

Results of Financial Audits

30 June 2025

Auditor-General's Report
to the Legislative Assembly
No 5: 2025-26



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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 NT 0800

Auditor-General's Report to the Legislative Assembly No. 5 of 2025-26

In accordance with section 24 of the *Audit Act 1995*, I submit my report on the results of annual audits of financial reports completed since 1 July 2025.

Jara K Dean
Auditor-General

25 November 2025

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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.

A core responsibility of the Auditor-General is to audit the financial reports of public sector entities. This is the second report of 2025-26 advising Parliament on the results of financial audits.

This report includes commentary on the results of financial audits, key findings and financial performance of public sector entities for the financial year ended 30 June 2025.

Overall, the report outlines the results of 17 annual audits of financial reports and includes a section on the utilities sector.

Audits of the financial reports of:

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

for the year ended 30 June 2025 were postponed because of delays in the preparation of the financial reports. The results of their audits will be reported in a future report.

Quality and timeliness of financial reporting

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

Audit opinions issued



Clean Audit Opinion

14



Clean Audit Opinion with
Emphasis of Matter

3



Qualified Audit Opinion

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. These included:

- **Desert Knowledge Australia** – going concern because of the absence of government funding commitments beyond the 2025-26 financial year and corrections of prior period errors.
- **Indigenous Essential Services Pty Ltd** – going concern because of the economic dependency on the Northern Territory Government to fund the Company's future capital expenditure as well as a significant portion of its operating expenses and the commitment by Power and Water Corporation as its parent company to provide financial support.
- **Northern Territory Major Events Company Pty Ltd** – basis of preparation because of the proposed integration with Tourism NT.

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 audit required substantial corrections before we could issue clean audit opinions, which impacted the time required to complete the audits and their cost.

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.



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Average number of days after
balance date to issue audit report

It took on average less than three months after the financial year end to finalise audits of the entities included in this report.

Jacana Energy (58 days) and Territory Generation (63 days) achieved sign-offs within the first two months after the end of the financial year, followed closely by Desert Knowledge Australia (67 days).

The Office of the Public Trustee for the Northern Territory (112 days), Darwin Waterfront Corporation (107 days), NT Build (107 days) and the Board of the Museum and Art Gallery of the Northern Territory (102 days) all complied with their reporting deadlines, however, their audits took the longest to complete.

There has been a marked improvement in the timeliness of reporting for some entities, namely the Office of the Public Trustee for the Northern Territory (112 days, down from 232 days) and Desert Knowledge Australia (67 days, down from 145 days), both of whom more than halved the time to complete their audits. Because of the early completion of this year's audit, The Public Trustee met its statutory obligation to provide investors in common funds with required information by 31 October 2025 for the first time this year.

Early planning and regular, two-way communication where main developments and relevant information impacting both financial reporting and the audit is exchanged in a timely manner is important in ensuring both auditors and those charged with governance can effectively discharge their respective roles.

For example, it is considered good practice that external auditors are invited to attend regular audit committee meetings. Attendance by the external auditors should allow enough time to facilitate an appropriate discussion on key audit activities. To ensure there is effective two-way communication, it is important that the auditors submit appropriate reports to the audit committee in a timely manner, such as audit plans and management letters.

In addition to the normal attendance at audit committee meetings, the relationship between the committee and the external auditors can be enhanced through:

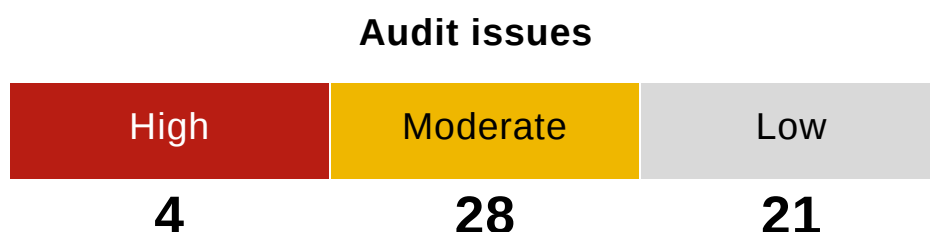
- the auditors having open access to the chair and other members of the committee outside of meetings
- in-camera sessions at meetings where the committee can talk freely with the auditors without management or other observers present.

For the next audit cycle, we will require accountable authorities to formally submit their financial reports to the Auditor-General by the appropriate statutory deadline.

The change is to re-emphasise the responsibilities of the accountable authority for the integrity of financial reporting. Audit committees may and should assist the accountable authority by providing a second level of assurance through the review of the financial report before it is formally submitted to the Auditor-General for audit.

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.



The four high risk audit issues related to accounting matters and a prior period error. The risk rating of audit issues is explained in Appendix C *Risk rating of audit issues*.

Prior period errors

A number of entities had mistakes or omissions in previously issued financial reports which were required to be corrected by adjusting prior period financial statements to reflect the corrected information. Some of the prior period errors were not material and therefore adjustments were made without the full restatement of the financial statements.

Desert Knowledge Australia identified several assets which were no longer used and had to be written off retrospectively. The error was corrected by restating the carrying amount of property, plant and equipment, depreciation expense and retained earnings. This case highlights the need for management to periodically perform physical inspections of property, plant and equipment. A physical inspection is crucial for verifying the accuracy of information in an asset register and identifying assets which may need to be impaired or written off because they are obsolete, physically damaged or no longer providing economic benefits. Inspections are especially important when assets are carried at historical cost and not subject to regular revelations.

Entities that made corrections of prior period errors without the full restatement of their financial statements included:

- Darwin Waterfront Corporation – corrections were made to last year's assets revaluation entries. The net impact of the correction on the income statement was \$0.681 million. The net impact on the balance sheet was a reduction in non-financial assts of \$0.370 million.
- NT Built – incorrect recognition of investment distributions with a \$nil net impact on both income statement band balance sheet.

Both Darwin Waterfront Corporation and NT Build adequately disclosed the corrections in the notes to their financial statements.

Financial snapshots

Utilities sector

The sector comprised of all three government owned corporations:

- Power and Water Corporation (including its wholly owned subsidiary Indigenous Essential Services Pty Ltd)
- Power Generation Corporation (trading as Territory Generation)
- Power Retail Corporation (trading as Jacana Energy).

The sector reported a combined loss before tax of \$116.9 million mainly due to the increased cost of emergency gas resulting from curtailment of supply from a main gas supplier.

The Northern Territory Government provides subsidised electricity to households and small businesses through community service obligation payments to electricity retailers. Jacana Energy received \$124.7 million in community service obligation payments.

The three government owned corporations returned \$8.6 million in dividends, with Jacana Energy delivering the highest dividend of \$5.6 million.

The sector managed significant infrastructure assets valued at \$4.2 billion and its borrowings totalled \$1.8 billion as at 30 June 2025.

Power and Water Corporation

The Corporation reported an underlying loss of \$129.7 million, a deterioration of \$100.3 million on last year's loss because of the cost of emergency gas, increased employee expenses, increased depreciation and higher interest cost.

Losses in the gas services segment almost doubled to \$173.4 million in 2024-25 because of the substantial reduction in output from the Blacktip gas field, which was the main source of natural gas for the Corporation, and the need to purchase gas from alternative suppliers at significantly higher prices.

The Corporation prepaid for gas valued at \$42.0 million under a take-or-pay arrangement and it believes that it will be able to access the banked gas despite the reduced output. However, if the estimates of remaining proved and probable gas reserves were to decrease or the reserves were depleted sooner, the Corporation would be unable to access some or all of the banked gas.

The Corporation borrowed an additional \$176.0 million and its borrowings totalled \$1.5 billion. Finance costs increased by \$16.1 million as borrowings continued to grow and the Corporation had to refinance maturing loans at a higher rate.

The Corporation's net assets totalled \$1.2 billion, however its current liabilities exceeded current assets by \$588.7 million, resulting in a negative working capital.

Territory Generation

Territory Generation reported an underlying profit of \$13.0 million, an increase of 10.5% largely due to firming charges introduced this year to cover the infrastructure and services needed to ensure system stability with competition entering the network.

The increased cost of generating electricity was offset by increased charges and overall net electricity sales, which totalled \$40.2 million, showed only a modest increase.

The continued entry of renewables and the preference of end users for renewable energy have impacted the volume of electricity generated and sold.

Operating expenses, which consisted mainly of personnel costs and administration remained relatively unchanged from the previous year.

Jacana Energy

Jacana Energy's after-tax profit of \$21.0 million was driven by an uplift in revenue as a result of higher electricity sales and increased CSO funding. While the overall volume of electricity sold remained relatively consistent between years, the residential and small to medium business segment benefited from a 3.9% increase in regulated prices. The increased solar energy purchases reduced the cost of electricity purchases and renewable energy certificates required to be bought and surrendered to offset emissions.

Total operating expenses remained relatively consistent between years, with increased employee expenses offset by a decrease in provision for impairment.

Darwin Waterfront Corporation

Darwin Waterfront Corporation generated attention this year for a number of reasons, including the employment of a board member's spouse. Australian Accounting Standards understand that related party relationships are a normal feature of commerce and business. Because those relationship could have an effect on the financial result or position, entities are required to disclose related party relationships, transactions and outstanding balances in the notes to the financial statements in accordance with AASB 124 *Related Party Disclosures*.

The definition of a related party includes the spouse of a person having authority and responsibility for planning, directing and controlling the activities of the entity, in this case a board member. Separate disclosures were included in the financial report to explain this related party relationship, including:

- the process to engage the person
- why the person was not a key management person as defined by AASB 124
- the aggregate remuneration paid to the person.

In addition, disclosures were expanded to better explain:

- the cost sharing arrangement between Darwin Waterfront Corporation and AustralAsia Railway Corporation
- the amount recouped from AustralAsia Railway Corporation for the provision of management services.

Desert Knowledge Australia

Desert Knowledge Australia, which among other things operates and manages the Desert Knowledge Precinct in Alice Springs reported a deficit of \$0.357 million in 2024-25 predominantly because of a decrease in grant income, which is its main source of revenue.

While Desert Knowledge Australia secured operational funding for 2025-26, if it were not able to secure funding beyond 2026, a material uncertainty would exist that may cast significant doubt on its ability to continue as a going concern.

Land Development Corporation

The Corporation generated a net profit from property sales of \$2.6 million and it borrowed an additional \$13.0 million for an expansion of the Marine Industry Park development at East Arm.

Motor Accidents (Compensation) Commission

The Commission recorded a profit of \$79.4 million, which was a significant increase from the \$55.6 million profit reported last year. This improvement was largely driven by a \$39.3 million rise in investment returns, which included a positive change in the fair value of investments, or an unrealised gain of \$32.4 million. A new Motor Accidents (Compensation) Scheme management contract delivered a \$9.23 million reduction in management fees this year.

Net revenue from Compulsory Third Party contributions grew by 2.3%, while net claims incurred increased by 31.4% over the same period.

Investments totalled \$1.3 billion as at 30 June 2025 and the balance of the outstanding claims provision was \$629.2 million.

Board of the Museum and Art Gallery of the Northern Territory

The Board reported another surplus this year of \$2.8 million, mainly because of an increase in funding under a five-year funding agreement with the Northern Territory Government which commenced in 2023-24. The surpluses were the result of the requirement to recognise some grants received as revenue in a period before the related expenses are incurred or obligations are fulfilled.

The Board held \$4.9 million in unearned revenue, which represented mainly unspent grants, including \$2.8 million received for the fit-out of the Northern Territory Art Gallery (NTAG), running costs leading to its opening and the development and delivery of content and programs for the opening. The future use and operation of the NTAG site is yet to be determined following the conclusion of a public expression of interest process. This means that some or all of the funds received for NTAG may need to be repaid or repurposed depending on the outcome of the expression of interest process.

Northern Territory Legal Aid Commission

The Commission reported a net surplus of \$1.9 million predominantly because of additional funding received from the Northern Territory Government to cover the increased cost of assistance with mostly criminal law matters. Commitments for approved aid referred out to private practitioners totalled \$3.1 million.

The Commission administered the Contingency Legal Aid Fund set up to provide financial assistance to eligible persons to enable them to bring or defend civil proceedings. The balance of the fund was \$1.2 million.

Northern Territory Major Events Company Pty Ltd

The Company received \$29.0 million for events and festivals, with over one third of this funding spent on three main events. Revenue from events declined over the past two years mainly because of lower ticket sales, which on average contributed only 16% to the cost of events. The cost of events and festivals was relatively consistent with the previous year at \$34.2 million.

Following the completion of the audit and issuance of the audit report, it was announced that the functions and operations of the Company will be integrated with Tourism NT.

Northern Territory Treasury Corporation

The Corporation's borrowings rose to \$12.3 billion as at 30 June 2025. Interest on borrowings increased by 32.8% to \$454.3 million because of the increased debt and higher interest rates.

NT Build

NT Build reported an underlying surplus before fair value adjustments of \$3.5 million. This was a \$2.2 million improvement on last year's underlying surplus mainly because of positive investment returns and lower than expected long service leave benefit payments.

Although building activity increased in 2024-25, income from the levy was relatively consistent with the previous year at \$3.3 million. The increase in building activity also meant that less workers were taking long service leave.

The provision for future long service leave benefits increased by \$7.9 million to \$68.2 million as at 30 June 2025. NT Build held \$109.9 million in cash and investments.

NT Home Ownership

NT Home Ownership's home loans portfolio comprised of 791 loans and totalled \$66.8 million. Its shared equity program comprised of 312 properties and the investment was valued at \$31.9 million. Both home loans portfolio and equity investments continued to decrease. NT Home Ownership's own borrowings reduced by \$14.5 million to \$17.8 million during the year.

Office of the Public Trustee for the Northern Territory

The Public Trustee reviewed its reporting for the four common funds in the current year and largely addressed the recommendations made during the 2023-24 audit. The financial audit was completed on 20 October 2025, which allowed for investors in common funds to be provided with required information by the statutory deadline of 31 October 2025.

The Public Trustee administered \$90.3 million allocated across the four investment funds.

Submission of Financial Reports

Legislative requirements for the submission of financial reports vary. There is no one deadline for lodging financial reports with the Auditor-General or for the Auditor-General to complete the audit.

Some legislation states that it is the responsibility of management to prepare financial reports and in other cases the responsibility for financial reporting rests with those charged with governance. The Auditor-General's reporting obligations also vary.

Best practice would be an overarching audit legislation that would:

- make the Auditor-General responsible for the audits of the financial reports of all Northern Territory Government controlled entities
- define the accountable authority of a Territory controlled entity
- require the accountable authority to prepare a financial report
- set the deadline for the accountable authority to submit the financial report to the Auditor-General
- set the deadline for the Auditor-General to audit the financial report.

In the meantime, we will require that the financial report be formally submitted by the accountable authority to the Auditor-General by the deadline specified in the relevant legislation. The financial report must be complete in all material respects and certified by the accountable authority. These changes will be implemented for annual reporting periods beginning on or after 1 January 2025.

The changes are to re-emphasise the responsibilities of the accountable authority for the integrity of financial reporting within the entity. The audit committee may and should assist the accountable authority by providing a second level of assurance through the review of the financial report before it is formally submitted to the Auditor-General for audit. The financial report may need to be resigned by the accountable authority if the final version is materially different.

For example, if the enabling legislation requires the members of an entity to prepare a financial report and submit it to the Auditor General within two months after the end of the financial year, we will expect that a financial report signed by the members will be received by the Auditor-General's Office by 31 August. Unsigned financial reports or financial reports that are incomplete will not be accepted and reporting deadline breaches will be reported to responsible ministers and the Legislative Assembly.

How to use this report

Financial reports form part of the process of financial reporting. A complete financial report normally includes a balance sheet, an income statement, a statement of cash flows and a statement of changes in equity, and notes, other statements and explanatory material that are an integral part of the financial report.

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

The income statement shows whether or not the entity generated sufficient revenue to fulfil its operating requirements, including depreciation charges over the reporting period.

The income statement can include non-cash transactions recorded when using accrual accounting, which recognises revenues and expenses when they are earned or incurred, regardless of when cash is received or payments are made.

Including non-cash transactions provides a more comprehensive view of financial performance. For example, in basic terms, depreciation represents how much an asset decreases in value due to time, obsolescence, or wear and tear.

The cash flow statement then takes net income and adjusts it for any non-cash transactions, such as depreciation or changes in the working capital. Put simply, the cash flow statement undoes accrual accounting to show cash movements and the net change in the cash balance from the start to the end of the reporting period.

The balance sheet shows the ending balance of assets and liabilities from year to year. The asset section begins with cash, which equals the cash balance at year end found in the cash flow statement.

Net income from the income statement flows into the balance sheet as a change in equity.

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
--------------	----

<i>add back</i> 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 the **Cash flows from operations**.

Assets sustainability ratio (Capital spend divided by Depreciation expense)

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.).

ENTITIES 30 JUNE 2025

Darwin Waterfront Corporation

Introduction

Darwin Waterfront Corporation is responsible for developing, managing and servicing the Darwin Waterfront Precinct.

Snapshot

		2024-25 \$'000	2023-24 \$'000
Deficit	↘	(3 277)	(249)
Cash flows from operations	↘	5 360	7 900
Total cash and deposits	↔	13 006	12 748
Working capital	↔	8 558	8 872

↗ 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 20 August 2025. The financial report was certified on 15 October 2025 and the audit report was issued on the same day.



Darwin Waterfront Corporation received a clean audit opinion on the financial report



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Number of days after balance date to issue audit report

Background

Darwin Waterfront Corporation was established under the *Darwin Waterfront Corporation Act 2006* to develop, manage and service the Waterfront Precinct.

The Precinct includes the Darwin Convention Centre, developed through a Public Private Partnership arrangement, and other residential, commercial and recreational facilities.

The Corporation entered into a twelve-year lease agreement with the Northern Territory Government for Stokes Hill Wharf. The arrangement is due to expire in 2029.

