

Department of Corporate and Digital Development

2022-23

ANNUAL REPORT

PUBLISHED BY THE DEPARTMENT OF CORPORATE AND DIGITAL DEVELOPMENT

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Letter to the Minister

The Hon Ngaree Ah Kit MLA
Minister for Corporate and Digital Development
Parliament House
Darwin NT 0800

Dear Minister

In accordance with section 28 of the *Public Sector Employment and Management Act 1993*, I am pleased to submit the Department of Corporate and Digital Development (DCDD) 2022-23 Annual Report setting out the activities and achievements of the department.

Pursuant to the *Public Sector Employment and Management Act 1993*, the *Financial Management Act 1995* and the *Information Act 2002*, I advise that to the best of my knowledge and belief:

- a. proper records of all transactions affecting DCDD are kept and employees under my control observe the provisions of the *Financial Management Act 1995*, the Financial Management Regulations and Treasurer's Directions
- b. procedures within DCDD afford proper internal control, a current description of such procedures are recorded in the accounting and property manual, which has been prepared in accordance with the requirements of the *Financial Management Act 1995*
- c. no indication of fraud, malpractice, major breach of legislation or delegation, major error in, or omission from, the accounts and records exists
- d. in accordance with section 15 of the *Financial Management Act 1995*, the internal audit capacity available to DCDD is adequate, and the results of internal audits have been reported to me
- e. the financial statements included in the annual report have been prepared from proper accounts and records and are in accordance with the Treasurer's Directions
- f. Employment Instructions issued by the Commissioner for Public Employment have been satisfied
- g. DCDD is working in compliance with the archives and records management provisions as prescribed in Part 9 of the *Information Act 2002*.

Yours sincerely



Chris Hosking
Chief Executive

29 September 2023

Purpose of the report

The Department of Corporate and Digital Development 2022-23 Annual Report provides a record of the department's functions, performance and progress towards our strategic goals and priorities. The report also formally acknowledges the achievements of our people.

The report is tabled by the Minister in the Northern Territory Legislative Assembly, primarily as an accounting and reporting mechanism for the department's income and financial expenditure for the year ending 30 June 2023.

The report complies with annual reporting requirements in the *Public Sector Employment and Management Act 1993*, the *Financial Management Act 1995* and the *Information Act 2002*.

This annual report is published online at dcdd.nt.gov.au. Alternative document formats are available upon request from the department.

Related reporting

The Department of Corporate and Digital Development includes 2 Government Business Divisions (GBDs), NT Fleet and Data Centre Services, established under the *Financial Management Act 1995* (FMA) and determined by the Treasurer.

Under the FMA, financial statements must be prepared separately, based on commercial accounting principles, audited by the Auditor-General and then released to the Minister for tabling in the Legislative Assembly. These financial statements, along with the department's financial statements, can be found in section 6 of this report. In all other aspects, data, such as staffing data, in this report is inclusive of those GBDs, unless otherwise noted.

Our audience

The DCDD annual report provides information to members of the Northern Territory Legislative Assembly, the community, other government departments, DCDD staff and other stakeholders about the department's purpose and achievements during the year.

Acknowledgement of Country

The Northern Territory Government respectfully acknowledges Aboriginal and Torres Strait Islander peoples as the First Nations people of this country. We acknowledge their continuing connection to lands, waters and communities, and the evolving cultures of all our First Nations peoples. We pay our respects to all Aboriginal and Torres Strait Islander cultures, and to their leaders – past, present and emerging.

While this report uses the term 'Aboriginal', we respectfully acknowledge that Torres Strait Islander peoples are First Nations people living in the Northern Territory. Therefore, strategies, services and outcomes relating to Aboriginal Territorians should be read to include both Aboriginal and Torres Strait Islander Territorians.

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The department

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Chief Executive's foreword



Chris Hosking, Chief Executive

I am thrilled to deliver the Department of Corporate and Digital Development's annual report for the year ending 30 June 2023.

This has been our first full year operating in the post-COVID world and it has been one of our biggest ever, achieving new heights right across our extensive suite of services. Far from slowing down, we have found our place in the 'new normal' and our people have been getting on with the job, delivering terrific outcomes on behalf of our clients across the span of the NT Public Service.

I must take this opportunity to publicly thank our long term Chief Executive Kathleen Robinson for her incredible contribution to our department and the Northern Territory over a career spanning more than 43 years of public service. Kathleen retired recently and I thank her for her remarkable leadership over many years and recognise her achievements in laying the foundations for the organisation that we are today.

Kathleen and I worked side by side for more than a decade and I owe her an enormous debt of gratitude. She has had a tremendous influence on DCDD, all of it good, and we will miss her very much. Thanks largely to Kathleen, our department is well positioned to take on the challenges we face, and our people are eagerly looking towards the future.

There have been many highlights for DCDD over the year that is covered by this report, too many to do justice to in a short foreword such as this. You can read all about these in the section about our Performance and Achievements.

The biggest highlight for me personally has been the employee engagement process that we undertook, providing me the opportunity to get around the whole

department, meet with all our people face to face and have a conversation about DCDD, where we have come from and where we are heading in the future.

I really enjoy taking the time to get around and talk to people, hear how they are going day to day and listen to their ideas for how we can continue strive for improvement.

The DCDD of 2023 is the most comprehensive, sophisticated central corporate services agency of any Australian jurisdiction. Bar none. Our people provide a comprehensive range of services to all NT Government agencies, and they are constantly striving to lift the bar and do better, both for our clients in agencies and for government.

You can read more about our amazing bunch of people and the great work they are doing in the section about Our People.

While our annual report is a celebration of our achievements and the terrific work done by our people, it is also our report card in terms of our stewardship of public funds. I am incredibly proud of all that we have achieved over the course of the reporting year, and it gives me great satisfaction to report that these achievements were all delivered within our allocated budget with a modest surplus at the end of the reporting period. DCDD has a proud track record of delivering 'on budget'.

As I sign off this report and reflect on all that we have accomplished together, I would like to end by recognising the people that make up DCDD. I could not be prouder of the work we have done together and what we have achieved to support our clients and the Territory community. This only happens when we all work together as a team.

I often remark to people 'what we do here is not an individual pursuit, it's a team sport'. I mean every word of this.

When we all pull together, we can achieve amazing things and I am immensely grateful to all our people in DCDD and the contribution they make every single day. I look forward to continuing to work with all our people, right across DCDD, as we work together to steer our agency to future successes.

We are strong and our future is bright.

Chris Hosking
Chief Executive

The department

Vision

Our vision is to improve customer experience through exceptional services and solutions.

Role

The Department of Corporate and Digital Development (DCDD) manages the NT Government's digital environment and supports all government departments through delivering enterprise corporate and digital services, advising departments and developing transformative solutions.

DCDD includes 2 government business divisions; NT Fleet, who manage the NT Government vehicle fleet (except Northern Territory Police, Fire and Emergency Services vehicles); and Data Centre Services (DCS), delivering core ICT infrastructure and support services to NT Government departments.

DCDD has a responsibility to provide high quality support and advice to the Minister for Corporate and Digital Development.

Values

Our values are central to everything we do in DCDD. We are a values-based organisation and we hold ourselves to the highest standard in living by our values.

Our values shape our purpose and anchor our commitment to the way we conduct ourselves. They provide a shared understanding of the behaviours we expect of each other and how we interact with others, every day. Our values underpin how we work together to deliver our services, promote collaboration and professionalism, and they guide us in achieving our very best in everything we aspire to.

We live by our values. We are:

Honest

we tell the truth

Professional

we work to a high standard

Respectful

we are considerate in our interactions

Accountable

we take responsibility for our actions

Innovative

we commit to improving

Financial position

DCDD's final budget for 2022-23 was \$385.4 million (excluding the GBDs, which are separate budget entities). DCDD's expenditure of \$364.8 million was well within the department's budget. Lower spending in 2022-23 resulted from timing of the delivery of major ICT projects and some telecommunications grants. These funds have been carried forward to 2023-24 to align with the delivery timelines for these key initiatives and ensure that DCDD has the capacity where it is needed as projects achieve completion.

For a comprehensive overview of all 3 sets of financial statements, see section 6.

Cost allocation model

The cost to deliver our services is passed on to departments via a cost allocation model, as set out in Appendix A. The model provides for calculation and distribution of service delivery costs equitably across DCDD service lines. Service usage information for each client, such as transactional volume data, is extracted from our systems with unit costs applied to determine client service charges.

Departments are notionally charged for the value of DCDD services they receive, with fees recorded in department budgets and ledgers. DCDD services are provided on a cost recovery basis to GBDs and other non-budget entities. The cost allocation model continues to be refined and is reviewed annually for inclusion in department/GBD budget forecast.

Organisational construct

DCDD is based on our 2 primary service disciplines, Corporate Services and Digital Services, which comprise related service domains. The model is designed to reflect how our customers use our services and position us to effectively deliver on our core functions, reforms and projects.

The Office of Digital Government is the strategic digital policy arm of government while working closely to guide our service design.

Our internal business support units support the department's operations.

This structure enables DCDD to continue to deliver our services to the Northern Territory Public Sector (NTPS) while remaining adaptable and responsive to emerging changes and supporting our high-performing, results driven workforce.

Diagram 1 reflects the organisational model.

Corporate Services

Corporate Services deliver enterprise corporate services and solutions that support standardised and centralised business support services for the people, finances, records and other corporate resources of clients.

Digital Services

Digital Services works to improve government service delivery through an outcome driven, digital-first approach and accelerate digital opportunities to connect, enable and service the Territory through transformative digital solutions and effectively manage the NT Government's ICT environment.

Office of Digital Government

DCDD has a digital leadership role to advance digital initiatives that support government and departments. Office of Digital Government (ODG) is the department's strategic and policy area with a focus on digital, data, and telecommunications advocacy to support government in advancing digital transformation to improve services and foster innovation and economic development.

Telecommunications is essential to underpin digital connectivity and address social disadvantage. The Australian Government has responsibility for telecommunications services and carriers have responsibility for service delivery, DCDD plays a critical strategic role to advocate for telecommunications services across the Northern Territory.

Through our co-investment programs we also actively support our remote areas to ensure Territorians can access necessary telecommunications and infrastructure.

Data Centre Services

Data Centre Services (DCS) is the central computing hub of the NT Government's complex digital ecosystem. All NT Government computing, network activity and telephony rely on the data centre.

DCS operates 24 hours per day, 365 days per year and provides first response to interruption of ICT services.

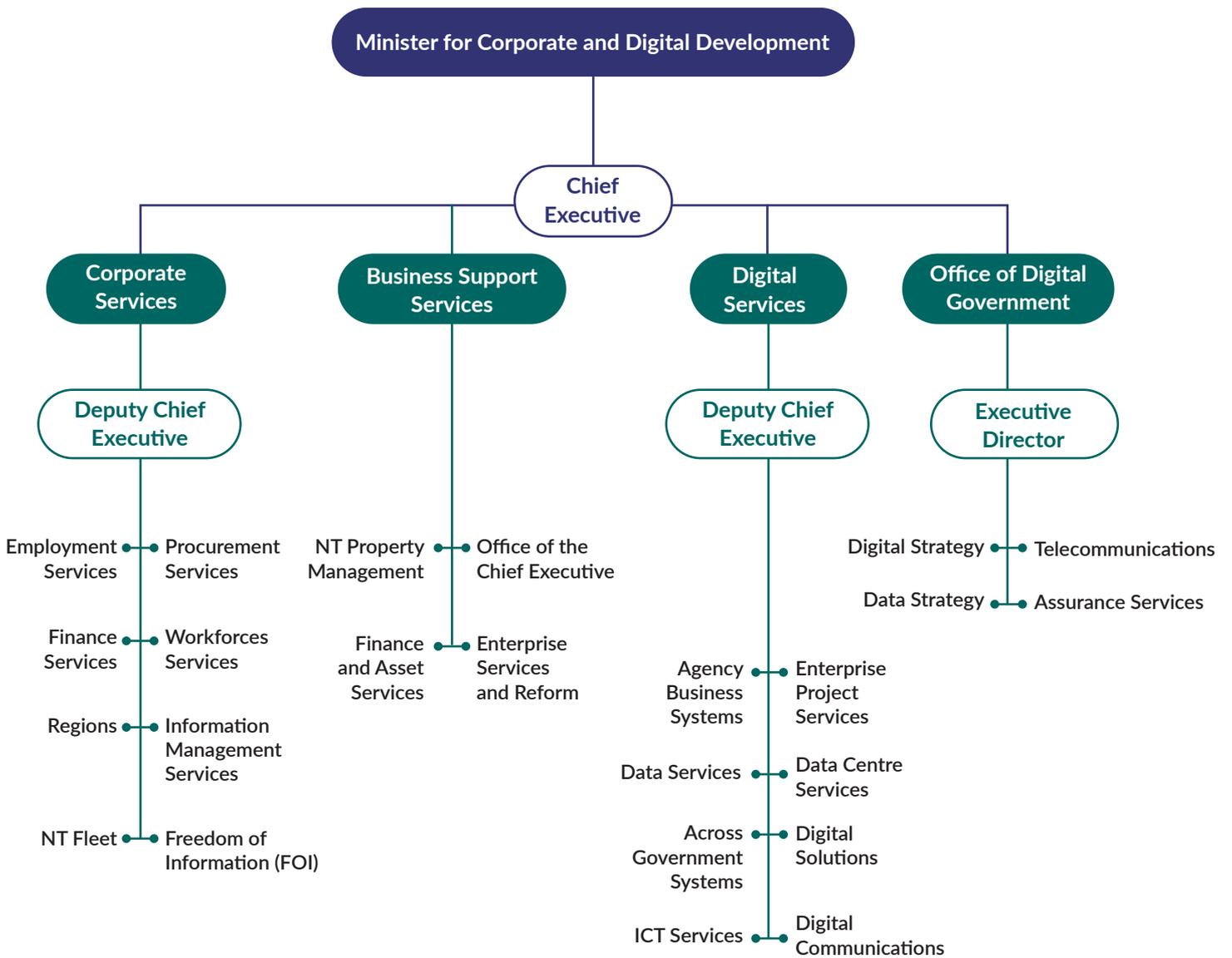
NT Fleet

NT Fleet provides low cost, efficient, fit-for-purpose vehicles to support government business requirements, encompassing light and heavy vehicles and plant and equipment, excluding NT Police, Fire and Emergency Services vehicles.

Our locations

DCDD has offices in Darwin, Katherine and Alice Springs. Regional corporate services are provided in Alice Springs and Katherine. Services related to vacancy advertising services, accounts receivable and payroll debt recovery are provided entirely through the Alice Springs office.

Diagram 1: DCDD organisational structure



Legislation administered

The department is responsible for administering the *Information Act 1995* Part 9 (except Archives Management) as it relates to NT Government records management.

DCDD strategic plan

Our Strategic Plan 2022-2024 was co-designed by working together with our people. The Plan sets down our key strategic drivers and is, in effect, a roadmap for how we plan and deliver our diverse portfolio of services.

The Plan outlines 3 strategic drivers, each one supported by 6 priority areas. The priority areas are a combination of aspirational and practical directions that the department strives towards over the life of the Plan. The Plan guides our projects and business plans and permeates throughout the department to work areas and individual goals through department performance plans.

Our Corporate Statement is a key component of our Plan and links our purpose, values and commitment to our customers to draw out how we work together, interact with clients and engage within the broader NT Government environment.

The full *DCDD Strategic Plan 2022-2024* can be found on the department's website.

Diagram 2: DCDD Strategic Drivers



Stakeholders

The department interacts with a range of stakeholders, including:

- all NT Government departments and government ministers
- oversight authorities – such as the NT Auditor-General, Independent Commissioner Against Corruption, Ombudsman, NT WorkSafe
- local industry sectors – particularly the digital industry, commercial property industry and motor vehicle industry
- professional bodies – including digital, data, cyber, accounting, human resource management, procurement and information management professions
- governance groups – such as the Jobs Standing Committee, Fiscal Repair Standing Committee
- governments in other Australian jurisdictions – particularly in relation to digital and data initiatives, with interactions also across shared services, procurement and fleet management
- academia – particularly Charles Darwin University, through skills development, scholarships and collaborative projects.

Data and digital ministers meeting

At a national level, DCDD actively works with stakeholders from other jurisdictions through the Data and Digital Ministers meeting. The purpose is on improving outcomes for customers by driving cross-government collaboration on data and digital transformation to drive smarter service delivery and improved policy outcomes. The focus has been on the following priorities:

- moving towards a seamless digital identity and verifiable credential experience for citizens
- reforming cross-jurisdictional data and digital platforms, services and protocols, including sharing of data between jurisdictions
- improving digital inclusion outcomes for all Australians, and in particular First Nations people
- transforming government services around life events.

DCDD is contributing on a national stage and represents the Minister and NT Government on a number of national data and digital working groups focusing on the above priority issues, as well as digital inclusion, cyber security, data and analytics.

Cyber security

DCDD represents the NT Government on a range of cyber security forums, including the National Cyber Security Committee and related sub-committees and supports cyber security incident response under the Cyber Incident Management Arrangements for Australia.

Department officers also represent the NT Government on national cyber security policy and operational matters through engagement with the Australian Cyber Security Centre and Department of Home Affairs.

Community support

DCDD is largely an internally focused operational department, there to support government entities and as such does not have a large external community focus. We do however support the community and non-government sector through the following.

NT Fleet vehicle short term loan program

This program, run through the Community Service Obligations (CSO), is managed out of the NT Government's light vehicle fleet. The program allows community and not-for-profit organisations to hire vehicles on short-term loan arrangements. Vehicles loaned are surplus to government requirements, generally include vehicles waiting sale at auction and are from the light vehicle fleet. Details can be found at Appendix B.

Gifted vehicles

On occasion, the NT Government will gift a vehicle to a not-for-profit organisation. Gifted vehicles are approved by the Treasurer and reported at its written down value. Details can be found at Appendix B.

Grants and sponsorships

The NT Government has invested in telecommunications infrastructure, through co-investment programs, to address telecommunications shortfalls in remote Territory areas. Co-investment opportunities with service providers enables NT Government to enhance and expand mobile and broadband coverage in areas that would otherwise be difficult to justify on economic grounds. Appendix C provides an overview of DCDD's sponsorships and grants paid in 2022-23.

Accommodation costs for non-government organisations

DCDD manages and administers lease agreements on behalf of NT Government departments in support of non-government organisations. Appendix D provides an overview of the value of rental paid by DCDD for the premises.

Sustainability

The NT Government's Climate Change Response – towards 2050 is working towards a target of net zero emissions by 2050. DCDD is committed to responsible business practices which are environmentally and economically sustainable and we continue to evaluate and improve efficiency through a diverse range of measures to contribute to this target.

As a central provider of wide ranging services to the NTPS, DCDD has a shared responsibility to engage with other NTPS departments and the Office of Climate Change to ensure that NTPS assets, infrastructure and services are protected and planned for in light of changes to climate change risks and impacts.

The areas where we can assist the NT Government to reduce emissions are through:

- our management of the NT Government's vehicle fleet, increasing electric and hybrid vehicles in the government fleet, as well as charging points and stations in NT Government buildings
- energy efficiency measures in leased buildings
- digital technology providing more online services, reducing paper and transport impacts
- recycling consumables used across the department
- strategic use of virtual computing technologies to reduce the amount of hardware required to operate government's digital assets.

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Our customers

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Overview

The Department of Corporate and Digital Development's (DCDD) primary role is to deliver a wide range of services that underpin and enable the work of government. We are continually refining and enhancing the way we deliver services to benefit our customers. Customer service is vitally important to our department, our reputation and our culture.

Customer profile

As a Northern Territory (NT) public sector department, delivering services to Territorians and businesses is at the heart of what we do in government. As the provider of enterprise corporate and digital services, our key customers are other public sector departments, statutory organisations and NT public servants.

DCDD's customers include:

- NT Government departments and authorities – supporting their core business operations
- NT Public Sector employees – mostly through arranging employment, paying payroll and providing advice
- suppliers to NT Government – paying invoices for goods and services provided
- businesses seeking to supply NT Government – facilitating procurements
- NT community – interactions with digital systems that service the community
- remote NT communities and businesses – through telecommunications co-investment programs
- DCDD staff – as NT Public Sector employees, our staff are also our customers.

Guiding frameworks

There are several frameworks that guide and underpin our approach to customer service.

NTG customer focus framework

Government is committed to improving customer experience (CX) and making it easy for people to do business in the Territory as a driver for economic growth. This is established through the NTG Customer Focus Framework being led by the Department of the Chief Minister and Cabinet. The framework is designed to improve overall community satisfaction with government service delivery by improving the experience that customers have in their interactions with NT Government departments.

The NTG Customer Focus Framework is premised on:

- a customer-first approach
- data and tracking
- active management of processes developed using the agreed CX principles of make it simple, listen and understand, own it and see it through
- supporting the capability and culture of department teams to deliver experiences that are better aligned to customer expectations.

OneNTG

The OneNTG model represents a collective view of government where all departments and employees work collaboratively to a common goal and a consistent focus on quality customer service.

This reflects a significant change in service delivery mindset from department-based to a single-government focus, where services are delivered for the benefit of the NT Government and by extension the community.

Principles of OneNTG

- Support – Responsive and reliable services for customers.
- Partner – Collaboration and respect between departments and stakeholders.
- Integrate – Unified and standardised services effectively leveraging scale.
- Improve – Better solutions, quality performance and innovation.

This whole of NT Government commitment aims to build strong productive relationships across departments to achieve successful service integration that will deliver consistent and positive customer experiences across departments.

DCDD enterprise services framework

The DCDD Enterprise Services Framework sets out our commitments to our customers providing a unified enterprise-wide approach to delivering corporate and digital support services for all our customers.

The framework is founded on the OneNTG principles, outlines how we will engage with our customers and guides and informs decisions, addressing both strategic and operational requirements, to meet government policy and department business requirements.

There are clear linkages between the NTG Customer Focus Framework, the OneNTG collaborative model and the framework. The guides are all customer service centred, with a whole of government approach and a focus on continuous improvement. Messages are consistent around working together, supporting customers and being responsive.

DCDD customer charter

DCDD’s Customer Charter aligns with the department’s Strategic Plan 2022-2024 and is our commitment to customers and clients about how we will engage with them to develop and deliver quality services and contemporary solutions.

The charter was informed by feedback from our clients and developed to align with the Enterprise Services Framework and Customer Experience (CX) principles. The charter is supported by a Staff Behaviours Framework and has been embedded in our culture through our team and department action plans.

Our commitments

The charter describes what clients can expect when working with any area of DCDD:

Deliver reliable services	We will provide a reliable, responsive service using our professional expertise to connect and deliver what you need.
Listen to customers	We will listen to your business needs, ask for your views and provide well considered advice that supports decision-making.
Respect customer needs	We will make dealing with us simple, keep you informed and see things through.
Create better experiences	We will partner to proactively develop innovative solutions that improve customer experience.

Digital transformation

DCDD has led the development of the NT Government Digital Transformation Plan to enhance the delivery and accessibility of government services through technology. The plan outlines 5 key transformation priorities for government, including:

- Territory Services, an online service portal that will act as a single, digital entry point to access government services
- individual digital identities for Territory citizens and businesses, making it faster for customers to access their records and prepopulate online government forms
- improving how government captures, stores, shares and analyses NT Government data
- modernising current digital government platforms to make them easier to use
- increasing staff confidence with digital services through training opportunities.

The Digital Transformation Plan has been developed to ensure that businesses and individuals have convenient online access in a secure environment that will make it easier to do business with Government, and to connect to and use services.

This is a key step to deliver economic and lifestyle benefits through efficiencies, ease of access, time and savings.

Customer experience

Customer Experience (CX) refers to a customer's perceptions and feelings from interactions with an organisation's employees, systems, channels, products or services.

Customer feedback

During the reporting year the DCDD Chief Executive met with all heads of agencies across government to seek feedback on how we are performing, what is working well for our customers and where we can do better.

This was a really valuable exercise. We got to hear about the things that are adding value for our customers, where we are working collaboratively and how the central model is enabling departments to get on with their core business. We also identified areas where we can do better and we share this information with each other in DCDD and use it to drive change and improvements in the things we do.

We are now developing a broader customer sensing program so that we can stay close to our customers and the experience they are having. This is all part of the journey to our future as a sophisticated, mature central service provider to our colleagues across government.

Complaints and resolutions

As part of our CX focus, DCDD customers are welcome to provide feedback to help us improve our service delivery.

Customers have multiple channels to provide feedback about our services, including via our website, by email, phone or through ministerial correspondence. There were 21 instances of feedback and/or complaints being submitted through these channels in 2022-23, all were resolved in the reporting period. A bi-annual report is provided to the Executive Management Board, with a detailed overview of the feedback/complaints.

Our staff have the right to make a complaint if they are aggrieved by matters relating to their employment. Where employees make a complaint, they are contacted personally to discuss matters and, where required, are provided a formal response through written correspondence. Complaints can also be lodged through external reporting departments and are considered impartially with a focus on resolution and learning.

Ombudsman

In 2022-23 the Ombudsman received 2 enquiries in relation to the department. These enquiries were addressed by the Ombudsmans Office and finalised without requiring formal notification.

Buy local industry advocate

The Buy Local Industry Advocate is an independent link between local business and the NT Government in respect to government procurement. The advocate investigates complaints from industry and conducts audits on the awarding and implementation of contracts.

DCDD had no procurement complaints recorded in 2022-23 with the Buy Local Industry Advocate.

DCDD invites the Advocate to industry briefings and meets throughout the year to discuss procurement activities.

Anti-discrimination

If employees experience discrimination in the workplace they can lodge a complaint to the NT Anti-Discrimination Commission, who will assess the complaint. The *Northern Territory Anti-Discrimination Act 1992* outlines discrimination and conduct, and the process for resolution of complaints of alleged acts of discrimination.

There were no complaints made to the Anti-Discrimination Commission in this reporting period.

Fair Work Commission

The Fair Work Commission is Australia's national workplace relations tribunal. It is an independent body with power to carry out a range of functions under the *Fair Work Act 2009*, to ensure a safe environment is maintained.

There were 2 disputes of actions for DCDD staff made to Fair Work Commission in this reporting period.

NT WorkSafe

DCDD is committed to provide a safe, healthy and secure learning and working environment for all employees, contractors and visitors. NT WorkSafe is the NT Government's WHS watchdog, responsible for helping businesses and workers within the NT to understand their obligations under work health and safety.

There were no notifiable incidents or regulatory infringements involving NT WorkSafe in this period.

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Performance and achievements

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Output group – Corporate support development

Professional, responsive and consistent corporate services, quality solutions and trusted advice that enables government and agencies to focus on core business.

Workforce services

Provide workforce decision support and development services, human capital initiatives and advice to assist agencies to manage their workforce, including human resource case management and training.

The business functions supporting this output through enterprise-wide human resource service delivery models and advice are workforce development and workforce relations, which are the 2 primary human resource (HR) services categories.

Budget movement and expenses	2022-23 Published Budget \$000	2022-23 Final Budget \$000	2022-23 Actuals \$000
Workforce services	26 245	25 686	24 834

The change in Final Budget from the Published Budget was primarily the result of the transfer of some of the Workforce Services functions back to NT Police, Fire and Emergency Services. Actual expenditure was lower than the Final Budget primarily as a result of challenges recruiting and retaining staff.

Key performance indicators	2022-23 Estimate	2022-23 Actual	2022-23 Budget
Human resource cases finalised within 3 months of commencement	60%	61%	≥60%
Participants commencing enterprise early careers programs ¹	300	178	370

Note 1: In total, there were 312 participants in early careers programs during the year. Many participants who commenced in 2021-22 were continuing in 2022-23.

Key achievements in 2022-23

- Improved HR service and support in regional areas through the implementation of the Regional Workforce Services model.
- Launched the NTPS Early Careers website, providing a single digital delivery channel for whole of government early careers programs.
- Developed and piloted a new digital solution to support performance and development planning across the NTPS.
- Progressed the NTPS WHS Strategic Priorities Plan in partnership with the Commissioner for Public Employment and agencies.
- Launched whole of government digital orientation programs to support improved onboarding of new employees in all areas of the NT.
- Undertook reform in Recruitment Services to implement best practice, standardisation and efficiencies.
- Improved the efficiency of HR services, and reporting capability, through the implementation of digital HR forms.
- Enhanced access to workforce data to agencies through the implementation of tailored agency highlight reports.

Employment services

Deliver end-to-end enterprise employment operations and advisory services that support the employment of staff across government, including payroll processing.

The business functions supporting this output through enterprise-wide employment service delivery models and advice are: payroll services, employment actions, employee benefits, and assurance and process improvement.

	2022-23 Published Budget \$000	2022-23 Final Budget \$000	2022-23 Actuals \$000
Budget movement and expenses			
Employment services	18 177	19 511	19 056

The Final Budget increased primarily due to a carryover of unspent payroll automation project funding from 2021-22.

Key performance indicators	2022-23 Estimate	2022-23 Actual	2023-24 Budget
Payroll transactions processed	1.35M	1.37M	1.5M
Days to activate new employees on payroll system (average)	4	3.6	4

Key achievements in 2022-23

- Finalised a comprehensive body of work in response to Auditor-General recommendations regarding Superannuation Guarantee.
- Completed processing of changes to Superannuation Guarantee resulting from the General NTPS 2021-2025 Enterprise Agreement.
- Enhanced arrangements for executive contract officers to provide seamless end-to-end support to agencies.
- Implemented changes to entitlements resulting from the Teachers and Assistant Teachers' 2021-2024 Enterprise Agreement and Correctional Officer (NTPS) 2021-2025 Enterprise Agreement.

Procurement services

Coordinate procurement and contract management administration services, development initiatives, advice and management of across-government contracts, enabling agencies to source the supplies needed for their business operations.

The business functions supporting this output through enterprise-wide service delivery models and advice are: agency procurement services, across-government contracts, and contracts and procurement services.

	2022-23 Published Budget \$000	2022-23 Final Budget \$000	2022-23 Actuals \$000
Budget movement and expenses			
Procurement services	8 778	8 797	7 780

Actual expenditure was lower than the Final Budget primarily as a result of challenges recruiting and retaining staff.

Key performance indicators	2022-23 Estimate	2022-23 Actual	2023-24 Budget
Across-government contractors managed	280	251	250
Client procurements facilitated	670	630	630
Days to process tender documents	3	2.8	3

Key achievements in 2022-23

- Delivered a digital dashboard for agencies improving visibility of in-progress procurement advisory and support services.
- Established new across-government contracts for freight services and security services.

Information management services

Provide information and records management services that support agencies to manage their business records.

The business functions supporting this output are records management, help desk services, records appraisal, sentencing and disposal, training development and delivery, and freedom of information (FOI).

	2022-23 Published Budget \$000	2022-23 Final Budget \$000	2022-23 Actuals \$000
Budget movement and expenses			
Information Management Services	6 442	8 051	7 477

The increase from the Published Budget to the Final Budget is primarily the result of transferring Freedom of Information functions from a number of agencies to DCDD. Actual expenditure was lower than the Final Budget primarily as a result of challenges recruiting and retaining staff.

Key performance indicators	2022-23 Estimate	2022-23 Actual	2023-24 Budget
Days to process first level service requests	3	1.69	3
Applications made under the <i>Information Act 2002</i> finalised within statutory timeframes	95%	95%	<95%

Key achievements in 2022-23

- 800 FOI applications and 34,000 information management service requests processed for agencies.
- Continued to expand and mature the centralised FOI model.
- Secondary storage costs reduced through appraisal and destruction of 4,482 records.
- Standardised mail, freight and courier services and consolidated courier contracts to support agencies.
- Over 1,300 NTPS staff trained in use of the Territory Records Manager (TRM) system.
- Over 78,000 paper-based records transitioned to digital storage.

Finance services

Provide enterprise finance operations, development initiatives and advisory services that support government and agencies to manage their financial resources.

The business functions supporting this output through enterprise-wide service delivery models and advice are accounts payable, accounts receivable, banking and card administration, reconciliations and RTMs, taxation services, and asset and ledger services.

	2022-23 Published Budget \$000	2022-23 Final Budget \$000	2022-23 Actuals \$000
Budget movement and expenses			
Finance services	7 722	8 077	8 092

	2022-23 Estimate	2022-23 Actual	2023-24 Budget
Key performance indicators			
Payments processed	500 000	487 077	490 000
Processing accuracy	100%	99.6%	100%
Debts processed ¹	190 000	210 910	190 000
Days to collect debts (average)	55	61	55

Note 1: Increase in invoices raised for COVID-19 quarantine accommodation fees this year.

Key achievements in 2022-23

- Delivered a new digital submission process to expedite invoice payment for clients.
- Established a networking forum for Chief Financial Officers to share contemporary knowledge.
- Implemented enhanced and contemporary governance measures in Banking Services.
- Developed an all of government policy framework for Payment Card Industry Data Security Standards.

Property leasing services

Deliver property leasing and tenancy management services, development initiatives and advice to meet the accommodation requirements of agencies.

The business functions supporting this output through enterprise-wide service delivery models and advice are property leasing, property services and leasing advice.

	2022-23 Published Budget \$000	2022-23 Final Budget \$000	2022-23 Actuals \$000
Budget movement and expenses			
Property leasing services	114 329	104 648	106 507

The change in funding from the Published Budget to the Final Budget primarily reflects a one-off reprioritisation of surplus funding to support major ICT projects. Actual expenditure was higher than the Final Budget due to higher than anticipated CPI indexation and some one-off costs.

Key performance indicators	2022-23 Estimate	2022-23 Actual	2023-24 Budget
Occupancy density (m ² /FTE)	16.5	15.43	16.5
Unallocated net lettable area	0.5%	0.45%	≤0.5%

Key achievements in 2022-23

- Finalised the Big Rivers Government Centre refurbishment works and executed new commercial leasing arrangements.
- Continued to work with the Department of the Chief Minister and Cabinet to mature the OneNTG Service Centre in the Big Rivers Government Centre.
- Progressed fit-out design for the Alice Plaza OneNTG project.
- Progressed completion of projects under the Leased Property Stimulus Scheme.

Vehicle management services

Coordinate vehicle administration services, improvement initiatives and advice that support the vehicle fleet requirements of agencies.

The business function supporting this output through enterprise-wide service delivery and advice is Fleet Management Services, which operates alongside the government business division of NT Fleet.

	2022-23 Published Budget \$000	2022-23 Final Budget \$000	2022-23 Actuals \$000
Budget movement and expenses			
Vehicle management services	881	873	871

	2022-23 Estimate	2022-23 Actual	2023-24 Budget
Key performance indicators			
Vehicles managed	3 010	2 991	3 010
Electric vehicles in the Territory fleet	40	45	40

Key achievements in 2022-23

→ Transitioned monthly reporting to online self-service for clients of NT Fleet. Agency profiles are comprehensive, including vehicle use, replacements, accidents and fuel costs.

→ Continued to work with agencies to increase electric vehicles in the government fleet.

Future priorities 2023-24

Corporate support development

Progress a digital manager's toolkit, supported by e-learning modules, that builds capability and awareness of responsibilities for managers across the NTPS.	Build contemporary digital solutions that better capture, analyse and report on workforce data, including new data sources resulting from the digitisation of HR processes.	Develop and operationalise an end-to-end Strategic Recruitment service to better support agencies recruiting to critical and hard to fill roles.
Digitise delivery of training for Employment Services to enable more flexible and dynamic delivery to new and existing employees.	Review processes for the identification and processing of salary overpayments and implement resulting enhancements and mitigations.	Implement the Resolve system to manage FOI requests, increasing efficiency and improving client experience.
Leverage development of new systems and capabilities to enhance client awareness of good recordkeeping.	Establish a privacy function to service agencies.	Continue to expand and mature the centralised FOI service.
Develop and automate regular reporting for agencies.	Finalise fit out design for the Alice Plaza refurbishment project and commence works.	Review third party accident process, roles and service dimensions.
Continue to work with the Department of the Chief Minister and Cabinet and stakeholder agencies to implement integrated service delivery channels for public facing transactional and advisory services at the Big Rivers Government Centre and Alice Plaza.	Continue to reform and modernise NTPS Early Careers programs and implement the Early in Careers review recommendations.	Support client agencies to operationalise the NTPS Mentally Healthy Workplace Toolkit, to address changes associated with the management of psychosocial hazards.
Review the Job Evaluation System framework, including piloting digital evaluator software.	Implement a range of complex changes to multiple employee entitlements in Enterprise Agreements across the NTPS.	Develop a suite of self-help procurement resources to support the use of NT Government systems and processes for tender and quotations.
Increase stakeholder understanding of procurement services through regular information forums and communications.	Undertake further standardisation of the TRM system to improve user experience, training and record keeping.	Provide support and guidance to agencies to enhance compliance with Data Security Standards of the Payment Card Industry.
Continue preparing the government's banking structure to use the new payments platform.	Enhance standardised procurement templates in an online template system.	Support the delivery of the NTGPay contemporary digital procure-to-pay system.
Continue to work with agencies to increase electric vehicles in the government fleet.	Conclude all projects under the Leased Property Stimulus Scheme.	

Output group – Digital government development

ICT network services

Operation and oversight of government's ICT network, enterprise architecture, cyber security operations and sourcing of ICT services to manage and sustain government's digital ecosystem.

The business functions supporting this output through enterprise-wide service delivery are ICT service management, ICT project management, ICT enterprise architecture, ICT sourcing, ICT network and telephony services, cyber security, and technology services.

	2022-23 Published Budget \$000	2022-23 Final Budget \$000	2022-23 Actuals \$000
Budget movement and expenses			
ICT network services	47 820	39 900	38 882

The variation between Final Budget and the Published Budget is mostly due to timing in the delivery of new ICT services to the Department of Education. Actual expenditure is lower than anticipated due to continuing supply chain impacts of the global pandemic.

