tax, workers compensation cost and redundancies.

Total staff numbers increased by 63 FTEs during the year driven primarily by growth in research-related positions. The increase was largely attributable to Menzies School of Health Research's Timor-Leste operations, where staffing increased from 56 FTEs in 2024 to 76 FTEs in 2025 as a result of a temporary workforce uplift for a single project. Staffing levels in Darwin remained relatively stable.

		2025 FTE	2024 FTE	2023 FTE
Research staff	↗	329	273	249
Academic staff	⇆	8	8	7
Non-academic	↗	42	35	27
Total staff	↗	**379**	**316**	**283**

Source: Provided by Menzies (unaudited).

Direct research costs increased by $2.7 million or 38 per cent to $9.9 million in 2025. This represented a significant year-on-year movement and was broadly consistent with the expansion in research activity over the same period.

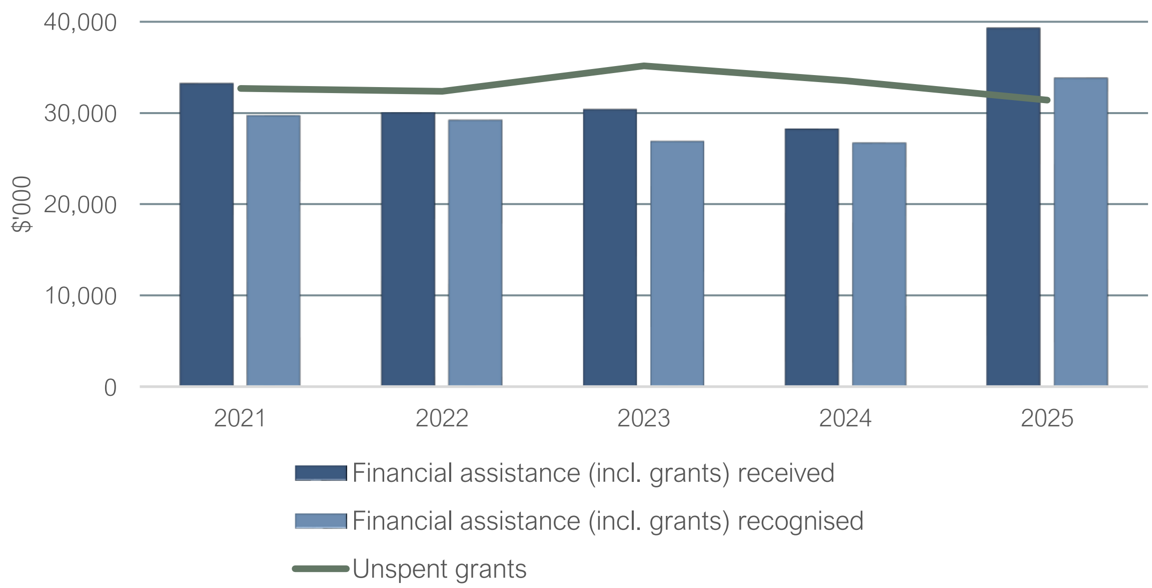
Operating and other expenses increased by $1.7 million during the year to $12.2 million (2024, $10.4 million). This was mainly attributable to higher information technology and software-related costs associated with the implementation of a new human resources module within the accounting system, which is scheduled to go live in 2026. The increase also reflects revised IT maintenance costs under the new Partnership Agreement with CDU, which is responsible for managing Menzies's information technology.

Menzies occupies two buildings under a concessionary lease arrangement with CDU and the Northern Territory's Department of Health, for nominal consideration. As a result, no market-based lease expense is recognised in the financial report.

Unspent grants

Contract liabilities primarily represented grant funding received for which services have not yet been delivered or expenditure has not yet been incurred at year end.

Figure 5: Financial assistance received and recognised and unspent grants



Source: Menzies financial reports (audited).

Total unspent grant funding decreased by $2.1 million to $31.4 million in 2025 (2024, $33.5 million), reflecting ongoing utilisation of previously received funding.

This movement comprises:

- an increase in NHMRC unspent grant funding of $7.1 million, rising to $30.0 million (2024, $22.8 million), indicating continued strong inflows of research grants discussed previously

- an offsetting decrease of $9.2 million in consultancy, research, and other unspent funding balances as these funds were substantially expended during the year as projects progressed.

Overall, the reduction in total contract liabilities is consistent with increased research activity and expenditure in 2025. Nevertheless, the balance of contract liabilities remains substantial and represents a significant level of committed future activity.

Net cash generated from operating activities increased by $4.9 million to $11.8 million in 2025 (2024, $7.0 million), representing a significant increase of 70 per cent.

The relationship between contract liabilities and cash flows suggests that a portion of operating cash inflows continues to be driven by advance grant receipts, which are subsequently drawn down as projects progress.

Total cash and term deposits increased by $11.6 million to $89.6 million in 2025 (2024, $78.1 million), representing a growth of 14.7 per cent.

		2025 $'000	2024 $'000
Cash (incl. short-term deposits)	↘	16 840	20 330
Term deposits (maturity > 90 days)	↗	72 727	57 727
Total cash and term deposits	↗	**89 567**	**78 057**

Of the total $72.7 million in term deposits, $42.7 million was invested in term deposits held by CDU (2024, $42.7 million) and the remaining $30 million term deposit with external financial institution (2024, $15.0 million). During the year, Menzies invested $15.0 million of surplus cash in term deposits.

The overall increase in cash and investments is primarily attributable to the strong operating cash inflows recorded during the year. Menzies maintains a strong overall liquidity position, supported by increased cash and investments.