The Precinct is not part of the City of Darwin for rating purposes. Instead, the Corporation imposes its own rates on rateable properties within the Precinct. These rates are based on the same method of calculation as the City of Darwin's rates. The Corporation is responsible for the provision of municipal services within the Precinct.

The Corporation also regulates parking within the precinct and operates multistorey car parks at the Precinct and the State Square.

While the Corporation generates income through the raising of rates, rental, fees and fines, it is reliant on additional funding from the Northern Territory Government.

The Corporation must have at least three and no more than seven directors appointed by the responsible minister. The Chief Executive Office is appointed by the responsible minister on the directors' recommendation. The Chief Executive Office is, ex officio, a director.

Financial reporting

The Corporation is required to report as if it were a company registered under the *Corporations Act 2001* (Cth). The directors are required to prepare a financial report and submit it to the Auditor-General by 31 August each year. The Auditor-General must audit the financial report within two months of receiving it and report to the directors.

A draft financial report was submitted on 20 August 2025. The audit report was issued on 15 October 2025.

Audit observations

Audit issue	Risk rating
Review of accounting for the convention centre arrangement	High
Adjustments to capital and reserves balances made in 2021 financial report were not posted to the general ledger	Moderate
Recordkeeping and documentation practices improvements	Moderate
Improvements to the Conflict of Interest Register	Moderate
Lack of segregation of duties for manual journals	Moderate
Creation and maintenance of a Fraud Incidence Register	Moderate

Public Private Partnerships are typically complex and involve high capital costs, lengthy contract periods, long-term obligations and a sharing of risks and rewards between the private and public sectors. For this reason, we recommended that accounting policies on how to account for the Darwin Convention Centre arrangement be reviewed for new accounting standards that came into effect since the initial advice was provided.

Internal controls are key to the accuracy and reliability of financial reporting and we made recommendations to strengthen and improve processes in the following areas:

- improvement to the conflict of interest register to ensure that information on extinguished conflicts is retained and that the register also contains the mitigating strategies put in place to manage identified conflicts
- creation of a fraud risk register to document key decisions, reasons for the decisions, actions taken and outcomes of any alleged or proved fraud incidents

We recognise that in small organisations, segregating duties poses a challenge because they often operate with minimal staff, resulting in overlapping responsibilities among employees. It is acknowledged that, for example, the preparation and approval of manual journals is now undertaken by different staff and the Corporation has committed to further improving its processes and internal controls.

Financial analysis

The Corporation reported a net deficit of \$3.3 million in 2024-25, which was \$3.0 million more than in the previous year.

The Corporation received \$18.1 million from the Northern Territory Government to cover the cost of the Darwin Convention Centre arrangement, of which \$12.5 million was to cover the developer's construction and maintenance costs and operating subsidies. The principal repayments were \$4.5 million in 2024-25.

	2024-25 \$'000	2023-24 \$'000
Annual payment	4 296	4 141
Operating subsidies	3 525	3 017
Incentive payments to the operator	1 031	915
Interest component	3 598	3 879
Costs included in the income statement	12 450	11 951
Principal repayment	4 461	4 087
Total payments to the developer and operator	16 911	16 038

After taking into consideration the principal repayments, the net balance of funding received from the Northern Territory Government to cover the cost of the Darwin Convention Centre arrangement was a surplus of \$1.2 million.

Operating revenue was \$12.4 million in 2024-25. Own source revenue represented 51% of total operating revenue (2024: 47%) and included car parking charges, rent, rates and wave lagoon admission fees. Apart from a one-off grant to improve and upgrade Damoe-Rae Park received in 2023-24, operating revenue was relatively stable.

Operating expenses increased by \$1.4 million or 7% to \$21.4 million in 2024-25. The increase was largely due to higher property costs, up \$860 thousand, including ground maintenance and security and increased depreciation, up \$1.0 million as a result of increased asset values following last year's revaluation. Employee expenses decreased by \$305 thousand.

Other comprehensive income included a revaluation decrement of \$1.07 million. This decrement was the result of a management adjusting the independent valuation conducted in the prior year as per audit recommendation.

The Corporation maintained a strong liquidity position with cash at bank and on hand of \$13.0 million (2024: \$12.8 million) and a positive working capital of \$8.6 million (2024: \$8.9 million).

Net assets totalled \$212.6 million as at 30 June 2025 (2024: \$215.1 million) and comprised predominantly of infrastructure assets of \$90.3 million (2024: \$95.2 million) and the convention centre of \$98.4 million (2024: \$101.4 million).

The Corporation's service concession liability decreased by the amount of the principal repayment, \$4.5 million to \$51.4 million (2024: \$55.9 million). The service concession liability represents the present (discounted) value of future payments to the developer. The Darwin Convention Centre is accounted for as a service concession asset which is periodically revalued. Its net fair value was \$98.4 million as at 30 June 2025 (2024: \$101.4 million). The value of the asset decreases every year by the amount of depreciation expense.

Financial information

	2025 \$'000	2024 \$'000
Government funding for Darwin Convention Centre (DCC)	18 128	17 750
less Territory availability payment	(7 894)	(8 020)
less Territory operating payment	(3 525)	(3 017)
less Territory incentive payment	(1 031)	(915)
Net income from Government for DCC	5 678	5 798
Operating grant	4 750	4 904
Stokes Hill Wharf grant	1 379	1 379
Other grants	-	1 120
Revenue from services	6 273	6 496
Total operating revenue	12 402	13 899
Employee expenses	1 327	1 632
Operating expenses	4 343	4 513
Property maintenance	6 783	5 923
Depreciation	5 922	5 062
Depreciation DCC	2 982	2 816
Total operating expenses	21 357	19 946
Deficit	(3 277)	(249)
add back Net non-cash transactions		
Depreciation	8 904	7 878
Write-down/impairment	214	716
Other non-cash transactions	(681)	12
	8 437	8 606
add back Net changes in working capital		
Other working capital movements	200	(457)
	200	(457)
Cash flows from operations	5 360	7 900
less Capital spend	(445)	(570)
less Territory availability payment (principal component)	(4 461)	(4 087)
Other flows	(196)	(213)
Net increase/(decrease) in Cash	258	3 030
Cash at the end of the year	13 006	12 748
Working capital	8 558	8 872
DCC Service concession asset liability	51 395	55 856
Non-financial assets at the beginning of the year	257 626	245 563
Additions	3 099	1 083
Depreciation	(8 904)	(7 878)
Revaluation Increment/(Decrement)	(1 065)	19 586
Disposals	-	(728)
Non-financial assets at the end of the year	250 756	257 626

Response from Darwin Waterfront Corporation



18 November 2025

Mr Jara Dean
Auditor-General
GPO Box 4594
Darwin NT 0801

Via email: jara.dean@nt.gov.au

Dear Mr Dean,

Re: Auditor-General's Report to the Legislative Assembly No. 5 of 2025/26 – Results of Financial Audits 30 June 2025

I wish to thank you for providing a copy of the draft Auditor-General's Report and for the opportunity to provide a response.

Darwin Waterfront Corporation acknowledges the observations and recommendations outlined in the report and remains fully committed to the ongoing enhancement of governance, financial management, and internal controls.

We note the high-risk observation regarding the accounting treatment of the Darwin Convention Centre Public Private Partnership arrangement and appreciate your recognition of its complexity. As recommended, the Corporation has engaged an independent financial reporting advisor to review the current treatment and is working collaboratively with the Department of Treasury and Finance.

In addressing the moderate-risk observations, the Corporation has strengthened oversight and enhanced key processes, including improvements to conflict-of-interest management and the establishment of a formal register to manage potential fraud risks. Recognising the operational constraints of a small organisation, the Corporation has reinforced segregation of duties and continue to implement measures to further strengthen the effectiveness of our internal control framework.

Darwin Waterfront Corporation remains committed to embedding these improvements across all operations and to upholding the highest standards of accountability, transparency, and integrity in all aspects of its operations.

Yours faithfully,



Alastair Shields
Chief Executive Officer
Darwin Waterfront Corporation

Darwin Waterfront Corporation
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Data Centre Services

Introduction

Data Centre Services is a government business division established to manage the Northern Territory Government's data centre and provide mainframe and mid-range hardware support to public sector entities.

The host agency is the Department of Corporate and Digital Development (DCDD).

Snapshot

		2024-25 \$'000	2023-24 \$'000
Profit before tax	↘	3 519	4 774
Cash	↘	15 858	16 087
Returns to governments	↘	2 294	3 103

↗ 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 1 September 2025. The financial report was certified on 30 September 2025 and the audit report was issued on the same day.



Data Centre Services
received a clean audit
opinion on the financial
report



92
Number of days after balance
date to issue audit report

Background

Data Centre Services (DCS) delivers core information and communication technology (ICT) infrastructure and support services to Northern Territory public sector entities, such as application hosting, data storage and back up services.

Financial reporting

As a government business division, DCS 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 was submitted on 1 September 2025. The audit report was issued on 30 September 2025.

Audit observations

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

Financial analysis

DCS recorded a profit of \$3.5 million, a decrease of \$1.3 million compared to the \$4.8 million profit reported last year.

DCS revenue increased by \$2.0 million from \$30.1 million in the prior year to \$32.1 million in 2024-25. The increase in revenue was largely due to the transfer of application services function from DCDD, which contributed an additional \$3.6 million, partly offset by an overall decline in revenue from other services.

DCS's employee expenses increased by 6.6% to \$7.1 million in 2024-25. The cost of ICT hardware, software and specialist IT consultants increased significantly in 2024-25. The increase of \$4.4 million or 31.6% to \$18.5 million was attributed to the transfer of application services, an increased demand for hosting services and data storage and higher licensing charges.

DCS returned \$2.3 million (2023-24, \$3.1 million) to the Northern Territory Government in the form of dividends and income tax equivalents.

Financial information

	2025 \$'000	2024 \$'000
Data centre services revenue	32 092	30 103
Other revenue	3 415	1 606
Total revenue	35 507	31 709
Employee expenses	7 094	6 656
ICT expenses	11 504	9 596
IT consultants	7 002	4 468
Depreciation	3 809	3 842
Other expenses	2 579	2 373
Total expenses	31 988	26 935
Income tax equivalent	(1 059)	(1 432)
Profit after tax	2 460	3 342
add back Net non-cash transactions		
Depreciation	3 809	3 842
Other non-cash transactions	(10)	41
	3 799	3 925
add back Net changes in working capital		
Other working capital movements	(1 358)	3 311
	(1 358)	3 311
Cash flows from operations	4 901	10 578
less Capital spend	(1 985)	(1 222)
less Dividends paid	(1 671)	(1 835)
Other flows	(1 474)	(1 842)
Net increase/(decrease) in Cash	(229)	5 679
Cash at the end of the year	15 858	16 087
Lease liabilities	13 196	10 659
Non-financial assets at the beginning of the year	20 177	21 779
Additions (including leased assets)	6 781	3 322
Depreciation	(3 809)	(3 841)
Disposals and other movements	(447)	(1 083)
Non-financial assets at the end of the year	22 702	20 177

Desert Knowledge Australia

Introduction

Desert Knowledge Australia facilitates projects aimed at improving livelihoods of communities in deserts and arid lands and is responsible for the management and development of the Desert Knowledge Precinct in Alice Springs.

Snapshot

		2024-25 \$'000	2023-24 \$'000
Surplus/(Deficit)	↘	(357)	99
Cash flows from operations	↘	(918)	(564)
Total cash and term deposits	↘	1,407	2,350
Working capital	↗	971	869

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

Quality and timeliness of financial reporting

The financial report was certified by the members of the Board on 5 September 2025 and the audit report was issued on the same day.



Desert Knowledge Australia received a clean audit opinion on the financial report¹



67

Number of days after balance date to issue audit report

¹ The audit report on the Desert Knowledge Australia's financial report included an emphasis of matter relating to going concern and a correction of a prior period error. Both matters are further explained in this chapter.

Background

Desert Knowledge Australia was established under the *Desert Knowledge Australia Act 2003*. Its purpose is to encourage learning, research and sustainable socioeconomic development in the desert and arid lands.

Desert Knowledge Australia manages the Desert Knowledge Precinct, which is situated in Alice Springs on land leased from the Northern Territory Government. The precinct includes a business centre, Desert Peoples Centre Campus, a joint project between Batchelor Institute of Indigenous Tertiary Education and the Centre for Appropriate Technology Limited, and a solar demonstration facility. The site is also used for activities such as fire management training and the management of buffel grass.

Financial reporting

Desert Knowledge Australia is required to report as if it were a company under the *Corporations Act 2001*. The Board of Desert Knowledge Australia must submit its financial report to the responsible minister and the Auditor-General by 30 September and the Auditor-General is required to report to the responsible minister on the financial report by 30 November each year.

The financial report was certified by the members of the Board on 5 September 2025 and the audit report was issued on the same day.

Audit observations

Audit issue	Risk rating
The fixed assets register contained decommissioned plant and equipment (prior period error)	High

During our interim audit, we recommended that management performed a physical inspection of plant and equipment. A physical inspection is crucial for verifying the accuracy of information in an asset register and identifying assets which may need to be impaired or written off because they are obsolete, physically damaged or no longer providing economic benefits.

As part of the inspection of its plant and equipment, Desert Knowledge identified a sewage treatment plant which was decommissioned when the site was connected to the town sewer line in 2015 and solar assets which were no longer used.

The above assets were written off retrospectively and the error was corrected in this year's financial report by restating the carrying amount of property, plant and equipment, depreciation expense and retained earnings.

Financial analysis

Desert Knowledge Australia reported a deficit of \$0.357 million in 2024-25 predominantly because of a decrease in grant income, which is its main source of income.

Grant income totalled \$1.9 million in 2024-25 (2023-24, \$2.5 million) and represented 71% of total revenue (2023-24, 78%). Grant income included:

- core operational funding from the Northern Territory Government, \$560 thousand to support key functions, including the operations and maintenance of the Desert Knowledge Precinct and \$200 thousand for the employment of a coordinator to lead and manage the Remote Focus Initiative funded by the Department of Housing, Local Government and Community Development
- revenue for specific projects, including Codes 4 Life, \$482 thousand; Aboriginal Workforce Development, \$260 thousand; and Central Australia Language Centre Consultation, \$184 thousand.

Accounting for grant income depends on the nature of each grant. Revenue from grants with sufficiently specific performance obligations is recognised when the performance obligations are satisfied under the revenue standard AASB 15 *Revenue from Contracts with Customers*. Otherwise, a government grant is recognised as income immediately under AASB 1058 *Income of Not-for-Profit Entities*.

Generally, funding for specific programs where Desert Knowledge Australia has an obligation to the grantor to spend the funds on a specific project is accounted for under AASB 15. This means that the funding is recognised as a liability and grant income is recognised with the expenses for which the grant is intended to compensate. Unexpended grants liability totalled \$264 thousand at 30 June 2025 (30 June 2024, \$1.3 million).

No major new projects were initiated in 2024-25 and all existing projects were due to be completed in 2025-26.

Revenue from other activities, such as from operating and managing the Business Innovation Centre or the solar farm was relatively consistent with the previous year.

Total expenses were also consistent with the previous year. The cost of consultants decreased by \$381 thousand as project activities were winding down. The decrease in consultants was partly offset by an increase in employee costs, up by \$322 thousand due to an increase in staffing and wage increases.

	2025 FTE	2024 FTE
Permanent staff	10	8
Casual staff	20	28
Total staff	30	36

Desert Knowledge Australia held \$1.4 million in cash and term deposits at 30 June 2025 (30 June 2024, \$2.3 million). Its cash flows from operations were negative at \$0.9 million because the funding for projects completed or continuing during 2024-25 was received in previous years. The balance of grants received in advance reduced by \$1.1 million during the year as existing projects that received funding in advance were being completed.

Going concern

Desert Knowledge Australia generated the majority of its revenue from government grants. It secured operational funding for 2025-26 and the cash flow forecast showed that it will have sufficient cash to operate for the next twelve months. As a result, the financial report was prepared on a going concern basis, which assumed that Desert Knowledge Australia will continue to operate for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of business.

However, if Desert Knowledge Australia were not able to secure funding beyond 2026, a material uncertainty would exist that may cast significant doubt on its ability to continue as a going concern.

Desert Knowledge Research Institute Ltd

Desert Knowledge Research Institute Ltd is a company limited by guarantee and a registered charity set up by Desert Knowledge Australia to access funding from other sources, including the Australian Government for projects that advance renewable energy technologies. It received \$2.17 million towards Alice Springs Future Grid.

Desert Knowledge Australia does not control, nor does it have significant influence over Desert Knowledge Research Institute Ltd. Therefore, there is no requirement to consolidate or apply equity accounting. Desert Knowledge Research Institute Ltd is not audited by the Auditor-General.

Financial information

	2025 \$'000	2024 \$'000
Grant income	1 933	2 534
Business Innovation Centre and rental income	379	341
Solar Centre revenue	259	242
Other income	151	129
Total revenue	2 722	3 246
Employee expenses	1 347	1 025
Consultants	488	869
Other expenses	1 244	1 253
Total expenses	3 079	3 147
Surplus/(Deficit)	(357)	99
<i>add back</i> Net non-cash transactions		
Depreciation	486	451
Loss on disposal of property, plant and equipment	2	-
	488	451
<i>add back</i> Net changes in working capital		
Increase/(Decrease) in Grants received in advance	(1 066)	(592)
Other working capital movements	17	(522)
	(1 049)	(1 114)
Cash flows from operations	(918)	(564)
less Capital spend	(18)	(201)
add Interest received	61	18
add Desert Knowledge Research Institute receipts	-	552
Other flows	221	(908)
Net increase/(decrease) in Cash	(654)	(1 103)
Cash at the end of the year	784	1 438
Term deposits	623	911
Unexpended grant liability	(264)	(1 330)
Working capital	971	869
Non-financial assets at the beginning of the year	9 838	10 088
Additions	8	201
Depreciation	(486)	(451)
Non-financial assets at the end of the year	9 360	9 838
Government equity contribution	7 809	7 809

Land Development Corporation

Introduction

The Land Development Corporation develops and manages strategic industrial land, marine infrastructure and residential estates in the Northern Territory.

