

# FINANCIAL STATEMENTS

## OVERVIEW

This section of the report provides an analysis of the financial outcome of the Department of Environment and Natural Resources for the year ended 30 June 2020. The department's financial performance is reported in four financial statements: They are the comprehensive operating statement, balance sheet, statement of changes in equity and cash flow statement.

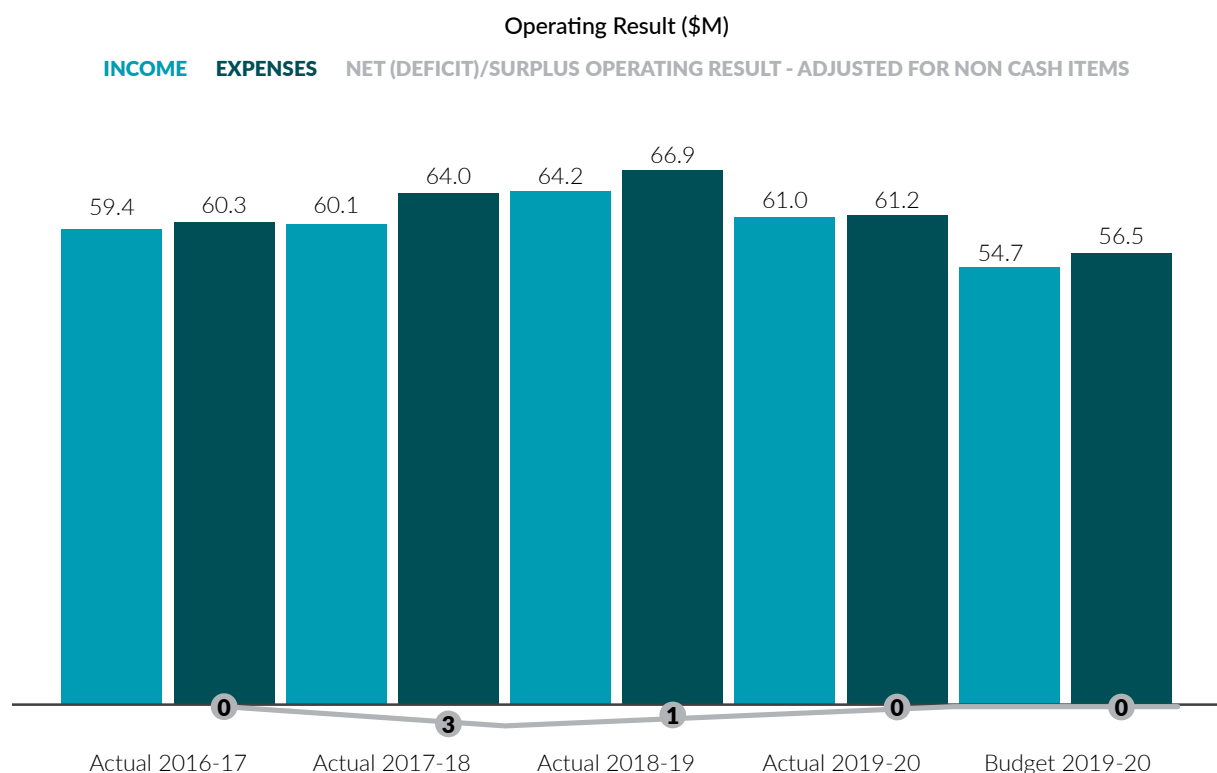
The department includes the following outputs:

- Flora and Fauna
- Rangelands
- Water Resources
- Bushfires NT
- Environment
- Northern Territory Environment Protection Authority
- Corporate and Governance
- Shared Services Received



# COMPREHENSIVE OPERATING STATEMENT

## Operating result (\$m)



In 2019-20, the department made a net operating loss of \$0.2m, or a loss of \$0.054m prior to the charging of non-cash items such as depreciation, and non-capitalised assets, as well as non-cash income relating to assets acquired at nil consideration. This compares to a budgeted loss before non-cash items of \$1.7m.

The cause of the variation is primarily due to the assets acquired for nil consideration as a result in the change of management of the Volunteer Bushfires Brigade fleet. There was also a myriad of changes to the budget throughout the year in relation to additional funding and subsequent expenditure.

The four year trend in the operating results and the 2019-20 budget are as follows:

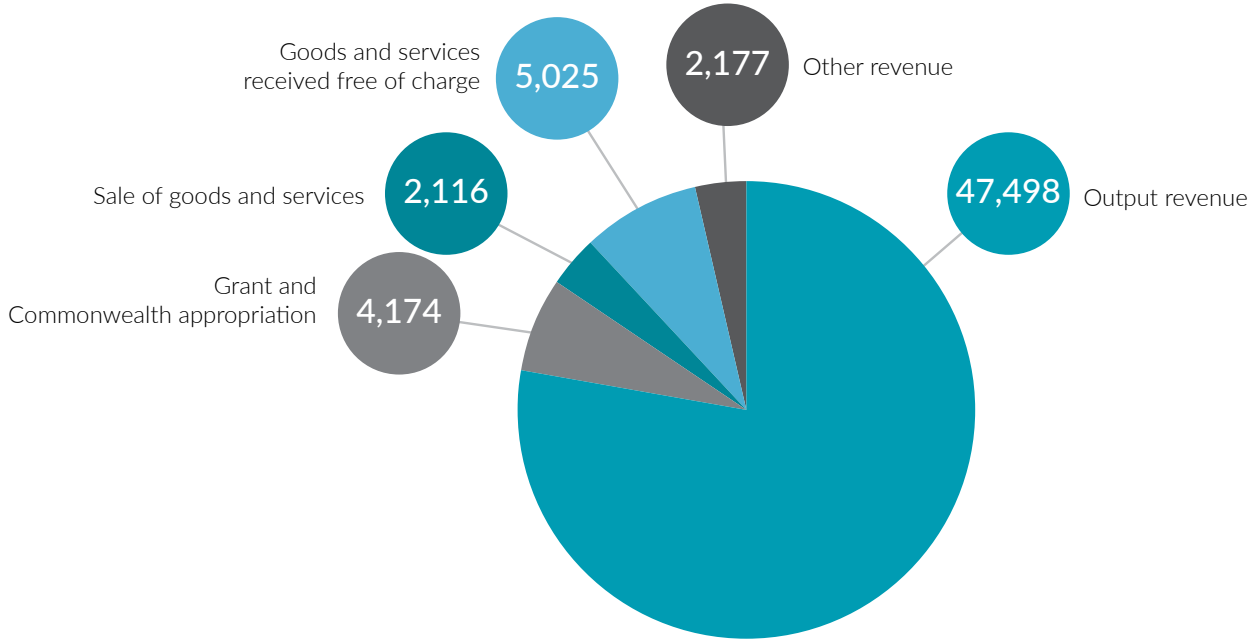
	ACTUAL 2016-17 \$'000	ACTUAL 2017-18 \$'000	ACTUAL 2018-19 \$'000	ACTUAL 2019-20 \$'000	BUDGET <sup>1</sup> 2019-20 \$'000
Income	59,396	60,104	64,232	60,990	54,744
Expenses	60,323	64,018	66,883	61,185	56,459
Net Deficit Operating result	(927)	(3,914)	(2,651)	(195)	(1,715)
Net (Deficit)/Surplus Operating result - adjusted for non-cash items	202	(2,650)	(551)	(54)	(6)

<sup>1</sup> Based on 2019-20 Budget Paper 3, May 2019

# INCOME

The department received income of \$61m in 2019-20, \$6.2m more than the original budget, and a decrease of \$3.2m compared to 2018-19.

## 2019-20 income by source (\$'000)



2019-20 Income by source (\$'000)

The department is funded primarily through Northern Territory Parliamentary output appropriation. Revenue is also derived from sales of goods and services, current grants and Commonwealth appropriation and other miscellaneous income. This includes notional revenue for services provided by the Department of Corporate and Information Services (DCIS) and Department of Infrastructure, Planning and Logistic (DIPL).

## Output revenue

In 2019-20, output revenue of \$47m was received, \$0.4m more than the original budget in 2019-20 Budget Paper 3.

Output revenue decreased from 2018-19 by \$4.0m, primarily due to program review saving measures, Machinery of Government (MOG) changes, parameters and efficiency dividends, transfer of funds to 2020-21 for Aboriginal Ranger Land Management Conservation multi-year grants, and net changes in funding for government projects.

## Grants and Commonwealth appropriation

The department attracted 7% of its revenue from external sources. In 2019-20, \$4.1m was received, including \$0.2m from the Commonwealth Government. This external revenue is higher than the approved budget by \$1m and is \$1.8m less than 2018-19.

Some of the key externally funded projects in 2019-20 include:

- West Arnhem Fire Monitoring Agreement
- Bushfires Volunteer Strategy
- Wildfire Risk in Remote Communities
- National Water Infrastructure Development Fund
- INPEX Dolphin and Dugong Monitoring
- National Environment Science Program Northern Australia Environmental Resource Hub (NESP NAERH) Projects
- Territory Natural Resource Management - Central Rock-rat in the West MacDonnell Ranges
- INPEX Darwin Harbour Integrated Marine Monitoring and Research Program
- National Pollutant Inventory

## Sale of goods and services

In 2019-20, income from the sale of goods and services totalled \$2.1m, \$1.2m more than the approved budget and \$0.4m less than 2018-19.

The increase to budget was primarily a result of sourcing further projects after the May 2019 budget was handed down.

## Goods and services received free of charge

In 2019-20, notional goods and services received free of charge totalled \$5m, including \$4.8m from DCIS and \$0.2m DIPL, which is \$1.4m higher than the approved budget and \$1.3m more than 2018-19. The increase is a result of centralisation of Human Resources, Information Technology, Records Management, and Fleet to DCIS, and Infrastructure functions to DIPL.

There is a corresponding expense, resulting in a net nil effect to the department operating result.

## Four year trend

The four year trend in income streams and the 2019-20 budget are as follows:

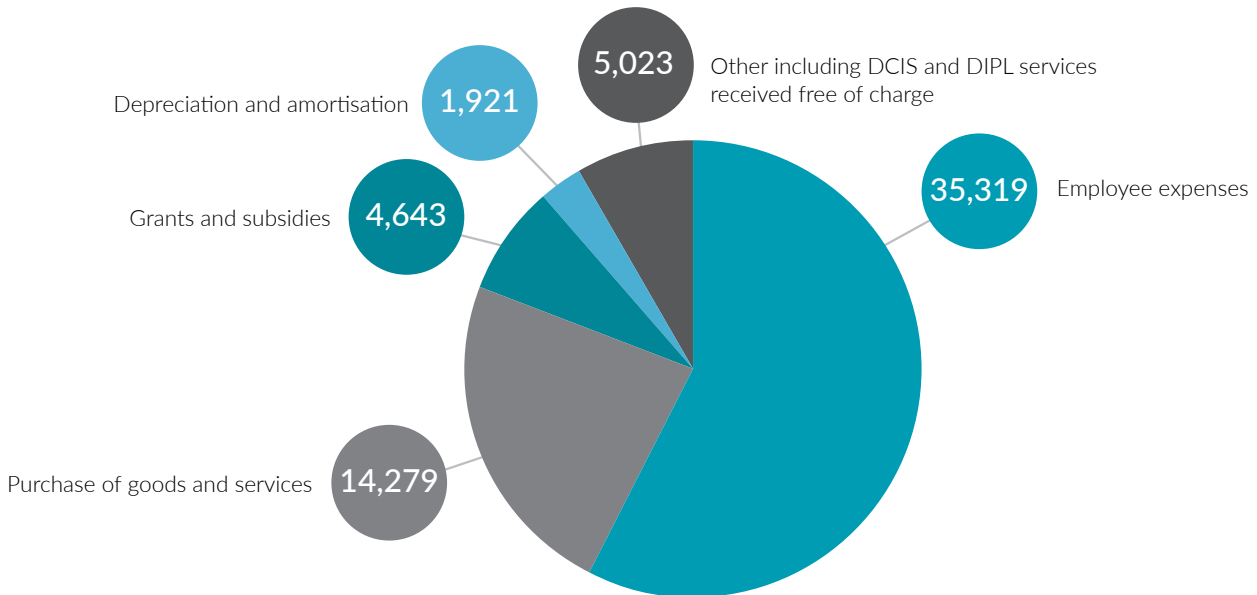
INCOME TYPE	ACTUAL 2016-17 \$'000	ACTUAL 2017-18 \$'000	ACTUAL 2018-19 \$'000	ACTUAL 2019-20 \$'000	PRIOR YEAR VARIANCE %	BUDGET <sup>1</sup> 2019-20 \$'000	BUDGET VARIANCE %
Output revenue	46,241	49,082	51,565	47,498	(8%)	47,042	1%
Grant & Commonwealth appropriation	6,606	5,068	5,969	4,174	(30%)	3,076	36%
Sale of goods and services	2,568	2,094	2,565	2,116	(18%)	952	122%
Goods and Services Received Free of Charge	3,885	3,774	3,698	5,025	36%	3,674	37%
Other revenue	96	86	435	2,177	400%	-	(100%)
<b>Income total</b>	<b>59,396</b>	<b>60,104</b>	<b>64,232</b>	<b>60,990</b>	<b>(5%)</b>	<b>54,744</b>	<b>11%</b>

<sup>1</sup> Based on 2019-20 Budget Paper 3, May 2019.

