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Financial Report

Data Centre Services

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Financial statement overview

For the year ended 30 June 2026

Data Centre Services (DCS) delivers core ICT infrastructure and support services to Northern Territory Government agencies.

As a government business division, DCS is primarily funded by charges on client agencies, rather than appropriation. DCS is subject to the Northern Territory tax equivalent regime and is expected to remit a dividend to government after income tax. Following the centralisation of ICT business systems and staff into the Department of Corporate and Digital Development (DCDD) in 2019, the major client for DCS is DCDD, which provides approximately 85% of DCS's income.

Financial performance (Comprehensive Operating Statement)

The financial performance of DCS is presented in 2 ways. Table 1 compares 2025–26 final approved budget with performance for the year, and table 2 compares 2025–26 performance with the previous year. More details are provided in subsequent commentary and analysis in tables 3 to 6.

Table 1: 2025–26 Final budget and performance

	2025–26		
	Final Budget	Actual	Variation
	\$000	\$000	\$000
Income	35 962	35 501	(461)
Expenses	32 451	32 140	311
Net surplus before tax	3 511	3 361	(150)
Income tax expense	1 053	1 008	45
Net surplus after tax	2 458	2 353	(105)
Comprehensive result	2 458	2 353	(105)
Dividend (50%)	1 229	1 176	53

DCS's overall operating financial performance showed a net surplus after tax of \$2.35 million compared with a final budgeted surplus of \$2.46 million.

DCS will pay an income tax equivalent of \$1 million and will return a dividend of \$1.2 million to government for 2025–26.

Table 2: 2025–26 and 2024–25 Performance

	2025–26	2024–25	Variation
	\$000	\$000	\$000
Income	35 501	35 507	(6)
Expenses	32 140	31 988	(152)
Net surplus before tax	3 361	3 519	(158)
Income tax expense	1 008	1 059	51
Net surplus after tax	2 353	2 460	(107)
Comprehensive result	2 353	2 460	(107)

DCS produced an operating surplus of \$3.36 million for 2025–26 which is \$0.16 million lower than the previous year following a price review.

Income

DCS's primary income source results from the provision of computing services to Northern Territory Government agencies. These services are classified under the income categories of sales of goods and services, interest revenue and other income. As shown in table 3 below, sales of goods and services represents 94% of DCS's total income of \$35.5 million, with the remaining 6% comprising interest and other income.

Table 3: Income by category

	Sales of Goods and Services		Interest Revenue ¹		Other Income		Total	
Year	\$000	%	\$000	%	\$000	%	\$000	%
2025–26	33 356	94.0	519	1.5	1 626	4.6	35 501	100
2024–25	32 092	90.4	614	1.7	2 801	7.9	35 507	100

¹ The 2024–25 interest revenue was amended to correct an error in the previously published amount.

Total income is also classified across DCS's major business functions:

- Mainframe Services – mainframe application hosting and integration services
- Midrange Services – midrange application hosting services
- Enterprise Storage – managing whole of government data storage and performing data backups
- Data Centre Facility Services – hosting ICT infrastructure for agencies and contracted service providers
- Application Services – provides mainframe business application owners with expert advice, maintenance, enhancement and modernisation services for their business systems.

Table 4: Income by business function

Year	Mainframe		Midrange		Enterprise Storage		Data Centre Facility Services		Application Services		Total	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
2025–26	13 037	36.7	14 251	40.1	1 976	5.6	3 006	8.5	3 231	9.1	35 501	100
2024–25	12 883	36.3	14 141	39.8	1 954	5.5	2 870	8.1	3 659	10.3	35 507	100

Mainframe, Midrange, Enterprise Storage and Data Centre Facility Services slightly increased due to demand driven growth, while income decreased for Application Services due to fewer than expected work requests received from agencies.

Expenses

DCS incurred the majority of its expenditure on ICT hardware, software and specialist contractors, with employee expenses the second largest expense.

Table 5: Expenses by category

Year	ICT		Employee		Operational		Depreciation		Property Management		Total	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
2025–26	18 414	57.3	7 145	22.2	1 605	5.0	3 923	12.2	1 053	3.3	32 140	100
2024–25	18 507	57.9	7 094	22.2	1 592	5.0	3 809	11.9	986	3.1	31 988	100

Major variations occurred as follows:

- employee expenditure – increase was primarily due to vacant positions being filled in 2025–26 and new enterprise agreement increases
- depreciation – increase was primarily due to the amortisation of building lease remeasurements and annual indexation in accordance with the AASB16 – Leases accounting standard
- property management – increase was due to higher general property management costs.

Expenses classified according to DCS's major business functions are presented in Table 6.

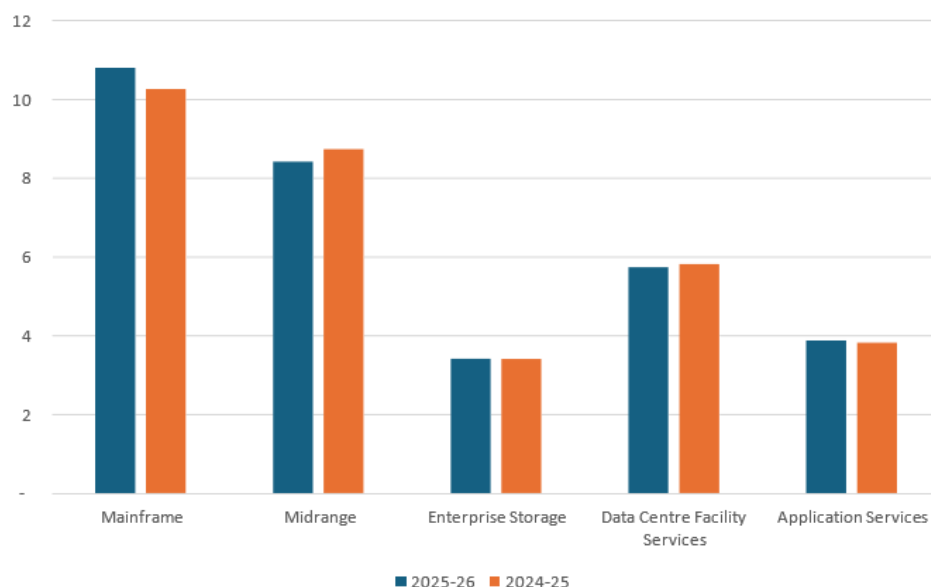
Table 6: Expenses by business function

Year	Mainframe		Midrange		Enterprise Storage		Data Centre Facility Services		Application Services		Total	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
2025–26	10 770	33.5	8 395	26.1	3 396	10.6	5 720	17.8	3 859	12.0	32 140	100
2024–25	10 250	32.1	8 722	27.3	3 398	10.6	5 807	18.2	3 811	11.9	31 988	100

Midrange, Enterprise Storage and Data Centre Facility Services decreased in expenditure due to lower than expected ICT costs.