Snapshot

		2024-25 \$'000	2023-24 \$'000
Underlying profit	↘	1 342	6 307
Cash	↗	25 191	12 886
Borrowings	↘	28 000	15 000
Net profit from property sales	↘	2 617	7 467
Returns to governments	↗	3 062	2 658

↗ 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 18 August 2025. The financial report was certified on 22 September 2025 and the audit report was issued on the same day.



Land Development Corporation received a clean audit opinion on the financial report



84

Number of days after balance date to issue audit report

Background

The Land Development Corporation was established by the *Land Development Corporation Act 2003*. The Corporation was initially set up as an agency under the *Financial Management Act 1995* and *Public Sector Employment and Management Act 1993* but was later declared a government business division. As a result, it does not receive budget appropriation and is required to pay income tax equivalents and dividends to the Northern Territory Government.

Projects are generally funded through the Corporation's own capital investment program, which may include funding from the Northern Territory Government for non-commercial activities. The Corporation can borrow from the Northern Territory Treasury Corporation.

The Corporation is managed by a Chief Executive Officer, who is supported by an advisory board. The Chief Executive Officer and members of the advisory board are all appointed by the responsible minister. Currently there is no advisory board in place.

Financial reporting

As a government business division, the Corporation 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 was submitted on 18 August 2025. The audit report was issued on 22 September 2025.

Audit observations

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

Financial analysis

The Corporation generated a net profit from property sales of \$2.6 million in 2024-25, which was \$4.9 million less than in the previous year, as shown in the table below:

		2024-25	2023-24
		\$'000	\$'000
Net profit from industrial land sales	↘	977	6 267
Net profit from residential land sales	↗	829	613
Share of net proceeds from land sales [^]	↗	811	587
Total net profit from property sales	↘	2 617	7 467

[^] The Land Development Corporation entered into an arrangement with a private developer to develop a residential estate in Zuccoli. Under the arrangement, the developer finances the development. Net proceeds from the sale of lots are shared between the parties. There were 40 lots sold in 2024-25.

Net profit from residential land sales, including land developed under a joint arrangement increased by 36.7% to \$1.6 million in 2024-25. The decrease in net profit from industrial land sales this year was due to a single high value lot sold in 2023-24 for \$10.3 million.

Operating revenue and expenses remained relatively consistent between years at \$5.9 million and \$7.2 million respectively. Operating expenses exceed revenue as proceeds from property sales were used to subsidise operations.

Profit before tax was \$4.4 million in 2024-25, which included \$3.5 million in financial contributions relating to a land sale that did not proceed. The 2023-24 result was significantly impacted by a \$3.5 million write down of inventory across various land lots, including the Hidden Valley facility and a transfer of Ankerre Park valued at \$1.9 million to Alice Springs Town Council for no consideration.

The Corporation returned \$3.1 million (2023-24, \$2.7 million) to the Northern Territory Government in the form of dividends and income tax equivalents.

The Corporation held land valued at \$131.7 million (2023-24, \$139.7 million) as inventory, which included both developed land and land under development. The land classified as inventory was measured at the lower of cost and net realisable value. The Corporation anticipated that \$45.9 million or 35% (2023-24, \$47.5 million or 34%) will be developed and ready for sale within the next twelve months.

The Corporation was in the process of selling two buildings and one infrastructure asset at East Arm and Holtze Industrial Estate. As a result, these properties were classified as assets held for sale on the balance sheet and valued at the estimated sale price of \$2.5 million as at 30 June 2025 (2023-24, \$nil).

The unearned revenue liability mainly related to consideration received in advance from customers in respect of the land sales that were subject to development leases. Unearned revenue decreased by \$0.9 million to \$5.8 million as at 30 June 2025, mainly due to a settlement and recognition of revenue for one industrial sale where the development lease conditions were satisfied and the title was transferred.

Accounts payable decreased by \$8.8 million to \$3.6 million as at 30 June 2025 (2024: \$12.4 million). The payables balance predominantly consisted of developer fees payable for the joint residential project in Zuccoli. These fees were dependent on the number of lots the developers held at year end. The number of lots held decreased significantly from 55 lots last year to 15 lots as at 30 June 2025.

During the year, the Corporation borrowed an additional \$13.0 million for an expansion of the Marine Industry Park development at East Arm. The loan was an interest only loan and is due to mature in June 2029. The Corporation's borrowings totalled \$28.0 million at 30 June 2025 (2024: \$15.0 million).

The Corporation employed 12 full time equivalent staff during the year ended 30 June 2025 (2024: 16 employees), with employee related expenditure for the year of \$2.4million (2024: \$2.6 million) remaining steady as a result of an executive officeholder entitlements payout.

Capital commitments which represented contractual obligations for the construction of assets totalled \$50.9 million at 30 June 2025 (2024, \$36.3 million), with \$37.8 million (2024, \$7.0 million) due in less than twelve months.

Financial information

	2025 \$'000	2024 \$'000
Property sales		
Industrial land sales	3 044	10 360
less Cost of industrial land sold	(2 067)	(4 093)
Net profit from industrial land sales	977	6 267
Residential land sales	10 561	8 257
less Cost of residential land sold	(9 732)	(7 644)
Net profit from residential land sales	829	613
Net proceeds from joint venture land sales	811	587
Total net profit from property sales	2 617	7 467
Rental income	3 151	3 198
Licence fees	963	332
Other revenue	1 803	2 507
Total revenue	5 917	6 037
Employee expenses	2 419	2 564
Other expenses	4 773	4 633
Total expenses	7 192	7 197
Underlying profit	1 342	6 307
Financial contribution	3 511	-
Government grants	-	247
Impairment	(447)	(3 501)
Gifted land	-	(1 885)
Profit before tax	4 406	1 168
Income tax equivalent	1 413	1 227
Net profit/(loss)	2 993	(59)
<i>add back</i> Net non-cash transactions		
Depreciation	744	845
Impairment losses	447	3 501
Gifted land	-	1 885
Other non-cash transactions	(197)	37
	994	6 268
<i>add back</i> Net changes in working capital		
(Increase)/Decrease in Land held in inventory	7 624	(11 162)
Increase/(Decrease) in Unearned revenue	(862)	(10 889)
(Decrease)/ increase in trade and other payables	(10 160)	4 877
Other working capital movements	865	806
	(2 533)	(16 368)

Cash flows from operations	1 454	(10 159)
<i>less</i> Dividend paid	(1 431)	(1 291)
<i>add</i> New borrowings	13 000	-
Other flows	(718)	(802)
Net increase/(decrease) in Cash	12 305	(12 252)
 Cash at the end of the year	 25 191	 12 886
Assets held for sales	2 518	0
Unearned liability	5 847	6 709
Accounts payable	3 653	12 428
Borrowings	28 000	15 000
 Land inventory at the beginning of the year	 139 657	 133 844
Additions	4 175	22 873
Disposals	(11 800)	(11 737)
Transfers	(60)	(1 976)
Impairment losses	(246)	(3 347)
Land inventory at the end of the year	131 726	139 657

Motor Accidents (Compensation) Commission

Introduction

The Motor Accidents (Compensation) Commission administers a no-fault scheme which provides benefits to people injured in motor vehicle accidents.

Snapshot

		2024-25 \$'000	2023-24 \$'000
Profit	↗	79 385	55 675
Net claims paid	↘	60 329	48 357
Cash	↘	3 637	122 989
Investment in financial assets	↗	1 287 691	1 036 518
Outstanding claims provision	↘	629 188	574 430

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

Quality and timeliness of financial reporting

The financial report was certified by the Commissioner on 30 September 2025 and the audit report was issued on the same day.



The Commission received a clean audit opinion on the financial report



92

Number of days after balance date to issue audit report

Background

The Motor Accidents (Compensation) Commission was established under the *Motor Accidents (Compensation) Commission Act 2014* when the Territory Insurance Office was sold effective 1 January 2015.

The Commission's functions were to administer the Motor Accidents (Compensation) Scheme in accordance with the *Motor Accidents (Compensation) Act 1979*, manage the Motor Accidents (Compensation) Fund from which benefits are paid and promote road safety.

The Scheme claims are administered by a general insurer under a contract.

The Scheme is funded by Northern Territory motorists through a portion of their motor vehicle registration charges.

All liabilities of the Commission in relation to the Scheme are guaranteed by the Territory.

The Commission is managed by the Commissioner appointed by the responsible minister.

The Scheme

The Scheme provides support for injuries and fatalities resulting from motor vehicle accidents in the Northern Territory. The Scheme covers all road users, including drivers, passengers, pedestrians, motorbike riders, and cyclists.

The Scheme also covers the owners and drivers of Northern Territory registered vehicles for their third-party personal injury liability arising from interstate motor vehicle accidents.

The Scheme will pay benefits regardless of who caused the accident, unlike some jurisdictions where injured people must prove another party was negligent to be entitled to support.

Northern Territory residents, who were not at fault in the accident, may choose to claim damages or compensation under the relevant scheme in the state or territory where the accident occurred.

The Scheme provides a wide range of benefits, including the necessary and reasonable costs of lifetime attendant care, medical treatment, rehabilitation and payments for loss of earning capacity.

The Scheme's liabilities are reviewed by its actuary twice a year to determine the amount of reserves that need to be set aside in the Motor Accidents (Compensation) Fund to meet the cost of future claims.

Financial reporting

While the Commission is not subject to the *Financial Management Act 1995*, it is required to comply with sections 10(1) to (3) as if it were a government business division. As a result, the Commissioner must prepare a financial report and forward it to the Auditor-General by 31 August each year. The Auditor-General must audit the financial report so that the Commissioner can report on the Commissioner's operations to the responsible minister by 30 October each year.

A draft financial report was submitted by the Commissioner on 20 August 2025. The audit report was issued on 30 September 2025.

Audit observations

Audit issues	Risk rating
Enterprise system not set up to prevent direct changes	Moderate
Untimely access removal for terminated staff	Moderate
Lack of control over access to the operating system for privileged accounts	Moderate
Password and access security configurations require strengthening (system A)	Moderate
Password and access security configurations require strengthening (system B)	Moderate

The Commission's financial reporting is heavily reliant on information technology (IT) systems. Specialist IT auditors are used to evaluate and test general IT controls, application controls and interfaces over key systems. The systems are managed by the outsourced Scheme administrator who disagreed with some findings or considered the impact of some of the issues to be low.

Financial analysis

The Commission recorded a profit of \$79.4 million for the year ended 30 June 2025, a significant increase from \$55.7 million reported last year. This improvement was largely driven by a \$39.3 million rise in investment returns, both realised and unrealised.

The cost of claims outstripped revenue collected from Compulsory Third Party contributions by \$15.9 million in 2024-25 largely due to adjustments in the claim provision.

Net revenue from Compulsory Third Party contributions grew by 2.3%, while net claims incurred increased by 31.4% over the same period. While the claims incurred expenses include the effect of changes in actuarial assumptions, there was a notable increase in the cost of net claims paid in the current year.

	2025	2024	2023
	\$'000	\$'000	\$'000
Outstanding claims provision	629 188	574 430	535 669
Incurred claims expense (net)	114 656	87 272	49 958
Net claims paid during year	60 329	48 357	40 291

As mentioned previously, investment returns were up by \$39.3 million, which included a positive change in the fair value of investments, or an unrealised gain of \$32.4 million in 2024-25 (2023-24: \$9.4 million), reflecting favourable market conditions at year end.

Actual trust distributions increased by \$12.3 million or 22.8% as did gains on realised investments, which were \$3.2 million or 128.8% higher compared to the previous year.

A new Scheme management contract delivered a \$9.23 million reduction in management fees this year.

Cash flows from operations were positive at \$38.6 million in 2024-25, although they were \$7.6 million lower because of the increase in claims paid. Surplus cash was invested, which resulted in the cash balance being significantly lower at \$3.6 million as at 30 June 2025 (2024, \$123.0 million). In total, \$157.5 million was invested net during the year.

Investments in unlisted funds totalled \$1.3 billion as at 30 June 2025 (2024, \$1.0 billion). During the year, the Commission disposed of its entire bond portfolio and reinvested the proceeds in unlisted trusts.

The balance of the outstanding claims provision increased by \$54.8 million to \$629.2 million as at 30 June 2025. The increase was due to new claims resulting from accidents which took place during the year, the cost of which was estimated at \$90.2 million, less insurance recoveries of \$14.1 million.

Solvency ratio

Under the *Motor Accidents (Compensation) Commission Act 2014*, the Commission is regulated for prudential purposes by the Northern Territory Government and must meet a minimum solvency ratio set at 110%. The actual solvency ratio calculated as capital over liabilities was 156% as 30 June 2025 (2024, 152%).

Changes to AASB 17 *Insurance Contracts*

The Australian Accounting Standards Board standard AASB 17 *Insurance Contracts* has now superseded AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*. The application for public sector insurers was deferred until the 2026-27 financial year onwards. The Commission continues to prepare for transitioning to the new standard.

Financial information

	2025 \$'000	2024 \$'000
Compulsory Third Party (CTP) contributions revenue	100 679	98 334
less Insurance expense	(1 966)	(1 812)
Net CTP contribution revenue	98 713	96 522
Gross claims incurred	(120 659)	(92 735)
less Insurance and other recoveries	6 003	5 463
Net claims incurred	(114 656)	(87 272)
Finance income	78 867	62 535
Change in the fair value of investments	32 424	9 460
Other income	3 112	2 903
Scheme management fees	(10 789)	(20 025)
Grants provided to fund road safety programs	(4 566)	(4 410)
Other expenses	(3 720)	(4 038)
Profit	79 385	55 675
<i>add back</i> Net non-cash transactions		
Distributions and rebates reinvested for units in managed funds	(54 000)	(40 291)
Changes in net market value of investments	(32 400)	(9 456)
Gain on sale of investment securities	(5 603)	(2 449)
Foreign exchange gain	(1 643)	162
Depreciation, amortisation and provisions for impairment losses	94	(53)
	(93 552)	(52 087)
<i>add back</i> Net changes in working capital		
Movement of outstanding claims provision	54 757	38 762
Other working capital movements	(2 003)	3 856
	52 754	42 618
Cash flows from operations	38 587	46 206
Net transfers from/(to) investments	(157 552)	22 489
less Capital spend	(347)	-
Other flows	(40)	-
Net increase/(decrease) in cash	(119 352)	68 695
Cash at the end of the year	3 637	122 989
Investments at the end of the year	1 287 691	1 036 518
Outstanding claims provision at the beginning of the year	574 431	535 669
Changes in actuarial assumptions	30 475	19 621
Anticipated new claims	90 184	73 114
Net claim payments	(65 902)	(53 974)
Outstanding claims provision at the end of the year	629 188	574 430

Board of the Museum and Art Gallery of the Northern Territory

Introduction

The Board of the Museum and Art Gallery of the Northern Territory operates museums, art galleries, and heritage sites across Darwin and Alice Springs and is responsible for the conservation and management of collections.

Snapshot

		2024-25 \$'000	2023-24 \$'000
Surplus	↗	2 781	1 636
Cash flows from operations	↘	2 242	5 732
Total cash and term deposits	↗	11 034	8 854
Working capital	↗	5 076	2 778

↗ 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. The financial report was certified on 10 October 2025 and the audit report was issued on the same day.



The Board received a clean audit opinion on the financial report



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Number of days after balance date to issue audit report

Background

The Board of the Museum and Art Gallery of the Northern Territory was established under the *Museum and Art Gallery of the Northern Territory Act 2014*.

The Board manages and operates:

- Museum and Art Gallery of the Northern Territory at Bullocky Point in Darwin
- Fannie Bay Gaol in Darwin
- Lyons Cottage on Darwin's Esplanade
- Defence of Darwin Experience at East Point in Darwin
- Museum of Central Australia, incorporating the Strehlow Research Centre in Alice Springs
- Megafauna Central in Alice Springs

- Alcoota Fossil Bed site northeast of Alice Springs.

Collections held at the various sites are recognised as an asset on the balance sheet of the Department of People, Sport and Culture.

The Director and the members of the Board are appointed by the responsible minister.

Financial reporting

The *Museum and Art Gallery of the Northern Territory Act 2014* requires the Director to prepare a financial report by 30 September and forward it to the Auditor-General. The Auditor-General must audit the financial report within two months of receiving it and report to the responsible minister.

A draft financial report was submitted on 29 August 2025. The audit report was issued 10 October 2025.

Audit observations

Audit issue	Risk rating
Incorrect information entered into payroll system resulting in overpayment of salaries	Moderate

Management discovered during a payroll review that incorrect information was entered into the payroll system for one employee, which resulted in an overpayment.

Financial analysis

The Board reported a surplus of \$2.8 million in 2024-25, compared to a surplus of \$1.6 million in the prior year. The surpluses were the result of the requirement to recognise some grants received as revenue in a period before the related expenses are incurred or obligations are fulfilled.

Total revenue increased by \$2.4 million to \$16.2 million in 2024-25, mainly because of an increase in funding from the Northern Territory Government.

The Board entered into a five-year funding agreement with the Northern Territory Government which commenced in 2023-24 and saw an increase in its operational funding. The agreement also contained funding for specific projects, including preparing for the opening of the Northern Territory Art Gallery (NTAG). Because some of these projects were delayed, including the construction of the NTAG, the funding allocated to them was not spent at year end. Consequently, cash at bank was higher at \$11.0 million as at 30 June 2025 (2024, \$8.9 million).

Total expenses were \$1.2 million higher largely because of increased employee expenses due to a 4% salary increase and additional staff during the year. The number of employees as at 30 June 2025 was 87 (2024, 86).

The Board held \$4.9 million in unearned revenue, which represented mainly unspent grants. The balance of unearned revenue included \$2.8 million received under the five-year funding agreement with the Northern Territory Government for NTAG projects, including the fit-out of NTAG, running costs leading to its opening and the development and delivery of content and programs for the opening.

