



Northern
Territory
Government

DEPARTMENT OF HOUSING

Annual Report

2013 - 2014



Chief Executive Officer

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The Hon Matt Conlan MLA
Minister for Housing
Parliament House
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Dear Minister

Department of Housing 2013–14 Annual Report

In accordance with the provisions of the *Public Sector Employment and Management Act*, I am pleased to submit the Department of Housing 2013–14 Annual Report. Pursuant to the *Public Sector Employment and Management Act*, the *Financial Management Act* and the *Information Act*, I advise that, to the best of my knowledge and belief:

- a) Proper records of all transactions affecting the agency are kept and that the department's employees observe the provisions of the *Financial Management Act*, the Financial Management Regulations and Treasurer's Directions.
- b) Department procedures provide proper internal control and a current description of those procedures is recorded in the Accounting and Property Manual, which has been prepared in accordance with the requirements of the *Financial Management Act*.
- c) No indication of fraud, malpractice, major breach of legislation or delegation, major error in or omission from the accounts and records exists.
- d) In accordance with the requirements of section 15 of the *Financial Management Act*, the internal audit capacity available to the agency is adequate and the results of internal audits have been reported.
- e) The financial statements in this annual report have been prepared from proper accounts and records and are in accordance with the Treasurer's Directions.
- f) In accordance with the requirements of section 28 of the *Public Sector Employment and Management Act*, all public sector principles have been upheld.
- g) Procedures within the department complied with the requirements of the *Information Act*.

Yours sincerely



ANNE BRADFORD
Chief Executive Officer
29 September 2014

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Overview

CHIEF EXECUTIVE OFFICER'S MESSAGE



I am pleased to present the Department of Housing 2013–14 Annual Report.

The Department of Housing has had another exacting 12 months to 30 June 2014. Since my appointment as Chief Executive Officer in October 2013, I have directed much of my effort towards realigning functions and refocusing the department on our core responsibilities. This has culminated in a new organisational structure that was finalised on 30 June 2014.

The new organisational structure will support long-term strategic planning, innovation and industry partnerships to create a more robust, contemporary and sustainable housing system. Aligning our functions, the supporting systems and end-to-end processes to support the delivery of our core responsibilities will enable greater service delivery and integration and enhance the effectiveness and efficiency of our service delivery.

While the department has been working on the challenging job of supporting many of our most vulnerable Territorians in housing, when I reflect on our year, there are some positive outcomes we should take the opportunity to celebrate:

- We have successfully implemented new and more efficient ways of delivering repairs and maintenance in remote areas. The new model has already started to show signs of success in terms of early identification and delivery of preventative maintenance to minimise longer term costs to the department and provide a more responsive service to tenants.
- We have successfully met our 2013–14 targets under the National Partnership Agreement on Remote Indigenous Housing, relating to the construction of new houses and property and tenancy management. This is a great result for Indigenous Territorians living in remote communities and has contributed to the objective of reducing overcrowding and improving the condition of our houses.
- We have successfully renegotiated a new 12-month National Partnership Agreement on Homelessness which secured over \$10 million in joint Australian and Northern Territory Government funding for 2014–15, to support the continuation of services that deliver critical housing assistance to Territorians who are homeless or at risk of homelessness.

- We launched the Northern Territory Government's Sale of Remote Public Housing program in May 2014, which will enable eligible applicants living in some Indigenous communities to buy their home from 1 July 2014. We want to help create pathways for economic development in remote communities and provide Indigenous Territorians in remote areas with housing tenure options that urban Territorians enjoy.
- We have continued to deliver affordable rental and owner-occupied housing choices for low-to-middle income earners and essential key service workers under the Real Housing for Growth Plan.

Although we have achieved some positive steps towards reshaping our housing system and supporting Territorians to access safe, secure and affordable housing, we still have a lot of work to do.

Creating access to stable, secure and affordable housing gives people one of the necessary foundations to improve their lives. It also brings with it great benefit to the wider community. The department's mandate is to ensure we deliver services and programs in the most efficient way possible, while making sure those services and programs are relevant and meet the needs of Territorians.

The department is committed to transitioning people along the housing continuum through the creation of more housing choice and opportunity. Giving people in remote areas the option to purchase their house is a core element to the creation of more empowered and economically sustainable communities.

We will work towards delivering better outcomes for our clients, particularly those with the greatest need. Our challenge for the coming year is to develop our people to enable them to identify and leverage innovative ideas and strategies.

Establishing strategic and innovative partnerships that deliver more affordable private rental and home ownership options will also continue to be a key focus. Our ambitious agenda for redeveloping unviable public housing complexes to create more diverse and contemporary urban communities is also central to the longevity of our housing system.

I would like to acknowledge the collective effort of all our key stakeholders and staff throughout 2013–14. I look forward to working alongside you to deliver further positive housing pathways and outcomes in 2014–15.



Anne Bradford

Chief Executive Officer
Department of Housing

29 September 2014

ABOUT THE ANNUAL REPORT

The Department of Housing 2013–14 Annual Report has been prepared to satisfy the requirements of the *Public Sector Employment and Management Act* and the *Financial Management Act*. Its purpose is to report on the department's functions, activities, people and performance against the approved budget for 2013–14.

This report also aims to inform the Minister for Housing, the Northern Territory Legislative Assembly and the wider community about the scope of programs and services delivered by the Department of Housing, its strategic intent and outcomes.

MINISTERS

During 2013–14, the Department of Housing had two portfolio ministers.

From 1 July to 9 September 2013, portfolio responsibility for housing sat with the Honourable Peter Chandler, MLA.

The Honourable Matt Conlan, MLA was appointed Minister for Housing on 10 September 2013.

THE DEPARTMENT

The role of the Department of Housing is to provide safe, secure and appropriate social and affordable housing programs and services for Territorians. We are responsible for:

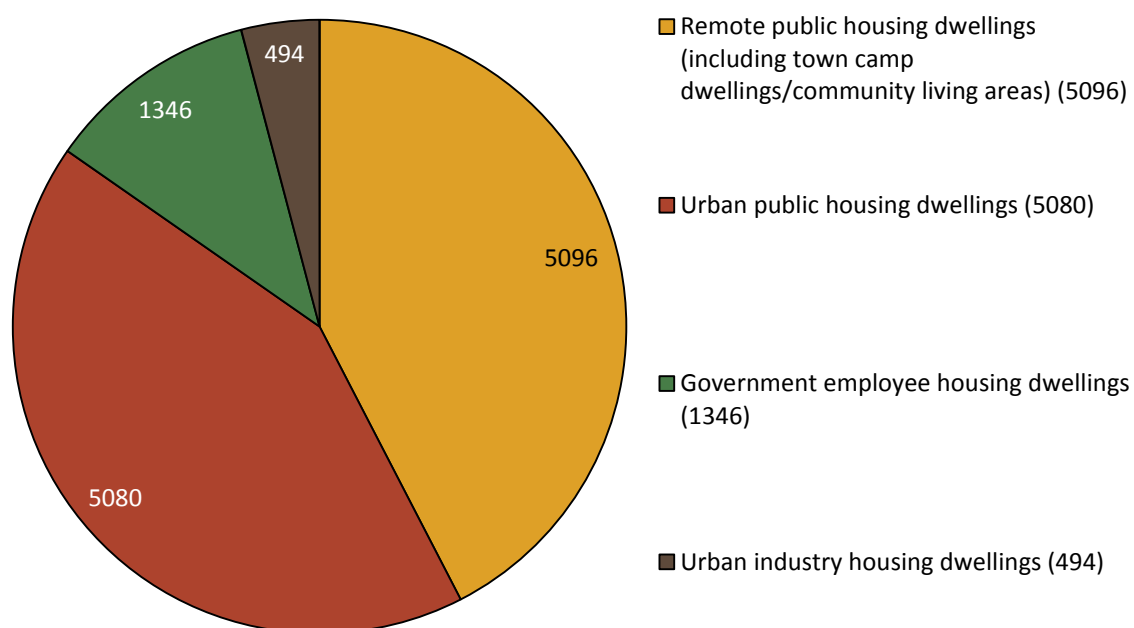
- Implementing strategic policy, planning, governance and asset management of housing stock, including repairs and maintenance programs and coordinating capital works.
- Increasing housing supply and reducing overcrowding in remote communities through capital housing programs and contract implementation.
- Providing public and social housing services and programs that are integrated, sustainable and consistent across urban and remote areas.
- Building client capacity to sustain tenancies and ensuring tenant compliance through targeted programs and improving safety and security for public housing tenants and their neighbours.
- Supporting the non-government sector to deliver housing support and early intervention and prevention strategies that aim to reduce homelessness through grant programs.
- Providing affordable rental and home ownership opportunities for Territorians through loan products, affordable housing initiatives and partnerships with the private housing development sector.
- Providing housing for eligible employees of the Northern Territory Government.

OUR CONTEXT

As the primary provider of social housing in the Northern Territory, the Department of Housing manages more than 12 000 dwellings¹ across the Northern Territory's 1.35 million square kilometres². Our clients come from diverse social and cultural backgrounds; a significant number of public housing tenants (approximately 40 per cent³) identify as Indigenous, and almost half of all public housing tenants are over the age of 55⁴. The vast majority of our clients also experience significant socio-economic disadvantage and many receive assistance through one or more of the department's housing assistance and support programs.

Approximately 80 per cent of all Department of Housing dwellings are for public housing. The remaining 20 per cent of the department's housing stock is provided for government employees and industry housing purposes.

FIGURE 1: All Department of Housing dwellings by purpose at 30 June 2014



Source: Department of Housing data

¹ Department of Housing data

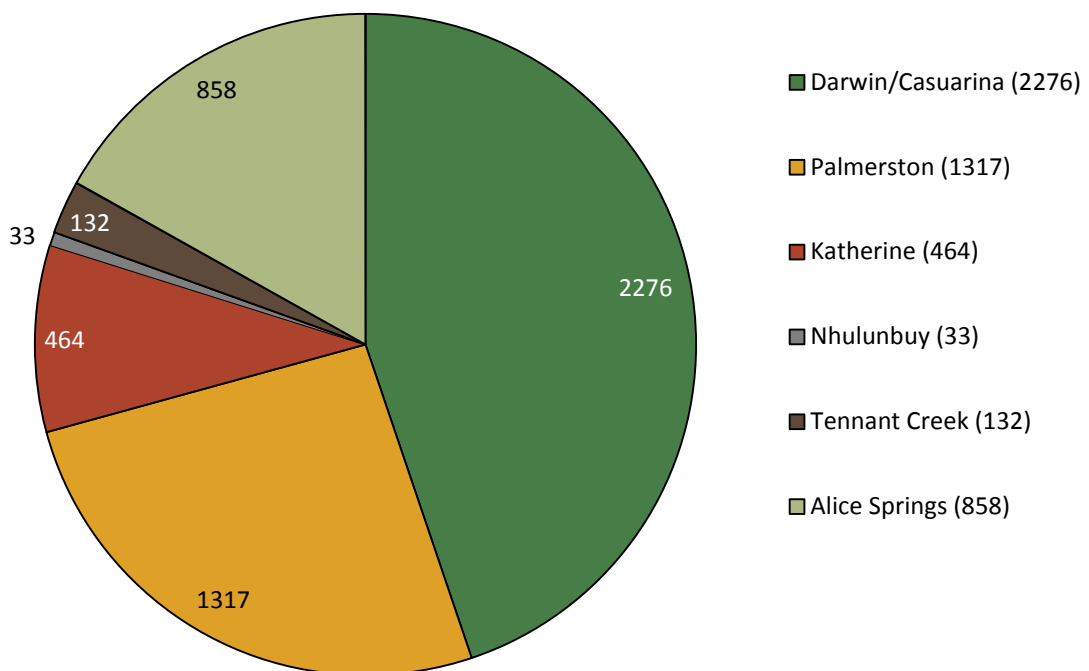
² ABS 1304.7: Northern Territory at a Glance

³ Department of Housing data

⁴ Department of Housing data

At 30 June 2014, the Department of Housing had a total of 5080 urban public housing dwellings across the Northern Territory's main towns, with approximately 11 000 occupants¹. This includes 449 town camp/community living area dwellings.

FIGURE 2: Department of Housing urban public housing dwellings by location at 30 June 2014

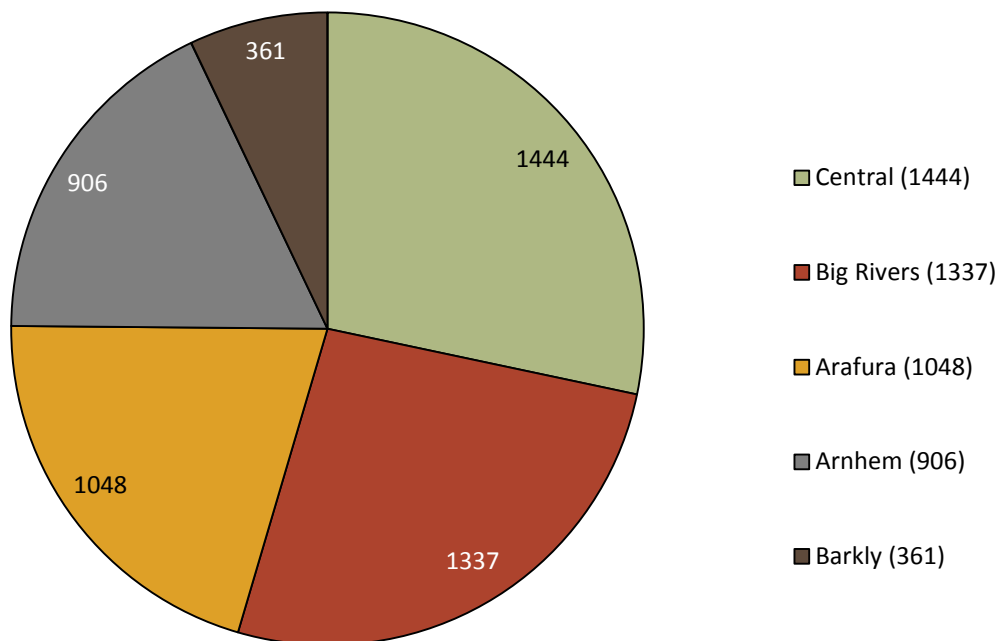


Source: Department of Housing data

¹ Occupant numbers are based on information provided by the primary tenant at the most recent review date.

There were 5096 public housing dwellings in remote communities across the Northern Territory at 30 June 2014, with approximately 22 000 people residing in these dwellings¹.

FIGURE 3: Department of Housing remote public housing dwellings by region at 30 June 2014



Source: Department of Housing data

¹ Resident numbers are based on information provided by the primary tenant at the most recent review date and can fluctuate significantly. Data may not reflect ongoing changes in household composition due to movement of individuals in and out of dwellings in remote communities. Therefore remote housing occupant data should be considered with caution.

OUR STAKEHOLDERS AND PARTNERS

The Department of Housing works with a broad range of stakeholders to deliver its services and improve housing options and affordability for Territorians. We work with:

- The non-government sector in the delivery of housing services and programs to support people who are homeless or at risk of homelessness.
- Business enterprises to establish and implement strategic partnerships that aim to increase the supply of social and affordable housing options.
- Communities and their representatives on the design and delivery of housing programs and services that meet the needs of specific groups.
- All tiers of government, to develop policies, strategic frameworks and collaborative arrangements that deliver better outcomes for the Department of Housing's clients.

OUR EXECUTIVE

At 30 June 2014, the Department of Housing's Executive Team comprised:

Anne Bradford – Chief Executive Officer

Bruce Michael – Acting Deputy Chief Executive Officer

Ken Bone – Acting General Manager, Strategic Governance and Supply

Noelene Swanson – Executive Director Strategy, Governance and Government Relations

Geoff Mackenzie – Acting Executive Director, Housing Supply

George Zapcev – Executive Director, Corporate Services

Phillip Luck – Executive Director, Contract Implementation

John Harrison – Acting Executive Director, Service Delivery (North)

Michael White – Executive Director, Service Delivery (South)

Colleen Gwynne – Executive Director, Tenancy Support and Compliance



Left to right: Colleen Gwynne, George Zapcev, Bruce Michael, John Harrison, Ken Bone, Michael White, Geoff Mackenzie, Anne Bradford, Phil Luck and Noelene Swanson.

HIGHLIGHTS

Realigning our business

During 2013–14, the department undertook a functional alignment to reorganise our business operations and improve the quality and efficiency of our service delivery. The process of transitioning to a new management structure for the Department of Housing commenced in March 2014. The new structure will support:

- Improved strategic planning, policy development, governance, business intelligence and reporting.
- A stronger focus on service delivery that is well supported by all areas of the department.
- Better integration of functions by eliminating the division between urban and remote aspects of service delivery to provide an integrated service for all clients.
- A commitment to increasing housing supply through long-term planning, innovation and industry partnerships.

Real Housing for Growth

The department's Real Housing for Growth initiative aims to provide greater choice in housing through increasing the supply of affordable dwellings. It also aims to help attract and retain key service industry workers in the Northern Territory and includes a range of affordable homeownership and rental initiatives. In 2013–14, Real Housing for Growth delivered 147 dwellings in the Greater Darwin area, Tennant Creek and Alice Springs:

- Nine Department of Housing assets were transferred to Venture Housing to support the establishment of the company's affordable housing portfolio. Venture Housing offers affordable private rental accommodation options to Territorians on low to moderate incomes.
- The Home Buyer Initiative enabled 16 Territorians to purchase their own home at an affordable price.
- The Head Leasing Initiative supported the construction of eight new dwellings by the private sector to be leased back to the Department of Housing for a guaranteed 10-year period. Dwellings are rented to eligible key service industry workers at 30 per cent below market rates.
- Under the National Rental Affordability Scheme, the Department of Housing oversaw the construction of 64 new dwellings that were made available to eligible tenants.
- As part of the redevelopment and renewal of ageing public housing assets, 16 dwellings were delivered through the Elliott Street refurbishment project in Alice Springs.
- Through HomeBuild Access, thirty-seven Territorians accessed low-deposit and/or low-interest loans targeted at the construction of new dwellings. Three of those home buyers purchased dwellings under the Home Buyer Initiative.

Maintaining our assets

The Department of Housing commenced the implementation of new contract models to coordinate and deliver repairs and maintenance and tenancy management services for public housing assets in urban and remote areas in 2013–14.

The urban public housing repairs and maintenance contract model aims to increase opportunities for Territory businesses to deliver housing work and achieve greater efficiency in the delivery of works. It comprises contracts for the following services:

- Planning, management, supervision and auditing of maintenance works undertaken by contractors.
- Responsive repairs and maintenance works to ensure dwellings are safe, secure and functional.
- Vacate and planned works to prepare unoccupied dwellings for new tenants and provide general planned maintenance services.
- Pre-cleaning services to vacated dwellings in preparation for contractors to undertake their works.
- Ground maintenance works to public complexes to ensure their safety and security.

Contracts established for remote housing services comprised discreet contractual arrangements for the delivery of:

- Housing maintenance and coordination services, provided by non-trade qualified handy-persons.
- Tenancy management services.
- Trade qualified services comprising panels of contractors to deliver specialist works.

The new remote housing maintenance and coordination services model has a strong focus on creating opportunities for community businesses to deliver housing repairs and maintenance work. This will achieve better quality and efficiency in contracted services and provide sustainable local employment opportunities in remote communities. Improved response times and communication between contractors, tenants and staff have been observed since implementation.

Working with the homelessness sector

The Department of Housing has a role in establishing policy and services across the Northern Territory that aim to reduce homelessness, primarily through the administration of funding to non-government service providers.

In 2013–14, under the National Affordable Housing Agreement and the National Partnership Agreement on Homelessness, a total of \$11.5 million was provided for the delivery of crisis accommodation services, transitional housing and managed and supported accommodation for people who were homeless or at risk of homelessness.

A total of 15 non-government organisations across the Northern Territory's regional centres received grant funding through the Department of Housing. Department staff maintained a close working relationship with the sector to address issues impacting the delivery of services and policy and program design through regular consultation and communication.

In May 2014, the Department of Housing, in collaboration with NT Shelter, hosted the Northern Territory Homelessness Summit "A diverse Territory, flexible responses". The summit was well attended and brought together more than 150 delegates from non-government organisations that deliver services across the Northern Territory to people who are homeless or at risk of homelessness.

The summit gave service providers an opportunity to share information and ideas, contribute to national and local homelessness reforms and robustly discuss issues of mutual significance.

FUTURE DIRECTIONS

Supporting Indigenous home ownership

In May 2014, the Northern Territory Government announced its commitment to facilitating Indigenous home ownership in remote areas through the sale of remote public housing to tenants.

By providing home ownership opportunities the Department of Housing will support the creation of economic development opportunities in remote communities and allow Indigenous Territorians in remote areas the same options that Territorians in urban areas enjoy.

The Sale of Remote Public Housing program was announced in May 2014, to commence on 1 July. Under the program, up to 50 per cent of remote public housing stock will be made available for sale in communities with long term tradeable tenure, in particular, those with township leases.

The sale process will be based on an expression of interest from tenants who meet certain eligibility criteria and wish to purchase their dwelling. A total of \$4.5 million will be allocated to this program over the next three years.

Redevelopment and renewal projects

As part of the Real Housing for Growth initiative, the department will continue with redevelopment projects in Darwin and Alice Springs in 2014–15 to support the delivery of more affordable housing dwellings and reduce concentrations of social disadvantage.

Two public housing sites in Darwin were identified for redevelopment in 2013–14; 1 Runge Street Coconut Grove and the Kurringal Flats site at 1 Dick Ward Drive Fannie Bay. In 2014–15:

- Construction work will continue on a new 59 unit complex at 1 Runge Street. Of the 59 units, 15 will be affordable rental dwellings for key service industry workers, 10 will be provided for affordable home ownership and the remaining 34 will be sold to the general public.
- Detailed proposals will be developed by a shortlist of developers for the redevelopment of the Kurringal Flats site. Stage Two of the developer selections process for the project is expected to be completed by the end of 2014.
- The Department of Housing will also work in partnership with the Defence Housing Authority in 2014–15, on a redevelopment project to deliver 11 new dwellings in Alawa – four of which will be retained by the Department of Housing. The project aims to renew and replenish suburban housing stock.

Growing the community housing sector

The National Regulatory System for Community Housing was developed in response to the Council of Australian Government's reform priority under the National Affordable Housing Agreement.

The Northern Territory has a small but developing community housing sector. In January 2014, the nationally consistent *Community Housing Providers (National Uniform Legislation) Act 2013* came into force, providing the regulatory framework for providers of community housing in the

Northern Territory. While registration under the Act is voluntary, the Department of Housing is committed to the provision of quality community housing. We will work with the non-government sector in 2014–15 to build capacity and grow community housing in the Northern Territory in a sustainable way that aligns with broader objectives for housing in the Territory. A key feature of this work will be to identify areas of priority and develop strategies for delivery.

Housing program and policy reform

The 2013–14 National Partnership Agreement on Homelessness was replaced by a new one-year agreement with the Australian Government to operate from 1 July 2014 to 30 June 2015. The agreement will provide \$10.64 million in Australian and Northern Territory Government funding to sustain service delivery in the homelessness sector for the coming 12 months.

The department will also continue to work with the Australian Government to implement refocused priorities under the National Partnership Agreement on Remote Indigenous Housing in 2014–15. A core element of this is the establishment of alternative delivery models for the construction and refurbishment of houses and delivery of property and tenancy management services in remote communities across the Northern Territory.

Work will also continue on the implementation of policy responses to challenges facing the Department of Housing, to support implementation of strategic asset planning and management that is efficient, responsive and meets the needs of clients, and creating alternative options to public housing through developing the affordable and community housing sectors.

Performance and achievements

DEPARTMENT OF HOUSING INFRASTRUCTURE PROGRAM

TABLE 1: Department of Housing expenditure against the Infrastructure Program

	2013–14 program budget (\$000)	2013–14 revised program budget (\$000)	2013–14 actual (\$000)
Major New Works	195 174	209 155	149 502
Public Housing	16 759	18 896	8941
Government Employee Housing	38 798	48 533	26 800
Indigenous housing and infrastructure	139 617	141 726	113 761
Minor New Works	13 770	8750	6121
Public Housing	12 670	8370	5789
Government Employee Housing	1100	380	332
Program Delivery	1500	3200	1796
Public Housing	750	1200	654
Government Employee Housing	750	2000	1142
TOTAL CAPITAL WORKS	210 444	221 105	157 419
Public housing	30 179	28 466	15 384
Government Employee Housing	40 648	50 913	28 274
Indigenous housing and infrastructure	139 617	141 726	113 761

Source: Department of Housing data

DEPARTMENT OF HOUSING SERVICES

Outcome: Access to safe, secure and appropriate social and affordable housing programs

Urban Public and Affordable Housing

Objective: to provide safe, secure and appropriate social and affordable housing options to eligible Territorians in partnership with the non-government and private sectors.