	2022-23 Estimate	2022-23 Actual	2023-24 Budget
Key performance indicators			
Laptops, workstations, tablets	24 000	23 848	25 000
ICT Service Centre queries resolved on first contact	≥70%	74.9%	≥70%

Key achievements in 2022-23

- Finalised renewal of the ICT Service Centre contract, completing the renewal cycle of all major outsourcing contracts for ICT services.
- Commenced the transition of on-premise email storage to cloud-based storage.
- Progressed planned upgrade works to the Education ICT network.
- Progressed the implementation of cyber security awareness training.
- Continued to engage with the local digital industry to inform business of future tendering opportunities.
- Progressed deployment of new Microsoft Office 365 software across government.
- Established a new Cyber Security Operations Centre.

Agency business systems and support services

Deliver systems administration and support services, improvement initiatives, digital solutions and technical advice to manage digital systems that support agencies to deliver their services to the community.

The business functions supporting this output through enterprise-wide service delivery are systems management and system operations.

	2022-23 Published Budget \$000	2022-23 Final Budget \$000	2022-23 Actuals \$000
Budget movement and expenses			
Agency business systems and support services	66 405	65 245	59 839

Actual expenditure was lower than the Final Budget, primarily as a result of the timing of new ICT systems coming online and challenges recruiting and retaining staff.

Key performance indicators	2022-23 Estimate	2022-23 Actual	2023-24 Budget
Availability of core agency business systems	≥99%	≥99%	≥99%

Key achievements in 2022-23

- Deployed the new iPad-based technology solution for the Banned Drinker Register.
- Transitioned operational support for Territory Families, Housing and Communities' new CARE system to standard support arrangements.
- Transitioned operational support for NT Health's new Acacia 1.0 system to standard support arrangements.
- Developed and deployed the Housing Mobile Inspection application to Housing frontline staff.
- Streamlined assessment and technical integration for cloud solutions enabling Department of Education and NT Schools to safely adopt cloud technologies.

Across government systems and support services

Deliver systems administration and support services, improvement initiatives, digital solutions and technical advice for enterprise systems that operate across government to support the NTPS.

The business functions supporting this output through enterprise-wide service delivery are systems management and the Operations Centre.

	2022-23 Published Budget \$000	2022-23 Final Budget \$000	2022-23 Actuals \$000
Budget movement and expenses			
Across government systems and support services	25 704	26 944	27 648

The Final Budget increased from the Published Budget primarily due to new systems coming online.

Actual expenditure was higher than the final Budget primarily due to increased contracting and staffing costs.

Key performance indicators	2022-23 Estimate	2022-23 Actual	2023-24 Budget
Average annual unscheduled outages per core system	2	≤2	≤2
Availability of core across government systems	≥99%	≥99%	≥99%

Key achievements in 2022-23

- Integrated time and attendance interface for capture of payroll transactions to reduce manual processes and payment errors.
- Implemented service management systems for all centralised DCDD teams.
- Prepared supporting materials, including eLearning and change management plans for new digital NTGPay and Sage solutions.
- Undertook analysis and configuration to improve digital procurement processes to support Value for Territory policy.
- Delivered Single Touch Payroll phase 2 resulting in efficiencies in sending and receiving employment and payroll information to the ATO.
- Completed a number of system changes for enterprise agreements, with planning underway for the remainder of agreements.
- Progressed design and configuration to pilot a digital procurement solution for Department of Health.

Digital projects

Coordinate and oversee project management, development initiatives and advice to deliver transformational, customer-focused digital solutions for agencies that improve government service delivery.

The business functions supporting this output through enterprise-wide service delivery are Enterprise Project Services and Digital Solutions.

	2022-23 Published Budget \$000	2022-23 Final Budget \$000	2022-23 Actuals \$000
Budget movement and expenses			
Digital projects	52 234	44 574	31 659

The variation between budget and expenditure primarily reflects revised delivery timing of major ICT projects.

Key performance indicators	2022-23 Estimate	2022-23 Actual	2023-24 Budget
Enterprise digital programs in progress	4	4	3
Digital projects being managed	12	12	28

Key achievements in 2022-23

- Delivered the first of a series of phased deployments of the new Acacia digital health solution.
- Progressed the SerPro policing solution in readiness for deployment in late 2023.
- Developed a digital dashboard for procurement data to support agency procurement practices and improve analysis and reporting.
- Enhanced the efficiency and user experience of 12 separate HR processes through digitising application and approval processes.
- Commenced the implementation of the contemporary new NTGPay system for procure to pay processes across government.
- Implemented the new CARE solution to support child protection and youth justice across the Territory.
- Delivered Stage 2 of the Parks Online Booking and Permit system.
- Repurposed the Can-Do Territory platform to become the Territory Services digital government shopfront.
- Delivered the second major phase of the NDIS Worker Screening digital solution.
- Progressed the Sage budget management system working with early adopter agencies to prepare for on boarding.

Data services

Provide data management, reporting services, improvement initiatives and advice to inform agency business decisions supporting service delivery improvement.

The business functions supporting this output through enterprise-wide service delivery are data warehouse management, corporate reporting and strategic agency reporting, data governance and data policy.

	2022-23 Published Budget \$000	2022-23 Final Budget \$000	2022-23 Actuals \$000
Budget movement and expenses			
Data services	13 280	13 677	14 699

Actual expenditure was higher than the Final Budget due to one-off project costs associated with the HR data warehouse project.

	2022-23 Estimate	2022-23 Actual	2023-24 Budget
Key performance indicators			
Data services requests resolved	14 000	13 277	14 500

Key achievements in 2022-23

- Achieved a reduction in software licenses through centralisation of systems, improving efficiency and reducing costs.
- Supported the go-live of NT Health's new Acacia system in Katherine and Gove by integrating data into the Health business intelligence systems and datasets.
- Contributed data management, business intelligence advice and services to digital projects including SAGE, NTGPay, CARE, SerPro and RevConnect.
- Completed the Business Intelligence Environment Consolidation project.
- Standardised operating models and processes to make the capture, integration and reporting of data more efficient and effective.
- Documented and provided a library of agency approved standard measures for Human Resources, Grants and Procurement data.

Digital communications

Provide online web services, communications and solutions, development initiatives, and advice to support agencies and inform the community about government services.

The business functions supporting this output through enterprise-wide service delivery are nt.gov.au support, NTG central support and agency web services.

	2022-23 Published Budget \$000	2022-23 Final Budget \$000	2022-23 Actuals \$000
Budget movement and expenses			
Digital communications	2 473	2 628	3 026

Key performance indicators	2022-23 Estimate	2022-23 Actual	2023-24 Budget
Website service requests resolved	19 500	18 900	20 000

Key achievements in 2022-23

- Successfully transitioned the Department of Treasury and Finance intranet to the new NT Government intranet technology environment.
- Redeveloped the NT Government noticeboard to align with the whole of government internal staff site and NTG Central.
- Transitioned over 120 NT Government websites to Google Analytics, improving data analysis and supporting a privacy-centered approach to data collection.
- Upgraded the Squiz Matrix content management system to ensure compliance with web and ICT security policies and standards.
- Finalised a new organisational structure to provide centralised high-quality web services to agencies.
- Commenced the first phase of the Department of Education intranet redevelopment.

Digital connectivity and strategy

Provide digital policy and strategy development, telecommunications advocacy and coordination, reform initiatives and advice to support the digital transformation of government services and development of a local digital economy.

The business functions supporting this output through enterprise-wide service delivery are digital strategy, data strategy, telecommunications and assurance services.

	2022-23 Published Budget \$000	2022-23 Final Budget \$000	2022-23 Actuals \$000
Budget movement and expenses			
Digital connectivity and strategy	8 739	9 730	7 054

The Final Budget was higher than the Published Budget primarily due to carryover of specific purpose grant funding. Actual expenditure was lower than the Final Budget as a result of revised timing of payments for telecommunications grants which will be carried over to 2023-24.

Key performance indicators	2022-23 Estimate	2022-23 Actual	2023-24 Budget
Major ICT projects overseen by the ICT Governance Board	100%	100%	≥90%
Increase in the number of published datasets on the NT Open Data Portal	25	95	≥25

Key achievements in 2022-23

- Expanded the open data portal and improved user experience.
- Delivered an agency ICT application review (known as an ICT Landscape) for the Department of Industry, Tourism and Trade.
- Continued to advocate for better telecommunications services in remote NT locations and initiatives to improve digital inclusion.
- Established an NT Government digital advisory service for agencies to support digital transformation across government.
- Completed the annual review and refresh of the Digital Government Roadmap.
- Undertook research to inform a framework for the use of Artificial Intelligence.
- Worked collaboratively with ICTNT to progress and expand the cross-sector ICT traineeship program focused on local digital jobs.
- Developed the 2023-24 Digital Territory Action Plan in partnership with local government, the local digital industry and CDU with 57 actions to be progressed in 2023-24.
- Leveraged the feasibility study into telecommunications for NT schools to develop a roadmap for long term connectivity uplift.
- Continued to monitor and drive delivery of remote telecommunications co-investment programs to provide more Territorians with access to digital connectivity.
- Reviewed, refreshed, and published the Digital Territory Action Plan, Digital Transformation Plan and maintained currency of the Digital Territory Strategy.
- Worked with local industry and CDU to develop pathways for Territory women and girls in the digital sector.
- Completed master planning and assessed the viability of digital precincts in the Top End.
- Finalised the strategy to establish Territory Services, a platform to become a single digital government shopfront.
- Established the Digital Architecture Advisory Council to improve the use of digital standards across project and operational teams.

Future priorities 2023-24

Digital government development

Renew contracts for major ICT hardware.	Leverage Low Earth Orbit Satellite services to deliver improved connectivity and services.	Deliver initial stages of the project to improve connectivity of remote and regional schools in partnership with the Department of Education.
Complete development of a cyber security awareness training program and commence program delivery.	Develop a business case for the Education Management Program to reduce operational risk associated with schools-based ICT systems.	Enhance the Housing Mobile Inspection application to include inspections for lease commencement and cessation, and improved repairs and maintenance reporting.
Continue to engage with the local digital industry to inform businesses of future tendering opportunities.	Commission a Service Provider Portal and enhance operational reporting for the CARE system.	Implement the pilot phase of a digital solution to support low value procurement in Department of Health.
Upgrade myLearning to a OneNTG enterprise learning management system.	Support delivery of a new rostering system to NT Police, Fire and Emergency Services.	Implement the new SerPro policing solution across the Territory.
Deliver the new NDIS Worker Screening digital solution.	Deliver a digital solution to support the growing requirement for citizen identity management.	Develop a business case for the adoption of eConveyancing in the NT.
Work with agencies across government to prepare for the phased deployment of the Sage budget management system.	Procure and commence implementation of an integrated digitised solution for the Aboriginal Areas Protection Authority.	Establish a content and user experience strategy for nt.gov.au and agency corporate sites to improve the journey for users across the sites for information and services.
Investigate cloud-based options for government's web presence.	Support digital transformation of NT Government agencies through digital advisory application and system reviews.	Drive delivery of the remote telecommunications co-investment programs to provide more Territorians with access to digital connectivity.
Review the Digital Territory Strategy to harness rapidly changing technology available to the Territory, including high speed cables, low earth orbit satellites and Artificial Intelligence.	Deliver a refreshed Digital Futures event to engage women to consider a career in Science, Technology, Engineering, Arts or Mathematics (STEAM).	Enhance the Tenancy Management System to support housing reform projects.
Transition management of radiology imaging ICT systems from NT Health to DCDD.	Consolidate the Education ICT managed services model and undertake further network upgrade works.	Uplift the NT Government cyber security posture in response to the <i>Security of Critical Infrastructure Act 2018</i> (Commonwealth).
Improve network connectivity of sites through the establishment of Software Defined Wide Area Network technologies.	Transition operational support for Acacia 1.0 for Royal Darwin, Palmerston, Tennant Creek and Alice Springs hospitals to standard support arrangements.	Transition operational support for the new SerPro policing system to standard support arrangements.

Digital government development

Mature the pilot deployment of the Sage budget management system with initial agencies prior to implementation across government.	Improve digital systems to support NT Government procurement compliance improvements.	Plan and implement system processing changes for remaining enterprise agreements.
Introduce a modern case management solution for FOI requests.	Continue the phased deployments of the new Acacia digital health solution.	Launch the Territory Services digital government shopfront.
Continue development of the RevConnect revenue management system.	Monitor and report on the Digital Territory Action Plan 2023-24.	Implement a contemporary new NTGPay system for procure to pay processes across government.
Establish a content strategy for government's internet web presence.	Implement an Artificial Intelligence Framework for the NT Government to maximise the benefits when using deep learning or other Artificial Intelligence technology and address key risks.	Research a search engine optimisation strategy for the internal web environment.
Improve connectivity across remote Territory communities using new Low Earth Orbit satellite technology.	Advocate and promote the opportunities for young people to start and progress through a digital career in the Territory.	Continue to advocate for better telecommunications services in remote NT locations and initiatives to improve digital inclusion.
Deploy a contemporary rostering solution for NT Police, Fire and Emergency Services.		

Output group – Corporate and shared services

Improved organisational performance through strategic leadership and governance, and the provision of corporate services functions.

The business functions supporting this output through enterprise-wide service delivery are finance and asset services, office of the chief executive, governance services, enterprise services and reform, and corporate communications.

Corporate and governance

Provide a range of corporate and governance services to support the agency's functions.

Shared services provided

Provide corporate and governance services to support functions and divisions assisted by the department, primarily NT Fleet and Data Centre Services.

Shared services received

Receive infrastructure services from the Department of Infrastructure, Planning and Logistics.

	2022-23 Published Budget \$000	2022-23 Final Budget \$000	2022-23 Actuals \$000
Budget movement and expenses			
Corporate and governance	4 710	5 837	6 330
Shared services provided	858	858	858
Shared services received	315	315	285

Actual expenditure was higher than the Final Budget, primarily due to increased staffing requirements and one-off leave adjustments.

Key achievements in 2022-23

- Supported agencies with their Work, Health and Safety obligations by providing central coordination to develop NTPS WHS Strategic Priorities Plan.
- Use the DCDD Benefits Realisation Framework to capture benefits associated with Service Development Plan projects.
- Completed the evaluation of the Corporate Services Reform (CSR3) program.
- Developed policy statement and procedures for annual pricing review for GBDs.
- Researched customer sensing as part of developing a program for DCDD.
- Completed program evaluations of Workforce Services, Procurement, Information Management and the Open Data Strategy.
- Continued to progress actions from the DCDD People Matter Survey 2021 Action Plan.
- Investigated options for online fraud and corruption training.
- Launched the NTPS approved Work Health and Safety Framework within DCDD.
- Transitioned to a single Risk Management and Audit Committee.

Corporate and shared services

Key achievements in 2022-23

- | | |
|--|--|
| → Delivered targeted fraud and corruption education to DCDD employees during International Fraud Awareness Week. | → Reviewed DCDD delegations to align with the 2021-2025 NTPS Enterprise Bargaining Agreement and updated legislation and policy. |
| → Completed the review of the DCDD cost allocation model and implemented revised processes. | → Completed a review of Enterprise Services Framework and Service Statements. |
| → Reviewed DCDD business continuity plans. | → Managed the department's audit program. |

Future priorities 2023-24

Investigate ways to digitise governance tools and forms to increase efficiencies.

Review DCDD Business Continuity Plan (BCP) and undertake BCP desktop review.

Deliver fraud and corruption education and awareness.

Develop Action Plans in response to People Matter Survey 2023.

Implement a Customer Sensing Program.

Finalise a review of performance reporting in DCDD.

Support client agencies to conduct workforce strategy planning and reporting, based around their requirements as articulated in agency Strategic Workforce Plans.

Conduct risk assessment of psychosocial hazards.

Government business divisions

NT Fleet

NT Fleet operates the NT Government vehicle fleet, with the exception of NT Police, Fire and Emergency Services vehicles.

	2022-23 Published Budget \$000	2022-23 Final Budget \$000	2022-23 Actuals \$000
Budget movement and expenses			
NT Fleet	32 167	30 803	30 421

Key performance indicators	2022-23 Estimate	2022-23 Actual	2023-24 Budget
Light vehicles managed	2 650	2 614	2 650
Heavy vehicles managed	860	907	860
Light vehicles meeting fuel and safety standards	100%	99%	100%
Light vehicles managed within vehicle life standards ¹	≥90%	71%	≥90%

Note 1: Decrease due to worldwide vehicle shortages and delivery delays.

Key achievements in 2022-23

- Implemented the findings from the review of projected sale prices and NT Fleet fees.
- Supported NT Government Electric Vehicles Strategy and Implementation Plan 2021–2026.

Future priorities 2023-24

Review and align Fleet Operational Services' roles and service dimensions.

Continue to support the NT Government Electric Vehicles Strategy and Implementation Plan 2021–2026.

Data Centre Services

Data Centre Services delivers core ICT infrastructure and support services to NT Government departments.

	2022-23 Published Budget \$000	2022-23 Final Budget \$000	2022-23 Actuals \$000
Budget movement and expenses			
Data Centre Services	23 614	24 321	25 830

Actual expenditure was higher than the Final Budget due to higher than expected software licensing charges.

Key performance indicators	2022-23 Estimate	2022-23 Actual	2023-24 Budget
Mainframe computing availability	100%	100%	100%
Virtual server computing availability	100%	100%	100%
Fully managed servers ¹	1 630	1 713	1 800
Data storage area network (terabytes) ²	7 500	7 100	12 000

Note 1: Deployed more servers for Health conversion

Note 2: Growth reduced as some projects were rescheduled to 2023-24.

Key achievements in 2022-23

- Identified cost savings for client services within the Data Centre Services operating environment.
- Assessed the Government Data Centre against the Australian Government's hosting certification framework.
- Established disaster recovery requirements for agency systems at the Backup Data Centre.
- Completed the business case for solar power at the Government Data Centre.

Future priorities 2023-24

- Undertake installation and commissioning of solar power at the Government Data Centre.
- Complete server refresh and upgrades to storage to improve resilience and cost efficiency.
- Further improvements to the disaster recovery capabilities at the Backup Data Centre.

4

Our people

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Our people snapshot 2022-23



1194 Headcount
1149 FTE



748
Females



444
Males

2 Self-specified



222
people completed the OneNTG Appropriate Workplace Behaviours training

48
participants in our early career programs

4,454
attendances at professional development

93
new DCDD staff attended DCDD Induction Program



43 years
average age of staff



7%
of our people identify as being Aboriginal



17%
of our staff are from culturally and linguistically diverse backgrounds



43%
staff supported with flexible work arrangements



48
people work in regional areas



4%
of our staff identify as having a disability



356
staff attended the OneNTG online orientation program



80%
of staff have myPlans in place



519
staff had flu vaccinations



46%
of staff have more than 10 years' government service

Overview

In DCDD our people are our number one priority.

We are a customer service organisation and the customer is at the centre of everything we do but our people come first, every time. Our people are the reason we are able to provide such a great service to our customers, right across our remit. Without our people, success would be beyond our reach.



Our people are what makes DCDD a great place to work. We invest in and value our people, building a high performance culture to meet our current and future business needs and opportunities. Our people play a central role in delivering DCDD and government priorities. We are focused on building and maintaining a workforce with strong leadership, and the ability to think innovatively and engage effectively across teams, agencies, clients and stakeholders.

We strive at all times to build a collaborative, responsive and professional culture within the department. A culture where inclusiveness is valued and people want to come to work everyday and be all that they can be.

Our people are amazing and in this post-COVID world of intense competition for skills, where workforce has become a key point of difference, we are very fortunate that they choose DCDD as their employer of choice.



Our workforce

The table below sets out full-time equivalent (FTE) classifications from 1 July 2022 to 30 June 2023. All other workforce data is expressed by headcount, unless stated otherwise, to provide a full reflection of our workforce.

Year on year FTE comparison and headcount by classification, 2022-23			
Designation	FTE June 2022	FTE June 2023	Headcount June 2023
Executive Contract Officer 6	1.00	1.50	2
Executive Contract Officer 4	2.00	2.00	2
Executive Contract Officer 3	1.00	1.00	1
Executive Contract Officer 2	18.10	19.00	19
Executive Contract Officer 1	20.50	23.00	24
Executive Officer 2	2.00	1.00	1
Senior Administrative Officer 2	66.50	63.49	64
Senior Administrative Officer 1	153.56	154.27	160
Administrative Officer 7	193.59	197.69	205
Administrative Officer 6	234.77	210.36	218
Administrative Officer 5	133.30	141.52	146
Administrative Officer 4	179.14	173.63	180
Administrative Officer 3	100.43	91.64	97
Administrative Officer 2	46.36	47.80	52
Administrative Officer 1	2.00	1.69	2
Graduate	6.00	12.00	12
Technical 4	1.00	1.00	1
Technical 1	1.00	1.00	1
Professional 3	1.00	2.00	2
Professional 2	3.50	1.00	1
Apprentice	3.40	1.85	3
Other	1.00	1.00	1
Total FTE	1 171.15	1 149.44	1 194

Gender breakdown by length of service

Length of service by gender and headcount

Milestone	Female	%	Male	%	Self-specified	%	Total headcount	%
< 10 years	388	32.50	253	21.19	1	0.08	642	53.77
10-20 years	229	19.18	122	10.22			351	29.40
20-30 years	75	6.28	47	3.94	1	0.08	123	10.30
30-40 years	40	3.35	12	1.0	-	-	52	4.35
> 40 years	16	1.34	10	0.84	-	-	26	2.18
Total	748	62.65	444	37.19	2	0.16	1 194	100

Breakdown by division

	Digital Services	Corporate Services	Business Support	Office of Digital Government	NT Fleet	Data Centre Services	Total
Headcount	494	550	64	16	20	50	1 194
FTE	481.8	523.08	60.3	15.22	19.39	49.65	1 149.44
% (FTE)	41.92	45.5	5.25	1.32	1.69	4.32	100

Breakdown by region

Location	FTE	% of FTE	Paid headcount	% of paid headcount
Alice Springs	36.79	3.20	38	3.18
Darwin	1 102.65	95.93	1 146	95.98
Katherine	10	0.87	10	0.84
Total	1 149.44	100	1 194	100

Diversity and inclusion

DCDD strives to create a gender-balanced and diverse workplace and celebrates the diversity of its staff who bring a broad range of skills, experience and opportunities for innovation and new experiences. Our employees' differences are valued and welcomed in our inclusive culture, which supports all employees to be treated equitably and afforded the same rights and obligations.

Staff diversity count at 30 June

Staff who identify as:	Headcount	% of workforce
Female	748	62.65
Male	444	37.19
Self-specified gender	2	0.16
Aboriginal	83	6.95
Culturally and linguistically diverse	205	17.17
Living with disability	42	3.52

There are number of strategies and initiatives in place both across DCDD and the NT Government to support our commitment to diversity and inclusion:

- DCDD Disability Action Plan to support the NTPS Employability Strategy 2018-2022
- DCDD Special Measures plans
- Inclusion and Diversity initiative
- DCDD Aboriginal Action Plan Working Group to support the NTPS Aboriginal Employment and Career Development Strategy
- DCDD Staff Advisory Group
- DCDD Contact Officers.



Recognition

Over the reporting period, a number of celebrations were held across DCDD to recognise and thank our staff who reached important milestones.

Service milestones

The service milestones are a significant achievement for staff who have continued to show their commitment and dedication to the NT Public Sector over the years. All have made a significant contribution to the range of services we deliver to Territorians.

Service milestones	
Years	Number of staff
10	47
20	15
30	6
40	6
50	1

Retirements

The following staff retired during the year and are enjoying their well-deserved retirement. All staff have provided exceptional service to DCDD and the NTPS over the years and their contributions are valued. We wish each of our retirees a very happy retirement.

- ❖ Marion Rigby
- ❖ Deborah Broadbridge
- ❖ Pamela Johansen
- ❖ Rosita Cigobia
- ❖ Sheilagh Day
- ❖ Sharon Gill
- ❖ Francis Kong
- ❖ Rose Murphy
- ❖ Sandra Butcher



Leadership and staff development

DCDD continues to invest in, and build on, the capability of our people. Investing in our people is the number one driver in our Strategic Plan with the key focus on building a supportive, responsive and collaborative workforce.

We support the career development of our people through a wide choice of programs. The programs range from leadership development to enhance and develop leadership capability across all levels, face to face and online training, short courses, conferences and seminars, employment pathways and subsidised formal qualifications.

Our staff have a performance plan in place to provide an opportunity to define their goals and responsibilities, career aspirations, pathways and succession planning, review priorities and performance, and identify learning and development areas to support growth. DCDD has an 83% completion rate.

The department continues to support broader NTPS programs aimed at growing leadership skills, championing diversity and nurturing staff development.

Staff development

In 2022-23, DCDD staff participated in multiple internal and external training and development initiatives, with 4,454 attendees recorded (noting some staff completed multiple training programs), 273 completions of the Foundational Cross Cultural Training and 222 completions of the online OneNTG Appropriate Workplace Behaviours training.

In addition, other training was spread across categories including procurement, project management, HR, policy, governance, ICT, business, work health and safety, leadership and mentoring. The department supports employees in gaining relevant professional and technical skills through higher education studies.

Leadership programs

Public Sector Management Program

DCDD has 4 participants undertaking the Public Sector Management Program (PSMP).

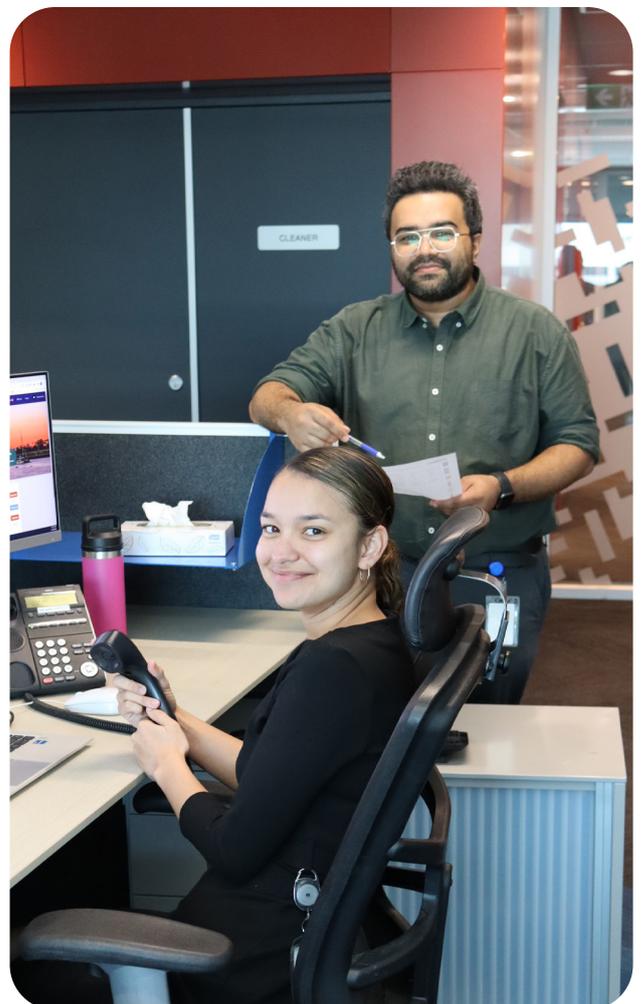
This program builds the skills of our mid-level managers and results in a Graduate Certificate in Business (Public Sector Management). Participants undertake a work-based project to deliver innovative outcomes for DCDD.

DCDD has consistently supported our managers to undertake the PSMP and this commitment will be continued and encouraged.

Professional development

The department supported employee professional development through:

- study assistance
- professional memberships
- training opportunities
- internal development opportunities (temporary transfers and promotions).



Executive Fellows Program

Two employees commenced the Australian and New Zealand School of Government (ANZSOG) Executive Fellows Program, which focuses on leadership, management and strategic capabilities for senior executives.

Executive Leadership Group

DCDD invests in leadership development at various levels to enhance strategic leadership skills and foster succession planning opportunities.

Executive Leadership Group quarterly forums are a key mechanism for our senior leaders to come together and build their knowledge through leadership and strategic topics.

Each forum includes a guest speaker who shares their leadership journey to inspire our future leaders.

Early careers

DCDD continued to provide opportunities for career pathways, with 48 participants supported in early career programs throughout 2022-23. Updates on progress, participation rates and mentoring are regularly provided to the Executive Management Board.

Graduate Development Program

The 2 year Graduate Development Program provides recent university graduates with the opportunity to rotate through DCDD work units based on their field of studies.

Eighteen graduates were employed across DCDD with Bachelor/Masters degrees in professional practice accounting, information technology, business, business administration, data science, information systems, commerce and psychological science.

Traineeship programs

Trainees in DCDD are engaged through full time and school-based traineeship programs. The traineeship program combines on-the-job experience with national recognised training at certificate to diploma level.

In 2022-23, DCDD engaged 11 trainees; 5 are fulltime trainees and 6 are school-based apprentices/trainees.

Aboriginal Employment Program

DCDD actively participates in the Aboriginal Employment Program (AEP) and hosted 3 participants in this reporting period, with another 3 participants next financial year.

The AEP has recently been revised to deliver training, work readiness skills and employment opportunities through a 20 week pre-employment program, resulting in a Certificate II in Workplace Skills.

Upon successful completion, the participants are awarded a nationally recognised qualification, along with a pathway into full time work for a fixed period or into a NT Government traineeship to further their studies.

Vacation employment program

This program provides professional employment opportunities to current university students during semester breaks and feeds into the Graduate Program. Sixteen vacation students were employed in the department in the areas of their studies such as data science, business information systems, accounting, criminology, information technology, economics and business studies.

People matter survey

The People Matter Survey provides an important opportunity for all NTPS employees to have a say about their workplace and contribute to making the public sector a better place to work.

From the data collected, OCPE develop an overall whole of sector response plan, with all agencies required to develop action plans in response.

The 2021 DCDD Action Plan was developed in consultation with staff, with feedback informing key focus areas in the plan and supplemented with targeted action plans at division levels.

There were many positives highlighted this year. DCDD had a survey completion rate of 77%, by far the best of any of the large agencies. Our survey results have improved across the board since 2021; with 1 or 2 minor exceptions, every single survey question achieved better results than the previous survey.

We achieved an Employee Satisfaction score of 74% (up from 68% in 2021) and an Employee Engagement score of 66% (up from 61%). DCDD scored better than the NTPS average and better than the central agency average in every measure tested.

The previous survey undertaken in 2021 identified some specific areas to focus on and improve and these were retested in the 2023 survey. Strong improvement is evidenced in each of these areas, in particular:

- We have worked hard to promote a culture that has zero tolerance for workplace bullying and harassment. The recent survey scores evidence that 87% of our people feel that bullying is not tolerated within DCDD, an improvement of 16% since 2021.
- Staff engagement by senior managers was clearly identified as having room for improvement in 2021. The results of the 2023 survey show a 13% improvement in this area. There is still some room for improvement here but we are making great progress.
- Metrics related to communication and change management all improved in the 2023 results with improvement in the order of 10% to 15% in scores related to communication from senior managers, keeping staff informed of what's going on and leading change effectively.

Also worthy of note, 86% of our people feel they have the necessary autonomy to innovate and try new things and 89% consider that our organisation demonstrates strong vision and purpose. Overall this is a really positive result, one that we are really proud of.



The survey does indicate that there are areas in which we can improve on. We can never afford to be complacent when it comes to building a high performance organisational culture.

A couple of things that are immediately evident from the survey results is that our people are tired and are feeling the effects of the challenges of the past couple of years. It is also clear that we could be doing more to recognise the efforts of individuals and teams that have kept up this pace and continue to deliver on all of our many objectives.

Development of actions plans is something we do through a consultative approach with our staff and we are taking the time to focus on this going forward.

This will drive further improvement and demonstrates our commitment that the People Matter Survey is listened to and acted on by our leaders in DCDD.

Occupational health and safety

Health and wellbeing

DCDD is committed to the health and wellbeing of all employees and provides staff with opportunities to balance work commitments with family, community and cultural responsibilities.

To assist with this our Wellbeing Program promotes health and wellbeing initiatives throughout the year, including hallmark events, charities and causes which are promoted throughout the department. Staff are encouraged to champion events, celebrate and share their news of related activities through the newsletter.

Other initiatives offered across the department included an employee assistance program, ergonomic awareness and mentoring, and staff raising funds through their work area social clubs to support Christmas party celebrations.

The DCDD Workforce Services Calendar publicised inclusion and diversity events to all departments. DCDD promoted seminars on topics such as superannuation and salary sacrificing. The across-government flu vaccination program was managed by DCDD, with hubs in Darwin, Palmerston, Casuarina and Alice Springs, and a regional program in Tennant Creek, Katherine and Nhulunbuy.

Work life balance

Flexible working options are supported by the department. Our staff are supported with access to a range of flexible working arrangements, with 512* staff accessing flexible work arrangements over 2022-23.

Flexible work arrangements			
Type	Under 55	Over 55	Total
Averaging hours	47	18	65
Individual flexible work agreement*	138	21	159
Part-time work arrangement	89	13	102
Home-based work*	147	39	186
Recreation leave at half pay	99	38	137
Purchased additional leave	2	1	3

* A single work-life balance application can include a combination of flexible hours and home-based work. Each option is reported separately.

Work health and safety

DCDD continues to progress a range of initiatives to provide a safe working environment for our employees and others who share our workplaces. For the first time, DCDD completed a safety culture maturity assessment, which established the department has a benchmark safety culture that aligns to other NT Government agencies. Opportunities to improve work health and safety systems, engagement and leadership were identified and rolled into our work health and safety (WHS) planning.

The assessment process established that DCDD has a benchmark safety culture that aligns to other NT Government agencies and identified a number of improvements to WHS systems, engagement and leadership into the DCDD WHS Action Plan.

The plan has resulted in a number of achievements throughout the year, including:

- improvements to WHS performance reporting to ensure that oversight of hazard and incident causation and commonality, as well as legislative compliance awareness is provided to support senior executives

Section 4: Our people

- employees, managers and teams who demonstrate strong safety leadership or initiatives are now formally recognised through our regular agency newsletters and communications, promoting the importance of personal accountability in health and safety improvement
- senior executives continue to perform regular WHS safety walks within our workplaces and engage with employees on WHS issues as a safety culture improvement initiative
- establishing our Executive Management Board as Officers of the PCBU (person conducting a business or undertaking) for the purposes of legislative compliance and reporting structures in place to ensure that regulatory compliance, performance and risk mitigation issues are implemented and effective.

DCDD operates in a relatively low risk environment and incident and injury data highlights that slips or trips arising from work duties remain the primary source of injury, followed by individual allergic reactions to dust, fumes or similar substances found within our various buildings.

These hazards are addressed through appropriate hazard mitigation strategies as trends are identified in consultation with WHS Committees across our various workplaces.

DCDD's WHS Governance Committee continues to operate as the strategic advisory function, continuing to support a range of improvement initiatives and oversight of health and safety performance outcomes and improvement strategies. The committee is supplemented with 12 WHS Building Committees, relating to work locations, including 2 in the regions. All buildings have trained fire wardens and first aid officers and workplace assessments have confirmed the department complies with WHS requirements.

Looking forward, there will be an increased focus on the identification and control of psychosocial risks both directly, as well as an element of a more contemporary approach to occupational wellbeing.



Workers compensation

There were 6 cases open at the beginning of the reporting period. Seven new claims were submitted during the period, of which 4 were accepted and 3 were disputed. Five cases were closed during the reporting period.

Legislative compliance

Employment instruction reporting

Under the *Public Sector Employment and Management Act 1993* (PSEMA), Employment Instructions provide direction to agencies on human resource matters. DCDD complied with its obligations under each Employment Instruction throughout 2022-23.

Public sector principles

Part 1A, sections 5A to 5F of PSEMA lists the general principles underlying this legislation. These principles need to be upheld by agencies, chief executive officers (CEOs) and employees of the NTPS. In 2022-23, DCDD complied with all the prescribed principles.

Administration Management Principle (section 5B)

DCDD provided effective, efficient and appropriate services to its clients, government and community, ensuring appropriate use of public resources while working cooperatively and responsively carrying out our functions objectively, impartially and with integrity.

Human Resource Management Principle (section 5C)

Workplace diversity and equity is upheld and provides everyone equal opportunity to make the most of their talents and abilities in the workplace. Our workplace environment ensures our employees are treated fairly, reasonably and in a non-discriminatory way.

Merit Principle (section 5D)

DCDD appointments are based on the principles of merit. Employees are capable and competent to perform their duties, having the knowledge, skills, experience and qualifications required to be successful in their role and having consideration of their potential for future development.

Equality of Employment Opportunity Principle (section 5E)

DCDD encourages staff to continually develop and access career development opportunities, which also includes exchange, transfer and mobility. Implementation of a special measures policy is enabling DCDD to eliminate unlawful discrimination while promoting diversity in its workforce.

Performance and Conduct Principle (section 5F)

DCDD champions NTPS values, treating the workforce fairly, equitably, and with proper courtesy and consideration. DCDD officers avoid actual or apparent conflicts of interest and ensure personal conduct does not adversely affect their performance or that of other public sector officers while performing their duties objectively, impartially, professionally and to the best of their ability with integrity.

