DEPARTMENT OF **HOUSING**

Annual Report 2014–15

NORTHERN TERRITORY GOVERNMENT

Published by the Department of Housing

ISSN: 2205-7676

Enquiries should be made to:

Department of Housing
GPO Box 4621, Darwin NT 0801
Email: CorporateServices.DHsg@nt.gov.au
Website: www.housing.nt.gov.au

Northern Territory Government

DEPARTMENT OF **HOUSING**

Chief Executive Officer
Level 7, RCG Centre,
47 Mitchell Street, Darwin NT

Postal address GPO Box 4621
Darwin NT 0801
Tel: 08 8999 8472

File Ref: TRIM No. HSG2015/00851

The Hon Bess Price MLA
Minister for Housing
Parliament House
DARWIN NT 0800

Dear Minister

Department of Housing 2014-15 Annual Report

In accordance with the provisions of the *Public Sector Employment and Management Act*, I am pleased to submit the Department of Housing 2014-15 Annual Report. Pursuant to the *Public Sector Employment and Management Act,* the *Financial Management Act* and the *Information Act*, I advise that, to the best of my knowledge and belief:

a) Proper records of all transactions affecting the agency are kept and that the department's employees observe the provisions of the *Financial Management Act*, the Financial Management Regulations and Treasurer's Directions.

b) Department procedures provide proper internal control and a current description of those procedures is recorded in the Accounting and Property Manual, which has been prepared in accordance with the requirements of the Financial Management Act.

c) No indication of fraud, malpractice, major breach of legislation or delegation, major error in or omission from the accounts and records exists.

d) In accordance with the requirements of section 15 of the Financial Management Act, the internal audit capacity available to the agency is adequate and the results of internal audits have been reported.

e) The financial statements in this annual report have been prepared from proper accounts and records and are in accordance with the Treasurer's Directions.

f) In accordance with the requirements of section 28 of the Public Sector Employment and Management Act, all public sector principles have been upheld.

g) Procedures within the department complied with the requirements of the Information Act.

Yours sincerely

LEAH CLIFFORD
Chief Executive Officer

30 September 2015

CONTENTS

1. OVERVIEW

2014–15 CHIEF EXECUTIVE OFFICER'S MESSAGE

I am pleased to present the Department of Housing 2014–15 Annual Report.

I was appointed as Chief Executive Officer on 14 March 2015, and the Department of Housing has accomplished significant work this financial year.

Access to affordable, secure and stable housing is one of the most important aspects of people's lives. Housing provides more than shelter; it provides a foundation for people to improve their lives and benefits the wider community.

The role of the Department of Housing is to provide an affordable and accessible housing system by supporting eligible Territorians with options that are appropriate to their housing needs.

The Department of Housing works across the housing continuum, from homelessness and crisis accommodation to social and affordable housing and home ownership.

The Department of Housing has achieved some significant outcomes towards supporting Territorians in their housing needs in 2014–15:

- Successfully negotiated a new 24-month National Partnership Agreement on Homelessness for 2015–17 and the continuation of the National Affordable Housing Agreement. This contributes to more than $21 million in joint Australian and Northern Territory Government funding for non-government organisations to deliver specialist housing and homelessness services. The focus of the National Partnership Agreement on Homelessness will be women and children escaping domestic and family violence, and young people. This supports the outcomes of the Northern Territory Government's *Safety is Everyone's Right Domestic and Family Violence Reduction Strategy 2014–2017* and the *National Plan to Reduce Violence Against Women and Their Children 2012–2022*, of which the Northern Territory Government is a signatory.
- Implemented extensive repairs and maintenance and capital works programs across the Department's portfolio of more than 5000 urban and 5000 remote public, government employee and industry housing properties.
- Continued to deliver new and upgraded houses in remote Indigenous communities through the National Partnership Agreements on Remote Indigenous Housing and Stronger Futures in the Northern Territory.
- Finalised implementation of a new model for remote repairs and maintenance contracts. Not only has this new model seen success through reduced costs and repair times, it has created significant Indigenous employment opportunities in remote communities and well exceeded Indigenous participation employment rates. Thirty per cent Indigenous employment was achieved on capital works in comparison to a target of 20 per cent. Local community-based Indigenous employment of 62 per cent has been achieved through the housing maintenance contracts in comparison to the target of 40 per cent, and 69 per cent through the tenancy management service contracts compared to a target of 50 per cent.

- Continued to deliver affordable rental options and home ownership choices for essential key workers and low to middle-income Territorians under the Real Housing for Growth Plan.
- Taken steps to reduce public housing densification through targeted redevelopment of assets, and undertaken innovative projects to supply new affordable and social housing.
- Supported the development of the community housing sector in the Northern Territory through:
  - appointing a Registrar for Community Housing
  - transferring assets to a local community housing provider and releasing additional stock to support the growth of this sector
  - progressing construction of more than 90 properties to deliver to Venture Housing affordable housing company.
- Along with other agencies, played an important role in the Northern Territory Government's immediate response and ongoing rebuilding efforts in remote communities specifically Galiwin'ku. These communities were affected by two severe tropical cyclones in early 2015 and public housing was impacted and in some cases severely damaged.

It is important to acknowledge the work of Department staff and our stakeholders in achieving the above outcomes, and I would like to thank everyone involved in making these outcomes possible.

The Department also administers grants to support those who are most vulnerable in our housing continuum. Services are delivered in part by the non-government sector, and I would like to thank these organisations for the work they do in complementing the initiatives of the Department.

While the Department's achievements have been significant, there is always more that can be done to ensure Territorians are provided with safe, secure and affordable housing.

My focus for 2015–16 will be on continuing to improve service delivery to our tenants in urban and remote areas and build strong relationships with key stakeholders. My focus will also be on the Department's lead role in a review into all government housing program initiatives, which will form the basis of the recently announced government housing strategy. We will continue to look at innovative ways to deliver more diverse, modern and suitable housing options for Territorians.

Leah Clifford

Chief Executive Officer
Department of Housing

30 September 2015

ABOUT THE ANNUAL REPORT

The Department of Housing 2014–15 Annual Report has been prepared to satisfy the requirements of the *Public Sector Employment and Management Act* and the *Financial Management Act*. Its purpose is to report on the Department's functions, activities, people and performance against the approved budget for 2014–15.

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

During 2014–15, the Department of Housing had two Chief Executive Officers.

Mrs Anne Bradford was Chief Executive Officer until 13 March 2015.

Ms Leah Clifford commenced as Chief Executive Officer on 14 March 2015.

MINISTERS

During 2014–15, the Department of Housing had two portfolio ministers.

From 1 July 2014 to 10 February 2015, portfolio responsibility for housing sat with the Honourable Matt Conlan, MLA.

The Honourable Bess Price MLA was appointed as the Minister for Housing on 10 February 2015.

THE DEPARTMENT

The role of the Department of Housing is to provide an affordable and accessible housing system by supporting eligible Territorians with options that are appropriate to their housing needs.

We are responsible for:

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

OUR CONTEXT

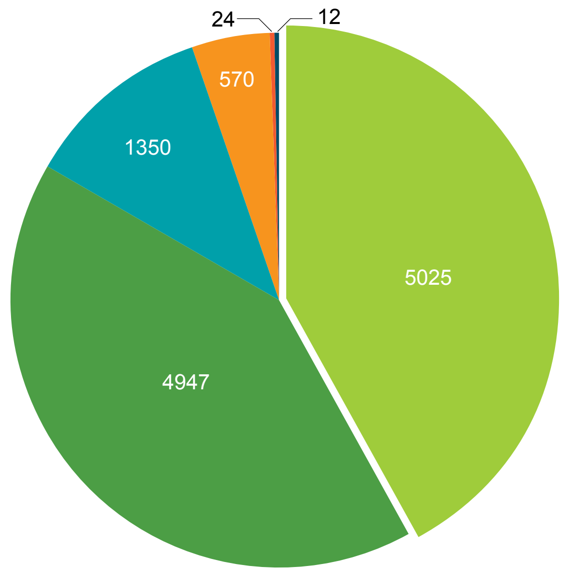
As the primary provider of social housing in the Northern Territory, the Department of Housing manages more than 11 928 dwellings[1] across the Northern Territory's 1.35 million square kilometres[2]. Our clients come from diverse social and cultural backgrounds; a significant number of public housing households (approximately 71 per cent[1]) self-identify as Indigenous households, and 39 per cent of public housing households are senior households[1]. The vast majority of our clients also experience significant socio-economic disadvantage, and many receive assistance through one or more of the Department's housing assistance and support programs.

Approximately 84 per cent of all Department of Housing dwellings are for public housing. The remaining 16 per cent are provided for other housing programs, including government employee housing, industry housing, emergency accommodation and affordable rental housing.

FIGURE 1: All Department of Housing dwellings by program at 30 June 2015

- Remote public housing dwellings (including town camp dwellings)
- Urban public housing dwellings
- Government employee housing dwellings
- Industry housing dwellings
- Emergency accommodation
- Affordable rental housing dwellings

Source: Department of Housing

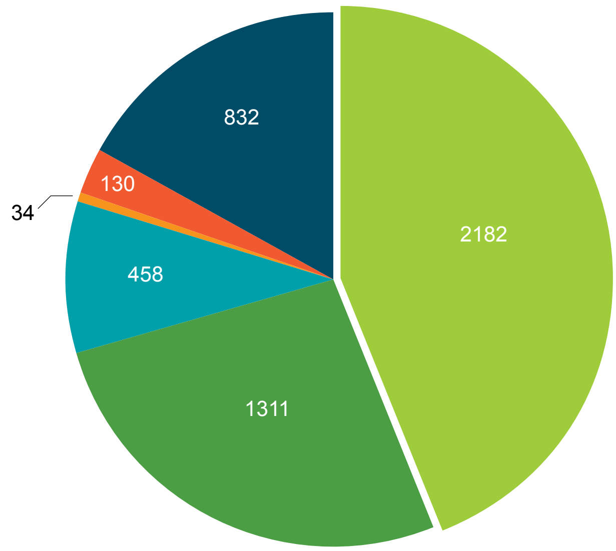


At 30 June 2015, the Department of Housing had a total of 4947 urban public housing dwellings across the Northern Territory's main towns, with approximately 11 000 occupants[3].

FIGURE 2: Department of Housing urban public housing dwellings by location at 30 June 2015

- Darwin/Casuarina
- Palmerston
- Katherine
- Nhulunbuy
- Tennant Creek
- Alice Springs

Source: Department of Housing

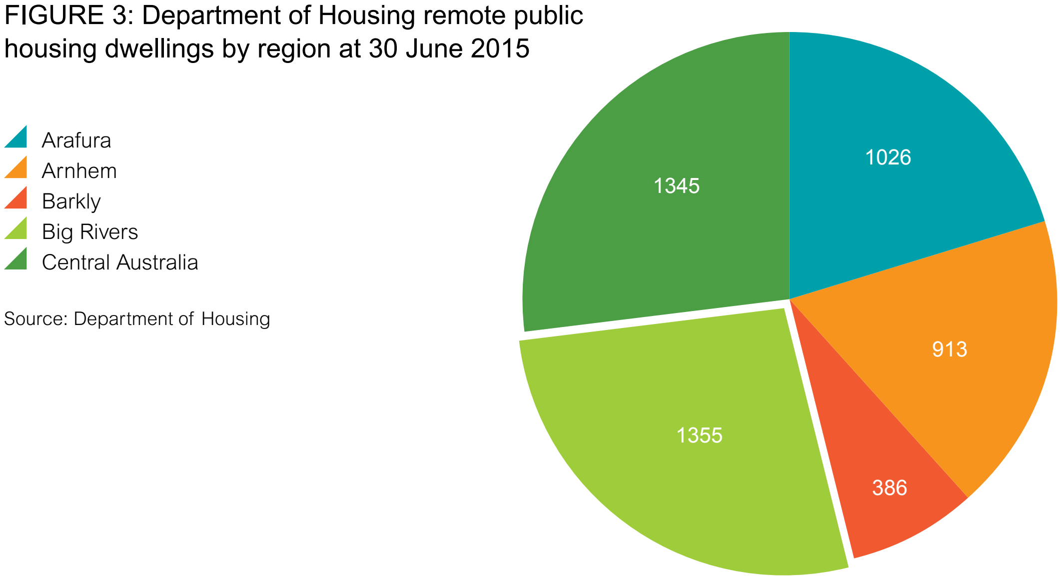


1 Department of Housing data which represents urban and remote public housing.
2 ABS 1304.7: Northern Territory at a Glance.
3 Occupant numbers are based on information provided by the primary tenant at the most recent review date.

OUR CONTEXT

There were 5025 public housing dwellings in remote communities across the Northern Territory and in Alice Springs and Tennant Creek town camps at 30 June 2015, with more than 22 500 people residing in these dwellings[1].

FIGURE 3: Department of Housing remote public housing dwellings by region at 30 June 2015



Source: Department of Housing

The Department of Housing is committed to developing pathways for Territorians to access the right house, in the right place, at the right time. Housing programs and services are provided along a continuum from homelessness to home ownership.

The Department of Housing is working to develop affordable rental housing and social housing with the community housing sector to ease the pressure on public housing. The Department of Housing had a net reduction of 86 dwellings (12 014 to 11 928) in its dwelling portfolio during 2014–15, largely attributable to the redevelopment of major complexes such as Kurringal, Fenton Flats and Elliot Street and the sale of dwellings to existing public housing tenants.

While there has been a reduction in social housing stock, the Department of Housing has increased affordable rental options through Real Housing for Growth initiatives such as Venture Housing, the Home Buyer Initiative and the head-leasing initiative by delivering an additional 210 new affordable rental dwellings to this sector on the housing continuum.

A change in source systems and review of system content saw a reduction of remote public dwellings from 5096 to 5025 which was largely as a result of de-recognising assets which were no longer under the control of the Department of Housing by way of any form of lease or management arrangement.

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

OUR STAKEHOLDERS AND PARTNERS

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

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

OUR EXECUTIVE

At 30 June 2015, the Department of Housing's executive team comprised:

Ms Leah Clifford – Chief Executive Officer

Mr Jim Bamber – Deputy Chief Executive Officer

Mr Andrew Clapham – General Manager, Strategic Governance and Supply

Ms Christine Fitzgerald – Executive Director Strategy, Governance and Government Relations

Mr David Bernard – Executive Director, Housing Supply

Ms Karen Elligett – Executive Director, Corporate Services

Mr Phillip Luck – Executive Director, Contract Implementation

Ms Michelle Walker – Executive Director, Service Delivery (North)

Mr Michael White – Executive Director, Service Delivery (South)

Ms Debbie Blumel – Executive Director, Tenancy Support and Compliance

HOUSING STORY

Best gardens in the Territory

Many public housing tenants are keen gardeners who are passionate about creating beautiful green spaces for their homes.

In October 2014, the Department received almost 50 entries for its annual Public Housing Garden Competition, and judges faced a tough job to choose from the many well-presented entries.