# EXPENSES

The department incurred \$61.2m in expenses during 2019-20 in the delivery of its programs and services. This was \$4.7m more than budget and \$5.7m less than 2018-19.

## 2019-20 expenses by source (\$'000)



2019-20 Expenses by Source \$'000

Payments to employees and purchase of goods and services account for 81% of the department's outlays. Payments of grants and subsidies is the other major departmental expenses, with depreciation, and charges levied by Department of Corporate and Information Services (DCIS) and Department of Infrastructure, Planning and Logistics (DIPL) representing non-cash transactions.

### Employee expenses

Staffing costs represent 58% of total expenditure or \$35.3m, \$3m greater than budget and a \$1.4m decrease from 2018-19.

The increase to budget was due to additional revenue sourced after the May 2019 budget which allowed for greater spend.

The decrease from the prior year is primarily due to Machinery of Government (MOG) centralisation of Human Resources, Information Technology, and Records Management to DCIS.

### Goods and services expenses

Actual spend on the purchase of goods and services in 2019-20 was \$14.3m, \$1.5m more than budget and \$1.3m less than 2018-19.

The increase to budget was due to additional revenue sourced after the May 2019 budget which allowed for greater spend.

This decrease from prior year was primarily due to MOG changes, program review saving measures, and decrease in funding for National Water Infrastructure Development.

### Grants and subsidies

In 2019-20 the department distributed \$4.6m in grants and subsidies, \$0.9m less than budget and \$3.3m less than 2018-19.

The reduction in grants paid out from 2018-19 was due to the cessation of the Aboriginal Rangers Capital Grants in 2018-19, reduction in funding from the National Water Infrastructure Development Fund, and the reclassification and type of support Bushfires NT provides to their Volunteer Bushfire Brigades.

For a full breakdown of grant payments refer to Appendix 3 .

### Repairs and maintenance

The decrease in repairs and maintenance is a result of the function being transferred to Department of Infrastructure, Planning and Logistics (DIPL) in July 2019.

### Depreciation and amortisation

Depreciation and amortisation is the allocation of an asset's cost over its useful life. In 2019-20 depreciation was \$1.9m, \$0.2m more than budget and \$0.2m less than 2018-19. The decrease in depreciation is a result of decrease in the asset base. Depreciation costs represent 3% of total expenditure.

### Goods and services received free of charge

In 2019-20, notional goods and services received free of charge totalled \$5m, including \$4.8m from DCIS and \$0.2m from DIPL, \$1.3m more than budget and \$1.3m more than 2018-19. This is primarily due to the MOG changes and is offset against revenue received free of charge.

### Four year trend

The four year expenditure trend and the 2019-20 budget are as follows:

EXPENDITURE TYPE	ACTUAL 2016-17 \$'000	ACTUAL 2017-18 \$'000	ACTUAL 2018-19 \$'000	ACTUAL 2019-20 \$'000	PRIOR YEAR VARIANCE %	ORIGINAL BUDGET <sup>1</sup> 2019-20 \$'000	BUDGET VARIANCE %
Employee expenses	32,875	34,544	36,734	35,319	(4%)	32,306	9%
Purchase of goods and services	15,320	15,137	15,564	14,279	(8%)	12,799	12%
Repairs and maintenance expenses	1,765	1,035	826	-	(100%)	380	(100%)
Grants and subsidies	5,333	8,263	7,972	4,643	(42%)	5,591	(17%)
Depreciation and amortisation	1,106	1,229	2,101	1,921	(9%)	1,709	12%
Other including DCIS and DIPL services received free of charge	3,924	3,810	3,686	5,023	36%	3,674	37%
<b>Expenses total</b>	<b>60,323</b>	<b>64,018</b>	<b>66,883</b>	<b>61,185</b>	<b>(9%)</b>	<b>56,459</b>	<b>(8%)</b>

<sup>1</sup> Based on 2019-20 Budget Paper 3, May 2019.

## BALANCE SHEET

The Balance Sheet provides a summary of the department's balances at the end of the financial year for assets, liabilities and equity.

The balances reported are the net worth to Government of the departments' asset holdings (what is owned) against liabilities (what is owed).

The four year trend for net assets/equity is as follows:

	ACTUAL 2016-17 \$'000	ACTUAL 2017-18 \$'000	ACTUAL 2018-19 \$'000	ACTUAL 2019-20 \$'000
Assets	21,855	20,730	20,143	21,733
Liabilities	(8,352)	(8,027)	(7,183)	(8,129)
<b>Net assets/equity</b>	<b>13,503</b>	<b>12,703</b>	<b>12,960</b>	<b>13,604</b>

### Assets

The department's assets at 30 June 2020 totalled \$21.7m. The balance of assets consists of:

- Cash balances of \$1.4m, representing cash held in a financial institution
- Receivables of \$2m representing the amount that is owed to the department for goods and services provided and delivered
- Prepaid expenses of \$0.3m representing expenses that have been paid before the good or service was received or provided
- Property, plant, equipment and computer software of \$18m.

### Liabilities

The department's liabilities at 30 June 2020 totalled \$8.1m. The balance of liabilities consists of:

- Deposits held of \$0.5m predominately to recognise the liability for Natural Heritage Trust Single Holding Account held on behalf of the Australian Government
- Payables of \$2.1m representing the amount owed to creditors for goods and services purchased and received
- Provisions for employee entitlements of \$5.3m, such as recreation leave, leave loading and leave fares to reflect the cost in present day dollars of employee entitlements that are to be paid in the future
- Unearned revenue of \$0.2m representing the amount received for services not yet provided.

## STATEMENT OF CHANGES IN EQUITY

The statement of changes in equity reflects movements in equity balances during the year.

Equity as at 30 June 2020 is \$13.6m, a decrease in net worth of \$0.6m from the previous year.

This decrease relates to:

- \$0.6m transfer in of completed minor new works
- \$1m appropriation to purchase capital items offset by
- \$0.2m operating loss for 2019-20 financial year
- \$0.2m assets transferred to DCIS as a result of machinery of government
- \$0.6m reduction in assets revaluation reserve

	ACTUAL 2016-17 \$'000	ACTUAL 2017-18 \$'000	ACTUAL 2018-19 \$'000	ACTUAL 2019-20 \$'000
Balance of equity at 1 July	12,291	13,503	12,703	12,960
Net equity injections	2,209	3,114	2,908	1,465
Movement in reserves	(70)	-	-	(626)
Accumulated funds	(927)	(3,914)	(2,651)	(195)
<b>Balance of equity at 30 June</b>	<b>13,503</b>	<b>12,703</b>	<b>12,960</b>	<b>13,604</b>

## CASHFLOW STATEMENT

The cash flow statement provides information on how cash was received and spent during the year. The figures in the cash flow statement vary to those in the comprehensive operating statement as the cash flow statement only includes cash transactions. The comprehensive operating statement includes non-cash items such as depreciation, non-cash adjustments for employee entitlements and notional charges for services received free of charge from Department of Corporate and Information Services and Department of Infrastructure, Planning and Logistics.

The department's cash balances were \$1.4m at 30 June 2020. The cash flows are summarised as follows:

	ACTUAL 2016-17 \$'000	ACTUAL 2017-18 \$'000	ACTUAL 2018-19 \$'000	ACTUAL 2019-20 \$'000
<b>Cash In</b>				
Operating receipts	57,389	57,281	62,069	55,412
Equity injections/capital appropriation/deposits	1,809	503	1,840	992
Proceeds from assets sales	-	-	146	50
	<b>59,198</b>	<b>57,784</b>	<b>64,055</b>	<b>56,454</b>
<b>Cash Out</b>				
Operating payments	(57,219)	(61,144)	(63,422)	(54,783)
Purchase of fixed assets	(1,160)	(478)	(1,803)	(842)
Equity withdrawals/ deposits refunded	(1,594)	(48)	-	-
	<b>(59,973)</b>	<b>(61,670)</b>	<b>(65,225)</b>	<b>(55,625)</b>
<b>Net increase/ ( decrease) in cash held</b>	<b>(775)</b>	<b>(3,886)</b>	<b>(1,170)</b>	<b>829</b>
Cash at beginning of financial year	6,438	5,663	1,777	607
<b>Cash at end of financial year</b>	<b>5,663</b>	<b>1,777</b>	<b>607</b>	<b>1,436</b>



## CERTIFICATE OF THE FINANCIAL STATEMENTS

We certify that the attached financial statements for the Department of Environment and Natural Resources have been prepared based on proper accounts and records in accordance with the prescribed format, the Financial Management Act 1995 and Treasurer's Directions.

We further state that the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2020 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.



Joanne Townsend  
Chief Executive Officer  
31 August 2020



Cynthia Loganathan  
Chief Financial Officer  
31 August 2020

# COMPREHENSIVE OPERATING STATEMENT

For the year ended 30 June 2020

	NOTE	2020 \$'000	2019 \$'000
<b>Income</b>			
Grants and subsidies revenue			
Current	4a	3,974	3,471
Appropriation	4b		
Output		47,498	51,565
Commonwealth		200	2,498
Sales of goods and services	4c	2,116	2,565
Goods and services received free of charge	5	5,025	3,698
Gain on disposal of assets	6	30	146
Other income	4d	2,147	289
<b>Total Income</b>	<b>3</b>	<b>60,990</b>	<b>64,232</b>
<b>Expenses</b>			
Employee expenses		35,319	36,734
Administrative expenses			
Purchases of goods and services	7	14,279	15,564
Repairs and maintenance		-	826
Depreciation and amortisation	14, 16	1,921	2,101
Other administrative expenses <sup>1</sup>		5,023	3,686
Grants and subsidies expenses			
Current		4,643	6,040
Capital		-	1,932
<b>Total Expenses</b>	<b>3</b>	<b>61,185</b>	<b>66,883</b>
<b>Net Deficit Operating Result</b>		<b>(195)</b>	<b>(2,651)</b>
<b>Other Comprehensive Income</b>			
Asset revaluation reserve	14	(626)	-
<b>Comprehensive Operating Result</b>		<b>(821)</b>	<b>(2,651)</b>

<sup>1</sup> Includes DCIS Service Charges.