TABLE 2: Urban Public and Affordable Housing performance against key deliverables

Key deliverables	2012–13 actual	2013–14 budget	2013–14 actual
Urban housing stock	5604	5572	5574
Public housing dwellings	5077	5036	5080
Industry housing dwellings	527	536	494
Affordable housing dwellings provided	35	140	147
Managed accommodation beds provided	689	674	674
Net recurrent cost per urban housing dwelling	\$16 131	\$13 023	\$17 909
Urban public housing occupancy rate	94%	96%	92%
New households assisted in urban public housing	321	450	341
New households assisted as a proportion of total applicants	13%	15%	12%
New households assisted through the Bond Assistance Scheme	269	220	217
Households supported to maintain a successful tenancy through tenancy sustainability programs ¹	689	612	-

Source: Department of Housing data

¹ Data was not collected during the 2013–14 financial year due to a transition to reporting based on individual clients assisted.

The number of urban public housing dwellings increased from 5077 in 2012–13 to 5080 in 2013–14, while the number of dwellings provided under the Industry Housing Assistance Scheme decreased from 527 to 494 for the same period. The number of dwellings within the urban public housing portfolio fluctuates throughout the year due to a combination of factors including movement between the Urban Public Housing and Industry Housing portfolios in line with departmental priorities and urban public housing redevelopment projects.

The number of affordable housing dwellings delivered under the Real Housing for Growth Plan was 147 in 2013–14 compared to the projected number of 140. This figure includes households assisted to purchase homes through HomeBuild Access.

The number of new households assisted in public housing during 2013–14 was 341, compared to the projected number of 450. In addition, the number of new households assisted into public housing for 2013–14 was also less than projected. This was primarily due to the prioritisation of transfers for existing tenants in aged public housing complexes to be redeveloped, to alternative public housing dwellings.

There was an increase of \$1778 in the net recurrent cost per urban public housing dwelling from 2012–13 to 2013–14. This can be attributed to an increase in the cost of repairs and maintenance in 2013–14, which was greater than anticipated.

At 30 June 2014, the Department of Housing had 339 ineligible public housing tenants residing in urban dwellings. At 30 June 2014, 90 per cent of all public housing tenants (4199 tenants) were in receipt of the public housing Rental Rebate, compared to the proportion (85 percent, or 4029 tenants) receiving the rebate at 30 June 2013.

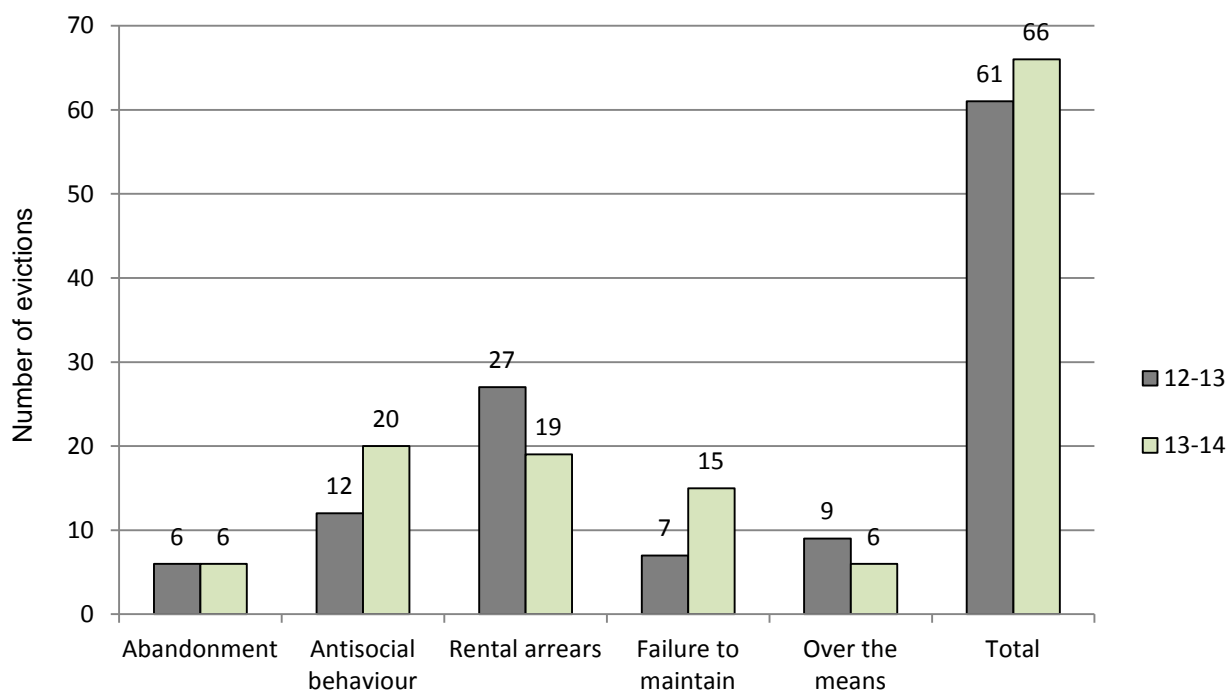
In 2013–14, the Department of Housing provided support to approximately 1000 people through the Tenancy Support Program, who were either residing in public housing or were applicants on the public housing waiting list.

Evictions from urban public housing

During 2013–14, there were 66 evictions from public housing dwellings, compared to 61 in the previous year. Evictions resulting from antisocial behaviour and failure to maintain properties both increased by 8 evictions. This can be attributed to strengthened efforts in enforcing antisocial behaviour policies under the department's Public Housing Safety Strategy, a renewed focus on enforcing standards relating to tenant responsibilities and a preventative approach to tenant behaviour through community engagement.

Evictions arising from abandonment remained consistent, while evictions due to rental arrears and tenancies over the means decreased by 30 per cent and 33 per cent respectively. This was largely due to a proactive approach to support ineligible tenants to transition to suitable alternative accommodation and early intervention by front line tenancy staff to address arrears with tenants to avoid eviction. The department evicts tenants as a last resort and provides case management for clients who are having difficulty maintaining their tenancy.

FIGURE 4: Evictions from public housing dwellings, 2012–13 and 2013–14



Source: Department of Housing data

Eviction categories identified in Figure 4 are defined below.

Table 3: Department of Housing eviction categories

Eviction Category	Definition
Abandonment	Substantial removal of personal chattels from the premises and default on due payment of rent by the tenant.
Antisocial behaviour	Breach of an Acceptable Behaviour Agreement under the department's Three Strikes Policy
Rental Arrears	Failure to make payment of rent not less than 14 days in arrears
Failure to maintain	Premises kept in an unreasonably dirty condition in accordance with section 51 of the <i>Residential Tenancies Act</i> .
Over the means	Tenant's income and assets exceed the department's eligibility thresholds.

Urban Public and Affordable Housing – key achievements in 2013–14

Providing access to affordable housing

Through the Department of Housing, \$49 million over two years (2013–14 and 2014–15) is allocated for the delivery of 125 affordable rental dwellings through the Venture Housing Company. The Department of Housing continued to work with Venture Housing on the achievement of this commitment.

During 2013–14, the Department of Housing provided a total of \$13.2 million to Venture Housing, comprising:

- \$1.3 million gift of land at Driver Avenue in Palmerston for the purpose of delivering new rental dwellings
- \$7.8 million transfer of funds to construct 20 dwellings at the Driver Avenue site, and
- \$4.1 million for transfer of title to nine new two-bedroom units at Lorna Lim Terrace in Palmerston.

A major refurbishment of the 30-unit public housing complex at 19 Elliott Street in Alice Springs was also completed in 2013–14. Ten units were allocated for purchase by eligible low to moderate income families, 10 for community housing for seniors and 10 for affordable rental to eligible key workers.

Housing assistance and support

The Department of Housing operated a range of programs in 2013–14, to support Territorians to access sustainable housing options:

- Thirty-seven Territorians accessed HomeBuild Access loans.
- The Department of Housing provided 217 bond loans to eligible clients at a total value of \$0.326 million.
- Over \$5 million in funding was provided by the department for tenancy support programs for urban public housing tenants and applicants for public housing, that aim to build understanding of tenant obligations and responsibilities.

Improving public housing safety

The Public Housing Safety Strategy was introduced to improve safety for tenants, neighbours and the community, by addressing antisocial behaviour at public housing premises.

In 2013–14, twenty Public Housing Safety Officers continued to provide a front line response to antisocial behaviour at public housing premises in Darwin, Palmerston and Alice Springs. An additional five Antisocial Behaviour Officers employed in Darwin and Alice Springs responded to incidences and complaints of antisocial behaviour and worked in consultation with tenancy staff and public housing tenants to address tenant behaviour.

The level of severity of incidents and complaints reduced between 2012–13 and 2013–14:

- Between 1 July 2013 and 30 June 2014, Public Housing Safety Officers responded to 9758 complaints and incidents; an eight per cent decline from the 10 633 responded to in 2012–13.
- The number of incidents categorised as serious also reduced, with a 34 per cent reduction to 362 incidents in 2013–14 from 433 in 2012–13.
- The number of moderate incidents recorded in 2013–14 reduced by 34 per cent to 1323 from 1818 in 2012–13.

Public Housing Safety Officers are empowered under the *Housing Act* to direct visitors causing antisocial behaviour to leave public housing premises and not return for up to 12 months, direct tenants and their visitors to cease engaging in antisocial behaviour, seize dangerous articles and unopened liquor and to dispose of opened liquor containers. In 2013–14, there was an observed reduction in the need to implement these powers:

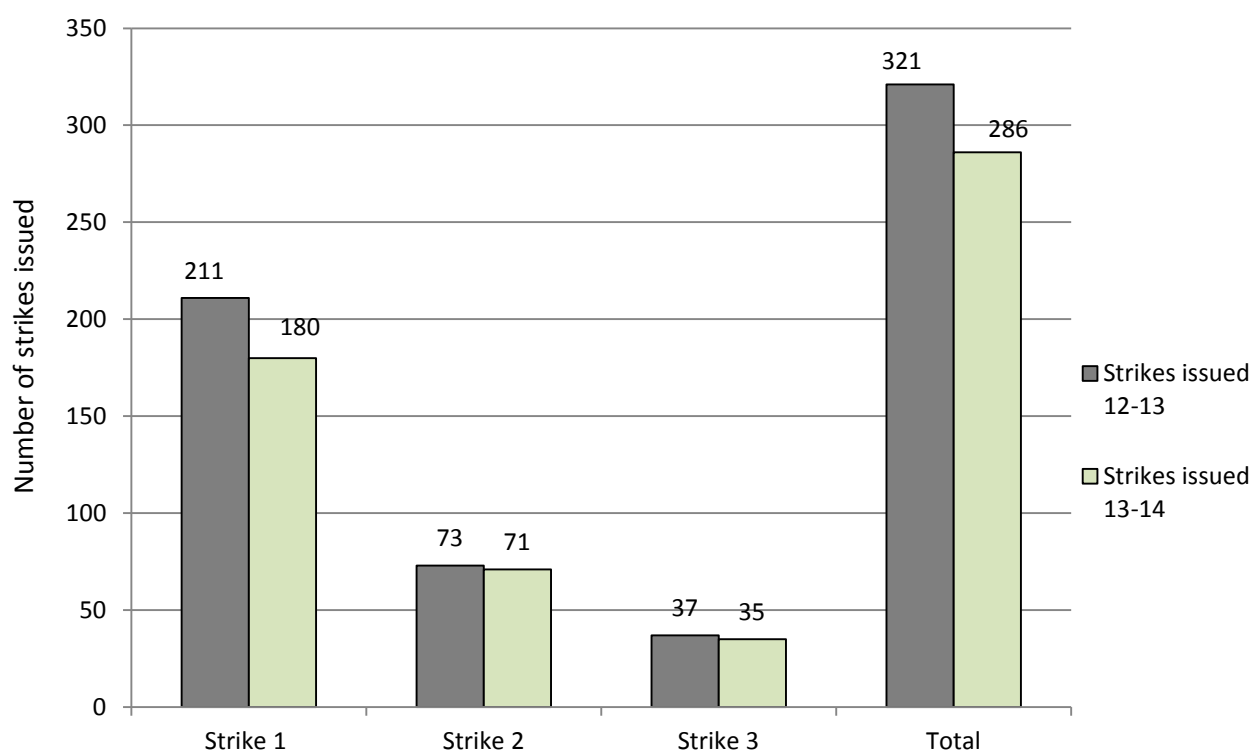
- 216 notices of direction banning people from public housing premises were issued, down from 234 in the previous year.
- 8128 unwanted visitors were removed from public housing premises compared to 10 210 in 2012–13.
- Directions to cease and not engage in antisocial behaviour increased to 35, up from one in 2012–13, resulting in feedback from tenants that they feel safer in the community.



The Three Strikes Policy forms part of the Public Housing Safety Strategy to improve the safety and security of public housing dwellings and complexes. It provides the Department of Housing greater scope to take timely action against tenants who regularly or seriously partake in antisocial behaviour that threatens the peace or safety of public housing tenants and their neighbours. Complaints relating to the behaviour of tenants are investigated by Public Housing Safety Officers and regional tenancy staff. If substantiated, a written warning (strike) may be issued. If a tenant receives three strikes, eviction is recommended.

Under the Three Strikes Policy, a total of 286 strikes were issued during 2013–14, a decrease of 35 strikes from 2012–13. The overall number of first, second and third strikes issued decreased slightly in 2013–14 from the previous year, with a 31 fewer first strikes issued. This is primarily due to the proactive management of and response to complaints of antisocial behaviour and a strong focus on community engagement. Issuing of second and third strikes remained relatively steady between 2012–13 and 2013–14.

FIGURE 5: Strikes issued under the Department of Housing’s Three Strikes Policy, 2012–13 and 2013–14



Source: Department of Housing data

'Living in a House' program pilots

The Living in a House Program aims to assist tenants to increase control over, and improve their living circumstances, by providing access to a range of support and assistance programs throughout the tenancy as required. There are three elements to the program. Firstly, tenants are supported to play an active role in improving their housing living conditions, with a strong focus on implementing healthy living practices, and maintaining a safe, healthy and hygienic home and living environment. Secondly, where required, targeted support and early intervention are provided for tenants with issues that may impact on their ability to sustain their tenancy. Thirdly, case management is provided, with a focus on developing strong coordinated service provider relationships to work together with families to effectively deal with complex or entrenched issues that are impacting on the household living successfully in their home.

The first Living in a House Program pilot commenced on 14 October 2013 in Ramingining. There were two key phases to the program:

- a one day 'cooking and care' session where participants cooked meals on hot plates and used an oven. The session also included information on cleaning all areas of the house (cleaning materials, timeframes, consequences of not cleaning), reporting maintenance and safe food handling. By March 2014 all 85 households in the community had participated in the cooking and care session, with 127 tenants attending.
- Coaching and mentoring to tenants to reinforce learnings from the cooking and care sessions. The locally employed Living in a House Engagement Officer visited homes once a week over four weeks, walked through tenants' houses and provided guidance on areas that needed to be addressed and/or acknowledging and reinforcing good practice.

As part of the regular house inspection cycle in April 2014, off the 70 houses inspected all but one passed their first inspection since participating in the program. The Tenancy Manager noted feedback that some tenants were applying the new cleaning ideas from the program and that dwellings were being cleaned more regularly and better maintained as a result of their participation.

Some tenants who had previously had issues were observed to be making a greater effort in maintaining their dwelling sufficiently well to pass inspection. Employing Yolgnu locals to deliver the program has been commended by the community and success of the pilot program can be attributed to the Department of Housing's partnership approach which included the New Future Alliance, National Joblink, Arnhem Land Progress Aboriginal Corporation and the community.

Following feedback from the community, the program moved into its next phase with the Living in a House Engagement Officer now employed through the Arnhem Land Progress Aboriginal Corporation. Outcomes of the program will continue to be monitored and these pilots will inform implementation plans for extension of the program to further communities in 2014–15.



Living in a House Engagement Officer, Frances Rrikili, demonstrating during a cooking and care session.

Remote Public Housing

Objective: to provide and manage public housing to:

- ensure Territorians in remote areas and town camps have access to safe, functional, sustainable and affordable housing, including appropriate tenancy management and maintenance
- meet the needs of Indigenous and remote communities by providing new and upgraded housing and related infrastructure
- provide strategic planning and policy advice, including community engagement, to support the implementation of the Remote Public Housing Framework.

TABLE 4: Remote Public Housing performance against key deliverables

Key deliverables	2012–13 actual	2013–14 budget	2013–14 actual
Remote public housing dwellings	5056	5000	5096
Town camp/community living area housing dwellings	448	449	449
Refurbished dwellings	425	199	627
New dwellings	252	141	139
Households supported to maintain a successful tenancy through intensive tenancy support programs	700	340	551
Community housing reference groups established	86	77	85
Indigenous employment on projects	26%	20%	27%
Indigenous employment in tenancy management	81%	50%	72%
Indigenous employment in property management	62%	40%	54%

Source: Department of Housing data

During 2013–14 there was a net increase in stock of 40 dwellings. This is due to new house construction under the National Partnership Agreement on Remote Indigenous Housing and demolition of existing stock.

The budget 2013–14 estimate regarding completion of 199 refurbishments was the achievement anticipated at the time. The higher achievement in the 1 July 2013 and 30 June 2014 period was due to the additional capacity that the introduction of the National Partnership Agreement on Stronger Futures in the Northern Territory upgrade program provided. The achievement of 627 in 2013–14 includes refurbishments under the National Partnership Agreement on Remote Indigenous Housing and upgrades delivered under the National Partnership Agreement on Stronger Futures in the Northern Territory.

The 139 new dwellings constructed during the period 1 July 2013 and 30 June 2014 were delivered in line with the funding profile and the agreed Integrated Capital Works Schedule under the National Partnership Agreements on Remote Indigenous Housing and Stronger Futures in the Northern Territory.

During the period 1 July 2013 and 30 June 2014 the number of households supported to maintain a successful tenancy through intensive tenancy support programs exceeded the original estimate due to dwellings being brought up to standard under the *Residential Tenancy Act*. This occurred as part of the introduction of the upgrade program under the National Partnership Agreement in Stronger Futures in the Northern Territory, in addition to the expected new house and refurbishment completions under the National Partnership Agreement on Remote Indigenous Housing.

The number of households supported to maintain a successful tenancy through intensive tenancy support programs aligns with households signing up to new tenancy agreements following capital works under the National Partnership Agreements on Remote Indigenous Housing and Stronger Futures in the Northern Territory.

In 2013–14, Indigenous employment on capital projects under the National Partnership Agreements on Remote Indigenous Housing and Stronger Futures in the Northern Territory exceeded the 20 per cent target established under the program, at 27 per cent. For the same period, Indigenous employment in tenancy management was 72 per cent, an overachievement of 22 per cent, and Indigenous employment outcomes under the property and tenancy management contracts exceed the 40 per cent target, at 54 per cent.

Remote Public Housing – key achievements in 2013–14

Providing more housing in remote Indigenous communities

Between 1 July 2013 and 30 June 2014, a total of 139 new houses were constructed and 107 existing homes were refurbished across 22 remote Indigenous communities in the Northern Territory.

The National Partnership Agreement on Remote Indigenous Housing is a joint \$1.94 billion (\$1.7 billion in Australian Government funding and \$240 million in Northern Territory Government funding) Northern Territory and Australian Government housing program that plans to deliver 1456 new houses and 2915 rebuilds and refurbishments by June 2018.

Over ten years, the program aims to:

- Significantly reduce severe overcrowding in remote Indigenous communities.
- Increase the supply of new houses and improve the condition of existing houses in remote Indigenous communities.
- Ensure that public housing is well maintained and managed in remote Indigenous communities.

Numbulwar tenants caring for their homes and gardens

Public housing tenants in Numbulwar demonstrated great effort in looking after their homes during a visit to the community in 2013–14. The new homes, built in 2013, had been tenanted by local families for over a year and Department of Housing officers observed that the properties were being well maintained by the tenants, a great result for the Numbulwar community.

Some Numbulwar tenants had established gardens with lush green lawn, trees and shrubs. Some even had a vegetable garden underway. Well-tended gardens are a welcoming sight in any remote community. It is an indication of housing tenants appreciating and taking pride in their home and provides a positive example for other tenants.



A public housing tenant's garden at Numbulwar.

Increasing the durability and functionality of our remote dwellings

Between 1 July 2013 and 30 June 2014, a total of 520 upgrades were completed under this program across 15 remote Indigenous communities across in Northern Territory.

The National Partnership Agreement on Stronger Futures in the Northern Territory provides \$230 million from 2013 to 2018 to upgrade existing Department of Housing remote housing dwellings. The agreement, which commenced in May 2013, will deliver a total of 2454 upgrades by 30 June 2018.



Indigenous employment on remote construction projects

The National Partnership Agreements on Remote Indigenous Housing and Stronger Futures in the Northern Territory set a minimum target of 20 per cent Indigenous employment outcomes.

Since the commencement of both these programs, the Indigenous employment target has been exceeded; achieving around 27 per cent at 30 June 2014.

Property and tenancy management for remote housing is also funded through the National Partnership Agreement on Remote Indigenous Housing. There is a requirement of 40 per cent Indigenous employment for property and tenancy management.

At 30 June 2014, the rate of Indigenous employment achieved was 72 per cent for tenancy management and 54 per cent for property management.

Government Employee Housing

Objective: to provide housing and manage tenancies for eligible employees of Northern Territory Government agencies.

TABLE 5: Government Employee Housing performance against key deliverables

Key deliverables	2012–13 actual	2013–14 budget	2013–14 actual
Dwellings in urban localities	285	278 ¹	280
Dwellings in remote localities	1027	1065 ¹	1064 ²
Private head leasing arrangements	622	631	637

Source: Department of Housing data

¹ Typographical error in previously published budget papers

² Three Government Employee Housing dwellings were demolished in 2013–14

At 30 June 2014, under the Government Employee Housing program, the Department of Housing had 1344 dwellings and 637 private head lease arrangements in remote communities, regional towns and urban centres across the Northern Territory. The department sold five urban Government Employee Housing dwellings and constructed forty new dwellings in remote communities. There was a net increase of 32 Government Employee Housing Dwellings in 2013–14.

Government Employee Housing – key achievements in 2013–14

In 2013–14, under the Government Employee Housing program the Department of Housing:

- Constructed 40 Government Employee Housing dwellings in 12 remote communities across the Northern Territory.
- Sold five Government Employee Housing dwellings; three in Darwin and two in Alice Springs, generating revenue of approximately \$2.1 million.
- Invested \$7.2 million in repairs and maintenance and \$0.3 million in minor new works to improve government employee housing amenity in remote communities.
- Implemented new design guidelines and a portfolio of housing designs to ensure a consistency in amenity for government employee housing dwellings.



NT HOME OWNERSHIP

Outcome: Increased opportunities for Territorians to own their own home, with a focus on new supply at the affordable end of the housing market.

TABLE 6: NT Home Ownership performance against key deliverables

Key deliverables	2012–13 actual	2013–14 budget	2013–14 actual
Loan portfolio balance	\$219M	\$231M	\$210.5M
Proportion of loans to Indigenous households ¹	2%	2%	-
Loan turnover rate	14.0%	9.6%	13.9%
Loan accounts in arrears greater than 30 days	1.5%	1.8%	2.0%
Average new loan amount	\$301 000	\$500 000	\$87 058
Median purchase price	\$431 500	\$510 000	\$483 000

Source: NT Home Ownership data

¹ Data no longer available. Changes in loan scheme and reporting saw cessation of information on ethnicity of applicants.

There was a reduction in the average loan portfolio balance of \$9.5 million between 2012–13 and 2013–14. This was due a change in the home lending program, which saw a reduction in the maximum value of new loans funded under the HomeBuild Access loan scheme.

The turnover rate of loans being repaid through refinancing or properties being sold, remained stable in 2013–14 at 13.9 per cent, compared to the 2012–13 rate of 14.0 per cent.

There was a substantial decrease in the average new loan amount due to a transition from the previous Homestart loan scheme to the HomeBuild Access initiative, which resulted in a substantial reduction in the maximum new loan funding threshold.

The 2013–14 median dwelling purchase price of \$483 000 increased by 12 per cent from the 2012–13 median purchase price of \$431 500. This increase reflects changes in market values of properties within the Northern Territory. The 2013–14 median dwelling price was lower than budget expectations due to a number of factors, including the reduction in loan values being provided through the HomeBuild Access loan program, a softening of some areas of the Northern Territory housing market in the financial year and the reduction of demand for the HomeBuild Access loan product.

Regional focus

The Department of Housing delivers services across six regions of the Northern Territory. These regions are clustered into two larger divisions: Service Delivery North (comprising the Darwin, Arafura and Arnhem regions) and Service Delivery South (comprising the Big Rivers, Barkly and Central Australia regions).

FIGURE 6: Department of Housing regional map at 30 June 2014.