Northern Territory Art Gallery

On 22 May 2025, the Northern Territory Government announced that the future use and operation of the NTAG site will be determined through a public expression of interest process which closed on 20 October 2025.

The funds received by the Board for NTAG and which were included in the unearned revenue balance may need to be repaid or repurposed depending on the outcome of the expression of interest process.

Financial information

	2025 \$'000	2024 \$'000
Financial assistance		
Northern Territory Government grants	13 913	11 772
Australian Government grants	351	247
Other grants, sponsorship and donations	834	769
	15 098	12 788
 Sales of goods and services	319	370
Interest income	598	554
Other revenue	225	175
Total revenue	16 240	13 887
 Employee expenses	7 769	7 168
Good and services expenses	3 496	3 021
Property management	1 966	1 832
Other expenses	228	230
Total expenses	13 459	12 251
 Surplus	2 781	1 636
 add back Net non-cash transactions		
Depreciation	38	30
	38	30
 add back Net changes in working capital		
Increase/(Decrease) in Grants received in advance	(600)	3 748
Other working capital movements	23	318
	(577)	4 066
 Cash flows from operations	2 242	5 732
less Capital spend	(62)	(13)
Net increase/(decrease) in Cash	2 180	5 719
 Cash at the end of the year	11 034	8 854
 Working capital	5 076	2 778
 Grants received in advance	4 870	5 470

Northern Territory Legal Aid Commission

Introduction

The Northern Territory Legal Aid Commission provides legal information and access to legal assistance to people who are economically or socially disadvantaged.

Snapshot

		2024-25 \$'000	2023-24 \$'000
Surplus/(Deficit)	↗	1 904	(219)
Northern Territory Government grants	↗	16 082	10 785
Australian Government grants	↔	9 470	9 118
Other grants	↘	1 433	3 574
Legal expenses	↘	7 402	5 872
Cash flows from operating activities	↗	3,397	714
Legal aid commitments	↔	3,058	3,248

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

Quality and timeliness of financial reporting

The financial report was certified on 30 September 2025 and the audit report was issued on the same day.



Legal Aid Commission
received a clean audit
opinion on the financial
report



92
Number of days after balance
date to issue audit report

Background

The Northern Territory Legal Aid Commission was established under the *Legal Aid Act 1990*. The Commission is also registered as a charity with the Australian Charities and Not-for-profits Commission.

The Commission provides representation services, facilitated resolution processes and duty lawyer services for both Territory and Commonwealth law matters.

The Commission is funded predominantly through grants from both the Australian and Northern Territory governments and the funding is allocated based on whether the services provided relate to Commonwealth or Territory legislated matters.

For example, Commonwealth National Legal Assistance Partnership funding is used for Commonwealth matters and limited Territory matters where they are associated with a Commonwealth family law matter.

Assistance with most criminal law matters, and some civil and child welfare matters is funded by the Northern Territory Government.

Legal aid services are provided through salaried lawyers employed by the Commission and through referrals out to private practitioners.

The Director of Legal Aid and five out of six commissioners are appointed by the responsible minister. One commissioner is appointed by the Treasurer. The Director is, ex officio, a commissioner.

Financial reporting

The *Legal Aid Act 1990* requires the Director to prepare a financial report by 30 September and forward it to the Auditor-General. The Auditor-General must audit the financial report within two months of receiving it and report to the responsible minister.

The financial report was submitted on 30 September 2025. The audit report was issued on the same day.

Audit observations

Audit issue	Risk rating
Contingency Legal Aid Fund not recognised on the balance sheet	High
Lack of control over manual journal entries	Moderate

Section 44 of the *Legal Aid Act* establishes the Contingency Legal Aid Fund. Historically, the Commission disclosed information about the Fund in the notes to the financial statements but did not include the money held in the Fund on the balance sheet. We reviewed the arrangements and have concluded that the Fund is controlled by the Commission and therefore the money held in the Fund should be recognised and included as part of the Commission's cash balance. The balance of the Fund was \$1.2 million as at 30 June 2025.

Financial analysis

The Commission reported a net surplus of \$1.9 million in 2024-25 (2023-24: net deficit \$0.2 million). The improved operating result was achieved predominantly because of additional funding received from the Northern Territory Government.

Total revenue increased by \$3.7 million or 15.1% to \$28.0 million in the current year. The increase was driven by an additional \$5.3 million received from the Northern Territory Government. The Australian Government provides baseline funding under the National Legal Assistance Partnership agreement to both the Commission and independent Aboriginal and Torres Strait Islander community-controlled legal services. Australian Government funding has remained relatively consistent over the past two years, with \$9.5 million recognised in 2024-25 (2023-24, \$9.1 million).

Total expenses rose by \$1.6 million or 6.3% to \$26.1 million during 2024-25 largely because of a \$1.5 million increase in legal expenses. Other spending, including employee expenses, did not change significantly between years.

Legal expenses represented the second largest expenditure item after employee expenses at \$7.4 million (2023-24, \$5.9 million) and comprised of fees paid to private legal practitioners to whom work was assigned by the Commission. The increase in legal expenses was mainly driven by a higher volume of crime matters referred to private practitioners, necessitated by limited in-house capacity to manage the growing demand.

The total number of services provided by the Commission increased by 11.3% to 46,604 during 2024-25.

The Commission held \$8.4 million in cash as at 30 June 2025 (2024: \$6.3 million) and maintained a positive cash flow from operating activities of \$3.4 million (2024: \$0.7 million). This was consistent with the overall increase in grant revenue during the year.

Commitments for approved aid referred out to private practitioners totalled \$3.1 million as at 30 June 2025 (2024: \$3.2 million).

Contingency Legal Aid Fund

The Contingency Legal Aid Fund was established in 1993 with a contribution of \$200 thousand from the Law Society Public Purpose Trust. Money in the fund can be used to provide financial assistance to eligible persons to enable them to bring or defend civil proceedings. Applications for assistance from the fund are assessed by a committee consisting of the Director and 3 commissioners. One of the criteria when assessing applications is that there is a reasonable prospect of success, and the applicant is likely to be awarded damages or costs and repay the loan plus contingency fee.

The balance of the fund was \$1.2 million as at 30 June 2025 (2024, \$1.1 million).

Financial information

	2025 \$'000	2024 \$'000
Northern Territory Government grants	16 082	10 785
Australian Government grants	9 470	9 118
Other grants	1 433	3 574
Services revenue	282	168
Other revenue	722	660
Total revenue	27 979	24 305
Employee expenses	13 852	13 741
Legal expenses	7 402	5 872
Purchase of goods and services	2 063	2 230
Grant expenses	593	462
Depreciation and amortisation expense	1 397	1 296
Other expenses	768	923
Total expenses	26 075	24 524
Surplus/(Deficit)	1 904	(219)
add back Net non-cash transactions		
Depreciation	1 397	1 296
	1 397	1 296
add back Net changes in working capital		
Increase/(Decrease) in Grants received in advance	134	0
Other working capital movements	(38)	(363)
	96	(363)
Cash flows from operations	3 397	714
less Capital spend	(50)	(54)
Other flows	(1 297)	(1 196)
Net increase/(decrease) in Cash	2 050	(536)
Cash at the end of the year	8 382	6 331
Working capital	4 960	3 167
Committed legal aid	3 058	3 248
Contingency Legal Aid Fund	1 152	1 133

Northern Territory Major Events Company Pty Ltd

Introduction

Northern Territory Major Events Company Pty Ltd's objectives were to attract, promote and coordinate major events in the Northern Territory. Some of the major events and festivals organised by the Company were BASSINTHEGRASS, Million Dollar Fish, Red CentreNATS, Supercars and Parrtjima: *A Festival in Light*.

The *Tourism NT Amendment (Integration of NTMEC) Bill 2025* which proposed to integrate the functions and operations of the Major Events Company with Tourism NT was introduced the Legislative Assembly on 16 October 2025.

Snapshot

		2024-25 \$'000	2023-24 \$'000
Profit	↗	34	3
Government grants for events	↔	28 967	29 090
Revenue from events	↘	5 241	5 798
Interest revenue	↗	1,813	1,380
Cash flows from operations	↘	(880)	250
Total cash and term deposits	↔	19 341	20 287

↗ improvement from prior year ↘ deterioration from prior year ↔ no material change from prior year.

Quality and timeliness of financial reporting

The financial report was certified by the directors on 12 September 2025 and the audit report was issued on the same day.



The Company received a clean audit opinion on the financial report¹



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Number of days after balance date to issue audit report

¹ The audit report on the Company's financial report included an emphasis of matter relating to going concern, which is further explained in the *Integration with the Department of Tourism and Hospitality* section of this chapter.

Background

Northern Territory Major Events Company Pty Ltd was registered in 1999 as a proprietary company limited by shares under the *Corporations Act 2001*. Its current shareholders are the Chief Executive Officer of the Department of Tourism and Hospitality and the Chief Executive Officer of the Department of the Chief Minister and Cabinet. Each shareholder holds one ordinary share. The Company had four directors during the year ended 30 June 2025.

The Company received funding from the Northern Territory Government to deliver major events but also to support events held by other entities.

Financial reporting

The Company was a small proprietary company under the *Corporations Act 2001*. Small proprietary companies are not required to prepare financial reports unless, for example, requested by their shareholders.

The audit of the financial report was carried out under the *Audit Act 1995* which requires the Auditor-General to audit the accounts of Territory controlled entities.

The financial statements were not required to be lodged with the Australian Securities and Investments Commission or tabled in the Legislative Assembly. The Auditor-General was required to report on the audit of the financial report to the shareholders in accordance with the *Corporation Act 2021*.

Audit observations

There were no significant matters arising from the audit.

Financial analysis

The Company reported a surplus of \$34 thousand. Its operations and the events it organised were predominantly funded by the Northern Territory Government. Government grants totalled \$33.7 million and included funding for events and festivals of \$29.0 million and operational funding of \$4.7 million. The amount and composition of Government grants in 2024-25 was consistent with the previous year.

Over one third of Government grants was spent on these three main events in 2024-25: MXGP, AFL games and Parrtjima: *A Festival in Light*.

Revenue from events, \$5.2 million (2023-24, \$5.8 million) consisted of ticket sales, hospitality, corporate sponsorships and merchandise sales. Events revenue declined over the past two years mainly because of lower ticket sales and on average contributed only 16% to the cost of events.

The cost of events and festivals in 2024-25 was relatively consistent with the previous year at \$34.2 million.

Employee expenses increased by 9.1% to \$5.3 million in 2024-25. Employees are employed directly by the Company or through the Department Tourism and Hospitality which then recharges the costs as they are incurred. The growth in employee costs was due to salary and superannuation increases and additional staff partly because of the MXGP added to the event calendar.

Even though the Company reported a surplus, its operating cash flow was a negative \$0.9 million as more cash was tied up in receivables at year end.

Cash and Term deposits totalled \$19.3 million as at 30 June 2025, which was \$0.9 million less than at the end of the previous year. The Company generates interest on surplus cash, \$1.8 million in 2024-25 (2023-24, \$1.4 million) to supplement its operational funding.

Integration with the Department of Tourism and Hospitality

The Northern Territory Government announced in March 2025 that it was considering integrating the Company with the Department of Tourism and Hospitality (the Department) or other Northern Territory Government agency or entity. No formal decision was made at the time the financial report was authorised for issue by the directors and therefore the financial report continued to be prepared on the going concern basis. This assumed that the Company will be able to realise its assets and discharge its liabilities in the normal course of business, which may include, subject to an agreement, transferring some or all its assets and liabilities to the Department or other Northern Territory Government agency or entity.

Following the completion of the audit and issuance of the audit report, the government introduced the *Tourism NT Amendment (Integration of NTMEC) Bill 2025* which proposed to integrate the functions and operations of the Company with Tourism NT and create a new statutory entity Tourism and Events NT.

On 16 October 2025 the Legislative Assembly referred the Bill to the Legislative Scrutiny Committee for inquiry. The Committee recommended that the Bill be passed.

Financial information

	2025 \$'000	2024 \$'000
Government grants for events and festivals	28 967	29 090
Government grants for operations	4 686	4 745
Revenue from events	5 241	5 798
Other revenue	1 816	1 587
Non-monetary income	562	607
Total revenue	41 271	41 827
Events and festivals	34 186	34 395
Employee expenses	5 319	4 874
Administration	1 108	1 590
Other expenses	63	357
Non-monetary income	562	607
Total expenses	41 238	41 824
Profit	34	3
add back Net non-cash transactions		
Depreciation	63	71
	63	71
add back Net changes in working capital		
Increase/(Decrease) in Grants received in advance	567	(336)
Increase/(Decrease) in Ticket sales in advance	219	101
Other working capital movements	(1 763)	410
	(976)	175
Cash flows from operations	(880)	250
less Capital spend	(67)	-
Other flows	(7 000)	1 000
Net increase/(decrease) in Cash	(7 947)	1 250
Cash at the end of the year	9 341	17 287
Term deposits	10 000	3 000
Total Cash and other deposits	19 341	20 287
Working capital	3 329	3 476
Share capital (\$2.00)	0	0
Event reserve	1 946	1 954
Retained earnings	1 563	1 522
Total equity at the end of the year	3 509	3 476

Northern Territory Treasury Corporation

Introduction

The Northern Territory Treasury Corporation is the Territory’s central investment and borrowing authority.

The Corporation is a government business division, and its host agency is the Department of Treasury and Finance.

Snapshot

		2024-25 \$'000	2023-24 \$'000
Net interest margin	↘	35 928	45 276
Returns to government	↘	34 051	55 771
Borrowings	↘	12 331 174	10 967 400

↗ 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 20 August 2025. The financial report was certified on 19 September 2025 and the audit report was issued on the same day.



The Corporation received a clean audit opinion on the financial report



81
Number of days after balance date to issue audit report

Background

The Corporation was established under the *Northern Territory Treasury Corporation Act 1994* to borrow or raise money and to loan money to Northern Territory public sector entities. It has the power to issue debentures, bonds and other securities and has the same legal capacity, powers and authorities as a company under the *Corporations Act 2001* (Cth).

The Under Treasurer constitutes the Corporation and is its accountable officer. The Corporation may, with the approval of the Treasurer, establish an advisory board whose members, other than the Under Treasurer, are appointed by the Treasurer.

Financial reporting

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

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

A draft financial report was submitted on 20 August 2025. The audit report was issued on 19 September 2025.

Audit observations

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

Financial analysis

The Corporation's borrowings increased to \$12.3 billion or 12.4% as at 30 June 2025 (2024, \$11.0 billion). Borrowings comprised mainly of fixed interest loans from the wholesale market, with smaller components of borrowings from the retail market and the Commonwealth Government.

The Corporation reported profit before tax of \$34.1 million in 2024-25, which was \$21.7 million less than last year's profit of \$55.8 million.

The downward movement was driven primarily by the reduction in the net interest margin from \$45.3 million in 2023-24 to \$35.9 million in the current year, despite increasing loan and debt portfolio balances during the year.

Whilst the Corporation's loans and borrowings portfolios increased significantly during 2024-25, the net interest margin was reduced to 22 basis points from the previous year net margin of 49 basis points.

The decrease in the interest margin was due to:

- an increase in lending to the Central Holding Authority. The majority of new loans were to the Central Holding Authority and government business divisions, where the Corporation generates a lower interest margin of 10-basis points. Loans to government owned corporations attract a much higher margin of 250-basis points
- increased costs associated with the amount of pre-funding and cash held throughout the year.

The Corporation was required to pay notional income tax on its accounting profit at the company tax rate of 30% to the Northern Territory Government. The Corporation's dividends were equivalent to 100% of its net profit for the financial year as directed by the Treasurer.

Interest expense on borrowings increased by \$112.3 million or 32.8% in 2024-25, partly because of the increased debt but also higher interest rates as shown below:

	2024-25	2023-24
Weighted average interest rate paid on borrowings [^]	3.8%	3.3%
Weighted average interest rate charged on loans [^]	4.1%	3.8%

[^] Weighted average monthly interest income/expense rate

As with previous years, the Corporation continued to recognise positive cash flows from operating activities.

Overall cash flows were negative at \$145.5 million in 2024-25 due to:

- net drawdowns of \$1.5 billion, which included \$1.6 billion drawn down by Central Holding Authority, government business divisions and government owned corporations, partly offset by repayments of loans by public sector entities totalling \$55.7 million.
- net additional cash generated from financing activities of \$1.3 billion, which comprised of \$2.3 billion in new borrowings partly offset by debt repayments totalling \$919.6 million.

The Corporation held \$260.3 million in cash as at 30 June 2025 (2024, \$405.8 million). Of the total cash balance, \$176 million represented proceeds from pre-funding activities for the 2025-26 borrowing program (2024: \$334 million).

Financial information

	2025 \$'000	2024 \$'000
Interest income from loans		
General Government	360 302	289 796
Government Business Division	5 616	6 683
Government Owned Corporation	91 867	69 904
Cash Holdings	32 462	20 881
	490 247	387 264
Interest on debt		
Wholesale Borrowings	429 010	316 591
Debt to Commonwealth	7 227	7 669
Retail Borrowings	15 416	11 339
Promissory Notes	2 666	6 389
	454 319	341 988
Net interest margin	35 928	45 276
Other revenue	997	1 027
Administrative expenses	(2 402)	(2 194)
Net gain/(loss) on loans extinguishment	(472)	11 662
Profit before tax	34 051	55 771
Income tax equivalent	(10 215)	(16 731)
Profit after tax	23 836	39 040
add back Net non-cash transactions		
Amortisation	8	8
(Premium)/Discount amortisation	1 609	(15 993)
(Gain) Loss on extinguishment	472	(11 662)
Other non-cash transactions	0	0
	2 089	(27 647)
add back Net changes in working capital		
Other working capital movements	10 264	12 095
	10 264	12 095
Cash flows from operations	36 189	23 488
less Net drawdown of loans	(1 506 701)	(1 277 242)
less Dividends paid	(39 040)	(38 211)
add Net proceeds from borrowings	1 364 359	1 527 448
Other flows	(334)	(15)
Net increase/(decrease) in Cash	(145 527)	235 468
Cash at the end of the year	260 261	405 788
Net Working capital	131 807	274 735
Loans	12 220 998	10 714 296
Borrowings	(12 331 174)	(10 967 400)

NT Build

Introduction

NT Build is a statutory authority established to administer the portable long service leave scheme for the building and construction industry in the Northern Territory.