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

# BALANCE SHEET

As at 30 June 2020

	NOTE	2020 \$'000	2019 \$'000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and deposits	9	1,436	607
Receivables	11	1,957	1,770
Inventories	12	14	6
Prepayments		296	237
<b>Total Current Assets</b>		<b>3,703</b>	<b>2,620</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	14	17,439	16,684
Intangibles	16	591	839
<b>Total Non-Current Assets</b>	<b>24</b>	<b>18,030</b>	<b>17,523</b>
<b>Total Assets</b>		<b>21,733</b>	<b>20,143</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Deposits held	17	464	464
Payables	18	2,128	1,212
Provisions	20	5,324	5,150
Other liabilities	21	213	357
<b>Total Current Liabilities</b>		<b>8,129</b>	<b>7,183</b>
<b>Non-Current Liabilities</b>			
Other liabilities		-	-
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>8,129</b>	<b>7,183</b>
<b>Net Assets</b>		<b>13,604</b>	<b>12,960</b>
<b>Equity</b>			
Capital		95,126	93,661
Asset revaluation surplus	23	2,913	3,539
Accumulated funds		(84,435)	(84,240)
<b>Total Equity</b>		<b>13,604</b>	<b>12,960</b>

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 2020

2019-20	NOTE	EQUITY AT 1 JULY \$'000	COMPREHENSIVE RESULT \$'000	TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS \$'000	EQUITY AT 30 JUNE \$'000
<b>Accumulated Funds</b>		<b>(84,240)</b>	<b>(195)</b>	<b>-</b>	<b>(84,435)</b>
<b>Reserves</b>					
Asset revaluation surplus	23	3,539	(626)	-	2,913
<b>Capital - Transactions with Owners</b>		<b>93,661</b>	<b>-</b>	<b>-</b>	<b>93,661</b>
<b>Equity injections</b>					
Capital appropriation		-	-	987	987
Equity transfers in		-	-	653	653
Equity transfers out		-	-	(175)	(175)
		<b>93,661</b>	<b>-</b>	<b>1,465</b>	<b>95,126</b>
<b>Total Equity at End of Financial Year</b>		<b>12,960</b>	<b>(821)</b>	<b>1,465</b>	<b>13,604</b>

2018-19	NOTE	EQUITY AT 1 JULY \$'000	COMPREHENSIVE RESULT \$'000	TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS \$'000	EQUITY AT 30 JUNE \$'000
<b>Accumulated funds</b>		<b>(81,589)</b>	<b>(2,651)</b>	<b>-</b>	<b>(84,240)</b>
<b>Reserves</b>					
Asset revaluation surplus	23	3,539	-	-	3,539
<b>Capital - transactions with owners</b>		<b>90,753</b>	<b>-</b>	<b>-</b>	<b>90,753</b>
<b>Equity injections</b>					
Capital appropriation		-	-	1,840	1,840
Equity transfers in		-	-	1,180	1,180
Equity transfers out		-	-	(112)	(112)
		<b>90,753</b>	<b>-</b>	<b>2,908</b>	<b>93,661</b>
<b>Total equity at end of financial year</b>		<b>12,703</b>	<b>(2,651)</b>	<b>2,908</b>	<b>12,960</b>

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 2020

	NOTE	2020 \$'000	2019 \$'000
<b>Cash flows from operating activities</b>			
<b>Operating receipts</b>			
<b>Grants and subsidies received</b>			
Current		3,974	3,471
<b>Appropriation</b>			
Output		47,498	51,565
Commonwealth		200	2,498
Other receipts from sales of goods and services		3,740	4,536
<b>Total operating receipts</b>		<b>55,412</b>	<b>62,070</b>
<b>Operating payments</b>			
Payments to employees		(34,933)	(36,981)
Payments for goods and services		(15,207)	(18,469)
<b>Grants and subsidies paid</b>			
Current		(4,643)	(6,040)
Capital		-	(1,932)
<b>Total operating payments</b>		<b>(54,783)</b>	<b>(63,422)</b>
<b>Net cash (used in) operating activities</b>	<b>10</b>	<b>629</b>	<b>(1,352)</b>
<b>Cash flows from investing activities</b>			
<b>Investing receipts</b>			
Proceeds from asset sales		50	145
<b>Total investing receipts</b>		<b>50</b>	<b>145</b>
<b>Investing payments</b>			
Purchases of assets	14, 16	(842)	(1,803)
<b>Total investing payments</b>		<b>(842)</b>	<b>(1,803)</b>
<b>Net cash (used in) investing activities</b>		<b>(792)</b>	<b>(1,658)</b>
<b>Cash flows from financing activities</b>			
<b>Financing receipts</b>			
<b>Equity injections</b>			
Capital appropriations		987	1,840
Other equity injections		5	-
<b>Total financing receipts</b>		<b>992</b>	<b>1,840</b>
<b>Financing payments</b>			
Equity withdrawals		-	-
<b>Total financing payments</b>		<b>-</b>	<b>-</b>
<b>Net cash from financing activities</b>		<b>992</b>	<b>1,840</b>
Net (decrease) in cash held		829	(1,170)
Cash at beginning of financial year	9	607	1,777
<b>Cash at end of financial year</b>		<b>1,436</b>	<b>607</b>

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 2020

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## 1. OBJECTIVES AND FUNDING

The Department of Environment and Natural Resources provides natural resource monitoring, management and advice, including scientific assessment of flora, fauna, land and water assets, and the allocation and management of these resources to enable their sustainable use.

The agency provides assessment, monitoring and compliance support and services on behalf of the Northern Territory Environment Protection Authority (NT EPA) to support environmentally sustainable development. To be effective, we need a strong partnership approach. It is through partnerships with landholders, across Government and with our external stakeholders, that we will meet our priorities in managing our natural resources, for the benefit of all Territorians.

Agency goals are as follows:

1. Strategically improve scientific and community knowledge and understanding of water, soils, landscapes and biodiversity to better inform their management.
2. Advise on the effective planning, allocation, conservation and use of the Northern Territory's natural resources.
3. Develop and deliver robust and transparent assessment and regulation that balance the development of the Northern Territory with effective protection of the Northern Territory's unique environmental assets.
4. Foster and sustain community participation from all regions of the Territory in sustainable natural resource use and management.
5. Manage and mitigate threats to regional communities and our natural ecosystems and native flora and fauna through shared responsibilities and partnerships.
6. Maintain an organisation with the capacity and capability to deliver effective services and that nurtures its human resources.

Additional information in relation to the agency and its principal activities can be found elsewhere in the annual report.

The agency is predominantly funded by, and dependent on, the receipt of Parliamentary appropriation. The financial statements encompass all funds through which the agency controls resources to carry on its functions and deliver outputs. For reporting purposes, the agency includes the following outputs:

- Flora and Fauna
- Rangelands
- Water Resources
- Bushfires NT
- Environment
- Northern Territory Environment Protection Authority (Statutory Authority)
- Corporate and Governance
- Shared Services Received

In 2019-20 shared services increased to encompass Human Resources, Information and Communication Technology, Fleet, and Infrastructure functions.

Note 3 provides summary financial information in the form of the comprehensive operating statement by output.

#### (a) Machinery of government changes

##### *Transfers out*

Details of transfer: Human Resources and Information and Communication Technology units transferred to the Department of Corporate and Information Services.

Basis of transfer: Administrative Arrangements Order 27 June 2019

Date of transfer: Effective from 1 July 2019

The assets and liabilities transferred as a result of this change were as follows:

	\$'000
<b>Assets</b>	
Cash	157
Receivables	-
Property, plant and equipment	175
<b>Liabilities</b>	
Payables	-
Provisions	157
Other liabilities	-
<b>Net assets</b>	<b>175</b>

## 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Statement of compliance

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

- (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
- (vi) applicable explanatory notes to the financial statements.

### (b) Basis of accounting

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

Except where stated, the financial statements have 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.

#### Standards and interpretations effective from 2019-20

##### AASB 15 Revenue from contracts with a customer / AASB 1058 Income for not-for-profit entities

AASB 15 Revenue from contracts with customers (AASB 15) supersedes AASB 111 Construction contracts, AASB 118 Revenue and related interpretations and applies, with limited exceptions, to all revenue arising from contracts with customers. Under AASB 15 revenue from agreements that are enforceable, have sufficiently specific performance obligations and transfer goods or services to the customer or third party beneficiary will be recognised when or as performance obligations are satisfied. AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when assessing contracts with their customers.

AASB 1058 Income for not-for-profit entities (AASB 1058) clarifies and simplifies income-recognition requirements that apply to not-for-profit entities and replaces most of the not-for-profit provisions under AASB 1004 Contributions. AASB 1058 applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and where volunteer services are received.

In contrast with previous standards such as AASB 1004, AASB 1058 allows deferral of income from capital grants where there is an enforceable contract with sufficiently specific performance obligations and the agreement does not require the agency to transfer the asset to other parties. For such capital grants, the funding received is initially deferred in an unearned revenue liability and subsequently recognised as revenue as or when the agency satisfies obligations under the agreement. Where funding is received from another Territory Government-controlled entity other than Commonwealth funds on-passed by the Central Holding Authority, revenue is recognised upfront on receipt.

Under AASB 1058, the agency will continue to recognise volunteer services only when the services would have been purchased if they had not been donated, and the fair value of those services can be measured reliably. This treatment is consistent with treatment in prior years.

The agency has applied the principles of AASB 15 and AASB 1058 in accounting for research grants for the 2019-20 reporting period. Funding for research agreements that are enforceable, have sufficiently specific performance obligations and the Territory is required to transfer goods or services to the customer or third-party beneficiary are accounted for in accordance with AASB 15. Otherwise AASB 1058



is applied. Most of the agency's research agreements have been assessed as meeting criteria under AASB 15 and revenue is recognised at a point in time.

In accordance with transition provisions, the agency has applied the modified retrospective approach on transition to AASB 15 and AASB 1058, with the cumulative effect of applying both accounting standards recognised in accumulated funds or appropriate equity code at 1 July 2019. Accordingly, the comparative information presented for 2018-19 has not been restated and is presented as previously reported. The agency applied the accounting standards retrospectively to all contracts, including completed contracts, at 1 July 2019. Completed contracts include contracts where the agency had recognised all revenue in prior periods under AASB 1004 Contributions.

The agency has no transitional impact on the adoption of AASB 15 and AASB 1058.

### **AASB 16 Leases**

AASB 16 Leases (AASB 16) supersedes AASB 117 Leases and relevant interpretations and introduces significant changes to lessee accounting by removing the distinction between operating and finance leases. For lessees with operating leases, a right-of-use asset has now been recognised on the balance sheet together with a lease liability at the lease commencement, for all leases except for leases with a term of less than 12 months or where the underlying assets are of low value. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged and has not had a significant impact for leases where the agency is the lessor.

In accordance with transition provisions, the agency has applied the modified retrospective approach on transition to AASB 16. Accordingly, the comparative information presented for 2018-19 has not been restated and is presented as previously reported.

On adoption of AASB 16, the agency recognised no right-of-use assets and lease liabilities.

### **AASB 2016-8 Amendments to Australian accounting standards – Australian implementation guidance for not-for-profit entities (AASB 9 Financial instruments)**

AASB 2016-8 is effective for the first time in 2019-20 and will require non-contractual receivables arising from statutory requirements to apply the initial recognition and measurement requirements of AASB 9. The requirements of AASB 2016-8 are largely consistent with existing recognition and measurement practices of the agency and is therefore not expected to have a material impact.

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

### **Standards and interpretations issued but not yet effective**

No Australian accounting standards have been early adopted for 2019-20.

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

### **AASB 1059 Service concession arrangement**

AASB 1059 Service concession arrangements: Grantors (AASB 1059) is effective for annual reporting periods beginning on or after 1 January 2020 and will be reported in the TAFS for the first time in 2020-21.

AASB 1059 addresses the accounting for arrangements that involve an operator providing public services related to a service concession asset on behalf of a public sector grantor for a specified period of time and managing at least some of those services. This standard also applies a new control concept to the recognition of service concession assets and related liabilities.

Where a transaction meets the definition of a service concession arrangement, a service concession asset and liability will be recognised on the balance sheet and valued in accordance with the new standard.

The agency has no service concession arrangements.

### **(c) Reporting entity**

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

The Department of Environment and Natural Resources (the department) is a Northern Territory department established under the *Interpretation Act 1978* Administrative Arrangements Order.

The principal place of business of the department is:

1st Floor, Goyder Centre 25 Chung Wah Terrace,  
PALMERSTON NT 0832

### **(d) Agency and Territory items**

The financial statements of the department include income, expenses, assets, liabilities and equity over which the agency 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 by the Central Holding Authority as discussed below.

### **(e) 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. However, as the agency is accountable for certain Territory items managed on behalf of Government, these items have been separately disclosed in Note 29 - Schedule of Administered Territory Items.

### **(f) Comparatives**

Where necessary, comparative information for the 2018-19 financial year has been reclassified to provide consistency with current year disclosures.

### **(g) 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 less than \$500 being rounded down to zero. Figures in the financial statements and notes may not equate due to rounding.

### **(h) Changes in accounting policies**

There have been no changes to accounting policies adopted in 2019-20 as a result of management decisions. Changes in policies relating to COVID-19 are disclosed in (l) below.

### **(i) 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 of making the 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.

### **(j) 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.

#### **(k) 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, Government.

#### **(l) Impact of COVID-19**

Management made a number of decisions as a result of COVID-19 which has impacted the 2019-20 financial statements. The main decision was a reduction in field work to ensure safety of staff and the community.