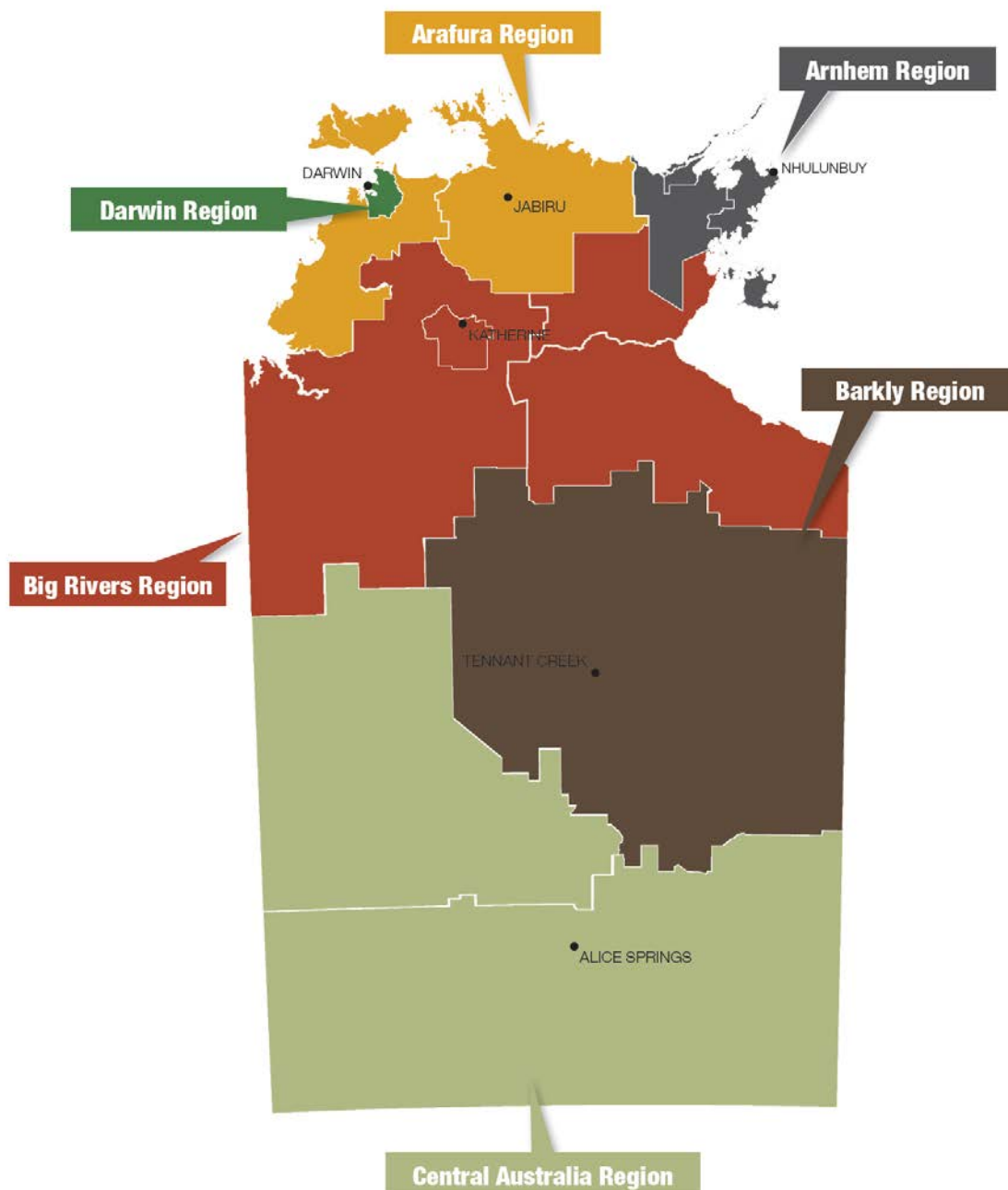
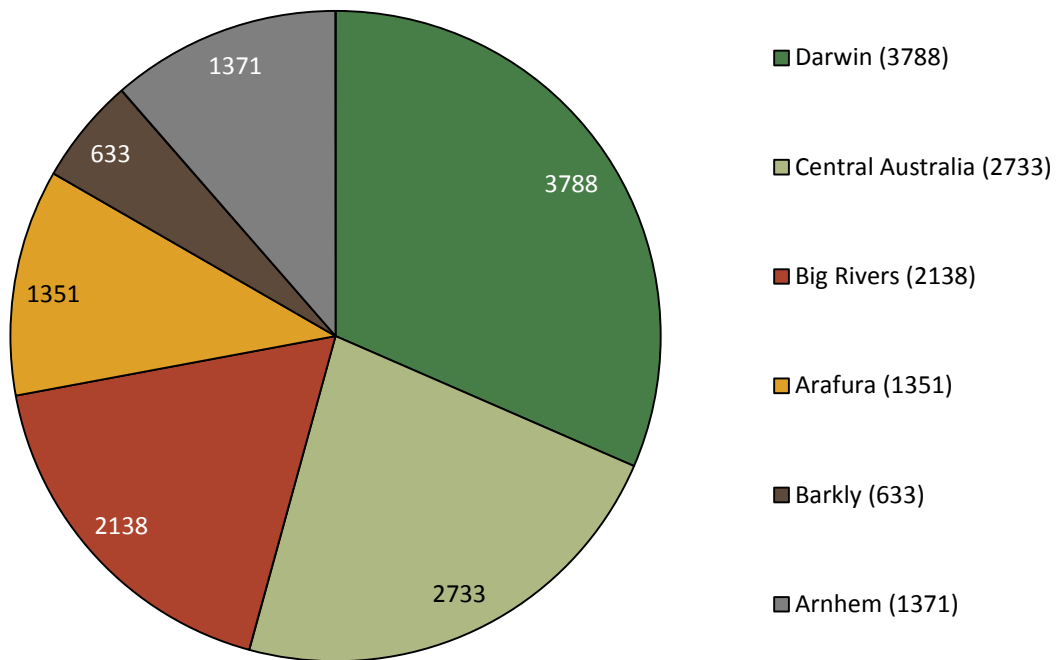


FIGURE 7: All Department of Housing dwellings by region, 2013–14

Source: Department of Housing data

There were 3788 dwellings located in the Darwin region at 30 June 2014. This represents 32 per cent of all Department of Housing dwellings. The second highest proportion of all Department of Housing dwellings were located in the Central Australia region, with a total of 22 per cent of all dwellings. The Big Rivers Region also had a significant proportion of dwellings (18 per cent).

TABLE 7: New builds and refurbishments completed in remote Indigenous communities in 2013–14, by region

Region	New Builds	Refurbishments/ Upgrades
Darwin	0	0
Arafura	15	55
Arnhem	35	123
Big Rivers	27	172
Barkly	30	77
Central Australia	32	200
Total	139	627

Source: Department of Housing data

Under the National Partnership Agreement on Stronger Futures in the Northern Territory and the National Partnership Agreement on Remote Indigenous Housing, the Department of Housing successfully undertook 139 new builds and 627 refurbishments/upgrades in remote Indigenous communities in 2013–14.

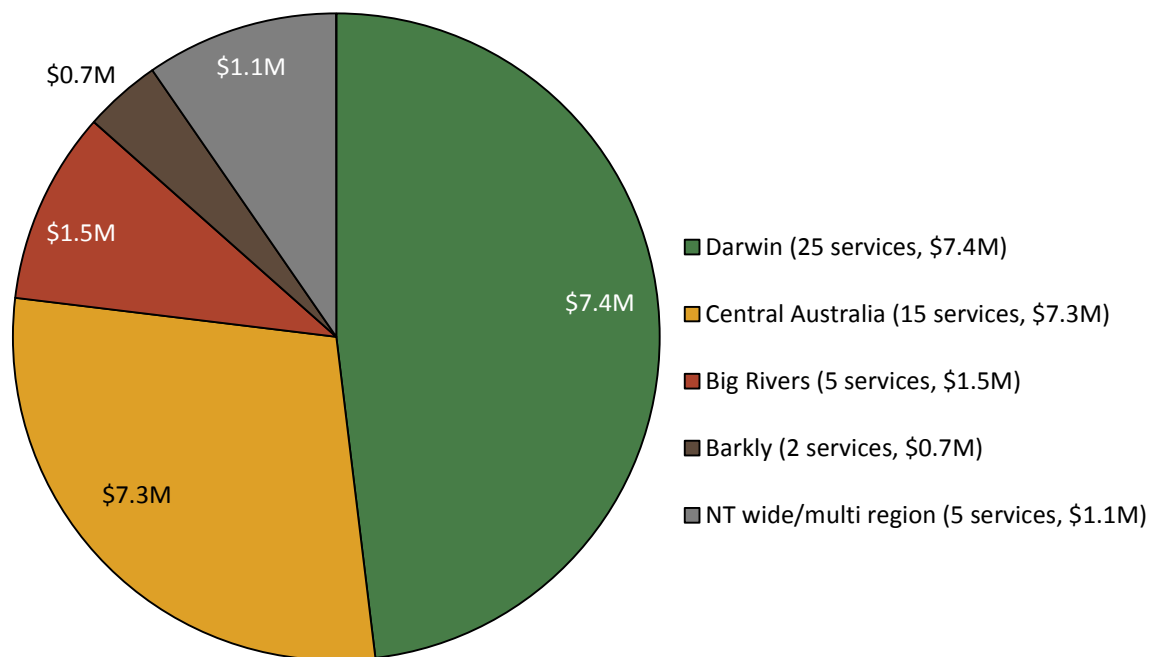
Papunya handyman hits the ground running

A new Housing Maintenance Officer based in the remote community of Papunya and servicing Mt Liebig and Haasts Bluff, is helping to deliver quicker response times for housing repairs and maintenance in Central Australia. Local Indigenous father of two Clayton Dixon is among 17 local handymen employed by local Indigenous enterprises in the Central Australian region under new remote public housing repairs and tenancy contracts. More than half the handymen are Indigenous Territorians. The new contracts allow local Housing Maintenance Officers to carry out minor repairs like fixing doors and painting, which is far more cost effective than bringing in fly-in, fly-out workers.



Housing Maintenance Officer Clayton Dixon

FIGURE 8: Department of Housing funding allocations for housing assistance services by region, 2013–14



Source: Department of Housing data

In 2013–14, the Department of Housing provided funding to a range of non-government organisations across the Northern Territory, to deliver housing assistance and support that included specialist homelessness services and the Tenancy Support Program.

A total of 52 services received grant funding in 2013–14. The greatest number of funded services were based in the Darwin region (25 services) and delivered services to clients across the Greater Darwin area. The Central Australia Region had 15 funded services that were based in Alice Springs. Barkly Region had two services, while the Big Rivers Region had five services. Five services provided support to clients in more than one location across the Northern Territory.

Department of Housing regional key achievements in 2013–14

Arafura

- Commenced new housing maintenance contracts across all communities in the region to better respond to local housing maintenance needs.
- Constructed nine new Government Employee Housing dwellings; three at Gunbalanya, two at Warruwi and four at Maningrida.
- Sold three former urban Government Employee Housing dwellings.

Arnhem

- Centralised the pooling of vacant Government Employee Housing dwellings to support more effective management and equitable allocation processes to Northern Territory Government agencies.
- Commenced new housing maintenance contracts in six out of nine communities in the region to better respond to local housing maintenance needs.
- Constructed four Government Employee Housing dwellings at Galiwinku and two at Ramingining.

Darwin

- Centralised the administration of rental rebates for public housing tenants to improve efficiency and consistency of application across the Darwin region

- Implemented improved debt management strategies to address tenant debt and increase debt recovery rates.
- Co-located staff from the Darwin and Casuarina offices in one building to better support service delivery.
- Sold 17 urban public housing dwellings, with seven purchased by tenants and 10 sold at public auction.

Big Rivers

- Commenced new housing maintenance contracts across all communities in the region to better respond to local housing maintenance needs.
- Integrated repairs and maintenance of Government Employee Housing dwellings into new remote housing contracts to increase efficiencies.
- Completed construction of a new Government Employee Housing subdivision at Wadeye, which delivered 11 new dwellings.
- Constructed two Government Employee Housing dwellings at Ngukurr and four at Kalkarindji.

Barkly

- Commenced new housing maintenance contracts across all communities in the region to better respond to local housing maintenance needs
- Improved processes for reporting repairs and maintenance issues in the community at Ampilatwatja through the installation of a direct-dial phone service.
- Constructed two Government Employee Houses at Elliott.
- Participated in a joint operation with Tennant Creek Police to address antisocial behaviour in and around public housing and raise tenant awareness about their rights and responsibilities.
- Participated in a joint agency approach to addressing child welfare, truancy and antisocial behavior in the Barkly region.

Central Australia

- Partially commenced new contract arrangements for remote housing maintenance in the region and continued with negotiation of arrangements for all communities to transition to the new model.
- Refurbished the urban public housing complex at Elliott Street in Alice Springs.
- Commenced improved processes to support the reduction in turnaround times for vacant public housing dwellings.
- Constructed six Government Employee Housing dwellings; one at Harts Range, two at Arlparra and three at Yuendumu.

Improving response times for repairs and maintenance in remote communities

Local contracts for repairing public housing in remote communities in the Arafura region have improved response times across the region. Housing Maintenance Officers are now available to attend to remote public housing tenants' home maintenance needs, rectify issues and advise about what repair and maintenance work is needed. Tenants have expressed their satisfaction with the improved service.

When inspecting houses Housing Maintenance Officers are able to identify other issues that may not have been reported and, if appropriate, attend to those while on site.

With regular visits and thorough reports from the Housing Maintenance Officers, there has been an improvement to the state of dwellings and a reduction in degradation caused by non-reported repair and maintenance issues. The program is providing local employment opportunities and safer and more amenable living conditions for remote public housing tenants.



Milikapiti's Housing Maintenance Officer Gerry Kerinauia

Our people

WORKFORCE PROFILE

The department had 398.5 full-time equivalent (FTE) employees on 30 June 2014. This represents a reduction of 21 FTE equivalent employees compared to the number of FTE equivalent employees at 30 June 2013.

The decline in FTE employees in 2013–14 was due to a combination of natural attrition and the transfer of some positions to several other Northern Territory Government agencies in line with business requirements.

The average age of all employees at 30 June 2014 was 41 years, with 70.5 per cent of employees aged below 50. A total of 30.2 per cent of all Department of Housing employees were located outside the Darwin Region.



Table 8: Department of Housing workforce snapshot summary 2012–13 and 2013–14

Number of employees	2012–13	2013–14
FTE equivalent	419.5	398.5
Part-time	10.4	14.9
Ongoing (permanent)	351.6	333.3
Fixed period	64.1	60.5
Casual	3.8	4.7
Female	270.8	246.6
Indigenous	61	51

Source: Personnel Information Payroll System

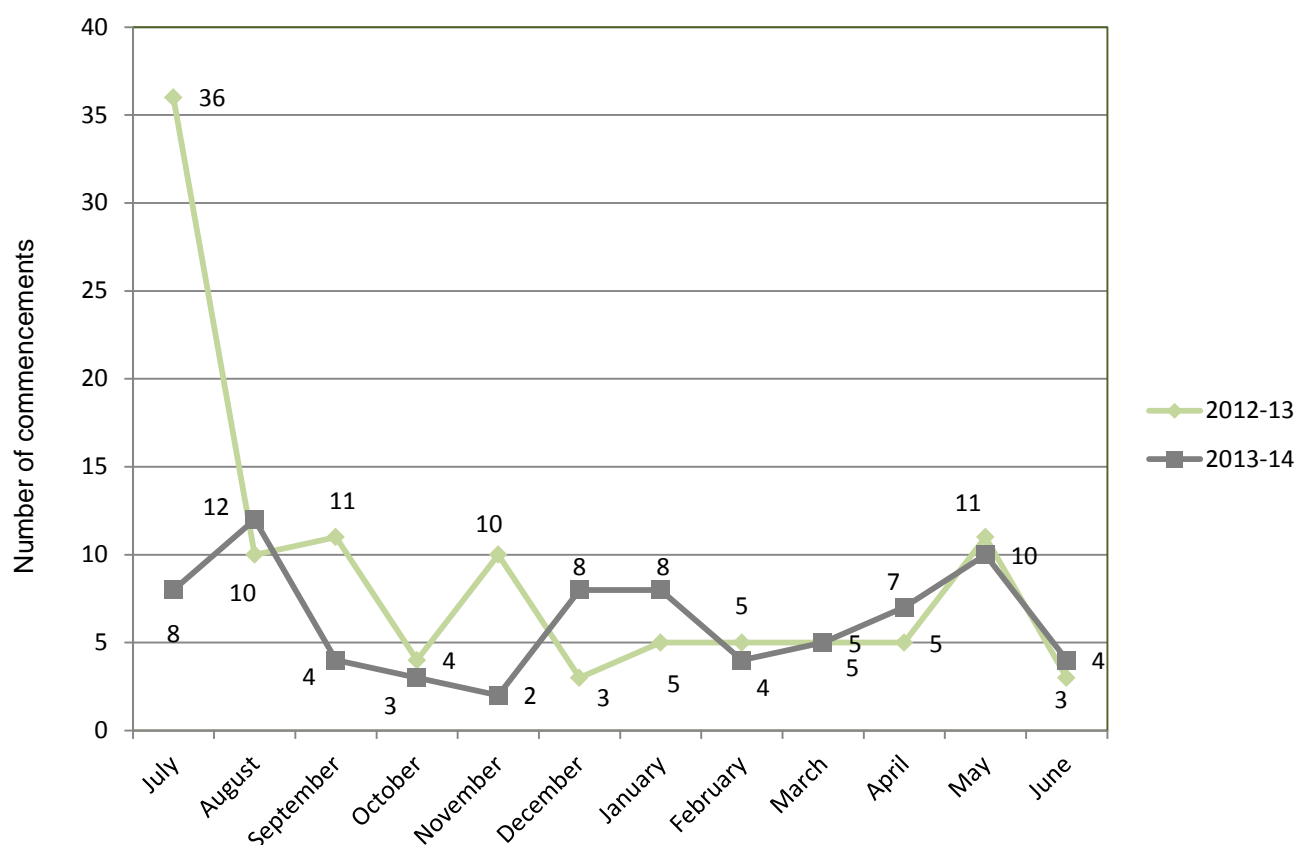
Table 9: Department of Housing employee profile (number of full time equivalent staff) by classification at 30 June 2013 and 2014

Classification	Full Time Equivalent (FTE) staff as at 30 June 2013	Full Time Equivalent (FTE) staff as at 30 June 2014
Physical 3	3.8	4.7
Adult Apprentice	0.0	2.0
Apprentice	0.0	2.0
Graduate	0	3.0
Administrative Officer 2	32.0	17.5
Administrative Officer 3	33.4	32.0
Administrative Officer 4	70.7	64.8
Administrative Officer 5	89.7	79.2
Administrative Officer 6	30.6	31.0
Administrative Officer 7	45.1	40.5
Technical 5	3.0	3.0
Technical 6	38.9	42.8
Senior Professional 1	1.0	0.0
Senior Administrative Officer 1	30.9	29.8
Senior Administrative Officer 2	18.0	25.0
Executive Officer 2	2.0	1.0
Executive Contract Officer 1	9.0	8.0
Executive Contract Officer 2	6.0	9.0
Executive Contract Officer 3	3.5	1.0
Executive Contract Officer 4	1.0	1.0
Executive Contract Officer 5	0.0	1.0
Executive Contract Officer 6	1.0	0.0
Total	419.5	398.5

Source: Personnel Information Payroll System

Commencements and separations

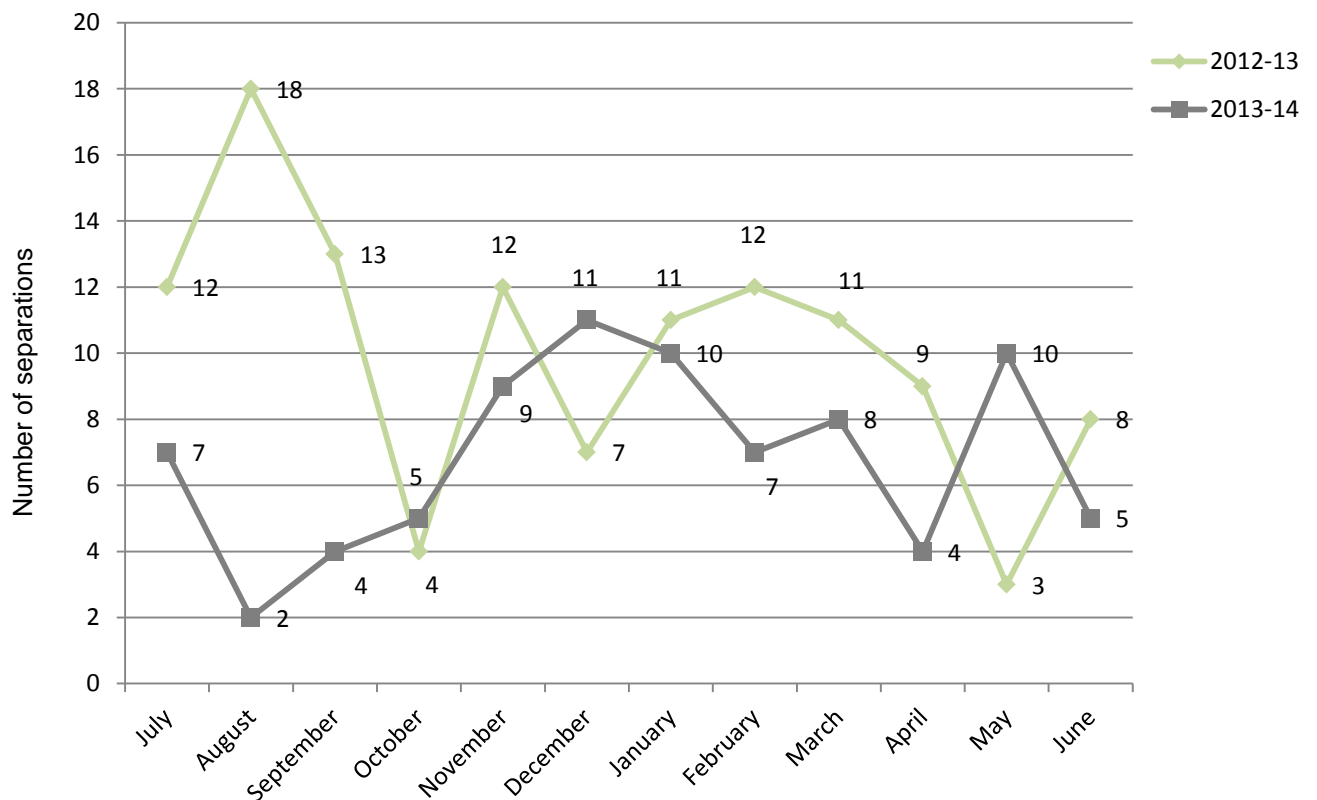
Figure 9: Department of Housing new commencements 2012–13 and 2013–14



Source: Personnel Information Payroll System

The Department of Housing had an average of six new commencements per month for 2013–14, compared to an average of nine commencements per month in 2012–13. In 2013–14, the department undertook a significant functional alignment and restructure. External recruitment and commencements were reduced while the restructure was implemented to allow for the placement of existing staff as a priority. There was significant internal movement of staff as part of the functional alignment; however there was no reduction in positions as a direct result of this process.

Figure 10: Department of Housing separations 2012–13 and 2013–14

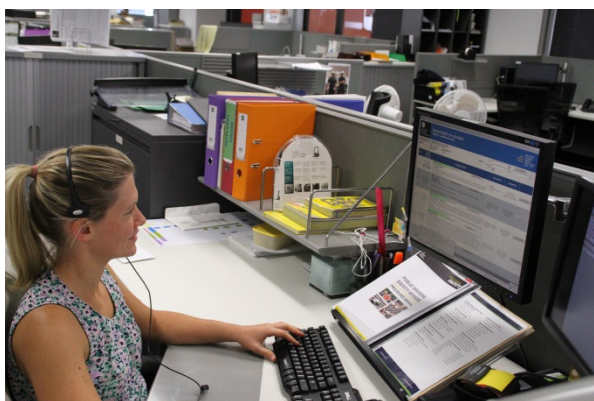


Source: Personnel Information Payroll System

There was an average of seven staff separations per month for 2013–14, compared to an average of 10 separations per month in 2012–13. In October 2012, the Department of Housing was established as a stand-alone agency following the split of the former Department of Housing, Local Government and Regions. In 2012–13, as a consequence, there was significant movement of staff as the new departmental structures of all three agencies were implemented. In contrast, in 2013–14, there was greater stability in staffing across the Department of Housing. Separations have since trended to an expected level of turnover that is more reflective of seasonal fluctuations and general labour market trends.

DEVELOPING OUR CAPABILITY AND PERFORMANCE

The Department of Housing is committed to the professional development of employees. Building the capability of our workforce is a central element in successfully delivering our services and on our agency objectives.



Employment programs

The Department of Housing offers a range of employment pathways through the Northern Territory Public Sector Employment Programs initiative, which forms part of the department's Strategic Workforce Plan.

Apprenticeship Program

In 2013–14 the Department of Housing recruited five apprentices in Darwin and Nhulunbuy to undertake a Certificate III in Business Administration. Structured employment and training is provided to apprentices employed under this program. Three apprentices remain employed with the department and are continuing their studies under the program.