Snapshot

		2024-25 \$'000	2023-24 \$'000
Underlying surplus	↗	3 455	1 227
Contribution from levy payers	↔	3,286	3,434
Investment income	↗	7 631	6 325
Benefit payments	↗	6 854	8 016
Cash and investments	↗	109 938	105 520
Long service leave liability	↘	68 167	60 261

↗ 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. The draft financial report submitted for audit required corrections before we could issue a clean audit opinion. The financial report was certified by the Board on 15 October 2025 and the audit report was issued on the same day.



NT Build received a clean audit opinion on the financial report



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Number of days after balance date to issue audit report

Background

NT Build was established under the *Construction Industry Long Service Leave and Benefits Act 2005* to enable workers in the building and construction sectors to accrue long service entitlements.

In most sectors, eligible employees become entitled to long service leave after a minimum continuous period of employment, generally of 10 years. Pro rata provisions are also available under certain circumstances. The project-based nature of the construction industry means that workers often move from employer to employer which prevents them from accruing sufficient continuous years of service with the one employer.

The scheme is funded through a levy applied to construction projects valued above a prescribed threshold, ensuring that contributions are linked to the scale of construction activity rather than direct employer payments.

The current levy is 0.1% on projects with a construction cost between \$1 million and \$5 billion. A project specific levy determined by the relevant minister applies to the project cost component that exceeds \$5 billion. The rate has been reduced progressively over time from 0.5% at the Scheme's commencement, to the current rate of 0.1%.

Registered construction workers accrue 6.5 days of long service credits for each 220 days of qualifying services.

NT Build is governed by a board of at least five but not more than seven members appointed by the responsible minister. The scheme had 71 thousand registered members as at 30 June 2025.

Financial reporting

Under the *Construction Industry Long Service Leave and Benefits Act 2005*, NT Build must prepare financial statements and submit them to the Auditor-General by 31 August and the Auditor-General must audit the financial statements by 31 October each year. The financial statements must be included in an annual report which must be provided to the responsible minister one month after the audit completion.

A draft financial report was submitted on 29 August 2025 and the audit report was issued on 15 October 2025.

Audit observations

Audit issue	Risk rating
NT Build did not maintain an Accounting and Property Manual specific to the entity.	Moderate

Distribution income from an investment portfolio was recorded as a movement in the market value of the investment rather than as income in profit or loss. The error was corrected in both the current year and the prior periods. As a result, the financial report initially submitted for audit required amending.

A further recommendation was made to enhance disclosures relating to the long service leave provision to ensure compliance with AASB 137 – *Provisions, Contingent Liabilities and Contingent Assets*.

Financial analysis

NT Build reported an underlying surplus before fair value adjustments of \$3.5 million in 2024-25. This was a \$2.2 million improvement on last year's underlying surplus mainly because of positive investment returns ahead of the long-term target and lower than expected long service leave benefit payments.

Although building activity increased in 2024-25, income from the levy was relatively consistent with the previous year at \$3.3 million. It is noted that projects with a construction cost of less than \$1 million are exempt from the levy.

Investment income increased by \$1.3 million to \$7.6 million in 2024-25. NT Build held investments in a diversified investment portfolio with approximately 70% of assets allocated to growth assets and 30% allocated to assets that were more stable but generated lower returns than growth assets. Strong performance in international and Australian share markets delivered positive outcomes in 2024-25.

The value of long service leave benefits paid out during 2024-25 was \$6.9 million, which was \$1.2 million less than in the previous year and less than expected as there had been fewer claims. The increase in building activity meant that less workers were taking long service leave. Reimbursements received from interstate schemes under reciprocal arrangements with other jurisdictions reduced by \$0.153 million in 2024-25.

Fair value adjustments to the market value of the investment portfolio, a gain of \$0.8 million, and an actuarial reassessment of the provision for future long service leave benefits, a loss of \$7.9 million, resulted in NT Build reporting a net deficit of \$3.6 million.

The provision for future long service leave benefits represents the present value of future obligations NT Build is expected to pay to eligible members. The actuarial valuation takes into consideration service credits based on actual reported days worked reported by employers and an estimate of service credits that will be reported in future years because of delays in reporting. Other assumptions include exit and reactivation rates, discount and benefit growth rates, projected benefit payments in the next 12 months and an allowance for future administration liability.

The \$7.9 million increase in the value of the provision for future long service leave benefits to \$68.2 million as at 30 June 2025 was due to a combination of:

- an increase in estimated total number of service days to 1.48 million days as at 30 June 2025 (2024, 1.40 million days)
- an increase in the estimated untaken days balance to 18.42 million days as at 30 June 2025 (2024, 17.54 million days)
- increases in benefit rates, both current and future and other changes in economic assumptions.

NT Build held \$109.9 million in cash and investments as at 30 June 2025 (2024, \$105.5 million).

Financial information

	2025 \$'000	2024 \$'000
Investment income	7 631	6 325
Contributions of levy payers	3 286	3 435
Other income	1 229	1 326
Total revenue	12 146	11 086
Long service leave benefits payments	6 854	8 016
Employee benefits expense	1 123	1 096
Other expenses	714	747
Total expenses	8 691	9 859
Underlying surplus before:	3 455	1 227
Movement in market value of investments	823	3 406
Long service leave scheme revaluation	(7 906)	(529)
Net (deficit)/surplus for the year	(3 628)	4 104
add back Net non-cash transactions		
Fair value movements	7 083	(2 877)
Other non-cash transactions	(158)	(156)
	6 925	(3 033)
add back Net changes in working capital		
Distribution receivable	(1 622)	(3 506)
Other working capital movements	118	399
	(1 504)	(3 107)
Cash flows from/(used in) operations	1 793	(2 036)
Other flows	(97)	(139)
Net increase/(decrease) in Cash	1 696	(2 175)
Cash	1 768	72
Investments	101 306	100 206
Distributions receivable	6 864	5 242
Total cash and investments	109 938	105 520
Long service leave provision - current	23 400	19 400
Long service leave provision - non-current	44 767	40 861
Total long service leave liabilities at the end of the year	68 167	60 261
Working capital	87 840	87 522

Response from NT Build

NT Build operates within a Northern Territory Government finance framework with well-developed and documented processes and requirements. In addition to these, NT Build maintains a number of internal and operating policies and documented procedures relevant to financial operations. NT Build agrees with the Auditor-General's recommendation to develop a manual that focuses on finance processes and procedures specific to NT Build, and will continue to progress this work as resources permit.

Jim Laouris
Registrar
3 November 2025

NT Fleet

Introduction

NT Fleet is a government business division responsible for the management of the Northern Territory Government’s motor vehicle fleet.

The host agency is the Department of Corporate and Digital Development (DCDD).

Snapshot

		2024-25 \$'000	2023-24 \$'000
Profit before tax	↗	14 701	12 485
Cash	↗	8 168	3 275
Returns to governments	↗	4 410	3 746

↗ 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 1 September 2025. The financial report was certified on 30 September 2025, and the audit report was issued on the same day.



NT Fleet received a clean audit opinion on the financial report



92
Number of days after balance date to issue audit report

Background

NT Fleet manages the Northern Territory Government's fleet of passenger and light and heavy commercial vehicles, with the exception of vehicles controlled by Northern Territory Police Force and Northern Territory Fire and Emergency Service.

Financial reporting

As a government business division, NT Fleet 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 audit report by 31 October each year.

A draft financial report was submitted on 1 September 2025. The audit report was issued on 30 September 2025.

Audit observations

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

Financial analysis

NT Fleet recorded a profit of \$10.3 million, an increase of \$1.6 million compared to \$8.7 million reported last year.

Revenue from leasing vehicles increased by \$6.9 million of 22.3% to \$37.7 million in 2024-25. The average lease in 2024-25 was \$10,326 per vehicle compared to \$8,447 in the previous year following a price review in May 2024 and higher cost of vehicles, resulting in higher lease payments. The average value of purchased passenger and light commercial vehicle in 2024-25 was \$60,107 compared to \$53,224 in the previous year.

	2025	2024
Passenger and light commercial vehicles	2 708	2 725
Heavy commercial vehicles	941	921
Total number of vehicles as at 30 June	3 649	3 646

All other revenue and expenditure items remained relatively constant between years, except for employee expenses and depreciation. Employee expenses increased by \$666 thousand partly due to a transfer of six additional full time equivalent employees from DCDD to NT Fleet in 2023-24. The increase in depreciation by \$921 thousand reflected the acquisition of 771 vehicles during 2023-24.

NT Fleet sold 267 less vehicles in 2024-25 compared to the previous year, resulting in a \$2.5 million drop in the gain on disposal. The average gain per vehicle was relatively steady between years.

The carrying amount of NT Fleet's motor vehicles totalled \$129.1 million at 30 June 2025 (2024, \$120.1 million):

	2024-25 \$'000	2023-24 \$'000
Passenger and light commercial vehicles	99 970	93 251
Heavy commercial vehicles	29 177	26 802
Total carrying amount of vehicles as at 30 June	129 147	120 053

NT Fleet returned \$4.4 million (2023-24, \$3.7 million) to the Northern Territory Government in the form of income tax equivalents. NT Fleet was exempt from paying dividends until 2025-26.

NT Fleet was returned the dividend it paid in 2022-23 of \$4.4 million and it received a further equity injection of \$6.0 million in 2024-25.

Financial information

	2025 \$'000	2024 \$'000
Vehicle lease revenue	37 678	30 799
Recoverable repairs and maintenance	5 673	5 752
Agency fleet services	-	212
	<u>43 351</u>	<u>36 763</u>
Other Income	815	801
Total revenue	44 166	37 564
Depreciation and amortisation	16 067	15 146
Motor vehicle expenses	10 267	10 108
Insurance premiums	2 142	2 146
Employee expenses	2 983	2 317
Other expenses	3 327	3 152
Total expenses	34 786	32 869
Underlying profit before:	9 380	4 695
Gain on disposal of assets	5 321	7 790
Income tax equivalent	(4 410)	(3 746)
Profit for the year	10 291	8 739
add back Net non-cash transactions		
Depreciation and amortisation	16 067	15 146
Gain on disposal of assets	(5 321)	(7 790)
Other non-cash transactions	376	243
	<u>11 122</u>	<u>7 599</u>
add back Net changes in working capital		
Other working capital movements	309	196
	<u>309</u>	<u>196</u>
Cash flows from operations	21 722	16 534
less Capital spend	(36 912)	(48 088)
Proceeds from sale of non-financial assets	14 083	17 567
Equity injections	6 000	0
Net increase/(decrease) in Cash	4 893	(13 987)
Cash at the end of the year	8 168	3 275
Working capital	6 344	(473)
Motor vehicles at the beginning of the year	120 053	98 665
Additions	36 436	50 088
Depreciation	(18 204)	(14 503)
Impairment losses	(375)	(243)
Disposal	(8 763)	(13 954)
Motor vehicles at the end of the year	129 147	120 053

NT Home Ownership

Introduction

NT Home Ownership (NTHO) is a government business division supporting people into home ownership through a home purchase assistance scheme.

The host agency is the Department of Housing, Local Government and Community Development (the Department).

Snapshot

		2024-25 \$'000	2023-24 \$'000
Net profit	↗	3 296	1 310
Underlying profit before fair value movements	↗	1 519	1 310
Cash flows from operations	↘	1 985	3 114
Total cash	↗	9 610	4 652
Working capital	↗	(626)	(18 733)

↗ 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 26 August 2025. The financial report was certified on 29 September 2025 and the audit report was issued on 30 September 2025.



NT Home Ownership received a clean audit opinion on the financial report



92

Number of days after balance date to issue audit report

Background

NTHO provides home loans to eligible home buyers who would otherwise be unable to obtain a mortgage. NT Home Ownership loans are administered by a commercial lender under a mortgage management contract.

Financial reporting

As a government business division, NTHO 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 audit report by 31 October each year.

A draft financial report was submitted on 26 August 2025. The audit report was issued on 30 September 2025.

Audit observations

Audit issue	Risk rating
NTHO's financial year-end processes could be strengthened	Moderate

Year-end adjusting entries were posted after the general ledger was closed, which highlighted that the controls in place to identify and process all required adjustments could be improved.

Financial analysis

NTHO recorded an underlying profit before fair value adjustments of \$1.5 million in 2024-25, which was \$209 thousand more than in the previous year.

Both revenue and expenses decreased in 2024-25 largely because of two interest rate reductions combined with the continued trend of loan discharges and no new loans provided during the year. It costs, on average \$1,425 to service each loan.

	2025	2024
Number of loans at 30 June	791	949
Number of new loans issued during the year	0	0
Number of loans discharged during the year	154	196
Number of loans written off during the year	4	0
Number of shared equity properties at 30 June	312	350

NTHO's home loans portfolio totalled \$66.8 million and its shared equity investments were valued at \$31.9 million at 30 June 2025. Both home loans portfolio and equity investments decreased in 2024-25.

NTHO held \$9.6 million in cash at 30 June 2025 (2024, \$4.7 million). Although its net working capital continues to be in deficit, it reduced in 2025 to (\$626 thousand), (2024, (\$18.7 million)).

NTHO received Community Service Obligation (CSO) funding of \$2.6 million in 2024-25, a decrease from \$3.4 million received in the previous year. The CSO funding was to compensate NTHO for providing subsidised interest loans and stamp duty subsidy paid to public housing tenants purchasing their public housing properties through private finance.

NTHO's own borrowings reduced by \$14.5 million to \$17.8 million as at 30 June 2025.

Financial information

	2025 \$'000	2024 \$'000
Interest income - shared equity investment	6 796	8 086
Community service obligations	2 561	3 414
Other income	274	400
Total revenue	9 631	11 900
Interest expenses	4 711	5 856
Loan administration fees	2 418	2 319
Employee expenses	277	290
Provision for impaired receivables	109	1 440
Other expenses	597	685
Total expenses	8 112	10 590
Underlying profit	1 519	1 310
Gain on revaluation of shared equity investments	1 777	-
Net profit	3 296	1 310
add back Net non-cash transactions		
Other non-cash transactions	(1 187)	1 700
	(1 187)	1 700
add back Net changes in working capital		
Other working capital movements	(124)	104
	(124)	104
Cash flows from operations	1 985	3 114
Repayment of advances received	13 533	17 057
Proceeds from sales of investments	3 819	4 564
Repayment of borrowings	(14 459)	(32 114)
Other flows	79	(89)
Net increase/(decrease) in Cash	4 958	(7 468)
Cash at the end of the year	9 610	4 652
Working capital	(626)	(18 733)
Loans	66 821	80 805
Shared equity investments	31 897	34 078
Borrowings	17 821	32 459

Response from the Department of Housing, Local Government and Community Development

NT Home Ownership was pleased to receive a clean audit opinion on the financial report.

NT Home Ownership acknowledges your audit observations around strengthening its financial year-end reporting processes.

Tom Leeming
Chief Executive Officer
14 November 2025

Office of the Public Trustee for the Northern Territory

Introduction

The Public Trustee provides estate, trustee and will services and manages property that has been restrained or forfeited under the *Criminal Property Forfeiture Act 2002*.

Snapshot

- The Public Trustee administered \$90.3 million allocated across the four investment funds of varying mix of assets and investment risk.
- Half of the funds under management were invested in a single asset managed fund which invested only in cash and owned an investment property.
- The average rate of return across all funds was 7.0% in 2024-25.
- The majority of funds under management were related to trusts. Deceased estates represented 18% and property seized due to crime represented 2% of total funds under management.

Quality and timeliness of financial reporting

The financial report was certified on 20 October 2025 and the audit report was issued on the same day.



The Public Trustee received a clean audit opinion on the financial statements for its four common funds



112

Number of days after balance date to issue audit report

Background

The Public Trustee for the Northern Territory is both a statutory officer appointed by the Administrator and a body corporate established under the *Public Trustee Act 1979*. The Office of the Public Trustee is not a stand-alone agency but an administrative unit within the Attorney-General's Department.

In the Northern Territory, the Offices of the Public Trustee and of the Public Guardian are joined and the same person fills both the statutory roles of Public Guardian and Public Trustee. The Public Guardian and Trustee is authorised to make decisions about personal and/or financial matters for persons who have impaired decision-making ability in relation to those matters.

The Public Trustee administered investment funds allocated across four funds of varying mix of assets and investment risk:

- Common Fund 1 was a single asset managed fund which invested only in cash, such as short-term money market deposits or government securities.
- Common Funds 2 (conservative), 3 (balanced) and 4 (growth) were mixed assets managed funds. The fund manager buys and sells assets, such as cash, shares, bonds on behalf of the investors based on advice from the fund advisors and in accordance with the investment strategy. Investment strategies for each common fund are set by the Public Trustee Investment Board.

The Public Trustee also managed deceased estate assets and non-cash assets such as property and superannuation investments which were not invested in any of the four common funds and therefore were not subject to audit.

Financial reporting

The Public Trustee Act requires the preparation of an annual report on the operations of the Public Trustee, including audited statements for each of the four common funds. The deadline for the preparation and audit of the Common Funds' financial statements is 31 October each year by virtue of a requirement to provide investors in common funds an extract from the Public Trustee's annual report by that date.

The financial report containing financial statements for Common Funds 1 to 4 was certified by the Public Trustee on 20 October 2025 and the audit report was issued on the same day.