Creative use of container gardens were popular for unit gardens, while others demonstrated how to incorporate recycled materials, cuttings and colour into well-mulched and fruitful yards. Other gardens provided a bounty of edibles such as tropical fruits, vegetables and herbs.

Winners in each division received a home/garden voucher for $250; runners-up received a voucher for $100. All entrants received a certificate of participation.

Tenants set a great example of how nurturing a garden creates a positive living environment of which all tenants can be proud.

HIGHLIGHTS 2014–15

Growing the community housing sector

The Northern Territory has a small but developing community housing sector, and the Department of Housing recognises the important role community housing plays in providing affordable housing. In 2014–15, the Department made progress towards developing the community housing sector in the Northern Territory.

The National Regulatory System for Community Housing was developed in response to the Council of Commonwealth Governments' reform priority under the National Affordable Housing Agreement. The Northern Territory is a participant in the National Regulatory Scheme for Community Housing.

In accordance with the *Community Housing Providers (National Uniform Legislation) Act 2013*, the Chief Executive Officer of the Department of Housing has appointed a Registrar of Community Housing for the oversight and regulation of community housing providers. The Department has entered into an agreement with the New South Wales Registrar of Community Housing to assist in assessing applications for community housing provider registration. This approach ensures national consistency and benefits community housing providers through the expertise that can be provided during the application process.

In 2014–15, the Department also completed the first management transfer of Department assets to a local community housing provider, the Central Australian Aboriginal Housing Company. These 10 units have been leased to provide accommodation to low-income Indigenous seniors in Alice Springs.

The Department also released a request for proposal for a community housing provider to lease and manage an additional 17 units as a seniors' complex in Alice Springs.

To further develop the sector, in 2014–15 construction progressed on 96 dwellings to be handed over to the Venture Housing Company in early 2015–16. Venture Housing provides affordable private rental accommodation options to Territorians on low to moderate incomes.

Real Housing for Growth

Real Housing for Growth supports the attraction and retention of key service industry workers in the Northern Territory by providing affordable home ownership and rental initiatives.

The Department of Housing has been required to meet a target of 2000 dwellings by 2016–17. The program commenced in October 2012.

As at 30 June 2015, 1373 of the 2000 dwellings had been committed (either tenanted, constructed or in planning) under the initiative, meeting the annual targets for the program. There are additional dwellings in the pipeline and under negotiation. The Department has been committed to expediting the negotiations to deliver on this government initiative.

The Department has focussed on innovation and collaboration with stakeholders in 2014–15 to look at new ways of delivering services. The Department facilitated an industry roundtable to provide input and feedback on the Real Housing for Growth head-leasing initiative. Industry groups including non-government organisations, industry bodies, government and local government presented information and current directions. Industry stakeholders including developers, builders, real estate agents and housing organisations attended and provided valuable insight.

Homelessness

In 2014–15, more than $10 million in joint Australian and Northern Territory Government funding for 2014–15 was provided to non-government organisations under the National Partnership Agreement on Homelessness to support Territorians who are homeless or at risk of homelessness. The funding goes to a range of services and programs across crisis and short-term accommodation and support services, managed and supported accommodation services, and tenancy support programs.

HIGHLIGHTS 2014–15

Redevelopment projects

The Department commenced an innovative trial with Defence Housing Australia in 2014–15. The Department provided land where four vacant public houses were located for Defence Housing Australia to construct townhouses. In return, the Department will receive four new public housing properties, designed to meet increasing demand for smaller properties with greater accessibility and lower maintenance costs and to make better use of existing land.

The Department sold the former Kurringal Flats public housing complex site in Fannie Bay, Darwin, to the private sector for development of 160 affordable properties. The Department will head-lease 80 of these properties as Real Housing for Growth affordable rental units for key service industry workers.

In 2014–15, the Department also sold the former Fenton Flats public housing complex in Darwin for residential development by the private sector.

Construction of a new 59-dwelling private development continued on a former public housing site at 1 Runge Street, Coconut Grove, Darwin. Of those dwellings, 15 will be head-leased by the Department as affordable rentals for key service industry workers and 10 will be provided for affordable home ownership (Home Buyer Initiative). The balance will be sold to the general public.

National Partnership Agreement on Remote Indigenous Housing

In 2014–15, 35 new houses were delivered in the communities of Yirrkala, Gunyangara, Nganmarriyanga, Warruwi and Peppimenarti through the National Partnership Agreement on Remote Indigenous Housing.

As at 30 June 2015, 63 upgrades have been completed in Yirrkala, Papunya, Canteen Creek, Kaltukatjara and Warruwi.

HOUSING STORY

Intract delivering in the Arafura region

Intract are a majority Indigenous owned and operated enterprise delivering remote housing maintenance and tenancy management services for public housing tenants in the Arafura region of the Northern Territory.

Intract takes pride in giving back to the communities it works in. Intract shareholder, AFL legend and five-time All Australian Andrew McLeod travelled out to the communities of Gunbalunya and Maningrida to conduct some footy clinics with NT Thunder who Intract proudly sponsor.

“Intract and NT Thunder have a powerful partnership, with the two Indigenous groups working side by side to promote Indigenous welfare and spread healthy lifestyle messages to young Aboriginal people,” McLeod said.

The clinics promoted a healthy, active lifestyle through the spirit of football and encouraged children to visit the travelling ear health booths for an ear check-up.

General Manager of Intract Michael Rotumah said the services they are providing for housing in communities play an important role in their engagement.

“Intract is focused on building relationships in the communities and has a strong commitment to engaging local people from within the community while providing employment and training outcomes through a range of projects,” said Rotumah.

Above: AFL legend Andrew McLeod (left) out in community with the Intract team.

HIGHLIGHTS 2014–15

HOUSING STORY

Recovering from Tropical Cyclone Lam

In early 2015, two category 4 cyclones made landfall on the north-east Arnhem Land coast between Milingimbi and Elcho Island. Cyclones Lam and Nathan caused widespread devastation to local communities, with many people forced to leave their homes for temporary accommodation.

The Department's asset management officers worked in Galiwin'ku, Milingimbi and Ramingining to ensure that tenants could return safely to their homes as soon as possible. Priorities included working to compile damage assessments, restoring services, determining if homes could be occupied and scoping repairs.

Assessments found that more than 80 buildings needed to be demolished, with a further 250 suffering some damage, mostly minor to moderate. At year end, new buildings were under construction and work will continue into 2015–16 to repair damaged homes.

Delivered on Indigenous employment through remote contracts

The Department's recently implemented remote service delivery contracts, which commenced in 2013–14, include repairs and maintenance, and property and tenancy management contracts. These have not only reduced costs and improved response times for the Department and tenants, but have well exceeded Indigenous participation employment rates. Thirty per cent Indigenous employment was achieved on capital works in comparison to a target of 20 per cent. Local community-based Indigenous employment of 62 per cent has been achieved through the housing maintenance contracts in comparison to the target of 40 per cent, and 69 per cent through the tenancy management service contracts compared to a target of 50 per cent.

Cyclone response

In 2015, the remote Indigenous communities of Galiwin'ku, Milingimbi and Ramingining received significant damage from severe tropical cyclones Lam and Nathan.

Eighty-eight houses were badly damaged in Galiwin'ku as a result of the cyclones, and many more houses across the three communities received some level of damage. The Department sent officers as part of the first response to the cyclone-affected communities to compile registers of affected and displaced tenants, compile damage assessments, restore services and undertake scope of repair assessments. Department of Housing staff worked tirelessly to assess damage to houses and liaise with tenants and the local community to help find alternative accommodation options during the assessment phase. The Department is the lead agency on managing temporary accommodation options for community residents and helping tenants move in to their temporary homes and back into permanent homes once they have been repaired.

The Department also developed an emergency accommodation policy in response to the impact of the cyclones, which can be used for future cyclone recoveries and other emergency accommodation situations across the Northern Territory.

HIGHLIGHTS 2014–15

The work of the Department in the initial assessment was part of a broader collaboration with the other Northern Territory Government agencies.

Stakeholder engagement

In 2014–15, the Department increased its commitment to formal stakeholder engagement, across both government and the housing sector. A Legal Advocates group was established to support discussion and input into operational policies. In addition, of a consultative policy review and development framework was implemented involving key external and internal stakeholders to ensure that policies are developed with input and advice from key areas.

The Department of Housing also works closely with other government agencies to provide a coordinated response to visitor management, antisocial behaviour and service coordination for Territorians most in need.

The Department is a major stakeholder in the community engagement at Galiwin'ku.

Reduction in antisocial behaviour in public housing

The Department's Public Housing Safety Strategy aims to address antisocial behaviour in public housing in Darwin and Alice Springs using a mix of preventative strategies and sanctions with cross-agency collaboration.

The Public Housing Safety Strategy continued to successfully address issues of antisocial behaviour in and around public housing, with a 41 per cent reduction in serious complaints and a 54 per cent reduction in serious incidents for the year 2014–15 compared to the same period in 2013–14.

Public Housing Safety Officers, who patrol in Darwin and Alice Springs, attended to a total of 8602 complaints and incidents of antisocial behaviour between 1 July 2014 and 30 June 2015, down 12 per cent from 9760 for the same period in 2013–14.

The Department plays a key role in Taskforce NEO, a cross-agency group established to provide a coordinated response to some of the Territory's most at-risk families.

In 2014–15, the Department implemented a revised Visitor Management Policy in response to community feedback. The policy limits the time visitors can stay in public housing to two weeks before tenants must apply to the Department for visitors to stay longer. The policy also provides additional support to tenants who experience challenges with unwanted visitors.

Governance

The Department has maintained and enhanced its corporate governance regime that includes a range of committees to provide governance and oversight of specific matters. The committees operate with clearly defined terms of reference. These include a Risk and Audit Committee, Procurement and Contract Management Committee, Information Management Governance Committee, Policy Governance Group, Training Committee and Department and Union Consultative Committee.

The roles and responsibilities of each committee are set out in their specific terms of reference and will assist the Department to continually improve governance arrangements.

Pipeline and program of repairs and maintenance

The Department undertook an audit and expedited a program of repairs and maintenance to return public housing to stock to provide Territorians with housing. The pipeline of works was undertaken in Alice Springs, Palmerston and Casuarina. This work is ongoing across all urban centres.

FUTURE DIRECTIONS

2015–16 future directions

Housing review and strategy

The Department of Housing is the lead agency for a government review into the suite of housing supply and assistance programs provided to Territorians. This review will inform a five year Housing Strategy and will be conducted by an independent organisation.

The review will encompass:

- what level and type of residential dwelling demand exists in the market
- the impact of affordable housing initiatives in assisting Territorians on limited incomes into home ownership
- the flow of new residential land onto the market as a result of land release programs
- what concessions for first home buyers might be most appropriate in the market
- social housing demands, including public, assisted and homelessness services
- how the Department can better work in partnership with community housing providers.

The review will include consultation with a range of stakeholders. A draft strategy is expected to be released towards the end of 2015, with the final strategy to be released in February 2016.

Growing the community housing sector

The Department of Housing will continue to focus on developing and working with the community housing sector in the Northern Territory. It will also work on identifying further opportunities to include community housing providers in the delivery of housing options for Territorians, and it will work with organisations to register under the National Regulatory Scheme for Community Housing.

HOUSING STORY

Building new homes in Coconut Grove

The partnership between the Department of Housing and Reday Joint Venture will produce more affordable housing in the Darwin suburb of Coconut Grove.

At 30 June 2015, construction was underway at the Runge Street site for 59 two-bedroom, two-bathroom units in what is known as the Eclipse Development, which will provide a mix of private and affordable purchase and rental options.

Under the government's Real Housing for Growth head-leasing initiative, newly constructed buildings are head-leased by the Department and rented to eligible tenants at 30 per cent below market rates to attract and retain key workers in the Territory.

FUTURE DIRECTIONS

Remote Indigenous housing

The Department will continue to deliver new and upgraded houses, improved repairs and maintenance services and provide Indigenous employment opportunities in remote Indigenous communities. The National Partnership Agreement on Remote Indigenous Housing will be replaced by the Remote Indigenous Housing Strategy 2015–18, which at year end was currently being negotiated with the Commonwealth Government.

In addition, the National Partnership Agreement on Stronger Futures in the Northern Territory will be replaced by the National Partnership Agreement on Northern Territory Remote Aboriginal Investment. Under this agreement will be the REMOTE AUSTRALIA STRATEGIES IMPLEMENTATION PLAN 2015–18.

Staff

During 2013–14, the Department undertook a functional alignment to reorganise our business operations and improve the quality and efficiency of our service delivery. The process of transitioning to a new management structure for the Department of Housing commenced in March 2014 and has been in place since February 2015. The redesigned structure has resulted in strengthened strategic direction and corporate governance and more integration across divisions.

In 2015–16, the Department will continue to support staff in their development and focus on attraction, retention and training to create a multi-skilled organisation. A Department-wide training calendar has been established so that staff have access to meaningful development opportunities that allow them to fulfil their duties to a high degree and support their career progression within the Department and broader public sector.

In 2015–16, the Department will launch a wellbeing program designed to look after the health of our staff, recognising that staff wellbeing (psychological, physical and workplace) is integral to achieving high organisational performance.

Our training will focus on the development of our staff in areas of operational policies and systems as well as a number of professional and personal programs.

Homelessness

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

The Department will continue to focus on providing support to Territorians who are homeless or at risk of homelessness through grant funding under the National Partnership Agreement on Housing and the National Affordable Housing Agreement.

Grant funding will be provided to service providers across the Northern Territory to deliver a range of services and programs across crisis and short-term accommodation and support services, managed and supported accommodation services, and tenancy support programs.

Focus on service delivery and tenant services

In 2015–16, the Department will renew its focus on streamlining policies, procedures and services to tenants. The Department will continue to focus on increasing the sustainability of tenancies and reducing antisocial behaviour through policy review and stakeholder engagement.

The revised Visitor Management Policy, implemented in the 2014–15 year, will be complemented by a revised Three Strikes Policy to manage antisocial behaviour and a revised tenancy agreement to ensure consistency of tenure across the Territory for eligible public housing tenants.

In addition, the Department will continue to review its communication processes with tenants, focussing on developing clear, simple supporting documents and tools translated into languages appropriate for the demographics of our tenants.

FUTURE DIRECTIONS

Maximise use, entitlement, and eligibility in public housing

In 2015–16, the Department will continue to focus on reducing wait lists and maximising the use of our properties to ensure that tenants live in properties suited to their circumstances and that we maximise the availability of housing for those most in need. The Department will also continue to support tenants to transition along the housing continuum from homelessness to home ownership, supporting people to move out of public housing into affordable rentals and home ownership where appropriate. This will help the Department to continue to provide Territorians with the right house, in the right place, at the right time.