Indigenous Cadetship Support Program

In 2013–14, the Department of Housing continued to support one cadet undertaking a Bachelor of Laws through the Australian National University. The Indigenous Cadetship Support program assists Aboriginal and Torres Strait Islander employees to gain tertiary qualifications and ongoing employment with the Northern Territory Government. The department provides a study allowance, book allowance and vacation employment during the academic break.

Work Integrated Learning Scholarship Program

During 2013–14, the Department of Housing continued to support one student undertaking a Bachelor of Social Work under the program. The Work Integrated Learning Scholarship allows for selected students at Charles Darwin University to gain financial support in the form of a scholarship and paid employment during major academic breaks.

Graduate Development Program

In early 2014, the department recruited two graduates with a Bachelor of Commerce, majoring in Economics and Accounting respectively and one graduate with a Masters of Business Administration and a Bachelor of Public Relations and Communication. No graduates were recruited in 2013, as offers were declined by all successful applicants.

The Graduate Development Program is designed to develop new generations of employees whose ideas, ambitions and leadership potential will help shape the future of the Northern Territory Government.

Learning and development

Giving people access to formal and informal learning opportunities can benefit both the individual and the workplace. A range of learning and development opportunities are provided for employees each year.

Table 10: Department of Housing learning and development expenditure, 2012–13 and 2013–14

	2012–13	2013–14
FTE equivalent	419.5	398.5
Learning and development expenditure	\$506 456.32	\$300 883.76
Total employee expenditure	\$43 529 493.21	\$40 648 889.24
Learning and development expenses as a % of total employee expenditure	1.2%	0.7%
Average learning and development expenditure per employee (FTE)	\$1207.29	\$755.04

Source: Personnel Information Payroll System and Government Accounting System

Training Committee

In February 2014, the Training Committee was implemented to identify and review opportunities to invest in training and development of staff. Committee members are selected from all levels across the agency and ensure all staff have access to training opportunities that reflect the business needs of the agency.

The committee reviewed 87 applications in 2013–14 for various training and development opportunities. Of the applications reviewed, 71 were supported by the committee and approved by the Chief Executive Officer.

Study Assistance

The Department of Housing supports employees to increase their learning through formal studies in areas relevant to our core business. During 2013–14, 12 employees received study assistance and support through reimbursement of study fees and paid study leave to attend tutorials, lectures and examinations.

Approved courses undertaken by employees included:

- Bachelor of Information Technology
- Bachelor of Psychological Science
- Bachelor of Behavioural Science
- Bachelor of Environmental Science

- Graduate Diploma of Project Management
- Bachelor of Commerce
- Diploma of Human Resources
- Bachelor of Law
- CPA Professional program

Preparing Ministerial and Executive Documents training

In February 2014, the department delivered tailored training on preparing ministerial and executive documents to 64 employees in Darwin, Katherine, Nhulunbuy and Alice Springs. The aim of the training was to give participants the skills to prepare ministerial and executive correspondence in a clear and concise manner and to government standards.

Office of the Commissioner for Public Employment training and development programs

The Department of Housing uses cross-government training and development programs provided by the Office of the Commissioner for Public Employment. During 2013–14, a total of 53 employees participated in the following leadership development programs:

- The Public Sector Management program
- The Kigaruk Indigenous Men's Leadership Development program
- The Discovery – Women as Leaders program
- The Executive Leadership program
- The Future Leaders program
- Emerging Leaders program

Merit selection training

The Department of Housing coordinated merit based recruitment and selection training for 40 employees across Darwin,

Katherine and Nhulunbuy in 2013–14. The training provided practical instruction for selection panels on best-practice selection methods as set out in the Office of the Commissioner for Public Employment Merit Selection Guide.

Project Management training

The Department of Housing supported 25 employees in Darwin and Alice Springs to undertake a Certificate IV in Project Management Practice and 15 employees in Darwin to undertake the Diploma of Project Management.

Emerging Leaders Program

In early 2014, the Department of Housing launched a tailored management and leadership development program that is linked to the nationally accredited Diploma of Management. The program aims to equip managers with the skills to manage relationships with their employees through sound management, which includes clear objective setting, structured performance management and evaluations, reinforced by open and honest feedback and communication.

The Department of Housing supported 12 employees to undertake the program in 2013–14, with an anticipated completion date of early June 2015.

Cross cultural training

As part of our commitment to cultural awareness, the Department of Housing supported 18 employees to attend cross-cultural awareness training and three employees to attend intensive cross-cultural awareness training. The training gave participants a better understanding of the challenges, barriers and enablers in a culturally diverse environment.

Corporate Induction

In December 2013, the Department of Housing launched an induction program to give new employees information about the history of the department, the Corporate Plan, values, strategic direction, and organisational structure. In 2013–14, 54 employees from across the agency, participated in person and by video conference.

A total of 14 employees were provided with additional information about working in the Northern Territory Public Sector, which included information about the Code of Conduct and Department of Housing policies and procedures.

Senior Leaders' Forum

In April 2014, the department held the inaugural Senior Leaders' Forum, which brought together staff at the SAO1 level and above for a half day for a range of collaborative and capacity building activities.

2014 Staff Survey

The department undertook a staff survey in March 2014. The objective of the survey was to better understand employee satisfaction and engagement in order to ascertain gaps and future needs.

A total of 437 employees were invited to complete the survey and 237 responses were received, providing a response rate of 54 per cent.

The survey measured employee perceptions about long-term direction, senior leadership, team leadership, team effectiveness, performance focus, investment in people and engagement.

Overall, 37 per cent of respondents rated that they felt aligned to the department and 43 per cent of respondents rated that they felt engaged. Other feedback from the survey revealed that:

- Team leaders are trusted, good role models and communicate well.
- Teams have a strong customer service culture and understand long-term goals.
- The department needs to improve career development and reward/recognition processes.
- Senior leaders need to utilise staff talent and acknowledge their contributions.
- The department needs to align systems to organisational goals.

Following the survey, a debrief was held with senior executives, followed by an action planning workshop with the Human Resources team to identify strategies to improve staff satisfaction in the long term.

Promoting work-life balance

The Department of Housing offers flexible working arrangements to help create work-life balance for our staff. These arrangements help staff returning from maternity leave or have carer responsibilities, staff who want a career break, staff transitioning to retirement and staff wanting to travel overseas or spend more time with their families.

Flexible working arrangements have also been used to allow staff to work from home when there have been personal circumstances that support this.

In 2013–14 the Department of Housing had in place:

- 35 flexible working arrangements.
- Three home-based workplace arrangements.

Supporting staff through change

In November 2013 the Department of Housing undertook a functional alignment that involved examining priorities and operations to streamline and improve service delivery. The following strategies were implemented to ensure staff were supported and consulted during this change process:

- The Chief Executive Officer conducted regular department wide ('town hall') forums where the vision for the department's functional alignment and key milestones in achieving this were communicated.
- A staff satisfaction survey was conducted to establish a baseline from which to measure performance across the department in a number of areas.
- A project team, led by the Deputy Chief Executive Officer, was established to guide the functional alignment and establish a new organisational structure for the department.
- To enable staff to provide feedback and be consulted in this process several committees were established:
 - The Consultative Committee with staff and union representation, to assure the Chief Executive Officer that the change management process was implemented in a timely manner and in accordance with the relevant enterprise agreement.
 - The Change Management Committee, with staff and union representation to oversee timely and effective implementation of the functional alignment.
 - The Business Re-engineering Committee was established to oversee and shape the review and redesign of business processes.
- Staff were able to provide online feedback or ask questions via the department's intranet.
- The Chief Executive Officer's weekly newsletter provided regular updates on the change process and the achievement of key milestones or events.
- Regular meetings were held with the unions to communicate proposed changes, key aspects of the process and to obtain input and representation about consultative and support processes in place for staff.

During the process of placing all staff against the new structure, all executive directors, directors and managers consulted staff about their roles and functions in the context of the new structure, future aspirations and making best use of their skills, knowledge and experience within the Department of Housing. There were no staffing reductions as a direct result of the functional alignment.

EQUITY AND DIVERSITY

Table 11: Department of Housing workforce profile summary, 30 June 2012–13 and 2013–14

Representation of equal employment opportunity groups	30 June 2013	30 June 2014	Variance
Women	65%	62%	-3%
Aboriginal and Torres Strait Islander staff as a proportion of all staff	14%	12%	-2%
Staff from non-English-speaking backgrounds as a proportion of all staff	4%	3%	-1%
People with disability as a proportion of all staff	2%	2%	0%
Women in executive positions (SAO2 and above) as a proportion of all staff	23%	25%	2%

Source: Personnel Information Payroll System

1 Graduates and trainees are held within the Department of Housing and also complete work placements in the departments of Community Services and Local Government and Regions under a shared service arrangement.

At 30 June 2014, 12.3 per cent of Department of Housing staff self-identified as being Indigenous and 61.9 per cent of all staff were female. Women occupied 25 per cent of positions at the SAO2 level and above.

Senior Leaders' Forum

The Chief Executive Officer, Anne Bradford, hosted the first biannual Senior Leaders forum in April 2014, which saw 67 of the department's senior managers and executives come together for the first time. The forum provided an opportunity to reflect on past achievements and to build relationships between senior leaders.

Discussions and feedback received at the end of the forum identified that while the Department of Housing faces challenging times in terms of changing the way we do our business, overall, people felt energised and committed to moving forward under the new departmental structure. People acknowledged that our greatest challenges are also our greatest opportunities to improve.

WORK HEALTH AND SAFETY

As part of an ongoing commitment to promoting the health and safety of all employees, the Department of Housing has an integrated work health and safety communication strategy. This includes the use of visual material such as posters in frequented areas, communication of specific issues as they arise and a Work Health and Safety Management System that comprises policy, procedures and practical information for staff.

Table 12: Work health and safety incidents reported 2012–13 and 2013–14

Incident type	2012–13	2013–14
Slips, trips and falls	5	7
Chemicals and substances	6	4
Mental factors	0	6
Body stressing	6	4
Vehicle incidents	1	4
Being hit by an object	4	5
Hitting object	3	1
Hazard identification	3	3
Biological factors	0	1
Environmental factors	1	0
Total	29	35

Source: Department of Corporate and Information Services

The majority of work and safety incidents reported were found to be one off events rather than being indicative of systemic issues. A total of 22 incidents (or 65% of all incidents) recorded, occurred in the Darwin Region.

A total of 89 days 'lost time' (where the employee was unable to attend work), which related to five incidents, were recorded for 2013–14.

The increase in incidents attributable to mental factors from 2012–13 to 2013–14, may be indicative of under-reporting against of this incident type in previous years. In addition, reported staff interactions with difficult or aggressive clients fall into this category. Improved staff understanding of work health and safety principles and greater awareness of the online incident reporting system are also possible factors to the increase in notifications.

The department's proactive approach to work health and safety has included additional training and the provision to all staff of access to a set of Personal Safety Quick Reference Cards which address typical operational, safety and emergency situations.

Workers' compensation

There were seven new claims against the Department of Housing in 2013–14, compared to six in 2012–13.

Table 13: Workers' compensation claims against the Department of Housing, 2012–13 and 2013–14

Workers' compensation	2012–13	2013–14
Open Claims at the beginning of the report period (1 July)	3	5
New claims received, 1 July – 30 June	6	7
Claims resolved or closed off, 1 July – 30 June	4	7
Current Claims as at the end of the reporting period (30 June)	5	5

Source: Department of Corporate and Information Services

1 Report is based on data at a point in time.

ADOPTION OF PUBLIC SECTOR MANAGEMENT PRINCIPLES

The Department of Housing has established policies and procedures that address principles outlined in the *Public Sector Employment and Management Act*, in relation to administration management, human resource management, merit, equal employment opportunity and performance and conduct.

The Act requires agencies to report on how they have upheld the Public Sector Principles outlined in Part 1. The Department of Housing meets these principles as outlined in Table 14.



Table 14: Department of Housing actions in relation to Public Sector Principles

Public Sector Principles	Agency actions
Administration management	<ul style="list-style-type: none"> • The department actively promotes the Northern Territory Public Sector values of commitment to service, ethical practice, respect, accountability, impartiality and diversity. • Staff are made aware of their obligations to provide effective, efficient and appropriate services through the department's induction program and relevant administrative policies and procedures. • Management structures reflect and aim to maximise the functions and services of the agency. • The department has financial, human resource and procurement delegations to ensure appropriate authority for key decision making and to facilitate enhanced accountability. • A performance development and management cycle promotes the clear definition of roles and responsibilities of all staff.
Human resource management	<ul style="list-style-type: none"> • The department promotes working environments in which employees are treated fairly, reasonably and in a non-discriminatory way. • The Job Evaluation System is applied to ensure staff are remunerated at rates appropriate to their responsibilities. • Staff are provided with reasonable access to redress when adversely affected by improper or unreasonable decisions. • Recruitment of staff is based on merit and promoted through Department of Housing recruitment training, policy and guidelines • A range of training and development programs are targeted toward staff who identify as Indigenous as well as women and people with disabilities.
Performance and conduct	<ul style="list-style-type: none"> • Staff are made aware of their obligations as public service employees through the whole-of-agency induction program. • The Department of Housing implements a cycle of performance management and review to promote high performance and ensure staff receive professional development and support that aligns to their aspirations. • Appropriate standards and guidelines are applied in delivering and contracting housing services to the public. • Staff with outstanding performance and conduct are recognised through a monthly employee awards program.

Corporate governance

GOVERNANCE AND ORGANISATIONAL STRUCTURE

The Department of Housing has a robust corporate governance regime that features a range of structures, systems and processes that promote transparency, accountability, efficiency and effectiveness.

Governance within the Department of Housing is guided by the following principles:

Service delivery	Professional, responsive, client centric and continuous improvement approach to service delivery.
Ethical and responsible decision making	Ethical behaviour expectations communicated across all levels to perform official duties with skill, impartiality, professionalism and integrity.
Stakeholder engagement / client service	Strong and regular engagement with clients and stakeholders.
Leadership and management	Robust governance structure and strong executive leadership.
Recognise and manage risk	Risk management practices that support a risk management environment across the department.
People	Leadership in people management and staff wellbeing contributes to individual and organisational achievements and caring for our people.
Finance	Financial integrity and accountability is safeguarded.
Communication	Communication with all parties is in a way that is accessible, open and responsive.

The Department of Housing provides housing programs and services to increase the supply and sustainability of housing across the Northern Territory through three main delivery areas.

Chief Executive Officer		
Strategic Governance and Supply	Corporate Services	Housing Operations
<p>Key areas of delivery include:</p> <p>Strategy, Governance and Government Relations</p> <p>Provides strategic planning and review of housing programs, policy development, business intelligence, performance monitoring and reporting, strategic governance and risk management.</p> <p>Housing Supply</p> <p>Identifies opportunities to increase housing supply and promote home ownership through innovation and partnership with the private sector, strategic program development, asset maintenance and management.</p>	<p>Key areas of delivery include:</p> <p>Corporate Services</p> <p>Provides strategic advice and coordination for the development, implementation and delivery of financial and budget management, human resources, communication and stakeholder relations, information management, workplace health and safety, business systems and office management.</p>	<p>Key areas of delivery include:</p> <p>Contract Implementation</p> <p>Provides strategic oversight of procurement activity, implements and manages contracts to maximise in-year program management and delivery.</p> <p>Service Delivery</p> <p>Provides a central coordination point between contractors and tenants of the department, manages tenancies and properties, including eligibility assessments, allocation and inspection of dwellings, repairs and maintenance to dwellings and provides referrals to tenancy support programs.</p> <p>Tenancy Support and Compliance</p> <p>Implements and manages a range of housing support, compliance, intervention and public housing safety programs for clients that aim to provide integrated housing responses aligned to housing objectives, policies and legislation.</p>

MANAGEMENT AND ADVISORY COMMITTEES

The following management and advisory committees support the Department of Housing's functions and operations:

Leadership Committee

Provides strategic oversight for departmental operations and influences priorities in line with the Northern Territory's whole-of-government system of management.

Heads of Divisions

Responsible for monitoring of organisational performance (including finance, people and procurement), approving corporate policies and providing input into strategically significant decisions.

Risk and Audit Committee

Provides assurance and assistance to the Chief Executive Officer in meeting her responsibilities under the *Public Sector Employment and Management Act*, and adds value to improving the organisation's risk, control and compliance framework.

Joint Steering Committee (National Partnership Agreement on Remote Indigenous Housing)

Works in partnership with the Australian Government to meet strategic outcomes through increasing the supply of quality housing and property and tenancy management in remote Indigenous communities.

Information Management Committee

Provides governance and direction in relation to information management for the Department of Housing.

Consultative Committee

Established to provide advice and recommendations to the Chief Executive Officer on change management processes during the functional alignment.

Functional Alignment Committee

Established to provide a mechanism for employee consultation to ensure representation of employee views in relation to matters involving the functional alignment process and the development of a new structure for the Department of Housing

Change Management Committee

Established to develop a functional alignment implementation plan and oversee its implementation throughout the functional alignment process.

Business Re-engineering Committee

Established to develop and adapt approaches for business re-engineering and quality improvement of departmental divisions and monitor their effective implementation.

Procurement Committee

Monitors procurement activity across the Department of Housing to ensure compliance and optimise outcomes within a quality controlled framework.

Training Committee

Responsible for identifying and reviewing opportunities to invest in training and development of staff to ensure fair, transparent and valuable investment in training and development activities.

REVIEWS, AUDITS AND EVALUATIONS

Three external audits and two internal reviews were completed for the Department of Housing during 2013–14. Two external audits were completed for Northern Territory Home Ownership. Combined, a total of 18 recommendations were received from the external audit reports that will enhance the operations of the department. Work has commenced to implement the recommendations.

Table 15: Department of Housing external audits completed, 2013–14

Focus of audit	Findings
Compliance audit – information technology support – Tenancy Management System	Six recommendations made, promoting formalisation of policy and procedure and increasing documentation of changes and reviews of access.
2012–13 end of financial year review	Five recommendations made, including one relating to increasing ability to assess the impairment of assets and improve the transition of information technology systems.
Agency compliance audit 2013–14	Four recommendations made: to increase the procedure details in the Accounting and Property Manual, to continue to develop the internal audit function, ensure rigorous processes capture all journals and to more fully apply procurement guidelines.

Table 16: Department of Housing internal reviews completed, 2013–14

Focus of review	Purpose
Grants management review	To identify pathways to develop an efficient grants management process for all business units within the department
Organisation Services review	To provide recommendations for improvements to the shared service model and the most effective way to deliver services.
Functional review	To examine the department's services and business areas and provide recommendations about the re-alignment of functions

Table 17: Northern Territory Home Ownership audits, 2013–14

Focus of audit	Findings
Northern Territory Home Ownership financial statement audit for year ending 30 June 2013	Two recommendations made to enhance the financial statements.
Northern Territory Home Ownership interim financial statement audit 2013–14	One recommendation made, promoting the increased use of internal auditing.

LEGISLATIVE FRAMEWORK

The Department of Housing administers the following Acts of the Northern Territory Parliament and subordinate legislation:

- *Community Housing Providers (National Uniform Legislation) Act 2013*
- *Housing Act*
- Housing Regulations

Under the Northern Territory Administrative Arrangement Order dated 3 February 2014, the Chief Executive Officer for the Department of Housing has responsibility for:

- Community and social housing
- Government employee housing
- Homelessness services
- Indigenous housing
- Public housing

Legislative changes during 2013–14

No changes were made to existing legislation administered by the Department of Housing during 2013–14.

The *Community Housing Providers (National Uniform Legislation) Act 2013* came into effect on 22 January 2014. The *Act* gives force to the National Regulatory System for Community Housing, which aims to:

- Provide a consistent regulatory environment to support the growth and development of the community housing sector.
- Pave the way for future housing product development.
- Reduce the regulatory burden for housing providers working across jurisdictions.
- Provide a level playing field for providers seeking to enter new jurisdictions.

RISK MANAGEMENT

Risk management is integral to the way we do business. It is effective when embedded in business practices at all levels within our agency and includes the following approaches:

- Strategic business risk assessment enables senior management to identify agency wide risk associated with implementing business objectives. A Risk and Audit Committee supports the Chief Executive Officer to oversee risk management within the department.
- Tactical risk assessment supports business continuity and effective implementation of programs at program and service delivery level. Staff identify risks during project development and appropriate mitigation practices are implemented during the course of the project.
- Operational Risk Assessment involves the management of risks associated with everyday business. All staff are expected to manage risk in their everyday work practices. Operational risk is assessed by senior officers and mitigation and management strategies are embedded within business practices across the department.

During 2013–14, the Department of Housing continued to work towards enhanced risk management practices and a holistic approach to managing risk appropriately.

INSURANCE ARRANGEMENTS

Treasurer's Direction M2.1 Insurance Arrangements requires that Northern Territory Government agencies to provide information about self-insurance and commercial insurance arrangements, including:

- Mitigation strategies and processes employed to reduce the risk for each insurable risk category.
- The total number, value and average cost of self-insurance claims for each insurable risk category.
- Total commercial insurance premium expenditure.
- Total number, value and average cost of commercial insurance claims.

The insurable risk categories are workers compensation, property and assets, public liability and indemnity.

TABLE 18: Department of Housing insurable risk categories and mitigation strategies, 2013–14

Insurable risk category	Mitigation strategies
Workers' compensation	<p>The department has a structured Work Health and Safety Management System that provides all staff with a range of policies, guidelines, reference material and practical tools to mitigate personal risk and minimise the potential for work related illness or injury.</p> <p>Professional development of staff, early reporting, intervention and management of work-related issues assists to minimise risk to staff.</p>
Property and assets	<p>A repairs and maintenance program is in place for property and asset management and is implemented by both the Department of Infrastructure for staff-occupied buildings and by the Department of Housing for housing stock.</p>
Public liability	<p>Procurement policies and processes ensure contractors and service providers have appropriate credentials and insurances in place.</p> <p>Operational processes and procedures are in place to ensure the timely repair and maintenance of assets to minimise risk to tenants and clients. Early identification of hazards assists to minimise risk of harm.</p>
Indemnity	<p>Risk assessment is conducted in relation to contracts and agreements. Appropriate advice is sought to identify potential issues impacting the department on strategic projects. A list of indemnities is retained by the department.</p>

TABLE 19: Department of Housing self-insured risks and claims, 2012–13 and 2013–14¹

	Workers' compensation		Property and assets		Indemnity	
	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14
Total value of claims	\$56 435	\$109 780	0	0	0	0
Number of claims	9	12	Nil	Nil	Nil	Nil
Average cost of claims	\$6271	\$9148	\$0	\$0	\$0	\$0

Source: Department of Corporate and Information Services data

¹ Data is current at a point in time only and does not reflect adjustments to claims that may occur in the future.

In 2013–14, there was one workers' compensation claim that comprised 73% of the total value of claims. The significant increase in costs in comparison to 2012–13 is attributed to this.

TABLE 20: Department of Housing commercially insured risks and claims 2012–13 and 2013–14

Public liability	2012–13	2013–14
Total value of claims	\$170 000	\$0
Number of claims	1	Nil
Average cost of claims	\$170 000	\$0

Source: Department of Housing data

During 2013–14, the department had \$61 941 in approved public liability insurance premiums. There were no claims made under this policy during 2013–14.

TABLE 21: Department of Housing commercial insurance expenditure 2012–13 and 2013–14

Insurance type	2012–13 Actual \$	2013–14 Actual \$
Public liability insurance	61 941	61 941
Total insurance expenses	61 941	61 941

Source: Department of Housing data

THE *INFORMATION ACT* AND THE DEPARTMENT OF HOUSING

The Department of Housing holds information relevant to its functions and services.

Access to information

Applications to access information held by the department under the *Information Act* can be made through the Chief Executive Officer. The Department of Housing provides information about how to access or correct personal information on its website.

There are informal processes in place that allow people to access their personal information without the need to lodge a formal request under the *Information Act*.

Information requests

A total of 169 new information requests were made to the Department of Housing in 2013–14, an increase of 62.5 per cent from the number of requests lodged in 2012–13. The majority of requests made in 2013–14 were for access to personal information relating to tenancies, with the significant increase in requests largely due to legal advocates and other organisations assisting clients to access their personal information.

TABLE 22: Information requests made to the Department of Housing, 2012–13 and 2013–14

Applications received under the <i>Information Act</i>	2012–13	2013–14
Applications completed 1 July to 30 June	104	171
Accepted applications outstanding at start of year	0	2
Applications to access personal information	93	153
Applications to access government information	0	2
Application to access government and personal information (mixed application)	11	14
Total applications received 1 July to 30 June	104	169

Source: Department of Housing data

Table 23: Outcome of information requests to the Department of Housing, 2012–13 and 2013–14

Outcome of applications processed	2012–13	2013–14
Accepted applications withdrawn	4	10
Applications completed within 30 days	98	159
Applications completed in more than 30 days	0	2
Open applications at end of period	2	0
Total applications completed 1 July to 30 June	104	171

Source: Department of Housing data

Financial report – Department of Housing

DEPARTMENT OF HOUSING FINANCIAL STATEMENT OVERVIEW FOR THE YEAR ENDED 30 JUNE 2014

Summary of Department of Housing financial performance

The increase in the budgeted deficit between the budget and revised budget for 2013–14 was largely due to recognition of depreciation for dwellings and infrastructure that were capitalised over the previous two financial years.

