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Financial Statements

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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

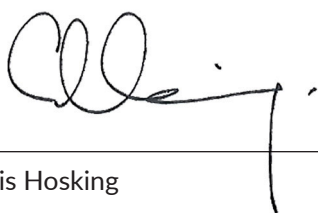
- \$516.7 million leased property liabilities.

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

		Equity at 1 July \$000	Comprehensive result \$000	Transactions with owners in their capacity as owners \$000	Equity at 30 June \$000
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
	Computer hardware \$000	Plant and equipment \$000	Construction (WIP) Infrastructure \$000	Leased property, plant and equipment \$000	Total \$000
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	-	-	-	-

	Computer software \$000	Other intangibles \$000	Software work in progress \$000	Total \$000
2022				
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		Amortised cost \$000	Fair value through other comprehensive income \$000	Total \$000
	Mandatorily at fair value \$000	Designated at fair value \$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.