HOUSING STORY

Amazing race brings Christmas cakes to tenants

Last year, Department staff delivered Lions Christmas cakes and cards to more than 2400 seniors who are public housing tenants in Darwin, Katherine, Nhulunbuy, Tennant Creek and Alice Springs.

The cards were designed by Tennant Creek artist Dion Beasley, featuring his much-loved Cheekydogs.

In Darwin, staff took part in an Amazing Race-style competition to deliver cakes to tenants, spending time along the way wrapping presents at the Somerville annual gift-wrapping event, singing carols to tenants and donating presents to a local radio station, with proceeds going to St Vincent de Paul.

2.
OUR PERFORMANCE AND ACHIEVEMENTS

DEPARTMENT OF HOUSING INFRASTRUCTURE PROGRAM

TABLE 1: Department of Housing expenditure against the Infrastructure Program

	2014–15 program ($'000)	2014–15 revised program ($'000)	2014–15 actual ($'000)
Major new works	**166,737**	**179,078**	**50,321**
Public housing	11,894	12,724	3,959
Government employee housing	32,000	29,546	9,978
Indigenous housing and infrastructure	122,843	136,808	36,384
Minor new works	**13,777**	**16,502**	**16,487**
Public housing	12,400	14,900	15,081
Government employee housing	1,127	1,127	946
Other	250	475	460
TOTAL CAPITAL WORKS	**180,514**	**195,580**	**66,808**
Public housing	24,294	27,624	19,040
Government employee housing	33,127	30,673	10,924
Indigenous housing and infrastructure	122,843	136,808	36,384
Other	250	475	460

Source: Department of Housing

DEPARTMENT OF HOUSING SERVICES

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

Urban public and affordable housing

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

TABLE 2: Urban public and affordable housing performance against key deliverables

Key deliverables	2014–15 budget	2014–15 estimate	2014–15 actual
Housing Services			
New affordable housing dwellings:			
Venture Housing dwellings	116	68	0
Home Buyer Initiative dwellings	15	25	12
Head-leasing initiative dwellings	190	197	181
*Net recurrent cost per urban housing dwelling	$14,933	$13,328	$16,605
Urban social public housing occupancy rate	96%	92%	94%
Average turnaround times for vacant stock – social housing (number of days)	70	101	94
Rent lost due to vacant dwellings	5%	6%	6%
Rent arrears as a proportion of estimated annual rent to be collected	3%	3%	3%
Urban social housing tenants receiving a rental rebate	95%	92%	90%
Reduction in antisocial behaviour in and around social housing properties			
Percentage reduction in terminations		10%	-9%
Reduction in strikes issued under the Three Strikes Policy		58%	50%
Ratio of incidents of antisocial behaviour to public housing		2:1	1.46:1

The actual for 2014–15 of $16,605 is higher than the 2014–15 estimate of $13,328 mainly due to increase in repairs and maintenance and property management expenses over the amount budgeted for.

DEPARTMENT OF HOUSING SERVICES

Termination and possessions from urban public housing

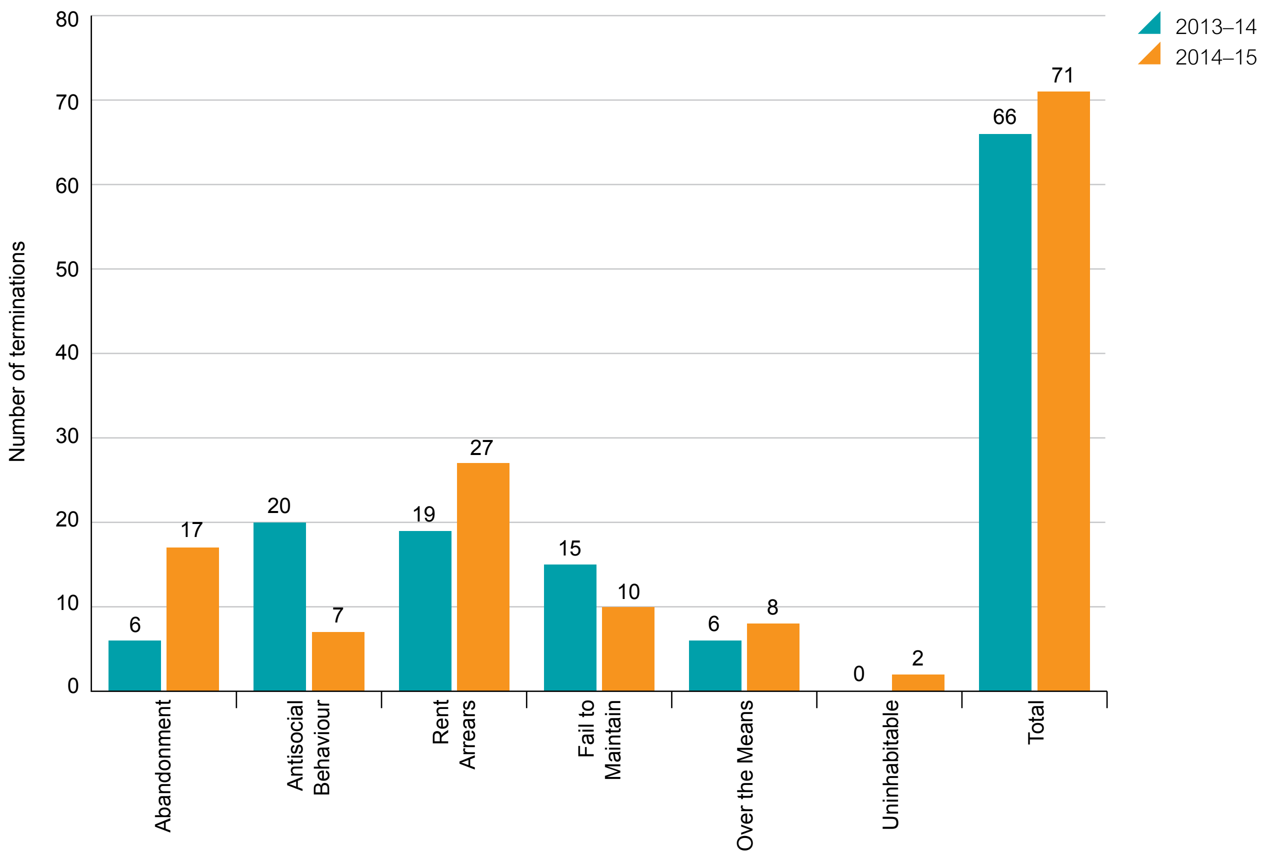
During 2014–15, there were 71 terminations from public housing dwellings compared to 66 in the previous year. Terminations resulting from antisocial behaviour fell from 20 in 2013–14 to seven last year.

The number of abandoned properties increased from six in 2013–14 to 17. During that time, a key focus for the Department was ensuring premises were returned to stock promptly when they were no longer tenanted. Terminations where a tenant was in rent arrears increased from 19 in 2013–14 to 27 in 2014–15. The Department assists tenants having difficulty maintaining their tenancy through case management and tenancy support services by qualified external service providers.

Terminations for tenants failing to maintain properties decreased from 15 in 2013–14 to 10 last year. Two tenancies were terminated because the dwelling was deemed uninhabitable, meaning it did not meet safety and/or health standards. Terminations arising from tenants being over their means (no longer meeting the Department's eligibility requirements) remained consistent at Figure 4.

The Department only terminates tenancy agreements as a last resort and through the provisions of the *Residential Tenancies Act*.

FIGURE 4: Terminations from urban public housing dwellings, 2014–15



Source: Department of Housing

DEPARTMENT OF HOUSING SERVICES

Termination categories identified in Figure 4 are defined below.

TABLE 3: Department of Housing termination categories

Termination category	Definition
Abandonment	Substantial removal of tenant's personal possessions from the premises and default on due payment of rent.
Antisocial behaviour	Tenant's breach of an acceptable behaviour agreement or a breach of a tenancy agreement under the Department's Three Strikes Policy.
Rental arrears	Failure by tenant to pay rent for more than 14 days.
Failure to maintain	The premises have been kept in an unreasonably dirty condition in accordance with section 51 of the *Residential Tenancies Act*.
Over the means	Tenant's income and assets exceed the Department's eligibility thresholds.
Uninhabitable	Where a premises is flooded, unsafe or uninhabitable, including a threat to the health/safety of the tenants or members of the public or a threat to the safety of the landlord's property.

» Urban Public and Affordable Housing – key achievements in 2014–15

In 2014–15, the Department of Housing undertook the following urban public and affordable housing initiatives:

Redevelopment Projects

- Further to the refurbishment of 30 dwellings in Elliott Street, Braitling, in 2013–14, the Department:
  - finalised an agreement with a community housing provider for a lease over 10 of the dwellings for seniors' accommodation
  - leased the final six of the 12 dwellings allocated to eligible tenants as affordable rentals
  - sold the final four of the eight dwellings allocated to purchasers under the Department's Home Buyer Initiative.
- The Department negotiated a commercial agreement for the sale and redevelopment of the Kurringal Flats site in the Darwin suburb of Fannie Bay. Construction of the 160 dwellings will be in stages, and 80 of the units to be head-leased by the Department under the head-leasing initiative.
- Construction of a new 59-dwelling private development continued on a former public housing site at 1 Runge Street, Coconut Grove. Of those dwellings, 15 will be head-leased by the Department as affordable rental dwellings for key service industry workers and 10 will be provided for affordable home ownership (Home Buyer Initiative). The balance will be sold to the general public.
- The former Fenton Flats site in The Narrows, Darwin, was sold at auction, providing an opportunity for private development. As required, the purchaser has demolished the existing buildings on the site.

HOUSING STORY

Kurringal Flats make way for new development

The last blocks at Kurringal Flats in Fannie Bay were demolished in June 2015 to make way for a new private residential complex of 160 units. Of that 80 units will be head-leased under the Real Housing for Growth affordable rental initiative for key workers.

The Halikos Group was contracted to redevelop the Darwin site, with contractor McMahon Services doing the knock-down process.

Dismantling the buildings was an intricate process due to the steel in the structure, and excavators had to work carefully to remove different layers of construction material, section by section. A truck sprayed jets of water to keep the dust down, while other machinery removed rubble from the site.

Construction should be finished by late 2016.

Real Housing for Growth - providing access to affordable housing

The Department's Real Housing for Growth (RHFG) Plan encompasses a range of affordable home ownership and rental initiatives. It has two aims: to give Territorians greater housing choice by increasing the supply of affordable dwellings and to help attract and retain key service industry workers in the Northern Territory.

In 2014–15, Real Housing for Growth made available 285 dwellings in greater Darwin, Tennant Creek and Alice Springs through the following Plan initiatives:

- The *Home Buyer Initiative*, enabling 13 Territorians to purchase their own home at an affordable price
- The *head-leasing initiative*, supporting the private sector construction of 181 new dwellings for the Department to rent to eligible key service industry workers at 30 per cent below market rates
- The *National Rental Affordability Scheme (NRAS) initiative*, supporting the construction of 26 new dwellings for eligible tenants
- The *HomeBuild Access initiative*, providing access for 47 Territorians to low-deposit and/or low-interest HomeBuild Access loans to build new dwellings, including two through the Home Buyer Initiative
- The *redevelopment of public housing initiative*, making 20 dwellings available at Elliott Street, Braitling for affordable home ownership and affordable rentals.

In addition, 96 affordable housing dwellings were under construction for transfer to Venture Housing Company as part of their establishment by government. The Department procured the dwellings from the private sector and the transfer of completed dwellings to Venture Housing Company will be made progressively in mid to late 2015.

In 2015–16:

The Department will continue to work with the Defence Housing Authority on a redevelopment project to deliver 11 new dwellings in the Darwin suburb of Alawa, four of which will be retained by the Department. The project aims to renew and replenish urban public housing stock.

DEPARTMENT OF HOUSING SERVICES

The Department will continue to deliver the Real Housing for Growth Plan outcomes by offering more Home Buyer Initiative and HomeBuild Access home purchasing opportunities, completing the transfer of dwellings to Venture Housing Company, fulfilling obligations under the National Rental Affordability Scheme and fulfilling prior commitments to head-leasing dwellings in private development projects.

Housing assistance and support

The Department of Housing offered a range of programs in 2014–15 to help Territorians access sustainable housing options:

- 47 Territorians accessed low-deposit and/or low-interest loans to build new dwellings.
- The Department provided 269 bond assistance loans at a total value of $430 527. These loans assisted 269 tenants to access the private rental market.
- More than $5.3 million was allocated for tenancy support programs for public housing clients in Darwin, Alice Springs, Tennant Creek, Borroloola and Katherine to help them sustain a tenancy.

Improving public housing safety

The Public Housing Safety Strategy was introduced in 2012 to improve the safety of tenants, neighbours and the community by addressing antisocial behaviour in and around public housing.

In 2014–15, 20 Public Housing Safety Officers provided a frontline response to antisocial behaviour at public housing premises in Darwin, Palmerston and Alice Springs. Five more Case Officers are employed in Darwin and Alice Springs to respond to complaints of antisocial behaviour. They worked with tenancy staff and public housing tenants to apply the Three Strikes Policy and implement strategies to address problematic tenant behaviour.

The Three Strikes Policy allows the Department of Housing to respond to and investigate complaints of antisocial behaviour in public housing tenancies in a consistent manner and take action against tenants who regularly, or seriously, interfere with the peace and safety of other tenants and those in the vicinity.

The severity of incidents and complaints lessened between 2013–14 and 2014–15:

- In 2014–15, Public Housing Safety Officers responded to 8602 complaints and incidents; a 12 per cent decline from the 9760 responded to in 2013–14.
- The number of incidents categorised as serious significantly reduced in 2014–15, with a 45 per cent reduction from 362 incidents to 198.

The number of moderate incidents recorded in 2014–15 reduced by 52 per cent to 632, from 1323 in 2013–14.

Under the *Housing Act*, Public Housing Safety Officers have the power to:

- direct visitors causing antisocial behaviour to leave public housing premises and not return for up to 12 months
- direct tenants and their visitors to cease engaging in antisocial behaviour
- seize dangerous articles and unopened liquor
- dispose of opened liquor containers.