5

Department governance

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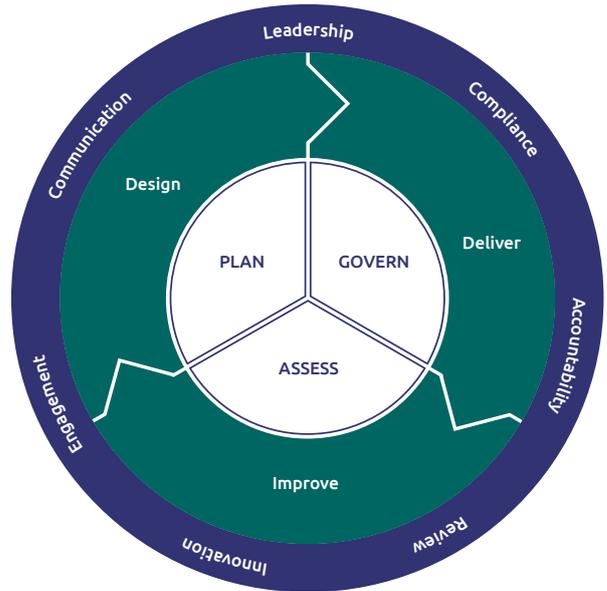
Governance model

Good governance refers to the systems that control an organisation, how it operates and the mechanisms by which its people are held to account.

The DCDD governance model guides delivery of the expected public standards of accountability, probity and transparency in our day-to-day operations. It guides the actions of our people by providing clarity and direction about appropriate behaviour and decision making. Governance is underpinned by our accountability, planning, performance and compliance activities.

The model is supported by the DCDD values and OneNTG principles, which guide the department’s decision making and operational actions.

Diagram 3: DCDD governance model



Governance structure

DCDD’s corporate governance structure links and aligns planning and strategy with responsibilities, outputs and service delivery; ensuring outcomes are influenced from the top down and the bottom-up.

DCDD’s corporate planning approach informs our strategic planning, business planning and flows into individual performance plans to ensure our business is coordinated and conducted in a transparent manner.

Diagram 4: Governance structure



Controls and compliance

Ensuring adequate internal controls are in place and monitoring compliance with those controls.

Risk management

The department's Risk Management Framework is consistent with AS/NZS ISO 31000:2009 Risk Management: Principles and Guidelines. DCDD uses this overarching framework to form its cohesive risk management approach.

The framework comprises risk management policy, procedures and information sheets, which provide staff with the tools to manage risk on a day to day basis. Risk management is integrated into our business planning processes and embedded across the department enabling a proactive risk management culture.

Risk appetite statement

The Risk Appetite Statement is an integral part of the Risk Management Framework. The statement defines the department's attitude towards risk and outlines the level of risk the department is willing to pursue or accept in order to achieve its strategic goals.

The statement:

- allows for a better understanding of our strategic goals, culture, context and sensitivity to risk
- contributes to embedding a risk culture that supports strategic planning and decision making
- facilitates a proactive risk management approach to mitigate risks that impact strategic operational objectives.

Additional controls

To further support our risk management obligations and enhance risk reporting, additional controls are in place to strengthen DCDD's risk oversight. These include the following:

Employment screening

Assesses suitability of people for employment to protect employees and clients from harm, and ensure the department provides services in a professional manner.

Fraud

DCDD has zero tolerance for fraud and is committed to minimising the incidence of fraud through our Fraud and Corruption Control Policy.

Improper conduct investigations and reporting

Employees are encouraged to recognise and report suspicions of improper conduct to ensure it is quickly exposed and eliminated in accordance with DCDD's Improper Conduct Investigations and Reporting Policy, and as defined under the *Independent Commissioner Against Corruption Act 2017*.

Whistleblowers

Employees with a concern of improper conduct, including potential fraud, corruption and dishonesty are encouraged to communicate their allegations or suspicions without fear of reprisal. The department has a Whistleblower Policy to clearly outline and support processes for whistleblowing.

Risk assessments

DCDD has a diverse range of activities with a number of risk assessments undertaken such as strategic, operational, fraud, procurement and project risks. Regular monitoring and reporting of risk assessments are undertaken to ensure risks are managed and mitigated through the Risk Management and Audit Committee, and other relevant governance committees.

Internal audits and reviews

In accordance with the *Financial Management Act 1995*, the department has an internal audit function to assist the Accountable Officer. A strategic audit plan is managed by the internal audit function and monitored by the Risk Management and Audit Committee. A summary of internal audits undertaken during the 2022-23 year is set out in the table below.

Audit/review	Objective	Outcome
Cabinet information security	Annual review of the department's Cabinet information access and handling controls, accountability and security culture.	No matters were identified.
Official travel	Assess department travel transactions for compliance with the Travel Policy Framework, legislation and policies.	No significant compliance issues were found. Opportunities for improvement were identified and are being addressed.
Value for Territory procurement	Independent audit to assess compliance with the NT Government's Procurement Framework, including Value for Territory Assurance.	Acknowledged a high compliance focus with regards to the Procurement Framework. Opportunities for improvement and minor matters of non-compliance are being addressed.
Leave at half pay	Independent audit to determine if half pay leave entitlements have been paid and applied in line with relevant agreements and By-Laws.	Opportunities for improvement were identified and are being addressed.
Review of casual employee allowances	Independent audit to determine if allowances paid to casual employees are in line with relevant regulations and agreements.	Opportunities for improvement were identified and are being addressed.

Audits by the Auditor-General

DCDD is subject to the Northern Territory Auditor-General's audit program under the powers and responsibilities established by the *Audit Act 1995*. Findings raised through this process are monitored and reported through the Risk Management and Audit Committee. A summary of external and performance management system audits undertaken during the 2022-23 year is set out in the table below.

External and performance management system audits undertaken in 2022-23

Audit/review	Objective	Outcome
DCDD Shared Services end of year review for the year ended 30 June 2022	To review the adequacy of selected aspects of end of financial year controls over accounting and material financial transactions performed by DCDD on behalf of NT Government departments.	There were no significant matters arising from this audit.
DCDD end of year review for the year ended 30 June 2022	To assess the adequacy of selected aspects of end of financial year controls over reporting, accounting and material financial transactions and balances at DCDD, with the primary purpose of providing support to the audit of the Treasurer's Annual Financial Statements (TAFS).	One matter was identified and has been addressed.
DCS Financial Statement audit for the year ended 30 June 2022	To undertake sufficient audit procedures relating to the financial year accounts and records of Data Centre Services.	An unmodified audit opinion was issued.
NT Fleet Financial Statement audit for the year ended 30 June 2022	To undertake sufficient audit procedures relating to the financial year accounts and records of NT Fleet.	An unmodified audit opinion was issued.
Department compliance audit for the year ended 30 June 2023	The audit examined selected aspects of the systems in use as required in particular by Treasurer's Direction Part 3, Section 1 and Procurement Governance Policy and Procurement Rules, with the objective of obtaining reasonable assurance those requirements were being achieved.	One matter was identified and is being addressed.
Government Accounting System (GAS) controls audit for the year ended 30 June 2023	To determine there is reasonable assurance that there are satisfactory internal controls for central maintenance of GAS and over the financial services provided to departments.	The audit identified there are satisfactory internal controls of the central maintenance of GAS and over the financial services provided to departments.
Personnel Information and Payroll System (PIPS) compliance audit for the year ended 30 June 2023	To determine if there is reasonable assurance that satisfactory internal controls in respect of the PIPS payroll and leave recording functions provided to departments.	The audit identified there are satisfactory internal controls. Three matters were identified and are being addressed.

Section 5: Department governance

Audit/review	Objective	Outcome
NT Fleet Interim Financial Statements audit the year ended 30 June 2023	To facilitate the end of financial year audit of NT Fleet's financial statements required by section 10 of the <i>Financial Management Act 1995</i> .	No matters were identified.
APEX system internal control audit	To understand, risk assess and test the internal controls over the APEX application system, relating to financial audit requirements.	The audit identified that controls have been effectively applied.
IT controls environment review	To understand, risk assess and test the internal control structure within the service-wide IT mainframe environment with particular reference to mainframe operations for GAS, PIPS and PAPMS.	The audit identified the controls tested are operating effectively. Two matters were identified and are being addressed.
Payment Gateway	To review the adequacy of controls present in the IT environment managed by DCDD that supports the integration of Payment Gateway to GAS.	The audit identified the controls tested have been designed and implemented effectively.
Service and Identity Management (SIM) program implementation review	To conduct a post implementation review of projects initiated to replace ePASS and HPSM.	The audit identified the program has delivered against expectation, resulting in a reduced risk profile across DCDD and general NT Government operations.
Implementation of the New Wages Policy and Lump Sum Payments PMS	To obtain reasonable assurance whether the performance management systems enable DCDD, DTF and OCPE to assess whether the objectives are being achieved effectively and with regard to the economy.	Seven improvement opportunities were identified and are being addressed.
DCDD Executive Contract Officers (ECOs) Christmas closedown leave 2021-22	To examine Christmas closedown leave taken by ECOs at DCDD relating to the 2021 Christmas period.	Four matters were identified and have been addressed.

Internal controls

DCDD has a robust set of key internal controls in place to detect and mitigate risks and assist the Accountable Officer in the performance of their duties under the relevant legislation.

Delegations

Authorised staff are delegated to undertake specific responsibilities of the Accountable Officer as prescribed in the applicable legislation.

Conflicts of interest

Employees are responsible for declaring and actively managing conflicts of interest through an annual process or as conflicts arise to maintain the department's integrity.

Gifts and benefits

The Code of Conduct under the *Public Sector Employment and Management Act 1993* and DCDD's Gifts and Benefits Policy outline clear direction for the conduct of employees in relation to gifts and benefits.

Data breaches

Requirements and management of data breach incidents to protect confidential information held within DCDD are set out in the Data Breach Policy and Data Breach Response Plan.

Procurement controls

A strong focus on procurement governance is maintained to comply with the NT Government's Procurement Framework as DCDD is a major procurer.

Accounting and Property Manual

The Accounting and Property Manual sets out finance procedures and internal controls to be applied across the department to ensure DCDD's processes are in accordance with the *Financial Management Act 1995* and Treasurer's Directions.

Policies and procedures

Policies, procedures and templates are in place to assist governance committees and employees with their work. These are required to be approved by the Executive Management Board, Chief Executive or Governance Committee.

Freedom of information

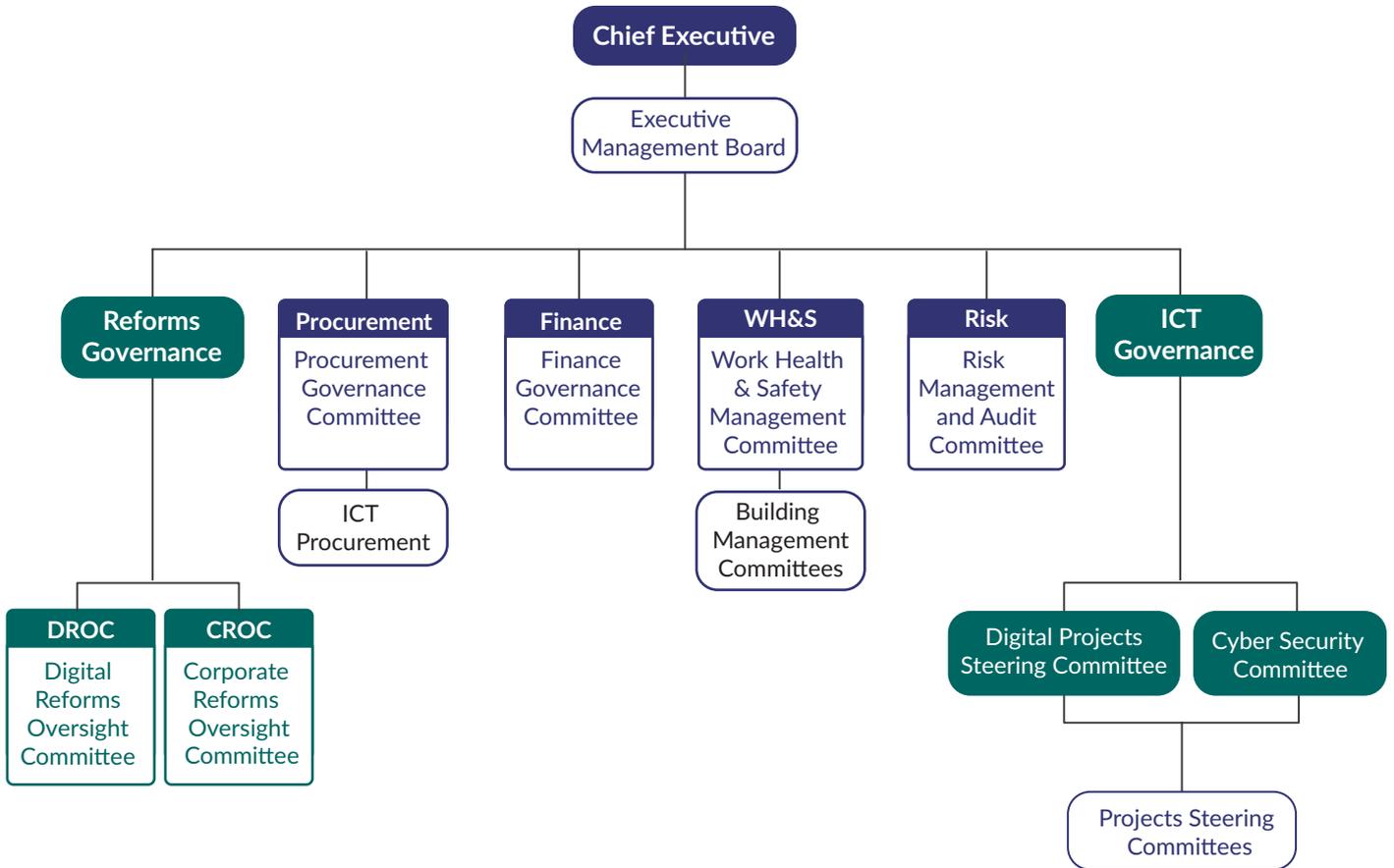
The *Information Act 2002* allows for access to government and personal information. DCDD received 15 Freedom of Information (FOI) applications in 2022-23.

Eight applications were for access to personal information, 5 to access government information and 2 to access mixed government and personal information.

DCDD governance committees

Our governance committee structure consists of the Executive Management Board and its supporting committees responsible for focusing on key governance requirements within DCDD.

Diagram 5: DCDD corporate governance committee structure



Executive management board

EMB is the senior governance and decision-making body of DCDD, providing strategic direction across the department and GBDs. Membership of the board as at 30 June 2023 is set out in the table below.

Executive Management Board members

Members	Role	Job title
Chris Hosking	Chair	Chief Executive
Lisa Watson	Member	Deputy Chief Executive Corporate Services
Greg Connors	Member	Acting Deputy Chief Executive Digital Services
Ewan Perrin	Member	Executive Director Office of Digital Government
Lou-anne Duncan	Member	Senior Director NT Property Management
Rex Schoolmeester	Member	Chief Financial Officer
Donald Young	Member	Senior Director Digital
Sonia Peters	Member	Director Executive Services
Jayne McAllister	Member	Director Regions
Malika Chanday	Member	DCDD HR Business Partner

In addition, 2 staff members are selected to participate on EMB on quarterly rotation to broaden their experience and knowledge at a strategic level. The practice also strengthens the capability of the senior leadership team.

EMB monitors performance across its span of functions through quarterly reporting against key indicators and monthly reports from divisions and business support services. Careful consideration is given to performance, trends and issues at board meetings.

EMB decisions and actions are conveyed through the regular staff newsletter and at staff meetings at whole of department and division levels.

The board meets monthly and met on 12 occasions in 2022-23.

Supporting governance committees

All the DCDD corporate governance committees outlined in diagram 5 above have a terms of reference and submit an annual self-assessment 'health check'. All committees operated in line with their terms of reference.

Two substantial changes were made during the year to streamline processes, increase efficiency and reduce duplication across the department:

- Audit and risk management committees were merged into the one Risk Management and Audit Committee.
- The Workforce Management Committee was closed to reduce administrative burden for our people and make it easier and streamline recruitment while maintaining good governance.

Digital governance frameworks

As part of our strategic ICT responsibilities, DCDD has developed a range of clearly defined governance frameworks for the use of departments across the NT Government to ensure compliance with core digital governance and accountability requirements.

ICT Governance Framework

The ICT Governance Framework (the Framework) ensures ICT investments and projects across departments are planned and supported by the Framework. The Framework requires assurance oversight, particularly for high risk, high value digital programs and sets out processes for department management of ICT programs. The Framework is enhanced by Treasurer's Directions (ICT series), digital policies, a reporting portal and ICT governance guidelines to assist departments.

ICT Governance Board (IGB)

The ICT Governance Framework (the Framework) is underpinned by IGB to ensure consistency and accountability for application of the Framework across the public sector by:

- applying stringent monitoring and analysis of major ICT investment proposals
- overseeing ICT projects from an all-of-government perspective.

The IGB considers digital policies, emerging ICT issues and risks and coordinates reporting to government, with membership comprising senior representatives across government.

Cyber Security Governance framework

The Cyber Security Governance Framework (the Framework) complements the NTG ICT Governance Framework to ensure cyber security is essential to the management of the NT Government's ICT environment and government service delivery. The Framework sets out:

- NT Government's cyber security policy intent and alignment to contemporary practice
- planning and investment approach for cyber security controls
- cyber security management responsibilities of the department and departments.

The Framework, Treasurer's Directions (ICT series), ICT policies, standards and guidelines, and the NTG ICT Governance Framework together provide an integrated package for the effective governance of cyber security across government.

The Cyber Security Committee operationalises the framework through monitoring and overseeing cyber security activities and readiness across DCDD's responsibilities and the NT Government's enterprise ICT environment. The committee also provides advice on cyber security matters to IGB.

Data Governance Framework

The Northern Territory Data Governance Framework provides the foundation for managing and sharing data across government effectively, respectfully and accountably, while enabling data and digital technology to foster innovation and economic development.

Safeguards are provided to assess risks and consider ethical and cultural aspects of data re-use. The framework ensures compliance with legislation, policies, standards and guidelines for the protection of sensitive data.

The NT is a signatory to Australia's intergovernmental agreement on data sharing. DCDD contributes to the national Data and Analytics Working Group to operationalise the agreement and improve data sharing between jurisdictions and with the Commonwealth.

The NT also participates on national Closing the Gap working groups to progress initiatives on data sharing and making data more accessible to Aboriginal communities.

6

Financial Statements

a DCDD	65
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c Data Centre Services	165



Financial Statement Overview

For the year ended 30 June 2023

FINANCIAL PERFORMANCE (Comprehensive Operating Statement)

The Department of Corporate and Digital Development (DCDD) manages the Northern Territory Government's digital environment and supports government agencies through delivering corporate and digital services, advising agencies and developing transformative solutions.

DCDD's financial performance for the year is presented in 2 ways. Table 1 compares the department's performance with the final approved revised budget and Table 2 compares the current year performance with the previous year. Both tables highlight the total income and expense movement, with more detailed analysis and commentary provided in Tables 3 to 5 showing income and expenses by category. Table 6 shows the department's net worth and financial position, the impact of investment decisions and recognition of assets and liabilities.

	2022-23		
	Actual \$000	Final Budget \$000	Variation \$000
Table 1: 2022-23 Final Budget and Performance			
Income	360 533	356 042	4 491
Expenses	364 800	385 351	20 551
Surplus/(Deficit)	(4 267)	(29 309)	25 042
Other Comprehensive Income	-	-	-
Comprehensive Result	(4 267)	(29 309)	25 042

DCDD's operating financial performance for the year showed a \$4.3 million deficit compared with the final budget estimated deficit of \$29.3 million. DCDD's improved result is partly due to revised timing of expenses for delivery of major ICT projects and telecommunications grants which will be carried over and incurred in 2023-24. ICT projects were impacted by resource availability and challenges in recruiting and maintaining workforce capability.

Major ICT projects managed by DCDD include Core Clinical Systems Renewal Program (CCSRP), Client Management Systems Alignment (CMSA), SerPro Policing System and Treasury Revenue Office (TRO) project.

	Actual \$000		Variation \$000
	2022-23	2021-22	
Table 2: 2022-23 and 2021-22 Performance			
Income	360 533	379 732	(19 199)
Expenses	364 800	374 215	9 415
Surplus/(Deficit)	(4 267)	5 517	(9 784)
Other Comprehensive Income	-	-	-
Comprehensive Result	(4 267)	5 517	(9 784)

The change in operating performance from a surplus of \$5.5 million in 2021-22 to a deficit of \$4.3 million in 2022-23 is a result of incurring expenses in 2022-23 where the income was received in the prior year.

Income

DCDD is funded through a combination of Northern Territory Government appropriation and goods and services income sourced from Government Business Divisions (GBDs) and Government Owned Corporations (GOCs). DCDD services are billed under a cost allocation model that is based on service usage, including notional charges applied to general agencies.

Income received for the 2022-23 financial year was \$360.5 million compared to \$379.7 million in previous year.

Table 3: Income by Category

Year	Output Appropriation		Goods and Services		Other Income ¹		Grants		Goods and Services received FOC		Total	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
2022-23	301 554	83.6	44 275	12.3	12 812	3.6	1 607		285		360 533	100
2021-22	323 166	85.1	44 318	11.7	10 738	2.8	1 333		177		379 732	100

¹Other income primarily includes cost recoveries.

In 2022-23 output appropriation was lower than the previous year primarily as a result of timing in the delivery of ICT projects. Income was received in 2021-22 for expenditure on projects carried over to 2022-23.

The increase in other income relates to higher cost recoveries for projects undertaken on behalf of agencies and one-off ICT revenues.

While COVID-19 response grant revenue decreased in 2022-23, this was offset by the receipt of grant income from Parks Australia to undertake a telecommunications upgrade at Kakadu National Park.

Expenses

DCDD expenses are primarily related to employee and digital (ICT) costs, reflecting DCDD's management of government's ICT systems, networks and major digital transformation initiatives. Depreciation is a substantial expenditure as a result of the adoption of AASB 16 - Leases and subsequent recognition of right-of-use assets.

Table 4: Expenses by Category

Year	Employee		Digital		Depreciation		Operational		Property		Grants		Other ¹		Total	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
2022-23	131 237	36.0	107 078	29.3	89 570	24.6	10 715	2.9	11 172	3.1	3 353	0.9	11 675	3.2	364 800	100
2021-22	133 858	35.8	109 358	29.2	86 946	23.2	8 998	2.4	13 549	3.6	11 103	3.0	10 403	2.8	374 215	100

¹Other expenses includes services free of charge and interest expenses.

Employee expenses decreased as a result of a reduction in the employee bonus from \$4,000 to \$2,000 per employee in accordance with the NTPS Enterprise Agreement. Digital expenses decreased primarily due to a spike in purchases of ICT devices in 2021-22 as a result of the COVID-19 pandemic. Operational expenses in 2022-23 were higher than the previous year largely due to revised timing of expenditure for major ICT projects. Grants expenses decreased significantly in 2022-23 due to finalisation of capital grants. Other expenses, specifically interest expense for leases under AASB 16 - Leases, increased as a result of lease extensions under the leased property stimulus scheme.

2022-23 Expenses and Final Budget by Output

Expenses are reported in Budget Papers by output and output groups. DCDD's output groups include:

- Corporate Support Development – professional, responsive and reliable corporate services, quality solutions and trusted advice that enables government and agencies to focus on core business
- Digital Government Development – transformative customer-focused digital solutions and services operating in a controlled ICT environment, leveraging technology and increasing connectivity to improve government service delivery
- Corporate and Shared Services – improved organisational performance through strategic and governance leadership and the provision of business support functions.

Table 5: 2022-23 Expenses and Final Budget by Output

Output Group	Actual \$000	Final Budget \$000	Variation \$000
CORPORATE SUPPORT DEVELOPMENT			
Workforce Services	24 834	25 686	852
Employment Services	19 056	19 511	455
Procurement and Contract Services	7 780	8 797	1 017
Information Management Services	7 477	8 051	574
Finance Services	8 092	8 077	(15)
Property Leasing Services	106 507	104 648	(1 859)
Vehicle Management Services	774	873	99
CORPORATE SUPPORT DEVELOPMENT - TOTAL	174 520	175 643	1 123
DIGITAL GOVERNMENT DEVELOPMENT			
ICT Network Services	38 882	39 900	1 018
Agency Business Systems and Support Services	59 839	65 245	5 406
Across Government Systems and Support Services	27 648	26 944	(704)
Digital Projects	31 659	44 574	12 915
Data Services	14 699	13 677	(1 022)
Digital Communications	3 026	2 628	(398)
Digital Connectivity and Strategy	7 054	9 730	2 676
DIGITAL GOVERNMENT DEVELOPMENT - TOTAL	182 807	202 698	19 891
CORPORATE AND SHARED SERVICES			
Corporate and Governance	6 300	5 837	(463)
Shared Services Received	315	315	-
Shared Services Provided	858	858	-
CORPORATE AND SHARED SERVICES - TOTAL	7 473	7 010	(463)
TOTAL	364 800	385 351	20 551

The primary output variations were:

- Workforce Services and Procurement Services – lower than expected expenditure reflecting challenges in recruiting and retaining staff.
- Property Leasing Services – higher than anticipated rental costs primarily due to increased CPI.
- ICT Network Services - lower than anticipated expenditure due to continuing supply chain impacts of the global pandemic.
- Agency Business Systems and Support Services – lower than anticipated expenditure due to revised timing of major ICT projects and resource availability.
- Across Government Systems and Support Services – higher than anticipated expenditure due to higher contracting and resource costs.
- Digital Projects – revised delivery timeframes for major ICT projects, carried over to 2023-24.
- Data Services – higher than expected data warehouse project costs.
- Digital Connectivity and Strategy – revised timing of telecommunications grants, carried over to 2023-24.

FINANCIAL POSITION (Balance Sheet)

The Statement of Financial Position details the balances of the assets, liabilities and equity of DCDD at the end of the financial year. The table below compares DCDD's financial position as at 30 June 2023 with the position at 30 June 2022.

Table 6: 2022-23 and 2021-22 Financial Position

	2022-23 \$000	2021-22 \$000	Variation \$000
ASSETS			
Current Assets	95 286	149 063	(53 777)
Non-current Assets	882 457	798 509	83 948
TOTAL ASSETS	977 743	947 572	30 171
LIABILITIES			
Current Liabilities	131 284	128 083	(3 201)
Non-current Liabilities	516 657	494 424	(22 233)
TOTAL LIABILITIES	647 941	622 507	(25 434)
NET ASSETS	329 802	325 065	4 737
EQUITY	329 802	325 065	4 737
TOTAL EQUITY	329 802	325 065	4 737

DCDD's net asset position as at the end of 2022-23 was \$329.8 million, an increase of \$4.7 million compared with the previous year. The increase largely relates to government investment in the delivery of major ICT digital projects. During the financial year the net asset position reflects a reduction in cash and a corresponding increase in non-current assets, primarily ICT systems including Acacia, CMSA and SerPro. The non-current liabilities increased primarily due to extending the leases on a number of commercial properties in line with the lease property stimulus scheme.

DCDD's major assets as at 30 June 2023 included:

Current Assets

- \$68.7 million cash and deposits
- \$18.5 million prepayments (primarily related to the property leasing portfolio)
- \$8.1 million receivables (GST, service fees and property leasing charges).

Non-current Assets

- \$604.3 million property, plant and equipment for right-of-use (lease) assets
- \$276.2 million intangible assets
- \$2.0 million prepayments.

DCDD's major liabilities at 30 June 2023 included:

Current Liabilities

- \$78.6 million leased property liabilities
- \$21.7 million provisions for employee entitlements
- \$30.9 million accrued expenses and payables.

Non-current Liabilities

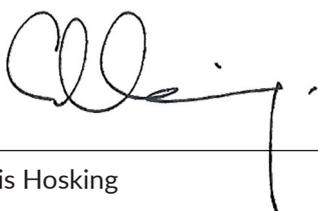
- \$516.7 million leased property liabilities.

Certification of the financial statements

We certify that the attached financial statements for the Department of Corporate and Digital Development 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 2023 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.



Chris Hosking

Chief Executive

28 August 2023



Rex Schoolmeester

Chief Financial Officer

28 August 2023

COMPREHENSIVE OPERATING STATEMENT

For the year ended 30 June 2023

	Note	2023 \$000	2022 \$000
INCOME			
Grants and subsidies revenue			
Current	4	607	1 333
Capital	4	1 000	-
Appropriation			
Output	5	301 554	323 166
Sales of goods and services	6	44 275	44 318
Interest revenue	9	111	16
Goods and services received free of charge	7	285	177
Other income	9	12 701	10 722
TOTAL INCOME	3	360 533	379 732
EXPENSES			
Employee expenses			
		131 237	133 858
Administrative expenses			
Property management		11 172	12 047
Purchases of goods and services	10	117 791	118 356
Repairs and maintenance		2	1 502
Depreciation and amortisation	19, 21	89 570	86 945
Other administrative expenses ¹		586	203
Grants and subsidies expenses			
Current	11a	233	255
Capital	11b	3 120	10 848
Interest expenses	12	11 089	10 201
TOTAL EXPENSES	3	364 800	374 215
NET SURPLUS/(DEFICIT)		(4 267)	5 517
OTHER COMPREHENSIVE INCOME			
		-	-
TOTAL OTHER COMPREHENSIVE INCOME			
		-	-
COMPREHENSIVE RESULT		(4 267)	5 517

¹ Includes DIPL repairs and maintenance service charges.

The Comprehensive Operating Statement is to be read in conjunction with the notes to the financial statements.

BALANCE SHEET

As at 30 June 2023

	Note	2023 \$000	2022 \$000
ASSETS			
Current Assets			
Cash and deposits	14	68 675	124 930
Receivables	16	26 611	24 133
Total Current Assets		95 286	149 063
Non-current Assets			
Receivables	16	1 971	1 792
Property, plant and equipment	19	604 308	585 426
Intangibles	21	276 178	211 291
Total Non-current Assets		882 457	798 509
TOTAL ASSETS		977 743	947 572
LIABILITIES			
Current Liabilities			
Deposits held	23	62	85
Payables	24	30 864	31 855
Borrowings and advances – Lease liabilities	25	78 616	73 935
Provisions	26	21 742	22 208
Other liabilities – Unearned contract revenue	27	-	-
Total Current Liabilities		131 284	128 083
Non-current Liabilities			
Borrowings and advances – Lease liabilities	25	516 657	494 424
Total Non-current Liabilities		516 657	494 424
TOTAL LIABILITIES		647 941	622 507
NET ASSETS		329 802	325 065
EQUITY			
Capital		333 367	324 363
Reserves	29	-	-
Accumulated funds		(3 565)	702
TOTAL EQUITY		329 802	325 065

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 2023

	Note	Equity at 1 July \$000	Comprehensive result \$000	Transactions with owners in their capacity as owners \$000	Equity at 30 June \$000
2023					
Accumulated Funds					
Accumulated funds		1 485	(4 267)	-	(2 782)
Transfers from reserves		(783)	-	-	(783)
		702	(4 267)	-	(3 565)
Reserves	29	-	-	-	-
Capital – Transactions with Owners					
Equity injections					
Capital appropriation		298 334	-	20 895	319 229
Equity transfers in		103 795	-	174	103 969
Other equity injections		37 579	-	4 435	42 014
Equity withdrawals					
Capital withdrawal		(60 211)	-	(16 500)	(76 711)
Equity transfers out		(55 134)	-	-	(55 134)
		324 363	-	9 004	333 367
Total Equity at End of Financial Year		325 065	(4 267)	9 004	329 802
2022					
Accumulated Funds					
Accumulated funds		(4 032)	5 517	-	1 485
Transfers from reserves		(783)	-	-	(783)
		(4 815)	5 517	-	702
Reserves	29	-	-	-	-
Capital – Transactions with Owners					
Equity injections					
Capital appropriation		228 607	-	69 727	298 334
Equity transfers in		100 600	-	3 195	103 795
Other equity injections		32 245	-	5 334	37 579
Equity withdrawals					
Capital withdrawal		(38 264)	-	(21 947)	(60 211)
Equity transfers out		(50 457)	-	(4 677)	(55 134)
		272 731	-	51 632	324 363
Total Equity at End of Financial Year		267 917	5 517	51 632	325 065

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 2023

	Note	2023 \$'000	2022 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Receipts			
Grants and subsidies received			
Current	4	607	1 333
Capital	4	1 000	-
Appropriation			
Output	5	301 554	323 166
Commonwealth		-	-
Receipts from sales of goods and services		114 346	93 119
Interest received		-	-
Total Operating Receipts		417 507	417 618
Operating Payments			
Payments to employees		(131 291)	(132 664)
Payments for goods and services		(189 845)	(162 663)
Grants and subsidies paid			
Current	11a	(233)	(255)
Capital	11b	(3 120)	(10 848)
Interest paid	12	(11 089)	(10 201)
Total Operating Payments		(335 578)	(316 631)
Net Cash From/(Used in) Operating Activities	15a	81 929	100 987
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing Payments			
Purchases of assets		(70 681)	(68 064)
Total Investing Payments		(70 681)	(68 064)
Net Cash From/(Used in) Investing Activities		(70 681)	(68 064)
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing Receipts			
Proceeds of borrowings			
Deposits received		(23)	(327)
Equity injections			
Capital appropriation	5	20 895	69 727
Other equity injections		5 284	6 049
Total Financing Receipts		26 156	75 449
Financing Payments			
Finance lease payments		(77 159)	(74 847)
Equity withdrawals		(16 500)	(21 947)
Total Financing Payments		(93 659)	(96 794)
Net Cash From/(Used in) Financing Activities	15b	(67 503)	(21 345)
Net increase/(decrease) in cash held		(56 255)	11 578
Cash at beginning of financial year		124 930	113 352
CASH AT END OF FINANCIAL YEAR	14	68 675	124 930

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

The objective of the Department of Corporate and Digital Development (DCDD) is to support government agencies to achieve their goals by delivering high quality corporate and digital services, solutions and advice.

In the digital services discipline, DCDD, including the Office of Digital Government, delivers a full range of digital services from network architecture and cyber security, through agency and across government digital systems management, data management and digital projects delivery, to ICT infrastructure, telecommunications and end user support.

In the corporate services discipline, DCDD provides end-to-end support services across workforce management, procurement and contract services, information management and vehicle fleet services, along with finance services and property leasing management.

DCDD is predominantly funded by, and is dependent on, receipt of Parliamentary appropriations. The financial statements encompass all funds through which DCDD controls resources to carry on its functions and deliver its outputs.

Note 3 provides summary financial information in the form of an Operating Statement by output group.

Machinery of government changes

The following functions moved between agencies and DCDD in the 2022-23 financial year. Employee and operational funding were transferred through administrative variations during the budget cycle, and the movements did not arise from revisions to the Administrative Arrangement Order by government.

Transfers in – Freedom of Information function

Agency	Output appropriation transferred (\$000)
Department of the Chief Minister and Cabinet	12
Department of the Attorney-General and Justice	98
Department of Environment, Parks and Water Security	70
Department of Industry, Tourism and Trade	150
Department of Education	160
Department of Infrastructure, Planning and Logistics	160
Territory Families, Housing and Communities	520
Total	1 170

Transfers out – Human Resources function

Agency	Output appropriation transferred (\$000)
Northern Territory Police, Fire and Emergency Services	1 020
Total	1 020

2 Statement of significant accounting policies

a) Statement of Compliance

The financial statements have been prepared in accordance with the requirements of the *Financial Management Act 1995* and related Treasurer's Directions. The *Financial Management Act 1995* requires DCDD to prepare financial statements for each year ended 30 June based on the form determined by the Treasurer. The form of DCDD financial statements should include:

- 1) Certification of the Financial Statements
- 2) Comprehensive Operating Statement
- 3) Balance Sheet
- 4) Statement of Changes in Equity
- 5) Cash Flow Statement
- 6) applicable explanatory notes to the financial statements.

b) Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting, which recognises the effect of financial transactions and events when they occur, rather than when cash is paid out or received. As part of the preparation of the financial statements, all intra agency transactions and balances have been eliminated.

Except where stated, the financial statements have been prepared in accordance with the historical cost convention.

The form of DCDD financial statements is consistent with the requirements of Australian Accounting Standards. The effects of all relevant new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are effective for the current annual reporting period have been evaluated.

Standards and interpretations effective from 2022-23 financial year

Several amending standards and AASB interpretations have been issued that apply to the current reporting periods, but are considered to have no or minimal impact on public sector reporting.

Standards and interpretations issued but not yet effective

No Australian accounting standards have been adopted early for 2022-23 financial year.

On the date of authorisation of the financial statements, the following standard was issued but not yet effective.

AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial assets of Not-for-Profit Public Sector Entities

This standard amends the application of AASB 13 *Fair Value Measurement* to non-financial assets of not-for-profit public sector entities not held primarily to generate cash inflows. It applies prospectively to annual periods beginning on or after 1 January 2024, with earlier application permitted.

This revised standard provides clarification and further guidance on the current requirements for measuring non-financial assets including:

- when an asset's use is considered 'financially feasible'
- application of the cost approach in measurement of an asset's fair value
- costs to be included in the calculation of replacement cost
- indicators of economic obsolescence.

DCDD is assessing this standard, however, it is not expected to have a material impact on the financial statements when first adopted for the year ending 30 June 2025.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods but are considered to have limited impact on public sector reporting.

c) Reporting Entity

The financial statements cover the department as an individual reporting entity.

DCDD is a Northern Territory Government department established under the *Interpretation Act 1978* and specified in the *Administrative Arrangements Order*.

The principal place of business of the department is: Level 9, Charles Darwin Centre, 19 The Mall, Darwin NT.