Financial statement – Data Centre Services

Figure 1: Expenses by business function (\$M)



Financial position (Balance Sheet)

The Statement of Financial Position details the balances of the assets, liabilities, and equity of DCS at the end of the financial year. The table below compares the DCS financial position at 30 June 2026 with the position at 30 June 2025.

Table 7: 2025–26 and 2024–25 Financial position

	2025–26	2024–25	Variation
	\$000	\$000	\$000
ASSETS			
Current assets	27 463	25 480	1 983
Non current assets	22 647	24 715	(2 068)
TOTAL ASSETS	50 110	50 195	(85)
LIABILITIES			
Current liabilities	5 686	5 730	44
Non current liabilities	10 604	11 822	1 218
TOTAL LIABILITIES	16 290	17 552	1 262
NET ASSETS	33 820	32 643	1 177
Equity	33 820	32 643	1 177
TOTAL EQUITY	33 820	32 643	1 177

DCS's net financial position at the end of 2025–26 was \$33.8 million, compared to the previous year's position of \$32.6 million, an increase of \$1.2 million.

Net assets increased by \$1.2 million primarily as a result of the net surplus before tax of \$3.4 million, less provision for tax (\$1.01 million) and dividends (\$1.2 million).

DCS's major assets as at 30 June 2026 primarily comprised property, plant and equipment (mainly buildings and leasehold improvements), and cash, deposits and prepayments (software licensing and maintenance). Major liabilities included lease liabilities, provision for income tax and provision for dividends.

Certification of the financial statements

We certify that the attached financial statements for Data Centre Services have been prepared based on proper accounts and records in accordance with Australian Accounting Standards and with the requirements as prescribed in the *Financial Management Act 1995* and Treasurer's Directions.

We further state that the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2026 and the financial position on that date.

At the time of signing, we are not aware of any circumstances that would render the particulars included in the financial statements misleading or inaccurate.



Catherine Weber

Chief Executive

25 September 2026



Michelangelo Pino

Chief Financial Officer

25 September 2026

Independent Auditor's Report

To the Minister for Corporate and Digital Development

Data Centre Services

Report on the audit of the financial report for the year ended 30 June 2026

Opinion

I have audited the financial report of Data Centre Services, which comprises the balance sheet as at 30 June 2026, and the comprehensive operating statement, the statement of changes in equity and the cash flow statement for the year then ended, notes to the financial statements, including material accounting policy information, and the Chief Executive Officer's declaration.

In my opinion, the accompanying financial report:

- presents fairly, in all material respects, the financial position of Data Centre Services as at 30 June 2026 and its financial performance, cash flows and changes in equity for the year then ended
- is in accordance with the *Financial Management Act 1995* and Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of Data Centre Services in accordance with the auditor independence requirements of the ethical requirements of the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (the Code) that are relevant to my audit of the financial report in Australia. My authorised auditors and I have also fulfilled our other ethical responsibilities in accordance with the Code. My independence is further established by the *Audit Act 1995*.

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

Other information

The Chief Executive Officer is responsible for the other information. The other information comprises the information included in the *Financial Statement Overview* for the year ended 30 June 2026 but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, I consider whether the other information is materially inconsistent with the financial report or the knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Chief Executive Officer for the financial report

The Chief Executive Officer is responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1995* and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the ability of Data Centre Services to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Data Centre Services' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer.,
- Conclude on the appropriateness of the Chief Executive Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Data Centre Services to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report however future events or conditions may cause Data Centre Services to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Chief Executive Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Jara K Dean
Auditor-General

Darwin, Northern Territory

25 September 2026



Comprehensive operating statement

For the year ended 30 June 2026

	Note	2026 \$000	2025 \$000
INCOME			
Sales of goods and services	3	33 356	32 092
Interest revenue		519	614
Other income	4	1 626	2 801
TOTAL INCOME		35 501	35 507
EXPENSES			
Employee expenses	5	7 145	7 094
Administrative expenses			
Purchases of goods and services	6	19 641	19 826
Property management	6	1 053	986
Depreciation and amortisation	11	3 923	3 809
Impairment losses		-	-
Interest expenses	7	378	274
TOTAL EXPENSES		32 140	31 988
NET SURPLUS		3 361	3 519
SURPLUS BEFORE INCOME TAX			
		3 361	3 519
Income tax expense		1 008	1 059
NET SURPLUS		2 353	2 460
COMPREHENSIVE RESULT		2 353	2 460

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

Balance sheet

As at 30 June 2026

	Note	2026 \$000	2025 \$000
ASSETS			
Current assets			
Cash and deposits	8	15 819	15 858
Receivables	10	11 644	9 622
Total current assets		27 463	25 480
Non current assets			
Receivables	10	2 896	2 013
Property, plant and equipment	11	19 751	22 702
Total non current assets		22 647	24 715
TOTAL ASSETS		50 110	50 195
LIABILITIES			
Current liabilities			
Payables	12	842	886
Dividends payable ¹		1 176	1 235
Lease liabilities	13	1 432	1 374
Income tax liabilities	14	1 008	1 059
Provisions	14	1 228	1 146
Other liabilities	15	-	30
Total current liabilities		5 686	5 730
Non current liabilities			
Lease liabilities	13	10 604	11 822
Other liabilities	15	-	-
Total non current liabilities		10 604	11 822
TOTAL LIABILITIES		16 290	17 552
NET ASSETS		33 820	32 643
EQUITY			
Capital		4 560	4 233
Equity injections		-	327
Accumulated funds		29 260	28 084
TOTAL EQUITY		33 820	32 643

¹ The prior-year comparative amount has been restated following the current-year reclassification of dividends payable from provisions to payables.