Financial information

	2025 $'000	2024 $'000	2023 $'000
Australian Government financial assistance	27 812	20 328	17 870
Northern Territory Government financial assistance	5 977	6 345	8 985
Student fees	5 345	4 406	3 603
Charles Darwin University research support	7 480	6 310	5 935
Contract research	21 702	17 038	13 689
Other revenue	7 270	5 935	5 378
Total revenue	75 586	60 362	55 460
Employee expenses	39 509	35 544	33 415
Direct research costs	9 887	7 159	8 087
Other operating expenses	12 562	10 854	10 813
Depreciation	659	718	728
Total expenses	62 617	54 275	53 043
Surplus	12 969	6 087	2 417
Cash flows from operations	11 786	6 944	5 431
less Capital spend	(260)	(651)	(266)
Net transfers from/(to) term deposits	(14 986)	(23)	(5 313)
Other flows	(30)	(137)	(114)
Net increase/(decrease) in cash	(3 490)	6 132	(262)
Cash at the end of the year	16 840	20 330	14 198
Cash invested in term deposits	72 727	52 727	42 727
Working capital	53 120	39 925	33 854
Unspent grants	31 411	33 526	35 166

Batchelor Institute of Indigenous Tertiary Education

Introduction

Batchelor Institute of Indigenous Tertiary Education (Batchelor Institute) is a dual sector provider offering both higher education and vocational education and training (VET) as well as research across two campuses in Batchelor and Alice Springs and three remote learning centres.

Batchelor Institute is the only Indigenous Australians dual sector tertiary education provider in Australia.

Snapshot

		2025 $'000	2024 $'000
Deficit	⇆	2 352	2 160
Cash flows from operations	⇆	2 510	2 736
Cash and term deposits	↗	14 408	13 124
Unspent grants and refund obligations	↘	5 214	2 627
Working capital	↘	7 619	8 608

↗ improvement from prior year ↘ deterioration from prior year ⇆ no material change from prior year

Quality and timeliness of financial reporting

A draft financial report was submitted on 19 March 2026. The financial report was certified on 21 May 2026 and the audit report was issued on the same day.

Batchelor Institute received a clean audit opinion on the financial report

141
Number of days after balance date to issue audit opinion

Background

Batchelor Institute was established under the *Batchelor Institute of Indigenous Tertiary Education Act 1999*. Its focus is on providing training and further education, higher education and research services for Aboriginal Australians and Torres Strait Islanders.

Financial reporting

The *Batchelor Institute of Indigenous Tertiary Education Act 1999* requires the Director to prepare the financial report by 31 March and forward it to the Auditor-General. The Auditor-General must audit the financial report within three months of receiving it and report to the responsible minister.

A draft financial report was submitted for audit on 19 March 2026. The audit report was issued on 21 May 2026.

Audit observations

Audit issue	Risk rating
Delays in the implementation of the Independent Commissioner Against Corruption (ICAC) recommendations and misalignment between those recommendations and actions taken by the Institute	Moderate
Weaknesses in controls of Key Management Personnel declarations and related party disclosure	Moderate
Inadequate assessment for revenue recognition treatment	Moderate
Lack of review on Annual Hours Curriculum report used for revenue calculation	Moderate
Review notifications for the monthly user access review of the Student Management System was not communicated to the designated reviewer	Moderate
Absence of a documented risk-based segregation of duties matrix to prevent inappropriate/ multiple access to Student Management System	Moderate
Multiple users access to generic accounts without delegated role for specific administrative purposes	Moderate

During the year, management addressed most of the issues identified in the previous years' audits. Matters that require further attention related to the implementation of ICAC's recommendations and strengthening internal controls, including controls over information technology.

Update on prior year's audit observations

Audit issue	Risk rating	Status
Delays in implementation of ICAC's recommendations and misalignment between ICAC's recommendations and actions taken (raised in 2022 audit, partially resolved)	Moderate	Unresolved

Unresolved Partially resolved Resolved

Financial analysis

Batchelor Institute reported a deficit of $2.4 million in 2025, broadly consistent with the $2.2 million deficit recorded in 2024.

Total revenue increased moderately to $38.2 million during 2025, up from $36.6 million in the previous year. The increase in revenue was largely due to a recognition of $1.8 million of grant income received in 2024 for the Regional and Remote Essential Care Services Centre of Excellence delivered in collaboration with Charles Darwin University.

As a dual sector provider, Batchelor Institute received funding from both the Australian and Northern Territory Governments:

		Higher Education		VET	
		2025 $'000	2024 $'000	2025 $'000	2024 $'000
Australian Government	⇆	12 712	12 082	5 867	5 821
Northern Territory Government	⇆	6	-	13 158[1]	13 180
Total Government funding	⇆	**12 718**	**12 082**	**19 025**	**19 001**

[1]Excludes TAFE Centre of Excellence grant $1.8 million

Funding from the Australian Government increased only slightly to $18.6 million in 2025, compared to $17.9 million in 2024, reflecting a moderate increase in support for ongoing operations and doubling of research funding to $848 thousand. Funding from the Northern Territory Government remained largely unchanged at $13.2 million. The stagnation in Government funding, majority of which is activity based, reflected lower enrolments and participation in government-funded programs throughout the year.

	Higher Education		VET	
	2025	2024	2025	2024
Student enrolments	20	23	1 673	2 036

Source: Provided by Batchelor Institute (unaudited).

Other revenue comprised mainly of consultancy fees and other research grants and charges. The decrease of $842 thousand to $4.2 million in 2025 (2024, $5.0 million), was mainly due to a reduction in revenue from non-government grants, down $614 thousand and revenue from consultancy, down $182 thousand. The decrease in non-government grants income reflecting the transfer of funding associated with the LEGO project to Queensland University and the completion of other projects.

Total expenses increased to $40.5 million in 2025, compared to $38.8 million in the prior year, representing an overall increase of 4.5 per cent.