### 3. Comprehensive operating statement by output

	NOTE	FLORA AND FAUNA		RANGELANDS		WATER RESOURCES		BUSHFIRES NT		ENVIRONMENT MANAGEMENT AND POLICY		NT ENVIRONMENT PROTECTION AUTHORITY		CORPORATE AND GOVERNANCE		SHARED SERVICES RECEIVED		TOTAL				
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Income</b>																						
Grants and subsidies revenue																						
Current		855	1,135	-	-	734	701	2,367	1,617	18	18	-	-	-	-	-	-	-	-	-	3,974	3,471
Appropriation																						
Output		6,745	9,512	8,015	9,110	12,266	12,681	6,888	6,472	9,430	7,934	758	764	3,396	5,092	-	-	-	-	-	47,498	51,565
Commonwealth		-	259	-	259	200	1,980	-	-	-	-	-	-	-	-	-	-	-	-	-	200	2,498
Sales of goods and services		406	93	27	19	688	1,313	899	1,047	-	2	-	-	96	91	-	-	-	-	-	2,116	2,565
Goods and services received free of charge	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,025	3,698	-	-	5,025	3,698
Other income		2	2	233	212	3	7	1,820	37	34	4	-	-	55	27	-	-	-	-	-	2,147	289
Gain on disposal of assets	6	-	-	-	-	18	1	12	145	-	-	-	-	-	-	-	-	-	-	-	30	146
<b>Total Income</b>		<b>8,008</b>	<b>11,001</b>	<b>8,275</b>	<b>9,600</b>	<b>13,909</b>	<b>16,683</b>	<b>11,986</b>	<b>9,318</b>	<b>9,482</b>	<b>7,958</b>	<b>758</b>	<b>764</b>	<b>3,547</b>	<b>5,210</b>	<b>5,025</b>	<b>3,698</b>	<b>5,025</b>	<b>3,698</b>	<b>60,990</b>	<b>64,232</b>	
<b>Expenses</b>																						
Employee expenses		5,157	4,915	6,437	7,074	10,092	10,534	4,023	3,841	6,525	5,958	146	169	2,939	4,243	-	-	-	-	-	35,319	36,734
Administrative expenses																						
Purchases of goods and services		1,835	2,032	1,501	1,931	3,487	4,852	4,829	3,617	1,371	1,603	564	503	692	1,026	-	-	-	-	-	14,279	15,564
Repairs and maintenance		-	148	-	560	-	34	-	45	-	5	-	-	-	34	-	-	-	-	-	-	826
Depreciation and amortisation	14, 16	151	128	484	1,076	477	469	616	219	188	187	-	-	5	22	-	-	-	-	-	1,921	2,101
Other administrative expenses <sup>(a)(b)</sup>		1	-	-	-	-	(28)	(3)	12	-	3	-	-	-	-	1	5,025	3,698	-	-	5,023	3,686
Grants and subsidies expenses																						
Current		1,394	1,853	194	58	200	720	1,895	2,387	930	1,022	-	-	30	-	-	-	-	-	-	4,643	6,040
Capital		-	1,932	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,932
<b>Total Expenses</b>		<b>8,538</b>	<b>11,008</b>	<b>8,616</b>	<b>10,699</b>	<b>14,256</b>	<b>16,581</b>	<b>11,360</b>	<b>10,121</b>	<b>9,014</b>	<b>8,778</b>	<b>710</b>	<b>672</b>	<b>3,666</b>	<b>5,326</b>	<b>5,025</b>	<b>3,698</b>	<b>5,025</b>	<b>3,698</b>	<b>61,185</b>	<b>66,883</b>	
<b>Net Surplus/(Deficit) Operating Result</b>		<b>(530)</b>	<b>(7)</b>	<b>(341)</b>	<b>(1,099)</b>	<b>(347)</b>	<b>102</b>	<b>626</b>	<b>(803)</b>	<b>468</b>	<b>(820)</b>	<b>48</b>	<b>92</b>	<b>(119)</b>	<b>(116)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(195)</b>	<b>(2,651)</b>	
Asset Revaluation Reserve		(180)	-	856	-	(316)	-	(986)	-	-	-	-	-	-	-	-	-	-	-	-	(626)	-
<b>Comprehensive Operating Result</b>		<b>(710)</b>	<b>(7)</b>	<b>515</b>	<b>(1,099)</b>	<b>(663)</b>	<b>102</b>	<b>(360)</b>	<b>(803)</b>	<b>468</b>	<b>(820)</b>	<b>48</b>	<b>92</b>	<b>(119)</b>	<b>(116)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(821)</b>	<b>(2,651)</b>	

(a) Negative amounts represent reversals of doubtful debt provisions

(b) Includes DCIS and DIPL services received free of charge

This comprehensive operating statement by output is to be read in conjunction with the notes to the financial statements.

# INCOME

Income encompasses both revenue and gains.

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

## 4. REVENUE

### (a) Grants and subsidies revenue

	2020		2019	
	REVENUE FROM CONTRACTS WITH CUSTOMERS	OTHER	TOTAL	
	\$'000	\$'000	\$'000	\$'000
Current grants	3,974	-	3,974	3,471
Capital grants	-	-	-	-
<b>Total grants and subsidies revenue</b>	<b>3,974</b>	<b>-</b>	<b>3,974</b>	<b>3,471</b>

Grants revenue is recognised at fair value exclusive of the amount of GST. Until 30 June 2019, grant revenue and other non-reciprocal contributions were recognised as revenue when the agency obtains control over the asset comprising the contribution, which was normally obtained on receipt.

From 1 July 2019, where a grant agreement is enforceable and has sufficiently specific performance obligations for the agency to transfer goods or services to the grantor or a third party beneficiary, the transaction is accounted for under AASB 15. In this case, revenue is initially deferred as a contract liability when received in advance and recognised as or when the performance obligations are satisfied. The agency has adopted a low value contract threshold of \$50,000 excluding GST, and recognises revenue from contracts with a low value, upfront on receipt of income.

The Agency's contracts with customers is for the delivery of various research and monitoring programs and facilitating a fleet of highly specialized firefighting aircrafts that are readily available for use by State and Territory emergency service and land management agencies across Australia. Funding is generally received upfront for 12 months and the agency typically satisfies obligations and recognises revenue as services are being delivered as specified in the agreement.

A financing component for consideration is only recognised if it is significant to the contract and the period between the transfer of goods and services

and receipt of consideration is more than one year. For the 2019-20 reporting period, there were no adjustments for the effects of a significant financing component.

Where grant agreements do not meet criteria above, it is accounted for under AASB 1058 and income is recognised on receipt of funding except for capital grants revenue received for the purchase or construction of non-financial assets to be controlled by the agency. Capital grants with enforceable contracts and sufficiently specific obligations are recognised as an unearned revenue liability when received and subsequently recognised progressively as revenue as or when the agency satisfies its obligations under the agreement. Where a non-financial asset is purchased, revenue is recognised at the point in time the asset is acquired and control transfers to the agency.

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

Revenue from contracts with customers for the 2019-20 financial year have been disaggregated below into categories to enable users of these financial statements to understand the nature, amount, timing and uncertainty of income and cash flows. These categories include a description of the type of product or service line, type of customer and timing of transfer of goods and services.



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

	2020 \$'000
<b>Type of good and service:</b>	
Service delivery	2,439
Research services	1,535
<b>Total revenue from contracts with customers by good or service</b>	<b>3,974</b>
<b>Type of customer:</b>	
Australian Government entities	18
State and territory governments	160
Non-government entities	3,796
<b>Total revenue from contracts with customers by type of customer</b>	<b>3,974</b>
<b>Timing of transfer of goods and services:</b>	
Overtime	2,385
Point in time	1,589
<b>Total revenue from contracts with customers by timing of transfer</b>	<b>3,974</b>

## (b) Appropriation

	2020		2019	
	REVENUE FROM CONTRACTS WITH CUSTOMERS \$'000	OTHER \$'000	TOTAL \$'000	\$'000
Output	-	47,498	47,498	51,565
Commonwealth	200	-	200	2,498
<b>Total appropriation</b>	<b>200</b>	<b>47,498</b>	<b>47,698</b>	<b>54,063</b>

Output appropriation is the operating payment to each agency for the outputs they provide as specified in the *Appropriation Act 2019*. It does not include any allowance for major non-cash costs such as depreciation. The treatment of output appropriations remains the same after adopting AASB 15 and AASB 1058, because they do not have sufficiently specific performance obligations.

Commonwealth appropriation follows from the intergovernmental agreement on federal financial relations, resulting in specific purpose payments (SPPs) and national partnership (NP) payments being made by the Commonwealth Treasury to state treasuries, in a manner similar to arrangements for GST payments. These payments are received by the Department of Treasury and Finance on behalf of the Central Holding Authority and then passed on to the relevant agencies as Commonwealth appropriation. Until 30 June 2019, Commonwealth appropriation was recognised in the period when the agency gains control of the funds, which was on receipt of funding.

From 1 July 2019, where appropriation received has an enforceable contract with sufficiently specific performance obligations as defined in AASB 15, revenue is recognised as and when goods and or services are transferred to the customer or third party beneficiary. Otherwise revenue is recognised when the agency gains control of the funds.

Revenue from contracts with customers for the 2019-20 financial year have been disaggregated below into categories to enable users of these financial statements to understand the nature, amount, timing and uncertainty of income and cash flows. These categories include a description of the type of product or service line, type of customer and timing of transfer of goods and services.

	2020 \$'000
<b>Type of good and service:</b>	
Service delivery	200
<b>Total revenue from contracts with customers by good or service</b>	<b>200</b>
<b>Type of customer:</b>	
Australian Government entities	200
<b>Total revenue from contracts with customers by type of customer</b>	<b>200</b>
<b>Timing of transfer of goods and services:</b>	
Point in time	200
<b>Total revenue from contracts with customers by timing of transfer</b>	<b>200</b>

### (c) Sales of goods and services

	2020			2019	
	REVENUE FROM CONTRACTS WITH CUSTOMERS				
	\$'000	OTHER \$'000	TOTAL \$'000		
Sales of goods and services	1,039	1,077	2,116	2,565	
<b>Total sales of goods and services</b>	<b>1,039</b>	<b>1,077</b>	<b>2,116</b>	<b>2,565</b>	

Revenue from regulatory fees is recognised when the agency satisfies its performance obligations. These include fees for the issue of licences. The agency's sole performance obligations for the issue of a non-intellectual property licence is the issue of the licence, as such revenue is recognised upfront on issue of the licence. For intellectual property licences, revenue is recognised at a point in time or overtime as or when the performance obligation is satisfied. The agency recognises licences with a term less than 12 months or a low value of \$10,000 or less, upfront on receipt of cash.

#### Sale of goods

Until 30 June 2019, revenue from sales of goods is recognised as revenue when the agency transfer significant risks and rewards of ownership of the goods to the buyer. From 1 July 2019, revenue from sales of goods is recognised when the agency satisfies a performance obligation by transferring the promised goods, such as crocodile tags. The agency typically satisfies its performance obligations when the tags are handed to the buyer. The payments are typically due 30 days from production of invoice.

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

#### Rendering of services

Until 30 June 2019, revenue from rendering services was recognised by reference to the stage of completion of the contract. From 1 July 2019, revenue from rendering of services is recognised when the agency satisfies the performance obligation by transferring the promised services such as hydrographic services, water licensing, and plant identification. The agency typically satisfies its performance obligations when information, or outcome, is provided to the customer.

Revenue from contracts with customers for the 2019-20 financial year have been disaggregated below into categories to enable users of these financial statements to understand the nature, amount, timing and uncertainty of income and cash flows. These categories include a description of the type of product or service line, type of customer and timing of transfer of goods and services.

	2020 \$'000
<b>Type of good and service:</b>	
Service delivery	1,039
<b>Total revenue from contracts with customers by good or service</b>	<b>1,039</b>
<b>Type of customer:</b>	
Australian Government entities	297
<b>State and territory governments</b>	<b>372</b>
Non-government entities	370
<b>Total revenue from contracts with customers by type of customer</b>	<b>1,039</b>
<b>Timing of transfer of goods and services:</b>	
Overtime	756
Point in time	283
<b>Total revenue from contracts with customers by timing of transfer</b>	<b>1,039</b>

#### (d) Other income

	2020		2019	
	REVENUE FROM CONTRACTS WITH CUSTOMERS \$'000	OTHER \$'000	TOTAL \$'000	\$'000
Other income	-	2,147	2,147	289
<b>Total other income</b>	<b>-</b>	<b>2,147</b>	<b>2,147</b>	<b>289</b>

Donated assets include assets received at below fair value or for nil consideration that can be measured reliably. These are recognised as revenue at their fair value when control over the assets is obtained, normally either on receipt of the assets or on notification the assets have been secured, unless received from another government entity as a consequence of a restructuring of administrative arrangements. This treatment remains unchanged from prior years.