The balance sheet is to be read in conjunction with the notes to the financial statements.

Statement of changes in equity

For the year ended 30 June 2026

	Note	Equity at 1 July	Comprehensive result	Transactions with owners in their capacity as owners	Equity at 30 June
		\$000	\$000	\$000	\$000
2026					
Accumulated funds		28 083	2 353	-	30 436
Dividends payable		-	-	(1 176)	(1 176)
Transfers from reserves		-	-	-	-
		28 083	2 353	(1 176)	29 260
Capital – transactions with owners					
Equity injections		4 560	-	-	4 560
Capital appropriation		-	-	-	-
Equity transfers in		-	-	-	-
Other equity injections		-	-	-	-
Equity withdrawals					
Capital withdrawals		-	-	-	-
Equity transfers out		-	-	-	-
		4 560	-	-	4 560
Total equity at end of financial year		32 643	2 353	(1 176)	33 820
2025					
Accumulated funds		26 859	2 460	-	29 319
Dividends payable		-	-	(1 235)	(1 235)
Transfers from reserves		-	-	-	-
		26 859	2 460	(1 235)	28 084
Capital – transactions with owners					
Equity injections		4 233	-	-	4 233
Capital appropriation		-	-	-	-
Equity transfers in		-	-	327	327
Other equity injections		-	-	-	-
Equity withdrawals					
Capital withdrawals		-	-	-	-
Equity transfers out		-	-	-	-
		4 233	-	327	4 560
Total equity at end of financial year		31 091	2 460	(908)	32 643

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Cash flow statement

For the year ended 30 June 2026

	Note	2026 \$000	2025 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating receipts			
Receipts from sales of goods and services		34 843	34 510
GST receipts		3 481	2 521
Interest received		512	613
Total operating receipts		38 836	37 644
Operating payments			
Payments to employees		(7 026)	(7 083)
Payments for goods and services		(23 477)	(21 435)
GST payments		(3 567)	(2 519)
Income tax paid		(1 059)	(1 432)
Interest paid		(378)	(274)
Total operating payments		(35 507)	(32 743)
Net cash from operating activities	9	3 329	4 901
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing payments			
Purchases of non-financial assets		(747)	(1 985)
Total investing payments		(747)	(1 985)
Net cash used in investing activities		(747)	(1 985)
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing receipts			
Other equity injections		-	-
Total financing receipts		-	-
Financing payments			
Dividends paid		(1 235)	(1 671)
Lease payments		(1 385)	(1 473)
Total financing payments		(2 620)	(3 144)
Net cash used in financing activities		(2 620)	(3 144)
Net increase/(decrease) in cash held		(39)	(229)
Cash at beginning of financial year		15 858	16 087
CASH AT END OF FINANCIAL YEAR	8	15 819	15 858

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

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1. Objectives and funding

Data Centre Services (DCS) delivers core ICT infrastructure and support services to Northern Territory Government (NTG) agencies.

DCS is funded through income from charges on users for NTG agencies. The main services recipient is Department of Corporate and Digital Development, along with a small number of organisations such as government owned corporations. The financial statements encompass all funds and resources which DCS controls to undertake its functions.

The department considered primary users of these financial statements and their needs for information and quantitative thresholds to determine which accounting policy information is material and therefore must be disclosed.

2. Statement of material accounting policy information

a) Statement of compliance

i. Compliance framework

These financial statements are general purpose financial statements and have been prepared in accordance with the requirements of the *Financial Management Act 1995* (FMA), related Treasurer's Directions and Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board. The FMA requires DCS to prepare financial statements for the year ended 30 June based on the form determined by the Treasurer. The form of agency financial statements should include:

- a certification of the financial statements
- a comprehensive operating statement
- a balance sheet
- a statement of changes in equity
- a cash flow statement
- applicable explanatory notes to the financial statements.

ii. Standards and interpretations effective from 2025–26 financial year

Several amendments and interpretations have been issued that apply to the current reporting period but are considered to have no or minimal impact on public sector reporting.

iii. Standards and interpretations issued but not yet effective

No Australian accounting standards have been adopted early for the 2025–26 financial year.

The following new Australian Accounting Standard has been issued but is not yet effective and is expected to impact future reporting periods:

AASB 18 Presentation and Disclosure of Financial Statements (AASB 18)

AASB 18 Presentation and Disclosure in Financial Statements replaces AASB 101 and introduces new presentation and disclosure requirements for income statements, cash flow statements, and management-defined performance measures.

Financial statement – Data Centre Services

The standard is proposed to apply to not-for-profit public sector entities for annual reporting periods beginning on or after 1 January 2028 (the 2028–29 financial year for the agency).

AASB 18 would primarily affect the presentation and disclosure of financial information, including the classification of income and expenses, additional subtotals in the operating statement, revised cash flow classifications for interest and dividends, and new disclosures for management defined performance measures. The standard does not affect the recognition or measurement of amounts.

Any changes to presentation of financial statements and disclosures will be incorporated into future Treasurer's Directions on proforma financial statements.

b) Presentation and rounding of amounts

Amounts in the financial statements and notes to the financial statements are presented in Australian dollars and have been rounded to the nearest thousand dollars, with amounts of \$500 or less being rounded down to zero. Figures in the financial statements and notes may not equate due to rounding.

c) Contributions by and distributions to government

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

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

3. Sales of goods and services

	2026	2025
	Revenue from contracts with customers	Revenue from contracts with customers
	\$000	\$000
Sale of mainframe services	11 529	11 362
Sale of midrange services	14 139	12 863
Sale of enterprise storage and backup services	1 976	1 954
Sale of data centre facility services	2 481	2 266
Sale of application services	3 231	3 648
Total sales of goods and services	33 356	32 092

Rendering of services

Revenue from rendering of services is recognised when DCS satisfies the performance obligation by transferring the promised information technology services. DCS typically satisfies its performance obligations at the end of the billing period when the services or capacity consumed by the customer can be quantified.