Employee expenses remained the largest cost component, increasing from $22.3 million in 2024 to $24.8 million in 2025. The 11.2 per cent increase was primarily attributable to workforce expansion and a 2.25 per cent indexation.

		2025 $'000	2024 $'000	2023 $'000
Academic staff	⇆	8 588	7 926	7 069
Non-academic	↗	14 484	12 898	11 199
Total employee benefits[1]	↗	**23 072**	**20 824**	**18 268**

[1]Excludes payroll tax, workers compensation cost and redundancies.

Total staff numbers increased by 29 full time equivalent (FTE) employees during the year, comprising an increase of 13 academic staff and 16 non-academic staff across both higher education and vocational education and training functions.

		2025 FTE	2024 FTE	2023 FTE
Academic staff average	↗	79	66	53
Non-academic average	↗	162	146	112
Total staff average	↗	**241**	**212**	**165**

Source: Provided by Batchelor Institute (unaudited).

The increase in staffing was partly driven by preparation for the development and delivery of Batchelor Institute's new Tertiary Enabling Program and three new Graduate Certificate courses. Batchelor Institute also continued to fill vacant positions and restructured its administrative and support functions.

Other operating expenses decreased by 6 per cent to $13.1 million achieved through operational efficiencies.

Despite recording operating deficits, Batchelor Institute generated positive net cash flows from operations and continued to increase its cash balance year on year. It held $14.4 million in cash and term deposits as at 31 December 2025.

The improved cash position was partly due to a receipt of $2.6 million for new student accommodation at the Alice Springs campus within the Desert Knowledge Precinct. Because the work is yet to commence, the income was deferred and the grant recognised as a liability.

Despite its improved cash position, net working capital decreased by $1.0 million in 2025 to $7.6 million largely due to an increase in refund liabilities which totalled $2.0 million as at 31 December 2025 (2024, $334 thousand). The refund liabilities represented mainly unspent portions of research grants which are generally portable and follow the researcher. In 2025, Batchelor Institute agreed to transfer $667 thousand relating to Johns Hopkins University's Centre for Indigenous Health project funded by the LEGO Foundation and a further $550 thousand related to a research project funded by the Medical Research Future Fund.

At 31 December 2025, Batchelor Institute reported property, plant and equipment of $46.6 million, including a revaluation increment of $3.9 million. The balance primarily comprised buildings valued at $39.9 million, land valued at $1.2 million and infrastructure valued at $1.7 million, with assets mainly located at the Institute's Batchelor and Alice Springs campuses.

During 2025, Batchelor Institute invested $0.7 million in its assets, a decrease from $1.8 million last year due to less capital spending on building assets. Capital spend over the past three years resulted in an average asset sustainability ratio of 61 per cent which is below the generally accepted benchmark of 100 per cent.

	2025 $'000	2024 $'000	2023 $'000
Depreciation on property, plant and equipment[1]	2 146	2 103	1 673
Payments for property, plant and equipment	737	1 787	1 081
Asset sustainability ratio	**34.3%**	**85.0%**	**64.6%**

[1]Excludes leased (right of use assets).

The ratio measures the extent to which an entity maintains operating capacity through renewal of its existing asset base. While it may not be feasible to achieve the benchmark every year as capital expenditure can be deferred in the short-term if there are insufficient funds available from operations and borrowing is not an option, it is a useful measure of the rate of spending on existing assets through renewing, restoring and replacement.

Financial information

	2025 $'000	2024 $'000	2023 $'000
Australian Government financial assistance	18 579	17 903	17 420
Northern Territory Government financial assistance	14 908	13 180	14 017
Student fees	501	508	283
Other revenue	4 169	5 011	6 556
Total revenue	38 157	36 602	38 276
Employee expenses	24 773	22 313	19 784
Other operating expenses	13 090	13 885	12 634
Depreciation	2 646	2 564	1 922
Total expenses	40 509	38 762	34 340
Deficit for the year	(2 352)	(2 160)	3 936
Cash flow from operations	2 510	2 736	3 915
less Capital spend	(737)	(1 781)	(1 080)
less Lease payments	(489)	(493)	(486)
Net increase in cash	1 284	462	2 349
Cash at the end of the year	14 408	13 124	12 662
Working capital	7 619	8 608	10 379
Unspent funding and refund liabilities	5 214	2 627	1 183
Physical assets at the beginning of the year	43 813	43 939	27 494
Additions	1 480	2 329	1 633
Depreciation	(2 646)	(2 564)	(1 922)
Revaluation	3 902	124	16 734
Disposals	-	(15)	-
Physical assets at the end of the year	46 549	43 813	43 939

OTHER ENTITIES 30 JUNE 2025

National Park Boards

Introduction

Nitmiluk National Park and Garig Gunak Barlu National Park (including adjacent marine areas) were created under specific Territory legislation. These two parks are managed by the Parks and Wildlife Commission of the Northern Territory in accordance with management plans set by their respective boards:

- Nitmiluk (Katherine Gorge) National Park Board
- Cobourg Peninsula Sanctuary and Marine Park Board.

Park income is either shared with or fully distributed to traditional owners.

The Parks and Wildlife Commission is a division of the Department of Tourism and Hospitality.

Snapshot

		2024-25 $000	2023-24 $000
Park income	⇆	1 896	1 845
Distributions to traditional owners	⇆	1 213	1 266
Rent paid to Northern Land Council	⇆	449	446

↗ improvement from prior year ↘ deterioration from prior year ⇆ no material change from prior year

Quality and timeliness of financial reporting

Draft financial reports for both national park boards were submitted on 14 October 2025. The financial reports were certified on 28 November 2025 and the audit reports were issued on the same day.

Both national park boards received clean audit opinions on the financial reports[1]

151
Average number of days after balance date to issue audit opinions

[1] The audit report on the Cobourg Peninsula Sanctuary and Marine Park Board's financial report included an emphasis of matter relating to going concern, which is further explained in the *Land Claim* section of this chapter.