There is no revenue from contracts with customers for the 2019-20 financial year.





## 5. GOODS AND SERVICES RECEIVED FREE OF CHARGE

	2020 \$'000	2019 \$'000
Corporate and information services	4,805	3,698
Repairs and maintenance	220	-
<b>Total Goods and Services Received Free of Charge</b>	<b>5,025</b>	<b>3,698</b>

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

From 1 July 2019, corporate services staff and functions were centralised under Department of Corporate and Information Services as part of a machinery of government change and now forms part of goods and services free of charge of the agency. There has been an increase from 2018-19 due to the centralisation of Human Resources, Information and Communications Technology and Fleet.

In addition, from 1 July 2019, repairs and maintenance expenses and associated employee costs were centralised under the Department of Infrastructure, Planning and Logistics as part of a machinery of government change and now forms part of goods and services free of charge of the agency.

The department administers the Bushfires Management Act (the Act), which clearly defines that a landowner is responsible for fire on their land. Under the Act there is capacity for the Minister to establish a Volunteer Bushfire Brigade within a Fire Protection Zone. Authorised volunteers are provided with a level of protection under the Act to undertake fire management, including undertaking planned burns to reduce the impact of wildfires, issue Permits to Burn to landowners within their region and to lead or assist other brigades or department staff in the suppression of wildfires.

## 6. GAIN ON DISPOSAL OF ASSETS

	2020 \$'000	2019 \$'000
Net proceeds from the disposal of non-current assets	17	145
Less: Carrying value of non-current assets disposed	-	-
Gain on the Disposal of Non-Current Assets	17	145
Proceeds from sale of minor assets	13	1
<b>Total Gain on the Disposal of Assets</b>	<b>30</b>	<b>146</b>

## 7. PURCHASES OF GOODS AND SERVICES

The net deficit has been arrived at after charging the following expenses:

	2020 \$'000	2019 \$'000
Consultants <sup>1</sup>	885	1,258
Advertising <sup>2</sup>	139	222
Marketing and promotion <sup>3</sup>	116	173
Document production	33	16
Legal expenses <sup>4</sup>	239	132
Recruitment <sup>5</sup>	28	91
Training and study	188	266
Official duty fares	771	800
Travelling allowance	345	551
Information technology charges and communications <sup>6</sup>	2,412	2,849
Motor Vehicle expenses <sup>7</sup>	2,450	2,701
Equipment hire charges <sup>8</sup>	1,766	1,088
Other	4,907	5,417
<b>Total Purchases of Goods and Services</b>	<b>14,279</b>	<b>15,564</b>

1 Includes marketing, promotion and IT consultants.

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

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

4 Includes legal fees, claim and settlement costs.

5 Includes recruitment-related advertising costs.

6 Excludes IT hardware/software expenses, and IT Consultants which are incorporated in the consultants' category.

7 Includes lease costs to NT Fleet.

8 Primarily wildfire hire charges.

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

### Repairs and maintenance expense

From 1 July 2019, repairs and maintenance expenses were centralised under the Department of Infrastructure, Planning and Logistics (DIPL) as part of machinery of government changes. The agency now recognises a notional repairs and maintenance expense under services received free of charge in Note 5.

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

	AGENCY ITEMS				TERRITORY ITEMS			
	2020 \$'000	NO. OF TRANS	2019 \$'000	NO. OF TRANS	2020 \$'000	NO. OF TRANS	2019 \$'000	NO. OF TRANS
<b>Write-offs, Postponements and Waivers under the Financial Management Act</b>								
Represented by:								
<b>Amounts written off, postponed and waived by Delegates</b>								
Irrecoverable amounts payable to the Territory or an agency written off	3	4	3	4	-	-	-	-
Public property written off	6	13	-	38	-	-	-	-
<b>Total Written Off, Postponed and waived by Delegates</b>	<b>9</b>	<b>17</b>	<b>3</b>	<b>42</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Amounts written off, postponed and Waived by the Treasurer</b>								
Irrecoverable amounts payable to the Territory or an Agency written off	-	-	4	1	-	-	-	-
<b>Total Written Off, Postponed and Waived by Treasurer</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Write-offs, postponements and waivers authorised under other legislation<sup>1</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>317</b>	<b>29</b>	<b>-</b>	<b>-</b>

<sup>1</sup> Remit of pastoral lease rent under Section 58 of the Pastoral Land Act

## 9. CASH AND DEPOSITS

	2020 \$'000	2019 \$'000
Cash at bank	1,436	607
<b>Total Cash and Deposits</b>	<b>1,436</b>	<b>607</b>

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, of which the agency has none. Cash on hand includes petty cash, of which the agency has none.

## 10. CASH FLOW RECONCILIATION

### (a) Reconciliation of cash

The total of agency cash and deposits of \$1.4 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

	2020 \$'000	2019 \$'000
Net Deficit	(195)	(2,651)
<b>Non-Cash Items:</b>		
Depreciation and amortisation	1,921	2,101
Repairs and maintenance non cash	-	14
Assets acquired at nil value	(1,780)	-
Asset write-offs/write-downs	6	-
<b>Investing Activities:</b>		
(Gain)/Loss on disposal of assets	(17)	(145)
<b>Changes in assets and liabilities:</b>		
(Increase)/Decrease in receivables	(186)	2
(Increase) in inventories	(8)	(2)
(Increase)/Decrease in prepayments	(59)	173
Increase/(Decrease) in payables	917	(172)
Increase/(Decrease) in employment benefits	106	(165)
Increase/(Decrease) in other provisions	68	(79)
(Decrease) in other liabilities	(144)	(428)
<b>Net Cash Used In Operating Activities</b>	<b>629</b>	<b>(1,352)</b>



## (b) Reconciliation of liabilities arising from financing activities

2019-20	CASH FLOWS				OTHER				30-JUN \$'000
	1-JUL \$'000	CAPITAL APPROPRIATION \$'000	OTHER \$'000	TOTAL CASH FLOWS \$'000	OTHER EQUITY RELATED	OPERATING ACTIVITIES \$'000	TOTAL OTHER \$'000		
Deposits Held	464	-	-	-	-	-	-	464	
Provisions	5,150	-	-	-	-	174	174	5,324	
Equity Injections	-	987	6	993	472	-	472	1,465	
<b>Total</b>	<b>5,614</b>	<b>987</b>	<b>6</b>	<b>993</b>	<b>472</b>	<b>174</b>	<b>646</b>	<b>7,253</b>	

2018-19	CASH FLOWS				OTHER				30-JUN \$'000
	1-JUL \$'000	CAPITAL APPROPRIATION \$'000	OTHER \$'000	TOTAL CASH FLOWS \$'000	OTHER EQUITY RELATED	OPERATING ACTIVITIES \$'000	TOTAL OTHER \$'000		
Deposits Held	463	-	1	1	-	-	-	464	
Provisions	5,393	-	-	-	-	(243)	(243)	5,150	
Equity Injections	-	1,840	-	1,840	1,022	-	1,022	2,862	
<b>Total</b>	<b>5,856</b>	<b>1,840</b>	<b>1</b>	<b>1,841</b>	<b>1,022</b>	<b>(243)</b>	<b>779</b>	<b>8,476</b>	

## (c) Non-cash financing and investing activities

The agency recognised \$1.78 million of assets acquired at nil value for the Volunteer Bushfire Brigade vehicles transferred to the agency as part of new Bushfires NT fleet program.

## 11. RECEIVABLES

	2020 \$'000	2019 \$'000
Accounts receivable	70	50
Less: Loss allowance	(5)	(6)
Contract Receivables	1,204	1,229
Less: Loss allowance	(1)	(12)
Accrued contract revenue	270	10
Less: Loss allowance	-	-
GST receivables	419	497
Other receivables	-	2
<b>Total Receivables</b>	<b>1,957</b>	<b>1,770</b>

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

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

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

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

### Accrued contract revenue

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

Significant changes in accrued contract revenue balances during the year was due to performance obligations having been completed for an externally funded project.

### Credit risk exposure of receivables

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

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

In accordance with the provisions of the FMA, receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery includes a failure to make contractual payments for a period greater than 90 days past due.

The loss allowance for receivables as at the reporting date is disclosed below.

### Loss allowance for receivables

There were no internal receivables requiring adjustments for expected credit losses.

EXTERNAL RECEIVABLES <sup>1</sup>	2020				2019			
	GROSS RECEIVABLES \$'000	LOSS RATE <sup>2</sup> %	EXPECTED CREDIT LOSSES \$'000	NET RECEIVABLES \$'000	GROSS RECEIVABLES \$'000	LOSS RATE %	EXPECTED CREDIT LOSSES \$'000	NET RECEIVABLES \$'000
Not overdue	1,081	0.1-1	1	1,080	894	1	9	885
Overdue for less than 30 days	401	0.1-1	-	401	332	1	3	329
Overdue for 30 to 60 days	-	0.1-5	-	-	-	-	-	-
Overdue for more than 60 days	62	0.1-95	5	57	65	1-95	6	59
<b>Total external receivables</b>	<b>1,544</b>		<b>6</b>	<b>1,538</b>	<b>1,291</b>		<b>18</b>	<b>1,273</b>

1 Total amounts disclosed exclude statutory amounts and include contract receivables and accrued contract income

2 Loss rate adjusted in 2019-20 which resulted in high reversal of prior year doubtful debts.

	2020 \$'000	2019 \$'000
External receivables <sup>3</sup>		
Opening balance	18	35
Adjustment on adoption of AASB 9	-	-
Adjusted opening balance	18	35
Written off during the year	-	(1)
Recovered during the year	(15)	-
Increase / (decrease in allowance recognised in profit or loss)	3	(16)
<b>Total external receivables</b>	<b>6</b>	<b>18</b>

<sup>3</sup> Reconciliation of loss allowances includes loss allowances attributed to contract receivables and accrued contract revenue.

### Prepayments

Prepayments represent payments in advance of receipt of goods and services or that part of expenditure made in one accounting period covering a term extending beyond that period.

## 12. INVENTORIES

RECONCILIATION OF LOSS ALLOWANCE FOR RECEIVABLES	2020 \$'000	2019 \$'000
Inventories held for distribution		
At cost	14	6
<b>Total Inventories</b>	<b>14</b>	<b>6</b>

Inventories include assets held for distribution at no or nominal consideration in the ordinary course of business operations.

Inventories held for distribution are carried at the lower of cost and current replacement cost. Cost of inventories includes all costs associated with bringing the inventories to their present location and condition. When inventories are acquired at no or nominal consideration, the cost will be the current replacement cost at date of acquisition.

The cost of inventories are assigned using a mixture of first in, first out or weighted average cost formula or using specific identification of their individual costs.

Inventory held for distribution are regularly assessed for obsolescence and loss.

## 13. OTHER ASSETS

### (a) Agency as a lessor

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.

From 1 July 2019, subleases are classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. A sublease is an arrangement where the underlying asset is re-leased by a lessee (intermediate lessor) to another party, and the lease (head lease) between the head lessor and original lessee remains in effect.

#### Finance leases

The agency does not have any finance lease or sublease arrangements.

#### Operating leases

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

The agency owns a parcel of land where a portion of this is leased to a tenant under a peppercorn operating lease arrangement with a lease expiry of December 2023.

### (b) Contract cost asset

Costs to obtain a contract are expensed where goods and services will be transferred within one year or less and only capitalised if deemed material. Territory Government employee costs that satisfy the criteria for recognition as a cost to fulfil a contract are not capitalised and expensed immediately. Other costs to fulfil a contract are accounted for as a contract cost asset if deemed material. For the 2019-20 reporting period, no costs were capitalised as a contract cost asset.





## 14. PROPERTY, PLANT AND EQUIPMENT

	2020 \$'000	2019 \$'000
<b>Land</b>		
At Fair Value	2,400	4,842
	<b>2,400</b>	<b>4,842</b>
<b>Buildings</b>		
At Fair Value	13,128	9,881
Less: Accumulated Depreciation	(6,995)	(4,993)
	<b>6,133</b>	<b>4,888</b>
<b>Infrastructure</b>		
At Fair Value	3,159	3,123
Less: Accumulated Depreciation	(397)	(978)
	<b>2,762</b>	<b>2,145</b>
<b>Plant and Equipment</b>		
At Cost	9,918	10,378
Less: Accumulated Depreciation	(8,337)	(8,231)
	<b>1,581</b>	<b>2,147</b>
<b>Transport Equipment</b>		
At Cost	6,764	4,168
Less: Accumulated Depreciation	(2,242)	(1,567)
	<b>4,522</b>	<b>2,601</b>
<b>Computer Hardware</b>		
At Cost	77	198
Less: Accumulated Depreciation	(66)	(137)
	<b>11</b>	<b>61</b>
<b>Construction (WIP)</b>		
At Capitalised Cost	30	-
<b>Total Property, Plant and Equipment</b>	<b>17,439</b>	<b>16,684</b>

### Property, plant and equipment reconciliations

From 1 July 2019, property, plant and equipment includes right-of-use assets under AASB 16 Leases, effective from that date. Further information on right-of-use assets is disclosed in Note 15.