Audit observations

Audit issue	Risk rating
Calculation method of Management Fee and Levy	Moderate
Presentation of statement of changes in net assets attributable to investors	Moderate

The Public Trustee may charge each common fund a management fee and must charge each common fund a levy in accordance with the Public Trustee Act. Both the levy and management fee were prescribed by the *Public Trustee Regulations 1979* as set percentages of the value of the common fund. The current practice is that the management fee is the residual amount after applying the levy and administration and custodian fees paid to the investment manager. We recommend that the Public Trustee seeks legal advice to ensure that management fees are collected in accordance with Regulations.

The financial report does not include a statement of changes in equity on the basis that the funds attributable to investors are not classified as equity. We recommended that the financial report should include a statement of changes in net assets attributable to investors. Such a statement should clearly present the changes during the period in each category of equity interest and describe the rights, preferences, and restrictions attaching to those interests. Implementing this recommendation will enhance the completeness and compliance of the financial report with the applicable accounting standards.

Update on prior year's audit observations

In the *Auditor-General's Report to the Legislative Assembly No 1: 2025-26* we noted that the Public Trustee and the Auditor-General requested advice on financial reporting obligations of the Public Trustee as the corporate entity. The legal opinion concluded that there was no requirement for the Public Trustee to prepare a financial report detailing the transactions and balances relating to the corporate entity.

The Public Trustee reviewed its reporting for the four common funds in the current year and largely addressed the recommendations made during the 2023-24 audit.

Status of prior year audit issues	Risk rating	Status
Non-compliance with reporting obligations	Significant	Partly resolved
Presentation of Management Fee and Levy	High	Resolved
Calculation method of Management Fee and Levy	High	Partly resolved
Reclassification of distribution receivable and investment	High	Resolved
Recording of redemption and transfers between common funds	High	Resolved
Reconciliation of the investment roll-forwards	Moderate	Resolved

Financial analysis

	Common Fund 1 2024-25 \$'000	Common Fund 2 2024-25 \$'000	Common Fund 3 2024-25 \$'000	Common Fund 4 2024-25 \$'000
Funds under administration	46,116 [^]	8,701	14,326	21,191
Investment returns	2,016 [*]	607	1,428	2,292
Average investment return	4.4%	7.0%	10.0%	10.8%
Management fees and levy	900	133	264	365

[^] Includes undistributed surplus of \$0.6 million.

^{*} Includes rent from an investment property in Coonawarra Road, Winnellie.

The Public Trustee had \$90.3 million of funds under administration across the four common funds as at 30 June 2025 (2024-23: \$79.8 million).

The majority of funds, \$46.1 million or 51%, were invested in common fund 1, which apart from cash and cash equivalents, owned an investment property in Coonawarra Road, Winnellie. The Northern Territory Government guarantees investments in common fund 1, including minimum rates of return.

The Public Trustee generated \$6.3 million or 7.0% in returns on investments across the four funds in 2024-25 which was \$1.1 million more than in the previous year. The higher returns were mainly due the increase in funds under investment.

Investors in each common fund are charged a levy and management fees which are then paid to the Northern Territory Government. In 2024-25, management fees and levy totalled \$1.7 million (2023-24, \$1.4 million) and represented 2.0% of the average balance on investments under management.

Response from the Public Trustee

The Office of the Public Guardian and Trustee acknowledges the findings and recommendations which will be addressed during the year ending 30 June 2026.

Beth Walker
Public Guardian and Trustee
17 November 2025

UTILITIES SECTOR

Introduction

This section of the report contains outcomes of annual financial report audits of three utility government owned corporations and their controlled entities:

- Power and Water Corporation
- Indigenous Essential Services Pty Ltd
- Power Generation Corporation (trading as Territory Generation)
- Power Retail Corporation (trading as Jacana Energy).

2024-25 Sector snapshot

	PWC ¹	TGen	Jacana
	\$'000	\$'000	\$'000
Profit/(Loss) before tax	(166 460)	19 600	29 986
Income tax equivalent (expense)/benefit	36 005	(6 646)	(9 000)
Net profit/(loss)	(130 456)	12 954	20 986
Community Service Obligation	-	-	124 661
Dividends	2 000	1 000	5 584
Dividend payout ratios	-1.5%	7.7%	26.6%
Cash and term deposits	39 966	68 994	91 146
Borrowings	(1 512 000)	(262 000)	-
Cost of debt	5.5%	4.0%	n/a
Debt to total assets	32.4%	48.4%	n/a
Debt to equity	91.5%	158.0%	n/a
Property, plant and equipment (PPE)	3 846 959	394 825	42
Depreciation expense	(178 418)	(28 489)	(12)
Payments for PPE	(395 568)	(43 382)	(20)

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

¹ The financial information represents consolidated financial information

The government owned utility corporations received the majority of their revenue from the generation, distribution and sale of electricity. Both the Australian and Northern Territory Governments provided substantial support to ease pressure on electricity consumers. Heightened gas prices caused by ongoing supply issues by Power and Water Corporation's main supplier exerted major pressure on the sector.

The Northern Territory Government provides subsidised electricity to households and businesses consuming less than 750 megawatt hours (MWh) per year through the electricity uniform tariff community service obligation (CSO). The CSO meets the gap between regulated electricity tariffs paid by customers and the cost to supply electricity to residential and business customers consuming up to 750 MWh per annum. The electricity uniform tariff CSO has grown substantially over time as the cost of electricity supply has increased faster than tariffs. The CSO payments to electricity retailers, including Jacana Energy are estimated to increase by around \$51.5 million to \$191.7 million in the 2025-26 budget. The Utilities Commission of the Northern Territory estimated¹ the average subsidy to be more than \$1,400 per customer in 2023-24. Eligible concession holders can also receive concessions for electricity from the Northern Territory Government.

The amount of CSO payments to Jacana and returns to Government in the form of dividends and income tax equivalent payments over the past five years are shown below:

	2024-25	2023-24	2022-23	2021-22	2020-21
	\$'000	\$'000	\$'000	\$'000	\$'000
CSO paid to Jacana Energy	124 661	121 381	90 353	93 538	90 041
Jacana Energy returns to Government:					
- dividends paid	5 584	3 336	558	-	-
- income tax paid/(refund)	6 588	4 369	(459)	257	(585)

The Northern Territory Government is implementing changes to regulated electricity tariffs. For example, Northern Territory and Commonwealth government customers are no longer eligible for the subsidised standard commercial tariff from 1 July 2025. Local government councils will be subject to cost-reflective tariffs from 1 July 2026. Starting 1 January 2026, households will have the domestic tariff applied to the first 55 kWh of electricity consumed each day only.

¹ Utilities Commission of the Northern Territory - Northern Territory Electricity Retail Review 2023-24

Electricity network

Power and Water owns the three distribution networks – the Darwin–Katherine, Alice Springs and Tennant Creek systems. The networks are classified as a single distribution network for regulatory purposes but do not connect to each other or the National Energy Market. The Australian Energy Regulator (AER) regulates the Northern Territory's distribution network. Electricity networks in Queensland, Tasmania, the Northern Territory and Western Australia remain wholly government owned.

Power and Water's network is the smallest electricity network regulated by the Australian Energy Regulator when it comes to the number of customers:

Customers	Circuit line length	Regulatory assets value
86,559	7,155 km	\$1.4 billion

Significant costs are incurred by Power and Water in building, maintaining and operating the network infrastructure. Network prices are set by the AER as the economic regulator because networks are generally operated by a single network service provider. Network service providers are entitled to collect the approved revenue to cover their costs each year.

In April 2024, the AER finalised its revenue determination for Power and Water which sets target revenue for the five-year regulatory period ending 30 June 2029:

Revenue (forecast)	Capital expenditure (forecast)	Operating expenditure (forecast)
\$1.0 billion 	\$546 million 	\$372 million 

The primary driver of the increase in forecast revenues is the forecast rate of return, which effectively means that the cost to obtain the capital needed to make the required investments and operate has increased.

Electricity network charges make up as much as 46% of a residential customer's electricity bill. The revenue determination for the current regulatory period is estimated to increase residential electricity bills by an average of 4.1% over five years. In the Northern Territory, low customer numbers combined with relatively long lines significantly impact Power and Water's average per customer metrics:

	Revenue	Capital expenditure	Operating expenditure	Regulatory assets value
Power and Water	\$2 048	\$1 052	\$964	\$15 746
NEM average	\$985	\$442	\$327	\$8,583

Revenue per customer does not reflect the amount consumers actually paid because the Northern Territory Government supports consumers by subsidising the high costs involved in supplying electricity in the Northern Territory through the CSO.

Segment reporting

Power and Water Corporation adopted segment reporting for the first time in 2024-25. The objective of segment reporting is to provide information about the different types of business activities through the eyes of management because segment disclosures should be consistent with management's reporting.

	2024-25	2023-24
Profit/(loss) before tax by segment	\$'000	\$'000
Gas	(173 383)	(97 138)
Power ¹	(6 104)	52 994
Water	63 772	53 580
Other segments ²	(26 726)	(30 435)
Total segments profit/(loss) before tax	(142 441)	(20 999)
Consolidation adjustments	(24 019)	(10 345)
Reported profit/(loss) before tax	(166 460)	(31 344)

¹ Comprises the electricity network only. Services such as metering, system control and market operator functions are included in other segments.

² Other segments include the wholly owned subsidiary Indigenous Essential Services and other reportable segments listed in note 2.1 to Power and Water Corporation's financial statements.

Borrowings

The utilities sector is highly reliant on debt to finance its assets. The sector held \$1.8 billion in borrowings and 1.9 billion in equity, resulting in a 93.5% debt to equity ratio. Its debt to assets ratio was 33.0%.

The debt to equity and debt to assets ratios represent financial leverage. Over the past five years, the growth in debt outpaced the growth in both assets and equity:

	2025	2021
	\$'000	\$'000
Combined equity	1 898 169	1 700 660
Combined borrowings	1 774 000	1 387 000
Debt to equity ratio	93.5%	81.6%
Combined assets	5 370 915	4 365 396
Debt to assets ratio	33.0%	31.8%

Total debt increased by 27.9% over the past five years, while assets and equity grew by 23.0% and 11.6% respectively. The slower growth in equity compared to assets was attributed to losses.

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 the Auditor-General and authorised auditors to direct more attention and greater effort towards significant areas, contributing to high quality audits.



Key audit matters provide preparers and users of financial reports an insight into the audit process and significant judgments, contributing to higher quality financial reporting and audit transparency.

Audit reports on all three government owned utility corporations included key audit matters focusing on these areas:

Valuation of property, plant and equipment (PPE)

Power and Water Corporation reported \$3.8 billion in PPE as at 30 June 2025, with \$2.2 billion relating to power and water infrastructure assets, carried at fair value using an income approach. The income approach is based on projected future cash flows (cash inflows and outflows arising from the continued use of an asset and its ultimate disposal) discounted to present value. The valuation is based on long-term price predictions and expected utilisation of the assets. Other key inputs are weighted average cost of capital and terminal growth rates.

Territory Generation carried its PPE at historical cost less accumulated depreciation and impairment. Net impairment expenses totalled \$12.0 million and comprised of the reversal of impairment losses recognised in prior periods, \$5.4 million and an impairment loss of \$17.4 million. An impairment loss is recognised when the value of assets grouped into regionally based cash generating units is less than their written down value (i.e. their cost less any accumulated depreciation). Impairment losses are reversed as the value increases. Value in use calculations are subject to a high degree of judgement and complexities.

Intangible assets – make up (banked) gas

The balance of Power and Water Corporation's intangible assets as at 30 June 2025 included \$42.0 million relating to gas that has been paid for but not delivered under a take-or-pay arrangement with its major supplier. The supplier is presently experiencing ongoing reduction in output from its Blacktip gas field.

Management completed impairment testing and concluded that the carrying value of the make up gas was recoverable and consequently no impairment was recorded as at 30 June 2025. Estimating the recoverable amount involved complex calculations and subjective estimates such as market conditions, including future commodity prices, the future operating performance of the supplier and the remaining proved and probable gas reserves of the Blacktip gas field.

Capitalisation of overhead costs

In 2024-25, \$51.232 million of operating expenses incurred by Power and Water Corporation were included in the acquisition or construction cost of capital assets.

The capitalisation of operating expenses involved a high level of judgment required to identify costs, including administrative and other general overhead expenses, which are directly attributable to the acquisition, preparation or construction of capital assets.

Because the capitalisation of operating expenses results in the reduction in the expenses recognised in the statement of profit or loss with a corresponding increase in the value of property, plant and equipment in the statement of financial position, the application of the capitalisation methodology has a significant effect on the amounts recognised in the financial statements, including the reported profit or loss.

Unbilled energy sales

Jacana Energy's electricity revenue included an estimate of unbilled energy consumed by customers between the date of the last meter reading and the year end. Unbilled consumption was estimated at \$38.4 million as at 30 June 2025.

Determining the volume of unbilled energy involves estimating the volume of electricity supplied to customers based on average historical consumption.

Parent versus consolidated financial information

While Power and Water Corporation as the parent entity and Indigenous Essential Services Pty Ltd as its controlled entity comprise an economic entity, Indigenous Essential Services was established to deliver utility services in remote communities and operates on a not-for-profit basis.

In our analysis, we focused on financial information for Power and Water Corporation 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.

Power and Water Corporation

Introduction

Power and Water Corporation transmits and distributes electricity, and provides water and sewerage services, across the Northern Territory. The Corporation also sells and transports natural gas to Territory Generation and major industries.

Snapshot

		2024-25 \$'000	2023-24 \$'000
Underlying loss	↘	129 708	29 361
Loss after tax	↘	93 703	7 810
Cash flows from operations	↘	131 584	225 752
Total cash and term deposits	↘	23 565	94 444
Borrowings	↘	1 512 000	1 336 000
Working capital	↘	(588 752)	(301 815)

↗ 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 August 2025. The financial report was certified on 22 September 2025 and the audit report was issued on the same day.



The Corporation
received a clean audit
opinion on the financial
report



84
Number of days after balance
date to issue audit report

Background

Power and Water Corporation was established under the *Power and Water Corporation Act 1987* to mainly:

- manage electricity networks and power systems and provide electricity network services
- supply water and collect and treat wastewater
- buy, sell and transport gas.

Power and Water Corporation is a government owned corporation for the purposes of the *Government Owned Corporations Act 2001* and also an agency for the purposes of the *Public Sector Employment and Management Act 1993*, with some modifications.

Power and Water Corporation is the primary provider of electricity distribution services, and the sole provider of water and sewerage services in the Northern Territory. It is also the main supplier of gas to Territory Generation.

Power and Water Corporation owns Indigenous Essential Services Pty Ltd, which is the primary electricity generator and retailer and the provider of water and sewerage services in remote communities.

Power and Water Corporation holds 50% of the ordinary shares in BGP Tenure Holdings Pty Ltd, which was established in February 2008 to hold land tenure interests for the Corporation in the Bonaparte Gas Pipeline project.

Directors are appointed by the Administrator on the recommendation of the shareholding minister. The shareholding minister appoints one of the directors to be chairperson of the board. The Chief Executive Officer is appointed by the board.

Financial reporting

Directors must submit a financial report to the Auditor-General by 31 August each year. The Auditor-General must audit the financial report within one month after receiving it.

A draft financial report was submitted on 13 August 2025. The audit report was issued on 22 September 2025.

Audit observations

Audit issue	Risk rating
Legal costs incurred exceeded the Board approved limits	Moderate
Late capitalisation of fixed assets	Moderate
Motor vehicle leases schedule not kept up to date	Moderate
True up adjustment for overhead capitalisation not accounted for in quarter three	Moderate
Recoverability of loan to subsidiary	Moderate
Implemented password settings do not follow better practice	Moderate
Unrestricted access to bank transfer files	Moderate
User terminations not actioned in a timely manner	Moderate
Inadequate separation of duties for finance system users	Moderate
Superuser account was shared by multiple users	Moderate

Management exceeded the limit for legal costs set by the directors. A request for an increase to the budget was submitted to the Board after the issue was identified and the increase was subsequently approved by the directors.

The Corporation lent \$25.0 million to its wholly owned subsidiary, Indigenous Essential Services Pty Ltd (IES). Part of the intercompany loan, \$11.0 million is due to mature on 29 June 2026. The financial position of IES has deteriorated during the year and there continued to be a risk associated with the recoverability of the loan due to the increasing operational costs faced by IES and the absence of any long-term funding agreement between IES and the Department of Housing, Local Government and Community Development. The board of Power and Water Corporation provided a letter of support to IES.

The Corporation's financial reporting is heavily reliant on information technology (IT) systems. General IT and application controls were evaluated and tested during the year. General IT controls include processes that support the continued proper operation of the overall IT environment and include controls such as those that authenticate users' access to systems which impact financial reporting, controls that manage program or other changes (including access by privileged or super users) and backup and recovery of financial reporting data in the event of an outage or attack.

Financial analysis

The Corporation reported an underlying loss of \$129.7 million in 2024-25, compared to an underlying loss of \$29.4 million in the prior year. The deterioration of \$100.3 million was predominantly attributed to the cost of emergency gas resulting from curtailment of supply from the Corporation's main gas supplier, increased employee expenses, increased depreciation and interest cost.

Water and sewerage services was the only profitable segment in 2024-25 as shown below:

Segment		2024-25 \$'000	2023-24 \$'000
Corporate/shared services	↗	(13 991)	(17 370)
Gas supply and transportation	↘	(173 383)	(97 138)
Power network services	↘	(6,104)	52 994
Water and sewerage	↗	63 772	53 580

Losses in the gas services segment almost doubled to \$173.4 million in 2024-25 because of the substantial reduction in output from the Blacktip gas field, which was the main source of natural gas for the Corporation, and the need to purchase gas from alternative suppliers at significantly higher prices.

The profit in the power services segment in 2023-24 was mainly attributed to the favourable result of \$44.7 million in the revaluation of fixed assets and lower depreciation.

Employee expenses grew by 26.8% in 2024-25 to \$94.6 million due to a 3% salary increment and a reduction in the vacancy rate from 8% in 2023-24 to 1% in the current year. The cost of apprentice and labour hire also increased during the year.