Background

Nitmiluk (Katherine Gorge) National Park and Garig Gunak Barlu National Park (Cobourg Peninsula Sanctuary and Marine Park) were established under the *Nitmiluk (Katherine Gorge) National Park Act 1989* and *Cobourg Peninsula Aboriginal Land, Sanctuary and Marine Park Act 1981* respectively.

Apart from establishing the two national parks, Nitmiluk National Park and Garig Gunak Barlu National Park, the legislation provides for the establishment of the national park boards and for the parks' management and acknowledges and secures the right of Aboriginal people to occupy and use the land. The *Cobourg Peninsula Aboriginal Land, Sanctuary and Marine Park Act 1981* also provides for the management of adjacent marine areas.

The national park boards are body corporates, and their members, the majority of which are traditional owners, are appointed by the responsible minister.

Both national parks operate under similar arrangements:

- management plans for each park are set by their respective boards
- the Parks and Wildlife Commission of the Northern Territory manages the parks in accordance with the approved management plans
- the boards have the right to make by-laws regulating activities in the parks, such as camping or fishing
- the Territory pays an annual fee for the use of each park
- income from the Nitmiluk National Park is shared between traditional owners and the Territory
- income from the Garig Gunak Barlu National Park is fully retained by traditional owners.

The Parks and Wildlife Commission, through the Department of Tourism and Hospitality (the Department) is responsible for the collection and distribution of park income in accordance with legislation or by-laws set by the national park boards.

The boards have no control over the systems and processes in place to:

- collect the fees and charges
- distribute the revenues
- report the transactions in the financial reports.

Financial reporting

The Director of Parks and Wildlife is nominated under section 26 of the *Nitmiluk (Katherine Gorge) National Park Act 1989* and section 38(4) of the *Cobourg Peninsula Aboriginal Land, Sanctuary and Marine Park Act 1981* as the accountable officer responsible for the preparation of the financial reports.

Both national park boards are required to comply with section 10 of the *Financial Management Act 1995* as if their activities were a government business division. This means, that the financial report must, among other things, be prepared in such form as the Treasurer directs and on commercial accounting principles. In other words, the financial report must be a general-purpose financial report prepared in accordance with the Australian Accounting Standards, unless the Treasurer directs otherwise.

The parks are not consolidated into the Treasurer's Annual Financial Report.

Both national park boards received an extension of time for submission of their financial reports from the Treasurer. Draft financial reports were submitted for audits on 14 October 2025. The financial reports were certified by the Director of Parks and Wildlife on 28 November 2025, and the audit reports were issued on the same day.

In addition, each national park board is required to prepare an annual report on its operations, which is to include a financial report. The annual reports must be provided to the responsible minister within six months from the end of the financial year, who must then table each report in the Legislative Assembly.

Annual reports of both national park boards were tabled in the Legislative Assembly on 5 February 2026.

Audit observations

Audit issue	Risk rating
Deficiencies in processes to ensure that operators are not underreporting visitor numbers which could result in an understatement of revenue[1]	**Significant**
Monitoring of Board memberships to ensure compliance with legislation	**Moderate**
Recoverability of receivable balances	**Moderate**
Financial documentation and reconciliation processes require immediate improvement	**Moderate**
Documentation of revenue assessments have yet to be performed	**Moderate**

[1]Risk rating was increased to "Significant" in 2024-25. Controls over the collection of park revenue from tour operators continue to be indagate and over reliance on self-reported data from permit holders increases the risk of revenue leakage. There are minimal independent verification or validation procedures undertaken by the Department on reports submitted by permit holders and although the Department has the right to request that financial reports be independently audited, this right has not been exercised.

The Department should not rely solely on self-reported data and should consider requesting source documents such bookings and sales records and utilise its internal audit function in reviewing the accuracy of reporting and compliance by permit holders.

Update on prior year's audit observations

Audit issue	Risk rating	Status
Material errors requiring restatements of prior periods	High	Resolved
Deficiencies in processes to ensure that operators are not underreporting visitor numbers which could result in an understatement of revenue	High	Unresolved
Outdated Park management plans	High	Unresolved
The responsibilities and performance expectations between the Department and national park boards are not formalised	Moderate	Unresolved
Fixed asset register has not been maintained nor can any information be provided to verify assets held	Moderate	Unresolved
Improvements to reporting capabilities of the online booking system	Moderate	Unresolved
Processes to identify related parties and potential conflicts of interests are not being completed	Moderate	Unresolved
Inability to provide evidence of past board resolutions	Moderate	Unresolved
Lack of policy on debt write-off process	Moderate	Unresolved

Unresolved Partially resolved Resolved

The majority of issues reported as a result of previous year's audits remained unresolved. Unresolved audit issues need addressing and we urge the Department to develop a corrective action plan and monitor its progress to ensure that agreed actions are being effectively implemented.

Park management plans

Both national park boards are required to prepare plans of management, which detail the objectives of the national park, management directions and future proposals. Plans of management for both Nitmiluk and Garig Gunak Barlu National Park are more than 10 years old. *Nitmiluk (Katherine Gorge) National Park Act 1989* requires a plan of management to be prepared at least every 10 years. The *Cobourg Peninsula Aboriginal Land, Sanctuary and Marine Park Act 1981* does not contain the same requirement, however the period of the plan should not exceed 10 years to ensure that the park is managed in line with its current operational needs.

Land Claim

Under the *Cobourg Peninsula Aboriginal Land and Sanctuary Act 1981*, the land that was subject to the Land Claim No. 6 was vested in the Cobourg Peninsula Sanctuary Land Trust and managed jointly by the Cobourg Peninsula Sanctuary and Marine Park Board and the Parks and Wildlife Commission.