The agency has not recognised any right of use assets.

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2019-20 and 2018-19 is set out below:

2019-20	LAND \$'000	BUILDINGS \$'000	INFRASTRUCTURE \$'000	PLANT AND EQUIPMENT \$'000	TRANSPORT EQUIPMENT \$'000	COMPUTER HARDWARE \$'000	CONSTRUCTION (WIP) \$'000	TOTAL \$'000
<b>Carrying Amount as at 1 July 2019</b>	<b>4,842</b>	<b>4,888</b>	<b>2,145</b>	<b>2,147</b>	<b>2,601</b>	<b>61</b>	<b>-</b>	<b>16,684</b>
Additions <sup>1</sup>	-	42	-	(249)	813	125	30	761
Disposals	-	-	-	-	(33)	-	-	(33)
Transfer between asset classes	-	-	-	-	-	-	-	-
Depreciation	-	(341)	(271)	(311)	(639)	-	-	(1,562)
Additions/ (Disposals) from Asset Transfers	-	616	-	-	1,780	(175)	-	2,221
Revaluation increment/ (decrement)	(2,442)	928	888	-	-	-	-	(626)
Impairment Loss	-	-	-	(6)	-	-	-	(6)
<b>Carrying Amount as at 30 June 2020</b>	<b>2,400</b>	<b>6,133</b>	<b>2,762</b>	<b>1,581</b>	<b>4,522</b>	<b>11</b>	<b>30</b>	<b>17,439</b>

2018-19	LAND \$'000	BUILDINGS \$'000	INFRASTRUCTURE \$'000	PLANT AND EQUIPMENT \$'000	TRANSPORT EQUIPMENT \$'000	COMPUTER HARDWARE \$'000	CONSTRUCTION (WIP) \$'000	TOTAL \$'000
<b>Carrying Amount as at 1 July 2018</b>	<b>4,842</b>	<b>4,145</b>	<b>2,806</b>	<b>2,106</b>	<b>2,010</b>	<b>53</b>	<b>5</b>	<b>15,967</b>
Additions <sup>1</sup>	-	-	-	406	978	25	-	1,409
Transfer between asset classes	-	(76)	76	-	-	-	-	-
Depreciation	-	(268)	(821)	(359)	(281)	(17)	-	(1,746)
Additions/ (Disposals) from Asset Transfers	-	1,087	84	(6)	(106)	-	(5)	1,054
Impairment Loss	-	-	-	-	-	-	-	-
<b>Carrying Amount as at 30 June 2019</b>	<b>4,842</b>	<b>4,888</b>	<b>2,145</b>	<b>2,147</b>	<b>2,601</b>	<b>61</b>	<b>-</b>	<b>16,684</b>

<sup>1</sup> Plant and Equipment is net of Asset Clearing account

## Acquisitions

Property, plant and equipment are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other accounting standards.

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

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

## Complex assets

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

## Subsequent additional costs

Costs incurred on property, plant and equipment subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to 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)

As part of the financial management framework, the Department of Infrastructure Planning and Logistics is responsible for managing general government capital works projects on a whole of government basis. Therefore, appropriation for the agency's capital works is provided directly to the Department of Infrastructure, Planning and Logistics and the cost of construction work in progress is recognised as an asset of that department. Once completed, capital works assets are then transferred to the agency.

On rare occasions amounts are transferred to agencies prior to a project being finished and will sit as works in progress within the agency ledger until completed and capitalised.

## Revaluation of assets

Subsequent to initial recognition, assets belonging to the following classes of non-current assets 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:

- land
- buildings
- infrastructure assets

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

The agencies land, buildings and infrastructure assets are revalued at least once every five years. The latest revaluations as at 30 June 2020 were independently conducted by the valuer Territory Property Consultants Pty Ltd. Refer to Note 24 – Fair Value Measurement of Non-Financial Assets for additional disclosures.

## 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 agency assets are assessed for indicators of impairment on an annual basis or whenever there is an indication of impairment. 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 23 provides additional information in relation to the asset revaluation surplus.

Agency property, plant and equipment assets were assessed for impairment as at 30 June 2020. No impairment adjustments were required as a result of this review.

### 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 as well as an approved variation for specific vehicles, and are determined as follows:

	2020 YEARS	2019 YEARS
Buildings	10 - 50	10 - 50
Infrastructure	8 - Infinite	8 - Infinite
Plant and Equipment	1 - 20	1 - 20
Transport Equipment	10 - 20	10 - 20
Computer Hardware	3 - 6	3 - 6
Intangibles	2 - 10	2 - 10

Assets are depreciated or amortised from the date of acquisition or from the time an asset is completed and held ready for use.

## 15. AGENCY AS A LESSEE

The agency leases transport equipment and motor vehicles through an interagency arrangement with Department of Corporate and Information Services.

The following amounts were recognised in the statement of comprehensive income for the year ending 30 June 2020 in respect of leases where the agency is the lessee:

	2020 YEARS
Intergovernmental leases	1,443
<b>Total amount recognised in the comprehensive operating statement</b>	<b>1,443</b>

### Recognition and measurement (under AASB 16 from 1 July 2019)

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

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

## Inter-governmental leases

The agency applies the inter-governmental leases recognition exemption as per the Treasurer's Direction – Leases and recognise these as an expense on a straight-line basis over the lease term. These largely relate to the lease of motor vehicles from NT Fleet. Leases of commercial properties for office accommodation are centralised with the Department of Corporate and Information Services (DCIS). Consequently all lease liabilities and right-of-use assets relating to these arrangements are recognised by DCIS and not disclosed within these financial statements.

### Recognition and measurement (under AASB 117 until 30 June 2019)

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. Repayments of principal reduce lease liabilities. The interest components of the lease payments are expensed.

Finance leases are capitalised and recorded under property, plant and equipment. A lease asset and a 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.

Operating lease payments are recognised as an operating expense in the comprehensive operating statement on a straight-line basis over the lease term.

## 16. INTANGIBLES

	2020 \$'000	2019 \$'000
Carrying Amounts		
Intangibles with a Finite Useful Life		
Other Intangibles		
At Cost	2,128	2,180
Less: Accumulated Amortisation	(1,537)	(1,341)
<b>Total Intangibles</b>	<b>591</b>	<b>839</b>

### Impairment of intangibles

Agency intangible assets were assessed for impairment as at 30 June 2020. No impairment adjustments were required as a result of this review.

### Reconciliation of movements

	2020 \$'000	2019 \$'000
Intangibles with a Finite Useful Life		
Other Intangibles		
Carrying Amount at 1 July	839	800
Additions	111	-
Additions from Asset Transfers	-	394
Less Accumulated Amortisation	(359)	(355)
<b>Carrying Amount as at 30 June</b>	<b>591</b>	<b>839</b>

## 17. DEPOSITS HELD

	2020 \$'000	2019 \$'000
Natural Heritage Trust	463	463
Lodgment Fees Held	1	1
<b>Total Deposits Held</b>	<b>464</b>	<b>464</b>

## 18. PAYABLES

	2020 \$'000	2019 \$'000
Accounts payable	270	678
Accrued expenses	1,858	534
<b>Total Payables</b>	<b>2,128</b>	<b>1,212</b>

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 20 days.

## 19. BORROWINGS AND ADVANCES

The agency had total cash outflows for intergovernmental leases of \$1.4 million in 2019-20. Future minimum lease payments under non-cancellable leases not recorded as liability are as follows. These are primarily the lease of motor vehicles.

	2020		2019	
	INTERNAL \$'000	EXTERNAL \$'000	INTERNAL \$'000	EXTERNAL \$'000
Within one year	1,136	-	1,126	-
Later than one year and not later than five years	2,042	-	2,278	-
Later than five years	102	-	125	-
	<b>3,280</b>	<b>-</b>	<b>3,529</b>	<b>-</b>

## 20. PROVISIONS

	2020 \$'000	2019 \$'000
<b>Current</b>		
<b>Employee Benefits</b>		
Recreation Leave	4,137	4,042
Leave Loading	512	540
Other Employee Benefits	44	5
<b>Other Current Provisions</b>		
Superannuation	326	298
Payroll Tax	282	274
Other Provisions	23	(9)
<b>Total Provisions</b>	<b>5,324</b>	<b>5,150</b>

The agency employed 303 employees as at 30 June 2020 (332 employees as at 30 June 2019).

## 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.
- 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 the Department of Environment and Natural Resources, and as such no long service leave liability is recognised in agency financial statements.

## 21. OTHER LIABILITIES

	2020 \$'000	2019 \$'000
<b>Current</b>		
Unearned contract revenue	213	357
<b>Non-Current</b>		
Unearned contract revenue	-	-
<b>Total Other Liabilities</b>	<b>213</b>	<b>357</b>

### 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 therefore not recognised in agency financial statements.

## Unearned contract revenue

Unearned contract revenue relates to consideration received in advance from customers in respect of various external funding agreements where the services are yet to be provided. Unearned contract revenue balances as at 30 June 2020 is \$0.21 million (balance at 1 July 2019 was \$0.36 million).

Of the amount included in the unearned contract revenue balance as at 1 July 2019, \$0.36 million has been recognised as revenue in 2019-20.

The agency anticipates to recognise as revenue, any liabilities for unsatisfied obligations as at the end of the reporting period in accordance with the time bands below:

	2020 \$'000
Not later than one year	213
Later than one year and not later than five years	-
Later than five years	-
<b>Total</b>	<b>213</b>

## 22. COMMITMENTS

Commitments are those contracted as at 30 June where the amount of the future commitment can be reliably measured. Following the adoption of AASB 16 Leases, operating lease commitments as reported in 2019, satisfying eligibility criteria, have now been recognised as a lease liability on the balance sheet and in Note 19.

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

	2020		2019	
	INTERNAL	EXTERNAL	INTERNAL	EXTERNAL
	\$'000	\$'000	\$'000	\$'000

### i. Capital Expenditure Commitments

Capital expenditure commitments primarily related to the construction of infrastructure assets. Capital expenditure commitments contracted for at balance date but not recognised as liabilities are payable as follows

Within one year	-	148	-	-
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
	-	<b>148</b>	-	-

	2020		2019	
	INTERNAL	EXTERNAL	INTERNAL	EXTERNAL
	\$'000	\$'000	\$'000	\$'000

### ii. Other Expenditure Commitments

Other non-cancellable expenditure commitments not recognised as liabilities are payable as follows:

Within one year	136	4,053	-	5,578
Later than one year and not later than five years	-	3,752	-	6,857
Later than five years	-	-	-	-
	<b>136</b>	<b>7,805</b>	-	<b>12,435</b>



## 23. RESERVES

### Asset revaluation surplus

#### i. Nature and purpose of the 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.

#### ii. Movements in the asset revaluation surplus

	LAND		BUILDINGS		INFRASTRUCTURE		TOTAL	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Balance as at 1 July	(2,822)	(2,822)	(642)	(642)	(75)	(75)	(3,539)	(3,539)
(Increment) / Decrement	2,442	-	(928)	-	(888)	-	626	-
<b>Balance at 30 June</b>	<b>(380)</b>	<b>(2,822)</b>	<b>(1,570)</b>	<b>(642)</b>	<b>(963)</b>	<b>(75)</b>	<b>(2,913)</b>	<b>(3,539)</b>

## 24. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

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

Level 3 – inputs are unobservable.

The fair value of financial instruments is determined on the following basis:

- the fair value of cash, deposits, advances, receivables and payables approximates their carrying amount, which is also their amortised cost
- the fair value of derivative financial instruments are derived using current market yields and exchange rates appropriate to the instrument and
- the fair value of other monetary financial assets and liabilities is based on discounting to present value the expected future cash flows by applying current market interest rates for assets and liabilities with similar risk profiles.

#### (a) Fair value hierarchy

The agency does not recognise any financial assets or liabilities at fair value as these are recognised at amortised cost. The carrying amounts of these financial assets and liabilities approximates their fair value.