The department's 2013–14 financial performance resulted in a deficit of \$132.53 million compared to the revised budget deficit of \$85.27 million. The increase in the deficit of \$47.26 million is the net result of income being \$13.26 million higher than budgeted, and expenses exceeding budget by \$60.52 million.

The expenditure result is mainly due to the impact of non-cash items associated with the write back of works in progress that could not be recognised as assets in the Balance Sheet because of ownership issues, and the write-off of refurbishment expenditure in accordance with the Northern Territory Government accounting policy.

A similar, larger impact was also recorded in the 2012–13 financial statements. Adjustments of this magnitude are not expected in future years.

Table 24: Department of Housing comparative summary of budgeted and actual expenditure, 2012–13 and 2013–14

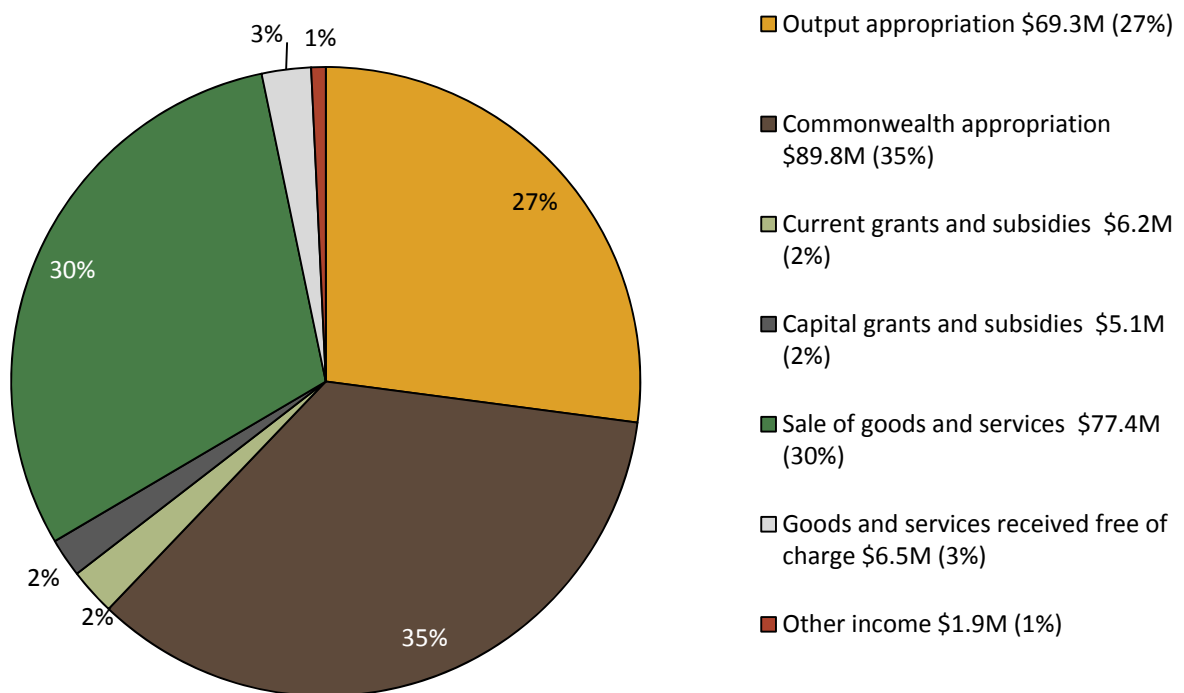
	2013–14 budget \$M	2013–14 revised budget \$M	Change compared with 2013–14 budget	2013–14 actual \$M	Change compared with revised 2013–14 budget	2012–13 actual \$M	Change compared with 2012–13
Total Income	225.55	242.87	8%	256.13	5%	229.85	11%
Total Expenses	275.16	328.14	19%	388.66	18%	678.73	-43%
Net operating result	-49.61	-85.27	72%	-132.53	55%	-448.88	70%

Source: Department of Housing 2013–14 financial statements, and 2013–14 and 2014–15 Budget papers

Operating income

Total operating income for 2013–14 was approximately \$256.2 million. This was largely made up of Commonwealth and output appropriation. Sales of goods and services of \$77.4 million, mainly from public housing rents, also contributed substantially to the department's income. The five per cent increase in income compared with the revised budget reflects a substantial increase from the sale of goods and services. This increase is attributed to the recording of remote tenancies and increased recovery of some government employee housing costs from other government agencies.

Figure 11: Department of Housing operating income profile, 2013–14



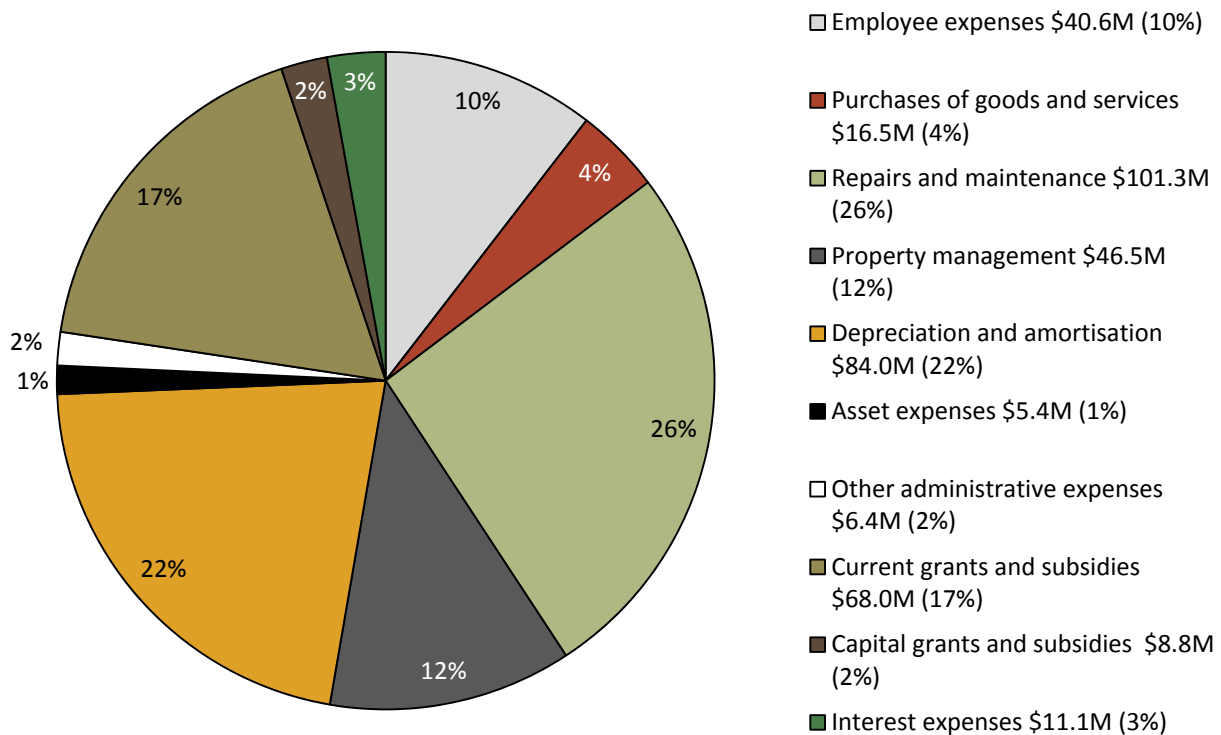
Source: Department of Housing 2013–14 financial statements

Operating expenses

Operating expenses for the Department of Housing for 2013–14 totalled \$388.66 million. Asset expenses comprising repairs and maintenance and property management expenses made up 38% of all expenditure. Depreciation comprised a further 22% of expenditure. Employee expenses accounted for 10% of total expenditure.

The increase in operating expenses by \$60.52 million, compared to budgeted expenses of \$328.14 million, relates mainly to cost incurred as part of capital projects that cannot be capitalised. This expenditure is recorded as repairs and maintenance in accordance with the Northern Territory Government Accounting Policy.

Figure 12: Department of Housing operating expenses profile, 2013–14



Source: Department of Housing 2013–14 financial statements

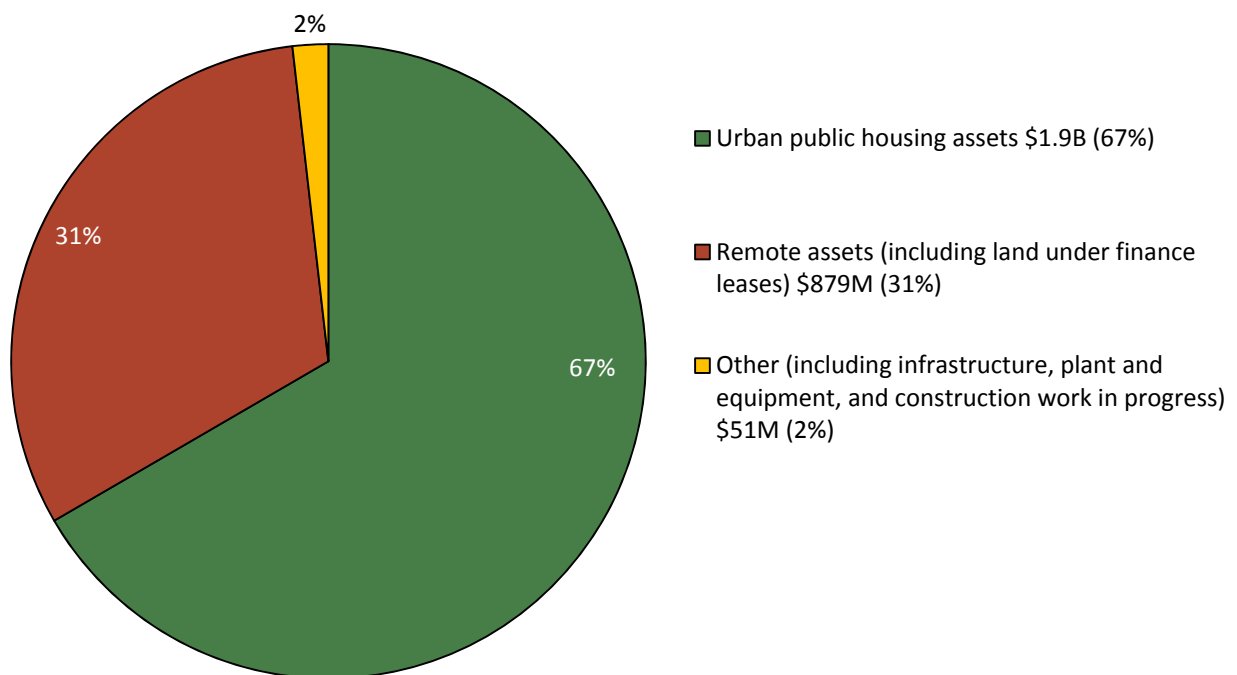
Balance Sheet

The Balance Sheet shows the department's net worth and financial position. The Department of Housing held assets totalling \$2.8 billion at 30 June 2014.

The largest component of assets is made up of urban public housing assets (\$1.9 billion), and remote public housing assets (\$879 million). This includes \$16.7 million in land under finance lease.

Compared to 2012–13, the value of assets reduced slightly in 2013–14. This was largely due to a revaluation of urban and government employee housing to fair value at 30 June 2014, which resulted in a reduction in the valuation of property plant and equipment of \$20.6 million.

Figure 13: Department of Housing asset portfolio, 2013–14



Source: Department of Housing 2013–14 financial statements

Statement of Cash Flow

The Statement of Cash Flows represents cash received and applied during the year from operating, investing, and financing activities. The table below summarises the movement of cash over the 2013–14 year.

The Department of Housing recorded a net outflow of cash from operations of \$11.5 million for 2013–14 compared to an inflow of \$3.3 million in 2012–13.

Receipts from the sale of assets totalled \$13.2 million in 2013–14, compared to \$6.2 million in 2012–13. Investment in new assets totalled \$154.6 million in 2013–14, compared to \$149.9 million in 2012–13, resulting in a net cash outflow from investing activities of \$141.5 million in 2013–14, compared to \$143.7 million in 2012–13.

To fund these activities the department received a net of \$147.4 million in 2013–14, compared to \$156.7 million in 2012–13, mainly from appropriation funding. These funds were supplemented by a reduction in cash balances of \$7 million.

In comparison to the budgeted result, the cash position at the end of 2013–14 is some \$14.90 million better than budgeted, mainly due to delays in expenditure of Australian Government funding pending negotiation of new agreements.

Table 25: Department of Housing comparative summary of cash flow, 2012–13 and 2013–14

	2013–14 budget \$M	2013–14 actual \$M	Budget vs actual 2013–14 \$M	2012–13 actual \$M	Variance compared to 2012–13 \$M
Cash at beginning of the year	86.21	86.21	0	105.75	-19.54
Net cash from operating activities	-5.82	-11.57	-5.75	3.30	-14.87
Net cash from investing activities	-161.52	-141.46	20.06	-143.7	2.24
Net cash from financing activities	145.44	146.03	0.59	120.85	25.18
Cash at end of reporting period	64.31	79.21	14.90	86.21	-7.00

Source: Department of Housing 2012–13 and 2013–14 financial statements

CERTIFICATION OF DEPARTMENT OF HOUSING FINANCIAL STATEMENTS

We certify that the attached financial statements for the Department of Housing have been prepared from proper accounts and records in accordance with the prescribed format, the *Financial Management Act* 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 2014 and the financial position on that date.

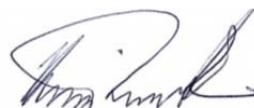
At the time of signing, we are not aware of any circumstances that would render the particulars included in the financial statements misleading or inaccurate.



ANNE BRADFORD

Chief Executive Officer

29 AUGUST 2014



KEN TINKHAM

Chief Financial Officer

28 AUGUST 2014

COMPREHENSIVE OPERATING STATEMENT

For the Year Ended 30 June 2014

	Note	2014 \$000	2013 \$000
INCOME			
Grants and subsidies revenue			
Current		6152	897
Capital		5105	2760
Appropriation			
Output		69 384	59 492
Commonwealth		89 753	88 257
Sales of goods and services		77 356	69 848
Goods and services received free of charge	4	6478	6899
Gain on disposal of assets	5	314	353
Asset impairment gain	11	173	-
Other income		1416	1340
TOTAL INCOME	3	256 131	229 846
EXPENSES			
Employee expenses		40 649	43 529
Administrative expenses			
Purchases of goods and services	6	16 490	25 862
Repairs and maintenance	7	101 264	314 208
Property management		46 495	43 229
Depreciation and amortisation	11	84 025	73 125
Asset expenses	8	5422	90 954
Other administrative expenses		6401	12 063
Grants and subsidies expenses			
Current		67 286	61 270
Capital		8820	3151
Community service obligations		677	815
Interest expenses		11 130	10 537
TOTAL EXPENSES	3	388 659	678 743
NET (DEFICIT)		(132 528)	(448 897)
OTHER COMPREHENSIVE INCOME			
Correction of prior period errors		-	(634)
Asset revaluation reserve	11	(20 671)	289 536
TOTAL OTHER COMPREHENSIVE INCOME		(20 671)	288 902
COMPREHENSIVE RESULT		(153 199)	(159 995)

The Comprehensive Operating Statement is to be read in conjunction with the Notes to the Financial Statements.

BALANCE SHEET

As at 30 June 2014

	Note	2014 \$000	2013 \$000
ASSETS			
Current assets			
Cash and deposits	9	79 206	86 207
Receivables	10	11 615	3 727
Prepayments		864	1223
Total current assets		91 685	91 157
Non-current assets			
Property, plant and equipment	11	2 770 784	2 795 934
Land under finance lease	11	16 694	16 060
Total non-current assets		2 787 478	2 811 994
TOTAL ASSETS		2 879 163	2 903 151
LIABILITIES			
Current liabilities			
Deposits held	16	260	264
Payables	13	4394	21 861
Borrowings and advances	14	1705	2271
Provisions	15	4561	4872
Unearned revenue - rent charged / paid in advance	16	4151	4303
Total current liabilities		15 071	33 571
Non-current liabilities			
Deposits held	16	3713	3081
Borrowings and advances	14	94 576	94 352
Provisions	15	1590	1681
Total non-current liabilities		99 879	99 114
TOTAL LIABILITIES		114 950	132 685
NET ASSETS		2 764 213	2 770 466
EQUITY			
Capital		1 523 856	1 376 910
Asset revaluation reserve	17	1 932 123	1 952 794
Accumulated funds		(691 766)	(559 238)
TOTAL EQUITY		2 764 213	2 770 466

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 2014

	Note	Equity at 1 July \$000	Comprehensive result \$000	Transactions with owners in their capacity as owners \$000	Equity at 30 June \$000
2013–14					
Accumulated funds		(559 238)	(132 528)	-	(691 766)
		(559 238)	(132 528)	-	(691 766)
Asset revaluation reserve	17	1 952 794	(20 671)	-	1 932 123
Capital – transactions with owners		1 376 910	-	-	1 376 910
Equity injections					
Capital transactions with owners		-	-	223	223
Equity transfers in		-	-	146	146
Other equity injections		-	-	70 000	70 000
National partnership payments		-	-	76 577	76 577
		1 376 910	-	146 946	1 523 856
Total equity at end of financial year		2 770 466	(153 199)	146 946	2 764 213

	Note	Equity transferred in as at 1/7/2012 ^(a)	Comprehensive result	Transactions with owners in their capacity as owners	Equity at 30 June
2012–13					
Accumulated funds		(124 945)	(448 897)	-	(573 842)
Changes in accounting policy ^(a)		15 187	-	-	15 187
Correction of prior period errors ^(a)		403	(634)	-	(231)
Transfers from reserves		(352)	-	-	(352)
		(109 707)	(449 531)	-	(559 238)
Asset revaluation reserve	17	1 663 258	289 536	-	1 952 794
Capital – transactions with owners					
Equity injections					
Capital transactions with owners		1 253 232	-	53 107	1 306 339
Equity transfers in		-	-	413	413
Other equity injections		-	-	109	109
National partnership payments		-	-	106 603	106 603
Equity withdrawals					
Capital withdrawal		-	-	(33 760)	(33 760)
Equity transfers out		-	-	(2794)	(2794)
		1 253 232	-	123 678	1 376 910
Total equity at end of financial year		2 806 783	(159 995)	123 678	2 770 466

Note (a): The Department of Housing was formed on 1 July 2012. The opening equity balance consists of the equity relating to the Department of Housing that was transferred from the former Department of Housing, Local Government and Regional Services.

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 2014

	Note	2014 \$000	2013 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating receipts			
Grants and subsidies received			
Current		6152	897
Capital		5105	2760
Appropriation			
Output		69 384	59 492
Commonwealth		89 753	88 257
Receipts from sales of goods and services		74 512	82 610
Total operating receipts		244 906	234 016
Operating payments			
Payments to employees		(40 958)	(46 347)
Payments for goods and services		(127 604)	(108 593)
Grants and subsidies paid			
Current		(67 286)	(61 270)
Capital		(8820)	(3151)
Community service obligations		(677)	(815)
Interest paid		(11 130)	(10 537)
Total operating payments		(256 475)	(230 713)
Net cash (used in)/from operating activities	18	(11 569)	3303
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing receipts			
Proceeds from asset sales	5	13 184	6193
Total investing receipts		13 184	6193
Investing payments			
Purchases of assets		(154 647)	(149 894)
Total investing payments		(154 647)	(149 894)
Net cash (used in) investing activities		(141 463)	(143 701)
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing receipts			
Deposits received		628	(3101)
Equity injections		223	53 107
Capital appropriation		76 577	106 603
Commonwealth appropriation		70 000	109
Total financing receipts		147 428	156 718
Financing payments			
Repayment of borrowings		(1363)	(1198)
Finance lease payments		(34)	(908)
Equity withdrawals		-	(33 760)
Total financing payments		(1397)	(35 866)
Net cash from financing activities		146 031	120 852
Net (decrease) in cash held		(7001)	(19 545)
Cash at beginning of financial year		86 207	105 752
CASH AT END OF FINANCIAL YEAR	9	79 206	86 207

The Cash Flow Statement is to be read in conjunction with the Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

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1. OBJECTIVES AND FUNDING

The Department of Housing delivers social housing programs and related infrastructure across the Territory.

The agency is predominantly funded by, and is dependent on, the receipt of parliamentary appropriations. The financial statements encompass all funds through which the agency controls resources to carry on its functions and deliver outputs. For reporting purposes, outputs delivered by the agency are summarised into three groups. Note 3 provides summary financial information in the form of a Comprehensive Operating Statement by output group.

- Territory Housing Services
- Corporate and Governance

Additional information in relation to the Department of Housing and its principal activities may be found in the performance section of the Annual Report.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

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

- (i) a Certification of the Financial Statements;
- (ii) a Comprehensive Operating Statement;
- (iii) a Balance Sheet;
- (iv) a Statement of Changes in Equity;
- (v) a Cash Flow Statement; and
- (vi) applicable explanatory notes to the financial statements.

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 also been prepared in accordance with the historical cost convention.

The form of the agency financial statements is also 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. The Standards and Interpretations and their impacts are:

AASB 13 Fair Value Measurement, AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]

AASB 13 replaces the guidance on fair value measurement in existing AASB accounting literature with a single standard. It clarifies the definition of fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. With some exceptions, the standard requires entities to classify these measurements into a fair value hierarchy based on the nature of the inputs. Additional disclosures following from the standard are included in the notes to the financial statements.

AASB 119 Employee Benefits (2011), AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]

AASB 119 amends the definition of short-term employee benefits and the accounting for defined benefit superannuation obligations. The standards do not impact the financial statements.

AASB CF 2013-1 Amendments to the Australian Conceptual Framework, AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments

AASB CF 2013-1 incorporates Chapters 1 and 3 of the IASB's *Conceptual Framework for Financial Reporting* into the AASB *Framework for the Preparation and Presentation of Financial Statements*. It also withdraws SAC 2 Objective of General Purpose Financial Reporting. The standards do not impact the financial statements.

AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7)

The standard amends AASB 7 *Financial Instruments: Disclosures* to require an entity to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. The standard does not impact the financial statements.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, 101, 116, 132 & 134 and Interpretation 2]

The standard amends a number of pronouncements as a result of the 2009-2011 annual improvements cycle. In particular, amendments to AASB 101 *Presentation of Financial Statements* clarify requirements for comparative information, and amendments to AASB 116 *Property, Plant and Equipment* clarify classification of servicing equipment. The standard does not impact the financial statements.

b) Australian Accounting Standards and Interpretations Issued but not yet Effective

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 9 <i>Financial Instruments</i> (Dec 2010), AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (Dec 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127], AASB 2012-6 <i>Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures</i> [AASB 9, 2009-11, 2010-7, 2011-7 & 2011-8], AASB 2013-9 <i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i>	AASB 9 incorporates revised requirements for the classification and measurement of financial instruments resulting from the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i>).	1 Jan 2017	Not expected to have a material impact on future reporting periods

Standard/interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
<p>AASB 10 <i>Consolidated Financial Statements</i>, AASB 2011-7 <i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards</i> [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17], AASB 2012-10 <i>Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments</i> [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12], AASB 2013-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities</i> [AASB 10, 12 & 1049]</p>	<p>Requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in AASB 127 <i>Consolidated and Separate Financial Statements</i>.</p> <p>AASB 2012-10 defers the mandatory application of AASB 10 <i>Consolidated Financial Statements</i> and related Standards to not-for-profit entities until annual reporting periods beginning on or after 1 January 2014.</p> <p>AASB 2013-8 assists not-for-profit entities to apply AASB 10 <i>Consolidated Financial Statements</i> and AASB 12 <i>Disclosure of Interests in Other Entities</i>.</p>	1 Jan 2014	Not expected to have a material impact on future reporting periods
AASB 12 <i>Disclosure of Interests in Other Entities</i>	Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.	1 Jan 2014	Not expected to have a material impact on future reporting periods

Standard/interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 1055 Budgetary Reporting	Sets out budgetary reporting requirements for not-for-profit entities within the General Government Sector.	1 July 2014	Not expected to have a material impact on future reporting periods
AASB 2012-3 <i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)</i>	Addresses inconsistencies in current practice when applying the offsetting criteria in AASB 132 <i>Financial Instruments: Presentation</i> .	1 Jan 2014	Not expected to have a material impact on future reporting periods
AASB 2013-3 <i>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</i>	Addresses disclosures about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.	1 Jan 2014	Not expected to have a material impact on future reporting periods

c) Agency and Territory Items

The financial statements of Department of Housing include income, expenses, assets, liabilities and equity over which the Department of Housing has control (agency items). Certain items, while managed by the agency, are controlled and recorded by the Territory rather than the agency (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 certain 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 the agency's financial statements. The Department of Housing does not collect any Territory Items on behalf of the Central Holding Authority.

d) Comparatives

Where necessary, comparative information for the 2012–13 financial year has been reclassified to provide consistency with current year disclosures.

e) 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.

f) Changes in accounting policies

There have been no changes to accounting policies adopted in 2013–14 as a result of management decisions.

g) Accounting judgments and estimates

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

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

Judgments and estimates that have significant effects on the financial statements are disclosed in the relevant notes to the financial statements. Notes that include significant judgments and estimates are:

- Employee benefits – Note 2(v) and Note 15: Non-current liabilities in respect of employee benefits are measured as the present value of estimated future cash outflows based on the appropriate Government bond rate, estimates of future salary and wage levels and employee periods of service.
- Contingent liabilities – Note 21: The present value of material quantifiable contingent liabilities are calculated using a discount rate based on the published 10-year government bond rate.
- Allowance for impairment losses – Note 2(p), Note 10: Receivables and Note 19: Financial instruments.
- Depreciation and amortisation – Note 2(k), Note 11: Property, plant and equipment.

h) Goods and Services Tax

Income, expenses and assets are recognised net of the amount of Goods and Services Tax (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.

i) Income recognition

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.