DCS services revenue includes:

Mainframe services – provision of a mainframe operating environment and hosting of mainframe applications billed to customers through a charging model based on utilisation share. Revenue is recognised as DCS satisfies its performance obligation when the monthly provision of the operating and hosting environment is complete, with payments typically due a month after.

Midrange services – provision of management services that build upon the base hosting or cloud offering. Services include operating system, database and technical support services. Data is collected on the quantity of services consumed on a monthly basis and applied to determine customer charges. DCS satisfies its performance obligation when the monthly provision of the management services is complete, with payments typically due a month after.

Enterprise storage and backup services – provision of enterprise scale storage and backup solutions to suit customers based on a pay for use basis. Enterprise storage service is delivered by means of a storage area network which is located in the Government Data Centre (GDC). Enterprise backup is a backup solution for customer business applications. The backup service is delivered by means of a fully managed enterprise class backup solution located in the GDC, with copies replicated to multiple sites for disaster recovery included in the charge. DCS satisfies its performance obligation when the monthly provision of the storage and backup services is complete, with payments typically due a month after.

Data centre facility services – the GDC is the primary site which provides a continuous, secure and reliable facility hosting client and agency ICT equipment. DCS, as part of disaster recovery offerings, can also provide hosting options in a secondary site known as the Backup Data Centre. Data is collected on the quantity of services consumed on a monthly basis and applied to determine customer charges. DCS satisfies its performance obligation when the monthly provision of the data centre facility is complete, with payments typically due a month after.

Application services – application services provide mainframe business application owners with expert advice, maintenance, enhancement and modernisation services for their business systems.

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

	2026	2025
	\$000	\$000
Type of good and service:		
Service delivery	33 356	32 092
Total revenue from contracts with customers by good or service	33 356	32 092
Type of customer:		
Northern Territory Government (NTG) controlled entities ¹	33 341	32 060
Non-government entities	15	32
Total revenue from contracts with customers by type of customer	33 356	32 092
Timing of transfer of goods and services:		
Over time	33 356	32 092
Total revenue from contracts with customers by timing of transfer	33 356	32 092

¹ The 2025 NTG controlled entities customer type was amended to correct the previously published amount.

4. Other income

	2026	2025
	Revenue from contracts with customers	Revenue from contracts with customers
	\$000	\$000
Other income ¹	1 626	2 801
Total other income	1 626	2 801

¹ Refers to miscellaneous revenue.

Miscellaneous revenue

Miscellaneous revenue for DCS includes reimbursements and project cost recoveries. Where funding is received for agreements that are enforceable and contain sufficiently specific performance obligations for the agency to transfer goods or services to the grantor or third-party beneficiary, the transaction is accounted for under AASB 15 as revenue from contracts with customers. Where this criterion is not met, revenue is generally accounted for under AASB 1058 and income is generally recognised upfront on receipt of funding.

DCS pays for goods and services on behalf of other agencies and these expense recoveries primarily includes management costs for projects.

DCS satisfies performance obligations when the goods or services have been completely delivered. Subsequently, DCDD recovers the expenditure from agencies through the issuance of invoices, with revenue recognised when payment is received.

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

	2026	2025
	\$000	\$000
Type of good and service:		
Service delivery	1 626	2 801
Total revenue from contracts with customers by good or services	1 626	2 801
Type of customer:		
Northern Territory Government controlled entities	1 626	2 746
Non-government entities	-	55
Total revenue from contracts with customers by type of customer	1 626	2 801
Timing of transfer of goods and services:		
Point in time	1 626	2 801
Total revenue from contracts with customers by timing of transfer	1 626	2 801

5. Employee benefits expense

	2026	2025
	\$000	\$000
Salaries and wages	6 071	6 034
Superannuation expenses	735	701
Workers compensation	-	-
Fringe benefits tax	2	7
Payroll tax	337	352
Total employee benefits expense	7 145	7 094

The number of full-time equivalent employees for 2025–26 was 51 (2024–25: 49).

Salaries and wages are recognised in the reporting period when the employee renders services to the Northern Territory Government. It includes recreation leave, labour hire costs, allowances and other benefits, which are recognised in the reporting period when employees are entitled to the benefit or when incurred.

The recognition and measurement policy for employee benefits is detailed in Note 12: Payables and Note 14: Provisions.

6. Purchases of goods and services

	2026	2025
	\$000	\$000
The net surplus/(deficit) has been arrived at after charging the following expenses:		
Goods and services expenses:		
Consultants ¹	7 059	7 002
Legal expenses ²	-	-
Training and study	48	13
Official duty fares	-	-
Information technology charges and communications ³	11 355	11 504
Property management expenses	1 053	986
Insurance premiums	83	106
Agency service arrangements	1 016	1 062
Audit fees	35	32
Other ⁴	45	107
	20 694	20 812

1 IT consultants.

2 Includes legal fees, claim and settlement costs.

3 Mainly relates to hardware maintenance, software licences, mainframe software charges and third-party maintenance services.

4 Includes other equipment and consumables.

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

7. Interest expenses

	2026	2025
	\$'000	\$'000
Interest from lease liabilities	378	274
Total interest expenses	378	274

Interest expenses consist of interest and other costs incurred in connection with lease liabilities. Interest expenses are recognised in the reporting period in which they are incurred.

8. Cash and deposits

	2026	2025
	\$'000	\$'000
Cash at bank	15 819	15 858
Total cash and deposits	15 819	15 858

For the purposes of the balance sheet and the cash flow statement, cash includes cash on hand, cash at bank and cash equivalents. Cash equivalents are highly liquid short-term investments that are readily convertible to cash.



9. Cash flow reconciliation

a) Reconciliation of cash

The total of agency 'Cash and deposits' of \$15.8 million recorded in the balance sheet is consistent with that recorded as 'Cash' in the cash flow statement.