The membership of the Cobourg Peninsula Sanctuary and Marine Park Board includes representatives of four traditional owners' groups. An inquiry into the ownership of the Cobourg Peninsula under the *Aboriginal Land Rights (Northern Territory) Act 1976* (Cth) identified a fifth group of traditional owners. This finding creates an inconsistency between the Commonwealth and Territory legislation and until that matter is resolved, there is a significant doubt about the Cobourg Peninsula Sanctuary and Marine Park Board's ability to continue in its current form.

Financial analysis

Nitmiluk (Katherine Gorge) National Park Board

Park income totalled $1.6 million in 2024-25 (2023-24, $1.5 million), of which $924 thousand (2023-24, $1.0 million) was paid to the Northern Land Council to be distributed to traditional owners.

The Nitmiluk (Katherine Gorge) National Park Board does not have a bank account and all transactions were processed through the Department's account.

The Northern Territory Government paid annual rent of $334 thousand (2023-24, $334 thousand).

Cobourg Peninsula Sanctuary and Marine Park Board

Park income totalled $334 thousand in 2024-25 (2023-24, $313 thousand), of which $289 thousand (2023-24; $247 thousand) was paid to the Northern Land Council to be distributed to traditional owners.

Cash at bank totalled $0.5 million at 30 June 2025 (30 June 2024; $0.4 million).

The Northern Territory Government paid annual rent and fees of $115 thousand (2023-24, $112 thousand).

Financial information

Nitmiluk (Katherine Gorge) National Park Board

	2024-25 $000	2023-24 $000
Park income	1 552	1530
Distributions to traditional owners	924	1 019
Income retained by NT Government	628	511
Corporate support received from NT Government at no cost	120	140
Rent paid by NT Government^	334	334

Cobourg Peninsula Sanctuary and Marine Park Board

	2024-25 $000	2023-24 $000
Park income	344	313
Distributions to traditional owners	289	247
Income retained by NT Government	n/a	n/a
Corporate support received from NT Government at no cost	129	142
Rent paid by NT Government^	115	112

^The Northern Territory Government pays rent or fee for the use of land as national park or reserve to the Northern Land Council. Therefore, these payments are not recognised as income of the national park boards.

Territory Wildlife Parks

Introduction

Territory Wildlife Parks (TWP) is a government business division responsible for operating the Alice Springs Desert Park and the Territory Wildlife Park at Berry Springs.

The host agency is the Department of Tourism and Hospitality (DTH).

Snapshot

		2024-25 $'000	2023-24 $'000
Underlying deficit	⇆	(2,343)	(2,364)
Deficit	↘	(2,587)	(1,567)
Cash flows from operations	↘	18	664
Total cash and term deposits	↘	777	1,492
Working capital	↘	(409)	612

		2024-25	2023-24
Visitors	↘	100,500	103,400

Source: Visitor numbers obtained from the Department of Tourism and Hospitality's 2024-25 Annual Report (unaudited).

↗ improvement from prior year ↘ deterioration from prior year ⇆ no material change from prior year

Quality and timeliness of financial reporting

A draft financial report was submitted on 29 August 2025 but was not accepted as it was considered incomplete due to delays in the assessment of work in progress discussed later in the Chapter.

A revised financial report was certified on 28 November 2025, and the audit report was issued on the same day.

Territory Wildlife Park received a clean audit opinion on the financial report

151
Number of days after balance date to issue audit report

Background

TWP was declared a government business division effective from 1 July 1999. Its key responsibilities include showcasing the Northern Territory's flora and fauna, providing recreational opportunities and promoting biodiversity conservation.

TWP's primary source of income is a community service obligation payment from the Northern Territory Government. Community service obligations are payments to ensure that services are provided to the public at affordable prices, even when doing so is not commercially viable.

Financial reporting

As a government business division, TWP is required to comply with section 10 of the *Financial Management Act 1995*, under which the Chief Executive Officer must submit a financial report to the Auditor-General for audit by 31 August each year.

The responsible minister must publicly release and table in the Legislative Assembly the audited financial report and the Auditor-General's report by 31 October each year.

A draft financial report submitted on 29 August 2025 was not accepted as it was considered incomplete due to delays in the assessment of work in progress.

A revised financial report was submitted on 28 November 2025. The audit report was issued on the same day.

DTH's annual report for 2024-25 tabled in the Legislative Assembly on 23 October 2025 included the TWP's unaudited financial report. The published financial report did not agree with audited financial report.

Difference between published and audited financial reports

The financial report certified by the Acting Chief Executive Officer and submitted for audit on 29 August 2025 was not accepted due to unresolved issues concerning the potential double counting of certain buildings and infrastructure assets. Nevertheless, this unaudited financial report was included in the published annual report of DTH, which was tabled in the Legislative Assembly on 23 October 2025.

The table below shows the main differences between the published (unaudited) and audited financial reports:

	Published 2024-25 $’000	Audited 2024-25 $’000
Net deficit before tax	(2,343)	(2,587)
Changes in the asset revaluation reserve	9,512	6,343
Comprehensive operating result	7,169	3,756
Property, plant and equipment	41,520	38,107
Net assets/Equity	40,695	37,282

As the financial report tabled did not include the audit report, the Minister for Tourism and Hospitality did not comply with the requirements of section 10(4) of the Financial Management Act.

Audit observations

Audit issue	Risk rating
Work in progress was not assessed at year end	Significant
Assets in use in the asset clearing account were not depreciated	Moderate
The financial year-end processes require strengthening	Moderate

TWP operates and manages a portfolio of buildings and infrastructure assets across its two locations. These assets are reported at fair value in the financial report and are subject to periodic revaluations to ensure that their carrying amounts do not materially differ from fair value at the reporting date. During the year, TWP undertook a comprehensive revaluation of its building and site improvement assets. Due to the specialised nature of these assets, their fair value was determined using a replacement cost approach, with the valuer conducting full physical inspections at both locations.