Grants and other contributions

Grants, donations, gifts and other non-reciprocal contributions are recognised as revenue when the agency obtains control over the assets comprising the contributions. Control is normally obtained upon receipt.

Contributions are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Appropriation

Output appropriation is the operating payment to each agency for the outputs they provide and is calculated as the net cost of agency outputs after taking into account funding from agency income. It does not include any allowance for major non-cash costs such as depreciation.

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 on-passed to the relevant agencies as Commonwealth appropriation.

Revenue in respect of appropriations is recognised in the period in which the agency gains control of the funds.

Sale of goods

Revenue from the sale of goods is recognised (net of returns, discounts and allowances) when:

- the significant risks and rewards of ownership of the goods have transferred to the buyer;
- the agency retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be reliably measured;
- it is probable that the economic benefits associated with the transaction will flow to the agency; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from rendering services is recognised by reference to the stage of completion of the contract. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the entity.

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Goods and services received free of charge

Goods and services received free of charge are recognised as revenue when a fair value can be reliably determined and the resource would have been purchased if it had not been donated. Use of the resource is recognised as an expense.

Disposal of assets

A gain or loss on disposal of assets is included as a gain or loss on the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal. Refer also to Note 5.

Contributions of assets

Contributions of assets and contributions to assist in the acquisition of assets, being non-reciprocal transfers, are recognised, unless otherwise determined by Government, as gains when the agency obtains control of the asset or contribution. Contributions are recognised at the fair value received or receivable.

j) Repairs and maintenance expense

Funding is received for repairs and maintenance works associated with agency assets as part of output revenue. Costs associated with repairs and maintenance works on agency assets are expensed as incurred.

k) 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:

	2014	2013
Urban dwellings	50 years	50 years
GEH ^(a) remote area dwellings	40 years	40 years
SIHIP/NPARIH ^(b) funded remote area dwellings	30 years	30 years
Rebuilds on pre-existing remote dwellings	10 years	10 years
Leased building upgrades	Remaining period of lease	Remaining period of lease
Infrastructure	Remaining period of lease	Remaining period of lease
Plant and equipment	5 years	5 years
Land under finance lease	Remaining period of lease	Remaining period of lease

Note: (a) Government employee housing (GEH)

(b) Strategic Indigenous Housing and Infrastructure Program (SIHIP)/ National Partnership Agreement on Remote Indigenous Housing (NPARIH)

Assets are depreciated or amortised from the date of acquisition or from the time an asset is completed and held ready for use. Where an asset is revalued due to capital construction or upgrade, or due to market movements, the useful life is reassessed and the annual depreciation charge is adjusted to reflect the new value of the asset.

l) Interest expense

Interest expenses include interest and finance lease charges. Interest expenses are expensed in the period in which they are incurred.

m) Cash and deposits

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 (AOTA) that are ultimately payable to the beneficial owner – refer also to Note 23.

n) Receivables

Receivables include accounts receivable and other receivables and are recognised at fair value less any allowance for impairment losses.

The allowance for impairment losses represents the amount of receivables the agency estimates are likely to be uncollectible and are considered doubtful. Analyses of the age of the receivables that are past due as at the reporting date are disclosed in an aging schedule under credit risk in Note 19 Financial Instruments. Reconciliation of changes in the allowance accounts is also presented.

Accounts receivable are generally settled within 30 days and other receivables within 60 days.

Rental and other charges

The collectability of debts is assessed at year end for current rental, current maintenance and other debtors. An allowance for doubtful debts is made when there is objective evidence that a rental receivable is impaired. It is not considered practical to provide a specific allowance. The amount of the allowance as such has been measured as the difference between the carrying amount and the future cash flows expected to be received within the next 12 months from each category of rental debtor. This practice does not comply with the accounting standard AASB 137.

o) Property, plant and equipment

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 the agency 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)

The capital works for the construction of urban and government employee dwellings are funded through capital appropriation, the expenditure as it is incurred is recognised in construction work in progress. Capital works funded through the National Partnership Agreement on Remote Indigenous Housing (NPARIH)/Strategic Indigenous Housing and Infrastructure Program (SIHIP) is also recognised in construction work in progress. Upon completion the projects are recognised as either an asset or an expense, dependent on our capitalisation policy.

Rental dwellings**Acquisitions**

Constructed rental dwellings, upgrading costs and minor capital works carried out on existing rental dwellings are recorded at their expended completed contract price, including tendering costs, contract management and supervision fees and all fees and charges relating to construction as property assets. Rental dwelling contracts not completed at 30 June 2014 are stated as works in progress.

Pre-existing dwellings in remote areas managed by the department are not recognised as an asset as the value of the assets cannot be reliably measured due to its location, condition and the age of the properties. However any capital works relating to the rebuilds of these pre-existing dwellings are recognised as an asset on completion.

Demolitions/gifts

Obsolete rental dwellings demolished and dwellings which are gifted or reverted under land rights legislation are written off in the financial year of occurrence. The write-offs represent the written down historical cost component of such dwellings. Appropriate adjustments are made against the asset revaluation reserve where previous revaluations have occurred.

Sales

Dwellings to be sold are valued immediately prior to the sale. The agency's policy is to record the difference between the sale price and the asset carrying amount as a gain or loss on sale.

Infrastructure

The Department of Housing has executed leases over land within remote communities. Expenditure on completed infrastructure is recognised as an asset. Infrastructure expenditure on land where the Department of Housing does not have an executed lease, is expensed in the year it occurred.

p) Revaluations and impairment

Revaluation of Assets

Department of Housing revalues the following class of assets;

- Urban rental dwellings
- GEH remote rental dwellings
- SIHIP/NPARIH remote rental dwellings
- Infrastructure

Subsequent to initial recognition these are revalued with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from their fair value at reporting date:

Fair value is the estimate of the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. SIHIP/NPARIH remote rental dwellings and Infrastructure held by the agency have not been revalued by the agency during the year ended 30 June 2014.

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

Urban rental dwellings

An independent valuation of urban rental dwellings was completed at 30 June 2014 by the Australian Valuation Office, the results of which are reflected in these financial statements. The basis for the valuation of urban rental dwellings is that of 'fair value' being the estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. The agency has adopted the policy of revaluing its urban rental dwellings every year to ensure that the carrying amount does not differ materially from their fair value at reporting date. Urban rental dwellings consist of land, houses, flat complexes and interest in body corporate.

Where the carrying amount of any urban rental property was determined to be greater than its recoverable amount the carrying amount of that dwelling has been written down to its recoverable amount. Details of the related carrying amount written down and any recoverable amount write downs have been disclosed in the financial statements.

Existing urban rental properties that have incurred major renovations or upgrading costs are revalued as soon as possible after the contract has been completed for those works. Useful lives of all urban rental dwellings have been reassessed at the time of valuation.

GEH remote rental dwellings

The Australian Valuation Office completed an independent valuation of the GEH remote rental dwellings at 30 June 2014, the results of which are reflected in these financial statements. The agency has adopted the policy of revaluing its remote rental dwellings at 30 June each year. GEH remote rental dwellings are measured on the basis of 'fair value' using the replacement cost methodology. The useful lives of all remote rental dwellings are also reassessed at the time of valuation.

SIHIP/NPARIH funded remote rental dwellings

The SIHIP/NPARIH funded remote rental dwellings are recognised at cost, subsequent to this initial recognition the dwellings will be revalued on a rolling program over five years. The dwellings will subsequently be measured on the basis of 'fair value' using the replacement cost methodology. The useful lives of all remote rental dwellings are also reassessed at the time of valuation.

Infrastructure

Infrastructure assets are measured on the basis of 'fair value' using the replacement cost methodology. The useful lives of all remote rental dwellings are also reassessed at the time of valuation.

Impairment of assets

An asset is said to be impaired when the asset's carrying amount exceeds its recoverable amount.

The agency has adopted the policy of revaluing its urban and GEH rental property assets annually to ensure that assets are carried at amounts that are not in excess of their recoverable amounts. Where indications of impairment exist the agency determines the asset's recoverable amount as the asset's depreciated replacement cost for remote assets and fair value less costs to sell for urban assets.

Non-current physical and intangible agency assets are assessed for indicators of impairment on an annual basis. If an indicator of impairment exists, the agency determines the asset's recoverable amount. The asset's recoverable amount is determined as the higher of the asset's depreciated replacement cost and fair value less costs to sell. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Impairment losses are recognised in the Comprehensive Operating Statement. They are disclosed as an expense unless the asset is carried at a revalued amount. Where the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus for that class of asset to the extent that an available balance exists in the asset revaluation surplus.

In certain situations, an impairment loss may subsequently be reversed. Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognised in the Comprehensive Operating Statement as income, unless the asset is carried at a revalued amount, in which case the impairment reversal results in an increase in the asset revaluation surplus. Note 17 provides additional information in relation to the asset revaluation surplus.

Housing assets were assessed for impairment after revaluation and impairment was identified to be immaterial to overall asset values.

q) Assets held for sale

Assets held for sale consist of those assets that management has determined are available for immediate sale in their present condition, and their sale is highly probable within the next twelve months.

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.

r) Leased assets

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

Finance leases

Finance leases are capitalised. A lease asset and lease liability equal to the lower of the fair value of the leased property and present value of the minimum lease payments, each determined at the inception of the lease, are recognised.

Lease payments are allocated between the principal component of the lease liability and the interest expense. The Department of Housing holds long-term leases of Aboriginal land for remote government employee housing.

Operating leases

Operating lease payments made at regular intervals throughout the term are expensed when the payments are due, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property. Lease incentives under an operating lease of a building or office space is recognised as an integral part of the consideration for the use of the leased asset. Lease incentives are to be recognised as a deduction of the lease expenses over the term of the lease.

s) Payables

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 the agency. Accounts payable are normally settled within 30 days.

t) 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 twelve 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 twelve months of the reporting date are measured at present value, calculated using the government long-term bond rate.

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; and
- 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 Department of Housing, and as such no long service leave liability is recognised in agency financial statements.

u) Superannuation

Employees' superannuation entitlements are provided through the:

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

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

v) Contributions by and distributions to Government

The agency may receive contributions from Government where the Government is acting as owner of the agency. Conversely, the agency may make distributions to Government. In accordance with the *Financial Management Act* 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 the agency as adjustments to equity.

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

w) Commitments

Disclosures in relation to capital and other commitments, including lease commitments are shown at Note 20.

Commitments are those contracted as at 30 June where the amount of the future commitment can be reliably measured.

x) 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 the agency becomes a party to the contractual provisions of the financial instrument. The agency's financial instruments include cash and deposits, receivables, advances, investments loan and placements, payables, advances received, borrowings and derivatives.

Exposure to interest rate risk, foreign exchange risk, credit risk, price risk and liquidity risk arise in the normal course of activities. The agency's investments, loans and placements, and borrowings are predominantly managed through the NTTC and TIO adopting strategies to minimise the risk. Derivative financial arrangements are also utilised to manage financial risks inherent in the management of these financial instruments. These arrangements include swaps, forward interest rate agreements and other hedging instruments to manage fluctuations in interest or exchange rates.

Classification of financial instruments

AASB 7 Financial instruments: disclosures, requires financial instruments to be classified and disclosed within specific categories depending on their nature and purpose.

Financial assets are classified into the following categories:

- financial assets at fair value through profit or loss;
- held-to-maturity investments;
- loans and receivables; and
- available-for-sale financial assets.

Financial liabilities are classified into the following categories:

- financial liabilities at fair value through profit or loss (FVTPL); and
- financial liabilities at amortised cost.

Financial assets or financial liabilities at fair value through profit or loss

Financial instruments are classified as at FVTPL when the instrument is either held for trading or is designated as at FVTPL.

An instrument is classified as held for trading if it is:

- acquired or incurred principally for the purpose of selling or repurchasing it in the near term with an intention of making a profit; or
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

A financial instrument may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the instrument forms part of a group of financial instruments, which is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 Financial instruments: recognition and measurement, permits the contract to be designated as at FVTPL.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the entity has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Loans and receivables

For details refer to Note 2 (n).

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets, principally equity securities that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which

time the cumulative gain or loss previously reported in equity is recognised in the Comprehensive Operating Statement.

Financial liabilities at amortised cost

Amortised cost is calculated using the effective interest method.

Derivatives

The agency enters into a variety of derivative financial instruments to manage its exposure to interest rate risk. The agency does not speculate on trading of derivatives.

Derivatives are initially recognised at fair value on the date a derivative contract is entered in to and are subsequently re-measured at their fair value at each reporting date. The resulting gain or loss is recognised in the Comprehensive Operating Statement immediately unless the derivative is designated and qualifies as an effective hedging instrument, in which event, the timing of the recognition in the Comprehensive Operating Statement depends on the nature of the hedge relationship. Application of hedge accounting will only be available where specific designation and effectiveness criteria are satisfied.

Netting of swap transactions

The agency, from time to time, may facilitate certain structured finance arrangements, where a legally recognised right to set-off financial assets and liabilities exists, and the Territory intends to settle on a net basis. Where these arrangements occur, the revenues and expenses are offset and the net amount is recognised in the Comprehensive Operating Statement.

Note 19 provides additional information on financial instruments.

y) 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.

When measuring fair value, the valuation techniques used maximise the use of relevant observable inputs and minimise the use of unobservable inputs. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by the agency include, but are not limited to, published sales data for land and general office buildings.

Unobservable inputs are data, assumptions and judgments that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Such inputs include internal agency adjustments to observable data to take account of particular and potentially unique characteristics/functionality of assets/liabilities and assessments of physical condition and remaining useful life.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy based on the inputs used:

Level 1 – inputs are quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – inputs are unobservable.

3. COMPREHENSIVE OPERATING STATEMENT BY OUTPUT GROUP

		Territory Housing Services		Corporate and Governance		Total	
	Note	2014	2013	2014	2013	2014	2013
		\$000	\$000	\$000	\$000	\$000	\$000
INCOME							
Taxation revenue							
Grants and subsidies revenue							
Current		6152	897	-	-	6152	897
Capital		5105	2760	-	-	5105	2760
Appropriation							
Output		61 527	49 939	7857	9553	69 384	59 492
Commonwealth		89 753	88 257	-	-	89 753	88 257
Sales of goods and services		74 588	66 811	2768	3037	77 356	69 848
Goods and services received free of charge	4	6261	6668	217	231	6478	6899
Gain on disposal of assets	5	314	353	-	-	314	353
Asset Impairment		173	-	-	-	173	-
Other income		1324	1278	92	62	1416	1340
TOTAL INCOME		245 197	216 963	10 934	12 883	256 131	229 846
EXPENSES							
Employee expenses		33 649	35 091	7000	8438	40 649	43 529
Administrative expenses							
Purchases of goods and services	6	13 408	22 178	3082	3684	16 490	25 862
Repairs and maintenance		101 088	314 093	176	115	101 264	314 208
Property Management		46 128	42 875	367	354	46 495	43 229
Depreciation and amortisation	10, 11	83 020	72 064	1005	1061	84 025	73 125
Asset Expenses		5422	90 954	-	-	5422	90 954
Other administrative expenses		6184	11 832	217	231	6401	12 063
Grants and subsidies expenses							
Current		67 286	61 270	-	-	67 286	61 270
Capital		8820	3151	-	-	8820	3151
Community service obligations		677	815	-	-	677	815
Interest expenses	19	11 130	10 537	-	-	11 130	10 537
TOTAL EXPENSES		376 812	664 860	11 847	13 883	388 659	678 743
NET SURPLUS/(DEFICIT)		(131 615)	(447 897)	(913)	(1 000)	(132 528)	(448 897)

COMPREHENSIVE OPERATING STATEMENT BY OUTPUT GROUP - continued

	Territory Housing Services		Corporate and Governance		Total		
	Note	2014	2013	2014	2013	2014	2013
		\$000	\$000	\$000	\$000	\$000	\$000
OTHER COMPREHENSIVE INCOME							
Items that will not be reclassified to net surplus/deficit							
Correction of prior period errors		-	(634)	-	-	-	(634)
Changes in asset revaluation surplus		(20 671)	289 536	-	-	(20 671)	289 536
TOTAL OTHER COMPREHENSIVE INCOME		(20 671)	288 902	-	-	(20 671)	288 902
COMPREHENSIVE RESULT		(152 286)	(158 995)	(913)	(1000)	(153 199)	(159 995)

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

	2014	2013
	\$000	\$000
4. GOODS AND SERVICES RECEIVED FREE OF CHARGE		
Corporate and information services	6478	6899
	6478	6899
5. GAIN ON DISPOSAL OF ASSETS		
Net proceeds from the disposal of non-current assets	13 184	6193
Less: Carrying value of non-current assets disposed	(12 870)	(5840)
Gain on the disposal of non-current assets	314	353
6. PURCHASES OF GOODS AND SERVICES		
The net surplus/(deficit) has been arrived at after charging the following expenses:		
Goods and services expenses:		
Consultants	895	874
Advertising	12	1
Marketing and promotion	128	416
Document production	31	62
Legal expenses	131	843
Recruitment	98	159
Training and study	167	506
Official duty fares	772	1423
Travelling allowance	421	537
Agency Service Arrangements	4965	10 158
Motor Vehicle Expenses	1712	2315
Goods and services free of charge	6478	6899
Other Operating Expenses	680	1669
TOTAL GOODS AND SERVICES EXPENSES	16 490	25 862

	2014	2013
	\$000	\$000
7. REPAIRS AND MAINTENANCE		
Repairs and maintenance program	43 716	37 904
Capital works projects which could not be capitalised	57 548	276 304
Total Repairs and Maintenance	101 264	314 208
8. ASSET EXPENSES		
Asset revaluation	-	33 154
Infrastructure assets transferred to Indigenous Essential Service	-	57 800
Assets Gifted to Venture Housing Company	5422	-
Total Asset Expenses	5422	90 954
9. CASH AND DEPOSITS		
Cash on hand	446	105
Cash at bank	78 760	86 102
	79 206	86 207
10. RECEIVABLES		
Current		
Accounts receivable	25 693	18 042
Less: Allowance for impairment losses	(13 898)	(14 441)
Net Accounts Receivable	11 795	3 601
GST receivables	(180)	126
TOTAL RECEIVABLES	11 615	3727

	2014	2013
	\$000	\$000
11. PROPERTY, PLANT AND EQUIPMENT		
Buildings: housing rental properties		
Urban rental properties		
Urban vacant land at fair value	11 586	14 776
Urban improved land at fair value	920 446	900 854
Urban buildings at fair value	925 017	933 964
	1 857 049	1 849 594
Remote rental properties		
Remote vacant land at replacement cost	337	337
Remote improved land at replacement cost	12 505	12 519
Remote buildings at depreciated replacement cost	220 252	200 163
	233 094	213 019
Remote rental properties at historical cost		
Remote buildings at historical cost	686 010	615 072
Less: accumulated depreciation	(55 985)	(25 294)
	630 025	589 778
 Total rental dwellings	 2 720 168	 2 652 391
 Infrastructure		
At fair value	38 454	38 454
Less: accumulated depreciation	(5176)	-
	33 278	38 454
 Construction (work in progress)		
At capitalised cost	14 030	100 981
 Plant and equipment		
At fair value	8584	8370
Less: accumulated depreciation	(5276)	(4262)
	3308	4108
 Leased plant and equipment		
At capitalised cost	17 557	16 502
Less: accumulated depreciation	(863)	(442)
	16 694	16 060
 TOTAL PROPERTY, PLANT AND EQUIPMENT	 2 787 478	 2 811 994

11. PROPERTY, PLANT AND EQUIPMENT (continued)

2014 Property, plant and equipment reconciliations

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2013–14 is set out below:

	Rental properties	Infrastructure	Construction (work in progress)	Plant and equipment	Computer hardware	Land under finance lease	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount as at 1 July 2013	2 652 391	38 454	100 981	4103	5	16 060	2 811 994
Additions	180 071	(192)	154 646	214	-	1055	335 794
Disposals	(14 190)	-	(241 743)	-	-	-	(255 933)
Depreciation	(77 433)	(5157)		(1009)	(5)	(421)	(84 025)
Additions from asset transfers	-	-	146	-	-	-	146
Revaluation (decrements)	(20 671)	-	-	-	-	-	(20 671)
Impairment losses	-	173	-	-	-	-	173
Carrying amount as at 30 June 2014	2 720 168	33 278	14 030	3308	-	16 694	2 787 478

11. PROPERTY, PLANT AND EQUIPMENT (continued)

2013 Property, plant and equipment reconciliations

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2012–13 is set out below:

	Rental properties	Infrastructure	Construction (work in progress)	Plant and equipment	Computer hardware	Land under finance lease	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount as at 1 July 2012	1 811 573	-	936 056	4869	10	-	2 752 508
Additions	615 351	104 687	199 614	307	-	16 502	936 461
Disposals	(5840)	(19 703)	(1 035 102)	-	-	-	(1 060 645)
Depreciation	(58 229)	(13 376)	-	(1073)	(5)	(442)	(73 125)
Additions from asset transfers	-	-	413	-	-	-	413
Revaluation increments/(decrements)	289 536	(33 154)	-	-	-	-	256 382
Carrying amount as at 30 June 2013	2 652 391	38 454	100 981	4 103	5	16 060	2 811 994

12. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

a) Fair value hierarchy

Fair values of non-financial assets categorised by levels of inputs used to compute fair value are:

2014

	Level 1	Level 2	Level 3	Total fair value
	\$000	\$000	\$000	\$000
Asset classes				
Rental properties - urban and GEH remote (Note 11)	-	1 857 049	233 094	2 090 143
Rental properties - remote public (Note 11)	-	-	630 025	630 025
Infrastructure (Note 11)	-	-	33 278	33 278
Construction (work in progress) (Note 11)	-	-	14 030	14 030
Plant and equipment (Note 11)	-	-	3308	3308
Total	-	1 857 049	913 735	2 770 784

There were no transfers between Level 1 and Levels 2 or 3 during the period.

b) Valuation techniques and inputs

Valuation techniques used to measure fair value are:

	Level 2 techniques	Level 3 techniques
Asset classes		
Rental properties - urban and GEH remote	Market approach	Cost approach
Rental properties - remote public	-	Cost approach
Infrastructure	-	Cost approach
Construction (work in progress)	-	Cost approach
Plant and equipment	-	Cost approach

There were no changes in valuation techniques during the period.

The Australian Valuation Office has provided valuations for the urban and GEH remote land, buildings and infrastructure assets.

Level 2 fair values of land and buildings were based on market evidence of sales price of comparable land and buildings in similar locations.

Level 3 fair values of rental properties - remote and infrastructure were determined by computing their depreciated replacement costs because an active market does not exist for such locations. The depreciated replacement cost was based on a combination of internal records of the historical cost of the facilities, adjusted for contemporary technology and construction approaches. Significant judgement was also used in assessing the remaining service potential of the facilities, given local environmental conditions, projected usage, and records of the current condition of the facilities.

Level 3 fair values for plant and equipment is depreciated historical cost because an active market does not exist for such assets.

Level 3 fair values (construction work in progress) are based on initial acquisition historical cost until completion, when the projects are recognised as either an asset or an expense, dependent on our capitalisation policy.

c) Additional information for Level 3 fair value measurements

(i) Reconciliation of recurring Level 3 fair value measurements

	Rental properties - urban	Rental properties - remote	Rental properties - remote	Infrastructure	Work in progress	Plant & equipment	Computer equipment
	\$000	\$000	\$001	\$000	\$000	\$000	\$000
Fair value as at 1 July 2013	1 849 594	213 019	589 778	38 454	100 981	4103	5
Additions	75 921	33 212	70 938	(192)	154 792	214	-
Disposals	(14 190)	-	-	-	(241 743)	-	-
Depreciation	(40 289)	(6453)	(30 691)	(5157)	-	(1009)	(5)
Gains/losses recognised in net surplus/deficit	(13 987)	(6684)	-	173	-	-	-
Fair value as at 30 June 2014	1 857 049	233 094	630 025	33 278	14 030	3308	-

(ii) Sensitivity analysis

Properties and infrastructure – unobservable inputs used in computing the fair value of buildings include the historical cost and the consumed economic benefit for each asset. Given the large number of agency dwellings and infrastructure and location, it is not practical to compute a relevant summary measure for the unobservable inputs. In respect of sensitivity of fair value to changes in input value, a higher historical cost results in a higher fair value and greater consumption of economic benefit lowers fair value.