Reconciliation of net surplus/deficit to net cash from operating activities

	2026	2025
	\$000	\$000
Net surplus	2 353	2 460
<i>Non-cash items:</i>		
Depreciation and amortisation	3 923	3 809
Asset write-offs/write-downs	-	-
Gain/loss on disposal of assets	-	(10)
<i>Changes in assets and liabilities:</i>		
Increase in receivables	(2 903)	(1 075)
Increase/(decrease) in payables	(46)	224
Increase/(decrease) in provision for employee benefits	77	(9)
Increase in other provisions	6	-
Decrease in income tax liability	(51)	(373)
Decrease in unearned income	(30)	(125)
Net cash from operating activities	3 329	4 901

b) Reconciliation of liabilities arising from financing activities

	1 July	Cash flows				Other			30 June
		Dividends paid	Equity injection/withdrawals	Lease liabilities repayments	Other	Total cash flows	Other	Total Other	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Dividends	1 235	(1 235)	-	-	-	(1 235)	-	-	-
Lease liabilities	13 196	-	-	(1 385)	-	(1 385)	225	225	12 036
Total	14 431	(1 235)	-	(1 385)	-	(2 620)	225	225	12 036

	1 July	Cash flows				Other			30 June
		Dividends paid	Equity injection/withdrawals	Lease liabilities repayments	Other	Total cash flows	Other	Total Other	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Dividends	1 671	(1 671)	-	-	-	(1 671)	1 235	1 235	1 235
Lease liabilities	10 659	-	-	(1 473)	-	(1 473)	4 010	4 010	13 196
Total	12 330	(1 671)	-	(1 473)	-	(3 144)	5 245	5 245	14 431

Note: Prior year figures have been amended to enhance comparability and align with current disclosure requirements.

10. Receivables

	2026	2025
	\$000	\$000
Current		
Accounts receivable	35	72
Accrued contract revenue	2 780	2 636
Interest receivables	54	47
GST receivables	(21)	(108)
Prepayments	8 796	6 975
	11 644	9 622
Non current		
Prepayments	2 896	2 013
Total receivables	14 540	11 635

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

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

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

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

Accrued contract revenue

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

Prepayments

Prepayments represent payments made in advance of receipt of goods and services. Prepayments are recognised on an accrual basis and amortised over the period in which the economic benefits from these assets are received.

DCS's prepayments include software licences and related software and hardware support services. Perpetual licences are expensed in the year they are incurred if their expected life and future economic benefit from their usage cannot be reliably determined.

The increase in 2025–26 is due to new IBM enterprise license agreement contract and renewal of software licences.

Credit risk exposure of receivables

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

The expected loss rates are based on historical observed loss rates, adjusted to reflect current and forward-looking information, including macroeconomic factors.

In accordance with the provisions of the *Financial Management Act 1995*, receivables are written off when based on demonstrated actions to collect, there is no reasonable expectation of recovery for reasons beyond the agency's control.

The loss allowance for receivables at reporting date represents the amount of receivables the agency estimates is likely to be uncollectible and is considered doubtful. Ageing analysis for receivables as at the reporting date are disclosed below.

Internal receivables reflect amounts owing from entities controlled by the Northern Territory Government (NTG) such as other agencies, government business divisions and government owned corporations. External receivables reflect amounts owing from third parties which are external to NTG.

Ageing analysis

	2026				2025			
	Gross receivables	Loss rate	Expected credit losses	Net receivables	Gross receivables	Loss rate	Expected credit losses	Net receivables
	\$000	%	\$000	\$000	\$000	%	\$000	\$000
Internal receivables								
Not overdue	31	-	-	31	60	-	-	60
Overdue for less than 30 days	-	-	-	-	-	-	-	-
Overdue for 30 to 60 days	-	-	-	-	-	-	-	-
Overdue for more than 60 days	2	-	-	2	-	-	-	-
Total internal receivables	33		-	33	60		-	60

External receivables	2026				2025			
	Gross receivables	Loss rate	Expected credit losses	Net receivables	Gross receivables	Loss rate	Expected credit losses	Net receivables
	\$000	%	\$000	\$000	\$000	%	\$000	\$000
Not overdue	1	-	-	1	12	-	-	12
Overdue for less than 30 days	-	-	-	-	-	-	-	-
Overdue for 30 to 60 days	-	-	-	-	-	-	-	-
Overdue for more than 60 days	1	-	-	1	-	-	-	-
Total external receivables	2		-	2	12		-	12

Total amounts disclosed exclude statutory amounts and prepayments as these do not meet the definition of a financial instrument and therefore will not reconcile the receivables note. It also excludes accrued contract revenue where no loss allowance has been provided.

Reconciliation of loss allowance for receivables

DCS recognised no loss allowance for receivables for 2025–26 and 2024–25 from the assessment of expected credit losses.

11. Property, plant and equipment

a) Total property, plant and equipment

	2026	2025
	\$000	\$000
Infrastructure		
At capitalised cost	27	27
Less: accumulated depreciation	(18)	(15)
	9	12
Plant and equipment		
At capitalised cost	11 353	11 257
Less: accumulated depreciation	(3 892)	(3 306)
	7 461	7 951
Computer hardware		
At capitalised cost	11 062	10 411
Less: accumulated depreciation	(10 418)	(8 588)
	644	1 823
Right-of-use assets		
At capitalised cost	18 524	18 299
Less: accumulated amortisation	(6 887)	(5 383)
	11 637	12 916
Total property, plant and equipment	19 751	22 702

Reconciliation of carrying amount of property, plant and equipment

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

	Infrastructure	Plant and equipment	Computer hardware	Right-of-use assets	Total
	\$000	\$000	\$000	\$000	\$000
2026					
Carrying amount as at 1 July	12	7 951	1 823	12 916	22 702
Additions	-	96	650	-	746
Additions of right-of-use assets	-	-	-	-	-
Depreciation expense – asset owned	(3)	(587)	(1 829)	-	(2 418)
Amortisation expense – right-of-use asset	-	-	-	(1 505)	(1 505)
Additions/disposals from asset transfers	-	1	-	-	-
Revaluation increments/ Decrements	-	-	-	226	226
Other movements	-	-	-	-	-
Carrying amount as at 30 June	9	7 461	644	11 637	19 751

	Infrastructure	Plant and equipment	Computer hardware	Right-of-use assets	Total
	\$000	\$000	\$000	\$000	\$000
2025					
Carrying amount as at 1 July	15	8 224	1 542	10 396	20 177
Additions	-	(43)	2 029	-	1 986
Additions of right-of-use assets	-	-	-	4 795	4 795
Depreciation expense – asset owned	(3)	(557)	(1 748)	-	(2 308)
Amortisation expense – right-of-use asset	-	-	-	(1 501)	(1 501)
Additions/disposals from asset transfers	-	337	-	-	337
Revaluation increments/ Decrements	-	-	-	(774)	(774)
Other movements ¹	-	(10)	-	-	(10)
Carrying amount as at 30 June	12	7 951	1 823	12 916	22 702

1 Other movements relate to accumulated depreciation on property, plant and equipment transferred at nil consideration.

i. Acquisitions

Property, plant and equipment are initially recognised at cost.