DCDD has no controlled entities.

d) DCDD and Territory items

The financial statements of DCDD include income, expenses, assets, liabilities and equity over which DCDD has control (DCDD items) and is able to utilise to further its own objectives. Certain items, while managed by DCDD, are administered and recorded by the Northern Territory rather than DCDD (Territory items). Territory items are recognised and recorded in the Central Holding Authority as discussed below.

Central Holding Authority

The Central Holding Authority is the 'parent body' that represents the government's ownership interest in government-controlled entities.

The Central Holding Authority also records all Territory items, such as income, expenses, assets and liabilities controlled by the government and managed by agencies on behalf of the government. The main Territory item is Territory income, which includes taxation and royalty revenue, Commonwealth general purpose funding (such as GST revenue), fines, and statutory fees and charges.

The Central Holding Authority also holds certain Territory assets not assigned to agencies as well as Territory liabilities that are not practical or effective to assign to individual agencies, such as unfunded superannuation and long service leave.

The Central Holding Authority recognises and records all Territory items, and as such, these items are not included in DCDD's financial statements.

e) Comparatives

Where necessary, comparative information for the 2021-22 financial year has been reclassified to provide consistency with current year disclosures.

f) Presentation and Rounding of Amounts

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

g) Changes in Accounting Policies

There have been no changes to accounting policies adopted in 2022-23 financial year as a result of management decisions.

h) Accounting Judgments and Estimates

The preparation of the financial report requires the making of judgments and estimates that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

i) Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred on a purchase of goods and services is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable or payable unless otherwise specified. Gross GST recoverable on commitments is disclosed separately in the commitments note.

j) Contributions by and Distributions to Government

DCDD may receive contributions from government where the government is acting as the owner of DCDD.

Conversely, DCDD 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 DCDD as adjustments to equity.

The Statement of Changes in Equity provides additional information in relation to contributions by, and distributions to, government.

3 Comprehensive Operating Statement by output group

	Note	Corporate Support Development		Digital Government Development		Corporate and Shared Services		Total	
		2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000
INCOME									
Grants and subsidies revenue									
Current	4	-	-	32	483	574	850	606	1 333
Capital	4	-	-	1 000	-	-	-	1 000	-
Appropriation									
Output	5	161 214	163 343	135 929	156 346	4 411	3 477	301 554	323 166
Sales of goods and services	6	8 103	8 641	34 813	34 315	1 359	1 362	44 275	44 318
Goods and services received free of charge	7	-	-	-	-	285	177	285	177
Gain on lease extinguishment	8	112	16	-	-	-	-	112	16
Other income	9	298	453	12 057	10 049	346	220	12 701	10 722
TOTAL INCOME		169 727	172 453	183 831	201 193	6 975	6 086	360 533	379 732
EXPENSES									
Employee expenses		62 217	63 185	63 312	66 087	5 708	4 586	131 237	133 858
Administrative expenses									
Property management		10 449	11 347	339	428	384	272	11 172	12 047
Purchases of goods and services	10	7 486	7 559	109 212	107 890	1 095	2 907	117 793	118 356
Repairs and maintenance		-	1 502	-	-	-	-	-	1 502
Depreciation and amortisation	19, 21	82 979	80 413	6 591	6 005	-	527	89 570	86 945
Other administrative expenses ¹		300	20	-	6	286	177	586	203
Grants and subsidies expenses									
Current	11a	-	-	233	255	-	-	233	255
Capital	11b	-	-	3 120	10 848	-	-	3 120	10 848
Interest Expenses	12	11 089	10 201	-	-	-	-	11 089	10 201
TOTAL EXPENSES		174 520	174 227	182 807	191 519	7 473	8 469	364 800	374 215
NET SURPLUS/(DEFICIT)		(4 793)	(1 773)	1 024	9 675	(498)	(2 384)	(4 267)	5 517
OTHER COMPREHENSIVE INCOME									
Items that will not be reclassified to net surplus/deficit									
Changes in asset revaluation reserve		-	-	-	-	-	-	-	-
TOTAL OTHER COMPREHENSIVE INCOME		-	-	-	-	-	-	-	-
COMPREHENSIVE RESULT		(4 793)	(1 773)	1 024	9 675	(498)	(2 384)	(4 267)	5 517

¹Includes DIPL repairs and maintenance service charges.

This Comprehensive Operating Statement by output group is to be read in conjunction with the notes to the financial statements.

DCDD is predominantly funded by parliamentary appropriations for the provision of outputs. Outputs are the services provided or goods produced by an agency for users external to the agency. They support the delivery of the agency’s objectives and or statutory responsibilities. The above table disaggregates revenue and expenses that enable delivery of services by output group which form part of the balances of DCDD.

Income

Income encompasses both revenue and gains.

Income is recognised at the fair value of the consideration received, exclusive of the amount of GST. Exchanges of goods or services of the same nature and value without any cash consideration being exchanged are not recognised as income.

DCDD revenue primarily consists of output appropriation, goods and services income for providing corporate services and digital services for government agencies and cost recoveries for projects undertaken on behalf of NTG agencies.

4 Grants and subsidies revenue

	2023			2022		
	Revenue from contracts with customers \$000	Other \$000	Total \$000	Revenue from contracts with customers \$000	Other \$000	Total \$000
Current grants	-	607	607	-	1 333	1 333
Capital grants	1 000	-	1 000	-	-	-
Total grants and subsidies revenue	1 000	607	1 607	-	1 333	1 333

Grants revenue is recognised at fair value exclusive of the amount of GST.

DCDD’s current grant revenue for 2022-23 and 2021-22 relates to recovery of COVID-19 related expenditure from the Commonwealth through the Department of Health.

Grant revenue, passed on from a Northern Territory Government controlled entity with the exception of the Central Holding Authority, is recognised upfront on receipt, irrespective of which revenue accounting standard it may fall under in accordance with the Treasurer’s Direction on income.

Where a grant agreement is enforceable and has sufficiently specific performance obligations for the agency to transfer goods or services to the grantor or a third party beneficiary, the transaction is accounted for under AASB 15.

In 2022-23 DCDD received capital grants revenue from the Commonwealth (Parks Australia) to undertake a telecommunications upgrade at Kakadu National Park.

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.

Grant agreements that satisfy recognition requirements under AASB 15 are disaggregated below.

	2023 \$000	2022 \$000
Type of good and service:		
Regulatory services	-	-
Service delivery	-	-
Construction services	1 000	-
Sales of goods	-	-
Total revenue from contracts with customers	1 000	-
Type of customer:		
Commonwealth Government	1 000	-
State and territory governments	-	-
Non-government entities	-	-
Total revenue from contracts with customers	1 000	-
Timing of transfer of goods and services:		
Over time	-	-
Point in time	1 000	-
Total revenue from contracts with customers	1 000	-

5 Appropriation

Appropriation recorded in the operating statement includes output appropriation and commonwealth appropriation received for the delivery of services.

	2023			2022		
	Revenue from contracts with customers \$000	Other \$000	Total \$000	Revenue from contracts with customers \$000	Other \$000	Total \$000
Output	-	301 554	301 554	-	323 166	323 166
Commonwealth	-	-	-	-	-	-
Total appropriation in the operating statement	-	301 554	301 554	-	323 166	323 166

Appropriation recorded in the cashflow statement includes capital appropriation and commonwealth capital appropriation received for the delivery of assets to be retained by the agency.

	2023			2022		
	Revenue from contracts with customers \$000	Other \$000	Total \$000	Revenue from contracts with customers \$000	Other \$000	Total \$000
Capital	-	20 895	20 895	-	69 727	69 727
Commonwealth	-	-	-	-	-	-
Total appropriation in the cashflow statement	-	20 895	20 895	-	69 727	69 727

Output appropriation is the operating payment to each agency for the outputs they provide as specified in the *Appropriation (2022-2023) Act 2022*. It does not include any allowance for major non-cash costs such as depreciation. Output appropriations do not have sufficiently specific performance obligations and are recognised on receipt of funds.

Commonwealth appropriation follows from the intergovernmental agreement on federal financial relations, resulting in specific purpose payments (SPPs) and national partnership (NP) payments being made by the Commonwealth Treasury to state treasuries, in a manner similar to arrangements for GST payments. These payments are received by the Department of Treasury and Finance on behalf of the Central Holding Authority and then passed on to the relevant agencies as Commonwealth appropriation. DCDD did not receive Commonwealth appropriation in 2022-23.

Where appropriation received has an enforceable contract with sufficiently specific performance obligations as defined in AASB 15, revenue is recognised as and when goods and or services are transferred to the customer or third party beneficiary.

Otherwise revenue is recognised when DCDD gains control of the funds. DCDD, through output appropriation, provides government support services and digital government services to agencies.

a. Summary of changes to appropriation

The following table presents changes to budgeted appropriations authorised during the current financial year together with explanations for significant changes. It compares the amounts originally identified in the *Appropriation (2022-2023) Act 2022* with revised appropriations as reported in *2023-24 Budget Paper No. 3 Agency Budget Statements* and the final end of year appropriation.

The changes within this table relate only to appropriation and do not include agency revenue (for example, goods and

services revenue and grants received directly by the agency) or expenditure. Refer to Note 36 Budgetary information for detailed information on variations to DCDD's actual outcome compared to budget for revenue and expenses.

	Original 2022-23 budget appropriation (a) \$000	Revised 2022-23 budget appropriation (b) \$000	Change to budget appropriation (b-a) \$000	Note	Final 2022-23 budget appropriation (d) \$000	Change to budget appropriation (d-b) \$000	Note
Output	322 503	301 554	(20 949)	1	301 554	-	
Capital	62 813	20 795	(42 018)	1	20 895	100	
Commonwealth	-	-	-		-	-	
Total appropriation	385 316	322 349	(62 967)		322 449	100	

Note:

1. Variance primarily relates to revised timing of delivery for various ICT projects.

Output and capital appropriations reflect funding as a direct result of government-approved decisions, with actual funding received by DCDD in line with the budgeted amounts.

Commonwealth appropriation reflects funding anticipated to be received from the Commonwealth for both operational and capital purposes. DCDD did not receive Commonwealth appropriation for the 2022-23 financial year.

The following are explanations of changes over \$1 million or where there is a significant offset resulting in net changes under \$1 million.

Output appropriation: Changes primarily relate to funding for major digital projects being carried over to the next financial year and outer years, partially offset by receipt of project funding from other agencies.

- Receipt of funding from other agencies for various digital projects totaling \$4.5 million (SIMSC, e-Rostering and SAGE project).
- Additional appropriation of \$4.0 million as a result of category of cost adjustments in relation to Tracer and Data Service Centre Project.
- Total of \$29.5 million transferred to the next year and outer years for CCSRP, CMSA, e-Rostering Project, NTEC Tiger Remediation, SAGE Project and Territory Services Project.

Capital appropriation: Primarily relates to transfer of capital funding to next financial year and outer years for CCSRP, E-Medication and Tracer Project.

6 Sales of goods and services

	2023			2022		
	Revenue from contracts with customers \$000	Other \$000	Total \$000	Revenue from contracts with customers \$000	Other \$000	Total \$000
Property – recovery of costs	-	5 135	5 135	-	5 732	5 732
Corporate services charges	-	8 268	8 268	-	8 546	8 546
ICT infrastructure program	-	29 830	29 830	-	28 949	28 949
Salary sacrifice administrative fee	1 042	-	1 042	1 091	-	1 091
Total sales of goods and services	1 042	43 233	44 275	1 091	43 227	44 318

Sale of goods

Revenue from sales of goods is recognised when DCDD satisfies a performance obligation by transferring the promised goods.

Revenue from these sales are based on the price specified in the contract, and revenue is only recognised to the extent that it is highly probable a significant reversal will not occur. There is no element of financing present as sales are made with a short credit term.

DCDD sale of goods revenue includes:

ICT infrastructure program – a program to manage the supply of ICT hardware to agencies, including desktops, laptops, printers, telephone handsets, servers and multi-functional devices. Revenue is recognised as DCDD satisfies its performance obligation when services are performed, with the payments typically due a month after.

Rendering of services

Revenue from rendering of services is recognised when DCDD satisfies the performance obligation by delivering the promised services.

DCDD services revenue includes:

Corporate services charges – services are billed to agencies through a costing allocation model which covers the wide range of corporate services that DCDD provides. Data on services performed for each NTG agency is collected on a monthly basis, and applied to determine agency charges. Revenue is recognised as DCDD satisfies its performance obligation when services are performed for agencies. Where payments are required, the payments are typically due a month after being charged.

Property – recovery of costs – includes funds received from agencies for rent, cleaning, security and management fees. Revenue is recognised as DCDD satisfies its performance obligation when these services are performed, with the payments typically due a month after.

Salary sacrifice administrative fee – fees charged by DCDD for the work undertaken to facilitate personal salary packaging arrangements for NTPS employees. Revenue is recognised as DCDD satisfies its performance obligation when these services are performed, with the payments typically due a month after.

Revenue from contracts with customers has been disaggregated below into categories to enable users of these financial statements to understand the nature, amount, timing and certainty 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.

	2023 \$000	2022 \$000
Type of good and service:		
Regulatory services	-	-
Service delivery	1 042	1 091
Construction services	-	-
Sales of inventory	-	-
Research services	-	-
Total revenue from contracts with customers by good or service	1 042	1 091
Type of customer:		
Australian Government entities	-	-
State and territory governments	-	-
Non-government entities	1 042	1 091
Total revenue from contracts with customers by type of customer	1 042	1 091
Timing of transfer of goods and services:		
Over time	-	-
Point in time	1 042	1 091
Total revenue from contracts with customers by timing of transfer	1 042	1 091

7 Goods and services received free of charge

	2023 \$000	2022 \$000
Repairs and maintenance – DIPL notional charges	285	177
	285	177

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Repairs and maintenance expenses incurred on the agency’s assets and costs associated with administration of these expenses are centralised in the Department of Infrastructure, Planning and Logistics on behalf of the agency, and form part of goods and services received free of charge by DCDD.

8 Gain on disposal of assets

DCDD has no gain on disposal of assets in 2022-23 and 2021-22.

9 Other income

	2023			2022		
	Revenue from contracts with customers \$000	Other \$000	Total \$000	Revenue from contracts with customers \$000	Other \$000	Total \$000
Rental income	-	-	-	-	-	-
Other recovered costs ¹	-	-	-	-	10 722	10 722
Miscellaneous revenue – ICT Services	-	3 032	3 032	-	-	-
Miscellaneous revenue – Digital Services (projects)	-	8 965	8 965	-	-	-
Miscellaneous revenue – Other	-	704	704	-	-	-
Gain on lease extinguishment	-	111	111	-	16	16
Total other income	-	12 812	12 812	-	10 738	10 738

¹The 2021-22 published figures were not disaggregated. New 2022-23 reporting requirements present additional key components of other income in the reporting year.

Rental income

Rental income arising from operating leases incidental to the core functions of the department is accounted for on a straight-line basis over the lease term. DCDD had no operating leases that resulted in rental income.

Miscellaneous revenue

Miscellaneous revenue for DCDD includes reimbursements and project costs 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 criteria is not met, revenue is generally accounted for under AASB 1058 and income is generally recognised upfront on receipt of funding.

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

DCDD 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.

Donated assets

Donated assets include assets received at below fair value or for nil consideration that can be measured reliably. These are recognised as revenue at their fair value when control over the assets is obtained, normally either on receipt of the assets or on notification the assets have been secured.

DCDD had no donated assets for the 2022-23 financial year.

Revenue related to service concession arrangements

Under a service concession arrangement where the grantor compensates the operator for the service concession asset and the provision of services, by granting the operator the right to earn revenue from third-party users of the service concession asset or access to another revenue-generating asset, the exchange is regarded as a transaction that will generate revenue for the grantor. The right granted to the operator to access the grantor's underlying service concession asset is effective for the period of the service concession arrangement. As such, the grantor does not recognise revenue from the exchange immediately. Instead, a liability is recognised for revenue that is not yet earned. The revenue is then recognised according to the economic substance of the service concession arrangement, and the liability is reduced as revenue is recognised.

DCDD had no revenue related to service concession arrangements for the 2022-23 financial year.

Expenses

Expenses encompasses both expenses from ordinary activities and losses.

Expenses from ordinary activities includes costs associated with paying salaries and wages, purchasing goods and services, interest payments and certain non-cash expenses such as depreciation.

Expenses from losses can include a loss on the disposal of an item of plant and equipment, loss incurred in writing down obsolete inventory and certain unrealised losses resulting from reductions in asset values.

DCDD's primary expenditure relates to employee, ICT costs for hardware and software, specialist contractors, and depreciation as a result of adopting AASB 16 for leases.

10 Purchases of goods and services

2023	2022
\$000	\$000

The net surplus/(deficit) has been arrived at after charging the following expenses:

Goods and services expenses:

Information technology charges ¹	107 169	109 528
Telecommunications	2 233	2 350
Contractors and consultants ²	2 841	1 431
Advertising ²	4	2
Marketing and promotion ³	112	175
Document production	35	63
Legal expenses ⁴	617	797
Recruitment ⁵	82	96
Training and study	1 151	860
Official duty fares	274	77
Travelling allowance	78	38
Equipment expenses – other	222	355
Other	2 973	2 584
Total	117 791	118 356

¹ Includes ICT hardware and software, ICT contractors and consultants and other IT charges.

² Includes other contractors and consultants.

² Does not include recruitment advertising or marketing and promotion advertising.

³ Includes advertising for marketing and promotion but excludes marketing and promotion consultants' expenses, which are incorporated in the contractors and consultants category.

⁴ Includes legal fees, claim and settlement costs.

⁵ Includes recruitment-related advertising costs.

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.

Property Management Expense

Property management expenses primarily relates to whole of government commercial property leasing costs, including rent, cleaning and security.

Repairs and Maintenance Expenses

Repairs and maintenance expenses were centralised under the Department of Infrastructure, Planning and Logistics (DIPL) in 2019 as part of machinery of government changes. DCDD now recognises a notional repairs and maintenance expense under services received free of charge in Note 7.

11 Grant and subsidies expense

a. Current grant and subsidy expense

The net surplus/(deficit) has been arrived at after charging the following expenses:

	2023 \$000	2022 \$000
Current grant		
Private sector	155	65
Other sectors of government	-	-
Other	78	190
Total current grants	233	255
Subsidy	-	-
Total current grant and subsidy expense	233	255

Current grants expenses are intended to finance the current activities of the recipient for which no economic benefits of equal value are receivable in return. Current grant expense for DCDD relates to telecommunications projects and support for Cyber Security research.

Subsidies are payments aimed at reducing all or part of the costs of an activity. DCDD did not provide any subsidies in the 2022-23 financial year.

Current grant and subsidy expenses are recognised as an expense in the reporting period in which they are paid or payable, exclusive of the amount of GST.

b. Capital grant expense

	2023 \$000	2022 \$000
Local government	500	500
Private sector	2 620	10 348
Other sectors of government	-	-
Other	-	-
Total capital grant expense	3 120	10 848

Capital grant expenses are transfers made to a recipient for the purpose of acquiring or constructing a new physical asset or upgrading an existing physical asset, for which no economic benefits of equal value are receivable in return. It also includes the transfer of existing agency assets to another entity for which no economic benefits of equal value are receivable in return. Capital grant expenses for DCDD largely comprise of broadband network and mobile connectivity projects in the Northern Territory.

Capital grant expenses are recognised in the reporting period in which they are paid or payable, exclusive of the amount of GST. Where an existing agency asset is transferred to a recipient, the transaction is recognised when the agency transfers control of asset to the recipient.

12 Interest expenses

	2023 \$000	2022 \$000
Interest from lease liabilities	11 089	10 201
Total	11 089	10 201

Interest expenses for DCDD relates to lease liabilities in accordance with AASB 16.

13 Write-offs, postponements, waivers, gifts and ex-gratia payments

The following table presents all write-offs, waivers, postponements, gifts and ex-gratia payments approved under the *Financial Management Act 1995* or other legislation that the agency administers.

	AGENCY				TERRITORY ITEMS				Note
	2023 \$000	No. of trans.	2022 \$000	No. of trans.	2023 \$000	No. of trans.	2022 \$000	No. of trans.	
Authorised under the <i>Financial Management Act 1995</i>									
<i>Write-offs, postponements and waivers approved by the Treasurer</i>									
Irrecoverable amounts payable to the Territory or an agency written off	-	-	-	-	-	-	-	-	
Losses or deficiencies of money written off	300	1	-	-	-	-	-	-	1
Total write-offs, postponements and waivers approved by the Treasurer	300	1	-	-	-	-	-	-	
<i>Write-offs, postponements and waivers approved by delegates</i>									
Irrecoverable amounts payable to the Territory or an agency written off	2	2	-	1	-	-	-	-	2
Losses or deficiencies of money written off	-	-	-	-	-	-	-	-	
Value of public property written off	-	-	6	2	-	-	-	-	
Total write-offs, postponements and waivers approved by delegates	2	2	6	3	-	-	-	-	
Total write-offs, postponements and waivers	302	3	6	3	-	-	-	-	

DCDD had no waivers, postponements, gifts and ex-gratia payments for the 2022-23 financial year.

Notes (write-off):

1. Relates to goods paid but not received due to supplier bankruptcy.
2. Relates to two salary overpayments.

Write-off

Write-offs reflect the removal from accounting records the value of public money or public property owing to, or losses sustained by the Territory or agency. It refers to circumstances where the Territory or an agency has made all attempts to pursue the debt, however is deemed irrecoverable due to reasons beyond the Territory or an agency's control. Write-offs result in no cash outlay and are accounted for under 'Other administrative expenses' in the Comprehensive Operating Statement.

Waiver

Waivers reflect the election to forego a legal right to recover public money or receive public property. Once agreed with and communicated to the debtor, it will have the effect of extinguishing the debt and renouncing the right to any future claim on that public money or public property. Waivers result in no cash outlay, and are accounted for under 'Current grants and subsidies expense' in the Comprehensive Operating Statement.

Postponement

A postponement is a deferral of a right to recover public money or receipt of public property from its due date. This has no effect on revenues or expenses recognised but may affect cash inflows or assets in use.

Gifts

A gift is an asset or property, deemed surplus to government's requirements, transferred to a suitable recipient, without receiving any consideration or compensation, and where there is no constructive or legal obligation for the transfer. Gifted property is accounted under 'Other administrative expenses' in the Comprehensive Operating Statement.

Ex gratia

Ex gratia payments or act-of-grace payments are gratuitous payments where no legal obligation exists. All ex gratia payments are approved by the Treasurer. Ex gratia payments result in cash outlay and are accounted for under 'Purchases of goods and services' in the Comprehensive Operating Statement.

Assets

Assets are resources controlled by an entity that will provide a future economic benefit. Assets encompasses cash and deposits, receivables, advances and investments, other financial assets, property, plant and equipment and intangibles.

DCDD's primary assets comprise of property, plant and equipment, computer hardware, intangibles (computer software) and cash balances.

14 Cash and deposits

	2023 \$000	2022 \$000
Cash on hand	42	44
Cash at bank	68 633	124 886
	68 675	124 930

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. Cash at bank includes monies held in the Accountable Officer's Trust Account that are ultimately payable to the beneficial owner – refer also to Note 23.

15 Cash flow reconciliation

a. Reconciliation of cash

The total of DCDD's 'Cash and deposits' of \$68.7 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

	2023 \$000	2022 \$000
Net surplus/(deficit)	(4 267)	5 517
Non-cash items:		
Depreciation and amortisation	89 570	86 945
Asset write-offs/write-downs	-	26
Repairs and maintenance	2	1 502
(Gain)/Loss on lease extinguishment	(111)	(16)
Changes in assets and liabilities:		
Decrease/(Increase) in receivables	(2 658)	(4 456)
Decrease/(Increase) in other assets	-	-
(Decrease)/Increase in payables	(141)	10 714
(Decrease)/Increase in provision for employee benefits	(561)	889
(Decrease)/Increase in other provisions	95	(134)
(Decrease)/Increase in other deferred income	-	-
Net cash from/(used in) operating activities	81 929	100 987

b. Reconciliation of liabilities arising from financing activities

	CASH FLOWS							OTHER		
	1 July \$000	Equity injection/ withdrawal \$000	Appropriation \$000	Deposits received \$000	Lease liabilities repayments \$000	Other \$000	Total cash flows \$000	Other \$000	Total other \$000	30 June \$000
2023										
Deposits held	85	-	-	(23)	-	-	(23)	-	-	62
Provisions	22 208	-	-	-	-	-	-	(466)	(466)	21 742
Lease liabilities	568 359	-	-	-	(77 159)	-	(77 159)	104 073	104 073	595 273
Equity injections / withdrawals	324 363	(11 216)	20 895	-	-	-	9 679	(675)	(675)	333 367
Total	915 015	(11 216)	20 895	(23)	(77 159)	-	(67 503)	102 932	102 932	950 444

	CASH FLOWS							OTHER		
	1 July \$000	Equity injection/ withdrawal \$000	Appropriation \$000	Deposits received \$000	Lease liabilities repayments \$000	Other \$000	Total cash flows \$000	Other \$000	Total other \$000	30 June \$000
2022										
Deposits held	413	-	-	(328)	-	-	(328)	-	-	85
Provisions	21 453	-	-	-	-	-	-	755	755	22 208
Lease liabilities	562 710	-	-	-	(74 846)	-	(74 846)	80 495	80 495	568 359
Equity injections / withdrawals	272 731	(15 898)	69 727	-	-	-	53 829	(2 197)	(2 197)	324 363
Total	857 307	(15 898)	69 727	(328)	(74 846)	-	(21 345)	79 053	79 053	915 015

c. Non-cash financing and investing activities

Lease transactions

During the financial year, DCDD recorded right-of-use asset for property leases in buildings for \$79.0 million (2022: \$72.6 million).

16 Receivables

	2023 \$000	2022 \$000
Current		
Accounts receivable	2 742	1 432
Less: loss allowance	-	-
	2 742	1 432
Interest receivables	-	-
GST receivables	3 833	6 747
Prepayments	18 471	15 762
Other receivables	1 565	192
	23 869	24 133
Non-current		
Prepayments	1 971	1 792
Other receivables	-	-
	1 971	1 792
Total Receivables	28 582	25 925

Receivables are initially recognised when DCDD 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 and other receivables are generally settled within 30 days.

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

Accrued contract revenue

Accrued contract revenue relates to DCDD's right to consideration in exchange for works completed but not invoiced at the reporting date. Once DCDD'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 is reported as part of other receivables.

DCDD has no accrued contract revenues.

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. DCDD prepayments relate to ICT products, which include hardware, software, licenses and related support services.

Credit risk exposure of receivables

Receivables are monitored on an ongoing basis to ensure exposure to bad debts is not significant. DCDD applies the simplified approach to measuring expected credit losses. This approach recognises a loss allowance based on lifetime expected credit losses for all accounts receivables, 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.

DCDD's credit risk exposure has not materially changed due to minimal business disruption experienced as a result of COVID-19. There is no material impact on DCDD's expected credit losses due to COVID-19.

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.

There is no loss allowance for the 2022-23 and 2021-22 financial year as the doubtful debts were written off in the same year. All other overdue receivables are deemed collectible as at 30 June 2023.

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

Ageing analysis

	2023				2022			
	Gross Receivables \$000	Loss Rate \$000	Expected credit losses \$000	Net Receivables \$000	Gross Receivables \$000	Loss Rate \$000	Expected credit losses \$000	Net Receivables \$000
Internal receivables								
Not overdue	1 340	-	-	1 340	1 150	-	-	1 150
Overdue for less than 30 days	-	-	-	-	104	-	-	104
Overdue for 30 to 60 days	65	-	-	65	45	-	-	45
Overdue for more than 60 days	162	-	-	162	29	-	-	29
Total internal receivables	1 567	-	-	1 567	1 328	-	-	1 328
External receivables								
Not overdue	1 123	-	-	1 123	79	-	-	79
Overdue for less than 30 days	28	-	-	28	6	-	-	6
Overdue for 30 to 60 days	2	-	-	2	6	-	-	6
Overdue for more than 60 days	22	-	-	22	13	-	-	13
Total external receivables	1 175	-	-	1 175	104	-	-	104

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

DCDD recognised no loss allowance for receivables for 2022-23 and 2021-22 from the assessment of expected credit losses.

17 Advances and investments

DCDD had no advances paid, equity accounted investments and investments in shares for the 2022-23 and 2021-22 financial years.

18 Other financial assets

a. Agency as a lessor

DCDD is not a lessor and therefore, does not have any finance lease, operating lease or sublease arrangements. There is no lease receivables for 2022-23 and 2021-22.

b. Contract cost asset

For the 2022-23 and 2021-22 reporting period, no costs were capitalised as a contract cost asset.

19 Property, plant and equipment

Total property, plant and equipment

	2023 \$000	2022 \$000
Plant and equipment		
At cost	46 458	51 835
Less: Accumulated depreciation	(20 917)	(23 343)
	25 541	28 492
Construction works in progress		
At capitalised cost	22	-
	22	-
Computer hardware		
At cost	18 734	22 330
Less: Accumulated depreciation	(15 003)	(18 045)
	3 731	4 285
Leased property, plant and equipment¹		
At capitalised cost	811 756	732 732
Less: accumulated depreciation	(236 742)	(180 083)
	575 014	552 649
Total property, plant and equipment	604 308	585 426

¹ DCDD has no concessionary leases.

Reconciliation of carrying amount of property, plant and equipment

Property, plant and equipment includes right-of-use assets under AASB 16 Leases and service concession assets under AASB 1059. Further information on right-of-use assets are disclosed in Note 25. A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of year is set out below:

	Computer hardware \$000	Plant and equipment \$000	Construction (WIP) Infrastructure \$000	Leased property, plant and equipment \$000	Total \$000
2023					
Carrying amount as at 1 July	4 285	28 492	-	552 649	585 426
Additions	2 063	(914)	-	62 147	63 296
Disposals	-	-	-	(850)	(850)
Depreciation expense – asset owned	(2 646)	(2 588)	-	-	(5 234)
Amortisation expense – right-of-use asset	-	-	-	(80 571)	(80 571)
Additions/disposals from administrative restructuring	-	-	-	-	-
Additions/disposals from asset transfers	29	551	22	(400)	202
Revaluation increments/(decrements)	-	-	-	42 039	42 039
Lease Incentives	-	-	-	-	-
Carrying amount as at 30 June	3 731	25 541	22	575 014	604 308
2022					
Carrying amount as at 1 July	5 468	21 239	7 037	551 460	585 204
Additions	1 466	1 700	-	72 629	75 795
Disposals	-	-	-	(13 994)	(13 994)
Depreciation expense – asset owned	(2 645)	(2 849)	-	-	(5 494)
Amortisation expense – right-of-use asset	-	-	-	(78 608)	(78 608)
Additions/disposals from administrative restructuring	-	-	-	-	-
Additions/disposals from asset transfers	(4)	8 402	(7 037)	-	1 361
Revaluation increments/(decrements)	-	-	-	21 877	21 877
Lease Incentives	-	-	-	(715)	(715)
Carrying amount as at 30 June	4 285	28 492	-	552 649	585 426

Acquisitions

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

The construction cost of property, plant and equipment includes the cost of materials and direct labour, and an appropriate proportion of fixed and variable overheads.

Complex assets

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

Subsequent additional costs

Costs incurred on property, plant and equipment subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to DCDD in future years. Where these costs represent separate components of a complex asset, they are accounted for as separate assets and are separately depreciated over their expected useful lives.

Construction (work in progress)

As part of the financial management framework, DIPL is responsible for managing general government capital works projects on an all-of-government basis. Therefore, appropriation for DCDD capital works is provided directly to DIPL and the cost of construction work in progress is recognised as an asset of DIPL. Once completed, capital works assets are transferred to DCDD.

Revaluations and impairment

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

For right-of-use assets, the net present value of the remaining lease payments is often an appropriate proxy for the fair value of relevant right-of-use assets at the time of initial recognition. Subsequently, right-of-use assets are stated at cost less depreciation, which is deemed to equate to fair value.

Depreciation and amortisation expense

Items of property, plant and equipment, including buildings but excluding land, have limited useful lives and are depreciated or amortised using the straight-line method over their estimated useful lives.

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

The estimated useful lives for each class of asset are in accordance with the Treasurer's Directions and are determined as follows:

	2023	2022
Plant and equipment	10 years	10 years
Leased plant and equipment	5 years	5 years
Right-of-use assets	2 to 15 years	2 to 15 years
Computer hardware	3 to 6 years	3 to 6 years

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 disclosed above includes the useful lives of right-of-use assets under AASB 16. For further detail, refer to Note 20.

20 DCDD as a lessee

DCDD leases office, warehouse and specialty facilities. Lease contracts vary in lease terms and extension options. Lease terms are negotiated on an individual basis and are based on the standard memorandum of common provisions. The lease agreements do not impose any covenants. DCDD does not provide residual value guarantees in relation to leases.

Extension and termination options are only included in the lease term for measurement of the lease liability if the lease is reasonably certain to be extended. The majority of extension and termination options held are exercisable only by DCDD 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).

Potential future cash outflows of \$111 million have not been included in the lease liability because it is not reasonably certain the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs that affects this assessment and is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension was an increase in recognised lease liabilities and right-of-use assets of \$25.4 million.

DCDD has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less with no purchase option.

Right-of-use asset

The following table presents right-of-use assets included in the carrying amounts of property, plant and equipment at Note 19.

	Land \$000	Buildings \$000	Infrastructure \$000	Plant and equipment \$000	Total \$000
2023					
Balance as at 1 July	-	552 649	-	-	552 649
Additions	-	62 147	-	-	62 147
Disposals	-	-	-	-	-
Depreciation/amortisation expense	-	(80 571)	-	-	(80 571)
Revaluation increments/decrements including remeasurement	-	42 039	-	-	42 039
Impairment losses	-	-	-	-	-
Impairment losses reversed	-	-	-	-	-
Other movements (Lease incentives)	-	(1 250)	-	-	(1 250)
Carrying amount as at 30 June	-	575 014	-	-	575 014
2022					
Balance as at 1 July	-	551 460	-	-	551 460
Additions	-	72 629	-	-	72 629
Disposals ¹	-	(13 994)	-	-	(13 994)
Depreciation/amortisation expense	-	(78 608)	-	-	(78 608)
Revaluation increments/decrements ¹ including remeasurement	-	21 877	-	-	21 877
Impairment losses	-	-	-	-	-
Impairment losses reversed	-	-	-	-	-
Other movements (Lease incentives)	-	(715)	-	-	(715)
Carrying amount as at 30 June	-	552 649	-	-	552 649

¹ Commencing from 2021-22, where a new lease is commenced and an old lease for the same premises is terminated, it will be recognised as a disposal rather than a lease remeasurement.

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

	2023 \$000	2022 \$000
Depreciation expense of right-of-use assets	80 571	78 608
Interest expense on lease liabilities	11 089	10 201
Expense relating to short-term leases	2 473	4 244
Expense relating to leases of low-value assets	-	-
Variable lease payments, not included in the measurement of lease liabilities	-	-
Intergovernmental leases	525	379
Income from subleasing right-of-use assets	-	-
Gains or losses arising from sale and leaseback transactions	-	-
Total amount recognised in the Comprehensive Operating Statement	94 658	93 432

Recognition and measurement

DCDD assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

DCDD recognises lease liabilities 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.

DCDD recognises right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability, adjusted by any lease payments made at or before the commencement date and lease incentives.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Inter-governmental leases

DCDD applies the inter-governmental leases recognition exemption as per the Treasurer's Direction – Leases and recognises these as an expense on a straight-line basis over the lease term. These largely relate to the lease of motor vehicles from NT Fleet. Leases of commercial properties for office accommodation are centralised within DCDD.

21 Intangibles

a. Total intangibles

	2023 \$000	2022 ¹ \$000
Intangibles with a finite useful life		
Computer software		
Gross carrying amount	45 741	38 435
Less: accumulated amortisation	(38 998)	(35 352)
Carrying amount at 30 June	6 743	3 083
Other intangibles		
Gross carrying amount	354	354
Less: accumulated amortisation	(354)	(354)
Carrying amount at 30 June	-	-
Software work in progress		
At capitalised cost	269 435	208 208
	269 435	208 208
Intangibles with an infinite useful life		
Other intangibles		
Gross carrying amount	-	-
Total intangibles	276 178	211 291

¹Published 2021-22 figures have been revised to comply with current year disclosure requirements.

Intangible assets for DCDD are comprised of computer software.

DCDD recognises intangible assets only if it is probable that future economic benefits will flow to the agency and the costs of the asset can be measured reliably. Where an asset is acquired at nil or nominal cost, the cost is the fair value as at the date of acquisition.

Intangible assets arising from configuration and customisation costs for an application software in a Software-as-a-Service (SaaS) arrangement are only recognised where the services create a separately identifiable software code from which the agency has the power to both obtain the future economic benefits and restrict others' access to those benefits.

Intangible assets are stated at historical cost less amortisation, which is deemed to equate to fair value.

Intangibles with limited useful lives are amortised using the straight-line method over their estimated useful lives, which reflects the pattern of when expected economic benefits are likely to be realised.