During the same period, TWP also completed significant infrastructure works and upgrades, which were initially recorded as work in progress and subsequently transferred to the relevant property, plant and equipment asset classes upon completion. However, as these works were finalised prior to the valuer’s physical inspections, there was a risk that the improvements had already been incorporated into the assessed fair values. This raised concerns about potential double counting.

Further investigation confirmed that the value of some physical assets had been overstated to the value of $3.4 million.

Financial analysis

TWP reported an underlying deficit of $2.3 million in 2024-25, consistent with the underlying deficit reported in the previous year.

Total revenue remained largely unchanged. A decline in entry fee revenue, driven by reduced visitation, was partly offset by increased revenue from functions, tours and other sales. Overall visitation declined by approximately 2,900 visitors, which contributed to the decrease in entry fee income.

		2024-25 Visitors	2023-24 Visitors
Territory Wildlife Park (Berry Springs)	⇆	48,500	48,200
Alice Springs Desert Park	↘	52,000	55,200
Total visitors	↘	**100,500**	**103,400**

Source: Department of Tourism and Hospitality 2024-25 Annual Report (unaudited).

TWP continues to be reliant on government support, receiving $8.6 million annually in community service obligation payments.

The underlying deficit included $2.4 million (2023–24, $2.3 million) in depreciation expenses. Similar to government agencies more generally, TWP is not funded for depreciation and amortisation costs. Although TWP does not directly control these expenses, as a government business division it would be expected that such costs are, over time, recovered through user charges.

The overall deficit, which included asset write-offs, was $2.6 million in 2024–25, representing an increase of $1.0 million compared to the previous year. The 2023-24 deficit of $1.6 million was lower because of additional one-off funding to replace diesel trains with electric trains, $691 thousand, and to expand the Alice Springs Desert Park breeding programs, $234 thousand.

Total expenses remained largely unchanged between years at $14.3 million. More than half of total expenses related to employee costs, which increased by $110 thousand to $7.8 million in 2024–25. This increase was primarily due to salaries and wages indexation, with the number of full-time equivalent (FTE) employees remaining unchanged at 77 FTE employees. The increase in employee costs was partly offset by a decrease in other operating costs.

TWP’s cash balance was $777 thousand as at 30 June 2025, which was $715 thousand lower than the previous year and reflected the spend of capital contribution on the new electric trains.

Physical assets totalled $38.1 million at 30 June 2025. During the year, TWP underwent major infrastructure upgrades, $4.1 million, and recorded an uplift in the value of its buildings and infrastructure assets, $6.3 million.

Financial information

	2024-25 $'000	2023-24 $'000
Entry fees	1 955	2 079
Functions, tours and other sales	1 068	953
Staff rent, interest and other revenue	321	287
Community service obligations operating revenue	8 623	8 623
Total revenue	11 967	11 942
Employee benefits expense	7 833	7 723
Operating expenses	4 105	4 268
Depreciation and amortisation expense	2 372	2 315
Total expenses	14 310	14 306
Underlying deficit	(2 343)	(2 364)
Community service obligations capital revenue	-	725
Breeding program expansion grant	-	234
Non-current assets written off	(244)	-
Repairs and maintenance non-cash	-	(162)
Deficit	(2 587)	(1 567)
Cash flows from operations	18	664
less Capital spend	(497)	(311)
Proceeds from sale of non-financial assets	3	-
Lease payments	(239)	(195)
Net increase/(decrease) in cash	(715)	158
Cash at the end of the year	777	1 492
Working capital	(409)	612
Physical assets at the beginning of the year	29 054	30 866
Additions	5 019	506
Depreciation	(2 372)	(2 315)
Impairment	62	(3)
Revaluation	6 344	-
Disposal	-	-
Physical assets at the end of the year	38 107	29 054

Northern Territory Police Supplementary Benefit Scheme

Introduction

The Northern Territory Police Supplementary Benefit Scheme (the Scheme) was set up to supplement the pension for eligible members of the Northern Territory Police Force.

The members' funded component of the Scheme (the Fund) closed on 25 February 2026 following the retirement of its last contributing member.

Snapshot

		1 July 2024 to 25 February 2026 $	**2023-24 $**
Contributions received	↘	5 394	7 996
Investment returns	↘	14 686	40 732
Contributions paid out	↗	434 622	123 981
Cash and investments	↘	Nil[1]	426 116

[1]Residual assets and liabilities were transferred to the Northern Territory Government.

↗ improvement from prior year ↘ deterioration from prior year ⇆ no material change from prior year

Quality and timeliness of financial reporting

The financial report for the year ended 30 June 2025 was certified on 14 May 2026 and the audit report was issued the following day on 15 May 2026. The final financial report for the period ended 25 February 2026 was certified on 11 June 2026 and the audit report was issued on the same day.

The Scheme received clean audit opinions on both financial reports[1]

Timeliness not measured

In the absence of a statutory reporting deadline, and given the small number of active members and the expected closure of the Fund, it was agreed that financial reports for the year ended 30 June 2025, and the period ended 25 February 2026 would both be prepared upon closure of the Fund.

[1] The audit reports included emphasis of matter paragraphs relating to the basis of preparation and the fund's closure

Background

The Scheme was established under the *Northern Territory Police Supplementary Benefit Scheme Trust Deed* (Trust Deed). The Scheme is an exempt public sector superannuation scheme, which provided a supplement to benefits payable from the Commonwealth Superannuation Scheme (CSS) for eligible members of the Northern Territory Police Force. The supplement was up to 25 per cent of the CSS employer-financed pension.

The Scheme has been closed to new members since 1 January 1988 and following the retirement of its last member, the Fund closed on 25 February 2026.