In 2014–15, there was a significant decline in the need to take these measures:

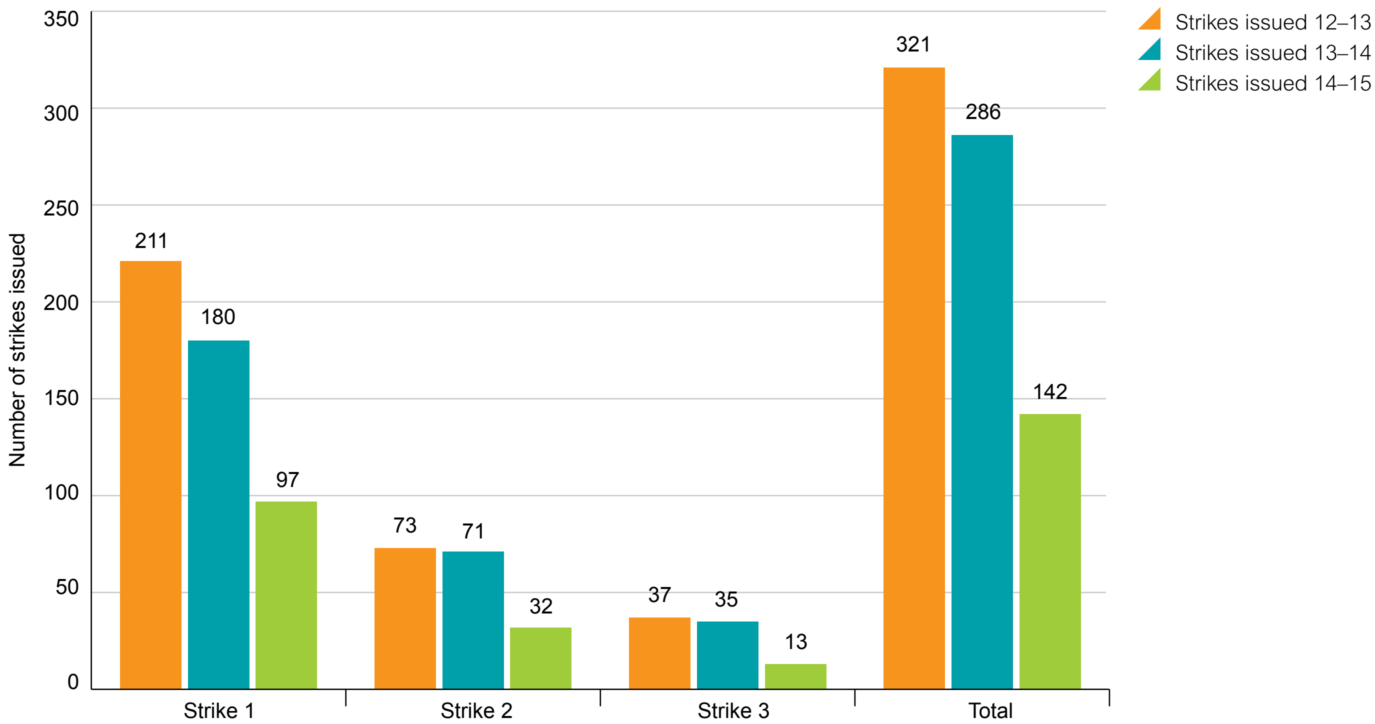
- 106 Notices of Direction banning people from public housing premises were issued, down from 216 in 2013–14: a 51 per cent decrease that suggests less problematic behaviour is occurring within public housing dwellings
- 8899 unwanted visitors were removed from public housing premises, compared to 8128 in 2013–14.

DEPARTMENT OF HOUSING SERVICES

Left to right: Steve Allen, Jessica Creed, Minister Bess Price, Liam Musgrave and Jim Bamber.

An overall total of 142 strikes were issued during 2014–15, a decrease of 50 per cent from 2013–14. This is primarily due to the Department's proactive management of and response to complaints of antisocial behaviour, early referrals to support services and a strong focus on community engagement.

FIGURE 5: Strikes issued under the Department of Housing's Three Strikes Policy, 2012–13, 2013–14 and 2014–15



Source: Department of Housing

DEPARTMENT OF HOUSING SERVICES

Remote Public Housing

Objective: to provide and manage public housing to:

- ensure Territorians in remote areas and town camps have access to safe, functional, sustainable and affordable housing, including appropriate tenancy management and maintenance
- meet the needs of remote communities by providing new and upgraded housing
- support the implementation of strong public housing policy across the Territory.

TABLE 4: Remote Public Housing performance against key deliverables

Key deliverables	2013–14 actual	2014–15 budget	2014–15 actual
Upgraded dwellings	627	418	63
New dwellings	139	95	35
Indigenous employment on projects	27%	20%	30%
Indigenous employment in tenancy management	72%	50%	69%
Indigenous employment in property management	54%	40%	62%

Source: Department of Housing

Upgrades are funded under the National Partnership Agreement on Stronger Futures in the Northern Territory. As part of the ongoing development of the agreement, it was necessary to negotiate a revised housing schedule with the Commonwealth Government for 2014–15, which was completed in February 2015. Due to the delay in funding being finalised, the initial estimate of 418 was revised down to 243. A total of 63 of the 243 upgrades were completed during 2014–15, and contracts were awarded for the remaining 180 in June 2015.

The 35 new dwellings constructed in 2014–15 were delivered as part of the National Partnership Agreement on Remote Indigenous Housing.

The Department identified the original estimate of 95 houses in March 2014 ahead of approval by the Commonwealth Government on the implementation plan required in accordance with the National Partnership Agreement on Remote Indigenous Housing. The new implementation plan was finalised in December 2014. As a result, the target of 95 new dwellings was revised to 18 to reflect delivery by 30 June 2015. The National Partnership Agreement on Remote Indigenous Housing program will continue until June 2018, and houses not completed in 2014–15 will be built in 2015–16.

DEPARTMENT OF HOUSING SERVICES

» Remote Public Housing – key achievements in 2014–15

Providing more housing in remote Indigenous communities

In 2014–15, 35 new houses were constructed across five remote Indigenous communities in the Northern Territory.

The National Partnership Agreement on Remote Indigenous Housing is a joint Northern Territory and Commonwealth Government program valued at $1.94 billion ($1.7 billion in Commonwealth Government funding and $240 million in Northern Territory Government funding).

Since 2013, both governments have decided to invest in the replacement of all assets deemed beyond economical repair. This decision will limit the number of additional houses that can be constructed out to 2018.

Indigenous employment on remote construction projects

The National Partnership Agreements on Remote Indigenous Housing and Stronger Futures in the Northern Territory includes a minimum outcome target of 20 per cent Indigenous employment on capital works projects.

Since these programs began, the Indigenous employment target has been exceeded, and it was 30 per cent at 30 June 2015.

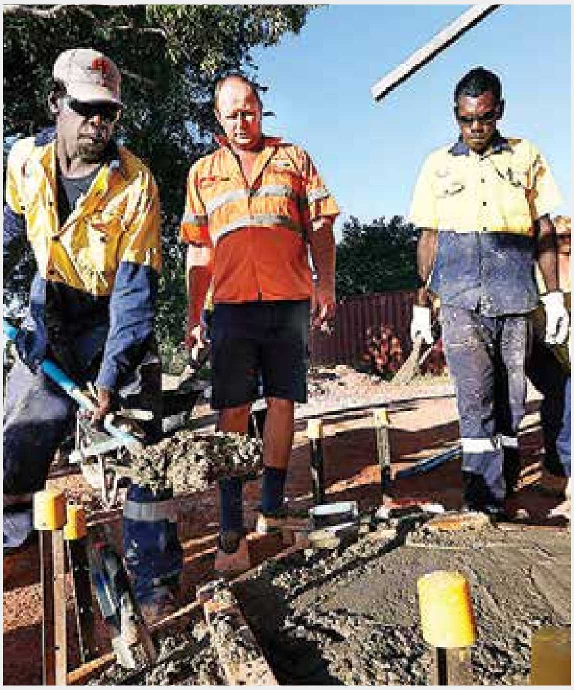
Property and tenancy management for remote housing is also funded through the National Partnership Agreement on Remote Indigenous Housing. At 30 June 2015, Indigenous employment in tenancy management was 69 per cent, 29 per cent higher than the target of 50 per cent. Indigenous employment outcomes under property management contracts exceeded the 40 per cent target, with an actual rate of 62 per cent.

HOUSING STORY

Improve the durability and amenity of our remote dwellings

The National Partnership Agreement on Stronger Futures in the Northern Territory provided $230 million from 2013 to 2018 to upgrade existing Department of Housing remote housing dwellings.

In 2014–15, 63 upgrades were completed under this program in five remote Indigenous communities across the Territory.



DEPARTMENT OF HOUSING SERVICES

Repairing public housing in Wadeye

In October and November 2014, a series of antisocial behaviour incidents in the community of Wadeye, 230 kilometres south-west of Darwin, resulted in extensive damage to public housing properties.

The Department of Housing commenced an assessment of the damage in December 2014 to determine the repair work required.

Of the 269 dwellings in Wadeye, the Department assessed the 118 dwellings that received the most damage. The other 151 dwellings were assessed by the Department's community-based housing maintenance contractor, Thamarrurr Development Corporation. A high percentage of the 269 dwellings in Wadeye required some level of repair.

The initial assessment indicated an estimated cost of up to $1.5 million to 'make good' the repairs.

The Department implemented a restoration action plan to repair the damaged public housing properties in Wadeye with local and regional contractors.

Initial electrical and other urgent work was completed on 98 dwellings, with a further package of works sought for an additional 20 dwellings to repair the worst of the damage.

To protect the community's power meters from further damage, the Department's Big Rivers region arranged to install marine-grade steel boxes on the pre-paid meters of 77 dwellings, with the remaining meters to receive the same treatment in 2015–16.

At 30 June 2015, $685 000 had been spent to repair the damage caused by the antisocial behaviour in October and November. At year end, there were a number of dwellings yet to be fully refurbished and returned to stock.

The organisation has worked with the Power and Water Corporation and the Office of the Ombudsman NT to implement a more responsive and collaborative approach to restoring power supplies to tenants for future incidents.

The Department acknowledges its staff from the Big Rivers region, who worked tirelessly during the year to deliver the rectification works under difficult circumstances.

BEFORE

BEFORE

AFTER

AFTER

DEPARTMENT OF HOUSING SERVICES

Cyclone response

In 2015, the remote Indigenous communities of Galiwin'ku, Milingimbi and Ramingining received significant damage from severe tropical cyclones Lam and Nathan.

Eighty-eight houses were badly damaged in Galiwin'ku as a result of the cyclones, and many more houses across the three communities received some level of damage.

The Department mobilised contractors and arranged emergency repairs to dwellings across all three communities, including a significant tree removal program.

Eighty-eight houses were severely cyclone affected including 80 which were required to be demolished and rebuilt.

This displaced a significant number of tenants who will require managed temporary accommodation throughout the rebuild program.

The community has chosen to rebuild the 80 houses over a three to four-year period. Forty of these dwellings have been scheduled to be built on a 'fast build' program over 2015–16, and the remaining replacement dwellings will be built on a 'slow build' program. This will provide opportunity for local economic development and employment opportunities within the community. The Department participates in a Department of the Chief Minister-led project group for the rebuild activity.

HOUSING STORY

Tidy town contest in Ampilatwatja community

Public housing tenants in Ampilatwatja inspired the whole community when they entered the annual tidy town contest in September 2014.

The community, located 250 kilometres from Tennant Creek, is home to more than 400 people. Tenants worked hard to improve their properties for the contest by keeping their yards free of rubbish and growing a lawn to keep dust down and provide a play area for children.

Barkly Regional Council asked Department officers Shaun Bethel and Bob Bicknell from Tennant Creek to be part of the judging panel. They were impressed with the positive changes in the appearance of the community over preceding months.

Prizes for winners included a DVD player, electric slow cooker and framed certificates that will take pride of place on the winners' walls.

Thorine Sam and Shaun Bethel

DEPARTMENT OF HOUSING SERVICES

Government Employee Housing

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

At 30 June 2015 under the Government Employee Housing program, the Department of Housing had 1350 government-owned dwellings and 603 private head-leased dwellings in remote communities, regional towns and urban centres across the Northern Territory.

In 2014–15, the Department constructed 18 new government employee dwellings in remote communities. It sold nine dwellings in Alice Springs and Darwin and demolished one dwelling in Gunbalanya. During this period, one dwelling was transferred to remote public housing, one dwelling to industry housing, one to urban public housing and one to Government Employee Housing. This resulted in a net increase of six government-owned Government Employee Housing dwellings in 2014–15.

Private head-lease arrangements reflect Northern Territory Government agencies' workforce demographics. In 2014–15, there was a net decrease of 34 private head-leased government employee housing dwellings.

» Government Employee Housing – key achievements in 2014–15

In 2014–15, under the Government Employee Housing program, the Department:

- constructed 18 new government employee dwellings in remote communities
- sold nine government employee dwellings (four in Darwin and five in Alice Springs)
- invested $5.4 million in repairs and maintenance and $0.9 million in minor new works to improve government employee housing amenity in remote communities.

HOUSING STORY

New homes for Yirrkala and Gunyangara

New and improved homes have been provided in East Arnhem through the National Partnership Agreements on Remote Indigenous Housing and Stronger Futures in the Northern Territory.

These 10-year programs are funded by the Commonwealth Government and delivered by the Territory Government. They are due for completion in June 2018.

In 2014–15, there were six new houses constructed and five houses received upgrades in Yirrkala and six new houses were constructed in Gunyangara.

Tenants in their garden.

DEPARTMENT OF HOUSING SERVICES

NT Home Ownership

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

TABLE 5: NT Home Ownership performance against key deliverables

Key deliverables	2013–14 actual	2014–15 budget	2014–15 actual
Loan portfolio balance	$210.5M	$171M	$169.9M
Loan turnover rate	13.9%	17.0%	14.8%
Loan accounts in arrears greater than 30 days	2.0%	2.30%	1.13%
Average new loan amount	$87,058	$90,000	$83,069

Source: NT Home Ownership

There was a $40.6 million reduction in the average loan portfolio balance between 2013–14 and 2014–15. This was primarily due to an increase in the number of older and larger loans being repaid (through re-finance) and/or properties being sold, together with the change in the home lending program from 1 January 2013, which saw a marked reduction in the maximum value of new loans funded under the HomeBuild Access loan scheme.

The turnover rate of loans being repaid through re-financing and/or properties being sold increased slightly in 2014–15 to 14.8 per cent compared with 13.9 per cent in 2013–14.