	2014	2013
	\$000	\$000
13. PAYABLES		
Accounts payable	1928	17 475
Accrued expenses	2438	4358
Interest payable	28	28
Total payables	4394	21 861
14. BORROWINGS AND ADVANCES		
Current		
Loans and advances	1550	1363
Finance lease liabilities	155	908
	1705	2271
Non-Current		
Loans and advances	78 116	79 665
Finance lease liabilities	16 460	14 687
	94 576	94 352
Total borrowings and advances	96 281	96 623
15. PROVISIONS		
Current		
<i>Employee benefits</i>		
Recreation leave	3107	3383
Leave loading	558	554
Recreation leave fares	44	53
<i>Other current provisions</i>		
Fringe benefits tax	63	103
Payroll tax	353	360
Superannuation contributions	436	419
	4561	4872
Non-current		
<i>Employee benefits</i>		
Other employee benefits	1590	1681
	1590	1681
	6151	6553

The Department of Housing employed 398.5 employees as at 30 June 2014.

	2014	2013
	\$000	\$000
16. OTHER LIABILITIES		
Current		
Deposits held	260	264
Unearned revenue - rent charged / paid in advance	4151	4303
	4411	4567
Non-current		
Deposits held - rental security bond deposits	3713	3081
	3713	3081
Total other liabilities	8124	7648
17. RESERVES		
Asset revaluation surplus		
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.		
<i>(ii) Movements in the asset revaluation surplus</i>		
Balance as at 1 July	1 952 794	1 663 258
Increment/(decrement) – land	26 337	53 166
Increment/(decrement) – buildings	(93 750)	148 729
Transfer depreciation to reserve	46 742	32 935
Transfer accumulated depreciation to reserve	-	54 706
BALANCE AS AT 30 JUNE	1 932 123	1 952 794

	2014	2013
	\$000	\$000
18. NOTES TO THE CASH FLOW STATEMENT		
Reconciliation of cash		
The total of agency 'cash and deposits' of \$79.206m 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		
Net surplus/(deficit)	(132 701)	(448 897)
<i>Non-cash items:</i>		
Depreciation and amortisation	84 025	73 125
Asset write-offs/write-downs	-	33 154
Asset donations/gifts	5422	57 801
(Gain)/loss on disposal of assets	(314)	(353)
R&M - minor new work non-cash	57 548	276 304
<i>Changes in assets and liabilities:</i>		
Decrease/(increase) in receivables	(7888)	3798
Decrease/(increase) in prepayments	359	58
Decrease/(increase) in other assets	-	72
(Decrease)/increase in payables	(17 466)	9244
(Decrease)/increase in provision for employee benefits	(372)	(2220)
(Decrease)/increase in other provisions	(30)	(258)
(Decrease)/increase in other liabilities	(152)	1475
Net cash from operating activities	(11 569)	3303

Non-cash financing and investing activities

Finance lease transactions

During the financial year the agency acquired land by way of finance lease with an aggregate fair value of \$601k (compared to \$16.9m in 2012–13) by means of finance leases.

Asset Gifting

During the financial year the agency gifted land and buildings with an aggregate fair value of \$5.4m (compared to \$57.8m in 2012–13)

19. 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 instruments held by the Department of Housing include cash and deposits, receivables, payables and finance leases. The Department of Housing has limited exposure to financial risks as discussed below.

a) Categorisation of financial instruments

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

	2014	2013
	\$000	\$000
Financial assets		
Cash and deposits	79 206	86 207
Advances and receivables	11 615	3727
Prepayments	864	1223
Financial liabilities		
Deposits held in trust	3973	3345
Unearned revenue	4151	4303
Payables	4394	21 861
Provisions	6151	6553
Borrowings and advances	96 281	96 623

b) Credit risk

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

Based on historic default rates, the Department of Housing believes that no impairment allowance is necessary in respect of receivables from government agencies, including local government organisations, rental and sundry debts less than two months old, ceased rental and sundry debts less than one month old, and bond assistance debts less than one month old.

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

Receivables

Receivable balances are monitored on an ongoing basis to ensure that exposure to bad debts is not significant. A reconciliation and aging analysis of receivables is presented below.

External receivables	Aging of receivables \$000	Aging of impaired receivables \$000	Net receivables \$000
2013–14			
Not overdue	6339	-	6339
Overdue for less than 30 days	859	27	832
Overdue for 30 to 60 days	798	236	562
Overdue for more than 60 days	17 697	13 635	4062
Total	25 693	13 898	11 795

Reconciliation of the allowance for impairment losses

Opening	14 441
Written off during the year	(567)
Recovered during the year	101
Increase/(decrease) in allowance recognised in profit or loss	(77)
Total	13 898

2012–13

Not overdue	1329	-	1329
Overdue for less than 30 days	693	76	617
Overdue for 30 to 60 days	719	178	541
Overdue for more than 60 days	15 427	14 187	1240
Total	18 168	14 441	3727

Reconciliation of the allowance for impairment losses

Opening	10 629
Written off during the year	(1416)
Recovered during the year	64
Increase/(decrease) in allowance recognised in profit or loss	5164
Total	14 441

c) Liquidity risk

Liquidity risk is the risk that the agency will not be able to meet its financial obligations as they fall due. The agency's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

The following tables detail the agency's remaining contractual maturity for its financial assets and liabilities. It should be noted that these values are undiscounted, and consequently totals may not reconcile to the carrying amounts presented in the Balance Sheet.

2014 Maturity analysis for financial assets and liabilities

	Interest bearing					Total	Weighted average
	Fixed or variable	Less than a year	1 to 5 years	More than 5 years	Non-interest bearing		
		\$000	\$000	\$000	\$000	\$000	%
Assets							
Cash and deposits	-	79 206	-	-	79 206	79 206	
Receivables	-	11 615	-	-	11 615	11 615	
Advances	-	864	-	-	864	864	
Total financial assets	-	91 685	-	-	91 685	91 685	
Liabilities							
Deposits held	-	4411	3713	-	8124	8124	
Payables	-	4394	-	-	4394	4394	
Provisions	-	6151	-	-	6151	6151	
Borrowings	79 666	1550	6201	71 915	-	79 666	12.9%
Finance lease liabilities	16 615	155	620	15 840	-	16 615	4.8%
Total financial liabilities	96 281	16 661	10 534	87 755	18 669	114 950	

2013 maturity analysis for financial assets and liabilities

	Interest bearing					Total	Weighted average
	Fixed or variable	Less than a year	1 to 5 years	More than 5 years	Non-interest bearing		
		\$000	\$000	\$000	\$000	\$000	%
Assets							
Cash and deposits	-	86 207	-	-	86 207	86 207	
Receivables	-	3727	-	-	3727	3727	
Advances	-	1223	-	-	1223	1223	
Total financial assets	-	91 157	-	-	91 157	91 157	
Liabilities							
Deposits held	-	4567	3081	-	7648	7648	
Payables	-	21 861	-	-	21 861	21 861	
Provisions	-	6554	-	-	6554	6554	
Borrowings	81 028	1363	5452	74 213	-	81 028	12.9%
Finance lease liabilities	15 594	1	4	15 589	-	15 594	4.7%
Total financial liabilities	96 622	34 346	8537	89 802	36 063	132 685	

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.

i. Interest rate risk

The Department of Housing has limited exposure to interest rate risk as agency financial assets and financial liabilities, with the exception of Treasury loans, are non-interest bearing. Finance lease arrangements are established on a fixed interest rate and as such do not expose the Department of Housing to interest rate risk.

Market sensitivity analysis

Changes in the variable rates of 100 basis points (1 per cent) at reporting date would have the following effect on the agency's profit or loss and equity.

	Profit or loss and equity	
	100 basis points increase	100 basis points decrease
	\$000	\$000
30 June 2014		
Financial assets – cash at bank	79	(79)
Financial liabilities – borrowings	(96)	96
Net sensitivity	(17)	17
30 June 2013		
Financial assets – cash at bank	862	(862)
Financial liabilities – borrowings	(966)	966
Net sensitivity	(104)	104

ii. Price risk

The Department of Housing is not exposed to price risk as it does not hold units in unit trusts.

iii. Currency risk

The Department of Housing 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.

e) Net fair value

The fair value of financial instruments is estimated using various methods. These methods are classified into the following levels:

Level 1 – derived from quoted prices in active markets for identical assets or liabilities.

Level 2 – derived from inputs other than quoted prices that are observable directly or indirectly.

Level 3 – derived from inputs not based on observable market data.

2014	Total carrying amount \$000	Net fair value level 1 \$000	Net fair value level 2 \$000	Net fair value level 3 \$000	Net fair value total \$000
Financial assets					
Cash and deposits	79 206	79 206	-	-	79 206
Receivables	11 615	11 615	-	-	11 615
Advances and investments	864	864	-	-	864
Total financial assets	91 685	91 685	-	-	91 685
Financial liabilities					
Deposits held	3973	3973	-	-	3973
Unearned revenue	4151	4151	-	-	4151
Payables	4394	4394	-	-	4394
Provisions	6151	6151	-	-	6151
Borrowings and advances	79 666	-	124 730	-	124 730
Finance lease liabilities	16 615	-	-	16 615	16 615
Total financial liabilities	114 950	18 669	124 730	16 615	160 014
2013	Total carrying amount \$000	Net fair value level 1 \$000	Net fair value level 2 \$000	Net fair value level 3 \$000	Net fair value total \$000
Financial assets					
Cash and deposits	86 207	86 207	-	-	86 207
Receivables	3727	3 727	-	-	3727
Advances and investments	1223	1 223	-	-	1223
Total financial assets	91 157	91 157	-	-	91 157
Financial liabilities					
Deposits held	3345	3345	-	-	3345
Unearned revenue	4303	4303	-	-	4303
Payables	21 861	21 861	-	-	21 861
Provisions	6554	6554	-	-	6554
Borrowings and advances	81 028	-	125 750	-	125 750
Finance lease liabilities	15 594	-	-	15 594	15 594
Total financial liabilities	132 685	36 064	125 750	15 594	177 407

The net fair value of Level 1 instruments are based on initial acquisition costs or charges and will be realised in the next 12 months.

The net fair value of Level 2 instruments are based on based on discount of future cash flows by applying current market interest rates. Current market interest rates are determined with reference to the Australian Financial Markets Association sub reference rates plus margin.

The net fair value of Level 3 instruments is based on the net future cash flow of the annual lease at inception using the discount rate provided by Treasury Corporation average 10 year fixed borrowing rate at 30 June of the acquisition year.

There were no changes in valuation techniques during the period.

Transfer between categories

There were no transfers between categories during the period.

	2014		2013	
	Internal	External	Internal	External
	\$000	\$000	\$000	\$000
20. COMMITMENTS				
(i) Capital expenditure commitments				
Capital expenditure commitment primarily relates to construction of remote housing. Capital expenditure commitments contracted for at balance date but not recognised as liabilities are payable as follows:				
Within one year	-	11 942	-	103 558
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
	-	11 942	-	103 558
(ii) Operating lease commitments				
The agency leases property under non-cancellable operating leases expiring from 1 to 13 years. Leases generally provide the agency with a right of renewal at which time all lease terms are renegotiated. The agency also leases items of plant and equipment under non-cancellable operating leases. Future operating lease commitments not recognised as liabilities are payable as follows:				
Within one year	-	35 461	-	5 511
Later than one year and not later than five years	-	19 281	-	1843
Later than five years	-	12 331	-	8273
	-	67 073	-	15 627

21. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a) Contingent liabilities

Territory Housing Appeals Board members in Alice Springs and Darwin are indemnified against all actions, proceedings, claims, demands, liabilities, losses, expenses (legal or otherwise) and payments whatsoever arising out of or in respect of an actor thing done or omitted to be done by members in their capacity as a member of the board. To date there have been no claims.

b) Contingent assets

The Department of Housing had no contingent assets as at 30 June 2014 or 30 June 2013.

22. 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.

23. ACCOUNTABLE OFFICER'S TRUST ACCOUNT

In accordance with section 7 of the *Financial Management Act*, an Accountable Officer's Trust Account has been established for the receipt of money to be held in trust. A summary of activity is shown below:

Nature of trust money	Opening balance 1 July 2013	Receipts	Payments	Closing balance 30 June 2014
Tenants security bond deposits	3081	706	(74)	3713
Unclaimed money	264	34	(38)	260
	3345	740	(112)	3973

24. WRITE-OFFS, POSTPONEMENTS, WAIVERS, GIFTS AND EX GRATIA PAYMENTS

	Agency		Agency	
	2014	No. of	2013	No. of
	\$000	trans.	\$000	trans.
Write-offs, postponements and waivers under the <i>Financial Management Act</i>				
Represented by:				
Amounts written off, postponed and waived by delegates				
Irrecoverable amounts payable to the Territory or an agency written off	314	330	471	891
Losses or deficiencies of money written off		1		1
Public property written off	-	-	-	-
Waiver or postponement of right to receive or recover money or property	-	-	-	-
Total written off, postponed and waived by delegates	314	331	471	892
Amounts written off, postponed and waived by the Treasurer				
Irrecoverable amounts payable to the Territory or an agency written off	253	59	810	372
Losses or deficiencies of money written off	-	-	-	-
Public property written off	-	-	-	-
Waiver or postponement of right to receive or recover money or property	-	-	152	138
Total written off, postponed and waived by the Treasurer	567	390	962	510
Gifts under the <i>Financial Management Act</i>	5422	2	-	-

Financial report – NT Home Ownership

NT HOME OWNERSHIP FINANCIAL STATEMENT OVERVIEW FOR THE YEAR ENDED 30 JUNE 2014

NT Home Ownership is a government business division that provides home loan products and services to assist Territorians otherwise unable to enter the private housing market.

Summary of NT Home Ownership financial performance

NT Home Ownership's financial performance resulted in a surplus of \$0.64 million in 2013–14, compared to a budgeted surplus of \$0.7 million.

The improved budget performance between the original budget and revised budget resulted from variations in interest receivable and payable on investments and estimates of loan portfolios, together with an increase in receipts from community service obligations.

Table 26: NT Home Ownership comparative summary of budgeted and actual expenditure, 2012–13 and 2013–14

	2013–14 budget \$M	2013–14 revised budget \$M	Change 2012–13 to 2013–14	2013–14 actual \$M	Change 2012–13 to 2013–14	2012–13 actual \$M	Change 2012–13 to 2013–14
Total Income	17.5	17.2	-2%	17.38	1%	16.51	5%
Total Expenses	17.4	16.5	-5%	16.74	1%	15.92	5%
Net operating result	0.1	0.7		0.64		0.59	

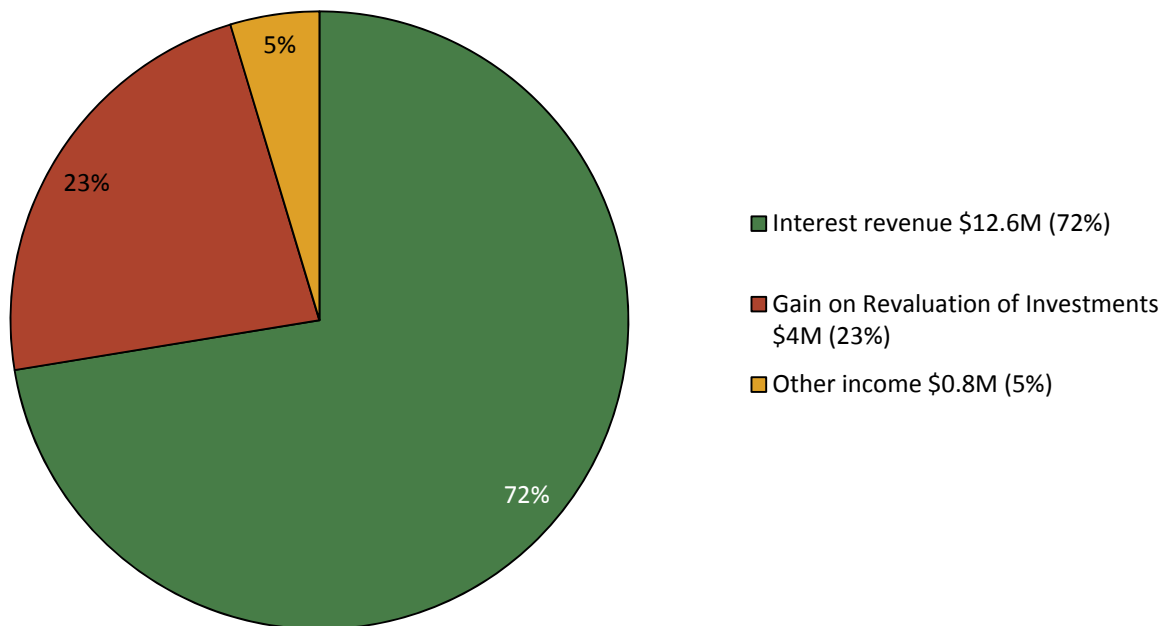
Source: NT Home Ownership audited financial statements, 2012–13 and 2013–14

Operating income

Total operating income for NT Home Ownership for 2013–14 was \$17.38 million, of which, 72% was interest revenue. Actual income received was higher than budgeted as a result of higher than anticipated profit derived from gains on revaluation of investments, offset by lower than expected interest income received.

The increase in 2013–14 income compared to the 2012–13 year was largely due to the gain in revaluation of shared equity loans.

Figure 14: NT Home Ownership operating income profile, 2013–14



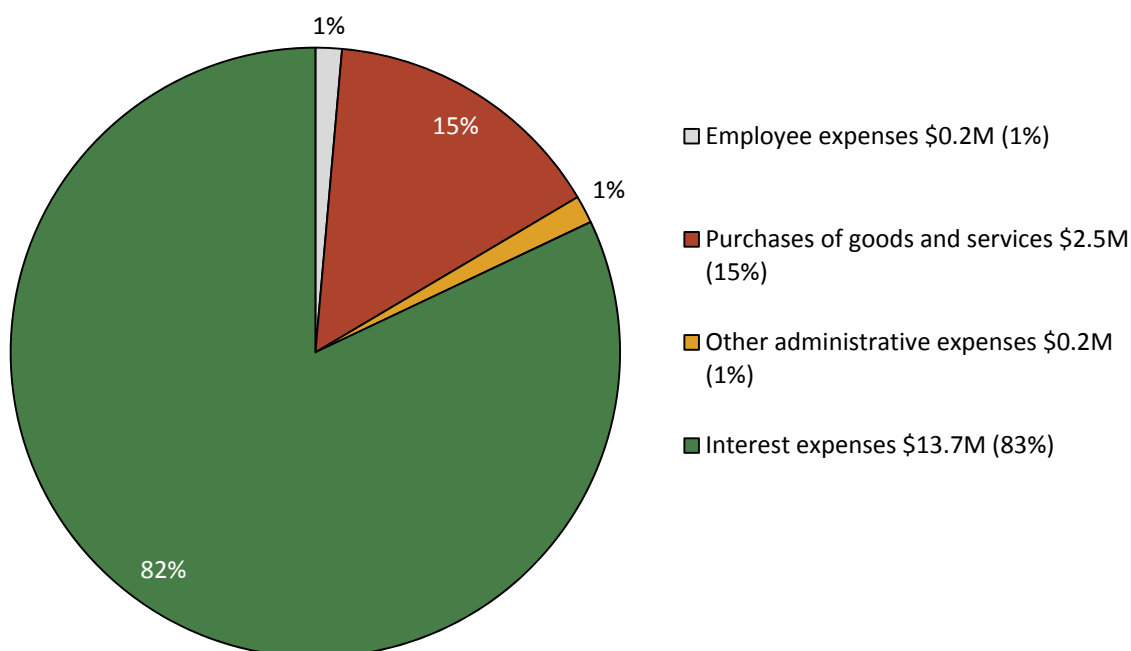
Source: NT Home Ownership audited financial statements, 2013–14

Operating Expenses

Total operating expenses for NT Home Ownership for 2013–14 amounted to \$16.6 million, with interest expenses making up 83% of total expenditure. Expenditure was slightly higher than budgeted, due to expenses relating to movements within the loan portfolio¹.

A five per cent increase in expenditure in 2013–14, compared to 2012–13, mainly reflects an increase in interest expense, also as a result of movements within the loan portfolio. This was offset by a reduction in expenses as a result of new product implementation in 2012–13.

Figure 15: NT Home Ownership operating expenses profile, 2013–14



Source: NT Home Ownership audited financial statements, 2013–14

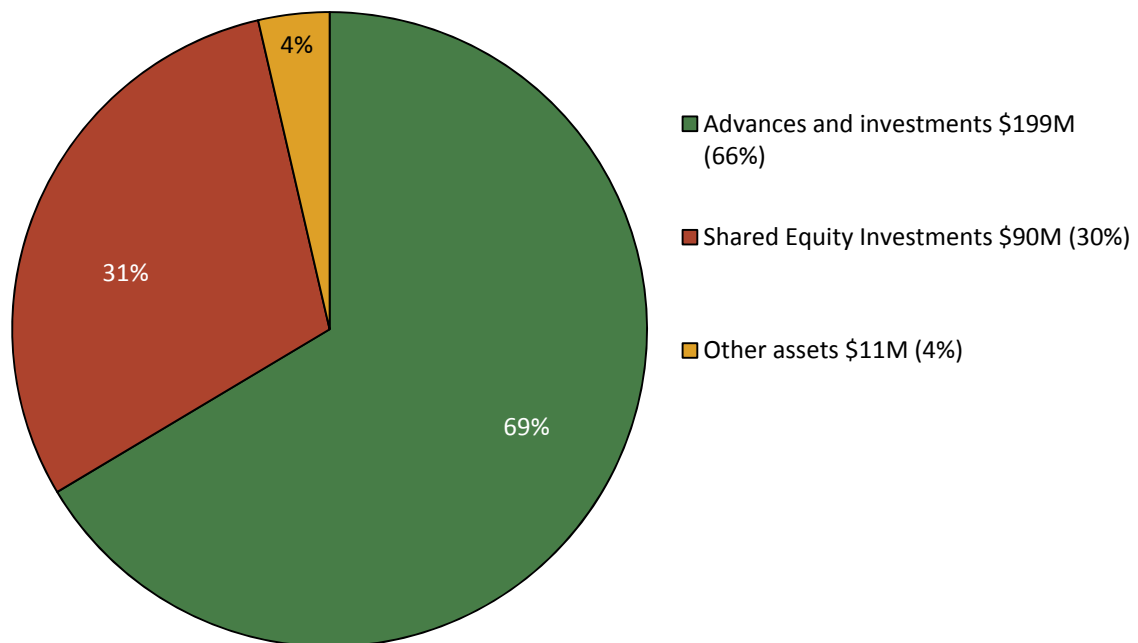
¹ Composition of the loan portfolio varies from year to year due to variability in loan repayments and loans taken out.

Balance sheet

The Balance Sheet shows NT Home Ownership's net worth and financial position, with \$300 million worth of assets. The assets largely comprise \$199 million in advances and investments, and \$90 million in shared equity investments.

Advances and investments and shared equity investments reduced in 2013–14 compared to 2012–13, as a result of more loans being repaid compared to loans being issued.

Figure 16: NT Home Ownership asset portfolio, 2013–14



Source: NT Home Ownership 2013–14 financial statements

Statement of cash flow

The Statement of Cash Flows represents cash received and applied during the year from operating, investing and financing activities. The table below summarises the movement of cash over the year.

The less-than-expected utilisation of cash for the year is largely due to a greater number of advances and investments being repaid to NT Home Ownership, which provided a positive cash flow and allowed NT Home Ownership to repay \$37.5 million of advances to NT Treasury Corporation.

In 2013–14, NT Home Ownership did not receive any new advances from NT Treasury Corporation. Advances were repaid and fewer loans were issued in 2013–14.

Table 27: NT Home Ownership comparative summary of cash flow, 2012–13 and 2013–14

	2013–14 Budget \$M	2013–14 Actual \$M	Budget vs actual 2013–14 \$M	2012–13 Actual \$M	Variance compared to 2012–13 \$M
Cash at beginning of the year	19.9	19.9	0	6.8	13.1
Net cash from operating activities	-2.3	-4.3	-2.0	-1.8	-2.50
Net cash from investing activities	30	32.7	2.7	-95.7	128.4
Net cash from financing activities	-37.5	-37.5	0	110.6	-148.1
Cash at end of reporting period	10.1	10.8	0.7	19.9	-9.1

Source: NT Home Ownership 2012–13 and 2013–14 financial statements,

CERTIFICATION OF NT HOME OWNERSHIP FINANCIAL STATEMENTS

We certify that the attached financial statements for NT Home Ownership have been prepared from proper accounts and records in accordance with the prescribed format, the *Financial Management Act* 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 2014 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.

ANNE BRADFORD

Chief Executive Officer

29 AUGUST 2014

KEN TINKHAM

Chief Financial Officer

28 AUGUST 2014



Auditor-General

Independent Auditor's Report to the Minister for Housing

NT Home Ownership

I have audited the accompanying financial report of NT Home Ownership which comprises the balance sheet as at 30 June 2014, the comprehensive operating statement, the statement of changes in equity and the cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certification of the financial statements by the Chief Executive Officer.