The estimated useful lives for finite intangible assets are determined in accordance with the Treasurer's Directions and are determined as follows:

	2023	2022
Computer software – general (off the shelf)	2 to 5 years	2 to 5 years
Computer software – Corporate Systems	5 to 10 years	5 to 10 years

Due to the method of valuation of DCDD intangible assets, no assessment for impairment was undertaken for the year ended 30 June 2023 and year ended 30 June 2022.

b. Reconciliation of carrying amount of intangibles

	Computer software \$000	Other intangibles \$000	Software work in progress \$000	Total \$000
2023				
Intangibles with a finite useful life				
Carrying amount at 1 July	3 083	-	208 208	211 291
Additions	414	-	68 238	68 652
Disposals	-	-	-	-
Additions/disposals from administrative restructuring	-	-	-	-
Additions/disposals from asset transfers	7 011	-	(7 011)	-
Amortisation	(3 766)	-	-	(3 766)
Revaluation increments/decrements	-	-	-	-
Impairment losses	-	-	-	-
Impairment losses reversed	-	-	-	-
Other movements	-	-	-	-
Carrying amount as at 30 June	6 742	-	269 435	276 177
Intangibles with an infinite useful life				
Carrying amount at 1 July	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Revaluation increments/decrements	-	-	-	-
Carrying amount as at 30 June	-	-	-	-

2022	Computer software \$000	Other intangibles \$000	Software work in progress \$000	Total \$000
Intangibles with a finite useful life				
Carrying amount at 1 July	63 116	-	90 855	153 971
Additions	80	-	120 535	120 615
Disposals	-	-	-	-
Additions/disposals from administrative restructuring	-	-	-	-
Additions/disposals from asset transfers	(57 271)	-	(3 182)	(60 453)
Amortisation	(2 842)	-	-	(2 842)
Revaluation increments/decrements	-	-	-	-
Impairment losses	-	-	-	-
Impairment losses reversed	-	-	-	-
Other movements	-	-	-	-
Carrying amount as at 30 June	3 083	-	208 208	211 291
Intangibles with an infinite useful life				
Carrying amount at 1 July	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Revaluation increments/decrements	-	-	-	-
Carrying amount as at 30 June	-	-	-	-

22 Assets held for sale

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction or a grant agreement rather than continuing use. Assets held for sale consist of those assets that management has determined are available for immediate sale or granting in their present condition and their sale is highly probable within one year from the date of classification.

These assets are measured at the lower of the asset's carrying amount and fair value less costs to sell. These assets are not depreciated. Non-current assets held for sale have been recognised on the face of the financial statements as current assets.

DCDD had no assets held for sale in 2022-23 and 2021-22.

Liabilities

Liabilities are present obligations of an entity that arise from past events, the settlement of which is expected to result in an outflow of resources or economic benefits.

Liabilities encompasses payables, accrued expenses, employee benefit liabilities, provisions and lease liabilities.

DCDD's primary liabilities comprises its payables, lease liabilities and employee provisions.

23 Deposits held

	2023 \$000	2022 \$000
Accountable officer's trust account (a)	1	-
Clearing money	61	85
Other	-	-
Total deposits held	62	85

Deposits held mainly comprise of the Accountable Officer's Trust Account and clearing money relating to taxation activities.

The Accountable Officer's Trust Account holds trust monies established under legislation held by the agency on behalf of others for a specific purpose and not for use in operations of government. These include unrepresented cheques, security deposits and contractor retention money.

Clearing money is public money in transit that is payable to another entity. These funds typically do not contribute to the operations of the agency.

a. Accountable officer's trust account

Accountable officer's trust account balances comprise:

	2023 \$000	2022 \$000
Retention money	-	-
Bond money	-	-
Security deposit	-	-
Unclaimed money	1	-
Total accountable officer's trust account	1	-

24 Payables

	2023 \$000	2022 \$000
Accounts payable	10 681	9 114
Accrued salaries and wages	2 902	2 531
Other accrued expenses	16 983	19 062
Other payables	298	1 148
Total Payables	30 864	31 855

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

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.

25 Lease liabilities

	2023 \$000	2022 \$000
Current		
Lease liabilities	78 616	73 935
	78 616	73 935
Non-current		
Lease liabilities	516 657	494 424
	516 657	494 424
Total lease liabilities	595 273	568 359

At the commencement date of the lease where DCDD is the lessee, DCDD 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
- amounts expected to be paid under residual value guarantees
- exercise price of purchase options reasonably certain to be exercised by the agency
- payments of penalties for terminating the lease, if the lease term reflects the agency exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate 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.

The 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 DCDD'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.

The following table presents liabilities under leases.

	2023 \$000	2022 \$000
Balance at 1 July	568 359	562 710
Additions/remeasurements	104 074	80 496
Interest expenses	11 089	10 201
Payments	(88 249)	(85 048)
Balance at 30 June	595 273	568 359

DCDD had total cash outflows for leases of \$88.2 million in 2022-23 (\$85 million in 2021-22).

Future minimum lease payments under non-cancellable leases not recorded as liability are as follows:

	2023		2022	
	Internal \$000	External \$000	Internal \$000	External \$000
Within 1 year	733	143	513	1 896
Later than 1 year and not later than 5 years	594	-	480	-
Later than 5 years	3	-	4	-
	1 330	143	997	1 896

26 Provisions

	2023 \$000	2022 \$000
Current		
Employee benefits		
Recreation leave	16 510	16 949
Leave loading	1 870	1 964
Recreation leave airfares	90	125
Other provisions	3 272	3 170
	21 742	22 208
Non-current		
Employee benefits		
Recreation leave	-	-
Total provisions	21 742	22 208
Reconciliations of other provisions		
Balance as at 1 July	3 170	3 288
Additional provisions recognised	3 272	3 170
Reductions arising from payments	(3 170)	(3 288)
Balance as at 30 June	3 272	3 170

Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, and recreation leave. Liabilities arising in respect of wages and salaries, 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, 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, sick 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 DCDD, and as such no long service leave liability is recognised within these financial statements.

DCDD employed 1 141 employees as at 30 June 2023 (1 105 employees as at 30 June 2022).

27 Other liabilities

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued where the total value being guaranteed is greater than \$1 million.

DCDD had no financial guarantee contracts for 2022-23 and 2021-22.

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.

DCDD 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 DCDD's financial statements.

Unearned contract revenue liability

There is no unearned contract revenue for 2022-23 and 2021-22.

Unearned capital grants liability

There is no unearned capital grants for 2022-23 and 2021-22.

28 Commitments

Commitments represent future obligations or cash outflows that can be reliably measured and arise out of a contractual arrangement and typically binds the agency to performance conditions. Commitments are not recognised as liabilities on the balance sheet.

Commitments may extend over multiple reporting periods and may result in payment of compensation or return of funds if obligations are breached.

Internal commitments reflect commitments with entities controlled by the Northern Territory Government such as other agencies, government business divisions and government owned corporations. External commitments reflect those to third parties which are external to the Northern Territory Government.

Disclosures in relation to capital and other commitments are detailed below.

a) Capital expenditure commitments¹

Capital expenditure commitments primarily relate to hardware/software for digital projects. These contracts are expected to be payable as follows:

	2023		2022	
	Internal \$000	External \$000	Internal \$000	External \$000
Not later than 1 year	2 800	12 525	-	85 239
Later than 1 year and not later than 5 years	-	27 249	-	-
Later than 5 years	-	-	-	-
Total capital expenditure commitments (exclusive of GST)	2 800	39 774	-	85 239
Plus: GST recoverable	280	3 977	-	8 524
Total capital expenditure commitments (inclusive of GST)	3 080	43 751	-	93 763

¹Excludes amounts recognised as unearned revenue in the agency's financial records.

b) Other non-cancellable contract commitments¹

Other non-cancellable contract commitments predominantly comprise of grants and digital project related commitments. These contracts are expected to be payable as follows:

	2023		2022 ²	
	Internal \$000	External \$000	Internal \$000	External \$000
Not later than 1 year	-	13 214	-	-
Later than 1 year and not later than 5 years	-	96 559	-	-
Later than 5 years	-	-	-	-
Total other non-cancellable contract commitments (exclusive of GST)	-	109 773	-	-
Plus: GST recoverable	-	10 915	-	-
Total other non-cancellable contract commitments (inclusive of GST)	-	120 688	-	-

¹Excludes capital and lease commitments, but includes maintenance contracts. Also excludes amounts recognised as unearned revenue in the agency's financial records.

²DCDD had no other expenditure commitments reported in the 2021-22 published annual report. Review of reporting requirements and methodology resulted in disclosure of data in the 2022-23 financial year.

29 Reserves

The asset revaluation surplus includes the net revaluation increments and decrements arising from the revaluation of non-current assets. Impairment adjustments may also be recognised in the asset revaluation surplus.

DCDD has no asset revaluation surplus as at 30 June 2023 and as at 30 June 2022.

30 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.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use takes into account the use of the asset that is physically possible, legally permissible and financially feasible.

DCDD'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 approximates their fair value.

31 Financial instruments

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

Financial assets and liabilities are recognised on the Balance Sheet when DCDD becomes a party to the contractual provisions of the financial instrument. DCDD's financial instruments include cash and deposits, receivables, payables and finance lease liabilities.

Due to the nature of operating activities, certain financial assets and financial liabilities arise under statutory obligations rather than a contract. Such financial assets and liabilities do not meet the definition of financial instruments as per AASB 132 Financial Instruments: Presentation. These include statutory receivables arising from taxes, including GST and penalties.

DCDD 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 DCDD's financial assets and liabilities by category are disclosed in the table below.

	Fair value through profit or loss				Total \$000
	Mandatorily at fair value \$000	Designated at fair value \$000	Amortised cost \$000	Fair value through other comprehensive income \$000	
2023					
Cash and deposits	-	-	68 674	-	68 674
Receivables ¹	-	-	2 742	-	2 742
Total financial assets	-	-	71 416	-	71 416
Deposits held ¹	-	-	62	-	62
Payables ¹	-	-	10 979	-	10 979
Lease liabilities	-	-	595 273	-	595 273
Total financial liabilities	-	-	606 314	-	606 314

	Fair value through profit or loss		Amortised cost \$000	Fair value through other comprehensive income \$000	Total \$000
	Mandatorily at fair value \$000	Designated at fair value \$000			
2022					
Cash and deposits	-	-	124 930	-	124 930
Receivables ¹	-	-	1 432	-	1 432
Total financial assets	-	-	126 362	-	126 362
Deposits held ¹	-	-	85	-	85
Payables ¹	-	-	10 262	-	10 262
Lease liabilities	-	-	568 359	-	568 359
Total financial liabilities	-	-	578 706	-	578 706

¹Total amounts disclosed exclude statutory amounts, prepaid expenses and accrued contract revenue.

Categories of financial instruments

DCDD's financial instruments are classified in accordance with AASB 9.

Financial assets are classified under the following categories:

- amortised cost

Financial liabilities are classified under the following categories:

- amortised cost

Financial assets at amortised cost

Financial assets are classified at amortised cost when they are held by DCDD to collect the contractual cash flows and the contractual cash flows are solely payments of principal and interest.

These assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less impairment. DCDD's financial assets categorised at amortised cost include cash and deposits, and receivables.

Financial assets at fair value through other comprehensive income

DCDD does not have any financial assets in this category.

Financial assets at fair value through profit or loss

DCDD does not have any financial assets in this category.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest rate method. DCDD's financial liabilities categorised at amortised cost include all accounts payable, deposits held and lease liabilities.

Financial liabilities at fair value through profit or loss

DCDD does not have any financial liabilities in this category.

Derivatives

DCDD does not trade in derivatives.

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.

DCDD has limited credit risk exposure (risk of default). In respect of any dealings with organisations external to government, DCDD has adopted a policy of only dealing with credit worthy 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 DCDD'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 16.

c) Liquidity risk

Liquidity risk is the risk that DCDD will not be able to meet its financial obligations as they fall due. DCDD's approach to managing liquidity is to ensure that it will always have sufficient funds to meet its liabilities when they fall due. This is achieved by ensuring that minimum levels of cash are held in the DCDD bank account to meet various current employee and supplier liabilities. DCDD'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 DCDD's ability to meet its financial obligations.

The following tables detail DCDD'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 \$000	Less than a year \$000	1 to 5 years \$000	More than 5 years \$000	Total \$000
2023					
Liabilities					
Deposits held ¹	62	62	-	-	62
Payables ¹	10 979	10 979	-	-	10 979
Lease liabilities	595 273	90 604	301 339	262 814	654 757
Total financial liabilities	606 314	101 645	301 339	262 814	665 798

¹Amounts disclosed exclude statutory amounts and accruals (such as AOTA, 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.

	Carrying amount \$000	Less than a year \$000	1 to 5 years \$000	More than 5 years \$000	Total \$000
2022					
Liabilities					
Deposits held ¹	85	85	-	-	85
Payables ¹	10 262	10 262	-	-	10 262
Lease liabilities ²	568 359	83 480	276 527	258 675	618 682
Total financial liabilities	578 706	93 827	276 527	258 675	629 029

¹ Total amounts disclosed exclude statutory amounts and accrued items.

² 2021-22 amounts have been amended to include all payments for leases within the first year.

d) Market risk

Market risk is the risk that 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.

DCDD has relatively limited exposure to market 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.

DCDD is not exposed to interest rate risk as financial assets and financial liabilities, with the exception of leases, are non interest bearing. Lease arrangements are established on a fixed interest rate and therefore do not expose DCDD to interest rate risk.

(ii) Price risk

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

(iii) Currency risk

Credit risk refers to the risk a counterparty will default on its contractual obligations, resulting to financial loss to the agency.

DCDD is not exposed to currency risk as it does not hold borrowings denominated in foreign currencies or transactional currency exposures arising from purchases in a foreign currency.

32 Related parties

i) Related parties

DCDD 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 DCDD 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 KMPs or the Portfolio Minister or controlled or jointly controlled by their close family members.

ii) Key management personnel (KMP)

KMP of DCDD are those persons having authority and responsibility for planning, directing and controlling the activities of DCDD. KMPs for DCDD are listed below, and would include the Minister, members of the Executive Management Board (EMB) and the Finance and Governance Committee (FGC) of DCDD:

- Ngaree Ah Kit, Minister for Corporate and Digital Development
- Chris Hosking, Chief Executive Officer (EMB, FGC)
- Lisa Watson, Deputy Chief Executive Officer (EMB)
- Greg Connors, A/Deputy Chief Executive Officer (EMB)
- Ewan Perrin, Executive Director, Digital Government (EMB)
- Rex Schoolmeester, Chief Financial Officer (EMB, FGC)
- Lou-Anne Duncan, Senior Director, NT Property Management (FGC)
- Romi Peerzada, Senior Director, ICT Services (FGC)
- Donald Young, Senior Director, Digital Strategy (EMB)
- David Keirs, Senior Director, Procurement Services (FGC)
- Vicki Highland, Senior Director, Finance and Employment Services (FGC)
- Sonia Peters, Director Executive Services (EMB)
- Jayne McAlister, Director Regions (EMB)
- Malika Chanday, HR Business Partner (EMB).

EMB rotational members:

- Rachel Albion, Assistant Director, Employment Services
- Mandy Thomas, Director, Workforce Strategy
- Miranda Collier, Director, Digital, Agency Business Systems
- Kathleen Gray, Director, Contract Services
- Michelle Vasileff, Director, Commercial Leasing
- Kylie Cardinal, HR Business Partner.

iii) Remuneration of key management personnel

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

The aggregate compensation of KMP of DCDD is set out below:

	2023 ¹ \$000	2022 \$000
Short-term benefits	4 374	2 445
Post-employment benefits	447	225
Long-term benefits	-	-
Termination benefits	-	-
Total	4 821	2 670

¹ Calculation includes new additional KMPs identified in the 2022-23 financial year.

iv) Related party transactions

Transactions with Northern Territory Government controlled entities

DCDD's primary ongoing source of funding is received from the Central Holding Authority in the form of output and capital appropriation.

The following table provides quantitative information about related party transactions entered into during the year with other Northern Territory Government controlled entities.

	Revenue from related parties \$000	Payments to related parties \$000	Amounts owed by related parties \$000	Amounts owed to related parties \$000
2023				
Related party				
NTG agencies	133 288	39 141	2 210	4 174
2022				
Related party				
NTG agencies	118 756	35 396	1 573	4 571

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

Other related party transactions

Given the breadth and depth of Northern Territory Government activities, related parties will transact with the Northern 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.

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

33 Contingent liabilities and contingent assets

DCDD had no material contingent liabilities or contingent assets in 2022-23 and 2021-22.

34 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.

35 Schedule of administered Territory items

DCDD had no administered Territory items for 2022-23 and 2021-22.

36 Budgetary information

The following tables present the variation between the 2022-23 original budgeted financial statements, as reported in 2022-23 Budget Paper No. 3 Agency Budget Statements, and the 2022-23 actual amounts reported in the financial statements, together with explanations for significant variations.

The financial statement comparisons that follow are different from the tables presented in the financial statement overview at the front of this report, which references the final budget. The final budget incorporates budget adjustments approved during the year.

Refer to Note 5a for detailed information on changes to budgeted appropriations from the 2022-23 original budget to 2022-23 final budget.

Comprehensive Operating Statement

	2023 Actual \$000	2022 Original budget \$000	Variance \$000	Note
INCOME				
Grants and subsidies revenue				
Current	607	-	607	1
Capital	1 000	-	1 000	2
Appropriation				
Output	301 554	322 503	(20 949)	3
Sales of goods and services	44 275	51 705	(7 430)	4
Interest revenue	111	2 271	(2 160)	5
Goods and services received free of charge	285	315	(30)	
Gain on disposal of assets	-	-	-	
Other income	12 701	4 243	8 458	6
TOTAL INCOME	360 533	381 037	(20 504)	
EXPENSES				
Employee expenses	131 237	136 946	5 709	7
Administrative expenses				
Purchases of goods and services	128 965	171 876	42 911	8
Repairs and maintenance	-	-	-	
Depreciation and amortisation	89 570	83 679	(5 891)	9
Other administrative expenses	586	315	(271)	
Grants and subsidies expenses				
Current	233	212	(21)	
Capital	3 120	-	(3 120)	10
Interest expenses	11 089	12 084	995	11
TOTAL EXPENSES	364 800	405 112	40 312	
NET SURPLUS/(DEFICIT)	(4 267)	(24 075)	19 808	
COMPREHENSIVE RESULT	(4 267)	(24 075)	19 808	

Notes:

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

1. One-off funding from the Commonwealth for DCDD's COVID-19 costs.
2. Receipt of Commonwealth contribution to enhance mobile connectivity at Kakadu National Park (Connecting Kakadu Project).
3. Decrease in output appropriation primarily relates to revised timing of delivery of major ICT projects, partially offset by transfer of funds from other agencies and transfers from capital to output appropriation. Refer to Note 5a.
4. Decrease in sales of goods and services is largely due to the return of funding to Department of Education for NEC contract charges (\$6.6 million).
5. Variance reflects revised estimates on anticipated gains on lease extinguishment relating to new and existing building leases to comply with AASB 16.
6. Increase in other income primarily reflects higher than anticipated cost recovery for projects undertaken on behalf of agencies and one-off ICT revenues.
7. Decrease in employee expenses reflects challenges in recruiting and maintaining workforce capability.
8. Purchase of goods and services decreased mostly due to the revised timing of expenditure for major ICT projects.
9. Impact of revised estimates on amortisation expense for new and existing building leases and increased amortisation expenses relating to IT Systems.
10. Timing of payment of capital grants, budget was revised at mid-year to carryover capital grant budget from the prior year.
11. Variance is due to revised timing of commencement on a number of leases from 2022-23 to 2023-24.

Balance Sheet

	2023 Actual \$000	2022 Original budget \$000	Variance \$000	Note
ASSETS				
Current assets				
Cash and deposits	68 675	23 232	45 443	1
Receivables	8 140	6 196	1 944	2
Prepayments	18 471	14 768	3 703	3
Total current assets	95 286	44 196	51 090	
Non-current assets				
Receivables	-	-	-	
Property, plant and equipment	604 308	634 906	(30 598)	4
Intangibles	276 178	329 663	(53 485)	5
Prepayments	1 971	506	1 465	3
Other financial assets	-	-	-	
Total non-current assets	882 457	965 075	(82 618)	
TOTAL ASSETS	977 743	1 009 271	(31 528)	
LIABILITIES				
Current Liabilities				
Deposits held	62	417	355	
Payables	30 864	21 504	(9 360)	6
Borrowings and advances – lease liabilities	78 616	71 705	(6 911)	7
Provisions	21 742	21 452	(290)	
Other liabilities – unearned contract revenue	-	-	-	
Total current liabilities	131 284	115 078	(16 206)	
Non-current Liabilities				
Borrowings and advances – lease liabilities	516 657	546 853	30 196	7
Total non-current liabilities	516 657	546 853	30 196	
TOTAL LIABILITIES	647 941	661 931	13 990	
NET ASSETS	329 802	347 340	(17 538)	
EQUITY				
Capital	333 367	395 450	(62 083)	
Reserves	-	-	-	
Accumulated funds	(3 565)	(48 110)	44 545	
TOTAL EQUITY	329 802	347 340	(17 538)	

Notes:

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

1. Opening balance adjustment of \$101.7 million offset by use of cash of \$56.3 million.
2. Variance in receivables due to a one-off Commonwealth grant and miscellaneous revenues for the ICT Infrastructure fund.
3. Variance primarily relates to an increase in software licensing prepayments for ICT Services and Agency Business Systems.
4. Original plant and equipment budget of \$635 million decreased with an opening balance adjustment reduction of \$49 million, additional purchases of \$62 million, lease property revaluations and increments of \$42 million, offset by \$86 million in depreciation.
5. Original intangibles budget of \$330 million decreased by an opening balance adjustment of \$119 million, additional purchases of \$69 million, offset by \$4 million in depreciation.
6. Opening balance adjustment of \$10.4 million, combined with decreased liability relating to lease incentives.
7. The net decrease in borrowings and advances reflects the movement in lease liability in line with the revaluation decrement of leased assets under AASB 16, partially offset by higher than budgeted lease commencements.

Cash Flow Statement

	2023 Actual \$000	2022 Original budget \$000	Variance \$000	Note
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating Receipts				
Grants and subsidies received				
Current	607	-	607	1
Capital	1 000	-	1 000	2
Appropriation				
Output	301 554	322 503	(20 949)	3
Commonwealth (excluding capital appropriation)	-	-	-	
Receipts from sales of goods and services	114 346	55 948	58 398	4
Interest received	-	-	-	
Total operating receipts	417 507	378 451	39 056	
Operating Payments				
Payments to employees	(131 291)	(136 946)	5 655	5
Payments for goods and services	(189 845)	(171 876)	(17 969)	6
Grants and subsidies paid				
Current	(233)	(212)	(21)	
Capital	(3 120)	-	(3 120)	7
Interest paid	(11 089)	(12 084)	995	8
Total Operating Payments	(335 578)	(321 118)	(14 461)	
Net cash from/(used in) operating activities	81 929	57 333	24 595	
CASH FLOWS FROM INVESTING ACTIVITIES				
Investing Payments				
Purchases of assets	(70 681)	(103 658)	32 977	9
Advances and investing payments	-	-	-	
Total Investing Payments	(70 681)	(103 658)	32 977	
Net cash from/(used in) investing activities	(70 681)	(103 658)	32 977	
CASH FLOWS FROM FINANCING ACTIVITIES				
Financing Receipts				
Deposits received	(23)	-	(23)	
Equity injections				
Capital appropriation	20 895	62 813	(41 918)	10
Commonwealth capital appropriation	-	-	-	
Other equity injections	5 284	2 922	2 362	11
Total Financing Receipts	26 156	65 735	(39 579)	
Financing Payments				
Lease liabilities payments	(77 159)	(70 346)	(6 813)	12
Equity withdrawals	(16 500)	-	(16 500)	13
Total Financing Payments	(93 659)	(70 346)	(23 313)	
Net cash from/(used in) financing activities	(67 503)	(4 611)	(62 892)	
Net increase/(decrease) in cash held	(56 255)	(50 936)	(5 319)	
Cash at beginning of financial year	124 930	74 168	50 762	
CASH AT END OF FINANCIAL YEAR	68 675	23 232	45 443	

Notes:

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

1. One-off funding from the Commonwealth for DCDD's COVID-19 costs.
2. Receipt of Commonwealth contribution to enhance mobile connectivity at Kakadu National Park (Connecting Kakadu Project).
3. Increase in output appropriation primarily relates to revised timing of delivery of major ICT projects, partially offset by transfer of funds from other agencies and transfers from capital to output appropriation. Refer to Note 5a.
4. The variance primarily relates to unbudgeted GST receipts and Commonwealth paid parental leave, and the increase in other income.
5. Decrease in payments to employees reflects challenges in recruiting and maintaining workforce capability.
6. The variance primarily relates to unbudgeted GST payments and Commonwealth paid parental leave, offset by a decrease in sales of goods and services expenditure.
7. Timing of payment of capital grants, budget was revised at mid-year to carryover capital grant budget from the prior year.
8. Variance is due to revised timing of commencement on a number of leases from 2022-23 to 2023-24.
9. Variation is related to realignment of major ICT projects to outer years.
10. Variation is related to realignment of capital appropriation for major ICT projects to outer years.
11. Increase resulting from lease incentive schemes for properties including Harbour View Plaza, Highway House, 9 Cavenagh and the TCG Centre.
12. Variance is due to higher than anticipated lease payments, offset by revised estimates for new and existing leases, in accordance AASB 16.
13. Realignment of cash balances from DCDD to the CHA to reflect identified cash requirements.

6b

Financial Statements NT Fleet

Financial Statement Overview

For the year ended 30 June 2023

FINANCIAL PERFORMANCE (Comprehensive Operating Statement)

NT Fleet operates the Northern Territory Government vehicle fleet, except for Northern Territory Police, Fire and Emergency Service vehicles. NT Fleet provides safe, cost efficient, fit-for-purpose vehicles that support agencies' business requirements.

The financial performance of NT Fleet is presented in 2 ways. Table 1 compares NT Fleet's 2022-23 performance with the final budget for the year and Table 2 compares performance between the current year and previous year. More details are provided in subsequent commentary and analysis in Tables 3 and 4. The impact of financing decisions and recognition of assets and liabilities is outlined in the financial position analysis at Table 5 and related commentary.

Table 1: 2022-23 Final Budget and Performance

	2022-23		
	Actual \$000	Final Budget \$000	Variation \$000
Income	42 960	42 099	861
Expenses	(30 421)	(30 803)	382
Net Surplus Before Tax	12 539	11 296	1 243
Income Tax Expense	(3 762)	(3 389)	(373)
Net Surplus After Tax	8 777	7 907	870
Comprehensive Result	8 777	7 907	870
Dividend (50%)	4 389	3 954	435

NT Fleet achieved an operating result for 2022-23 of \$8.8 million after tax, which was a \$0.9 million improvement on the final budget estimate of \$7.9 million.

NT Fleet will pay an income tax equivalent of \$3.8 million and return a dividend of \$4.4 million to government for 2022-23.

Table 2: 2022-23 and 2021-22 Performance

	2022-23 \$000	2021-22 \$000	Variation \$000
Income	42 960	41 792	1 168
Expenses	(30 421)	(30 541)	120
Net Surplus before Tax	12 539	11 251	1 288
Income Tax Expense	(3 762)	(3 375)	(387)
Net Surplus after Tax	8 777	7 876	901
Other Comprehensive Income	-	-	-
Comprehensive Result	8 777	7 876	901

NT Fleet achieved a \$0.9 million increase in net surplus after tax compared to the previous financial year as a result of a combination of increased income and lower expenses.

Income

NT Fleet sources its primary income from vehicle lease charges. The vehicle lease income, classified under the income category of goods and services in Table 3 below represented 81.9 per cent of NT Fleet’s total income, with the remainder made up of gain on disposal of assets, interest and other income.

Table 3: Income by Category

Year	Goods and Services		Gain on Disposal of Assets		Interest Revenue		Other Income		Total	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
2022-23	35 177	81.9	6 529	15.2	556	1.3	698	1.6	42 960	100
2021-22	35 346	84.6	6 252	14.9	71	0.2	123	0.3	41 792	100

Income grew mainly due to gains on disposal of assets resulting from higher than anticipated sale prices of vehicles at auctions. An increase in other income is due to recognition of recovered losses on sales from agencies as compensation receipts (other income) rather than gain of disposal of assets.

Expenses

NT Fleet incurred the majority of its expenses on depreciation and operational costs for the fleet.

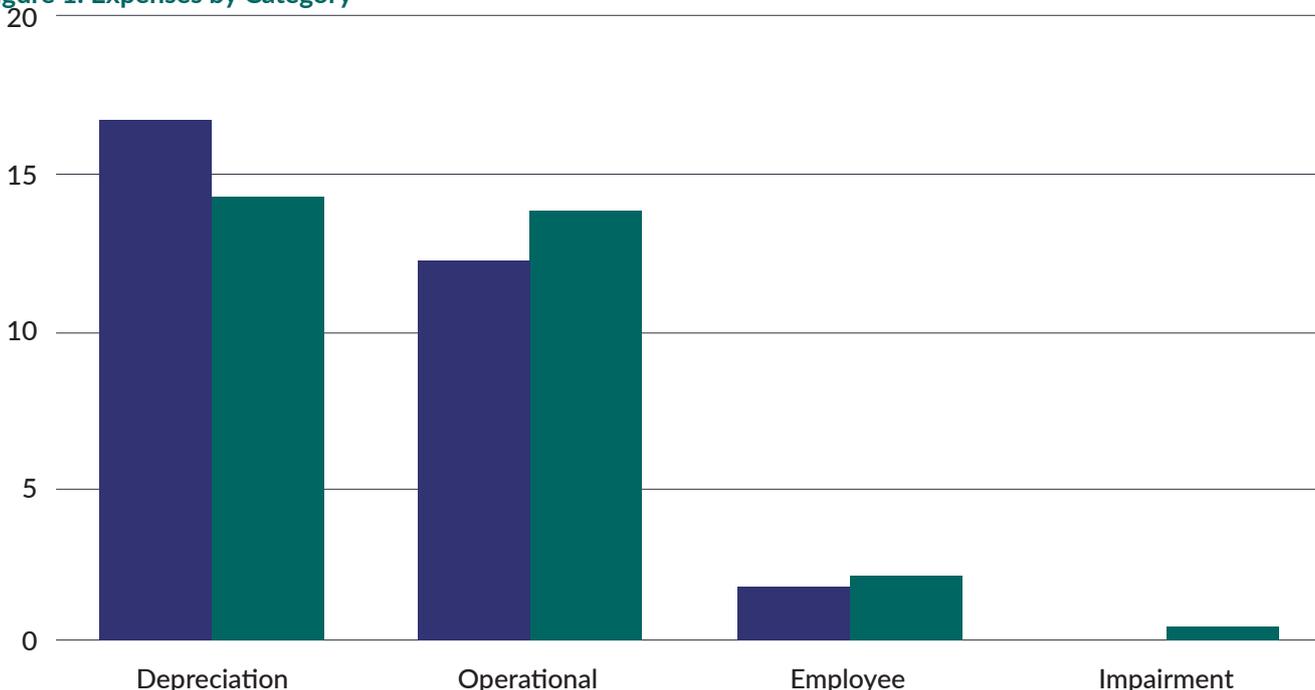
Table 4: Expenses by Category

Year	Depreciation		Operational		Employee		Impairment		Interest		Total	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
2022-23	14 214	46.7	13 765	45.3	1 988	6.5	453	1.5	1	-	30 421	100
2021-22	16 653	54.5	12 064	39.5	1 820	6.0	-	-	4	-	30 541	100

Depreciation expenses decreased as a result of the extension of lease periods for vehicles. The increase in operational expenses is mainly due to increased repair and maintenance and motor vehicle insurance expenses. In 2022-23, NT Fleet started to recognise asset impairment expenses which resulted in compensation receipts recovered from agencies for loss on sales.

■ 2021-22 ■ 2022-23

Figure 1: Expenses by Category



FINANCIAL POSITION (Balance Sheet)

The Statement of Financial Position details the balances of the assets, liabilities and equity of NT Fleet at the end of the financial year. The table below compares NT Fleet's financial position as at 30 June 2023 with the position at 30 June 2022.

Table 5: 2022-23 and 2021-22 Financial Position

	2022-23 \$000	2021-22 \$000	Variation \$000
ASSETS			
Current Assets	22 503	19 936	2 567
Non-current Assets	102 268	95 089	7 179
TOTAL ASSETS	124 771	115 025	9 746
LIABILITIES			
Current Liabilities	14 149	8 791	(5 358)
Non-current Liabilities	-	-	-
TOTAL LIABILITIES	14 149	8 791	(5 358)
NET ASSETS	110 622	106 234	4 388
Equity	110 622	106 234	4 388
TOTAL EQUITY	110 622	106 234	4 388

NT Fleet's net asset position at the end of 2022-23 was \$110.6 million, compared with the previous year's position of \$106.2 million, an increase of \$4.4 million.

This improvement is mainly due to increases in current and non-current assets. The \$2.6 million increase in current assets is due to an increase in assets held for sale. An increase of \$7.2 million in non-current assets is due to the movement of property, plant and equipment. An increase in total assets is offset by increase in the total liability.

Major assets at 30 June 2023 included:

Current Assets

- \$17.3 million cash and deposits
- \$3.7 million receivables and prepayments
- \$1.5 million assets held for disposal.

Non-current Assets

- \$99.2 million property, plant and equipment (mainly motor vehicles)
- \$3.0 million intangibles (computer software).

Major liabilities at 30 June 2023 included:

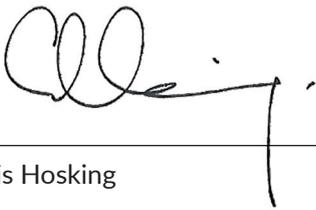
- \$5.7 million payables and accrued expenses
- \$3.8 million income tax provision
- \$0.3 million provision for employee entitlements
- \$4.4 million provision for dividends.

Certification of the financial statements

We certify that the attached Financial Statements for NT Fleet 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 2023 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.



Chris Hosking

Chief Executive

22 September 2023



Rex Schoolmeester

Chief Financial Officer

22 September 2023



Auditor-General
Independent Auditor's Report
to the Minister for Corporate and Digital Development

NT Fleet

Page 1 of 2

Opinion

I have audited the accompanying financial report of NT Fleet, which comprises the balance sheet as at 30 June 2023, and the comprehensive operating statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, and the certification of the financial statements by the Chief Executive.

In my opinion, the financial report gives a true and fair view, in all material respects, of the financial position of NT Fleet as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with 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 NT Fleet in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code. 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 of the Department of Corporate and Digital Development is responsible for the other information. The other information comprises the information included in NT Fleet's financial statement overview for the year ended 30 June 2023, 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, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have 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 for the Financial Report

The Chief Executive is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as the Chief Executive 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 NT Fleet to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate NT Fleet or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of NT Fleet.



Auditor-General

Page 2 of 2

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 internal control of NT Fleet.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management'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 NT Fleet 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 NT Fleet 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 those charged with governance 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.

Julie Crisp

Auditor-General for the Northern Territory

Darwin, Northern Territory

25 September 2023

COMPREHENSIVE OPERATING STATEMENT

For the year ended 30 June 2023

	Note	2023 \$000	2022 \$000
INCOME			
Sales of goods and services	3	35 177	35 346
Interest revenue		556	71
Gain on disposal of assets	5	6 529	6 252
Other income	6	698	123
TOTAL INCOME		42 960	41 792
EXPENSES			
Employee expenses		1 988	1 820
Administrative expenses			
Property management		116	127
Purchases of goods and services	7	13 649	11 937
Depreciation and amortisation	16,17,18	14 214	16 653
Other administrative expenses		453	-
Interest expenses	8	1	4
TOTAL EXPENSES		30 421	30 541
NET SURPLUS/(DEFICIT)		12 539	11 251
SURPLUS BEFORE INCOME TAX		12 539	11 251
Income tax expense	10	3 762	3 375
NET SURPLUS		8 777	7 876

The Comprehensive Operating Statement is to be read in conjunction with the notes to the financial statements.

BALANCE SHEET

As at 30 June 2023

	Note	2023 \$000	2022 \$000
ASSETS			
Current Assets			
Cash and deposits	11	17 262	16 025
Receivables	13	3 719	2 928
Assets held for sale	19	1 522	983
Total Current Assets		22 503	19 936
Non-current Assets			
Property, plant and equipment	16	99 219	92 158
Intangibles	18	3 049	2 931
Total Non-current Assets		102 268	95 089
TOTAL ASSETS		124 771	115 025
LIABILITIES			
Current Liabilities			
Payables	20	5 696	1 021
Unearned revenue		3	-
Income tax liabilities	22	3 762	3 375
Provisions	23	4 688	4 195
Lease liabilities	21	-	200
Total Current Liabilities		14 149	8 791
TOTAL LIABILITIES		14 149	8 791
NET ASSETS		110 622	106 234
EQUITY			
Capital	25	565	565
Accumulated funds	25	110 057	105 669
TOTAL EQUITY		110 622	106 234

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 2023

	Note	Equity at 1 July \$000	Comprehensive result \$000	Transactions with owners in their capacity as owners \$000	Equity at 30 June \$000
2022-23					
Accumulated funds	25	105 669	8 777	-	114 446
Dividends payable	23	-	-	(4 389)	(4 389)
		105 669	8 777	(4 389)	110 057
Capital – Transactions with Owners					
Equity injections		565	-	-	565
Equity transfers in		-	-	-	-
		565	-	-	565
Total equity at end of financial year	25	106 234	8 777	(4 389)	110 622
2021-22					
Accumulated funds		126 731	7 876	-	134 607
Dividends payable		-	-	(3 938)	(3 938)
Special Dividends		-	-	(25 000)	(25 000)
		126 731	7 876	(28 938)	105 669
Capital – Transactions with Owners					
Equity injections		565	-	-	565
Equity transfers in		-	-	-	-
		565	-	-	565
Total equity at end of financial year	25	127 296	7 876	(28 938)	106 234

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 2023

	Note	2023 \$000	2022 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Receipts			
Receipts from sales of goods and services		35 644	35 742
GST receipts		4 868	4 784
Interest received		527	51
Total operating receipts		41 039	40 577
Operating Payments			
Payments to employees		(1 942)	(1 851)
Payments for goods and services		(13 950)	(13 368)
GST payments		(4 992)	(4 897)
Interest paid		(1)	(4)
Income tax paid		(3 375)	(2 514)
Total operating payments		(24 260)	(22 634)
Net cash from/(used in) operating activities	12a	16 779	17 943
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing receipts			
Proceeds from asset sales	5	13 124	12 474
Total investing receipts		13 124	12 474
Investing payments			
Purchases of assets	16, 18	(24 528)	(25 647)
Total investing payments		(24 528)	(25 647)
Net cash from/(used in) investing activities		(11 404)	(13 173)
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing Receipts			
Finance lease payments	12b	(200)	(218)
Dividends paid	12b	(3 938)	(27 933)
Total financing payments		(4 138)	(28 151)
Net cash from/(used in) financing activities		(4 138)	(28 151)
Net increase/(decrease) in cash held		1 237	(23 381)
Cash at beginning of financial year		16 025	39 406
CASH AT END OF FINANCIAL YEAR	11	17 262	16 025

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

NT Fleet manages the light and heavy vehicle fleet for Northern Territory Government agencies, except Northern Territory Police, Fire and Emergency Services. Management of the Northern Territory Government vehicle fleet incorporates acquisition, vehicle leasing, maintenance and disposal.