All activities necessary to implement the closure were undertaken during the reporting period, including the transfer of residual assets and liabilities to the Northern Territory Government.

Financial reporting

The Trust Deed required that a report on the Scheme’s operations, including financial statements, be prepared as soon as practicable. Considering the imminent closure of the Fund, it was agreed that the final financial report would cover the period from the date of the last audited financial report to the date the Fund was closed.

Two financial reports were prepared and audited in close succession, covering:

- the financial year ended 30 June 2025
- the period from 1 July 2025 to the date of closure on 25 February 2026.

The audit of the financial report for the year ended 30 June 2025 was required to be completed before finalising the report for the period ended 25 February 2026, to enable the lodgement of the 2024-25 tax return.

Audit observations

No significant, high or moderate risk audit findings were identified during the audits.

Financial analysis

As at 1 July 2024, the Scheme had five contributing members (including one member who ceased employment but did not claim their benefit). During the period, four members exited, leaving one active member as at 30 June 2025. The remaining active member retired in 2026, which led to the closure of the Fund.

Throughout the reporting period from 1 July 2024 until the Fund’s closure on 25 February 2026, members’ contributions totalled $5,394, and the Scheme earned $14,686 in interest revenue. The Scheme paid out $434,622 in accumulated contributions during the period.

Residual assets, mainly cash, $979, and liabilities, comprising outstanding fees and tax, $6,839, were transferred to the Northern Territory Government.

Members contributed one per cent of their CSS salary to the fund. Members who qualified for a supplementary benefit upon exiting the Scheme had their accumulated contributions and associated investment earnings transferred from the Fund to the Central Holding Authority (CHA). Their pension and any supplementary benefits were subsequently paid from the CHA.

Members who did not qualify for a supplementary benefit upon exit received a refund of their contributions together with any investment earnings on those contributions.

During 2023-24, all investments were redeemed and converted into cash. This resulted in an increase in the cash balance and a reduction in investments to nil for that year.

In the current period, investment income comprised primarily bank interest. Interest earnings declined due to the reduction in cash as contributing members exited the Scheme during the period.

Financial information

	1 July 2024 to 25 February 2026 $'000	2023-24 $'000	2022-23 $'000
Investment revenue	15	41	43
Contributions	5	8	14
Total revenue	**20**	**49**	**57**
Benefits	15	40	50
Other operating expenses	12	9	7
Total expenses	**27**	**49**	**57**
Net result	**(7)**	**-**	**-**
Cash flows from operations	**(115)**	**(113)**	**(222)**
add Investments redeemed to cash	-	503	223
Net increase/(decrease) in cash	**(115)**	**390**	**1**
Cash at the end of the period	**-**	**426**	**36**
Accumulated contribution balances	-	420	504
Active members	**Nil**[1]	**4**	**5**

[1] One active member as at 30 June 2025

APPENDIX A

Status of audit work

Financial audits

Status of audits of financial reports identified as not yet complete in Appendix A of the Auditor-General's Report No. 5 of 2025-26 issued on 25 November 2025:

Year	Entity	Comment
2025-25	Cobourg Peninsula Sanctuary and Marine Park Board	Completed
	Nitmiluk (Katherine Gorge) National Park Board	Completed
	Territory Wildlife Parks	Completed

Other financial audits

In addition to legislatively mandated audits, some programs or grant agreements, mainly those provided by the Australian Government, require the Auditor-General to undertake audits of grant acquittals and complete audit certifications.

The following is a list of other financial audits completed since the Auditor-General's Report No. 5 of 2025-26:

Year	Entity and Audit subject matter
2019-24	Department of Logistics and Infrastructure – Roads to Recovery Program 2019-2024
2022-23	Department of the Chief Minister and Cabinet – Supplementary Claim for Relief and Recovery Assistance under Disaster Recovery Funding Arrangements for the year ended 30 June 2023
2023-24	Department of the Chief Minister and Cabinet – Claim for Relief and Recovery Assistance under Disaster Recovery Funding Arrangements for the year ended 30 June 2024
2024-25	Department of the Chief Minister and Cabinet – Claim for Relief and Recovery Assistance under Disaster Recovery Funding Arrangements for the year ended 30 June 2025
	Department of Logistics and Infrastructure – Black Spot Program
	Department of Logistics and Infrastructure – Infrastructure Investment Program

Year	Entity and Audit subject matter
	Department of Logistics and Infrastructure – Local Roads and Community Infrastructure Program – Phase 2
	Department of Logistics and Infrastructure – Roads to Recovery
	Power and Water Corporation – Review of the estimated historical financial information provided under the Regulatory Information Notice for regulatory year ended 30 June 2025
	Power and Water Corporation – Audit of financial information provided under the Regulatory Information Notice for regulatory year ended 30 June 2025
	Power and Water Corporation – Limited assurance procedures on the actual and estimated non-financial information provided under the Regulatory Information Notice for regulatory year ended 30 June 2025
2025	Charles Darwin University - Higher Education Research Data Collection return

Non-financial audits

There were no other, non-routine audits and reviews identified as not yet complete in Appendix A of the Auditor-General’s Report No. 5 of 2025-26 issued on 25 November 2025.

Non-routine audits and reviews currently in progress:

Matter	Anticipated completion
Follow-up on recommendations from Report No. 3 of 2025-26 on the Effectiveness of Internal Audit and Audit Committees	August 2026
Management of Conflicts of Interest	October 2026

APPENDIX B

About auditing

The Auditor-General performs independent assurance engagements that provide confidence to the Legislative Assembly and stakeholders about financial reporting, governance, compliance and performance management systems across the Northern Territory public sector.

Auditing frameworks

There are two types of audits undertaken in the Northern Territory Public Sector, independent audits and internal audits. Independent audits are undertaken by the Auditor-General through the Northern Territory Auditor-General's Office.