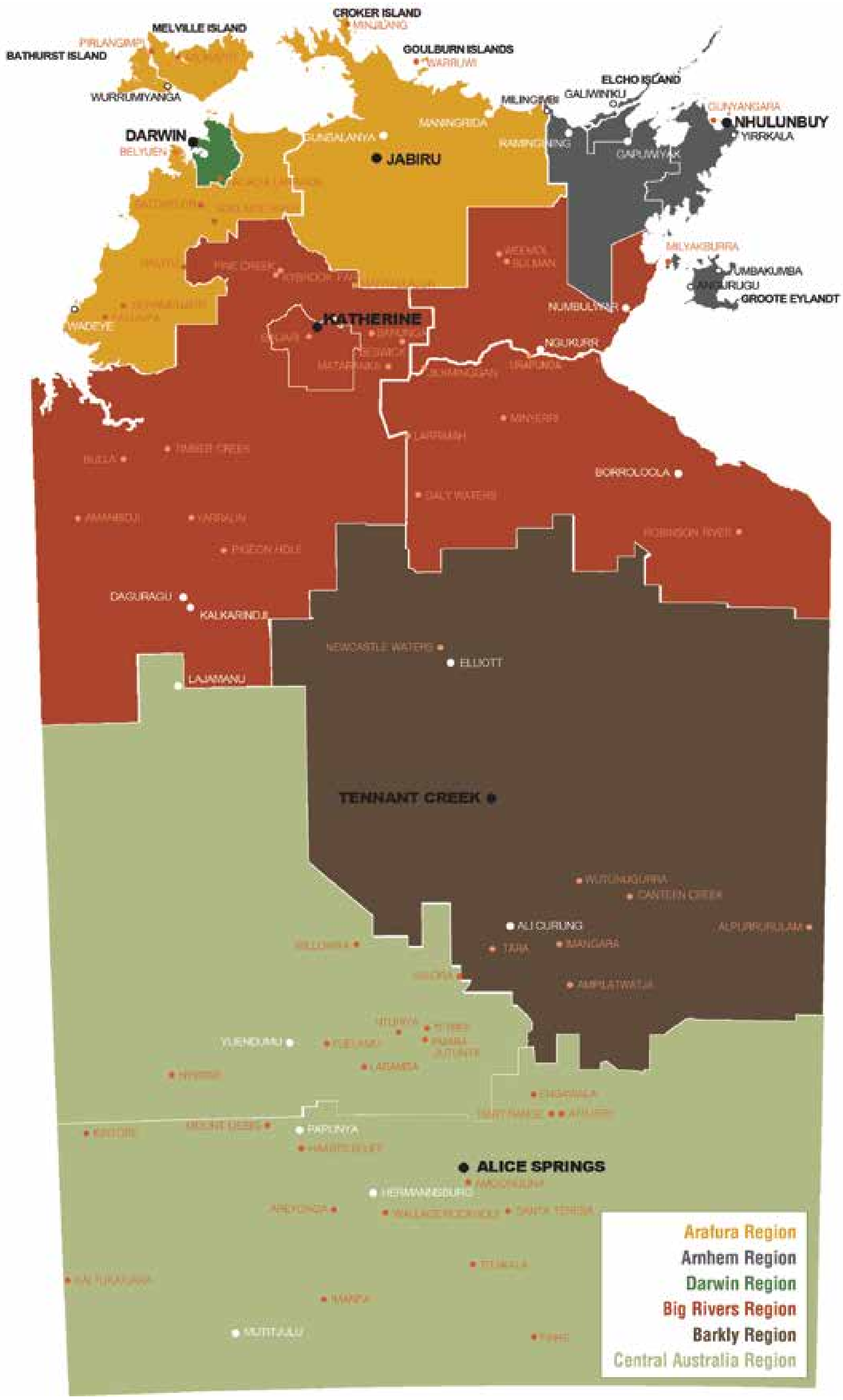
The turnover of loans was 2.2 per cent lower than forecasted, which reflects the slowing of the housing market in the Northern Territory.

3. REGIONAL FOCUS

REGIONAL FOCUS

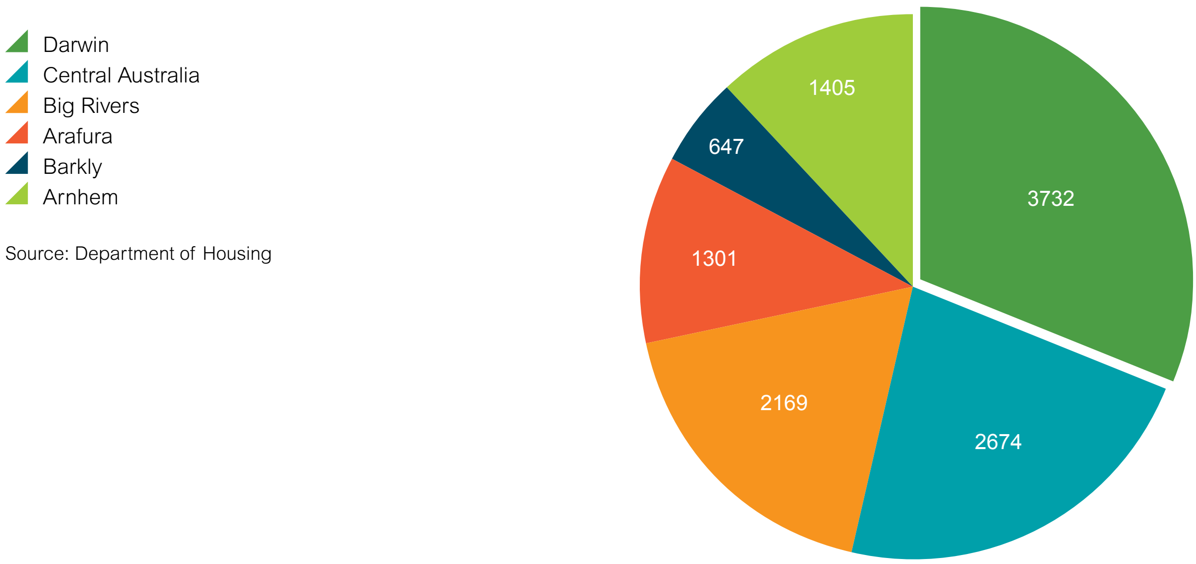
The Department of Housing delivers services across six regions and 73 communities of the Northern Territory. These regions are clustered into two larger divisions: Service Delivery North (Darwin, Arafura and Arnhem regions) and Service Delivery Central (Big Rivers, Barkly and Central Australia regions).

FIGURE 6: Department of Housing regional map at 30 June 2015



REGIONAL FOCUS

FIGURE 7: All Department of Housing dwellings by region, 2014–15



Source: Department of Housing

At 30 June 2015, there were 3732 dwellings in the Darwin region, which represents 31 per cent of all Department of Housing dwellings. The next highest number of Department dwellings were in the Central Australia region, with a total of 22 per cent of all dwellings, followed by the Big Rivers region with 18 per cent.

TABLE 6: New builds and upgrades completed in remote Indigenous communities in 2014–15 by region

Region	New builds	Upgrades
Darwin	0	0
Arafura	17	31
Arnhem	12	5
Big Rivers	6	0
Barkly	0	3
Central Australia	0	24
Total	**35**	**63**

Source: Department of Housing

Under the National Partnership Agreement on Stronger Futures in the Northern Territory and the National Partnership Agreement on Remote Indigenous Housing, the Department of Housing successfully undertook 35 new builds and 63 upgrades in remote Indigenous communities in 2014–15.

REGIONAL FOCUS

HOUSING STORY

Reflective house numbers show the way for Papunya community

For emergency services workers, finding the right house quickly can be a matter of life or death. Not only are house numbers often hard to see, high turnover in clinic and emergency services staff in remote communities means that responders can be unfamiliar with the area.

The problem has been solved in the Papunya community, which now has reflective house numbers painted on every community home.

Getting the sparkly numbers made and installed was a community project, with local police officer Constable Shane Blanchard the driving force.

To get the ball rolling, Shane met with Papunya community leaders and secured their support. He then visited Brian Turner, supervisor of the Remote Jobs in Community Projects (RJCP) Office, who agreed to take it on as a community project and provide paint, brushes and people to do the work.

Director of Housing, Alice Springs, Graeme Eatts, arranged for the Department of Corrections to make zinc backing plates to paint the numbers on and fastenings for attaching the plates to the houses.

The project took 10 litres of black paint, 10 litres of white paint, glass beading (to make the numbers twinkle), and paint brushes and rollers.

Glass beading works well on flat surfaces, such as when marking roads. The team had to conduct several trials to find the best way to get the beading onto a vertical surface without wasting too much beading.

The Department was impressed with this simple fix for a common problem, which was completed in September 2015.

Before...

After.

Some of the team who worked on this great initiative.

4.
OUR PEOPLE

WORKFORCE PROFILE

At 30 June 2015, the Department of Housing had 375.9 full-time equivalent (FTE) employees. This is 22.6 fewer FTE employees than 30 June 2014.

The decline in FTE employees last year was due to a combination of natural attrition and the reduction of positions. The closure of Stuart Lodge in Alice Springs on 31 January 2015 reduced the number of casual employees to zero and the transfer of 20 positions to the Department of Local Government and Community Services as part of the split of Corporate Services and discontinuation of the shard services arrangement that had been in place since September 2012 also reduced the overall number of positions.

At 30 June 2015, the average age of all employees was 42 years, with 69.3 per cent of employees aged below 50. A total of 27.6 per cent of Department employees were located outside the Darwin region.

Table 7: Department of Housing workforce snapshot summary 2013–14 and 2014–15

Number of employees	2013–14	2014–15
FTE equivalent	398.5	375.9
Part time	14.9	7.2
Ongoing (permanent)	333.3	310.4
Fixed period	60.5	65.5
Casual	4.7	0
Female	246.6	242.2
Indigenous	51	52.3

Source: Personnel Information Payroll System

WORKFORCE PROFILE

TABLE 8: Department of Housing number of full-time equivalent staff by classification at 30 June 2014 and 30 June 2015

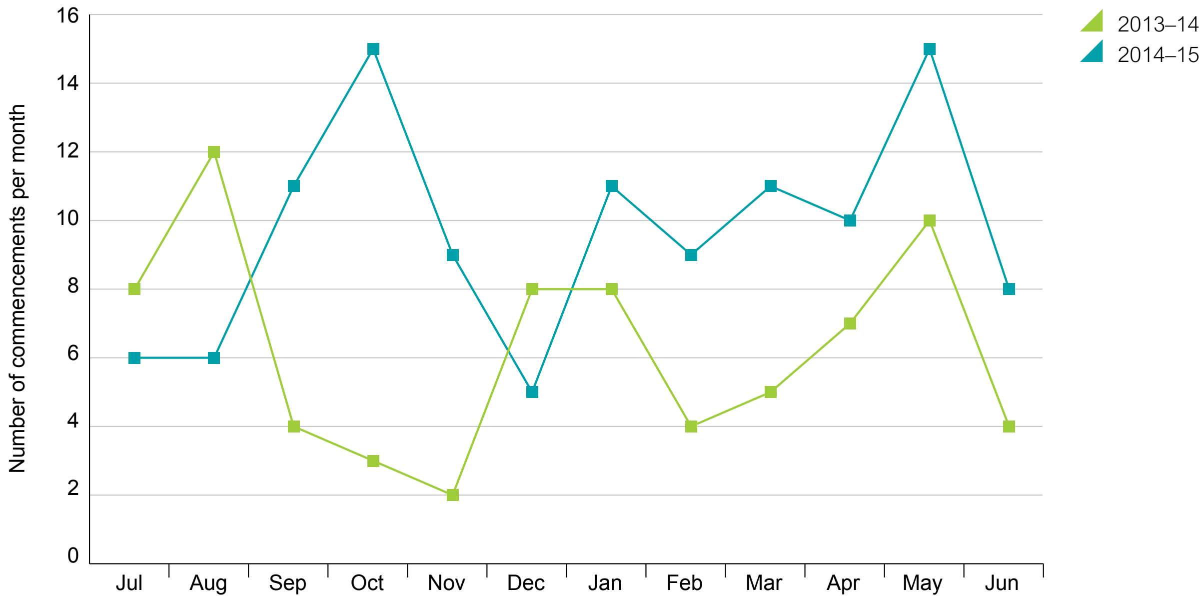
Classification	Full-Time Equivalent (FTE) staff as at 30 June 2014	Full-Time Equivalent (FTE) staff as at 30 June 2015
Physical 3	4.7	0.0
Adult Apprentice	2.0	0.0
Apprentice	2.0	1.0
School Based Apprentice	0.0	0.4
Graduate	3.0	2.0
Administrative Officer 2	17.5	22.6
Administrative Officer 3	32.0	25.4
Administrative Officer 4	64.8	60.1
Administrative Officer 5	79.2	84.8
Administrative Officer 6	31.0	33.0
Administrative Officer 7	40.5	41.8
Technical 5*	42.8	31.2
Technical 6*	3.0	1.0
Senior Professional 1	0.0	0.0
Senior Administrative Officer 1	29.8	34.3
Senior Administrative Officer 2	25.0	23.3
Executive Officer 2	1.0	0.0
Executive Contract Officer 1	8.0	4.0
Executive Contract Officer 2	9.0	8.0
Executive Contract Officer 3	1.0	1.0
Executive Contract Officer 4	1.0	1.0
Executive Contract Officer 5	1.0	1.0
Executive Contract Officer 6	0.0	0.0
Total	**398.5**	**375.9**

Source: Personnel Information Payroll System
*T5 and T6 reported incorrectly in 2013–14 Annual Report

WORKFORCE PROFILE

Commencements and separations

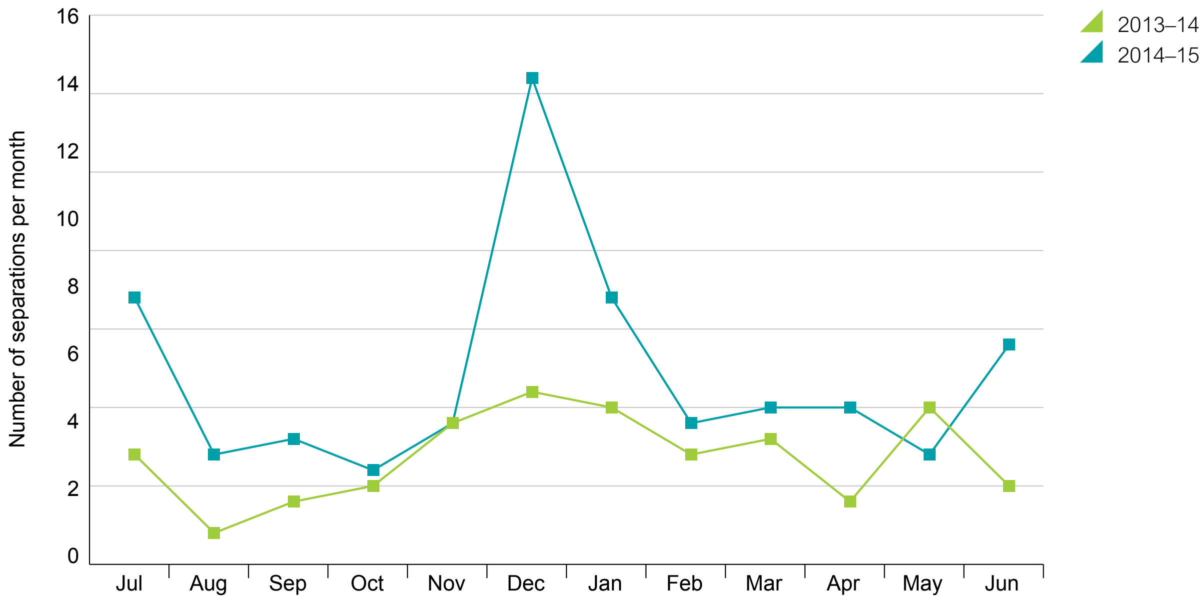
FIGURE 8: Department of Housing commencements in 2013–14 and 2014–15



The Department had an average of 9.7 commencements per month in 2014–15, compared to an average of six commencements per month in 2013–14.