Key functional responsibilities are:

- delivering a low-cost and fit-for-purpose passenger and light commercial vehicle fleet in accordance with the Northern Territory Government Vehicle Policy Framework
- managing supply and service contracts
- managing the disposal of vehicles, plant and equipment.

Funding is received predominantly from vehicle lease income derived from client agencies.

2 Statement of significant accounting policies

a) Statement of compliance

The Financial Statements have been prepared in accordance with the requirements of the *Financial Management Act 1995* and related Treasurer's Directions. The *Financial Management Act 1995* requires NT Fleet to prepare Financial Statements for each year ended 30 June based on the form determined by the Treasurer. The form of NT Fleet's Financial Statements should include:

- 1) Certification of the Financial Statements
- 2) Comprehensive Operating Statement
- 3) Balance Sheet
- 4) Statement of Changes in Equity
- 5) Cash Flow Statement
- 6) applicable explanatory notes to the Financial Statements.

b) Basis of accounting

The Financial Statements have been prepared using the accrual basis of accounting, which recognises the effect of financial transactions and events when they occur, rather than when cash is paid out or received. As part of the preparation of the Financial Statements, all intra agency transactions and balances have been eliminated.

Except where stated, the Financial Statements have been prepared in accordance with the historical cost convention.

The form of NT Fleet's Financial Statements is consistent with the requirements of Australian Accounting Standards. The effects of all relevant new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are effective for the current annual reporting period have been evaluated.

Standards and interpretations effective from 2022-23 financial year

Several amending standards and AASB interpretations have been issued that apply to the current reporting periods but are considered to have no impact on public sector reporting.

Standards and interpretations issued but not yet effective

No new or changed Australian accounting standards have been early adopted for 2022-23 financial year.

Several amending standards and AASB interpretations have been issued that apply to future reporting periods but are considered to have limited impact on public sector reporting.

c) Reporting entity

The Financial Statements cover NT Fleet as an individual reporting entity.

NT Fleet is a Northern Territory Government Business Division (GBD) established under the *Interpretation Act 1978* and specified in the Administrative Arrangements Order.

The principal place of business of the GBD is Lot 5441 Armidale Street, Woolner NT 0820.

NT Fleet has no controlled entities.

d) NT Fleet and Territory Items

The Financial Statements of NT Fleet include income, expenses, assets, liabilities and equity over which the NT Fleet has control (NT Fleet items) and is able to utilise to further its own objectives. Certain items, while managed by agencies, are administered, controlled and recorded by the Northern Territory rather than agencies (Territory items). Territory items are recognised and recorded in the Central Holding Authority.

NT Fleet held no Territory items.

e) Comparatives

Where necessary, comparative information for the 2021-22 financial year has been reclassified to provide consistency with current year disclosures.

f) Presentation and rounding of amounts

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

g) Changes in accounting policies

NT Fleet recognised disposal losses on sales recovered from agencies as disposal revenue. From 2022-23, in accordance with AASB 136 - Property, Plant and Equipment (paragraph 65 to 66), NT Fleet has changed its accounting policy to recognise a disposal loss on sale recovered from an agency as a compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in determining profit or loss when it becomes receivable. NT Fleet then recognise related impairments of an item of property, plant and equipment in accordance with AASB 136.

h) Accounting judgments and estimates

The preparation of the financial report requires the making of judgments and estimates that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments and estimates that have significant effects on the Financial Statements are disclosed in the relevant notes to the Financial Statements.

i) Goods and services tax (GST)

Income, expenses and assets are recognised net of the amount of goods and services tax, except where the amount of GST incurred on a purchase of goods and services is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable or payable unless otherwise specified. Gross GST recoverable on commitments is disclosed separately in the commitments note.

j) Taxation

NT Fleet is required to pay income tax on its accounting surplus at the company tax equivalent rate of 30 per cent in accordance with the requirements of the Treasurer's Directions, NT Tax Equivalents Regime.

k) Contributions by and distributions to government

NT Fleet may receive contributions from government where the government is acting as owner of NT Fleet. Conversely, NT Fleet 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 NT Fleet as adjustments to equity.

The Statement of Changes in Equity provides additional information in relation to contributions by, and distributions to, government.

l) Dividends

NT Fleet has provided for a dividend payable at the rate of 50 per cent of net profit after tax in accordance with the Northern Territory Government's dividend policy.

Income

Income encompasses both revenue and gains.

Income is recognised at the fair value of the consideration received, exclusive of the amount of GST. Exchanges of goods or services of the same nature and value without any cash consideration being exchanged are not recognised as income.

NT Fleet revenue for the 2022-23 financial year has 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.

NT Fleet provides vehicle acquisition, vehicle leasing, repair and maintenance services and disposal services for government and non-government agencies.

3 Sales of goods and services

	2023			2022		
	Revenue from contracts with customers \$000	Other \$000	Total \$000	Revenue from contracts with customers \$000	Other \$000	Total \$000
Hire revenue (from vehicle leases)	-	29 735	29 735	-	31 089	31 089
Total sales of goods and services	-	5 442	5 442	-	4 257	4 257
Total sales of goods and services	-	35 177	35 177	-	35 346	35 346

Sale of goods

NT Fleet typically acquires and registers fit-for-purpose vehicles for customers/agencies. NT Fleet satisfies its performance obligations when the control of a vehicle is transferred to a customer/agency under a lease arrangement.

NT Fleet issues monthly tax invoices to customers for lease payments which are due within 30 days. Hire revenue arising is accounted for on a straight-line basis over the lease term and is included in revenue in the Statement of Comprehensive Income due to its operating nature (AASB 16).

Rendering of services

NT Fleet manages various repair and maintenance services for leased vehicles throughout the lease term. Unscheduled repair and maintenance costs are recovered from agencies after vehicles have been serviced in accordance with lease terms and conditions.

4 Goods and services received free of charge

NT Fleet is a government business division and does not receive goods and services free of charge.

5 Gain on disposal of assets

	2023 \$000	2022 \$000
Net proceeds from the disposal of non-current assets	13 124	12 474
Less: Carrying value of non-current assets disposed	(6 595)	(6 222)
Total gain on disposal of assets	6 529	6 252

Disposing of vehicles

Gain on disposal of assets comprises profits from disposing of lease vehicles after they are returned from customers. Pickles Auctions Pty Ltd (Pickles) provides auction services for NT Fleet under a disposal contract.

The contract requires Pickles to pay all proceeds of the auction sale into a trust account on the first banking day after completion of the sale. Once all proceeds are deposited pending settlement, Pickles is required to provide a detailed statement of services within 5 working days from the last day of the auction sale. Successful bidders are not provided with vehicles until payments have been made in full. NT Fleet then issues the recipient-created-tax invoices to Pickles and clears the clearing account.

Sale profits or losses are then recognised as a gain or loss on disposal of assets. These transactions neither create performance obligations nor give rise to liabilities for NT Fleet as income is recognised on receipt after vehicles are sold.

NT Fleet's performance obligations are typically satisfied at the time the asset is sold.

6 Other income

	2023			2022		
	Revenue from contracts with customers \$000	Other \$000	Total \$000	Revenue from contracts with customers \$000	Other \$000	Total \$000
Compensation for impairment	-	503	503	-	-	-
Refund for cancellation of registration	-	195	195	-	123	123
Total other income	-	698	698	-	123	123

Other income

Other income includes refunds for motor vehicle registration cancellations and compensation receipts from agencies with respect to recoverable loss on sales.

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.

Expenses

NT Fleet pays for goods and services on behalf of other agencies and these recoverable expenses primarily include management fees and vehicle repair and maintenance costs.

NT Fleet satisfies performance obligations when the goods or services have been completely delivered. Subsequently, NT Fleet recovers the expenditure from agencies through issuance of invoices, with revenue recognised when payments are received.

7 Purchases of goods and services

The net surplus/(deficit) has been arrived at after charging the following expenses:

	2023 \$000	2022 \$000
Goods and services expenses:		
Contractors and consultants ¹	48	32
Audit fees	48	45
Advertising ²	-	23
Training and study	13	35
Official duty fares	5	1
Travelling allowance	2	1
Information technology charges and communications	979	962
Insurance premiums	1 884	1 269
Motor vehicle expenses	9 255	8 137
Other	1 415	1 432
Total	13 649	11 937

¹ Includes IT contractors and IT consultants.

² Includes recruitment-related advertising costs.

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

8 Interest expense

	2023 \$000	2022 \$000
Interest from lease liabilities	1	4
Total	1	4

Interest expense in 2022-23 and 2021-22 relates to lease liabilities in accordance with AASB 16.

9 Write-offs, postponements, waivers, gifts and ex-gratia payments

Write-off

Write-offs reflect the removal from accounting records of the value of public money or public property owing to, or losses sustained by the Territory or agency. It refers to circumstances where the Territory or an agency has made all attempts to pursue the debt, however is deemed irrecoverable due to reasons beyond the Territory or an agency's control. Write-offs result in no cash outlay and are accounted for under 'Other administrative expenses' in the Comprehensive Operating Statement.

Waiver

Waivers reflect the election to forego a legal right to recover public money or receive public property. Once agreed with and communicated to the debtor, it will have the effect of extinguishing the debt and renouncing the right to any future claim on that public money or public property. Waivers result in no cash outlay and are accounted for under 'Current grants and subsidies expense' in the Comprehensive Operating Statement.

Postponement

A postponement is a deferral of a right to recover public money or receipt of public property from its due date. This has no effect on revenues or expenses recognised but may affect cash inflows or assets in use.

Gifts

A gift is an asset or property, deemed surplus to government's requirements, transferred to a suitable recipient, without receiving any consideration or compensation, and where there is no constructive or legal obligation for the transfer. Gifted property is accounted under 'Other administrative expenses' in the Comprehensive Operating Statement.

Ex-gratia

Ex-gratia payments or act-of-grace payments are gratuitous payments where no legal obligation exists. All ex-gratia payments are approved by the Treasurer. Ex-gratia payments result in cash outlay and are accounted for under 'Purchases of goods and services' in the Comprehensive Operating Statement.

NT Fleet had no write-offs, postponements, waivers, and gifts or ex-gratia payments for the year ended 30 June 2023 or 30 June 2022.

10 Income tax expense

	2023 \$000	2022 \$000
Prima facie income tax expense calculated at 30% of the surplus before income tax	3 762	3 375
Total	3 762	3 375

Assets

Assets are resources controlled by an entity that will provide a future economic benefit.

Assets encompasses cash and deposits, receivables, advances and investments, other financial assets, property, plant and equipment and intangibles.

NT Fleet's primary assets comprises its property, plant and equipment and cash balances.

11 Cash and deposits

	2023 \$000	2022 \$000
Cash on hand	7	3
Cash at bank	17 255	16 022
Total	17 262	16 025

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.

12 Cash flow reconciliation

a) Reconciliation of Cash

The total of NT Fleet's cash and deposits of \$17.3 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

	2023 \$000	2022 \$000
Net surplus	8 777	7 876
Non-cash items:		
Depreciation and amortisation	14 214	16 653
(Gain)/loss on disposal of assets ¹	(6 076)	(6 252)
Changes in assets and liabilities:		
(Decrease)/Increase in receivables and prepayments	(791)	(1 293)
Decrease/(Increase) in payables	223	135
Decrease/(Increase) in provision for employee benefits	45	(38)
Decrease/(Increase) in other provisions	385	862
Decrease/(Increase) in other liabilities	2	-
Net cash from operating activities	16 779	17 943

¹ Net gain on disposal of assets: total gain of \$6,529K less impairment of assets, \$453K.

b) Reconciliation of liabilities arising from financing and investing activities

	CASH FLOWS				NON CASH FLOWS		
	1 July \$000	Payments \$000	Lease liabilities repayments \$000	Total cash flows \$000	Other \$000	Total other \$000	30 June \$000
2022-23							
Dividends paid	3 938	(3 938)	-	(3 938)	4 388	4 388	4 388
Lease liabilities	200	-	(200)	(200)	-	-	-
Equity injections/ withdrawals	565	-	-	-	-	-	565
Total	4 703	(3 938)	(200)	(4 138)	4 388	4 388	4 953

	CASH FLOWS				NON CASH FLOWS		
	1 July \$000	Payments \$000	Lease liabilities repayments \$000	Total cash flows \$000	Other \$000	Total other \$000	30 June \$000
2021-22							
Dividends paid	2 933	(2 933)	-	(2 933)	3 938	3 938	3 938
Special dividends	-	(25 000)	-	(25 000)	-	-	-
Lease liabilities	418	-	(218)	(218)	-	-	200
Equity injections/ withdrawals	565	-	-	-	-	-	565
Total	3 916	(27 933)	(218)	(28 151)	3 938	3 938	4 703

c) Non-cash financing and investing activities

Lease transactions

During the financial year, NT Fleet had no right-of-use assets for the leased property, plant and equipment (2022: \$0.20 million).

13 Receivables

	2023 \$000	2022 \$000
Current		
Accounts receivable	255	235
Less: loss allowance	-	-
	255	235
Interest receivables	54	23
Prepayments	2 061	1 658
GST receivables	363	239
Other receivables	986	774
Total receivables	3 719	2 929

Receivables are initially recognised when NT Fleet becomes a party to the contractual provisions of the instrument and are measured at fair value less any directly attributable transaction costs. Receivables include accounts receivable, accrued 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 NT Fleet estimates are likely to be uncollectible and are considered doubtful.

Based on the assessment, NT Fleet's accounts receivable are 100 per cent collectible.

Accrued contract revenue

Accrued contract revenue arises from contracts with customers where NT Fleet's right to consideration in exchange for goods transferred to customers or works completed have arisen but have not been billed at the reporting date. Once NT Fleet's rights to payment become 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 is reported as part of other receivables.

NT Fleet has no accrued contract revenue and contract receivables as NT Fleet revenue is recognised under AASB 16 leases and other revenue.

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.

NT Fleet's prepayments mostly comprise commercial insurance policy premiums.

Credit risk exposure of receivables

Receivables are monitored on an ongoing basis to ensure exposure to bad debts is not significant. NT Fleet applies the simplified approach to measuring expected credit losses. This approach recognises a loss allowance based on lifetime expected credit losses for all accounts receivables, 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.

NT Fleet's credit risk exposure has not materially changed due to minimal business disruption experienced as a result of COVID-19. There is no material impact on NT Fleet's expected credit losses due to COVID-19.

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 and reconciliation of loss allowance for receivables as at the reporting date are disclosed below.

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

The loss allowance for receivables and reconciliation as at the reporting date are disclosed below.

Ageing analysis

	2023				2022			
	Gross Receivables \$000	Loss Rate \$000	Expected credit losses \$000	Net Receivables \$000	Gross Receivables \$000	Loss Rate \$000	Expected credit losses \$000	Net Receivables \$000
Internal receivables								
Not overdue	198	-	-	198	13	-	-	13
Overdue for less than 30 days	6	-	-	6	72	-	-	72
Overdue for 30 to 60 days	-	-	-	-	21	-	-	21
Overdue for more than 60 days	-	-	-	-	-	-	-	-
Total internal receivables	204	-	-	204	106	-	-	106
External receivables								
Not overdue	51	-	-	51	35	-	-	35
Overdue for less than 30 days	-	-	-	-	94	-	-	94
Overdue for 30 to 60 days	-	-	-	-	-	-	-	-
Overdue for more than 60 days	-	-	-	-	-	-	-	-
Total external receivables	51	-	-	51	129	-	-	129

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

Reconciliation of loss allowance for receivables

NT Fleet recognised no loss allowance for receivables in 2022-23 and 2021-22 from the assessment of expected credit losses.

14 Advances and investments

NT Fleet had no advances paid, equity accounted investments and investment in shares for the 2022-23 and 2021-22 financial years.

15 NT Fleet as a lessor

Leases under which NT Fleet assumed substantially all the risks and rewards of ownership of an asset are classified as finance leases. Other leases are classified as operating leases.

Subleases are classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. A sublease is an arrangement where the underlying asset is re-leased by a lessee (intermediate lessor) to another party, and the lease (head lease) between the head lessor and original lessee remains in effect.

Finance Leases

At the lease commencement date, NT Fleet recognises a receivable for assets held under a finance lease in its statement of financial position at an amount equal to the net investment in the lease. The net investment in leases is classified as financial assets at amortised cost and equals the lease payments receivable by a lessor and the unguaranteed residual value, plus initial direct costs, discounted using the interest rate implicit in the lease initial direct costs.

Finance income arising from finance leases is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

NT Fleet has no finance leases as lessor for the 2022-23 and 2021-22 financial years.

Operating leases

An operating lease is a lease other than a finance lease. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NT Fleet owned vehicles and plant and equipment are leased to general government and non-government agencies under operating lease arrangements with rentals payable monthly. Lease payments include the capital cost, registration fee, administration fee, Automobile Association of the NT (AANT) fee, scheduled repairs and maintenance cost, financing rate and Community Benefit Levy.

Future minimum rentals receivable (undiscounted) under non-cancellable operating leases as at 30 June are as follows:

	2023 \$000	2022 \$000
Not later than 1 year	19 705	21 194
Later than 1 year and not later than 5 years	38 040	39 472
Later than 5 years	1 284	1 807
Total	59 029	62 473

16 Property, plant and equipment

a) Total property, plant and equipment

	2023 \$000	2022 \$000
Motor vehicles – light		
At cost	113 444	111 034
Less: accumulated depreciation	(38 468)	(40 956)
	74 976	70 078
Motor vehicles – heavy		
At cost	49 030	46 801
Less: accumulated depreciation	(25 342)	(25 003)
	23 688	21 798
Leasehold improvement		
At cost	687	203
Less: accumulated depreciation	(133)	(118)
	554	85
Leased property, plant and equipment		
At capitalised cost	785	785
Less: accumulated amortisation	(785)	(589)
	-	196
Total property, plant and equipment	99 219	92 158

Reconciliation of carrying amount of property, plant and equipment

Property, plant and equipment includes right-of-use assets under AASB 16 Leases and service concession assets under AASB 1059. Further information on right-of-use assets is disclosed in Note 17. A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of year is set out below:

	Motor vehicles light \$000	Motor vehicles heavy \$000	Leasehold improvements \$000	Leased property, plant and equipment \$000	Total \$000
2022-23					
Carrying amount as at 1 July 2022	70 079	21 798	85	196	92 158
Additions	21 266	6 625	484	-	28 375
Disposals	(6 082)	(513)	-	-	(6 595)
Depreciation expense – asset owned	(9 748)	(3 768)	(15)	-	(13 531)
Amortisation expense – right-of-use asset	-	-	-	(196)	(196)
Impairment losses	(290)	(163)	-	-	(453)
Asset transfers	2 619	519	-	-	3 138
Depreciation transfers	(2 868)	(810)	-	-	(3 678)
Carrying amount as at 30 June 2023	74 976	23 688	554	-	99 219
	Motor vehicles light \$000	Motor vehicles heavy \$000	Leasehold improvements \$000	Leased property, plant and equipment \$000	Total \$000
2021-22					
Carrying amount as at 1 July 2021	66 702	22 558	80	412	89 752
Additions	21 021	4 086	21	-	25 128
Disposals	(7 385)	(1 238)	-	-	(8 623)
Depreciation expense – asset owned	(9 275)	(3 726)	(16)	-	(13 017)
Amortisation expense – right-of-use asset	-	-	-	(216)	(216)
Asset transfers	1 635	509	-	-	2 144
Depreciation transfers	(2 619)	(391)	-	-	(3 010)
Carrying amount as at 30 June 2022	70 079	21 798	85	196	92 158

b) Reconciliation of property, plant and equipment held and used by NT Fleet

A reconciliation of the carrying amount of property, plant and equipment (vehicle) held and used by NT Fleet (Director NT Fleet, Executive Contract Officer) to deliver its outputs and services to the public is set out below.

Director of NT Fleet did not hold an NT Fleet vehicle 2021-22.

	Motor vehicles light \$000	Motor vehicles heavy \$000	Leasehold improvements \$000	Leased property, plant and equipment \$000	Total \$000
2022-23					
Carrying amount as at 1 July 2022	-	-	-	-	-
Additions	35	-	-	-	35
Depreciation/amortisation expense	(2)	-	-	-	(2)
Carrying amount as at 30 June 2023	33	-	-	-	33

c) Reconciliation of property, plant and equipment where the agency is a lessor under operating leases

A reconciliation of the carrying amount of property, plant and equipment where NT Fleet is a lessor under operating leases is set out below. These assets are leased by public and non-government organisations for the purpose of providing services to the community.

	Motor vehicles light \$000	Motor vehicles heavy \$000	Total \$000
2022-23			
Carrying amount as at 1 July 2022	70 079	21 798	91 877
Additions	23 885	7 144	31 029
Disposals	(6 082)	(513)	(6 595)
Depreciation/amortisation expense	(12 616)	(4 578)	(17 194)
Impairment losses	(290)	(163)	(453)
Carrying amount as at 30 June 2023	74 976	23 688	98 664
2021-22			
Carrying amount as at 1 July 2021	66 723	22 558	89 281
Additions	22 656	4 595	27 251
Disposals	(7 385)	(1 238)	(8 623)
Depreciation/amortisation expense	(11 915)	(4 117)	(16 032)
Impairment losses	-	-	-
Carrying amount as at 30 June 2022	70 079	21 798	91 877

Acquisitions

Property, plant and equipment are initially recognised at cost less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other accounting standards.

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

The construction cost of property, plant and equipment includes the cost of materials and direct labour, and an appropriate proportion of fixed and variable overheads.

Complex assets

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

Subsequent additional costs

Costs incurred on property, plant and equipment subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to NT Fleet in future years. Where these costs represent separate components of a complex asset, they are accounted for as separate assets and separately depreciated over their expected useful lives.

Construction (work in progress)

As part of the financial management framework, Department of Infrastructure, Planning and Logistics (DIPL) is responsible for managing general government capital works projects on a whole of government basis. NT Fleet's capital works are managed by DIPL and the cost of construction work in progress is recognised as an asset of that department. Once completed, capital works assets are transferred to NT Fleet.

Revaluations and impairment

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

For right-of-use assets, the net present value of the remaining lease payments is often an appropriate proxy for the fair value of relevant right-of-use assets at the time of initial recognition. Subsequently, right-of-use assets are stated at cost less amortisation, which is deemed to equate to fair value.

An impairment loss is recognised in expenses when a loss on sale is recoverable from an agency in a case of damage or loss of the leased asset.

Depreciation and amortisation expense

Items of property, plant and equipment, including buildings but excluding land, have limited useful lives and are depreciated or amortised using the straight-line method over their estimated useful lives.

The estimated useful lives for each class of asset are in accordance with the Treasurer's Directions and are determined as follows:

	2023	2022
Vehicles – light	4-5 years	4-5 years
Vehicles – heavy	5-10 years	5-10 years
Leasehold improvements	10 years	10 years
Right-of-use assets	Lease term	Lease term

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 disclosed above includes the useful lives of right-of-use assets under AASB 16.

17 NT Fleet as a lessee

NT Fleet leases office accommodation, with the lease contract made for a fixed period of 20 years. The contract is managed by the Northern Territory Government to whom NT Fleet makes monthly lease payments. The agreement expired on 30 June 2023 and it is uncertain whether a similar agreement will be made.

Potential future cash outflows have not been included in the lease liability because it is not reasonably certain the leases will be entered into a new agreement.

NT Fleet did not hold low value assets with a fair value of \$10,000 or less when new and not subject to a sublease arrangement.

Right-of-use assets

The following table presents right-of-use assets included in the carrying amounts of property, plant and equipment at Note 16.

	Buildings \$000	Plant and equipment \$000	Total \$000
2022-23			
Balance as at 1 July 2022	196	-	196
Depreciation expense	(196)	-	(196)
Carrying amount as at 30 June 2023	-	-	-
2021-22			
Balance as at 1 July 2021	393	19	412
Additions	-	-	-
Depreciation expense	(197)	(19)	(216)
Carrying amount as at 30 June 2022	196	-	196

The following amounts were recognised in the statement of comprehensive income for the year in respect of leases where NT Fleet is the lessee:

	2023 \$000	2022 \$000
Depreciation expense of right-of-use assets	(196)	(216)
Interest expense on lease liabilities	(1)	(4)
Income from subleasing right-of-use assets	-	24
Total amount recognised in the comprehensive operating statement	(197)	(196)

Recognition and Measurement

NT Fleet assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

NT Fleet recognises lease liabilities 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.

NT Fleet recognises right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability, adjusted by any lease payments made at or before the commencement date.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	2023	2022
Building	10 years	10 years
Transport equipment	2 to 4 years	2 to 4 years

18 Intangibles

a) Total intangibles

	2023 \$000	2022 \$000
Intangibles with a finite useful life		
Computer software		
Gross carrying amount	5 371	4 766
Less: accumulated amortisation	(2 322)	(1 835)
Carrying amount at 30 June	3 049	2 931
Total intangibles	3 049	2 931

NT Fleet capitalised enhancements made to Fleet Business Systems in 2022-23 and 2021-22.

Intangible assets for NT Fleet are comprised of computer software.

NT Fleet recognises intangible assets only if it is probable that future economic benefits will flow to the agency and the costs of the asset can be measured reliably. Where an asset is acquired at no or nominal cost, the cost is the fair value as at the date of acquisition.

Intangible assets arising from configuration and customisation costs for an application software in a Software-as-a-Service (SaaS) arrangement are only recognised where the services create a separately identifiable software code from which the agency has the power to both obtain the future economic benefits and restrict others' access to those benefits.

Intangible assets for NT Fleet are stated at historical cost less depreciation, which is deemed to equate to fair value.

Intangibles with limited useful lives are amortised using the straight-line method over their estimated useful lives, which reflects the pattern of when expected economic benefits are likely to be realised.

The estimated useful lives for finite intangible assets are determined in accordance with the Treasurer's Directions and are determined as follows:

	2023	2022
Computer software	2 to 10 years	2 to 10 years

As the historical cost less amortisation is deemed to equate to fair value, no impairment was recognised for the year ended 30 June 2023.

b) Reconciliation of carrying amount of intangibles

	Computer software \$000	Other intangibles \$000	Software work in progress \$000	Total \$000
2022-23				
Intangibles with a finite useful life				
Carrying amount at 1 July 2022	2 931	-	-	2 931
Additions	605	-	-	605
Amortisation	(487)	-	-	(487)
Carrying amount as at 30 June 2023	3 049	-	-	3 049
2021-22				
Intangibles with a finite useful life				
Carrying amount at 1 July 2021	2 684	-	-	2 684
Additions	656	-	-	656
Amortisation	(409)	-	-	(409)
Carrying amount as at 30 June 2022	2 931	-	-	2 931

19 Assets Held for Sale

	2023 \$000	2022 \$000
Motor vehicles – light	1 127	879
Motor vehicles – heavy	395	104
Total assets held for sale	1 522	983

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction or a grant agreement rather than continuing use. Assets held for sale consist of those assets that management has determined are available for immediate sale or granting in their present condition and their sale is highly probable within one year from the date of classification.

These assets are measured at the asset's carrying amount. The carrying amounts of these financial assets and liabilities approximates their fair value. These assets are not depreciated. Non-current assets held for sale have been recognised in the Financial Statements as current assets which equate to fair values.

Liabilities

Liabilities are present obligations of an entity that arise from past events, the settlement of which is expected to result in an outflow of resources or economic benefits.

Liabilities encompasses payables, accrued expenses, employee benefit liabilities, provisions and lease liabilities.

NT Fleet's primary liabilities comprises its payables, provisions and income tax liabilities.

20 Payables

	2023 \$000	2022 \$000
Accounts payable	5 061	539
Accrued salaries and wages	45	35
Other accrued expenses	590	446
Other payables	-	-
Total payables	5 696	1 021

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

Accounts payable are normally settled within 20 days from the receipt of a valid invoice for 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.

21 Lease liabilities

	2023 \$000	2022 \$000
Current		
Lease liabilities	-	200
Non-current		
Lease liabilities	-	-
Total lease liabilities	-	200

At the commencement date of the lease where NT Fleet is the lessee, NT Fleet 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
- amounts expected to be paid under residual value guarantees
- exercise price of a purchase options reasonably certain to be exercised by NT Fleet
- payments of penalties for terminating the lease, if the lease term reflects NT Fleet exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate 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.

The 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 NT Fleet'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.

The following table presents liabilities under leases.

	2023 \$000	2022 \$000
Adjusted balance at 1 July	200	418
Additions/re-measurements		
Interest expenses	1	4
Payments	(201)	(222)
Balance at 30 June	-	200

NT Fleet had total cash outflows for leases of \$201,726 in 2023 (\$222,000 in 2022).

NT Fleet had no future minimum lease payments under non-cancellable leases not recorded as liability for 2022-23 and 2021-22.

22 Income tax liabilities

	2023 \$000	2022 \$000
Income tax liabilities	3 762	3 375
Income tax liabilities	3 762	3 375

23 Provisions

	2023 \$000	2022 \$000
Current		
Employee benefits		
Recreation leave	218	177
Leave loading	33	30
Other employee benefits	-	-
Other current provisions		
Provision for dividends	4 389	3 937
Provision for fringe benefits tax	-	2
Provision for superannuation	32	36
Provision for payroll tax	16	13
Total provisions	4 688	4 195
Reconciliations of provision for dividends		
Balance as at 1 July	3 937	2 933
Additional provisions recognised	4 389	3 937
Reductions arising from payments	(3 937)	(2 933)
Balance as at 30 June	4 389	3 937

Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries and recreation leave. Liabilities arising in respect of wages and salaries, 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 NT Fleet and therefore no long service leave liability is recognised within these Financial Statements.

NT Fleet employed 20 employees as at 30 June 2023 (19 employees as at 30 June 2022).

Superannuation

Employees' superannuation entitlements are provided through the:

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

NT Fleet 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 NT Fleet's Financial Statements.

24 Commitments

Commitments represent future obligations or cash outflows that can be reliably measured and arise out of a contractual arrangement and typically binds the agency to performance conditions. Commitments are not recognised as liabilities on the balance sheet.

Commitments may extend over multiple reporting periods and may result in payment of compensation or return of funds if obligations are breached.

Internal commitments reflect commitments with entities controlled by the Northern Territory Government such as other agencies, government business divisions and government owned corporations. External commitments reflect those to third parties which are external to the Northern Territory Government.

Disclosures in relation to capital and other commitments are detailed below.

a) Capital expenditure commitments¹

Capital expenditure commitments primarily relate to vehicles ordered. These contracts are expected to be payable as follows:

	2023		2022	
	Internal \$000	External ¹ \$000	Internal \$000	External \$000
Not later than 1 year	-	23 444	-	8 718
Later than 1 year and not later than 5 years	-	24 624	-	18 043
Later than 5 years	-	-	-	-
Total capital expenditure commitments (exclusive of GST)	-	48 068	-	26 761
Plus: GST recoverable	-	4 807	-	2 676
Total capital expenditure commitments (inclusive of GST)	-	52 875	-	29 437

¹ Excludes amounts recognised as unearned revenue in the agency's financial records.

b) Other non-cancellable contract commitments

NT Fleet have no other non-cancellable contract commitments.

25 Equity

Equity represents the residual interest in the net assets of NT Fleet. The Northern Territory Government's ownership interest in NT Fleet is held in the Central Holding Authority.

	2023 \$000	2022 \$000
Capital		
Balance as at 1 July	565	565
Balance as at 30 June	565	565
Accumulated funds		
Balance as at 1 July	105 669	126 731
Surplus for the period	8 777	7 876
Dividends payable	(4 389)	(28 938)
Balance as at 30 June	110 057	105 669
Total Equity	110 622	106 234

26 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.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use takes into account the use of the asset that is physically possible, legally permissible and financially feasible.

NT Fleet recognises its vehicles, leasehold improvements and computer software at cost less depreciation and amortisation. The carrying amounts of these financial assets and liabilities approximates their fair value.

27 Financial instruments

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

Financial assets and liabilities are recognised on the Balance Sheet when NT Fleet becomes a party to the contractual provisions of the financial instrument. NT Fleet's financial instruments include cash and deposits, receivables, payables and finance lease liabilities.

Due to the nature of operating activities, certain financial assets and financial liabilities arise under statutory obligations rather than a contract. Such financial assets and liabilities do not meet the definition of financial instruments as per AASB 132 Financial Instruments: Presentation. These include statutory receivables arising from taxes including GST and penalties.

NT Fleet 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 NT Fleet's financial assets and liabilities by category are disclosed in the table below.

	Fair value through profit or loss		Amortised cost \$000	Fair value through other comprehensive income \$000	Total \$000
	Mandatorily at fair value \$000	Designated at fair value \$000			
2022-23					
Cash and deposits	-	-	17 262	-	17 262
Receivables ¹	-	-	255	-	255
Total financial assets	-	-	17 517	-	17 517
Payables ¹	-	-	5 061	-	5 061
Lease liabilities	-	-	-	-	-
Total financial liabilities	-	-	5 061	-	5 061

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

	Fair value through profit or loss		Amortised cost \$000	Fair value through other comprehensive income \$000	Total \$000
	Mandatorily at fair value \$000	Designated at fair value \$000			
2021-22					
Cash and deposits	-	-	16 025	-	16 025
Receivables ¹	-	-	235	-	235
Total financial assets	-	-	16 260	-	16 260
Payables ¹	-	-	539	-	539
Lease liabilities	-	-	200	-	200
Total financial liabilities	-	-	739	-	739

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

Categories of financial instruments

NT Fleet's financial instruments are classified in accordance with AASB 9.

Financial assets are classified under the following categories:

- amortised cost.

Financial liabilities are classified under the following categories:

- amortised cost.

Financial assets at amortised cost

Financial assets are classified at amortised cost when they are held by NT Fleet to collect the contractual cash flows and the contractual cash flows are solely payments of principal and interest.

These assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less impairment. NT Fleet's financial assets categorised at amortised cost include receivables and lease receivables.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest rate method. NT Fleet's financial liabilities categorised at amortised cost include all accounts payable, deposits held, 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.

NT Fleet has limited credit risk exposure (risk of default). In respect of any dealings with organisations external to government, NT Fleet has adopted a policy of only dealing with credit worthy 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 NT Fleet'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 13.

c) Liquidity risk

Liquidity risk is the risk NT Fleet will not be able to meet its financial obligations as they fall due. NT Fleet'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 NT Fleet's bank account to meet various current employee and supplier liabilities. NT Fleet's exposure to liquidity risk is minimal. Cash injections are available from the Central Holding Authority in the event of one-off extraordinary expenditure items arise that deplete cash to levels that compromise NT Fleet's ability to meet its financial obligations.

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

Maturity analysis for financial liabilities

	Carrying amount \$000	Less than a year \$000	1 to 5 years \$000	More than 5 years \$000	Total \$000
2022-23					
Liabilities					
Payables ¹	5 061	5 061	-	-	5 061
Lease liabilities	-	-	-	-	-
Total financial liabilities	5 061	5 061	-	-	5 061

¹Amounts disclosed exclude statutory amounts and accruals (such as AOTA, 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.

	Carrying amount \$000	Less than a year \$000	1 to 5 years \$000	More than 5 years \$000	Total \$000
2021-22					
Liabilities					
Payables ¹	539	539	-	-	539
Lease liabilities	200	200	-	-	200
Total financial liabilities	739	739	-	-	739

¹Amounts disclosed exclude statutory amounts and accruals (such as AOTA, 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.

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.

NT Fleet has limited exposure to interest rate risk as NT Fleet's financial assets and financial liabilities, are non-interest bearing. Finance lease arrangements are established on a fixed interest rate and as such do not expose NT Fleet to interest rate risk.

Sensitivity analysis

Changes in the variable rates of 100 basis points (1 per cent) at reporting date would have the following effect on the NT Fleet's profit or loss and equity.

	100 basis points \$000
30 June 2023	
Financial assets – cash at bank	±173
Net sensitivity	±173
30 June 2022	
Financial assets – cash at bank	±160
Net sensitivity	±160

(ii) Price risk

NT Fleet is not exposed to price risk as NT Fleet does not hold any financial assets with this risk.

(iii) Currency risk

Credit risk refers to the risk a counterparty will default on its contractual obligations, resulting in financial loss to the agency.