The Corporation capitalised \$46.9 million of operating expenses as part of the acquisition or construction costs of capital assets as shown below:

		2024-25 \$'000	2023-24 \$'000
Operating expenses	↗	75 888	64 572
Less Capitalised costs	↗	(46 944)	(31 353)
Net operating expenses		28 944	32 219
Percentage of operating expenses capitalised		61.9%	48.6%

The allocation of administrative and other general overhead expenses, which are directly attributable to the acquisition, preparation or construction of capital assets ensures that the cost of supporting capital projects is reflected in the cost of those assets. The percentage of operating costs capitalised will vary from year to year depending on the composition of operating expenses.

Finance costs increased by \$16.1 million as borrowings continued to grow and the Corporation had to refinance maturing loans at a higher rate.

After adjusting for income tax equivalent benefits, net loss after tax was \$93.7 million for the year, an increase of \$85.9 million on last year's net loss after tax of \$7.8 million. The Corporation recognised an income tax equivalent benefit of \$36.0 million in 2024-25 due to the significant loss.

The three largest electricity networks owned and operated by the Corporation are regulated by the Australian Energy Regulator who sets network revenue caps. The smaller electricity networks are not regulated. Electricity distribution revenue increased by \$21.2 million in 2024-25. The increase was largely due to a \$13.5 million year on year increase in regulated revenue.

The Corporation's cash balances decreased by \$70.9 million to \$23.6 million as at 30 June 2025. However, advance payments of grants for the Manton Dam return to service project and underground power works, \$73.0 million received in late June 2024 was included in cash held at the end of the financial year. Excluding these payments, the overall cash balance did not change significantly between years.

The Corporation borrowed an additional \$176.0 million in 2024-25 (2023-24, \$170.0 million) and its borrowings totalled \$1.5 billion as at 30 June 2025 (2024, \$1.3 billion).

The Corporation's net assets totalled \$1.2 billion at 30 June 2025 and its working capital was a negative \$588.7 million compared to \$301.8 million in the prior year. The negative working capital was primarily attributed to current borrowings of \$339.0 million, unspent government grants of \$232.1 million and banked gas obligations to customers of \$33.5 million.

The Corporation had a number of contractual commitments as at 30 June 2025, the majority of which, \$2.6 billion was for gas under a 25-year purchase agreement due to end in 2033. Capital expenditure commitments payable within the next 12 months totalled \$142.6 million.

Banked gas

The balance of intangible assets as at 30 June 2025 included \$42.0 million relating to gas that has been paid for but not delivered under a take-or-pay arrangement in the gas supply agreement with a supplier who is presently experiencing ongoing reduction in output from its Blacktip gas field. The Corporation believes that it will be able to access the banked gas. However, if the estimates of remaining proved and probable gas reserves were to decrease or the reserves were depleted sooner than the start of the 18 months make up period because of an increase in the daily quantity of gas supplied, the Corporation would be unable to access some or all of the banked gas.

Financial information

	2025 \$'000	2024 \$'000
Revenue from contracts with customers	684 315	663 382
Finance Revenue	3 558	3 098
Other revenue	23 409	29 942
Inter-Group Sales	9 589	8 761
Total revenue	720 871	705 183
Energy and materials	(348 854)	(292 388)
Depreciation	(159 069)	(147 059)
Repairs and maintenance expenses	(71 556)	(71 817)
Employee expenses	(94 625)	(74 611)
Finance costs	(77 899)	(61 848)
External service arrangements	(66 789)	(52 429)
Other expenses	(31 787)	(34 392)
Total expenses	(850 579)	(734 544)
Underlying loss	(129 708)	(29 361)
Income tax equivalent benefit	36 005	123
Impairment reversal	-	21 428
Loss before tax	(93 703)	(7 810)
add back Net non-cash transactions		
Depreciation	159 069	147 059
Impairment reversal	0	(21 428)
Other non-cash transactions	(7 669)	(11 700)
	151 400	113 931
add back Net changes in working capital		
Increase in unearned revenue	91 396	77 884
Increase in payables	28 117	18 172
Decrease/Increase in deferred tax	(36 622)	495
Other working capital movements	(9 004)	23 080
	73 887	119 631
Cash flows from operations	131 584	225 752
less Capital spend	(339 153)	(275 585)
add Proceeds from borrowings	176 000	170 000
less Dividends paid	(2 000)	(2 000)
Other flows	(37 310)	(54 594)
Net increase/(decrease) in Cash	(70 879)	63 573
Cash at the end of the year	23 565	94 444
Working capital	(588 742)	(301 815)
Borrowings	1 512 000	1 336 000
Loans to IES Pty Ltd	25 000	25 000

	2025	2024
	\$'000	\$'000
Non-financial assets at the beginning of the year	2 738 554	2 485 367
Additions	360 209	285 068
Adjustments	(10 549)	-
Transfers from WIP	(117 474)	(4 778)
Depreciation	(170)	(105 114)
Revaluation	(2 971)	78 902
Disposal	-	(891)
Non-financial assets at the end of the year	2 967 599	2 738 554

Indigenous Essential Services Pty Ltd

Introduction

Indigenous Essential Services Pty Ltd (the Company) is a not-for-profit entity which provides electricity and water and sewerage services to remote communities and outstations in the Northern Territory.

Snapshot

		2024-25 \$'000	2023-24 \$'000
Deficit	↗	12 734	13 066
Cash flows used in operations	↗	(6 272)	(8 589)
Total cash and term deposits	↘	16 401	37 665
Working capital	↘	(6,239)	8,256

↗ 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 27 August 2025. The financial report was certified on 22 September 2025 and the audit report was issued on the same day.



The Company received a clean audit opinion on the financial report¹



84
Number of days after balance date to issue audit report

¹ The audit report on the Indigenous Essential Services Pty Ltd's financial report included an emphasis of matter relating to its dependency on the Northern Territory Government to fund its future capital expenditure as well as a significant portion of its operating expenses and the commitment by Power and Water Corporation as its parent company to provide financial support.

Background

Indigenous Essential Services Pty Limited is a wholly owned subsidiary of Power and Water Corporation. The Company commenced operations on 1 July 2003 and is a proprietary company limited by shares registered under the *Corporations Act 2001* (Cth).

The Company generates, distributes and sells electricity and provides water and sewerage services to customers in remote communities and outstations throughout the Northern Territory.

The services are delivered through Power and Water Corporations under a service agreement with the Northern Territory Government (through the Department of Housing, Local Government and Community Development).

Financial reporting

The Company's reporting obligations are governed by the *Corporations Act 2001* and the Auditor-General is taken to be a registered auditor. The Company is required to lodge its audited financial report with the Australian Securities and Investment Commission by 31 October each year.

The financial report was certified on 22 September 2025 and the audit report was issued on the same day.

Audit observations

Audit issue	Risk rating
Late capitalisation of fixed assets	Moderate

Financial analysis

The Company reported a net loss of \$12.7 million in 2024-25, which was a slight improvement on last year's loss of \$13.1 million. The movement was primarily due to an increase in total revenue of \$17.6 million, offset in part by an increase in total expenses of \$17.2 million.

Income of \$182.5 million increased by \$17.6 million compared to the prior year, primarily due to a \$10.7 million increase in grant funding received in previous years and recognised as income as asset replacement projects and projects funded by the National Water Grid Authority were being completed. In addition, electricity revenue increased by \$5.9 million which was largely due to higher average tariffs and consumption in the current year.

Expenses totalled \$195.3 million for 2024-25 and were \$17.2 million higher compared to the prior year, primarily due to an increase in repairs and maintenance as the Company undertook preventive maintenance on its electricity generation engines. Contracted labour expenses increased in the current year by \$2.5 million as a result of the implementation of a 3% salary increment coupled with lower employee vacancy rates.

The Company's cash balances decreased by \$21.3 million mainly because of the increased cost and the completion of projects funded from grants received in previous years. The Company was not generating sufficient operating cash flows to fund its capital expenditure program in the absence of access to capital grants or external borrowings.

The Company's net assets totalled \$890.6 million at 30 June 2025 and its working capital was a negative \$6.2 million compared to a positive working capital of \$8.3 million in the prior year. The negative working capital was primarily attributed to current borrowings of \$11.0 million which is due to be repaid on 29 June 2026.

The Company is economically dependent on the Northern Territory Government and is in continuing discussions with the Department of Housing, Local Government and Community Development about the optimal level of funding. A service level agreement for provision of Indigenous Essential Services has again been extended for a further period until March 2026.

Financial information

	2025 \$'000	2024 \$'000
Revenue from contracts with customers	53 920	46 693
Revenue from government grants and other contributions	127 736	117 015
Interest income	867	1 255
Total revenue	182 523	164 963
Raw materials and consumables used	6 890	5 907
Electricity purchased	8 546	8 258
Distillate consumption	32 423	35 207
Contracted labour expenses	10 250	7 773
Repairs and maintenance	31 097	21 174
Corporate services costs	6 269	6 116
Agents - community contract fees	18 099	17 849
Other expenses	13 583	12 280
Depreciation and amortisation expenses	65 602	60 991
Finance costs	2 498	2 474
Total expenses	195 257	178 029
Deficit	(12 734)	(13 066)
add back Net non-cash transactions		
Depreciation	65 602	60 991
Other non-cash transactions	(51 770)	(41 576)
	13 832	19 415
add back Net changes in working capital		
(Decrease)/Increase in unearned revenue	0	(4 709)
Other working capital movements	(7 370)	(10 229)
	(7 370)	(14 938)
Cash flows from operations	(6 272)	(8 589)
less Capital spend	(56 276)	(44 723)
add Capital grants	43 520	29 698
Other flows	(2 237)	(2 261)
Net increase/(decrease) in Cash	(21 265)	(21 166)
Cash at the end of the year	16 401	37 666
Working capital	(6 239)	8 256
Borrowings	25 000	25 000
Non-financial assets at the beginning of the year	921 812	697 130
Additions	56 279	44 849
Depreciation	(62 588)	(58 106)
Adjustments	(5)	252
Revaluation	0	238 363
Disposal	(2 778)	(676)
Non-financial assets at the end of the year	912 720	921 812

Territory Generation

Introduction

Territory Generation is a government-owned wholesale electricity generator.

Snapshot

		2024-25 \$'000	2023-24 \$'000
Underlying profit	↗	12 954	11 720
Profit after tax	↗	12 954	8 108
Cash flows from operations	↗	64 888	18 333
Total cash and cash equivalents	↗	68 994	61 179
Net working capital ¹	↘	(52 693)	70 212

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

¹ Deterioration from prior year was primarily due to \$119.0 million of debt maturing in the 2025-26 financial year being classified as a current liability.

Quality and timeliness of financial reporting

A draft financial report was submitted on 24 July 2025. The financial report was certified on 1 September 2025 and the audit report was issued on the same day.



The Corporation
received a clean audit
opinion on the financial
report



63
Number of days after balance
date to issue audit report

Background

Territory Generation was established under the *Power Generation Corporation Act 2014* to mainly generate, acquire and supply electricity.

Territory Generation is a government owned corporation for the purposes of the *Government Owned Corporations Act 2001* and an agency for the purposes of the *Public Sector Employment and Management Act 1993*, with some modifications.

Territory Generation owns and operates eight power stations across three regulated electricity grid networks and two remote areas. The power stations are located at:

- Channel Island, Weddell and Katherine (the Darwin-Katherine interconnected system)
- Ron Goodin/Sadadeen Valley and Owen Springs (the Alice Springs power system)
- Tennant Creek (Tennant Creek power system)
- Kings Canyon and Yulara (remote power systems).

The main power stations are primarily gas-fired. Territory Generation also operates two battery energy storage systems designed to improve the efficiency of essential system service delivery and increase system stability in support of increasing solar power generation.

Directors are appointed by the Administrator on the recommendation of the shareholding minister. The shareholding minister appoints one of the directors to be chairperson of the board. The Chief Executive Officer is appointed by the board.

Financial reporting

Directors must submit a financial report to the Auditor-General by 31 August each year. The Auditor-General must audit the financial report within one month after receiving it.

The certified financial report was received on 1 September 2025 and the audit report was issued on the same day. Territory Generation complied with its reporting obligation because it submitted the financial report on the first business day after the due date, which fell on Sunday.

Audit observations

Audit issue	Risk rating
Land rehabilitation and remediation costs have not been determined or recognised as a provision in the financial statements.	High

The Ron Goodin Power Station is nearing the end of its useful life. A provision for the cost of decommissioning the power station has been recognised in the financial report. However, the provision does not include the cost to restore the land.

Territory Generation should consider the implications of all possible environmental issues and corresponding future land rehabilitation and remediation costs for the Ron Goodin Power Station site and other power stations.

Financial analysis

Underlying profit before tax increased by 10.5% to \$13.0 million in 2024-25 largely due to firming charges introduced this year to cover the infrastructure and services needed to ensure system stability with competition entering the network.

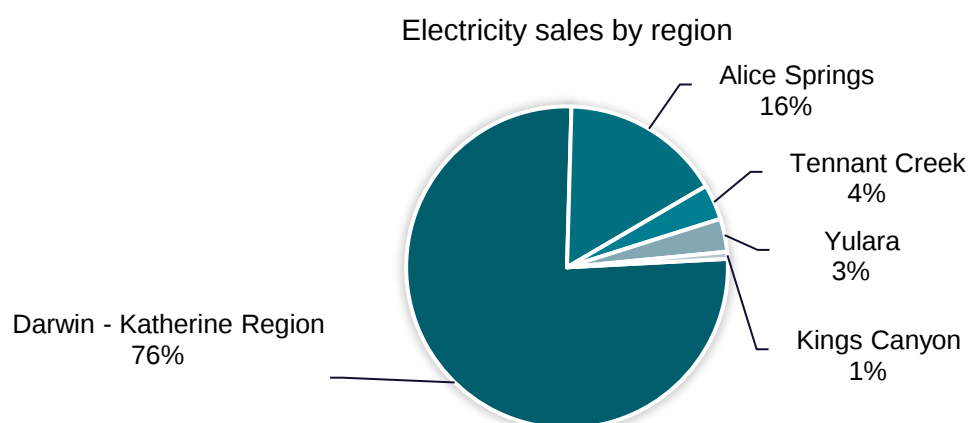
The increased cost of electricity was offset by increased charges and overall net electricity sales, which totalled \$40.2 million, showed only a modest increase.

After adjusting for one-off transactions and income tax equivalent expense, net profit after tax was \$13.0 million for the year, an increase of \$4.8 million on last year's net profit after tax of \$8.1 million. One-off transactions recognised in 2024-25 comprised of:

- a recovery of damages of \$18.6 million

- net impairment losses \$12.0 million driven mainly by the impairment of the Alice Springs Power Station due to its significant capital expenditure forecast in future years, partly offset by the reversal of impairment losses for the Yulara Power Station due to an increase in projected revenue.

The continued influx of renewables and the preference of end users for renewable energy have impacted the volume of electricity generated and sold. In 2024-25, Territory Generation sent out 1.410 GWh of electricity compared to 1.430 GWh sent out during the previous year. This reduction in demand was offset by an upward movement in average tariff rates from \$213/MWh in previous year to \$225/MWh in 2024-25. This increased Territory Generation's revenue from electricity sales by \$11.6 million or 3.9% to \$317.4 million for the year.



Regions with the largest increase in electricity sales were Tennant Creek, up 23.5%, Yulara, up 17.5% and Alice Springs, up 10.0%.

Cost of sales comprised mainly of gas and distillate consumption, labour costs, depreciation charges and repairs and maintenance costs. The increase of \$11.6 million or 4.4% during the year to \$277.2 million was due to the increased cost of gas, labour and obsolete spare parts.

Operating expenses, which consisted mainly of personnel costs and administration remained relatively unchanged from the previous year, although an increase in finance costs was partly offset by a decrease in administrative expenses.

Cash flows from operations continued to be positive and totalled \$64.89 million during the year as opposed to \$18.33 million in the previous year. The upward movement was driven mainly by the increase in average tariff rates and claim recoveries. Cash generated from operations was used to fund the Corporation's capital expenditure projects of \$43.4 million and loan repayments of \$10.0 million during the year.

Overall, Territory Generation reported an increase in cash and cash equivalents of \$7.81 million in 2024-25 compared to a cash decrease of \$15.5 million in the year before.

In spite of the above, the Corporation reported a negative working capital of \$52.7 million as at 30 June 2025. This was primarily due to \$119.0 million of debt maturing in the 2025-26 financial year being classified as a current liability. Territory Generation anticipated that the maturing loans will be refinanced.

Financial information

	2025 \$'000s	2024 \$'000s
Revenue from electricity	317 376	305 444
Cost of electricity	(277 199)	(265 626)
Net electricity sales	40 177	39 818
Other operating revenue	10 197	8 619
Administrative Expenses	(24 165)	(25 263)
Other Expenses	(2 255)	(2 469)
Finance Costs	(11 000)	(8 985)
Total operating expenses	(37 420)	(36 717)
Underlying profit before tax	12 954	11 720
Income tax equivalent	(6 646)	(3 505)
Claim Recoveries	18 660	
Impairment Losses	(12 014)	(107)
Profit after tax	12 954	8 108
add back Net non-cash transactions		
Depreciation and amortisation	33 236	28 471
Impairment Losses	12 014	107
Loss on disposal	108	162
Other non-cash transactions	(972)	(218)
	44 386	28 522
add back Net changes in working capital		
Other working capital movements	7 548	(18 297)
	7 548	(18 297)
Cash flows from operations	64 888	18 333
less payments of property, plant and equipment	(43 382)	(55 410)
(less)/add (repayments)/proceeds of borrowings	(10 000)	22 000
less dividends paid	(1 000)	(1 003)
less repayment of lease liabilities	(4 158)	(3 202)
Other cash flows	1 467	3 753
Net increase/(decrease) in Cash	7 815	(15 529)
Cash at the end of the year	68 994	61 179
Net Working capital	(52 693)	70 212
Current	(119 000)	
Non-current	(143 000)	(272 000)
Total Borrowings	(262 000)	(272 000)

Jacana Energy

Introduction

Jacana Energy is a government-owned electricity retailer operating in the Northern Territory.