There was an increase in average number of commencements for 2014–15 as a result of the Functional Alignment process. This process resulted in a reduction of Executive Contract Officer positions and the requirement to fill positions at their re-evaluated level.

FIGURE 9: Department of Housing separations in 2013–14 and 2014–15



There was an average of 11.8 staff separations per month in 2014–15, compared to an average of seven separations per month in 2013–14. There were a significant number of separations in December 2014 due to the transfer of 20 positions to the Department of Local Government and Community Services as part of the split of Corporate Services and discontinuation of the shared services arrangement that had been in place since September 2012.

RECOGNISING OUR EMPLOYEES

The Department of Housing is committed to recognising the achievements of our employees.

Recognition of service

In February and March 2015, the Department presented 52 employees with certificates of recognition to those who had completed 10 or more years of service at 31 December 2014.

Employee and team recognition

The Department of Housing Employee/Team of the Month award recognises outstanding employees and teams that embody the Department's standards for excellence, which are based on the Northern Territory Public Service values. Each individual and team received a certificate and trophy and their name was added to a larger inaugural trophy.

Employee of the month		Team of the month	
Name	**Date**	**Name**	**Date**
Ms Shantel Klarenbeek	July 2014	Nil	July 2014
Mr Steve Lyons	August 2014	Debt Management and Rebate team from Service Delivery North	August 2014
Ms Michelle Walker	September 2014	Executive Support team, Alice Springs	September 2014
Ms Amber Cameron-Hitchcock	October 2014	Alice Springs Public Housing Safety Officers	October 2014
Ms Sue Wright	November 2014	Call Centre team from Service Delivery North	November 2014
Mr Wayne Richards	December 2014	Human Resources	December 2014
Nil	January 2015	Nil	January 2015
Mr Julien Puig	February 2015	Big Rivers region	February 2015

The awards will be presented quarterly from 2015–16 to allow greater promotion, and increase involvement and participation from staff across the Territory.

DEVELOPING OUR CAPABILITY AND PERFORMANCE

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

Minister Peter Styles and Diandra Leong

Employment programs

The Department offers a range of employment pathways through the Northern Territory Public Sector Employment Programs initiative.

Apprenticeship program

Structured employment and training is provided to apprentices employed under this program. In 2014–15, the Department recruited one apprentice and one school-based apprentice in Darwin to undertake a Certificate III in Business Administration. At year end, two apprentices also remained with the Department and were continuing their studies under the program.

During 2014–15, two apprentices, Ms Tamika Tiedeman and Ms Diandra Leong, graduated with their Certificate III in Business Administration.

Indigenous Cadetship Support program

In 2014–15, the Department continued to support one cadet studying for a Bachelor of Laws through the Australian National University. The Indigenous Cadetship Support program assists Aboriginal and Torres Strait Islander employees to gain tertiary qualifications and ongoing employment with the Northern Territory Government. The Department provides a study allowance, book allowance and vacation employment during the academic break.

Ms Jemma Norris graduated with her Bachelor of Laws at the end of 2014 and joined the Commonwealth Government Solicitor in Canberra as a graduate in 2015.

Work Integrated Learning Scholarship program

During 2014–15, the Department continued to support one student studying for a Bachelor of Social Work under this program. The Work Integrated Learning Scholarship provides selected students at Charles Darwin University with a scholarship and paid employment during major academic breaks.

Graduate Development program

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

The three graduates employed in 2014 completed the program in early 2015. In February 2015, the Department also recruited two graduates with a Bachelor of Commerce and a Bachelor of Social Work.

2015 graduates Augustino Amon and Maria Laouris and apprentice Anita Turuta (middle) (absent: Kiara Munns).

DEVELOPING OUR CAPABILITY AND PERFORMANCE

Learning and development

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

TABLE 10: Department of Housing learning and development expenditure, 2013–14 and 2014–15

	2013–14	2014–15
FTE equivalent	398.5	375.9
Learning and development expenditure	$300,883	$478,143
Total employee expenditure	$40,648,889	$39,040,274
Learning and development expenses as a % of total employee expenditure	0.7%	1.2%
Average learning and development expenditure per employee (FTE)	$755	$1,272

Source: Personnel Information Payroll System and Government Accounting System

Training Committee

The Training Committee was formed in February 2014 to identify and review opportunities for staff training and development. Committee members are selected from all levels across the agency and ensure all staff have access to training opportunities that reflect business needs.

The committee reviewed 172 applications in 2014–15 for various training and development opportunities and were approved by the Chief Executive Officer.

Study assistance

The Department of Housing supports employees to increase their learning though formal studies in areas relevant to our core business. During 2014–15, 13 employees received study assistance and support through reimbursement of study fees and paid study leave to attend tutorials, lectures and examinations.

Approved courses undertaken by employees included:

- Bachelor of Information Technology
- Bachelor of Psychological Science
- Bachelor of Behavioural Science
- Bachelor of Environmental Science
- Graduate Diploma of Aboriginal and Torres Strait Islander Knowledges
- Bachelor of Health Science
- Graduate Certificate in Human Resources
- Bachelor of Laws
- CPA Professional Program
- Diploma of Management
- TRIM Administrator Training.

DEVELOPING OUR CAPABILITY AND PERFORMANCE

Charles Darwin University Academic Graduations

In May 2015, three staff undertaking tertiary study via the Department's study assistance program graduated from Charles Darwin University.

Housing Supply Project Officer Mr Wayne Wright has set the bar high when it comes to working full time and studying part time. Not only did he graduate with flying colours from Charles Darwin University with a Bachelor of Environmental Science (Environmental Management) in 2014–15, he was also awarded prizes during his studies. The most recent, the Chief Minister's Award for Outstanding Academic Achievement in Science, is the School of Environment's top academic prize.

Ms Meghan Chardon, Senior Organisational Development Consultant, Human Resources, graduated from Charles Darwin University in May 2015 with a Bachelor of Commerce, specialising in management.

Ms Rebecca Lambert, Division Support Officer in Corporate Services, graduated in May 2015 with a Bachelor of Psychological Science (Hons) from Charles Darwin University.

Kara Walker Director HR, Meghan Chardon and Karen Elligett, Executive Director Corporate Services.

Minister Bess Price and Wayne Wright.

DEVELOPING OUR CAPABILITY AND PERFORMANCE

Michael Mills, Jeremiah Larrwanbuy Baker, Charmaine Ryan and Dannie Green (absent: Paula Nichols).

Ms Roxanne Dulnoan from the Contracts Implementation team completed a Diploma of Project Management in 2015.

Certificate IV in Social Housing Graduation

In June 2015, five Department of Housing employees received their Certificate IV in Social Housing from Batchelor College.

It was a significant achievement for all five after years of dedicated study while working full time.

Office of the Commissioner for Public Employment training and development programs

The Department of Housing uses cross-government training and development programs provided by the Office of the Commissioner for Public Employment (OCPE). In 2014–15, seven employees participated in leadership development programs:

- Public Sector Management program
- Discovery – Women as Leaders program
- Executive Leadership program.

eRecruit and Whole of Government Simplified selection training

In conjunction with OCPE, the Department developed and implemented eRecruit and Whole of Government Simplified recruitment training for 79 employees in Darwin, Katherine and Alice Springs last year. The training provided practical systems instruction for the eRecruit program and whole-of-government training for selection panels on best-practice selection methods as set out in the OCPE Merit Selection Guide. All training conducted by the Department of Housing is recognised by OCPE.

Project Management training

The Department supported 24 employees in Darwin and Alice Springs to study for a Certificate IV in Project Management Practice. It also supported 13 employees in Darwin to undertake a Diploma of Project Management.

At year end, 20 employees had completed the Certificate IV in Project Management Practice and nine had completed the Diploma of Project Management.

Ms Roxanne Dulnoan from the Contracts Implementation team completed a Diploma of Project Management in 2015.

DEVELOPING OUR CAPABILITY AND PERFORMANCE

Emerging Leaders program

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

The Department supported 10 employees to undertake the program in 2014–15. A graduation ceremony was held on 22 June 2015, with eight employees receiving their Diploma of Management, which was presented by the Minister for Housing, The Honourable Bess Price MLA.

Graduates Jason Randall, Jealous Nesvinga, Alison Warwick, Mandy Thorneycroft, Jenny West and Colleen Gillam with Minister Bess Price (centre).

Contract Management training

From February to June 2015, the Department of Housing delivered Contract Management training to 153 employees and contractors, in five different locations across the Territory. The Department worked with the training provider to contextualise the training to the needs of the Department and its contractors. Contractors and Housing employees reported that the contextualised contract management training immediately resulted in better relationships between contractors and Housing staff members, increased repairs and maintenance service delivery, fewer complaints about services provided and, most importantly, in more confident and empowered employees, who have since training implemented processes to ensure best practice management of contracts that deliver quality services to Territorians.

Cross-cultural training

As part of our commitment to cultural awareness, the Department supported 136 employees to attend cross-cultural awareness training across all regional offices last year. The training gave participants a better understanding of the challenges, barriers and enablers in a culturally diverse environment.

Corporate induction

In February 2015, the Department reviewed and extended the existing induction program to a full-day induction to give new employees information about the history of the Department, its corporate plan, values, strategic direction and organisational structure. In February 2015, 43 employees from across the agency underwent the induction in person and by video conference.

Senior Leaders' Forum

In September 2014 and April 2015, the Department held the biennial Senior Leaders' Forum, which brought together staff at the SAO1 level and above for a half day for a range of collaborative and capacity-building activities.

2014 'People Matter' survey

The Department participated in the Northern Territory Public Sector 'People Matter' staff survey in early 2015 to understand employee satisfaction and engagement to determine gaps and future needs.

A total of 371 employees were invited to complete the survey, and 209 responses were received, a response rate of 56 per cent.

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

A debrief was held with senior executives after the survey along with staff focus groups to develop a response plan, which was submitted to OCPE.

DEVELOPING OUR CAPABILITY AND PERFORMANCE

Areas of focus identified in the OCPE response plan included:

- bullying
- work environment
- ethical practice
- leadership
- *Public Sector Employment and Management Act* employment principles
- Engagement.

As a result of a people matter survey the Department held focus groups to discuss results and consultative initiatives for improvements.

Promoting work-life balance

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

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

In 2014–15, the Department had in place 31 flexible working arrangements, including five home-based workplace arrangements.

Supporting staff through change

The following strategies were implemented in 2014–15 to help staff during phase 1 and 2 of the functional alignment:

- To enable staff to provide feedback and be consulted in this process, several committees were established:
  - The Department Union Consultative Committee, with staff and union representation, to assure the Chief Executive Officer that the change management process was implemented in a timely manner and in accordance with the enterprise agreement.
- A Chief Executive Officer's weekly newsletter was launched to give staff regular updates on the change process and which milestones were achieved.

Regular meetings were also held with the unions to communicate proposed changes, key aspects of the process and to seek advice about ways to support our staff.

TABLE 10: Department of Housing workforce profile summary, 2013–14 and 2014–15

Representation of equal employment opportunity groups	30 June 2014	30 June 2015	Variance
Women	62%	64.5%	2.5%
Aboriginal and Torres Strait Islander staff	12%	13.9%	1.9%
Staff from non-English-speaking backgrounds as a proportion of all staff	3%	4%	1%
People with disability as a proportion of all staff	2%	1.6%	-0.4%
Women in executive positions (SAO2 and above)*	54%*	58.7%	4.7%

Source: Personnel Information Payroll System
* reported incorrectly in 2013–14 annual report

DEVELOPING OUR CAPABILITY AND PERFORMANCE

At 30 June 2015, 13.9 per cent of Department of Housing staff self-identified as being Indigenous and 64.5 per cent of all staff were female. Women occupied 58.7 per cent of positions at the SAO2 level and above.

John Marcroy Tarce, Damien Hearn and Rosina Ross – Alice Springs Public Housing Safety Officers.

WORK HEALTH AND SAFETY

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

TABLE 12: Work health and safety incidents reported, 2013–14 and 2014–15

Incident type	2013–14	2014–15	Variance
Slips, trips and falls	7	7	0
Chemicals and substances	4	1	-3
Mental factors	6	1	-5
Body stressing	4	0	-4
Vehicle incidents	4	3	-1
Being hit by an object	5	6	1
Hitting an object	1	1	0
Hazard identification	3	2	-1
Biological factors	1	1	0
Environmental factors	0	2	2
Total	**35**	**24**	**-11**

Source: Department of Corporate and Information Services

WORK HEALTH AND SAFETY

The majority of work and safety incidents reported were found to be one-off events rather than indicative of systemic issues. A total of 16 incidents (or 64 per cent of all incidents) recorded occurred in the Darwin region.

A total of 143 days of 'lost time' (where the employee was unable to attend work), which related to five workers' compensation claims, were recorded for 2014–15.

The decrease in incidents attributable to mental factors from 2013–14 to 2014–15 may be indicative of under-reporting against this incident type. Reported staff interactions with difficult or aggressive clients also fall into this category. Improved staff understanding of work health and safety principles and greater awareness of the online incident reporting system may account for the increase in notifications.

The Department's proactive approach to work health and safety included extra comprehensive training.

Workers' compensation

There was one new workers' compensation claim to the Department of Housing in 2014–15, down from seven in 2013–14.

TABLE 12: Workers' compensation claims to the Department of Housing, 2013–14 and 2014–15

Workers' compensation	2013–14	2014–15
Open claims at the beginning of the report period (1 July)	5	3
New claims received, 1 July – 30 June	7	1
Claims resolved or closed off, 1 July – 30 June	7	2
Open claims at the end of the reporting period (30 June)	5	1

Source: Department of Corporate and Information Services

ADOPTION OF PUBLIC SECTOR MANAGEMENT PRINCIPLES

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

The Act requires agencies to report on how they have upheld the principles outlined in Part 1. The Department of Housing meets these principles, as outlined in Table 13.

TABLE 13: Adoption of Public Sector Management Principles

Public Sector Principles	Agency actions
Administration management	• The Department actively promotes the Northern Territory Public Sector values of commitment to service, ethical practice, respect, accountability, impartiality and diversity. • Staff are made aware of their obligations to provide effective, efficient and appropriate services through the Department's induction program and relevant administrative policies and procedures. • Management structures reflect and aim to maximise the functions and services of the agency. • The Department has financial, human resource and procurement delegations to ensure appropriate authority for key decision making and to facilitate enhanced accountability. • A performance development and management cycle promotes the clear definition of roles and responsibilities of all staff.
Human resource management	• The Department promotes working environments in which employees are treated fairly, reasonably and in a non-discriminatory way. • The Job Evaluation System is applied to ensure staff are remunerated at rates appropriate to their responsibilities. • Staff are provided with reasonable access to redress when adversely affected by improper or unreasonable decisions. • Recruitment of staff is based on merit and promoted through the Department of Housing's recruitment training policy and guidelines. • A range of training and development programs are offered to staff who identify as Indigenous as well as women and people with disabilities.
Performance and conduct	• Staff are made aware of their obligations as public service employees through the whole-of-agency induction program. • The Department implements a cycle of performance management and review to promote high performance and ensure staff receive professional development and support that align with their aspirations. • Appropriate standards and guidelines are applied in delivering and contracting housing services to the public. • Staff who display outstanding performance and conduct are recognised through a monthly employee awards program.