NT Fleet is not exposed to currency risk as NT Fleet does not hold borrowings denominated in foreign currencies or transactional currency exposures arising from purchases in a foreign currency.

Borrowings and capital purchases

NT Fleet had no borrowings and capital purchases subject to currency risk.

28 Related parties

i) Related parties

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

- the portfolio minister and key management personnel (KMP) because they have authority and responsibility for planning, directing and controlling the activities of NT Fleet 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 KMPs or the portfolio minister, or controlled or jointly controlled by their close family members.

ii) Key management personnel (KMP)

KMP of NT Fleet are those persons having authority and responsibility for planning, directing and controlling the activities of NT Fleet. These include:

- Ngaree Ah Kit, Minister for Corporate and Digital Development
- Chris Hosking, Chief Executive Officer of DCDD
- Lisa Watson, Deputy Chief Executive Officer of DCDD
- Wayne Sanderson, Director, NT Fleet
- Rex Schoolmeester, Chief Financial Officer, DCDD.

iii) Remuneration of key management personnel

The details below exclude the salaries and other benefits of the Minister as the Minister's remuneration and allowances are payable by the Department of the Legislative Assembly and consequently disclosed within the Treasurer's Annual Financial Statements.

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

	2023 \$000	2022 \$000
Short-term benefits	195	162
Post-employment benefits	27	9
Long-term benefits	-	-
Termination benefits	-	-
Total	222	171

iv) Related party transactions

Transactions with Northern Territory Government controlled entities

NT Fleet's primary ongoing source of funding is received from the Northern Territory Government controlled entities.

The following table provides quantitative information about related party transactions entered into during the year with all other Northern Territory Government controlled entities.

2022-23

Related party	Revenue from related parties \$000	Payments to related parties \$000	Amounts owed by related parties \$000	Amounts owed to related parties \$000
NTG agencies	34 984	8 806	1 207	8 561

2021-22

Related party	Revenue from related parties \$000	Payments to related parties \$000	Amounts owed by related parties \$000	Amounts owed to related parties \$000
NTG agencies	34 207	7 699	875	7 472

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

Other related party transactions

Given the breadth and depth of Northern Territory Government activities, related parties will transact with the Northern 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. There were no other related party transactions to be reported.

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

29 Contingent liabilities and contingent assets

NT Fleet had no material contingent liabilities or contingent assets as at 30 June 2023 and 30 June 2022.

30 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.

31 Budgetary information

The following tables present the variation between the 2022-23 original budgeted financial statements, as reported in 2022-23 Budget Paper No. 3 Agency Budget Statements, and the 2022-23 actual amounts reported in the financial statements, together with explanations for significant variations.

Comprehensive Operating Statement

	Note	2023 Actual \$000	2023 Original budget \$000	Variance \$000
INCOME				
Sales of goods and services		35 177	34 890	287
Interest revenue	1	556	44	512
Gain on disposal of assets	2	6 529	4 910	1 619
Other income	3	698	140	558
TOTAL INCOME		42 960	39 984	2 976
EXPENSES				
Employee expenses		1 988	2 000	12
Administrative expenses				
Property management	4	116	278	162
Purchases of goods and services	5	13 649	12 687	(962)
Depreciation and amortisation	6	14 214	17 202	2 988
Other administrative expenses	7	453	-	(453)
Interest expenses		1	-	(1)
TOTAL EXPENSES		30 421	32 167	1 746
NET SURPLUS/(DEFICIT)		12 539	7 817	4 722
COMPREHENSIVE RESULT		12 539	7 817	4 722

Notes:

1. Significantly higher due to increased interest rates on cash balances.
2. Increase relates to higher number of vehicles sold at higher sale prices at auctions.
3. Significant increase due to recognising the loss on sales recovered from agencies as compensation income starting from this reporting period.
4. Decrease in property management expenses attributed to an adjustment in reporting of property leases under AASB 16.
5. Increase mainly relates to increased vehicle repairs and maintenance expenses.
6. Significant decrease due to extension of lease periods of light vehicles and revision of lease rates in July 2022 after the lease rate review.
7. Asset impairment expenses relates to the unbudgeted losses on sales.

Balance Sheet

	Note	2023 Actual \$000	2023 Original budget \$000	Variance \$000
ASSETS				
Current assets				
Cash and deposits	1	17 262	20 190	(2 928)
Receivables and prepayments	2	3 719	1 637	2 082
Assets held for sale	3	1 522	726	796
Total current assets		22 503	22 553	(50)
Non-current assets				
Property, plant and equipment	4	99 219	88 918	10 301
Intangibles		3 049	3 004	45
Total non-current assets		102 268	91 922	10 346
TOTAL ASSETS		124 771	114 475	10 296
LIABILITIES				
Current liabilities				
Payables	5	5 696	751	(4 945)
Unearned Revenue		3	-	(3)
Income tax liabilities	6	3 762	2 345	(1 417)
Provisions	7	4 688	3 029	(1 659)
Lease liabilities		-	198	198
Total current liabilities		14 149	6 323	(7 826)
Non-current liabilities				
Lease liabilities	8	-	200	200
Total non-current liabilities		-	200	200
TOTAL LIABILITIES		14 149	6 523	(7 626)
NET ASSETS		110 622	107 952	2 670
EQUITY				
Capital		565	565	-
Dividends paid/payable	7	(4 389)	(2 736)	(1 653)
Accumulated funds		105 669	104 651	1 018
Current year surplus		8 777	5 472	3 305
TOTAL EQUITY	9	110 622	107 952	2 670

Notes:

- Lower cash and deposit due to a one-off special dividend paid to NT Treasury in 2021-22.
- Increase mainly related to prepayments on motor vehicle registration fees for light vehicles having a common expiry date.
- Assets held for sale originally included in the non-current assets budget.
- Variance is due to higher than expected number of vehicles acquired.
- Increased payables due to higher than anticipated accrued expenses for vehicles delivered in June 2023.
- Higher income tax resulted from an improved operating result.
- Higher provisions due to increased dividend provision.
- No liability as property lease expired on 30 June 2023.
- Higher operating income compounded by lower operating expenses.

Cash Flow Statement

	Note	2023 Actual \$000	2023 Original budget \$000	Variance \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating receipts				
Receipts from sales of goods and services	1	35 644	35 030	614
GST receipts	2	4 868	-	4 868
Interest received	3	527	44	483
Total operating receipts		41 039	35 074	5 965
Operating payments				
Payments to employees		(1 942)	(2 000)	58
Payments for goods and services	4	(13 950)	(12 965)	(985)
GST Payments	2	(4 992)	-	(4 992)
Income tax paid	5	(3 375)	(2 504)	(871)
Interest paid		(1)	-	(1)
Total operating payments		(24 260)	(17 469)	(6 791)
Net cash from/(used in) operating activities		16 779	17 605	(826)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investing receipts				
Proceeds from asset sales	6	13 124	15 500	(2 376)
Total investing receipts		13 124	15 500	(2 376)
Investing payments				
Purchases of assets	7	(24 528)	(27 000)	2 472
Total investing payments		(24 528)	(27 000)	2 472
Net cash from/(used in) investing activities		(11 404)	(11 500)	96
CASH FLOWS FROM FINANCING ACTIVITIES				
Financing payments				
Lease payments	8	(200)	-	(200)
Dividends paid	9	(3 938)	(2 921)	(1 017)
Total financing payments		(4 138)	(2 921)	(1 217)
Net cash from/(used in) financing activities		(4 138)	(2 921)	(1 217)
Net increase/(decrease) in cash held		1 237	3 184	(1 947)
Cash at beginning of financial year		16 025	17 006	(981)
CASH AT END OF FINANCIAL YEAR		17 262	20 190	(2 928)

Notes:

1. Increase due to higher number of vehicles managed in the reporting year.
2. GST receipts and payments not included in original budget.
3. Significantly higher due to increased interest rates on cash balances.
4. Increase mainly relates to motor vehicle registration fees including third-party insurance costs resulting from a new policy having a common expiry date for light vehicles.
5. Increase resulted from an improved operating result.
6. Decrease is due to lower than anticipated number of vehicles disposed.
7. Decrease relates to delays in delivery of vehicles.
8. Higher than anticipated finance lease payments in relation to property leases.
9. Higher dividends due to a one-off special dividend payment to NT Treasury in 2021-22.

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Financial Statements Data Centre Services

Financial Statement Overview

For the year ended 30 June 2023

FINANCIAL PERFORMANCE (Comprehensive Operating Statement)

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

The financial performance of Data Centre Services (DCS) is presented in 2 ways. Table 1 compares DCS' 2022-23 performance with the final approved budget for the year, and Table 2 compares performance between the current year and previous year. More details are provided in subsequent commentary and analysis in Tables 3 to 6. The impact of financing decisions and recognition of assets and liabilities are outlined in the financial position analysis at Table 7 and related commentary.

Table 1: 2022-23 Final Budget and Performance

	2022-23		
	Actual \$000	Final Budget \$000	Variation \$000
Income	31 072	29 894	1 178
Expenses	(25 830)	(24 321)	(1 509)
Net Surplus before Tax	5 242	5 573	(331)
Income Tax Expense	(1 573)	(1 672)	99
Net Surplus after Tax	3 669	3 901	(232)
Comprehensive Result	3 669	3 901	(232)
Dividend (50%)	1 835	1 951	(116)

DDCS' overall operating financial performance showed a net surplus after tax of \$3.7 million compared with a final budgeted surplus of \$3.9 million. The reduction when compared to the 2022-23 final budget is largely due to an increase in operational expenses largely driven by higher than expected licensing charges, partially offset by higher than anticipated revenue reflecting increased demand for services.

DCS will pay an income tax equivalent of \$1.6 million and will return a dividend of \$1.8 million to government for 2022-23.

Table 2: 2022-23 and 2021-22 Performance

	2022-23 \$000	2021-22 \$000	Variation \$000
Income	31 072	31 324	(252)
Expenses	(25 830)	(27 780)	1 950
Net Surplus before Tax	5 242	3 544	1 698
Income Tax Expense	(1 573)	(1 063)	(510)
Net Surplus after Tax	3 669	2 481	1 188
Comprehensive Result	3 669	2 481	1 188

DCS produced an operating surplus of \$3.7 million for 2022-23, which is \$1.2 million higher than the previous year. This is predominantly the result of a year-on-year reduction in information technology charges and communications expenditure.

Income

DCS' 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 98.1 per cent of DCS' total income of \$31.1 million, with the remaining 1.9 per cent comprising interest and other income.

The increase in sales of goods and services income predominantly reflects growth in midrange services (\$2.7 million) and mainframe services (\$0.7 million), partially offset by enterprise storage services (\$1.3 million). The reduction in other income is largely due to a reclassification relating to one off recoveries of software licences in 2021-22.

Table 3: Income by Category

Year	Sales of Goods and Services		Interest Revenue		Other Income		Total	
	\$000	%	\$000	%	\$000	%	\$000	%
2022-23	30 492	98.1	286	0.9	294	1.0	31 072	100
2021-22	28 183	90.0	12	-	3 129	10.0	31 324	100

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

- Mainframe Services – hosting and managing mainframe applications
- Midrange Services – hosting and managing midrange server applications
- Enterprise Storage – managing enterprise data storage and performing data backups
- Data Centre Facility Services – hosting ICT infrastructure for agencies and contracted service providers.

Table 4: Income by Business Function

Year	Mainframe Services		Midrange Services		Enterprise Storage and Backup Services		Data Centre Facility Services		Total	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
2022-23	12 469	40.1	13 928	44.8	2 069	6.7	2 606	8.4	31 072	100
2021-22	11 732	37.5	13 432	42.9	4 008	12.8	2 152	6.8	31 324	100

Mainframe services, midrange services and data centre facility services increased due to demand driven growth, while enterprise storage services income decreased due to reduced pricing of services combined with one-off recoveries of software licences in 2021-22.

Expenses

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

Table 5: Expenses by Category

Year	ICT		Employee		Operational		Depreciation		Property		Total	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
2022-23	12 752	49.4	6 729	26.0	1 442	5.6	4 004	15.5	903	3.5	25 830	100
2021-22	13 961	50.2	6 993	25.2	1 506	5.4	4 524	16.3	796	2.9	27 780	100

ICT expenditure has decreased primarily due to lower hardware and software licensing charges, partially offset by higher contractor costs.

The decrease in employee expenses reflects the additional one-off lump sum bonus in 2021-22 in accordance with Enterprise Bargaining Agreement (EBA).

Decrease in depreciation relates to realignment of fixed assets relating to the Data Centre Transition Project in 2021-22.

The increase in property management expenditure is due to higher general property management costs in particular power and lease payments.

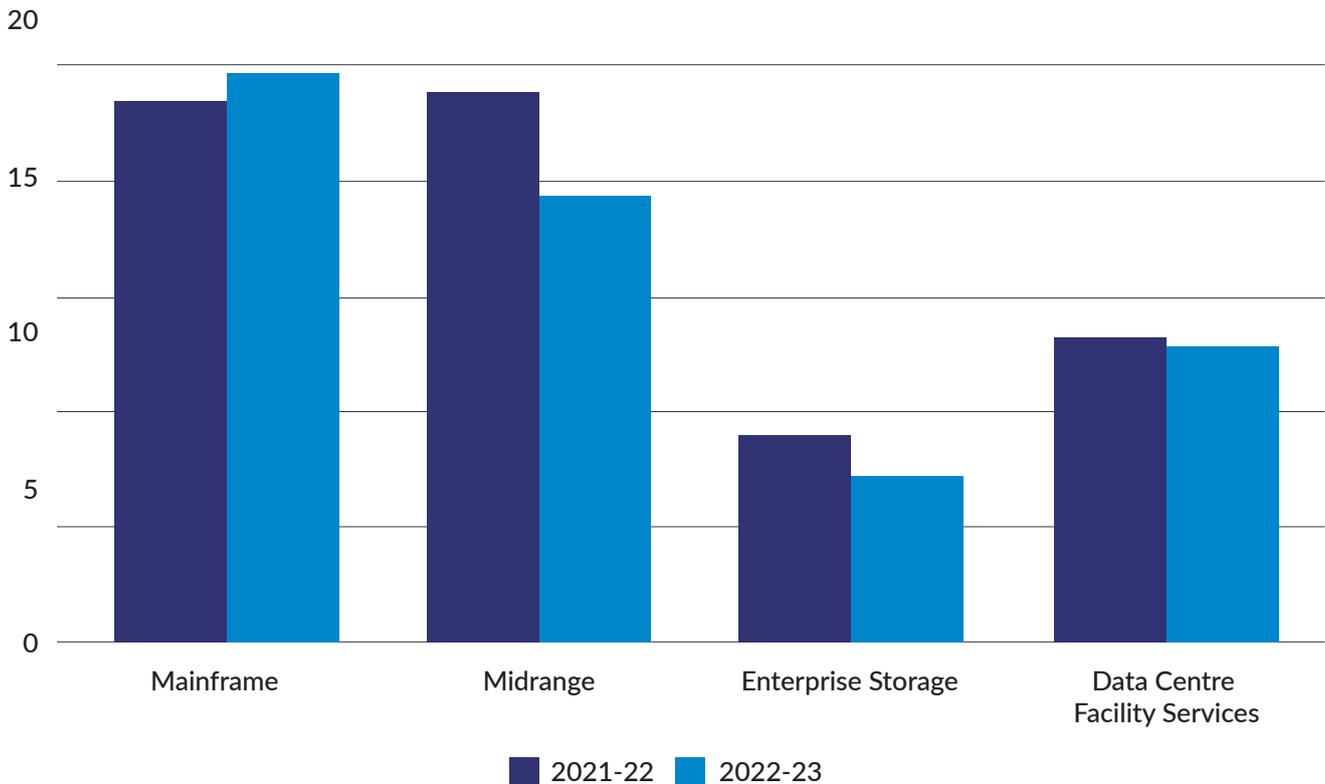
Expenses have also been classified according to DCS' major business functions below.

Table 6: Expenses by Business Function

Year	Mainframe Services		Midrange Services		Enterprise Storage and Backup Services		Data Centre Facility Services		Total	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
2022-23	9 863	38.2	7 819	30.3	2 901	11.2	5 247	20.3	25 830	100
2021-22	9 376	33.8	9 531	34.3	3 566	12.8	5 307	19.1	27 780	100

Mainframe services expenditure increased in line with demand driven growth. However, midrange and enterprise storage services expenditure reduced due to lower year-on-year information technology and communication charges combined with lower asset depreciation.

Figure 1: Expenses (\$million) by Business Function



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 DCS' financial position as at 30 June 2023 with the position at 30 June 2022.

Table 7: 2022-23 and 2021-22 Financial Position

	2022-23 \$000	2021-22 \$000	Variation \$000
ASSETS			
Current Assets	23 551	20 607	2 944
Non-current Assets	23 424	25 101	(1 677)
TOTAL ASSETS	46 975	45 708	1 267
LIABILITIES			
Current Liabilities	(7 329)	(6 255)	(1 074)
Non-current Liabilities	(9 896)	(11 537)	1 641
TOTAL LIABILITIES	(17 225)	(17 792)	567
NET ASSETS	29 750	27 916	1 834
Equity			
TOTAL EQUITY	29 750	27 916	1 834

DCS' net financial position at the end of 2022-23 was \$29.8 million, compared to the previous year's position of \$27.9 million, an increase of \$1.8 million.

Net assets increased by \$1.8 million primarily as a result of the net surplus before tax of \$5.2 million, offset by provision for tax (\$1.6 million) and dividends (\$1.8 million).

Major assets at 30 June 2023 included:

Current Assets

- \$10.5 million cash and deposits
- \$9.9 million prepayments (software licensing and maintenance)
- \$3.2 million receivables (outstanding service fees)

Non-current Assets

- \$21.8 million property, plant and equipment (including buildings and leasehold improvements)
- \$1.6 million prepayments (software licensing and maintenance).

Major liabilities at 30 June 2023 included:

Current Liabilities

- \$0.6 million payables and accrued expenses
- \$1.6 million income tax expense
- \$1.8 million provision for dividends
- \$1.2 million provision for employee entitlements
- \$1.4 million in lease liabilities
- \$0.7 million in other liabilities

Non-current Liabilities

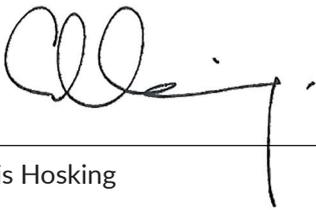
- \$9.7 million in non-current lease liabilities
- \$0.2 million in other liabilities.

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 2023 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.



Chris Hosking

Chief Executive

22 September 2023



Rex Schoolmeester

Chief Financial Officer

22 September 2023



Auditor-General
Independent Auditor's Report
to the Minister for Corporate and Digital Development
Data Centre Services

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Opinion

I have audited the accompanying financial report of Data Centre Services, which comprises the balance sheet as at 30 June 2023, and the comprehensive operating statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, and the certification of the financial statements by the Chief Executive.

In my opinion, the financial report gives a true and fair view, in all material respects, of the financial position of Data Centre Services as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with 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 ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code. 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 of the Department of Corporate and Digital Development is responsible for the other information. The other information comprises the information included in Data Centre Services' financial statement overview for the year ended 30 June 2023, 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, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have 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 for the Financial Report

The Chief Executive is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as the Chief Executive 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 management either intends to liquidate Data Centre Services or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of Data Centre Services.



Auditor-General

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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 internal control of Data Centre Services.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management'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 those charged with governance 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.

A handwritten signature in blue ink, appearing to read 'Julie Crisp'.

Julie Crisp
Auditor-General for the Northern Territory

Darwin, Northern Territory

25 September 2023

COMPREHENSIVE OPERATING STATEMENT

For the year ended 30 June 2023

	Note	2023 \$000	2022 \$000
INCOME			
Sales of goods and services	3	30 492	28 183
Interest revenue		286	12
Other income	4	294	3 129
TOTAL INCOME		31 072	31 324
EXPENSES			
Employee expenses		6 729	6 993
Administrative expenses			
Purchases of goods and services	5	13 982	15 237
Property management	5	903	796
Depreciation and amortisation	14,15,16	4 004	4 524
Impairment losses		-	-
Interest expenses	6	211	230
TOTAL EXPENSES		25 830	27 780
NET SURPLUS/(DEFICIT)		5 242	3 544
SURPLUS BEFORE INCOME TAX		5 242	3 544
Income tax expense		1 573	1 063
NET SURPLUS		3 669	2 481
COMPREHENSIVE RESULT		3 669	2 481

The Comprehensive Operating Statement is to be read in conjunction with the notes to the Financial Statements.

BALANCE SHEET

As at 30 June 2023

	Note	2023 \$000	2022 \$000
ASSETS			
Current Assets			
Cash and deposits	9	10 450	8 833
Receivables	11	13 101	11 774
Total Current Assets		23 551	20 607
Non-current Assets			
Receivables	11	1 645	2 661
Property, plant and equipment	14,15	21 779	21 958
Intangibles	16	-	483
Total Non-current Assets		23 424	25 101
TOTAL ASSETS		46 975	45 708
LIABILITIES			
Current Liabilities			
Payables	17	640	705
Income tax liabilities	18	1 573	1 063
Provisions	20	3 049	2 426
Lease liabilities	19	1 372	1 296
Other liabilities	21	696	765
Total Current Liabilities		7 329	6 255
Non-current Liabilities			
Lease liabilities	19	9 741	10 687
Other liabilities	21	155	850
Total Non-current Liabilities		9 896	11 537
TOTAL LIABILITIES		17 225	17 792
NET ASSETS		29 750	27 916
EQUITY			
Capital	23	4 563	4 563
Accumulated funds	23	25 187	23 353
TOTAL EQUITY		29 750	27 916

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 2023

	Note	Equity at 1 July \$000	Comprehensive result \$000	Transactions with owners in their capacity as owners \$000	Equity at 30 June \$000
2022-23 Accumulated Funds					
Accumulated funds	23	23 353	3 669	-	27 022
Dividends payable	20,23	-	-	(1 835)	(1 835)
		23 353	3 669	(1 835)	25 187
Capital – Transactions with Owners		4 563	-	-	4 563
Equity injections	23	-	-	-	-
Equity transfers in	23	-	-	-	-
Other equity injections		-	-	-	-
Equity withdrawals		-	-	-	-
Equity transfers out	23	-	-	-	-
		4 563	-	-	4 563
Total Equity at End of Financial Year		27 916	3 669	(1 835)	29 750

Note

2021-22 Accumulated Funds					
Accumulated funds	23	22 112	2 481	-	24 593
Dividends payable	23	-	-	(1 241)	(1 241)
		22 112	2 481	(1 241)	23 353
Capital – Transactions with Owners		4 563	-	-	4 563
Equity injections					
Equity transfers in	23	-	-	-	-
Other equity injections	23	-	-	-	-
Equity withdrawals		-	-	-	-
Equity transfers out	23	-	-	-	-
		4 563	-	-	4 563
Total Equity at End of Financial Year		26 675	2 481	(1 241)	27 916

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 2023

	Note	2023 \$000	2022 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Receipts			
Receipts from sales of goods and services		30 485	30 858
GST receipts		1 627	1 875
Interest received		257	8
Total Operating Receipts		32 369	32 741
Operating Payments			
Payments to employees		(6 684)	(6 865)
Payments for goods and services		(15 365)	(16 929)
GST payments		(1 975)	(1 980)
Income tax paid		(1 063)	(1 762)
Interest paid		(211)	(230)
Total Operating Payments		(25 298)	(27 766)
Net Cash From/(Used in) Operating Activities	10a	7 071	4 975
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing receipts			
Investing Payments			
Purchases of assets		(2 891)	(1 394)
Total Investing Payments		(2 891)	(1 394)
Net Cash From/(Used in) Investing Activities		(2 891)	(1 394)
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing Receipts			
Equity injections		-	-
Total Financing Receipts		-	-
Financing Payments			
Dividends paid	10b	(1 241)	(2 056)
Finance lease payments	10b	(1 322)	(1 272)
Total Financing Payments		(2 563)	(3 328)
Net Cash From/(Used in) Financing Activities	10b	(2 563)	(3 328)
Net increase/(decrease) in cash held		1 617	254
Cash at beginning of financial year		8 833	8 579
CASH AT END OF FINANCIAL YEAR	9	10 450	8 833

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 a range of ICT services to all Northern Territory Government agencies and ensures that critical business systems operate in an environment that is flexible, reliable and secure with high levels of access and availability.

DCS is funded through income generated by services provided to Northern Territory Government agencies. The Financial Statements encompass all funds and resources which DCS controls to undertake its functions.

2 Statement of significant accounting policies

a) Statement of compliance

The Financial Statements have been prepared in accordance with the requirements of the *Financial Management Act 1995* and related Treasurer's Directions. The *Financial Management Act 1995* requires Data Centre Services to prepare Financial Statements for each year ended 30 June based on the form determined by the Treasurer. The form of DCS' Financial Statements should include:

- 1) Certification of the Financial Statements
- 2) Comprehensive Operating Statement
- 3) Balance Sheet
- 4) Statement of Changes in Equity
- 5) Cash Flow Statement
- 6) Applicable explanatory notes to the Financial Statements.

b) Basis of accounting

The Financial Statements have been prepared using the accrual basis of accounting, which recognises the effect of financial transactions and events when they occur, rather than when cash is paid out or received. As part of the preparation of the Financial Statements, all intra agency transactions and balances have been eliminated.

Except where stated, the Financial Statements have been prepared in accordance with the historical cost convention.

The form of DCS' Financial Statements is consistent with the requirements of Australian Accounting Standards. The effects of all relevant new and revised standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are effective for the current annual reporting period have been evaluated.

Standards and interpretations effective from 2022-23

Several amending standards and AASB interpretations have been issued that apply to the current reporting periods, but are considered to have no impact on public sector reporting.

Standards and interpretations issued but not yet effective

No new or changed Australian accounting standards have been early adopted for 2022-23.

On the date of authorisation of the financial statements, the following standard was issued but not yet effective.

AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial assets of Not-for-Profit Public Sector Entities

This standard amends the application of AASB 13 Fair Value Measurement to non-financial assets of not-for-profit public sector entities not held primarily to generate cash inflows. It applies prospectively to annual periods beginning on or after 1 January 2024, with earlier application permitted.

This revised standard provides clarification and further guidance on the current requirements for measuring non-financial assets including:

- when an asset's use is considered 'financially feasible'
- application of the cost approach in measurement of an asset's fair value
- costs to be included in the calculation of replacement cost
- indicators of economic obsolescence.

DCS is assessing this standard and will provide further information on the impact on the financial statements when first adopted for the year ending 30 June 2025.

c) Reporting entity

The Financial Statements cover DCS as an individual reporting entity.

DCS is a Northern Territory Government Business Division (GBD) established under the *Interpretation Act 1978* and specified in the Administrative Arrangements Order.

The principal place of business of the GBD is: Level 3, Powerhouse, Smith Street Mall, Darwin NT 0800.

DCS has no controlled entities.

d) DCS and Territory items

The Financial Statements of DCS include income, expenses, assets, liabilities and equity over which DCS has control (DCS items) and is able to utilise to further its own objectives. Certain items, while managed by agencies, are administered and recorded by the Northern Territory rather than agencies (Territory items). Territory items are recognised and recorded in the Central Holding Authority.

DCS held no Territory items.

e) Comparatives

Where necessary, comparative information for the 2021-22 financial year has been reclassified to provide consistency with current year disclosures.

f) Presentation and rounding of amounts

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

g) Changes in accounting policies

There have been no changes to accounting policies adopted in 2022-23 financial year as a result of management decisions.

h) Accounting judgments and estimates

The preparation of the financial report requires the making of judgments and estimates that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments and estimates that have significant effects on the Financial Statements are disclosed in the relevant notes to the Financial Statements.

i) Goods and services tax (GST)

Income, expenses and assets are recognised net of the amount of goods and services tax, except where the amount of GST incurred on a purchase of goods and services is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable or payable unless otherwise specified. Gross GST recoverable on commitments is disclosed separately in the commitments note.

j) Taxation

DCS is required to pay income tax on its accounting surplus at the company tax equivalent rate of 30 per cent in accordance with the requirements of the Treasurer's Directions on the Northern Territory Tax Equivalents Regime.

k) Contributions by and distributions to government

DCS may receive contributions from government where the government is acting as the owner of DCS. 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.

l) Dividends

DCS has provided for a dividend payable at the rate of 50 per cent of net profit after tax in accordance with the Northern Territory Government's dividend policy.

Income

Income encompasses both revenue and gains.

Income is recognised at the fair value of the consideration received, exclusive of the amount of GST. Exchanges of goods or services of the same nature and value without any cash consideration being exchanged are not recognised as income.

DCS revenue for the 2022-23 financial year has 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.

DCS delivers a range of ICT services to all Northern Territory Government agencies.

3 Sales of goods and services

	2023			2022		
	Revenue from contracts with customers \$000	Other \$000	Total \$000	Revenue from contracts with customers \$000	Other \$000	Total \$000
Sale of mainframe services	12 175	-	12 175	11 471	-	11 471
Sale of midrange services	13 928	-	13 928	11 187	-	11 187
Sale of enterprise storage and backup services	2 069	-	2 069	3 385	-	3 385
Sale of data centre facility services	2 320	-	2 320	2 140	-	2 140
Total sales of goods and services	30 492	-	30 492	28 183	-	28 183

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 (SAN) which is located in the Data Centre. 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 Data Centre, 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 Government Data Centre (GDC) is the primary site which provides a continuous, secure and reliable facility hosting client and agency ICT equipment. Data Centre Services, as part of disaster recovery offerings, can also provide hosting options in a secondary site known as the Backup Data Centre (BDC). 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.

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.

	2023 \$000	2022 \$000
Type of good and service:		
Service delivery	30 492	28 183
Total revenue from contracts with customers by good or service	30 492	28 183
Type of customer:		
Northern Territory Government controlled entities	30 415	28 063
Non-government entities	77	120
Total revenue from contracts with customers by type of customer	30 492	28 183
Timing of transfer of goods and services:		
Over time	30 492	28 183
Total revenue from contracts with customers by timing of transfer	30 492	28 183

4 Other income

	2023			2022		
	Revenue from contracts with customers \$000	Other \$000	Total \$000	Revenue from contracts with customers \$000	Other \$000	Total \$000
Other income	294	-	294	3 129	-	3 129
Total other income	294	-	294	3 129	-	3 129

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.

	2023 \$000	2022 \$000
Type of good and service:		
Service delivery	294	3 129
Total revenue from contracts with customers by good or service	294	3 129
Type of customer:		
Northern Territory Government controlled entities	294	2 744
Non-government entities	-	385
Total revenue from contracts with customers by type of customer	294	3 129
Timing of transfer of goods and services:		
Point in time	294	3 129
Total revenue from contracts with customers by timing of transfer	294	3 129

Expenses

Expenses encompasses both expenses from ordinary activities and losses.

Expenses from ordinary activities includes costs associated with paying salaries and wages, purchasing goods and services, interest payments and certain non-cash expenses such as depreciation.

Expenses from losses can include a loss on the disposal of an item of plant and equipment, loss incurred in writing down obsolete inventory and certain unrealised losses resulting from reductions in asset values.

DCS' primary expenditure relates to ICT expenses for hardware, software and specialist contractors, with employee expenses being the second largest driver of expenditure.

5 Purchases of goods and services

The net surplus/(deficit) has been arrived at after charging the following expenses:

	2023 \$000	2022 \$000
Goods and services expenses:		
Consultants ¹	4 166	4 022
Legal expenses ²	-	22
Training and study	-	69
Official duty fares	1	-
Information technology charges and communications	8 586	9 939
Property management expenses	903	796
Insurance premiums	104	92
Agency service arrangements	1 057	1 029
Audit fees	27	24
Other ³	41	40
	14 885	16 033

¹ Includes marketing, promotion and IT consultants.

² Includes legal fees, claim and settlement costs.

³ 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 services costs recognised in the reporting period in which they are incurred.

6 Interest expense

	2023 \$000	2022 \$000
Interest from lease liabilities ¹	211	230
Total	211	230

¹ Interest expense in 2023 and 2022 relate to lease liabilities in accordance with AASB 16.

7 Write-offs, postponements, waivers, gifts and ex-gratia payments

DCS had no write-offs, postponements, waivers, and gifts or ex-gratia payments for the year ended 30 June 2023 and 30 June 2022.

8 Income tax expense

	2023 \$000	2022 \$000
Prima facie income tax expense calculated at 30% of the surplus before income tax	1 573	1 063
Total	1 573	1 063

Assets

Assets are resources controlled by an entity that will provide a future economic benefit.

Assets encompasses cash and deposits, receivables, advances and investments, other financial assets, property, plant and equipment and intangibles.

DCS' primary assets comprises its property, plant and equipment, cash balances and prepayments.

9 Cash and deposits

	2023 \$000	2022 \$000
Cash on hand	10 450	8 833
Total	10 450	8 833

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.

10 Cash flow reconciliation

a) Reconciliation of Cash

The total of DCS' 'Cash and deposits' of \$10.5 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

	2023 \$000	2022 \$000
Net surplus	3 669	2 481
Non-cash items:		
Depreciation and amortisation	4 004	4 524
Asset write-offs/write-downs	-	-
Changes in assets and liabilities:		
Decrease/(Increase) in receivables	(311)	(640)
(Decrease)/Increase in payables	1	(226)
(Decrease)/Increase in other payables	(66)	(347)
(Decrease)/Increase in provision for employee benefits	19	116
(Decrease)/Increase in other provisions	9	(2)
(Decrease)/Increase in income tax liability	510	(699)
(Decrease)/Increase in unearned income	(764)	(232)
Net cash from operating activities	7 071	4 975

b) Reconciliation of liabilities arising from financing activities

	CASH FLOWS						OTHER		
	1 July \$000	Dividends paid \$000	Equity injection/ withdrawal \$000	Lease liabilities repayments \$000	Other \$000	Total cash flows \$000	Other \$000	Total other \$000	30 June \$000
2022-23									
Dividends	1 241	(1 241)	-	-	-	(1 241)	1 835	1 835	1 835
Lease liabilities	11 983	-	-	(1 322)	-	(1 322)	451	451	11 113
Equity injections / withdrawals	4 563	-	-	-	-	-	-	-	4 563
Total	17 787	(1 241)	-	(1 322)	-	(2 563)	2 287	2 287	17 511

	CASH FLOWS						OTHER		
	1 July \$000	Dividends paid \$000	Equity injection/ withdrawal \$000	Lease liabilities repayments \$000	Other \$000	Total cash flows \$000	Other \$000	Total other \$000	30 June \$000
2021-22									
Dividends	2 056	(2 056)	-	-	-	(2 056)	1 241	1 241	1 241
Lease liabilities	13 255	-	-	(1 272)	-	(1 272)	-	-	11 983
Equity injections / withdrawals	4 563	-	-	-	-	-	-	-	4 563
Total	19 874	(2 056)	-	(1 272)	-	(3 328)	1 241	1 241	17 787

c) Non-cash financing and investing activities

Lease transactions

DCS recorded no additional right-of-use assets for the lease of buildings for the 2022-23 and 2021-22 financial years.

11 Receivables

	2023 \$000	2022 \$000
Current		
Accounts receivable	335	866
Accrued contract revenue	2 538	2 472
Interest receivables	34	5
GST receivables	277	-
Prepayments	9 916	8 431
	13 101	11 774
Non-current		
Prepayments	1 645	2 661
	14 746	14 435

Receivables are initially recognised when DCS becomes a party to the contractual provisions of the instrument and are measured at fair value less any directly attributable transaction costs. Receivables include accounts receivable, contract receivable, accrued contract revenue, interest receivables, GST receivables, prepayments 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 DCS estimates are likely to be uncollectible and are considered doubtful. DCS did not recognise any loss allowance in the 2022-23 and 2021-22 financial years.

Accrued contract revenue

Accrued contract revenue arises from contracts with customers where DCS' right to consideration in exchange for goods transferred to customers or works completed have arisen but have not been billed at the reporting date. Once DCS' 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 is 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' prepayments include software licenses and related software and hardware support services. Perpetual licenses 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 net prepayments in 2022-23 is due to the timing of payment for software licenses.

Credit risk exposure of receivables

Receivables are monitored on an ongoing basis to ensure exposure to bad debts is not significant. DCS applies the simplified approach to measuring expected credit losses. This approach recognises a loss allowance based on lifetime expected credit losses for all accounts receivables, contracts receivable 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.

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.

DCS' credit risk exposure has not materially changed due to minimal business disruption experienced as a result of COVID-19. There is no material impact on the agency's expected credit losses due to COVID-19.

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 and reconciliation of loss allowance for receivables as at the reporting date are disclosed below.

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

Ageing Analysis

	2023				2022			
	Gross receivables \$000	Loss Rate \$000	Expected credit losses \$000	Net receivables \$000	Gross receivables \$000	Loss Rate \$000	Expected credit losses \$000	Net receivables \$000
Internal receivables								
Not overdue	327	-	-	327	853	-	-	853
Overdue for less than 30 days	-	-	-	-	6	-	-	6
Overdue for 30 to 60 days	1	-	-	1	1	-	-	1
Overdue for more than 60 days	-	-	-	-	-	-	-	-
Total internal receivables	328	-	-	328	860	-	-	860
External receivables								
Not overdue	7	-	-	7	6	-	-	6
Overdue for less than 30 days	-	-	-	-	-	-	-	-
Overdue for 30 to 60 days	-	-	-	-	-	-	-	-
Overdue for more than 60 days	-	-	-	-	-	-	-	-
Total external receivables	7	-	-	7	6	-	-	6

Total amounts disclosed exclude statutory amounts and prepayments as these do not meet the definition of a financial instrument and therefore will not reconcile to 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 2022-23 and 2021-22 from the assessment of expected credit losses.