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

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

ii. Revaluation of assets

Plant and equipment are stated at historical cost less depreciation, which is deemed to equate to fair value.

iii. Depreciation and amortisation expense

Items of property, plant and equipment, including buildings but excluding land, have limited useful lives and are depreciated using the straight-line method over their estimated useful lives. Assets are depreciated from the date of acquisition or from the time an asset is completed and held ready for use.

The estimated useful lives for each class of asset are in accordance with the agency's determination as follows:

	2026	2025
Plant and equipment	2 to 18 years	2 to 18 years
Right of use	Lease term	Lease term
Computer hardware	2 to 10 years	2 to 10 years

iv. Right-of-use asset under leases

Recognition and measurement

DCS assesses at contract inception whether a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration and hence contains a lease.

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

DCS recognises right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use).

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

Right-of-use assets are subsequently measured at fair value which approximates costs less accumulated amortisation and accumulated impairment losses.

Right-of-use assets are subject to remeasurement principles consistent with the lease liability. This includes applying indexation and market rent review. Right-of-use assets are also revalued where a trigger or event may indicate their carrying amount does not equal fair value.

12. Payables

	2026	2025
	\$000	\$000
Accounts payable	6	-
Accrued salaries and wages	177	146
Other accrued expenses ¹	659	740
Total payables	842	886

¹ Other accrued expenses mainly comprise consultant fees and power charges.

Liabilities for accounts payable and other amounts payable are carried at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the agency. Accounts payable are normally settled within 20 days from receipt of valid invoices under \$1 million or 30 days for invoices over \$1 million.

Salaries and wages that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the amounts expected to be paid.

13. Borrowings and advances – lease liabilities

	2026	2025
	\$000	\$000
Current		
Lease liabilities	1 432	1 374
Non current		
Lease liabilities	10 604	11 822
Total borrowings and advances	12 036	13 196

a) Lease liabilities

At the commencement date of the lease where DCS is the lessee, DCS recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

Lease payments include: fixed payments (including in substance fixed payments) less any lease incentives receivable; variable lease payments that depend on an index or a rate; exercise price of purchase options that are reasonably certain to be exercised by the agency; and payments of penalties for terminating the lease, if the lease term reflects the agency exercising the option to terminate.

Variable lease payments which depend on an index or a rate are included in the lease liabilities, otherwise, are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the agency's leases, the Northern Territory Treasury Corporation's institutional bond rate is used as the incremental borrowing rate.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (such as changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants. The agency does not provide residual value guarantees in relation to leases.

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

i. Reconciliation of lease liabilities

The following table presents reconciliation of liabilities under leases:

	2026	2025
	\$000	\$000
Balance at 1 July	13 196	10 659
Additions/remeasurements	225	4 010
Interest expenses	378	274
Payments	(1 763)	(1 747)
Balance at 30 June	12 036	13 196

ii. Total cash outflows associated with leases

The following table presents total cash outflows associated with leases:

	2026	2025
	\$000	\$000
Lease liability payments	1 763	1 747
Short-term lease payments	-	-
Low-value asset lease payments	-	-
Total cash outflows	1 763	1 747

iii. Amounts recognised in the comprehensive operating statement

The following amounts were recognised in the comprehensive operating statement for the year in respect of leases where the agency is the lessee:

	2026	2025
	\$000	\$000
Depreciation expense of right-of-use assets	1 505	1 501
Interest expense on lease liabilities	378	274
Total amount recognised in the comprehensive operating statement	1 883	1 775

DCS had no future minimum lease payments under non-cancellable leases not recorded as liabilities for 2025–26 and 2024–25.

14. Provisions

	2026	2025
	\$000	\$000
Current		
Employee benefits		
Recreation leave	928	849
Leave loading	91	82
Other employee benefits	(6)	4
Other current provisions		
Provision for fringe benefits tax	1	2
Provision for superannuation	151	149
Provision for payroll tax	63	59
Other provisions – income tax	1 008	1 059
Total provisions	2 236	2 205

a) Employee benefits

Provision for employee benefits include wages and salaries and recreation leave accumulated because of employees rendering services up to the reporting date. Liabilities arising in respect of recreation leave and other employee benefit liabilities that fall due within 12 months of reporting date are classified as current liabilities and are measured at amounts expected to be paid. Non current employee benefit liabilities that fall due after 12 months of the reporting date are measured at present value of estimated future cash flows, calculated using the appropriate government bond rate and taking into consideration expected future salary and wage levels, experience of employee departures and periods of service.

All recreation leave is classified as a current liability.

No provision is made for sick leave, which is non-vesting, as the anticipated pattern of future sick leave to be taken is less than the entitlement accruing in each reporting period.

Employee benefit expenses are recognised on a net basis in respect of the following categories:

- wages and salaries, non-monetary benefits, recreation leave and other leave entitlements
- other types of employee benefits.

As part of the financial management framework, the Central Holding Authority assumes the long service leave liabilities of government agencies, including DCS, and therefore no long service leave liability is recognised within these financial statements.

b) Superannuation

Employees superannuation entitlements are provided through the:

- Northern Territory Government and Public Authorities Superannuation Scheme (NTGPASS)
- Commonwealth Superannuation Scheme (CSS)
- non-government employee nominated schemes for those employees commencing on or after 10 August 1999.

The agency makes superannuation contributions on behalf of its employees to the Central Holding Authority or non-government employee-nominated schemes. Superannuation liabilities related to government superannuation schemes are held by the Central Holding Authority and therefore not recognised in agency financial statements.