5. CORPORATE GOVERNANCE

GOVERNANCE AND ORGANISATIONAL STRUCTURE

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

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

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

GOVERNANCE AND ORGANISATIONAL STRUCTURE

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

<table>
<tr><th colspan="3">Chief Executive Officer</th></tr>
<tr><th>Strategic Governance and Supply</th><th>Corporate Services</th><th>Housing Operations</th></tr>
<tr>
<td>Key areas of delivery are:
Strategy, Governance and Government Relations
Provides strategic planning and review of housing programs, policy development, business intelligence, performance monitoring and reporting, strategic governance and risk management.
Housing Supply
Identifies opportunities to increase housing supply and promote home ownership through innovation and partnership with the private sector, strategic program development, asset maintenance and management.</td>
<td>Key areas of delivery are:
Corporate Services
Provides strategic advice and coordination for the development, implementation and delivery of financial and budget management, human resources, communication and stakeholder relations, information management, workplace health and safety, business systems and office management.</td>
<td>Key areas of delivery are:
Contract Implementation
Provides strategic oversight of procurement activity, and implements and manages contracts to maximise in-year program management and delivery.
Service Delivery
Provides a central coordination point between contractors and tenants of the Department, manages tenancies and properties, including eligibility assessments, allocation and inspection of dwellings, repairs and maintenance to dwellings and provides referrals to tenancy support programs.
Tenancy Support and Compliance
Implements and manages a range of housing support, compliance, intervention and public housing safety programs for tenants that aim to provide integrated housing responses aligned to housing objectives, policies and legislation.</td>
</tr>
</table>

MANAGEMENT AND ADVISORY COMMITTEES

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

Department Executive Group

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

Executive Leadership Team

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

Risk and Audit Committee

Supports the Chief Executive Officer in meeting her responsibilities under the Public Sector Employment and Management Act and helps improve the organisation's risk, control and compliance framework.

Procurement and Contract Management Committee

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

Information Management Governance Committee

Provides governance and direction about information management for the Department of Housing.

Training Committee

Identifies and reviews opportunities to invest in relevant, fair, transparent and valuable training and development of staff.

Policy Governance Group

Provides high-level strategic direction for policy development, review and implementation in line with legislation and departmental objectives.

Department and Union Consultative Committee

Provides a forum for consultation and negotiation between the Department and unions on matters of mutual concern.

AUDIT FINDINGS AND ACTIONS

A total of five external audits were conducted during 2014–15: three external audits for the Department of Housing and two external audits for NT Home Ownership. A total of seven findings were highlighted in the external audit reports received, and these will enhance the operations of the Department. At year end, work had commenced to implement the recommendations (below).

TABLE 15: Department of Housing external audits completed, 2014–15

Focus of audit	Findings and actions
Information Act – Privacy Principles (Office of Information Commissioner)	Final audit report yet to be received.
Compliance Audit – End of Year Review – Part B 2013–14 (NT Auditor General)	Two areas for improvement were noted. The Department worked with the Department of Treasury and Finance to address the findings related to calculating the value of remote lands under finance leases. The Department continues to work with the Department of Corporate and Information Services to ensure that whole-of-government asset systems meet the needs of the Department of Housing.
Agency Compliance Audit 2014–15 (NT Auditor General)	Three areas for improvement were noted. The Department continues to remind staff of their obligations in regard to procurement and will supplement this with training where resources permit. As a part of end-of-year processes, the contingent liability register will be amended to include additional information required and fixed asset anomalies identified will be reconciled.

TABLE 16: NT Home Ownership external audits completed, 2014–15

Focus of audit	Findings and actions
NT Home Ownership financial statement audit for year ending 30 June 2015 (NT Auditor General)	One area for improvement was noted, and the Department conducted further research into the appropriate accounting treatment for shared equity investments. NT Home Ownership conducted the research, which included consultation with other jurisdictions and the Department of Treasury and Finance. A revised policy was prepared and submitted to the Auditor General's authorised auditors for their interim financial statement audit 2014–15.
NT Home Ownership interim financial statement audit 2014–15 (NT Auditor General)	One area for improvement was noted, and the Department provided further information requested on the accounting treatment for shared equity investments (see above). The Auditor General advised that the policy will be reviewed as a part of the end-of-year financial statement audit.

LEGISLATIVE FRAMEWORK

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

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

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

- community and social housing
- government employee housing
- homelessness services
- Indigenous housing
- public housing.

RISK MANAGEMENT

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

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

During 2014–15, the Department of Housing continued to work towards enhanced risk management practices and a holistic approach to managing risk appropriately.

INSURANCE ARRANGEMENTS

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

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

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

TABLE 18: Department of Housing insurable risk categories and mitigation strategies, 2014–15

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

INSURANCE ARRANGEMENTS

TABLE 19: Department of Housing self-insured risks and claims, 2013–14 and 2014–15[1]

	Workers' compensation		Property and assets		Indemnity	
	2013–14	2014–15	2013–14	2014–15	2013–14	2014–15
Total value of claims	$109,780	$132,616	$0	$0	$0	$0
Number of claims	12	10	Nil	Nil	Nil	Nil
Average cost of claims	$9,148	$13,261	$0	$0	$0	$0

Source: Department of Corporate and Information Services
1 Data is current at a point in time only and does not reflect adjustments to claims that may occur in the future.

TABLE 20: Department of Housing commercially insured risks and claims, 2013–14 and 2014–15

Public liability	2013–14	2014–15
Total value of claims	$0	$0
Number of claims	Nil	Nil
Average cost of claims	$0	$0

Source: Department of Housing

During 2014–15, the Department had $51, 422 in approved public liability insurance premiums. There were no claims made under this policy during the reporting period.

TABLE 21: Department of Housing commercial insurance expenditure, 2013–14 and 2014–15

Insurance type	2013–14 Actual $	2014–15 Actual $
Public liability insurance	61,941	51,422
Total insurance expenses	**61,941**	**51,422**

Source: Department of Housing

THE *INFORMATION ACT* AND THE DEPARTMENT OF HOUSING

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

Access to information

Applications to access information held by the Department under the *Information Act* can be made through the Information Access unit by post (GPO Box 4621, Darwin NT 0801) or email: Infoact.dhsg@nt.gov.au.

More information on how to access government and/or personal information, or how to apply for correction of personal information, is available on the Department's website: http://www.housing.nt.gov.au/about_us/information-access

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

Access can be provided to one off or single documents, such as account balances or summaries, by contacting the Department of Housing office. On production of adequate identification, the document can be released to the individual. Only a person's own personal information
can be accessed through the informal process. All requests for government information must be applied for through the formal *Information Act* process.

Information requests

A total of 174 new information requests were made to the Department of Housing in 2014–15, an increase of five applications from the 2013–14 total of 169 (refer table 22). The majority of requests made in 2014–15 were to access personal information relating to tenancies, with the majority of these requests being from legal advocates and other organisations assisting clients to access their personal information.

TABLE 22: Information requests made to the Department of Housing, 2013–14 and 2014–15

Applications received under the *Information Act*	2013–14	2014–15
Applications completed 1 July to 30 June	171	174
Accepted applications outstanding at 2012–13	2	0
Applications to access personal information	153	159
Applications to access government information	2	7
Applications to access government and personal information (mixed application)	14	8
Total applications received 1 July 2014 to 30 June 2015	**169**	**174**

Source: Department of Housing

THE *INFORMATION ACT* AND THE DEPARTMENT OF HOUSING

TABLE 23: Outcome of information requests to the Department of Housing, 2013–14 and 2014–15

Outcome of applications processed	2013–14	2014–15
Accepted applications withdrawn	10	10
Unaccepted applications	0	2
Applications completed within 30 days	159	160
Applications completed in more than 30 days	2	1
Open applications at end of period	0	1
Total applications completed 1 July to 30 June	**171**	**174**

Source: Department of Housing

6. FINANCIAL STATEMENTS

DEPARTMENT OF HOUSING

DEPARTMENT OF HOUSING FINANCIAL STATEMENT OVERVIEW FOR THE YEAR ENDED 30 JUNE 2015

The Department of Housing (the Department) is committed to providing safe, secure and affordable housing to Territorians most in need.

The Department manages over 11,928 dwellings across the Territory's urban, regional and remote areas. The Department's output groups are Territory Housing Services and Corporate and Governance. Refer to Note 3 in the Financial Statements for financial reporting of output groups.

The Department provides support to Territorians across a continuum from homelessness, supported accommodation, public housing, affordable housing, and into the private rental market and home ownership.

Summary of financial performance

The decrease in the budgeted deficit between the budget and final revised budget for 2014–15 was primarily due to the revised timing of the provision of dwellings to Venture Housing and the cessation of shared corporate services with the Department of Local Government and Community Services.

The Department's 2014–15 deficit of $108.7 million compares to the final revised budget deficit of $99.03 million. The increase in the deficit of $9.67 million is the net result of income being $19.27 million higher than budgeted, and the expenses exceeding budget by $28.94 million.

The improved income is largely the result of higher than estimated rent revenue, and recoveries of unbudgeted Government Employment Housing costs from user agencies.

The expenditure result is mainly due to the impact of non-cash items associated with the write-off of works in progress and infrastructure assets that could not be recognised as assets in the balance sheet in accordance with accounting policy.

Comparative summary of budgeted and actual income and expenditure 2014–15.

Source: Department of Housing 2014–15 financial statements and 2014–15 and 2015–16 Budget papers

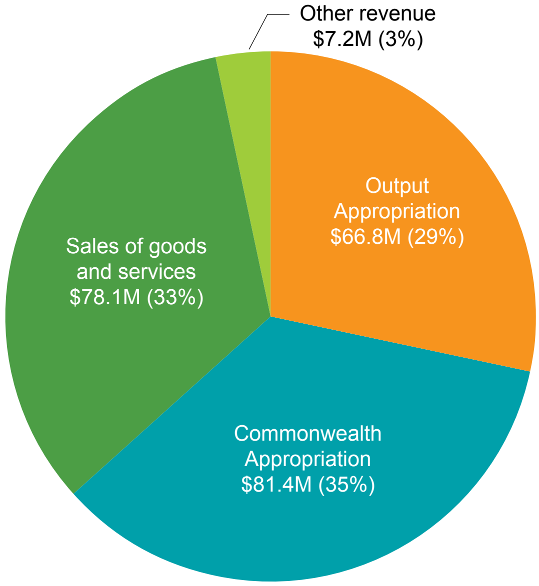
DEPARTMENT OF HOUSING FINANCIAL STATEMENT OVERVIEW FOR THE YEAR ENDED 30 JUNE 2015

Operating Income

Total operating income for 2014–15 was $233.5 million. This is largely comprised of Commonwealth and output appropriation. Sales of goods and services of $78.1 million mainly from public housing rents, also contributed substantially to the department's income. The decrease of $23.8 million in income between the 2013–14 and the 2014–15 financial years is primarily due to reductions in Commonwealth appropriation funding and Grants and subsidies income.

Operating income profile 2014–15

Source: Department of Housing 2014–15 financial statements



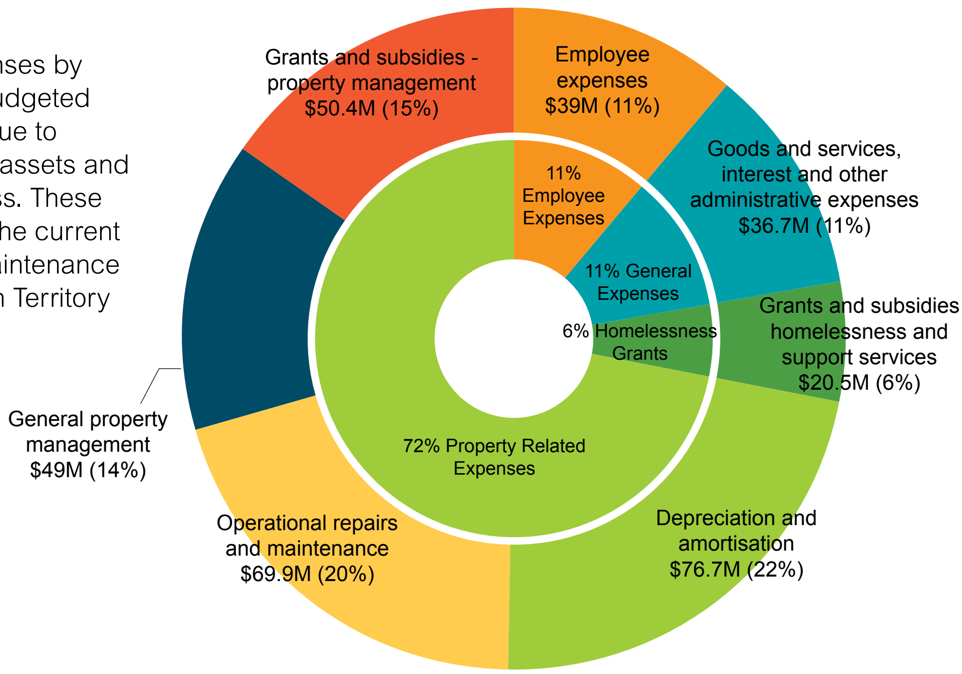
Operating Expenses

Operating expenses for the Department of Housing for 2014–15 totalled $342.2 million. Property related expenditure accounts for some 72% of all expenditure.

The increase in operating expenses by $28.9 million over the revised budgeted expenses of $313.2 million, is due to de-recognition of infrastructure assets and the write-off of works in progress. These assets have been expensed in the current financial year as repairs and maintenance in accordance with the Northern Territory Government Accounting Policy.