12 Advances and investments

DCS had no advances paid, equity accounted investments and investments in shares for the 2022-23 and 2021-22 financial years.

13 Other financial assets

The agency does not have any finance lease or sublease arrangements for 2022-23 and 2021-22.

14 Property, plant and equipment

Total property, plant and equipment

	2023 \$000	2022 \$000
Infrastructure		
At capitalised cost	27	27
Less: accumulated depreciation	(10)	(7)
	17	20
Plant and equipment		
At capitalised cost	13 012	11 127
Less: accumulated depreciation	(2 209)	(1 654)
	10 803	9 473
Computer hardware		
At capitalised cost	7 524	8 265
Less: accumulated depreciation	(7 430)	(7 599)
	94	666
Leased property, plant and equipment		
At capitalised cost	15 850	15 399
Less: accumulated amortisation	(4 985)	(3 600)
	10 865	11 799
Total property, plant and equipment	21 779	21 958

Reconciliation of carrying amount of property, plant and equipment

Property, plant and equipment includes right-of-use assets under AASB 16 Leases and service concession assets under AASB 1059. Further information on right-of-use assets are disclosed in Note 15. A reconciliation of the carrying amount of property, plant and equipment at the beginning and end year is set out below:

	Infrastructure \$000	Plant and equipment \$000	Computer hardware \$000	Leased property, plant and equipment \$000	Total \$000
2022-23					
Carrying amount as at 1 July 2022	20	9 473	666	11 799	21 958
Additions	-	1 885	1 007	-	2 892
Additions of right-of-use assets	-	-	-	-	-
Depreciation expense – asset owned	(3)	(555)	(1 579)	-	(2 137)
Amortisation expense – right-of-use asset	-	-	-	(1 385)	(1 385)
Additions/disposals from asset transfers	-	-	-	-	-
Revaluation Increments/Decrements	-	-	-	451	451
Impairment Losses	-	-	-	-	-
Carrying amount as at 30 June 2023	17	10 803	94	10 865	21 779
2021-22					
Carrying amount as at 1 July 2021	23	9 751	1 851	13 156	24 781
Additions	-	273	1 121	-	1 394
Additions of right-of-use assets	-	-	-	-	-
Depreciation expense – asset owned	(3)	(552)	(2 306)	-	(2 861)
Amortisation expense – right-of-use asset	-	-	-	(1 357)	(1 357)
Additions/disposals from asset transfers	-	-	-	-	-
Revaluation Increments/Decrements	-	-	-	-	-
Impairment Losses	-	-	-	-	-
Carrying amount as at 30 June 2022	20	9 473	666	11 799	21 958

Acquisitions

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

The construction cost of property, plant and equipment includes the cost of materials and direct labour, and an appropriate proportion of fixed and variable overheads.

Complex assets

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

Subsequent additional costs

Costs incurred on property, plant and equipment subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to DCS in future years. Where these costs represent separate components of a complex asset, they are accounted for as separate assets and separately depreciated over their expected useful lives.

Construction (work in progress)

As part of the financial management framework, the Department of Infrastructure, Planning and Logistics (DIPL) is responsible for managing general government capital works projects on a whole of government basis. Therefore funds for DCS' capital works are provided directly to DIPL and the cost of construction work in progress is recognised as an asset of that department. Once completed, capital works assets are transferred to DCS.

Revaluations and impairment

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

For right-of-use assets, the net present value of the remaining lease payments is often an appropriate proxy for the fair value of relevant right-of-use assets at the time of initial recognition. Subsequently, right-of-use assets are stated at cost less amortisation, which is deemed to equate to fair value.

Right-of-use asset for leased buildings has been revalued in 2022-23 to reflect the impact of the increase to CPI.

There has been no impairment loss for DCS in 2022-23 and 2021-22.

Depreciation and amortisation expense

Items of property, plant and equipment, including buildings but excluding land, have limited useful lives and are depreciated or amortised using the straight-line method over their estimated useful lives.

The estimated useful lives for each class of asset are in accordance with the Treasurer's Directions and are determined as follows:

	2023 \$000	2022 \$000
Plant and equipment	2-18 years	2-18 years
Right-of-use assets ¹	Lease Term	Lease Term
Computer hardware	2-10 years	2-10 years

¹Further information on right-of-use assets is disclosed in Note 15.

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

15 DCS as a lessee

DCS leases office accommodation, vehicles and data centre facilities. Lease contracts are typically made for fixed periods of 2 to 10 years, but may have extension options. 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. DCS does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property and equipment 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 DCS 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).

Potential future cash outflows have not been included in the lease liability because it is not reasonably certain the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs that affects this assessment and is within the control of the lessee. During the current financial year, there was no financial effect of revising lease terms to reflect the effect of exercising extension and termination options in recognised lease liabilities and right-of-use assets.

DCS has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less with no purchase option. DCS did not hold low value assets with a fair value of \$10 000 or less when new and is not subject to a sublease arrangement.

Right-of-use asset

The following table presents right-of-use assets included in the carrying amounts of leased property, plant and equipment at Note 14.

	Leased buildings \$000	Leased transport equipment \$000	Total \$000
2022-23			
Balance as at 1 July 2022	11 774	25	11 799
Additions	-	-	-
Disposals	-	-	-
Amortisation expense	(1 376)	(9)	(1 385)
Other movements – Revaluation Increments/ (Decrements)	451	-	451
Carrying amount as at 30 June 2023	10 849	16	10 865

	Leased buildings \$000	Leased transport equipment \$000	Total \$000
2021-22			
Balance as at 1 July 2021	13 122	34	13 156
Additions	-	-	-
Disposals	-	-	-
Amortisation expense	(1 348)	(9)	(1 357)
Other movements – Revaluation Increments/ (Decrements)	-	-	-
Carrying amount as at 30 June 2022	11 774	25	11 799

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

	2023 \$000	2022 \$000
Amortisation expense of right-of-use assets	(1 385)	(1 357)
Interest expense on lease liabilities	(211)	(230)
Total amount recognised in the comprehensive operating statement	(1 596)	(1 587)

Recognition and measurement

DCS assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

DCS recognises lease liabilities 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). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability, adjusted by any lease payments made at or before the commencement date.

Right-of-use assets are amortised on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	2023	2022
Building	2-18 years	2-18 years
Transport Equipment	2 to 4 years	2 to 4 years

16 Intangibles

a) Total intangibles

	2023 \$000	2022 \$000
Intangibles with a finite useful life		
Computer software		
Gross carrying amount	2 759	2 759
Less: accumulated amortisation	(2 759)	(2 276)
Carrying amount at 30 June	-	483
Total intangibles	-	483

Intangible assets for DCS are comprised of computer software.

DCS recognises intangible assets only if it is probable that future economic benefits will flow to DCS and the costs of the asset can be measured reliably. Where an asset is acquired at nil or nominal cost, the cost is the fair value as at the date of acquisition.

Intangible assets arising from configuration and customisation costs for an application software in a Software-as-a-Service (SaaS) arrangement are only recognised where the services create a separately identifiable software code from which the agency has the power to both obtain the future economic benefits and restrict others' access to those benefits.

Intangible assets for DCS are stated at historical cost less amortisation, which is deemed to equate to fair value.

Intangibles with limited useful lives are amortised using the straight-line method over their estimated useful lives, which reflects the pattern of when expected economic benefits are likely to be realised.

The estimated useful lives for finite intangible assets are determined in accordance with the Treasurer's Directions and are determined as follows:

	2023	2022
Computer software	2 to 10 years	2 to 10 years

As the historical cost less amortisation is deemed to equate to fair value, no impairment was recognised for the year ended 30 June 2023.

b) Reconciliation of carrying amount of intangibles

	Computer software \$000	Total \$000
2022-23		
Intangibles with a finite useful life		
Carrying amount at 1 July 2022	483	483
Additions	-	-
Disposals	-	-
Amortisation	(483)	(483)
Other movements – <i>Revaluation Increments/(Decrements)</i>	-	-
Carrying amount as at 30 June 2023	-	-

	Computer software \$000	Total \$000
2022-23		
Intangibles with a finite useful life		
Carrying amount at 1 July 2021	789	789
Additions	-	-
Disposals	-	-
Amortisation	(306)	(306)
Other movements – <i>Revaluation Increments/(Decrements)</i>	-	-
Carrying amount as at 30 June 2022	483	483

Liabilities

Liabilities are present obligations of an entity that arise from past events, the settlement of which is expected to result in an outflow of resources or economic benefits.

Liabilities encompasses payables, accrued expenses, employee benefit liabilities, provisions and lease liabilities.

DCS' primary liabilities comprises its lease liabilities, provisions and income tax liabilities.

17 Payables

	2023 \$000	2022 \$000
Accounts payable	1	-
Accrued salaries and wages	121	106
Other accrued expenses	518	528
GST Payable	-	71
Total Payables	640	705

Liabilities for accounts payable and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to DCS. Accounts payable are normally settled within 20 days from the receipt of a valid invoice for 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.

18 Income tax liabilities

	2023 \$000	2022 \$000
Income tax liabilities	1 573	1 063
Total Income tax liabilities	1 573	1 063

19 Lease liabilities

	2023 \$000	2022 \$000
Current		
Lease liabilities	1 372	1 296
Non-current		
Lease liabilities	9 741	10 687
Total lease liabilities	11 113	11 983

At the commencement date of the lease where the 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
- amounts expected to be paid under residual value guarantees
- exercise price of a purchase options reasonably certain to be exercised by DCS
- payments of penalties for terminating the lease, if the lease term reflects DCS exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate 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 DCS' 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.

The following table presents liabilities under leases.

	2023 \$000	2022 \$000
Balance at 1 July	11 983	13 255
Additions/remeasurements	451	-
Interest expenses	211	230
Payments	(1 532)	(1 502)
Balance at 30 June	11 113	11 983

DCS had total cash outflows for leases of \$1.5 million in 2022-23 (\$1.5 million in 2021-22).

DCS had no future minimum lease payments under non-cancellable leases not recorded as liabilities for 2022-23 and 2021-22.

20 Provisions

	2023 \$000	2022 \$000
Current		
Employee benefits		
Recreation leave	928	910
Leave loading	76	76
Other employee benefits	11	10
Other current provisions		
Provision for dividends	1 835	1 241
Provision for fringe benefits tax	3	3
Provision for superannuation	134	125
Provision for payroll tax	62	61
Other provisions	-	-
Total provisions	3 049	2 426
Reconciliations of provision for dividends		
Balance as at 1 July	1 241	2 056
Additional provisions recognised	1 835	1 241
Reductions arising from payments	(1 241)	(2 056)
Balance as at 30 June	1 835	1 241

Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, and recreation leave. Liabilities arising in respect of wages and salaries, 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.

DCS employed 50 employees as at 30 June 2023 (48 employees as at 30 June 2022).

Superannuation

Employees' superannuation entitlements are provided through the:

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

DCS 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 DCS Financial Statements.

21 Other liabilities

	2023 \$000	2022 \$000
Current		
Unearned contract revenue	696	765
Non-current		
Unearned contract revenue	155	850
Total other liabilities	851	1 615

Financial guarantee contracts

DCS had no financial guarantee contracts as at 30 June 2023 or 30 June 2022.

Unearned contract revenue

Unearned contract revenue relates to consideration received in advance from customers in respect of information technology services. Unearned contract revenue balances as at 30 June 2023 is \$0.9 million (balance at 30 June 2022 was \$1.6 million). Software licensing, support and maintenance are valid for the contracted period, performance obligations are satisfied on the expiration of the validity period.

Of the amount included in the unearned contract revenue balance as at 30 June 2022, \$0.8 million has been recognised as revenue in 2022-23.

DCS anticipates to recognise as revenue, any liabilities for unsatisfied obligations as at the end of the reporting period in accordance with the time bands below:

	2023 \$000	2022 \$000
Not later than 1 year	696	765
Later than 1 year and not later than 5 years	155	850
Total	851	1 615

22 Commitments

Commitments represent future obligations or cash outflows that can be reliably measured and arise out of a contractual arrangement and typically binds the agency to performance conditions. Commitments are not recognised as liabilities on the balance sheet.

Commitments may extend over multiple reporting periods and may result in payment of compensation or return of funds if obligations are breached.

Internal commitments reflect commitments with entities controlled by the Northern Territory Government such as other agencies, government business divisions and government owned corporations. External commitments reflect those to third parties which are external to the Northern Territory Government.

Disclosures in relation to other commitments are detailed below.

a) Capital expenditure commitments

DCS had no capital expenditure commitments in 2022-23 and 2021-22.

b) Other non-cancellable contract commitments¹

Other non-cancellable contract commitments predominantly comprise of IBM licence contracts. These contracts are expected to be payable as follows:

	2023		2022	
	Internal \$000	External \$000	Internal \$000	External \$000
Not later than 1 year	-	3 931	-	3 931
Later than 1 year and not later than 5 years	-	-	-	3 931
Later than 5 years	-	-	-	-
Total other non-cancellable contract commitments (exclusive of GST)	-	3 931	-	7 862
Plus: GST recoverable	-	393	-	786
Total other non-cancellable contract commitments (inclusive of GST)	-	4 324	-	8 648

¹ Excludes capital and lease commitments, but includes maintenance contracts. Also excludes amounts recognised as unearned revenue in the agency's financial records.

23 Equity

Equity represents the residual interest in the net assets of DCS. The Northern Territory Government's ownership interest in DCS is held in the Central Holding Authority.

	2023 \$000	2022 \$000
Capital		
Balance as at 1 July 2022	4 563	4 563
Equity injections		
Equity injections	-	-
Equity transfers	-	-
Balance as at 30 June 2023	4 563	4 563
Accumulated Funds		
Balance as at 1 July 2021	23 353	22 112
Surplus for the period	3 669	2 481
Dividends payable	(1 835)	(1 241)
Special dividend	-	-
Balance as at 30 June 2022	25 187	23 353
Total Equity	29 750	27 916

24 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.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use takes into account the use of the asset that is physically possible, legally permissible and financially feasible.

DCS' 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 approximates their fair value.

25 Financial instruments

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

Financial assets and liabilities are recognised on the Balance Sheet when DCS becomes a party to the contractual provisions of the financial instrument. DCS' financial instruments include cash and deposits, receivables, payables and finance lease liabilities.

Due to the nature of operating activities, certain financial assets and financial liabilities arise under statutory obligations rather than a contract. Such financial assets and liabilities do not meet the definition of financial instruments as per AASB 132 Financial Instruments: Presentation. These include statutory receivables arising from taxes including GST and penalties.

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 DCS' financial assets and liabilities by category are disclosed in the table below.

	Fair value through profit or loss		Amortised cost \$000	Fair value through other comprehensive income \$000	Total \$000
	Mandatorily at fair value \$000	Designated at fair value \$000			
2022-23					
Cash and deposits	-	-	10 450	-	10 450
Receivables ¹	-	-	369	-	369
Total financial assets	-	-	10 819	-	10 819
Payables ¹	-	-	1	-	1
Lease liabilities	-	-	11 113	-	11 113
Total financial liabilities	-	-	11 114	-	11 114

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

	Fair value through profit or loss		Amortised cost \$000	Fair value through other comprehensive income \$000	Total \$000
	Mandatorily at fair value \$000	Designated at fair value \$000			
2021-22					
Cash and deposits	-	-	8 833	-	8 833
Receivables ¹	-	-	871	-	871
Total financial assets	-	-	9 704	-	9 704
Payables ¹	-	-	-	-	-
Lease liabilities	-	-	11 983	-	11 983
Total financial liabilities	-	-	11 983	-	11 983

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

Categories of financial instruments

DCS' financial instruments are classified in accordance with AASB 9.

Financial assets are classified under the following categories:

- amortised cost.

Financial liabilities are classified under the following categories:

- amortised cost.

Financial assets at amortised cost

Financial assets are classified at amortised cost when they are held by DCS to collect the contractual cash flows and the contractual cash flows are solely payments of principal and interest.

These assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less impairment. DCS' financial assets categorised at amortised cost include cash and deposits and receivables.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest rate method. DCS' 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, DCS has adopted a policy of only dealing with credit worthy 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 DCS' 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 11.

c) Liquidity risk

Liquidity risk is the risk DCS will not be able to meet its financial obligations as they fall due. DCS' 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 DCS' bank account to meet various current employee and supplier liabilities. DCS' exposure to liquidity risk is minimal. Cash injections are available from the Central Holding Authority in the event of one-off extraordinary expenditure items arise that deplete cash to levels that compromise DCS' ability to meet its financial obligations.

The following tables detail DCS' 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 \$000	Less than a year \$000	1 to 5 years \$000	More than 5 years \$000	Total \$000
2022-23					
Liabilities					
Payables ¹	1	1	-	-	1
Lease Liabilities	11 113	1 559	5 551	5 025	12 135
Total financial liabilities	11 114	1 560	5 551	5 025	12 136

	Carrying amount \$000	Less than a year \$000	1 to 5 years \$000	More than 5 years \$000	Total \$000
2021-22					
Liabilities					
Payables ¹	-	-	-	-	-
Lease Liabilities	11 983	1 502	5 866	5 801	13 169
Total financial liabilities	11 983	1 502	5 866	5 801	13 169

¹ Total amounts disclosed exclude statutory amounts and accrued items.

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' financial assets and financial liabilities are non interest bearing. Lease arrangements are established on a fixed interest rate and as such do not expose DCS to interest rate risk.

Sensitivity analysis

Changes in the variable rates of 100 basis points (1 per cent) at reporting date would have the following effect on DCS' profit or loss and equity.

	100 basis points \$000
30 June 2023	
Financial assets – cash at bank	±105
Net sensitivity	±105
30 June 2022	
Financial assets – cash at bank	±88
Net sensitivity	±88

(ii) Price risk

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

(iii) Currency risk

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.

26 Related parties

i) Related parties

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

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

ii) Key management personnel (KMP)

KMP of DCS are those persons having authority and responsibility for planning, directing and controlling the activities of DCS. These include:

- Ngaree Ah Kit, Minister for Corporate and Digital Development
- Chris Hosking, Chief Executive Officer of DCDD
- Greg Connors, A/Deputy Chief Executive Officer of DCDD
- Scott Thomson, Senior Director, Data Centre Services
- Rex Schoolmeester, Chief Financial Officer, DCDD.

iii) Remuneration of key management personnel

The details below exclude the salaries and other benefits paid/payable to the Minister as the Minister's remuneration and allowances are payable by the Department of the Legislative Assembly and disclosed within the Treasurer's Annual Financial Statements.

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

	2023 \$000	2022 \$000
Short-term benefits	229	228
Post-employment benefits	25	25
Total	254	253

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

iv) Related party transactions

Transactions with Northern Territory Government controlled entities

DCS' primary ongoing source of funding is received from Northern Territory Government controlled entities.

The following table provides quantitative information about related party transactions entered into during the year with all other Northern Territory Government controlled entities.

2022-23

Related party	Revenue from related parties \$000	Payments to related parties \$000	Amounts owed by related parties \$000	Amounts owed to related parties \$000
NTG agencies	30 995	5 060	2 883	3 785

2021-22

Related party	Revenue from related parties \$000	Payments to related parties \$000	Amounts owed by related parties \$000	Amounts owed to related parties \$000
NTG agencies	30 819	4 595	3 320	4 122

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

Other related party transactions

Given the breadth and depth of Northern Territory Government activities, related parties will transact with the Northern 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. There were no other related party transactions to be reported.

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

27 Contingent liabilities and contingent assets

DCS had no contingent liabilities or contingent assets as at 30 June 2023 or 30 June 2022.

28 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.

29 Budgetary information

The following tables present the variation between the 2022-23 original budgeted financial statements, as reported in 2022-23 Budget Paper No. 3 Agency Budget Statements, and the 2022-23 actual amounts reported in the financial statements, together with explanations for significant variations.

Comprehensive Operating Statement

	Note	2023 Actual \$000	2023 Original budget \$000	Variance \$000
INCOME				
Sales of goods and services	1	30 492	27 038	3 454
Interest revenue		286	10	276
Other income		294	-	294
TOTAL INCOME		31 072	27 048	4 024
EXPENSES				
Employee expenses		6 729	6 797	68
Administrative expenses				
Purchases of goods and services	2	14 885	12 976	(1 909)
Depreciation and amortisation		4 004	3 623	(381)
Impairment losses		-	-	-
Interest expenses		211	218	7
TOTAL EXPENSES		25 830	23 614	(2 216)
NET SURPLUS/(DEFICIT)		5 242	3 434	1 808
Income tax expense	3	1 573	1 030	(543)
NET SURPLUS		3 669	2 404	1 265
COMPREHENSIVE RESULT		3 669	2 404	1 265

This comparison is different from the Operating Statement presented in the financial statement overview at the front of this report. This note reflects the original budget and the overview section references the final budget which incorporates budget adjustments approved during the year.

The following note descriptions relate to variances greater than 10 per cent or \$0.5 million, or where multiple significant variances have occurred.

Notes:

1. Sales of goods and services largely reflects increased ICT charges as a result of the 2022-23 pricelist, combined with demand driven growth for services, in particular midrange services.
2. Purchase of goods and services increase is predominantly due to higher than expected demand for midrange and enterprise storage services, combined with increased property management expenditure relating to lease payments for data centres.
3. Increase in income tax expense is due to an improved operating result.

Balance Sheet

	Note	2023 Actual \$000	2023 Original Budget \$000	Variance \$000
ASSETS				
Current assets				
Cash and deposits		10 450	10 695	(245)
Receivables	1	13 101	10 433	2 668
Total current assets		23 551	21 128	2 423
Non-current assets				
Receivables	2	1 645	3 187	(1 542)
Property, plant and equipment	3	21 779	21 216	563
Other assets		-	290	(290)
Total non-current assets		23 424	24 693	(1 269)
TOTAL ASSETS		46 975	45 821	1 154
LIABILITIES				
Current liabilities				
Payables		640	1 105	465
Income tax liabilities	4	1 573	1 030	(543)
Provisions	5	3 049	2 274	(775)
Lease liabilities		1 372	1 272	(100)
Other liabilities	6	696	258	(438)
Total current liabilities		7 329	5 939	(1 391)
Non-current liabilities				
Lease liabilities		9 741	9 486	(255)
Other liabilities	6	155	1 587	1 432
Total non-current liabilities		9 896	11 073	1 177
TOTAL LIABILITIES		17 225	17 012	(214)
NET ASSETS		29 750	28 809	941
EQUITY				
Capital		4 563	4 563	-
Opening balance		23 353	23 044	309
Current year surplus (+)/deficit (-)	4	3 669	2 404	1 265
Dividends paid/payable	4	(1 835)	(1 202)	(633)
TOTAL EQUITY		29 750	28 809	941

This comparison is different from the Balance Sheet presented in the financial statement overview at the front of this report. This note reflects the original budget and the overview section references the final budget which incorporates budget adjustments approved during the year.

Further, the original published budget figure has not been adjusted to reflect the actual opening balances as at 1 July 2022.

The following note descriptions relate to variances greater than 10 per cent or \$0.5 million, or where multiple significant variances have occurred.

Notes:

1. Current receivables variance is largely due to higher than anticipated prepayments for software licensing and maintenance contracts compared to original budget.
2. Non-current receivables variance reflects reclassification of prepayments to current portion.
3. Property, plant and equipment increase is due to increased value for buildings under lease.
4. Increase in income tax liabilities, current year surplus and dividends payable is in line with an improved operating result.
5. Increase in provisions largely relate to higher than expected provision for dividend and employee provisions.
6. Net other liabilities variance reflects portion of unearned revenue which have unwound in 2022-23.

Cash Flow Statement

	2023 Actual \$000	2023 Original Budget \$000	Variance \$000	Note
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating receipts				
Receipts from sales of goods and services	30 485	27 038	3 447	1
GST receipts	1 627	-	1 627	2
Interest received	257	10	247	
Total operating receipts	32 369	27 048	5 321	
Operating payments				
Payments to employees	(6 684)	(6 797)	113	
Payments for goods and services	(15 365)	(12 976)	(2 389)	3
GST payments	(1 975)	-	(1 975)	2
Income tax paid	(1 063)	(800)	(263)	
Interest paid	(211)	(218)	7	
Total operating payments	(25 298)	(20 791)	(4 507)	
Net cash from/(used in) operating activities	7 071	6 257	814	
CASH FLOWS FROM INVESTING ACTIVITIES				
Investing payments				
Purchases of assets	(2 891)	(2 160)	(731)	4
Total investing payments	(2 891)	(2 160)	(731)	
Net cash from/(used in) investing activities	(2 891)	(2 160)	(731)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Financing payments				
Dividends paid	(1 241)	(933)	(308)	
Lease liabilities payments	(1 322)	(1 262)	(60)	
Total financing payments	(2 563)	(2 195)	(368)	
Net cash from/(used in) financing activities	(2 563)	(2 195)	(368)	
Net increase/(decrease) in cash held	1 617	1 902	(285)	
Cash at beginning of financial year	8 833	8 793	40	
CASH AT END OF FINANCIAL YEAR	10 450	10 695	(245)	

The following note descriptions relate to variances greater than 10 per cent or \$0.5 million, or where multiple significant variances have occurred.

Notes:

1. Sales of goods and services largely reflects increased ICT charges as a result of the 2022-23 pricelist, combined with demand driven growth for services, in particular midrange services.
2. Variance relates to GST receipts and payments not included in the original budget.
3. Payments for goods and services increase is due to higher than expected demand for midrange services, enterprise storage services and rental of premises for data centres compared to original budget.
4. Purchase of assets has increased due to higher than anticipated capital acquisitions in plant and equipment, partially offset by lower than expected capital purchases for computer hardware.

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Appendix A – Cost allocation model

Appendix A – Cost allocation model		
Product name	Stats / Cost driver description	Price (\$)
Employment Services		
Entry Level Recruit	Monthly average of admin staff (FTE)	1.39
Payroll Employees	# of paid employees	7.12
Payroll Manual Pay Transaction Records	# of pay transaction records – manual	13.01
Payroll Auto Pay Transaction Records	# of pay transaction records – auto	2.99
Payroll Commencement	# of commencements	150.10
Payroll Termination	# of terminations	166.18
Payroll Debt Recovery	# of FTEs per pay	1.26
Payroll Contacts	# of payroll contacts	12.12
Recruitment Advertising	# of advertisements	189.01
Employment Services – Temp/Nom Moves	# of temp/nom moves	10.47
Exec Contract Officers	# of paid Executive Contract Officers per pay	18.29
Employment Services – Request To Fill Processing	# of requests to fill (RTFs) processed	49.46
Workers Compensation Payroll	# of WC – payroll transaction records	34.30
Finance Services		
Interfaced payments	# of interfaced payment transactions	1.08
Internet payments	# of internet payment transactions	58.13
Manual payments	# of manual payment transactions	49.20
NTGPay payments	# of NTGPay payment transactions	9.11
PBRC/MEDICARE Receipts	# of claims processed	0.87
AR Process Electronic Invoice	# of AR electronic invoices processed	15.23
Advance cheques/petty cash	# of advance cheques/petty cash	84.73
Manual Ledger Transfer	# of Manual LTFs	39.36
RTM Receipts	# of Receiver of Territory Monies (RTM) receipts	14.04
AR Bank Accounts	# of AR Bank Accounts	110.47
Manual receipts	# of Manual Receipts	46.93
Asset Disposals	# of asset disposal transactions	80.25
Asset additions	# of asset addition transactions	29.07

Appendix A – Cost allocation model		
Product name	Stats / Cost driver description	Price (\$)
Asset maintenance	# of asset maintenance transactions	1.37
Credit Cards	# of credit cards	41.30
Tax BAS/GST Return	# of BAS/GST lines	0.71
Tax FBT Return	# of Fringe Benefits Tax (FBT) liability lines	16.16
Tax Payroll Tax Return	# of Payroll Tax lines	4.91
Across Government Systems		
HRS – eRecruit	# of eRecruit RTFs	15.95
HRS – FOILS	# of FOILS	11.65
HR Systems	# of HR system transactions	6.65
FS – NTGPay	# of NTGPay invoices (EIMS Invoices)	4.11
FS – ECMS	# of ECMS credit card transactions	4.83
FS – TRIPS	# of movement requisitions	4.73
Financial Systems – GAS	# of GL GAS transactions	0.61
Procurement Systems	# of procurements	377.05
GrantsNT	% of \$ value of grants processed	1 013.03
PROGEN property leasing system	# of square metres of accommodation	0.07
ASNEX assets system	% of usage	3 221.29
Contract Management Systems	# of contracts	16.36
Trim administration	Per workstation	2.74
Workforce Development		
Early Career Programs	# of FTE – AO6 (and equivalent) and below / per pay	10.29
OneNTG Leadership Offering (academy)	# of FTE – AO7 (and equivalent) and above / per pay	20.94
Workforce Capability Program	# of FTE per month	14.97
Enterprise Analytics and Insights	# of FTE per month	1.25
Agency analytics and insights	# of FTE per month	5.04
Workforce Planning and Advice	# of FTE per month	7.95
Workforce Relations		
Case Management	# of case management processes started per	9 793.36
Job Evaluations	Per evaluation	162.50
Benchmark	Per benchmark	156.00
HR Business Partners	% of services	899.76
Specific Recruitment Services	% of services	331.65

Appendix A – Cost allocation model		
Product name	Stats / Cost driver description	Price (\$)
Complex Advice	# of Advice	2 904.76
Simple Advice	# of Advice	242.66
Service Request	# of Services	19.26
Web Services		
NTG Web Services	# of FTEs per pay	2.78
Web Page Updates	# of updates	82.42
Procurement Services		
Across Government Contracts	# of FTEs per pay per contract	0.12
Contract Administration	Per transaction for contract amendments (Trax data)	722.50
Tier 2 Quotes	Per Request for Quotation (RFQ) – (APRO data)	127.58
Non-Standard Procurement	Per Non-standard procurement – (APRO data)	127.58
Tender Management	Per tender – (APRO data)	2 004.36
Tier 3 Request for Quotation (Inc. Award)	Per quote and award	1 788.69
Tier 3, 4 & 5 Quotes	Per quotation or tender for PWC only	1 788.69
Procurement Advisory Services	# of FTEs per client agency	4.35
Tier 2 and Non-Standard Full Procurement	Per Tier 2 Request for Quotation or Non-standard procurement	3 365.24
Tier 3 Full Procurement	Per Tier 3 Request for Quotation	6,302.04
Tenders Full Procurement	Per Request for Tender	12 628.05
Property Management		
LPM Leases Mgmt. Fees	# of square metres of accommodation	1.06
ICT Services		
ITS Agency Services Manager	No of managers	12 211.93
ITS Agency Services Director	No of directors	15 091.52
Contract Management and Security	Devices (switches, routers, handsets, printers, desktops, tablets and laptops)	6.09
Agency Technology Services	Based on agency utilisation	-
Agency Digital Services		
Agency Business Systems	Based on agency utilisation	-
Data Services		
Data Services	Based on agency utilisation	1.00
DCDD Data Warehouse	# of FTEs per pay	6.43

Appendix A – Cost allocation model		
Product name	Stats / Cost driver description	Price (\$)
Fleet Services		
Fleet Services	# of vehicles managed	28.39
Freedom of Information		
Freedom of Information	Charged Back based on budget	-
Information Management		
Active User	# of active user	9.36
Active Records	# of active records	0.01
Service Request	# of requests	82.95
Training	# per training	183.40
Mail, Courier and Freight Services	Services across specific agencies	7 128.10

Appendix B – Gifted and loaned vehicles

Gifted vehicles ¹	\$ (GST Inc)
Nil	0
Loaned vehicles ²	Cost \$ (GST Inc)
Artback NT Hand to Earth Tour	4 021
Arts and Culture Grants Program Tracks Dance	4 884
Barrumbi Kids	6 534
Barunga Festival	5 225
Bush Bands Bash	6 006
Capturing of D. Gulpilil Funeral	19 206
Cricket NT	25 740
Darwin Aboriginal Art Fair	2 299
Darwin Festival	67 502
Festival of Remote Australian Indigenous Moving Image	1 496
Finke Desert Race	30 971
Freds Pass Rural Show	3 157
Freedom Day Festival	5 016
Garma Festival	40 574
Imagine Seaside Carnival	1 045
Incite Arts Strong Feelings Project	1 452
Malandarri Festival	3 597
National Indigenous Music Awards	1 595
Nightcliff Sea Breeze Festival	2 728
NT Dance Company A Souls Journey	4 598
NT Writers Festival	1 914
Run Larapinta and the red back	7 062
Southern Ngaliya Dance Program	6 573
Table Tennis NT	660
The Australian Ceramics Triennale, Apmere Mparntwe Event	3 449
The Journey Home, Savage Films Pty Ltd	1 320
West Macs Monster Trail Running Festival	2 673
Total	261 297

¹ Gifts of vehicles are approved by the Treasurer.

² The cost of loaning a vehicle is reported at a daily rate times the number of days the vehicle was loaned.

Appendix C – Grants and sponsorships

The table below shows the value of DCDD sponsorships and grants paid in 2022-23 in accordance with conditions/agreements.

Organisation	Purpose	Amount \$ (GST excl.)
Grants		
Charles Darwin University	Support for an Associate Professor position in Cyber Security Research.	68 158
Charles Darwin University	Scholarships for 2 IT students.	10 000
8CCC Community Radio Incorporated	Enable 8CCC to sustain its community broadcast service and operations.	154 963
City of Palmerston	Smart City Fibre Sense Pilot Program.	500 000
NBN Co	Rollout of broadband fibre-to-the-premises to Jabiru.	1 619 931
Telstra Corporation Ltd	Kakadu mobile connectivity project in partnership with Telstra and the Australian Government.	1 000 000
Sponsorships		
Charles Darwin University	IT CodeFair 2022.	35 000
DITT	October Business Month.	10 000
Total		3 398 052

Appendix D – Accommodation costs for non-government organisations

Value of rental paid by DCDD for the premises over the reporting period.

Non-government organisation	Building	Supporting agency	Cost (\$)
Association of Independent Schools of the Northern Territory	NAB Building	Department of Education	91 725
Association of Northern, Kimberley and Arnhem Aboriginal Artists	Harbour View Plaza	Territory Families, Housing and Communities	62 300
Artback NT	Harbour View Plaza	Territory Families, Housing and Communities	82 011
Australia Day Council	NAB Building	Department of the Chief Minister and Cabinet	64 924
Autism NT	Goyder Centre	Department of Health	94 372
BushMob Aboriginal Corporation	Centre for Appropriate Technology Building		
36 and 38 Priest Street	Department of Health	241 599	
Camp Quality/CanTeen	Unit 13, 82 Woods Street	Department of Health	42 843
Cancer Council of the Northern Territory	NT House, Alice Springs	Department of Health	37 532
Cancer Council of the Northern Territory	Casi House	Department of Health	60 166
Cancer Council of the Northern Territory	Randazzo Centre, Katherine	Department of Health	18 152
CREATE Foundation	NT House, Alice Springs	Territory Families, Housing and Communities	35 156
Darwin Aboriginal Art Fair	Harbour View Plaza	Territory Families, Housing and Communities	37 562
Darwin Festival	Harbour View Plaza	Territory Families, Housing and Communities	172 162
Darwin RSL	NAB Building	Department of Corporate and Digital Development	11 036
Darwin Visual Arts Association	Harbour View Plaza	Territory Families, Housing and Communities	88 695
Girls Academy	Goyder Centre	Department of Education	5 002
Industry Skills Advisory Council	The Avenue	Department of Industry, Tourism and Trade	265 101
Katherine Women's Information and Legal Services	Randazzo Centre, Katherine	Department of the Attorney-General and Justice	118 396

Appendices

Non-government organisation	Building	Supporting agency	Cost (\$)
Keep Australia Beautiful Council Northern Territory	NAB Building	Department of Environment, Parks and Water Security	16 052
Life Education	Goyder Centre	Department of Education	7 002
Multicultural Community Services of Central Australia Inc.	Youth and Community Centre	Territory Families, Housing and Communities	51 398
Multicultural Council of the NT Inc. and Multilingual Broadcasting Council NT Inc.	Malak Shopping Centre	Territory Families, Housing and Communities	113 220
Music NT	Harbour View Plaza	Territory Families, Housing and Communities	67 611
Northern Territory Badminton Association Inc	Lot 1718/1719 Albatross Street	Territory Families, Housing and Communities	165 361
Northern Territory Indigenous Business Network	Development House	Department of Industry, Tourism and Trade	386 038
NT Writers Centre	Harbour View Plaza	Territory Families, Housing and Communities	26 921
Off the Leash Magazine	Harbour View Plaza	Territory Families, Housing and Communities	30 053
Pensioners Workshop Association Inc.	48 Albatross Street Winnellie	Department of Health	38 665
Red Cross	Tennant Creek Government Centre	Department of Infrastructure, Planning and Logistics	-
The Duke of Edinburgh's International Award - Australia (NT Division)	Goyder Centre	Department of Education	10 504
Top End Women's Legal Service Inc.	17 Lindsay Street, Darwin	Department of the Attorney-General and Justice	72 366
Total Recreation	Casuarina Health Services Complex	Department of Health	52 422
Tracks Dance Company	Harbour View Plaza	Territory Families, Housing and Communities	127 630
Victims of Crime NT Inc.	NAB Building	Department of the Attorney-General and Justice	103 190
YMCA of the Top End	Satepak House, Palmerston	Territory Families, Housing and Communities	132 610
Youth Drop-in Centre	Palmerston Leisure Centre	Territory Families, Housing and Communities	1
Total expenditure			2 929 778

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