The table below presents non-financial assets recognised at fair value in the balance sheet categorised by levels of inputs used to compute fair value.

	LEVEL 1		LEVEL 2		LEVEL 3		TOTAL FAIR VALUE	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Land (Note 14)	-	-	2,400	4,842	-	-	2,400	4,842
Buildings (Note 14)	-	-	-	-	6,133	4,888	6,133	4,888
Infrastructure (Note 14)	-	-	-	-	2,762	2,145	2,762	2,145
Plant and Equipment (Note 14)	-	-	-	-	1,581	2,147	1,581	2,147
Transport Equipment (Note 14)	-	-	-	-	4,522	2,601	4,522	2,601
Computer Hardware (Note 14)	-	-	-	-	11	61	11	61
Construction (WIP) (Note 14)	-	-	-	-	30	-	30	-
Intangibles (Note 16)	-	-	-	-	591	839	591	839
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2,400</b>	<b>4,842</b>	<b>15,630</b>	<b>12,681</b>	<b>18,030</b>	<b>17,523</b>

There were no transfers between Level 1 and Levels 2 or 3 during 2019-20 or 2018-19.

#### (b) Valuation techniques and inputs

Valuation techniques used to measure fair value in 2019-20 are:

ASSET CLASSES	LEVEL 2 TECHNIQUE	LEVEL 3 TECHNIQUE
Land	Market	-
Buildings	-	Cost
Infrastructure	-	Cost
Plant and Equipment	-	Cost
Transport Equipment	-	Cost
Computer Hardware	-	Cost
Construction (WIP)	-	Cost
Intangibles	-	Cost

There were no changes in valuation techniques from 2018-19 to 2019-20.

The latest revaluation of land, buildings and infrastructure asset classes was performed by Territory Property Consultants Pty Ltd as at 30 June 2020.

Level 2 fair values of land were determined based on market evidence of sales price per square metre of comparable land.

Level 3 fair values of specialised buildings and infrastructure were determined by computing their current replacement costs because an active market does not exist for such facilities. The current 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.

### (c) Additional information for level 3 fair value measurements

#### i. Reconciliation of recurring Level 3 fair value measurements of non financial assets

2019-20	BUILDINGS \$'000	INFRASTRUCTURE \$'000	PLANT AND EQUIPMENT \$'000	TRANSPORT EQUIPMENT \$'000	COMPUTER HARDWARE \$'000	CONSTRUCTION (WIP) \$'000	INTANGIBLES \$'000
<b>Fair Value as at 1 July 2019</b>	<b>4,888</b>	<b>2,145</b>	<b>2,147</b>	<b>2,601</b>	<b>61</b>	<b>-</b>	<b>839</b>
Additions	42	-	(249)	813	125	30	111
Disposals	-	-	-	(33)	-	-	-
Transfer between asset class	-	-	-	-	-	-	-
Depreciation and Amortisation	(341)	(271)	(311)	(639)	-	-	(359)
Additions/ (Disposals) from Asset Transfers	616	-	-	1,780	(175)	-	-
Gains/losses recognised in net surplus/deficit	-	-	(6)	-	-	-	-
Gains/losses recognised in other comprehensive income <sup>1</sup>	928	888	-	-	-	-	-
<b>Fair Value as at 30 June 2020</b>	<b>6,133</b>	<b>2,762</b>	<b>1,581</b>	<b>4,522</b>	<b>11</b>	<b>30</b>	<b>591</b>

<sup>1</sup> Includes Revaluations

2018-19	BUILDINGS \$'000	INFRASTRUCTURE \$'000	PLANT AND EQUIPMENT \$'000	TRANSPORT EQUIPMENT \$'000	COMPUTER HARDWARE \$'000	CONSTRUCTION (WIP) \$'000	INTANGIBLES \$'000
Fair Value as at 1 July 2018	4,145	2,806	2,106	2,010	53	5	800
Additions	-	-	406	978	25	-	395
Transfer between asset class	(76)	76	-	-	-	-	-
Depreciation and Amortisation	(268)	(820)	(359)	(281)	(17)	-	(356)
Additions/ (Disposals) from Asset Transfers	1,087	83	(6)	(106)	-	(5)	-
<b>Fair Value as at 30 June 2019</b>	<b>4,888</b>	<b>2,145</b>	<b>2,147</b>	<b>2,601</b>	<b>61</b>	<b>-</b>	<b>839</b>

## ii. Reconciliation of recurring level 3 fair value measurements of financial assets

	2020 \$'000	2019 \$'000
<b>Balance as at 1 July</b>	<b>12,681</b>	<b>11,925</b>
Gains/(losses) recognised in net surplus/deficit	(6)	-
Purchases	872	1,804
Disposals	(33)	-
Additions/(Disposals) from assets transfer	2,221	1,053
Depreciation & Ammortisation	(1,921)	(2,101)
Revaluation increments/(decrements)	1,816	-
<b>Balance as at 30 June</b>	<b>15,630</b>	<b>12,681</b>

## iii. Sensitivity analysis

Unobservable inputs used in computing the fair value of buildings and infrastructure include the historical cost and the consumed economic benefit for each asset. Given the large number of assets, 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.

## 25. FINANCIAL INSTRUMENTS

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

Financial assets and liabilities are recognised on the balance sheet when the agency becomes a party to the contractual provisions of the financial instrument. The agency's financial instruments include cash and deposits; receivables; payables and deposits held.

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

The Department of Environment and Natural Resources has limited exposure to financial risks as discussed below.

Exposure to interest rate risk, foreign exchange risk, credit risk, price risk and liquidity risk arise in the normal course of activities. The NT Government's investments, loans and placements, and borrowings are predominantly managed through the Northern Territory Treasury Corporation (NTTC) 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.



## (a) Categories of financial instruments

The carrying amounts of the agencies financial assets and liabilities by category are disclosed in the table below:

2019-20	DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS \$'000	AMORTISED COST \$'000	TOTAL \$'000
Cash and deposits	1,436	-	1,436
Receivables <sup>1</sup>	-	1,268	1,268
<b>Total Financial Assets</b>	<b>1,436</b>	<b>1,268</b>	<b>2,704</b>
Deposits held	-	464	464
Payables <sup>1</sup>	-	1,693	1,693
<b>Total Financial Liabilities</b>	<b>-</b>	<b>2,157</b>	<b>2,157</b>
<b>2018-19</b>			
Cash and deposits	607	-	607
Receivables <sup>1</sup>	-	1,263	1,263
<b>Total Financial Assets</b>	<b>607</b>	<b>1,263</b>	<b>1,870</b>
Deposits held	-	464	464
Payables <sup>1</sup>	-	980	980
<b>Total Financial Liabilities</b>	<b>-</b>	<b>1,444</b>	<b>1,444</b>

1 Total amounts disclosed here exclude statutory amounts and accrued contract revenue

## Categories of financial instruments

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

Financial assets are classified under the following categories:

- amortised cost
- Fair Value Other Comprehensive Income (FVOCI)
- Fair Value Through Profit and Loss (FVTPL).

Financial liabilities are classified under the following categories:

- amortised cost
- Fair Value Through Profit and Loss (FVTPL).

These classification are based on the agency's business model for managing the financial assets and the contractual terms of the cash flows. Where assets are measured at fair value, gains and losses will either be recorded in profit or loss, or other comprehensive income.

Financial instruments are reclassified when and only when the agency's business model for managing those assets changes.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

### **Financial assets at amortised cost**

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

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

### **Financial assets at fair value through other comprehensive income**

Financial assets are classified at fair value through other comprehensive income when they are held by the agency to both collect contractual cash flows and sell the financial assets, and the contractual cash flows are solely payments of principal and interest.

These assets are initially and subsequently recognised at fair value. Changes in the fair value are recognised in other comprehensive income, except for the recognition of impairment gains or losses and interest income which are recognised in the operating result in the comprehensive operating statement. When financial assets are derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the comprehensive operating statement.

For equity instruments elected to be categorised at FVOCI, changes in fair value recognised in other comprehensive income are not reclassified to profit or loss on derecognition of the asset. Dividends from such instruments continue to be recognised in the comprehensive operating statement as other income when the agency's right to receive payments is established.

The agency does not have any financial assets under this category.

### **Financial assets at fair value through profit or loss**

Financial assets are classified at FVTPL where they do not meet the criteria for amortised cost or FVOCI. These assets are initially and subsequently recognised at fair value with gains or losses recognised in the net result for the year.

### **Financial liabilities at amortised cost**

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

The agency's financial liabilities categorised at amortised cost include all accounts payable and deposits held.

### **Financial liabilities at fair value through profit or loss**

Financial liabilities are classified at FVTPL when the liabilities are either held for trading or designated as FVTPL. Financial liabilities classified at FVTPL are initially and subsequently measured at fair value with gains or losses recognised in the net result for the year.

For financial liabilities designated at FVTPL, changes in the fair value of the liability attributable to changes in the agency's credit risk are recognised in other comprehensive income, while remaining changes in the fair value are recognised in the net result.

The agency does not have any financial liabilities under this category.

### **Derivatives**

The agency may enter 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 remeasured 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.

## (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.

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

Credit risk relating to receivables is disclosed in note 11.

## (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 funds to meet its liabilities when they fall due. This is achieved by ensuring that minimum levels of cash are held in the agency bank account to meet various current employee and supplier liabilities. The agency's exposure to liquidity risk is minimal. Cash injections are available from the Central Holding Authority in the event of one-off extraordinary expenditure items arise that deplete cash to levels that compromise the agency's ability to meet its financial obligations.

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

### Maturity analysis for financial liabilities

2019-20	CARRYING AMOUNT \$'000	LESS THAN A YEAR \$'000	1 TO 5 YEARS \$'000	MORE THAN 5 YEARS \$'000	TOTAL \$'000
Deposits held	464	464	-	-	464
Payables	1,693	1,693	-	-	1,693
<b>Total Financial Liabilities</b>	<b>2,157</b>	<b>2,157</b>	<b>-</b>	<b>-</b>	<b>2,157</b>

2018-19	CARRYING AMOUNT \$'000	LESS THAN A YEAR \$'000	1 TO 5 YEARS \$'000	MORE THAN 5 YEARS \$'000	TOTAL \$'000
Deposits held	464	464	-	-	464
Payables	980	980	-	-	980
<b>Total Financial Liabilities</b>	<b>1,444</b>	<b>1,444</b>	<b>-</b>	<b>-</b>	<b>1,444</b>

## (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 is not exposed to interest rate risk as agency financial assets and financial liabilities are non interest bearing.

### ii. Price risk

The department is not exposed to price risk as the department does not hold units in unit trusts.

### iii. Currency risk

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

## 26. RELATED PARTIES

### i. Related parties

The Department of Environment and Natural Resources is a government administrative entity and is wholly owned and controlled by the Territory Government. Related parties of the agency include:

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

### ii. Key management personnel

Key management personnel of the Department of Environment and Natural Resources are those persons having authority and responsibility for planning, directing and controlling the activities of the Department Environment and Natural Resources. These include the Minister for the Environment and Natural Resources, the Chief Executive Officer and the 8 members of the Governance Board of the Department Environment and Natural Resources as listed in Appendix 1.

### iii. Remuneration of key management personnel

The details below excludes the salaries and other benefits of the Minister for Environment and Natural Resources as the Minister's remunerations and allowances are payable by the Department of the Legislative Assembly and consequently disclosed within the Treasurer's Annual Financial Statements. The aggregate compensation of key management personnel of the Department of Environment and Natural Resources is set out below:

	2020 \$'000	2019 \$'000
Short-term Benefits	2,121	2,194
Post-employment Benefits	265	275
<b>Total</b>	<b>2,386</b>	<b>2,469</b>

### iv. Related party transactions

#### Transactions with Northern Territory Government controlled entities

The department's primary ongoing source of funding is received from the Central Holding Authority in the form of output and capital appropriation and on-passed Commonwealth national partnership and specific purpose payments. The following table provides quantitative information about related party transactions entered into during the year with all other Northern Territory Government controlled entities.