Independent (external) audits

- Conducted by the Auditor-General who is independent of the entity being audited.
- Required by legislation or contractual arrangements
- Includes:
  - annual audits of financial reports
  - compliance audits
  - performance management system audits

Internal audit

- In government agencies, required under Part 3 of the Treasurer's Direction on Internal Controls.
- A management assurance function regarding the effectiveness of risk management, governance and internal controls.
- Responsibility for internal audit remains with those charged with governance.

Financial reporting frameworks

Under Australian Accounting Standard AASB 1053 *Application of Tiers of Australian Accounting Standards* general purpose financial statements are prepared using a two-tier reporting framework:

Tier 1

- Full Australian Accounting Standards.
- Incorporates International Financial Reporting Standards (IFRS).
- Applies to all entities within the General Government Sector (GGS).

Tier 2

- Same recognition and measurement requirements as Tier 1.
- Reduced disclosure requirements.
- Applies to reporting entities without public accountability.

Types of assurance engagements

Reasonable assurance (audit)

- High level of assurance.
- Auditor performs extensive procedures to reduce the risk of misstatement to an acceptably low level.
- Results in a positive opinion.

Limited assurance (review)

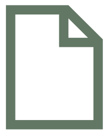
- Lower level of assurance.
- Fewer and less extensive procedures than an audit, sufficient to reduce the risk of misstatement to a level that is acceptable in the circumstances but where the risk is not reduced to the level of a reasonable assurance engagement.
- Results in a negative conclusion, stating that nothing has come to the auditor’s attention indicating material misstatement or non-compliance with established criteria.

Audit opinions

There are two overarching categories of audit opinion, an unmodified audit opinion (sometimes referred to as a ‘clean’ opinion) and a modified audit opinion.

Unmodified (clean) audit opinion

- Financial report provides a true and fair view.
- No material misstatements identified.



Additional paragraphs may be included:

Emphasis of Matter

- Draws attention to an important disclosure already included in the financial report.

Other Matter

- Highlights information relevant to understanding the audit, auditor responsibilities or audit report.

Modified audit opinion

Australian Auditing Standard ASA 705 *Modifications to the Opinion in the Independent Auditor's Report* establishes 3 types of modified opinions:

Opinion	Circumstances
Qualified	Material issue exists, but it is not pervasive
Adverse	Material and pervasive misstatements exist
Disclaimer	Insufficient audit evidence and possible effects are material and pervasive

Assurance engagements conducted by the Auditor-General

Financial audits

- Audit of statutory financial reports of government-controlled entities.
- Provide assurance that the financial reports comply with accounting standards and other reporting requirements.

Performance Management System audits

- Assess whether systems or practices, or management controls over systems, are adequate to provide relevant and reliable performance information
- Provide assurance that audited agencies have appropriate systems and processes in place to effectively monitor and manage projects, programs and policy directions.
- Do not assess whether a program or agency achieved a particular outcome.

Information Technology audits

- Assess critical financial and operational systems
- Provide assurance over data integrity, security and reliability.

Controls and compliance audits

- Assess compliance with legislation, policies and required controls.
- Examine the effectiveness of governance and financial management processes.

APPENDIX C

Risk rating of audit issues

The risk rating of audit issues reflects our assessment of the likelihood of the risk occurring and the consequence if it occurs. We assess the impact of each issue on:

- the reliability, accuracy and timeliness of financial reporting, and/or
- the effectiveness and efficiency of operations, including probity, propriety and compliance with legislation.

Risk rating	Impact
Significant	▪ Matters that could lead to a material misstatement of the financial report and will result in a qualified opinion if not addressed immediately ▪ Matters that have resulted in a qualified audit opinion
High	▪ Failure or non-existence of key internal controls and/or governance practices of such significance that they can affect an entity's ability to achieve its objectives or impact the reliability of its financial report (i.e. may lead to a material misstatement). ▪ Failure or non-existence of internal controls which resulted in fraud. ▪ Matters that could potentially result in a modified audit opinion if not addressed as a matter of urgency.
Moderate	▪ Matters of a systemic nature that pose a moderate business or financial risk to an entity if not addressed as high priority. ▪ Failure or non-existence of internal controls which could lead to misstatements in the financial report not being prevented, detected or corrected. ▪ Failure or non-existence of internal controls which could lead to fraud. ▪ Matters that may escalate to high risk if not addressed within the reporting period. ▪ Low risk matters which have been reported to management in the past but have not been addressed.
Low	▪ Matters that are isolated, non-systemic or procedural in nature. ▪ Matters that may escalate to moderate risk if not addressed within a reasonable timeframe. ▪ Matters that reflect relatively minor administrative shortcomings and could be addressed in the context of the entity's overall control environment.

APPENDIX D

Abbreviations

AASB	Australian Accounting Standards Board
AGO	Auditor-General's Office
ASA	Australian Standard on Auditing
CHA	Central Holding Authority
CDU	Charles Darwin University
CSS	Commonwealth Superannuation Scheme
Cth	Commonwealth of Australia
DTH	Department of Tourism and Hospitality
FEE-HELP	Fee-Paying Higher Education Loan Program
FTE	Full-Time Equivalent
GGS	General Government Sector
HECS-HELP	Higher Education Contribution Scheme – Higher Education Loan Program
HELP	Higher Education Loan Program
ICAC	Independent Commissioner Against Corruption
IFRS	International Financial Reporting Standards
IT	Information Technology
NHMRC	National Health and Medical Research Council
NT	Northern Territory
NTAGO	Northern Territory Auditor-General's Office
PPE	Property, Plant and Equipment
SA-HELP	Student Amenities – Higher Education Loan Program
TAFE	Technical and Further Education
TWP	Territory Wildlife Parks
VET	Vocational Education and Training

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