15. Other liabilities

	2026	2025
	\$000	\$000
Current		
Unearned contract revenue	-	30
Non current		
Unearned contract revenue	-	-
Total other liabilities	-	30

Unearned contract revenue liability

Unearned contract revenue liability relates to consideration received in advance from customers in respect of information technology services. There is no unearned contract revenue liability balance as at 30 June 2026. The balance at 1 July 2025 was \$0.03 million. Software licensing, support and maintenance are valid for the contracted period, performance obligations are satisfied on the expiration of the validity period.

16. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

DCS's property, plant and equipment, computer software and computer hardware are recognised at cost less depreciation or amortisation. The carrying amounts of these financial assets and liabilities approximate their fair value.

17. Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

DCS's financial instruments include cash and deposits, receivables, payables and lease liabilities. It excludes statutory receivables arising from taxes including tax receivables, GST input tax credits recoverable, and fines and penalties, which do not meet the definition of financial instruments as per AASB 132 – Financial instruments: Presentation.

DCS has limited exposure to financial risks as discussed below.

Exposure to interest rate risk, foreign exchange risk, credit risk, price risk and liquidity risk arise in the normal course of activities.

a) Categories of financial instruments

The carrying amounts of the agency's financial assets and liabilities by category are disclosed in the table below.

	Category	2026	2025
		\$000	\$000
Cash and deposits	Amortised cost	15 819	15 858
Receivables ¹	Amortised cost	89	119
Total financial assets		15 908	15 977
Payables ¹	Amortised cost	6	-
Lease liabilities	Amortised cost	12 036	13 196
Total financial liabilities		12 042	13 196

¹ Total amounts disclosed here exclude statutory amounts, prepaid expenses and accrued items.

Financial assets at amortised cost

Financial assets categorised at amortised cost are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less impairment.

DCS's financial assets categorised at amortised cost include receivables and advances paid.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are measured at amortised cost using the effective interest rate method.

DCS's financial liabilities categorised at amortised cost include all accounts payable and lease liabilities.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation.

DCS has limited credit risk exposure (risk of default). In respect of any dealings with organisations external to government, the agency has adopted a policy of only dealing with creditworthy organisations and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

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

Credit risk relating to receivables is disclosed in Note 10.

c) Liquidity risk

Liquidity risk is the risk DCS will not be able to meet its financial obligations as they fall due. DCS's approach to managing liquidity is to ensure it will always have sufficient funds to meet its liabilities when they fall due. This is achieved by ensuring minimum levels of cash are held in the agency bank account to meet various current employee and supplier liabilities. DCS's exposure to liquidity risk is minimal. Cash injections are available from the Central Holding Authority in the event that one-off extraordinary expenditure items arise that deplete cash to levels that compromise DCS's ability to meet its financial obligations.

Financial statement – Data Centre Services

The following tables detail DCS's remaining contractual maturity for its financial liabilities, calculated based on undiscounted cash flows at reporting date. The undiscounted cash flows in these tables differ from the amounts included in the balance sheet, which are based on discounted cash flows.

Maturity analysis for financial liabilities

	Carrying amount	Less than a year	1 to 5 years	More than 5 years	Total
2026	\$000	\$000	\$000	\$000	\$000
Liabilities					
Payables ¹	6	6	-	-	6
Lease liabilities	12 036	1 778	5 795	6 378	13 951
Total financial liabilities	12 042	1 784	5 795	6 378	13 957

1 Total amounts disclosed exclude statutory amounts and accrued items.

	Carrying amount	Less than a year	1 to 5 years	More than 5 years	Total
2025	\$000	\$000	\$000	\$000	\$000
Liabilities					
Payables ¹	-	-	-	-	-
Lease liabilities	13 196	1 749	6 389	7 303	15 441
Total financial liabilities	13 196	1 749	6 389	7 303	15 441

1 Amounts disclosed exclude statutory amounts and accruals (such as accrued expenses, unearned revenue and provisions), as these do not meet the definition of financial instrument and therefore amounts will not be recognised in the balance sheet.

d) Market risk

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

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate.

DCS has limited exposure to interest rate risk as DCS's financial assets and financial liabilities, with the exception of leases, are non-interest bearing. Lease arrangements are established on a fixed interest rate and as such do not expose DCS to interest rate risk.

ii. Price risk

DCS is not exposed to price risk as DCS does not hold units in unit trusts.

iii. Currency risk

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

DCS has limited exposure to currency risk, as DCS does not hold borrowings denominated in foreign currencies and has limited transactional currency exposures arising from purchases in a foreign currency.

18. Related parties

a) Related parties

DCS is a government administrative entity and is wholly owned and controlled by the Northern Territory Government. Related parties of the department include:

- the portfolio minister and key management personnel (KMP) because they have authority and responsibility for planning, directing and controlling the activities of the department directly
- close family members of the portfolio minister or KMP including spouses, children and dependants
- all public sector entities that are controlled and consolidated into the whole of government financial statements
- any entities controlled or jointly controlled by KMP or the portfolio minister, or controlled or jointly controlled by their close family members.

b) Key management personnel

Key management personnel of DCS are those persons having authority and responsibility for planning, directing and controlling the activities of DCS. These include the Minister for Corporate and Digital Development, DCDD Chief Executive, DCDD Deputy Chief Executive Digital Services, DCDD Chief Operating Officer, DCDD Chief Financial Officer, DCDD Executive Director Digital Operations and DCS Senior Director.

c) Remuneration of key management personnel

The details below exclude the salaries and other benefits of the Minister as the Minister's remunerations and allowances are payable by the Department of the Legislative Assembly and are consequently disclosed within the Treasurer's annual financial statements.

The aggregate compensation of key management personnel of DCS is set out below:

	2026	2025
	\$000	\$000
Short-term benefits	321	356
Post-employment benefits	13	38
Total remuneration of key management personnel¹	334	394

¹ Variance due to agency restructure and timing of appointments to KMP roles.

DCDD provides management services to DCS and the amount relating to KMP has been included in the figures above.

Long service leave benefits are centrally recognised and paid by the Central Holding Authority and do not form part of agency's accounts or cash outflows. As there is no financial impact on the agency's financial statements, long service leave benefits are excluded from the quantitative disclosures of KMP compensation.

d) Related party transactions: Transactions with Northern Territory Government-controlled entities

DCS's primary ongoing source of funding is received from NTG-controlled entities.