	REVENUE FROM RELATED PARTIES \$'000	PAYMENTS TO RELATED PARTIES \$'000	AMOUNTS OWED BY RELATED PARTIES \$'000	AMOUNTS OWED TO RELATED PARTIES \$'000
<b>2019-20</b>				
<b>2020 Related Party</b>				
All NTG Government departments	6,621	10,344	2	-
<b>2019 Related Party</b>				
All NTG Government departments	4,920	11,522	-	3

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



## Other related party transactions

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

2020 TRANSACTION TYPE	TRANSACTION VALUE FOR YEAR ENDED 30 JUNE 2020 \$'000	NET RECEIVABLE / (PAYABLE) AS AT 30 JUNE 2020 \$'000	COMMITMENTS AS AT 30 JUNE 2020 \$'000
Staff Employment	69	-	-

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current year for bad or doubtful debts in respect of the amounts owed by related parties.

There were no other related party transactions in the 2018-19 financial year.

## 27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

### (a) Contingent liabilities

The department had no contingent liabilities as at 30 June 2020 or 30 June 2019.

### (b) Contingent assets

The department had no contingent assets as at 30 June 2020 or 30 June 2019.

## 28. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

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

## 29. SCHEDULE OF ADMINISTERED TERRITORY ITEMS

The following Territory items are managed by the Department of Environment and Natural Resources on behalf of the Government and are recorded in the Central Holding Authority (refer Note 2(e)).

	2020 \$'000	2019 \$'000
<b>Territory Income and Expenses</b>		
<b>Income</b>		
Fees from regulatory services	97	108
Royalties and rents	4,693	5,049
Other income	-	11
<b>Total Income</b>	<b>4,790</b>	<b>5,168</b>
<b>Expenses</b>		
Central Holding Authority income transferred	4,848	5,100
Doubtful debts	(58)	67
Bad debts	-	1
<b>Total Expenses</b>	<b>4,790</b>	<b>5,168</b>
<b>Territory Income Less Expenses</b>	<b>-</b>	<b>-</b>
<b>Territory Assets and Liabilities</b>		
<b>Assets</b>		
Royalties and rent receivable	247	56
Other receivables	15	14
<b>Total Assets</b>	<b>262</b>	<b>70</b>
<b>Liabilities</b>		
Central Holding Authority income payable	247	57
Unearned Central Holding Authority income	15	13
<b>Total Liabilities</b>	<b>262</b>	<b>70</b>
<b>Net Assets</b>	<b>-</b>	<b>-</b>



## 30. BUDGETARY INFORMATION

COMPREHENSIVE OPERATING STATEMENT	2019-20 ACTUAL \$'000	2019-20 ORIGINAL BUDGET <sup>1</sup> \$'000	VARIANCE \$'000	NOTE
<b>Income</b>				
Grants and subsidies revenue				
Current	3,974	2,876	1,098	1
Appropriation				
Output	47,498	47,042	456	
Commonwealth	200	200	-	
Sales of goods and services	2,116	952	1,164	2
Goods and services received free of charge	5,025	3,674	1,351	3
Gain on disposal of assets	30	-	30	
Other income	2,147	-	2,147	4
<b>Total Income</b>	<b>60,990</b>	<b>54,744</b>	<b>6,246</b>	
<b>Expenses</b>				
Employee expenses	35,319	32,306	3,013	5
Administrative expenses				
Purchase of goods and services	14,279	12,799	1,480	6
Repairs and maintenance	-	380	(380)	7
Depreciation and amortisation	1,921	1,709	212	
Other administrative expenses	5,023	3,674	1,349	3
Grants and subsidies expenses				
Current	4,643	5,591	(948)	8
<b>Total Expenses</b>	<b>61,185</b>	<b>56,459</b>	<b>4,726</b>	
<b>Net Deficit Operating Result</b>	<b>(195)</b>	<b>(1,715)</b>	<b>1,520</b>	
<b>Other Comprehensive Income</b>				
Changes in asset revaluation reserve	(626)	-	(626)	
<b>Comprehensive Operating Result</b>	<b>(821)</b>	<b>(1,715)</b>	<b>894</b>	

<sup>1</sup> Original budget amounts correspond to those disclosed in the NTG Budget 2019-20 BP3 Agency Budget Statements (May 2019), classified on a basis that is consistent with the presentation and classification adopted in these financial statements.

### Notes

The following note descriptions relate to variances greater than \$0.5 million.

- Increase in current grants income is due to additional external grant program funding sourced.
- Increase for sales of goods and services is due to additional funds sourced.
- Increase in goods and services received free of charge income is a result of centralisation of Human Resources, Information and Communication Technology, Fleet, and Infrastructure to Department of Corporate and Information Services (DCIS) and Department of Infrastructure, Planning and Logistics (DIPL).
- Increase in other income is primarily the result of transferring of volunteer bushfire brigade vehicles to the NT Government at nil consideration under new Bushfires NT fleet arrangements.
- Increase in employee expenses is due to additional Territory funding and increase in externally funded project expenditure.
- Increase in purchases of goods and services is due to additional Territory funding and externally-funded projects.
- Decrease in repairs & maintenance is a result of the function being transferred to DIPL.
- Decrease in current grants and subsidies expenditure is primarily in relation to decreases as a result of Aboriginal Ranger Land Management Conservation Grants being pushed out to 2020-21 for multiyear projects.

BALANCE SHEET	2019-20 ACTUAL \$'000	2019-20 ORIGINAL BUDGET <sup>1</sup> \$'000	VARIANCE \$'000	NOTE
<b>Assets</b>				
<b>Current Assets</b>				
Cash and deposits	1,436	1,832	(396)	
Receivables	1,957	1,773	184	
Inventories	14	4	10	
Prepayments	296	409	(113)	
<b>Total Current Assets</b>	<b>3,703</b>	<b>4,018</b>	<b>(315)</b>	
<b>Non-Current Assets</b>				
Property, plant and equipment	17,439	16,821	618	1
Intangible assets	591	839	(248)	
<b>Total Non-Current Assets</b>	<b>18,030</b>	<b>17,660</b>	<b>370</b>	
<b>Total Assets</b>	<b>21,733</b>	<b>21,678</b>	<b>55</b>	
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Deposits held	464	463	1	
Payables	2,128	1,385	743	2
Provisions	5,324	5,393	(69)	
Other liabilities	213	785	(572)	3
<b>Total Current Liabilities</b>	<b>8,129</b>	<b>8,026</b>	<b>103</b>	
<b>Total Liabilities</b>	<b>8,129</b>	<b>8,026</b>	<b>103</b>	
<b>Net Assets</b>	<b>13,604</b>	<b>13,652</b>	<b>(48)</b>	
<b>Equity</b>				
Capital	95,126	95,407	(281)	
Asset revaluation surplus	2,913	3,539	(626)	
Accumulated funds	(84,435)	(85,294)	859	
<b>Total Equity</b>	<b>13,604</b>	<b>13,652</b>	<b>(48)</b>	

<sup>1</sup> Original budget amounts correspond to those disclosed in the NTG Budget 2019-20 BP3 Agency Budget Statements (May 2019), classified on a basis that is consistent with the presentation and classification adopted in these financial statements.

#### Notes

The following note descriptions relate to variances greater than \$0.5 million.

1. Increase in property, plant and equipment is a result of new assets being transferred, completion of minor new works, and capital purchases.
2. Increase in payables is primarily due to the timing of accruals.
3. Decrease in other liabilities is due to timing.

CASH FLOW STATEMENT	2019-20 ACTUAL \$'000	2019-20 ORIGINAL BUDGET <sup>1</sup> \$'000	VARIANCE \$'000	NOTE
<b>Cash Flows from Operating Activities</b>				
<b>Operating Receipts</b>				
Grants and subsidies received				
Current	3,974	2,876	1,098	1
Appropriation				
Output	47,498	47,042	456	
Commonwealth	200	200	-	
Receipts from sales of goods and services	3,740	952	2,788	2
<b>Total Operating Receipts</b>	<b>55,412</b>	<b>51,070</b>	<b>4,342</b>	
<b>Operating Payments</b>				
Payments to employees	(34,933)	(32,306)	(2,627)	3
Payments for goods and services	(15,207)	(13,179)	(2,028)	4
Grants and subsidies paid				
Current	(4,643)	(5,591)	948	5
<b>Total Operating Payments</b>	<b>(54,783)</b>	<b>(51,076)</b>	<b>(3,707)</b>	
<b>Net Cash (Used In)/From Operating Activities</b>	<b>629</b>	<b>(6)</b>	<b>635</b>	
<b>Cash Flows from Investing Activities</b>				
<b>Investing Receipts</b>				
Proceeds from asset sales	50	-	50	
<b>Total Investing Receipts</b>	<b>50</b>	<b>-</b>	<b>50</b>	
<b>Investing Payments</b>				
Purchases of assets	(842)	(2,135)	1,293	6
<b>Total Investing Payments</b>	<b>(842)</b>	<b>(2,135)</b>	<b>1,293</b>	
<b>Net Cash (Used In)/From Investing Activities</b>	<b>(792)</b>	<b>(2,135)</b>	<b>1,343</b>	
<b>Cash Flows from Financing Activities</b>				
<b>Financing Receipts</b>				
Equity injections				
Capital appropriations	987	2,135	(1,148)	7
Other equity injections	5	-	5	
<b>Total Financing Receipts</b>	<b>992</b>	<b>2,135</b>	<b>(1,143)</b>	
<b>Financing Payments</b>				
Deposits paid	-	-	-	
<b>Total Financing Payments</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Net Cash From Financing Activities</b>	<b>992</b>	<b>2,135</b>	<b>(1,143)</b>	
Net (decrease) in cash held	829	(6)	835	
Cash at beginning of financial year	607	1,838	(1,231)	
<b>Cash at End of Financial Year</b>	<b>1,436</b>	<b>1,832</b>	<b>(396)</b>	

1 Original budget amounts correspond to those disclosed in the NTG Budget 2019-20 BP3 Agency Budget Statements (May 2019), classified on a basis that is consistent with the presentation and classification adopted in these financial statements.

## Notes

The following note descriptions relate to variances greater than \$0.5 million.

- Increase in current grants income is due to additional external grant program funding sourced.
- Increase for receipts from sales of goods and services is due to new externally-funded projects, own-source revenue and GST refunded which is not included in the budget.
- Increase in employee expenses is due to additional Territory funding and increase in externally funded project expenditure. The agency also made payments in the form of voluntary redundancies in order to assist in making future savings required.
- Increase in purchases of goods and services is primarily due to externally-funded projects.
- Decrease in current grants and subsidies expenditure is in relation to decreases as a result of; Land Management Conservation multiyear funding agreement transferred to 2019-20, Bushfires NT funding transferred from grants to Capital Appropriation for the fleet program.
- Increase in purchase of assets is in relation to transferring \$1.290m from capital appropriation to output appropriation. There was also delays due to COVID19 in relation to the grass fire unit prototype.
- Decrease in capital appropriation is primarily a result of transferring \$1.290m from capital appropriation to output appropriation.

## 31. BUDGETARY INFORMATION: ADMINISTERED TERRITORY ITEMS

In addition to the specific department operations which are included in the financial statements, the Department of Environment and Natural Resources administers or manages other activities and resources on behalf of the Territory such as rent and Environmental Protection Licenses. The transactions relating to these activities are reported as administered items in this note.

The department does not gain control over assets arising from these collections, consequently no income is recognised in the agency's financial statements. The transactions relating to these activities are reported as administered items in this note.

	2019-20 ACTUAL \$'000	2019-20 ORIGINAL BUDGET \$'000	VARIANCE \$'000	NOTE
<b>Territory Income And Expenses</b>				
<b>Income</b>				
Fees from regulatory services	97	25	72	
Royalties and rents	4,693	5,063	(370)	1
<b>Total Income</b>	<b>4,790</b>	<b>5,088</b>	<b>(298)</b>	
<b>Expenses</b>				
Central Holding Authority income transferred	4,848	5,088	(240)	1
Doubtful debts	(58)	-	(58)	2
<b>Total Expenses</b>	<b>4,790</b>	<b>5,088</b>	<b>(298)</b>	
<b>Territory Income Less Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Territory Assets And Liabilities</b>				
<b>Assets</b>				
Royalties and rent receivable	247	57	190	3
Other receivables	15	23	(8)	
<b>Total Assets</b>	<b>262</b>	<b>80</b>	<b>182</b>	
<b>Liabilities</b>				
Central Holding Authority income payable	247	68	179	3
Unearned Central Holding Authority income	15	12	3	
<b>Total Liabilities</b>	<b>262</b>	<b>80</b>	<b>182</b>	
<b>Net Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	

### Notes

1. Decrease due to the remit of pastoral lease rent under section 58 of the Pastoral Land Act.
2. Increase due to increase of rent receivable.
3. Increase due to awaiting assessments of the remit process before recovery.