Snapshot

		2024-25 \$'000	2023-24 \$'000
Profit after tax	↗	20,986	11,168
Cash flows from operations	↗	35,201	28,661
Total cash and cash equivalents	↗	91,146	62,241
Working capital	↗	76,128	57,111

↗ 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 8 August 2025. The financial report was certified on 27 August 2025 and the audit report was issued on the same day.



Jacana Energy received a clean audit opinion on the financial report



58

Number of days after balance date to issue audit report

Background

Jacana Energy was established under the *Power Retail Corporation Act 2014* to mainly acquire and supply electricity to consumers.

Jacana Energy is a government owned corporation for the purposes of the *Government Owned Corporations Act 2001* and also an agency for the purposes of the *Public Sector Employment and Management Act 1993*, with some modifications.

Jacana Energy purchases wholesale electricity mainly from Territory Generation and provides retail energy products and services to residential, commercial, and industrial customers in the Northern Territory. As of 30 June 2025, Jacana Energy serviced approximately 88,250 customers across the Territory.

Directors are appointed by the Administrator on the recommendation of the shareholding minister. The shareholding minister appoints one of the directors to be chairperson of the board. The Chief Executive Officer is appointed by the board.

Financial reporting

Directors must submit a financial report to the Auditor-General by 31 August each year. The Auditor-General must audit the financial report within one month after receiving it.

The certified financial report was received on 27 August 2025 and the audit report was issued on the same day.

Audit observations

Audit issues	Risk rating
Inappropriate privileged access and absence of review on activity logs	Moderate

We noted instances system access permissions of some users did not correspond with their roles and responsibilities and a lack of review of privileged user activity logs.

Financial analysis

Profit after tax increased from \$11.2 million to \$21.0 million, primarily due to a \$31.7 million uplift in revenue, driven by higher electricity sales and increased CSO funding.

Electricity sales increased by \$22.0 million during the year, rising from \$421.6 million in 2023–24 to \$443.6 million in 2024–25. The increase in electricity revenue was mainly driven by the growth in the mass market segment.

Electricity prices for the mass market segment, which comprises of residential customers and small to medium enterprises (SME) are regulated. The segment benefited from a 3.9% increase in regulated prices, which led at a \$16.3 million increase in electricity revenue. The overall volume of electricity sold remained relatively consistent between years, with the increase in domestic and SME sales largely offset a decrease in sales to industrial and commercial customers.

	GWh '000	GWh '000
Electricity sales		
Domestic/SME sales	1 107	1 073
Commercial and industrial sales	401	428
Total electricity sales	1 508	1 501

The cost of electricity purchase, network charges and other costs associated with the distribution of electricity increased by \$20.1 million to \$504.5 million in 2024-25. This growth was primarily driven by an increase in the weighted average generation price, higher charges for network services by Power and Water Corporation, and greater consumption volumes among mass market customers.

In contrast, renewable energy certificate costs declined as higher solar energy purchases resulted in a higher amount of renewable energy certificates generated from the existing power purchase agreements. Large-scale renewable energy projects, such as solar farms, are entitled to create large-scale generation certificates. The increased solar energy purchases reduced the weighted average price of renewable energy certificates.

Community Service Obligation (CSO) income represented funding received from the Northern Territory Government to subsidise regulated electricity prices. CSO increased by \$3.3 million to \$124.7 million in 2024-25 to further compensate Jacana Energy for higher energy prices charged by Territory Generation and the new network distribution charges.

Total operating expenses remained relatively consistent between years at \$28.3 million in 2024-25, with increases in both employee expenses and other expenses offset by a decrease in provision for impairment.

Employee-related expenses increased by \$3.2 million, rising from \$10.8 million in 2023-24 to \$14.0 million in 2024-25. The increase reflected annual wage adjustments of up to 7% in line with the Enterprise Bargaining Agreement, as well as the onboarding of 17 new full-time equivalent (FTE) roles to be a total of 90 FTEs as at 30 June 2025 (2024, 72) to support the expansion of Jacana Energy's products and projects functions during the year.

	2024-25 Headcount	2023-24 Headcount
Frontline staff	48	37
Administration staff	46	40
Total staff	94	77

Impairment losses on receivables were \$6.1 million lower in 2024-25. Jacana Energy credited GST on solar feed-in tariff to residential customers in 2023-24, which led to an increase in that year's impairment expenses. Similar to previous years, Jacana Energy continued to write-off old legacy debt arising from previous years.

Cash and cash equivalents increased by \$28.9 million, from \$62.2 million to \$91.1 million. This was driven by the improved operating cash flows, working capital and profitability. Specifically, the continued reduction in customer receivables due to ongoing efforts to improve collection efforts.

Financial information

	2025 \$'000	2024 \$'000
Electricity sales	443,615	421,630
Electricity purchases and network charges	(504 497)	(484 363)
Renewable Energy Certificates	(18 931)	(21 455)
Net Electricity sale	(79 813)	(84 188)
Community Service Obligation revenue	124 661	121 381
Other revenue	13 485	7 089
Employee benefits expense	13 963	10 754
External service agreements	591	932
Depreciation and amortisation expense	832	853
Provision for impaired receivables	2 092	8 233
Other expenses	10 869	7 659
Operating expenses	28 347	28 431
Income tax equivalent expense	9 000	4 683
Profit after tax	20 986	11 168
add back Net non-cash transactions		
Deferred tax expense recognised in profit or loss	1 187	(387)
Income tax expense recognised in profit and loss	7 813	5 070
Bad debt loss allowance	(1 776)	(1 141)
Write off of non-current assets	2 090	-
Depreciation and amortisation of non-current assets	832	853
Interest expense	80	88
	10 226	4 483
add back Net changes in working capital		
Decrease in trade and other receivables	6 210	8 776
Decrease in other assets	1 242	3 258
Increase/(decrease) in trade and other payable	(3 818)	945
Increase/ (decrease) in unbilled consumption	(1 712)	103
Increase/ (decrease) in other current liabilities	2 068	(72)
	3 990	13 010
Cash flows from operations	35 202	28 661
less Capital spend	(20)	(1 559)
less Dividends paid	(5 584)	(3 336)
Other flows	(692)	(663)
Net increase/(decrease) in Cash	28 906	23 103
Cash at the end of the year	91 147	62 241
Working capital	76 128	57 111

APPENDIX A

Status of audit work program

Financial audits

Status of audits of financial reports not yet complete:

Year	Entity	Comment
2024-25	Cobourg Peninsula Sanctuary and Marine Park Board	In progress
	Nitmiluk (Katherine Gorge) National Park Board	In progress
	Territory Wildlife Park	In progress

The above entities received extensions of time for the preparation of their financial reports for the year ended 30 June 2025 to 30 November 2025.

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.

Year	Entity
2024-25	Department of Health – NT Regional Health Services Funding
	Department of Housing, Local Government and Community Development - Payments made to Local Governing Bodies
	Department of Logistics and Infrastructure – Local Roads and Community Infrastructure Program
	Department of Logistics and Infrastructure – Roads to Recovery
	Northern Territory State Funding Pool

Non-financial audits

Status of other, non-routine audits and reviews identified as not yet complete in Appendix A of the Auditor-General's Report No. 1 of 2025-26 issued on 28 July 2025:

Matter	Report
Effectiveness of Internal Audit and Audit Committees	No 2: 2025-26
Manual Payroll Calculations	No 4: 2025-26
Police System Replacement Project	No 6: 2025-26

There are no other non-financial audits and reviews currently underway.

APPENDIX B

About auditing

There are two general varieties of auditing undertaken in the Northern Territory Public Sector, independent auditing and internal auditing. Only independent audits are undertaken through the Northern Territory Auditor-General's Office.

Independent audit (also known as external audit)

Independent audits are generally undertaken in order for an entity to meet its reporting obligations. Independent audits may be mandated by legislation or be required by a contractual arrangement. The audit work and resultant opinion is undertaken by an individual or entity independent of the agency or entity subjected to audit. These audits can take the form of financial statements audits, compliance audits or performance management system audits.

Internal audit

Part 3 of Treasurer's Direction on Internal Controls requires an Accountable Officer to ensure their Agency has an adequate internal audit capacity. Internal audit is a management tool designed to provide assurance to Accountable Officers that systems and internal controls operating within agencies are adequate and effective. The Accountable Officer is ultimately responsible for selection of audit topics, risk management and audit frameworks and the delivery of internal audit services.

Types of financial reports

Australian Accounting Standard AASB 1053 *Application of Tiers of Australian Accounting Standards* applies to:

- each entity that is required to prepare financial reports in accordance with Part 2M.3 of the *Corporations Act 2001*;
- general purpose financial statements of each reporting entity;
- financial statements that are, or are held out to be, general purpose financial statements; and
- financial statements of General Government Sectors (GGSs) prepared in accordance with AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

The differential reporting framework consists of two tiers of reporting requirements for preparing general purpose financial statements:

- Tier 1: *Australian Accounting Standards* (incorporates International Financial Reporting Standards (IFRSs) and include requirements that are specific to Australian entities); and

- Tier 2: *Australian Accounting Standards – Reduced Disclosure Requirements* comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. A Tier 2 entity is a ‘reporting entity’ as defined in Statement of Accounting Concept SAC 1 *Definition of the Reporting Entity* that does not have ‘public accountability’ as defined in AASB 1053 and is not otherwise deemed to be a Tier 1 entity by AASB 1053.

Tier 1 reporting requirements apply to the general government sector.

Types of assurance engagements

The amount of audit work performed, and the resultant independent opinion, varies between an audit and a review. The level of assurance provided by the opinion is either reasonable or limited.

Reasonable assurance

A reasonable assurance engagement is commonly referred to as an audit. A reasonable assurance engagement is an assurance engagement where the auditor is required to perform sufficient work to reduce the risk of misstatement to an acceptably low level in order to provide a positive form of conclusion.

Limited assurance

A limited assurance engagement is commonly referred to as a review. A limited assurance engagement is an assurance engagement where the assurance practitioner’s objective is to perform sufficient audit procedures 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. A negative opinion is provided that states that nothing has come to the attention of the reviewer that indicates 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 audit opinion



Unmodified opinions provide a reasonable level of assurance from the auditor that the financial statements present a true and fair reflection of an entity’s results for the period reported.

Notwithstanding an audit opinion may positively attest to the truth and fairness of the financial statements, additional paragraphs may be included in the audit opinion in relation to a matter the auditor believes requires emphasis.

**Emphasis of matter**

An 'Emphasis of Matter' paragraph means a paragraph included in the auditor's report that refers to a matter appropriately presented or disclosed in the financial report that, in the auditor's judgement, is of such importance that it is fundamental to users' understanding of the financial report. The inclusion of an emphasis of matter paragraph in the audit opinion is intended to draw the reader's attention to the relevant disclosure in the financial report.

**Other matter**

An 'Other Matter' paragraph means a paragraph included in the auditor's report that refers to a matter other than those presented or disclosed in the financial report that, in the auditor's judgement, is relevant to users' understanding of the audit, the auditor's responsibilities and/or the auditor's 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, namely, a qualified opinion, an adverse opinion and a disclaimer of opinion. Which type of modified opinion is appropriate depends upon:

- a) the nature of the matter giving rise to the modification, that is, whether the financial report is materially misstated or, in the case of an inability to obtain sufficient appropriate audit evidence, may be materially misstated; and
- b) the auditor's judgement about the pervasiveness of the effects or possible effects of the matter on the financial report.

Qualified opinion

An auditor shall express a qualified opinion when:

- a) the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial report; or
- b) the auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the financial report of undetected misstatements, if any, could be material but not pervasive. [ASA 705, paragraph 7]

Adverse opinion

An adverse opinion is expressed when the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial report. [ASA 705, paragraph 8]

Disclaimer of opinion

An auditor shall disclaim an opinion when the auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, and the auditor concludes that the possible effects on the financial report of undetected misstatements, if any, could be both material and pervasive. [ASA 705, paragraph 9]

The auditor shall disclaim an opinion when, in extremely rare circumstances involving multiple uncertainties, the auditor concludes that, notwithstanding having obtained sufficient appropriate audit evidence regarding each of the individual uncertainties, it is not possible to form an opinion on the financial report due to the potential interaction of the uncertainties and their possible cumulative effect on the financial report. [ASA 705, paragraph 10]

Assurance engagements conducted by the Auditor-General

The types of assurance engagements conducted through the Auditor-General's Office include:

- financial audits
- end of year reviews
- Information Technology audits
- controls and compliance audits
- Performance Management System audits.

Financial audits

Audits of financial statements are conducted on the full financial reports of government business divisions, government owned corporations and other government controlled entities that prepare statutory financial statements.

Agencies are required, by Treasurer's Directions issued pursuant to the *Financial Management Act 1995*, to prepare financial statements that comply with Australian Accounting Standards. Agencies are not, however, required to submit those statements to the Auditor-General unless directed to do so by the Treasurer pursuant to section 11(3) of the *Financial Management Act 1995*. As no such direction has been given, agencies' financial statements are not audited separately, but are reviewed as part of the audit of the Public Account and of the Treasurer's Annual Financial Statements.

In the case of a financial statement audit, an '*unqualified audit opinion*' means that the Auditor-General is satisfied that the agency or entity has prepared its financial statements in accordance with Australian Accounting Standards and other mandatory financial reporting requirements or, in the case of acquittal audits, the relevant legislation or the agreement under which funding was provided. It also means that the Auditor-General believes that the report is free of material error and that there was nothing that limited the scope of the audit. If any of these conditions should not be met, a '*modified audit opinion*' is issued together with an explanation of why a modified audit opinion was issued.

Within this report, the audit opinions, key audit matters and summaries of audit observations represent the more important matters relating to each audit. By targeting these sections, readers can quickly understand the major issues faced by a particular agency or entity or by the public sector more broadly.

Information Technology audits

Information technology audits are undertaken as stand-alone audits of key agency or across-government systems. Systems selected for audit may directly have an important role in processing data and providing information for the purposes of financial management or may be non-financial systems that are of critical importance to the delivery of government services such as those related to health, justice and education.

A number of financial information technology systems are audited specifically to provide assurance to the Auditor-General and the Legislative Assembly on the completeness and accuracy of information used for the purposes of financial reporting and the preparation of the Treasurer's Annual Financial Statements.

End of year reviews

End of Year Reviews provide an audit focus on year-end balances particularly within agencies. The nature of the review is determined annually whilst planning the audit of the Treasurer's Annual Financial Statements and includes testing of transactions occurring around year-end to provide a degree of confidence about the data provided to Treasury and which will form part of the overall reporting on the Public Account.

Whilst these audits are primarily intended to inform the Auditor-General's opinion on the Treasurer's Annual Financial Statements, the results from these audits may also assist Accountable Officers by identifying departures from the requirements of Australian Accounting Standards and the Northern Territory government's Financial Management Framework and misstatements in recorded financial transactions and balances. Resulting reports to Accountable Officers contain recommendations to enhance the agencies' financial management processes.

Controls and compliance audits

Controls and Compliance Audits are conducted of selected systems or accounting processes to determine whether the systems and processes achieve compliance with legislated or otherwise mandated requirements. These audits are primarily intended to assist in the audit of the Public Account as they provide the Auditor-General and the Legislative Assembly with assurance that adequate financial and governance controls are designed, implemented and operating effectively across government.

Controls and Compliance Audits can assist Accountable Officers by identifying weaknesses in financial and governance processes and controls that, if left unaddressed, may contribute to regulatory non-compliance, financial mismanagement or inefficient operations, or the realisation of other risks to the agency.

Performance Management System audits

The audit process determines whether existing systems or practices, or management controls over systems, are adequate to provide relevant and reliable performance information that will assist intended users of the information make decisions relating to accountability and the achievement of results. These audits are also intended to provide the Legislative Assembly with assurance that audited agencies have appropriate systems and processes in place to effectively monitor and manage projects, programs and policy directions.

Performance management system audits are not directed at assessing the extent to which an agency has achieved a particular outcome however they can assist Accountable Officers by identifying opportunities to enhance their ability to effectively monitor and manage the implementation of projects, programs and policies to ensure the intended outcomes are achieved.

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	HECS	Higher Education Contribution Scheme
AER	Australian Energy Regulator	HELP	Higher Education Loan Program
ALRA	<i>Aboriginal Land Rights (Northern Territory) Act 1976</i>	ICT	Information and communication technology
APES	Accounting Professional and Ethical Standard	IES	Indigenous Essential Services
APRA	Australian Prudential Regulation Authority	IT	Information Technology
APRO	Agency Purchase Requisition Online	NOA	Notice of Acceptance
ASA	Australian Auditing Standard	NT	Northern Territory
ASAE	Australian Standard on Assurance Engagements	NTAG	Northern Territory Art Gallery
ATIQ	Authority to Invite Quotations	NTAGO	Northern Territory Auditor-General's Office
AUD	Australian Dollar	NTG	Northern Territory Government
CDU	Charles Darwin University	NTGDIS	Northern Territory Government Death and Invalidity Scheme
CHA	Central Holding Authority	NTGPASS	Northern Territory Government and Public Authorities' Superannuation Scheme
CPS	Cross-Industry Prudential Standard	PAR	Procurement Assessment Recommendation
CSO	Community Service Obligations	PIPS	Personnel Information and Payroll System
CSS	Commonwealth Superannuation Scheme	PWC	Power and Water Corporation
DCDD	Department of Corporate and Digital Development	SLA	Service Level Agreement
EDTL	Executive Director of Township Leasing	TAFR	Treasurer's Annual Financial Report
EIMS	Electronic Invoice Management System	TAFS	Treasurer's Annual Financial Statements
FTE	Full Time Equivalent	VET	Vocational education and training
GAS	Government Accounting System		
GBP	Great Britain Pound		
GFS	Government Finance Statistics		
GGs	General Government Sector		
GPS	General Insurance Prudential Standard		
GST	Goods and services tax		

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