The following table provides quantitative information about related party transactions entered during the year with all other NTG-controlled entities.

2026 Related party	Revenue from related parties	Payments to related parties	Amounts owed by related parties	Amounts owed to related parties
	\$000	\$000	\$000	\$000
<i>All NTG departments</i>	35 486	4 537	2 859	2 364

2025 Related party	Revenue from related parties	Payments to related parties	Amounts owed by related parties	Amounts owed to related parties
	\$000	\$000	\$000	\$000
<i>All NTG departments</i>	35 410	4 632	2 737	2 536

DCS's transactions with other government entities are not individually significant.

Other related party transactions are as follows:

Given the breadth and depth of NTG activities, related parties will transact with the Territory public sector in a manner consistent with other members of the public including paying stamp duty and other government fees and charges and therefore these transactions have not been disclosed.

DCS had no other related party transactions in excess of \$10,000.

19. Contingent liabilities and contingent assets

DCS had no contingent liabilities or contingent assets as at 30 June 2026 or 30 June 2025.

20. Events subsequent to balance date

No events have arisen between the end of the financial year and the date of this report that require adjustment to, or disclosure in, these financial statements.

21. Budgetary information

The following tables present the variation between the 2025–26 original budget financial statements, as reported in 2025–26 Budget Paper No. 3 Agency Budget Statements and the 2025–26 actual amounts reported in the financial statements, together with explanations for significant variations.

Comprehensive Operating Statement

	2026 Actual	2026 Original budget	Variance	Note
	\$000	\$000	\$000	
INCOME				
Sales of goods and services	33 356	30 636	2 720	1
Interest revenue	519	735	(216)	
Other income	1 626	1 635	(9)	
TOTAL INCOME	35 501	33 006	2 495	
EXPENSES				
Employee expenses	7 145	7 194	49	
Administrative expenses				
Purchases of goods and services	20 694	18 752	(1 942)	2
Depreciation and amortisation	3 923	3 726	(197)	
Other administrative expenses	-	-	-	
Interest expenses	378	128	(250)	
TOTAL EXPENSES	32 140	29 800	(2 340)	
NET SURPLUS/(DEFICIT)	3 361	3 206	155	
Income tax expense	1 008	962	(46)	
NET SURPLUS	2 353	2 244	109	
COMPREHENSIVE RESULT	2 353	2 244	109	

Notes:

The following note descriptions relate to variances greater than 20% or \$1 million.

1. Largely reflects continued growth in midrange and enterprise storage services, and backup data centre.
2. Increased demand for midrange services, enterprise storage and backup data centre.

Balance Sheet

	2026 Actual	2026 Original budget	Variance	Note
	\$000	\$000	\$000	
ASSETS				
Current assets				
Cash and deposits	15 819	19 656	(3 837)	1
Receivables	2 848	2 400	448	
Prepayments	8 796	6 795	2 001	2
Total current assets	27 463	28 851	(1 389)	
Non current assets				
Prepayments	2 896	1 366	1 530	2
Property, plant and equipment	19 751	15 317	4 434	3
Other financial assets	-	-	-	
Total non current assets	22 648	16 683	5 965	
TOTAL ASSETS	50 110	45 534	4 576	
LIABILITIES				
Current liabilities				
Payables and accruals	842	661	(181)	
Dividends payable	1 176	1 122	(54)	
Lease liabilities	1 432	1 541	109	
Provisions	2 236	2 116	(120)	
Other liabilities	-	155	155	
Total current liabilities	5 686	5 595	(91)	
Non current liabilities				
Lease liabilities	10 604	6 445	(4 159)	4
Total non current liabilities	10 604	6 445	(4 159)	
TOTAL LIABILITIES	16 290	12 040	(4 250)	
NET ASSETS	33 820	33 494	326	
EQUITY				
Capital	4 560	4 233	327	
Equity injections/withdrawals	-	-	-	
Accumulated funds	29 260	29 261	(1)	
TOTAL EQUITY	33 820	33 494	326	

Notes:

The following note descriptions relate to variances greater than 20% or \$1 million.

1. Reflects increased hardware and IT software costs paid on behalf of other agencies.
2. Reflects increased IT costs.
3. Variance due to timing of fixed asset purchases.
4. Increase in lease liabilities reflects movement in line with leased assets under AASB 16 – Leases.

Cash flow statement

	2026 Actual	2026 Original budget	Variance	Note
	\$000	\$000	\$000	
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating receipts				
Receipts from sales of goods and services	34 843	32 271	2 572	1
GST receipts	3 481	-	3 481	2
Interest received	512	735	(223)	
Total operating receipts	38 836	33 006	5 830	
Operating payments				
Payments to employees	(7 026)	(7 194)	168	
Payments for goods and services	(23 477)	(18 752)	(4 725)	3
GST payments	(3 567)	-	(3 567)	2
Income tax paid	(1 059)	(1 097)	38	
Interest paid	(378)	(128)	(250)	
Total operating payments	(35 507)	(27 171)	(8 336)	
Net cash from operating activities	3 329	5 835	(2 506)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Investing payments				
Purchases of non-financial assets	(747)	(750)	3	
Total investing payments	(747)	(750)	3	
Net cash used in investing activities	(747)	(750)	3	
CASH FLOWS FROM FINANCING ACTIVITIES				
Financing payments				
Lease payments	(1 385)	(1 352)	(33)	
Dividend paid	(1 235)	(1 281)	46	
Total financing payments	(2 620)	(2 633)	13	
Net cash used in financing activities	(2 620)	(2 633)	13	
Net increase/(decrease) in cash held	(39)	2 452	(2 491)	
Cash at beginning of financial year	15 858	17 204	(1 346)	
CASH AT END OF FINANCIAL YEAR	15 819	19 656	(3 837)	

Notes:

The following note descriptions relate to variances greater than 20% or \$1 million.

1. Largely reflects continued growth in midrange services, enterprise storage and backup data centre.
2. Unbudgeted GST receipts and payments.
3. Increased demand for midrange services and enterprise storage on behalf of agencies.