The Chief Executive Officer's Responsibility for the Financial Report

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial report.

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

Opinion

In my opinion the financial report gives a true and fair view of the financial position of NT Home Ownership as at 30 June 2014, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Julie Crisp
Auditor-General for the Northern Territory
Darwin, Northern Territory

16 October 2014

COMPREHENSIVE OPERATING STATEMENT

For the Year Ended 30 June 2014

	Note	2014 \$000	2013 \$000
INCOME			
Sales of goods and services	3	6	43
Interest revenue	5	12 583	12 360
Gain on disposal of Investments	6	126	473
Gain on Revaluation of Investments	7	3983	2816
Other income	4	677	815
TOTAL INCOME		17 375	16 507
EXPENSES			
Employee expenses		234	229
Administrative expenses			
Purchases of goods and services	8	2527	3429
Other administrative expenses	8	91	1
Grants and subsidies expenses			
Current		155	21
Interest expenses		13 736	12 237
TOTAL EXPENSES		16 743	15 917
NET SURPLUS BEFORE INCOME TAX		632	590
NET SURPLUS AFTER INCOME TAX		632	590
COMPREHENSIVE RESULT		632	590

The Comprehensive Operating Statement is to be read in conjunction with the Notes to the Financial Statements.

BALANCE SHEET

As at 30 June 2014

	Note	2014 \$000	2013 \$000
ASSETS			
Current assets			
Cash and deposits	10	10 816	19 896
Advances	11	3232	3300
Interest receivable	11	19	41
GST receivable	11	17	16
Total current assets		14 084	23 253
Non-current assets			
Advances	11	196 095	221 676
Shared equity investments	12, 13	89 893	92 893
Total non-current assets		285 988	314 569
TOTAL ASSETS		300 072	337 822
LIABILITIES			
Current liabilities			
Payables	14	1000	1920
Borrowings	15	7811	7454
Provisions	16	28	31
Total current liabilities		8839	9405
Non-current liabilities			
Borrowings	15	251 979	289 791
Provisions	16		4
Total non-current liabilities		251 979	289 795
TOTAL LIABILITIES		260 818	299 200
NET ASSETS		39 254	38 622
EQUITY			
Capital		22 745	22 745
Accumulated funds		16 509	15 877
TOTAL EQUITY		39 254	38 622

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 2014

	Note	Equity at 1 July	Comprehensive result	Transactions with owners in their capacity as owners	Equity at 30 June
		\$000	\$000	\$000	\$000
2013–14					
Accumulated funds		15 877	632		16 509
Capital – transactions with owners		22 745			22 745
Total equity at end of financial year		38 622	632		39 254
2012–13					
Accumulated funds		15 287	590		15 877
Capital – transactions with owners		22 745			22 745
Total equity at end of financial year		38 032	590		38 622

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 2014

	Note	2014	2013
		\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating receipts			
Receipts from sales of goods and services		850	1 079
Interest received		12 605	12 341
Total operating receipts		13 455	13 420
Operating payments			
Payments to employees		(234)	(222)
Payments for goods and services		(3443)	(3162)
Income tax paid		-	(240)
Grants and subsidies paid			
Current		(155)	(21)
Interest paid		(13 915)	(11 566)
Total operating payments		(17 747)	(15 211)
Net cash from operating activities	17	(4292)	(1791)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing receipts			
Repayment of advances		31 896	28 992
Sales of investments		8867	8981
Total investing receipts		40 763	37 973
Investing payments			
Advances and investing payments		(8098)	(133 657)
Total investing payments		(8098)	(133 657)
Net cash from/(used in) investing activities		32 665	(95 684)

	Note	2014	2013
		\$000	\$000
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing receipts			
Proceeds of borrowings			118 000
Total financing receipts			118 000
Financing payments			
Repayment of borrowings		(37 453)	(7112)
Dividends paid			(280)
Total financing payments		(37 453)	(7392)
Net cash from/(used in) financing activities		(37 453)	110 608
Net increase/(decrease) in cash held		(9080)	13 133
Cash at beginning of financial year		19 896	6763
CASH AT END OF FINANCIAL YEAR	10	10 816	19 896

The Cash Flow Statement is to be read in conjunction with the Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

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1. OBJECTIVES AND FUNDING

NT Home Ownership provides home loan products and services to increase supply at the more affordable end of the housing market, provides more home ownership opportunities for Territorians otherwise unable to enter the market and reduces pressure on the rental market. The home loans are administered by the Territory Insurance Office. NT Home Ownership has been determined by the Treasurer to be a Government Business Division (GBD) as specified in the *Financial Management Act*.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements have been prepared in accordance with the requirements of the *Financial Management Act* and related Treasurer's Directions. The *Financial Management Act* requires the NT Home Ownership (the entity) to prepare financial statements for the year ended 30 June in the form determined by the Treasurer. The form of the entity's financial statements is to include:

- (i) a Certification of the Financial Statements;
- (ii) a Comprehensive Operating Statement;
- (iii) a Balance Sheet;
- (iv) a Statement of Changes in Equity;
- (v) a Cash Flow Statement; and
- (vi) applicable explanatory notes to the financial statements.

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 entity transactions and balances have been eliminated.

The financial statements have been prepared in accordance with the historical cost convention and, except where stated, do not take into account changing money values or fair values of non-current assets. The entity is a not for profit entity for financial reporting purposes.

The form of the entity's financial statements is also 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. The standards and interpretations and their impact are:

AASB 13 Fair Value Measurement, AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]

AASB 13 replaces the guidance on fair value measurement in existing AASB accounting literature with a single standard. It clarifies the definition of fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. With some exceptions, the standard requires entities to classify these measurements into a fair value hierarchy based on the nature of the inputs. Additional disclosures following from the standard are included in the notes to the financial statements.

AASB 119 Employee Benefits (2011), AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]

AASB 119 amends the definition of short-term employee benefits and the accounting for defined benefit superannuation obligations. The standards do not impact the financial statements.

AASB CF 2013-1 Amendments to the Australian Conceptual Framework, AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments

AASB CF 2013-1 incorporates Chapters 1 and 3 of the IASB's *Conceptual Framework for Financial Reporting* into the AASB *Framework for the Preparation and Presentation of Financial Statements*. It also withdraws SAC 2 Objective of General Purpose Financial Reporting. The standards do not impact the financial statements.

AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7)

The standard amends AASB 7 *Financial Instruments: Disclosures* to require an entity to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. The standard does not impact the financial statements.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, 101, 116, 132 & 134 and Interpretation 2]

The standard amends a number of pronouncements as a result of the 2009-2011 annual improvements cycle. In particular, amendments to AASB 101 *Presentation of Financial Statements* clarify requirements for comparative information, and amendments to AASB 116 *Property, Plant and Equipment* clarify classification of servicing equipment. The standard does not impact the financial statements.

b) Australian Accounting Standards and interpretations issued but not yet effective

At the date of authorisation of the financial statements, the standards and interpretations listed below were in issue but not yet effective.

Standard/interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 9 <i>Financial Instruments</i> (Dec 2010), AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (Dec 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127], AASB 2012-6 <i>Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures</i> [AASB 9, 2009-11, 2010-7, 2011-7 & 2011-8], AASB 2013-9 <i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i>	AASB 9 incorporates revised requirements for the classification and measurement of financial instruments resulting from the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i>).	1 Jan 2018	It is not likely to have a material impact on the GBD in the period of initial adoption.

Standard/interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 10 <i>Consolidated Financial Statements</i> , AASB 2011-7 <i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards</i> [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17], AASB 2012-10 <i>Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments</i> [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12], AASB 2013-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities</i> [AASB 10, 12 & 1049]	<p>Requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in AASB 127 <i>Consolidated and Separate Financial Statements</i>.</p> <p>AASB 2012-10 defers the mandatory application of AASB 10 <i>Consolidated Financial Statements</i> and related Standards to not-for-profit entities until annual reporting periods beginning on or after 1 January 2014.</p> <p>AASB 2013-8 assists not-for-profit entities to apply AASB 10 <i>Consolidated Financial Statements</i> and AASB 12 <i>Disclosure of Interests in Other Entities</i>.</p>	1 Jan 2014	It is not likely to have a material impact on the GBD in the period of initial adoption.
AASB 12 <i>Disclosure of Interests in Other Entities</i>	Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.	1 Jan 2014	It is not likely to have a material impact on the GBD in the period of initial adoption.
AASB 1055 <i>Budgetary Reporting</i>	Sets out budgetary reporting requirements for not-for-profit entities within the General Government Sector.	1 July 2014	It is not likely to have a material impact on the GBD in the period of initial adoption.

Standard/interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 2012-3 <i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)</i>	Addresses inconsistencies in current practice when applying the offsetting criteria in AASB 132 <i>Financial Instruments: Presentation</i> .	1 Jan 2014	It is not likely to have a material impact on the GBD in the period of initial adoption.
AASB 2013-3 <i>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</i>	Addresses disclosures about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.	1 Jan 2014	It is not likely to have a material impact on the GBD in the period of initial adoption.

c) Comparatives

Where necessary, comparative information for the 2012–13 financial year has been reclassified to provide consistency with current year disclosures.

d) 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.

e) Changes in accounting policies

There have been no changes to accounting policies adopted in 2013–14 as a result of management decisions.

f) Accounting judgments and estimates

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

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

Judgments and estimates that have significant effects on the financial statements are disclosed in the relevant notes to the financial statements. Notes that include significant judgments and estimates are:

- Employee benefits – Note 2(t) and Note 16: non-current liabilities in respect of employee benefits are measured as the present value of estimated future cash outflows based on the appropriate government bond rate, estimates of future salary and wage levels and employee periods of service.

- Contingent liabilities – Note 20: the present value of material quantifiable contingent liabilities are calculated using a discount rate based on the published 10-year government bond rate.
- Allowance for impairment losses – Note 2(o), Note 11: receivables and Note 18: financial instruments.
- Depreciation and amortisation – Note 2(m),

g) Goods and Services Tax

Income, expenses and assets are recognised net of the amount of Goods and Services Tax (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.

h) Income recognition

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.

Grants and other contributions

Grants, donations, gifts and other non-reciprocal contributions are recognised as revenue when the entity obtains control over the assets comprising the contributions. Control is normally obtained upon receipt.

Contributions are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Sale of goods

Revenue from the sale of goods is recognised (net of returns, discounts and allowances) when:

- the significant risks and rewards of ownership of the goods have transferred to the buyer;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be reliably measured;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from rendering services is recognised by reference to the stage of completion of the contract. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the entity.

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset. See Note 5.

Disposal of assets – investments

A gain or loss on disposal of assets is included as a gain or loss on the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal. Refer also to Note 6.

Community service obligation funding

Community service obligation funding is received from the Northern Territory Government where the entity is required to carry out activities on a non-commercial basis. Revenue in respect of this funding is recognised in the period in which the entity gains control of the funds Note 23.

Contributions of assets

Contributions of assets and contributions to assist in the acquisition of assets, being non-reciprocal transfers, are recognised, unless otherwise determined by Government, as gains when the entity obtains control of the asset or contribution. Contributions are recognised at the fair value received or receivable.

i) Interest expense

Interest expenses include interest and finance lease charges. Interest expenses are expensed in the period in which they are incurred.

j) Taxation

The entity is required to pay income tax on its taxable income, at the company tax rate of 30 percent in accordance with the requirements of the Treasurer's Directions and the NT Tax Equivalents Regime. Taxable income is accounting surplus less revaluation gains on shared equity investments. No tax is payable by NT Home Ownership in respect to the 2013–14 financial year. See Note 9.

k) Cash and Deposits

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. See Note 10.

l) Receivables

Receivables include accounts receivable and other receivables and are recognised at fair value less any allowance for impairment losses. See Note 11.

The allowance for impairment losses represents the amount of receivables the entity estimates are likely to be uncollectible and are considered doubtful. Analyses of the age of

the receivables that are past due as at the reporting date are disclosed in an aging schedule under credit risk in Note 18 Financial Instruments. Reconciliation of changes in the allowance accounts is also presented.

Accounts receivable are generally settled within 30 days and other receivables within 60 days.

Home loans

All loans are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. The effective interest rate calculation includes the contractual terms of the loans together with fees and transaction costs.

The collectability of debts is assessed at year-end for home loan debtors. The entity will recognise an allowance for doubtful loans when objective evidence exists that all or part of a loan is impaired and unlikely to be collected. Loans are written off to the allowance account when they are assessed as not recoverable.

m) 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. As at 30 June 2014 the entity did not hold any depreciable Property, Plant or Equipment Assets.

n) Property, plant and equipment

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.

d) Impairment

Impairment of Assets

An asset is said to be impaired when the asset's carrying amount exceeds its recoverable amount.

Non-current physical and intangible entity assets are assessed for indicators of impairment on an annual basis. If an indicator of impairment exists, the entity determines the asset's recoverable amount. The asset's recoverable amount is determined as the higher of the asset's depreciated replacement cost and fair value less costs to sell. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. Impairment losses are recognised in the Comprehensive Operating Statement.

Impairment of financial assets

Financial assets are reviewed annually to determine whether there is objective evidence of impairment. A financial asset or group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition that indicates that it is probable that the entity will be unable to collect all amounts due. The carrying amount of a financial asset identified as impaired is reduced to its estimated recoverable amount.

o) Assets held for sale

Assets held for sale consist of those assets that management has determined are available for immediate sale in their present condition, and their sale is highly probable within the next twelve months.

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.

p) Leased assets

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

The entity has no finance or operating leases.

q) Payables

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 the entity. Accounts payable are normally settled within 30 days. See (Note 14)

r) Borrowings

Government loans are initially recognised at the fair value of the consideration received less directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest method. See (Note 15)

s) 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 twelve 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 twelve months of the reporting date are measured at present value, calculated using the Government long-term bond rate.

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; and
- other types of employee benefits.

As part of the financial management framework, the Central Holding Authority assumes the long service leave liabilities of Government agencies, including NT Home Ownership and as such no long service leave liability is recognised in entity financial statements.

t) Superannuation

Employees' superannuation entitlements are provided through the:

- Northern Territory Government and Public Authorities Superannuation Scheme (NTGPASS);

- Commonwealth Superannuation Scheme (CSS); or
- non-government employee-nominated schemes for those employees commencing on or after 10 August 1999.

The entity 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 as such are not recognised in entity financial statements.

u) Dividends

The entity provides for a dividend payable at the rate of 50 percent of net surplus after tax in accordance with the Northern Territory Government's dividend policy. No dividend is payable by NT Home Ownership in respect to the 2013-14 financial year.

v) Economic dependence

The entity established by the *Financial Management Act* (1995) is subject to the direction of the Minister for Public and Affordable Housing. The entity is partially funded by government through Community Service Obligation payments in recognition that it carries out activities on a non-commercial basis and is reflected as such in the Comprehensive Operating Statement. These statements are prepared on a "going concern" basis in the expectation that such funding will continue.

w) Nature and purpose of reserves

NT Home Ownership currently does not hold any reserves.

x) Administration fees

Administration fees are paid by the entity throughout the year to Territory Insurance Office for services provided in respect of home loans. See (Note 8)

y) Contributions by and distributions to Government

The entity may receive contributions from Government where the Government is acting as owner of the entity. Conversely, the entity may make distributions to Government. In accordance with the *Financial Management Act* 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 the entity as adjustments to equity.

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

aa) Commitments

Disclosures in relation to capital and other commitments, including lease commitments are shown at (Note 19).

Commitments are those contracted as at 30 June where the amount of the future commitment can be reliably measured.

bb) 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 the entity becomes a party to the contractual provisions of the financial instrument. The entity's financial instruments include cash and

deposits; receivables; advances; investments loan and placements; payables; advances received and borrowings.

Exposure to interest rate risk, foreign exchange risk, credit risk, price risk and liquidity risk arise in the normal course of activities. The entity's investments, loans and placements, and borrowings are predominantly managed through the Northern Territory Treasury Corporation and Territory Insurance Office adopting strategies to minimise the risk.

Classification of financial instruments

AASB 7 Financial Instruments: Disclosures requires financial instruments to be classified and disclosed within specific categories depending on their nature and purpose.

Financial assets are classified into the following categories:

- financial assets at fair value through profit or loss;
- held-to-maturity investments;
- loans and receivables; and
- available-for-sale financial assets.
- Financial liabilities are classified into the following categories:
- financial liabilities at Fair Value Through Profit or Loss (FVTPL); and
- financial liabilities at amortised cost.

Financial Assets or financial liabilities at fair value through profit or loss

Financial instruments are classified as at FVTPL when the instrument is either held for trading or is designated as at FVTPL.

An instrument is classified as held for trading if it is:

- acquired or incurred principally for the purpose of selling or repurchasing it in the near term with an intention of making a profit; or
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

A financial instrument may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the instrument forms part of a group of financial instruments, which is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 Financial Instruments: Recognition and Measurement permits the contract to be designated as at FVTPL.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the entity has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the

effective interest method less impairment, with revenue recognised on an effective yield basis.

Loans and receivables

For details refer to Note 2 (I).

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets, principally equity securities that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the Comprehensive Operating Statement.

Financial liabilities at amortised cost

Amortised cost is calculated using the effective interest method.

Note 18 provides additional information on financial instruments.

cc) 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.

When measuring fair value, the valuation techniques used maximise the use of relevant observable inputs and minimise the use of unobservable inputs. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by the entity include, but are not limited to, published sales data for land and dwellings.

Unobservable inputs are data, assumptions and judgments that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Such inputs include internal entity adjustments to observable data to take account of particular and potentially unique characteristics/functionality of assets/liabilities and assessments of physical condition and remaining useful life.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy based on the inputs used:

Level 1 – inputs are quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – inputs are unobservable.

Shared equity investments

Shared equity investments are classified as financial investments at fair value through profit or loss. Gains or losses on shared equity investments are recognised in profit and loss and the related assets are classified as non-current assets in the balance sheet.

Loans and advances & receivables

Loans and advances, and other receivables have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at fair value through profit and loss less impairment.

dd) Shared equity investments

These are properties held under loan assistance programs previously provided by the Northern Territory Government and properties purchased and/or constructed from/by external parties under these programs. Initial recognition is the fair value using the market approach at the time of recognition, based on market evidence of sales price of comparable land and buildings in similar locations.

Shared equity investments are revalued with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from their fair value at reporting date.

Minority interest holdings are measured on the market approach at fair value basis, being the amount 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. The entity has adopted the policy of revaluing its Minority Interest Holdings every year with any changes in fair value recognised as a gain or loss in the Comprehensive Operating Statement.

An independent valuation of all Shared Equity investments was completed by the Australian Valuation Office, for values as at the 30 June 2014. The results of which are reflected in these financial statements. The valuation method used inputs including quoted prices for similar assets in similar locations in active markets.

	2014 \$000	2013 \$000
3. GOODS AND SERVICES INCOME		
Goods & services income	1	3
Application to purchase	-	1
Valuation fees	5	39
	6	43
4. COMMUNITY SERVICE OBLIGATIONS & MISCELLANEOUS REVENUE		
Community service obligations	677	815
	677	815
5. INTEREST REVENUE		
Cash balances (Northern Territory Treasury Corporation)	387	425
Interest investments	12 196	11 935
	12 583	12 360
6. GAIN ON DISPOSAL OF SHARED EQUITY INVESTMENTS		
Net proceeds from the sale of shared equity investments	8867	8981
Less: carrying value of shared equity investments disposed	(8741)	(8508)
Gain on the disposal shared equity investments	126	473
7. GAIN ON REVALUATION OF INVESTMENTS		
Revaluation of shared equity investments	89 897	92 893
Less book value prior to revaluation	(85 914)	(90 077)
	3983	2816
8. PURCHASES OF GOODS AND SERVICES		
The net surplus has been arrived at after charging the following expenses:		
Goods and services expenses:		
Consultants	2	30
TIO administration fees	2251	2776
Marketing and promotion	9	208
Valuation fees	90	184
Legal expenses	56	122
Audit fees	58	39
Official duty fares	1	3
Travelling allowance	-	2
Other operational expenditure	60	65
	2527	3429
Write offs/impairment provision	91	1

	2014 \$000	2013 \$000
9. INCOME TAX EXPENSE AND TAX EQUIVALENT REGIME		
Surplus before income tax	632	590
Less revaluation of investments	(3983)	(2816)
Taxable income (loss)	(3351)	(2226)
Income tax expense @30%	-	-
Refer Note 2 (j) Income tax is only payable where NT Home Ownership makes a taxable income for the financial year.		
10. CASH AND DEPOSITS		
Cash on hand	366	379
Cash at bank	10 450	19 517
	10 816	19 896
11. RECEIVABLES AND ADVANCES		
Current		
Interest receivables	19	41
GST receivables	17	16
Total current receivables	36	57
Loans to home purchasers	3232	3300
Total current advances	3232	3300
Total current receivables and advances	3268	3357
Non-current		
Loans to home purchasers	196 365	221 879
Less impairment	(270)	(203)
Total non-current advances	196 095	221 676
Total receivables and advances	199 363	225 033

2014	2013
\$000	\$000

12. Shared equity investments

Minority interest holding at independent valuation	89 197	90 735
Minority interest holding construction works in progress at cost	696	2158
Total investments in shared equity	89 893	92 893

Shared equity investments

Opening balance	92 893	55 607
Additions	1758	42 978
Disposals	(8741)	(8508)
Net revaluation increments less decrements	3983	2816
Total investments in shared equity	89 893	92 893

13. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

a) Fair value hierarchy

Fair values of non-financial assets categorised by levels of inputs used to compute fair value are:

2014

	Level 1	Level 2	Level 3	Total fair value
	\$000	\$000	\$000	\$000
Asset classes				
Shared equity investments	-	89 893	-	89 893
Total	-	89 893	-	89 893

There were no transfers between Level 1 and Levels 2 or 3 during the period.

b) Valuation techniques and inputs

Valuation techniques used to measure fair value are:

	Level 2	Level 3
	techniques	techniques
Asset classes		
Shared equity investments	Market approach	-

The Australian Valuation Office has provided valuations for the shared equity investment assets.

Level 2 fair values of shared equity investment were based on market evidence of sales price of comparable land and buildings in similar locations.

There were no changes in valuation techniques during the period.

c) Additional information for Level 2 fair value measurements

(i) Reconciliation of recurring Level 2 fair value measurements

	Shared Equity
	\$000
Fair value as at 1 July 2013	92 892
Additions	1758
Disposals	(8741)
Gains/losses recognised in net surplus/(deficit)	4109
Fair value as at 30 June 2014	89 893

Refer to Note 2 (cc)

	2014	2013
	\$000	\$000
14. PAYABLES		
Accounts payable	211	465
Accrued expenses	60	548
Interest payables	729	907
Total payables	1000	1920
15. BORROWINGS AND ADVANCES		
Current		
Loans and advances	7811	7454
Total current loans & advances	7811	7454
Non-current		
Loans and advances	251 979	289 791
Total non-current loans & advances	251 979	289 791
Total borrowings and advances	259 790	297 245

	2014	2013
	\$000	\$000
16. PROVISIONS		
Current		
<i>Employee benefits</i>		
Recreation leave	22	25
Leave loading	3	3
Total current provisions	25	28
<i>Other current provisions</i>		
Employee super	3	3
Total other current provisions	3	3
Non-current		
<i>Employee benefits</i>		
Recreation leave	-	4
Total non-current provisions	-	4
Total provisions	28	35

2014	2013
\$000	\$000

17. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of cash

The total of NT Home Ownership 'cash and deposits' of \$10,816 million recorded in the Balance Sheet is consistent with that recorded as 'cash' in the Cash Flow Statement.

Reconciliation of net (deficit) to net cash from operating activities

Net surplus/(deficit)	632	590
<i>Non-cash items:</i>		
Asset write-offs/write-downs	25	-
Gain on revaluation of investments	(3983)	(2816)
(Gain) on disposal of assets	(126)	(473)
Doubtful debts expense-other	66	1
<i>Changes in assets and liabilities:</i>		
(Increase) decrease in receivables	21	(22)
(Decrease)/increase in payables	(921)	1163
(Decrease)/increase in provision for employee benefits	(6)	6
(Decrease) in other provisions	-	(240)
Net cash from operating activities	(4292)	(1791)

Non-cash financing and investing activities

Finance lease transactions

During the financial year the entity acquired no plant and equipment/computer equipment and software with an aggregate fair value by means of finance leases.

18. 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 instruments held by NT Home Ownership include cash and deposits, receivables advances and borrowings and payables. NT Home Ownership has limited exposure to financial risks as discussed below. The fair values of the financial assets, liabilities and borrowings approximate the carrying values.

a) Categorisation of financial instruments

The carrying amounts of NT Home Ownerships financial assets and liabilities by category are disclosed in the table below.

	2014	2013
	\$000	\$000
Financial assets		
Cash and deposits	10 816	19 896
Advances	199 327	224 976
Receivables	19	41
Financial liabilities		
Payables	1000	1920
Borrowings and advances	259 790	297 245
Other	3	3