Operating expenses profile 2014–15

Source: Department of Housing 2014–15 financial statements



DEPARTMENT OF HOUSING FINANCIAL STATEMENT OVERVIEW FOR THE YEAR ENDED 30 JUNE 2015

Balance Sheet - Assets

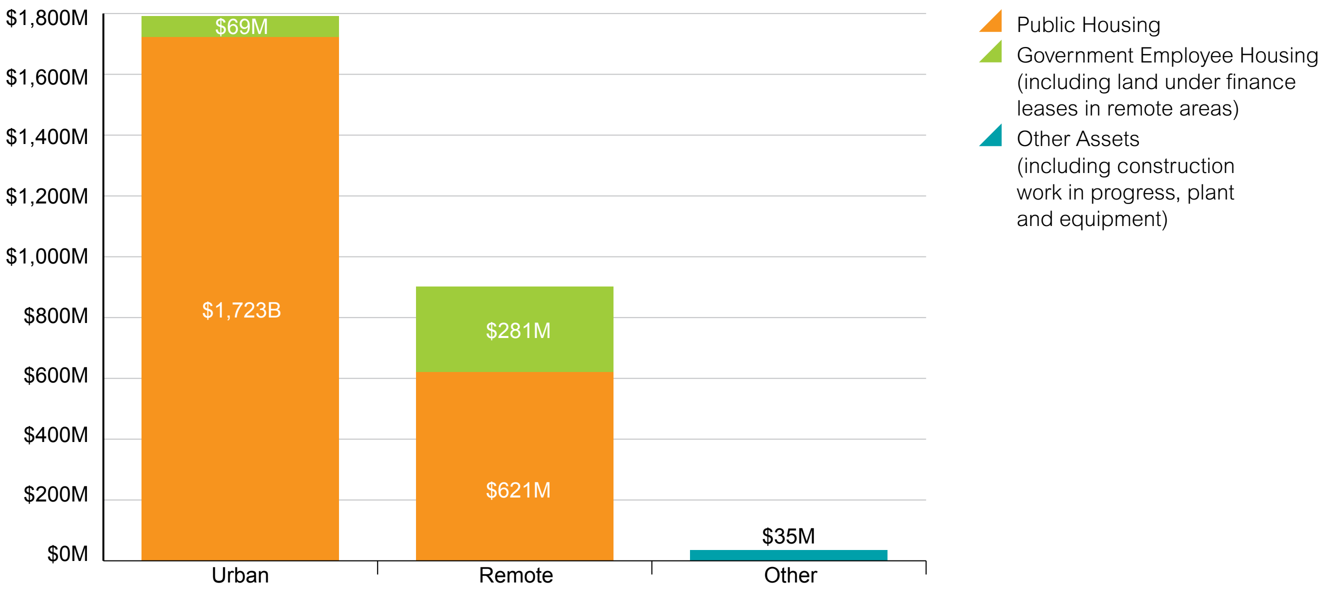
The Balance Sheet shows the Department's financial position. The Department held assets totalling $2.7 billion at 30 June 2015.

The Department's assets are substantially comprised of urban public housing ($1.7 billion), and remote public housing ($621 million).

Government Employee Housing is valued at $350 million, with $69 million in urban areas and $281 million in remote areas. Remote government employee housing includes $17.1 million in land under finance lease.

The fair value of urban public housing assets has declined slightly from 2013–14 in line with current property market trends ($0.6M).

Asset portfolio 2014–15



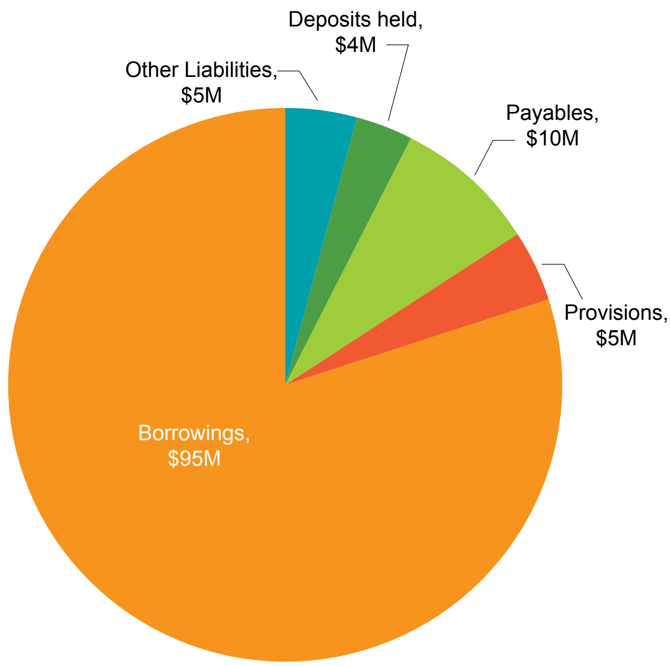
Source: Department of Housing 2014–15 financial statements

Balance Sheet - Liabilities

The Department's liabilities at as at 30 June 2015 total $119 million comprising monies held in trust (tenant security bonds), payables, provisions and advances and finance lease liabilities.

Liabilities 2014–15

Source: Department of Housing 2014–15 financial statements



DEPARTMENT OF HOUSING FINANCIAL STATEMENT OVERVIEW FOR THE YEAR ENDED 30 JUNE 2015

Statement of Cash Flows

The Statement of Cash Flows represents cash received and applied during the year from operating, investing and financing activities. The table below summarises the movement of cash over the 2014–15 year.

In comparison to the budgeted result, the cash position at the end of 2014–15 is $8.41 million better than budgeted. This result is mainly due to delays in the provision of dwellings to Venture Housing.

The Department invested $83 million in housing assets for the financial year.

Comparative summary of cash flow 2013–14 and 2014–15

	2014–15 Budget $M	**2014–15 Actual** $M	**Budget vs actual 2014–15** $M
Cash at Beginning of reporting period	79.21	79.21	-
Net Cash from operating activities	-2.47	8.46	10.93
Net Cash from investing activities	-71.42	-59.02	12.40
Net Cash from financing activities	106.22	91.30	-14.92
Cash at end of reporting period	111.54	119.95	8.41

Source: Department of Housing 2014–15 financial statements and 2014–15 and 2015–16 Budget papers

CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached financial statements for the Department of Housing have been prepared from proper accounts and records in accordance with the prescribed format, the *Financial Management Act* and Treasurer's Directions.

We further state that the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2015 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.

LEAH CLIFFORD
Chief Executive Officer

31 August 2015

KEN TINKHAM
Chief Financial Officer

31 August 2015

COMPREHENSIVE OPERATING STATEMENT

For the year ended 30 June 2015

	Note	2015 $000	2014 $000
INCOME			
Grants and subsidies revenue			
Current		953	6 152
Capital		-	5 105
Appropriation			
Output		66 790	69 384
Commonwealth		81 382	89 753
Sales of goods and services		78 067	77 356
Goods and services received free of charge	4	5 157	6 478
Gain on disposal of assets	5	935	314
Asset impairment gain	11	-	173
Other income		172	1 416
TOTAL INCOME	3	**233 456**	**256 131**
EXPENSES			
Employee expenses		39 040	40 649
Administrative expenses			
Purchases of goods and services	6	11 320	16 490
Repairs and maintenance	7	69 883	101 264
Property management		48 958	46 495
Depreciation and amortisation	11	76 706	84 025
Asset expenses	8	560	5 422
Other administrative expenses		13 748	6 401
Grants and subsidies expenses			
Current		68 787	67 286
Capital		-	8 820
Community service obligations		2 137	677
Interest expenses	19	11 024	11 130
TOTAL EXPENSES	3	**342 163**	**388 659**
NET (DEFICIT)		**(108 707)**	**(132 528)**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to net surplus/deficit			
Changes in asset revaluation surplus	11	644	(20 671)
TOTAL OTHER COMPREHENSIVE INCOME		**644**	**(20 671)**
COMPREHENSIVE RESULT		**(108 063)**	**(153 199)**

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

BALANCE SHEET

For the year ended 30 June 2015

	Note	2015 $000	2014 $000
ASSETS			
Current Assets			
Cash and deposits	9	119 949	79 206
Receivables	10	12 100	11 615
Prepayments		1 246	864
Total Current Assets		**133 295**	**91 685**
Non-Current Assets			
Receivables	10	6 250	-
Property, plant and equipment	11, 12	2 711 670	2 770 784
Land under finance lease	11	17 151	16 694
Total Non-Current Assets		**2 735 071**	**2 787 478**
TOTAL ASSETS		**2 868 366**	**2 879 163**
LIABILITIES			
Current Liabilities			
Payables	13	9 837	4 394
Borrowings and advances	14	1 959	1 705
Provisions	15	4 123	4 561
Deposits held	16	280	260
Other liabilities	16	4 568	4 151
Total Current Liabilities		**20 767**	**15 071**
Non-Current Liabilities			
Deposits held	16	4 187	3 713
Borrowings and advances	14	92 911	94 576
Provisions	15	1 187	1 590
Total Non-Current Liabilities		**98 285**	**99 879**
TOTAL LIABILITIES		**119 052**	**114 950**
NET ASSETS		**2 749 314**	**2 764 213**
EQUITY			
Capital		1 617 020	1 523 856
Asset revaluation reserve	17	1 228 595	1 932 123
Accumulated funds		(96 301)	(691 766)
TOTAL EQUITY		**2 749 314**	**2 764 213**

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 2015

	Note	Equity at 1 July $000	Comprehensive result $000	Transactions with owners in their capacity as owners $000	Equity at 30 June $000
2014–15					
Accumulated Funds		(691 766)	(108 707)	-	(800 473)
Transfers from reserves		-	704 172	-	704 172
		(691 766)	**595 465**	**-**	**(96 301)**
Asset revaluation reserve	**17**	1 932 123	644	-	1 932 767
Transfers to Accumulated Funds		-	(704 172)	-	(704 172)
		1 932 123	**(703 528)**	**-**	**1 228 595**
Capital – Transactions with Owners		1 523 856	-	-	1 523 856
Equity injections					
Capital appropriation		-	-	3 317	3 317
Equity transfers in		-	-	459	459
Other equity injections		-	-	30 158	30 158
National partnership payments		-	-	59 230	59 230
Equity withdrawals					
Capital withdrawal		-	-	-	-
Equity transfers out		-	-	-	-
		1 523 856	**-**	**93 164**	**1 617 020**
Total Equity at End of Financial Year		**2 764 213**	**(108 063)**	**93 164**	**2 749 314**
2013–14					
Accumulated Funds		(559 238)	(132 528)	-	(691 766)
		(559 238)	**(132 528)**	**-**	**(691 766)**
Asset revaluation reserve	**17**	**1 952 794**	**(20 671)**	**-**	**1 932 123**
Capital – Transactions with Owners		1 376 910	-	-	1 376 910
Equity injections					
Capital appropriation		-	-	223	223
Equity transfers in		**-**	**-**	146	146
Other equity injections		-	-	70 000	70 000
National partnership payments		-	-	76 577	76 577
Equity withdrawals					
Capital withdrawal		-	-	-	-
Equity transfers out		-	-	-	-
		1 376 910	**-**	**146 946**	**1 523 856**
Total Equity at End of Financial Year		**2 770 466**	**(153 199)**	**146 946**	**2 764 213**

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 2015

	Note	2015 $000	2014 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Receipts			
Grants and subsidies received			
Current		953	6 152
Capital		-	5 105
Appropriation			
Output		66 790	69 384
Commonwealth		81 382	89 753
Receipts from sales of goods and services		65 961	74 512
Total Operating Receipts		**215 086**	**244 906**
Operating Payments			
Payments to employees		(39 810)	(40 958)
Payments for goods and services		(84 864)	(127 604)
Grants and subsidies paid			
Current		(68 787)	(67 286)
Capital		-	(8 820)
Community service obligations		(2 137)	(677)
Interest paid		(11 024)	(11 130)
Total Operating Payments		**(206 622)**	**(256 475)**
Net Cash From/(Used in) Operating Activities	18	**8 464**	**(11 569)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing Receipts			
Proceeds from asset sales	5	23 487	13 184
Total Investing Receipts		**23 487**	**13 184**
Investing Payments			
Purchases of assets		(82 505)	(154 647)
Total Investing Payments		**(82 505)**	**(154 647)**
Net Cash Used in Investing Activities		**(59 018)**	**(141 463)**

CASH FLOW STATEMENT

For the year ended 30 June 2015

	Note	2015 $000	2014 $000
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing Receipts			
Deposits received		494	628
Equity injections			
Capital appropriation		3 317	223
Commonwealth appropriation		59 230	76 577
Other equity injections		30 158	70 000
Total Financing Receipts		**93 199**	**147 428**
Financing Payments			
Repayment of borrowings		(1 549)	(1 363)
Finance lease payments		(353)	(34)
Total Financing Payments		**(1 902)**	**(1 397)**
Net Cash From Financing Activities		**91 297**	**146 031**
Net increase/(decrease) in cash held		40 743	(7 001)
Cash at beginning of financial year		79 206	86 207
CASH AT END OF FINANCIAL YEAR	9	**119 949**	**79 206**

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 2015

INDEX OF NOTES TO THE FINANCIAL STATEMENTS

Note

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

1. OBJECTIVES AND FUNDING

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

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

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

- Territory Housing Services
- Corporate and Governance

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

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

(i) a Certification of the Financial Statements;

(ii) a Comprehensive Operating Statement;

(iii) a Balance Sheet;

(iv) a Statement of Changes in Equity;

(v) a Cash Flow Statement; and

(vi) applicable explanatory notes to the financial statements.

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

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

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

AASB 10 Consolidated Financial Statements, AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities
AASB 10 requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in AASB 127 *Consolidated and Separate Financial Statements*. The standard does not impact the financial statements.

AASB 11 Joint Arrangements
AASB 11 replaces AASB 131 *Interests in Joint Ventures*. It requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations, and then account for those rights and obligations in accordance with that type of joint arrangement. The standard does not impact the financial statements.

AASB 12 Disclosure of Interests in other Entities, AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities
AASB 12 requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. The standard does not impact the financial statements.

AASB 1031 Materiality (2013), AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments, AASB 2014-1 Amendments to Australian Accounting Standards (Part C – Materiality)
Revised AASB 1031 is an interim standard that cross-references to other standards and the *Framework for the Preparation and Presentation of Financial Statements* that contain guidance on materiality. The standard does not impact the financial statements.

AASB 1055 Budgetary Reporting
AASB 1055 sets out budgetary reporting requirements for not-for-profit entities within the General Government Sector. The required disclosures comprise a separate note accompanying the financial statements.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]
The standard addresses inconsistencies in current practice when applying the offsetting criteria in AASB 132 *Financial Instruments: Presentation*. The standard does not impact the financial statements.

AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
The amendments to AASB 136 *Impairment of Assets* address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The standard does not impact the financial statements.

AASB 2014-1 Amendments to Australian Accounting Standards (Part A – Annual Improvements 2010-2012 and 2011-2013 Cycles)
Part A of the standard makes amendments to various Australian Accounting Standards (AASB 2, 3, 8, 9, 13, 116, 119, 124, 137, 138, 139, 140 and 1052 and Interpretation 129) arising from the issuance by IASB of IFRSs *Annual Improvements to IFRS 2010-2012 Cycle* and *Annual Improvements to IFRSs 2011-2013 Cycle*. The standard does not impact the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

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

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

Standard/Interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 9 *Financial Instruments (Dec 2014)*, AASB 2014-1 *Amendments to Australian Accounting Standards (Part E – Financial Instruments)*, AASB 2014–7 *Amendments to Australian Accounting Standards arising from AASB 9 (Dec 2014)*	The final version of AASB 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. This version adds a new expected loss impairment model and limited amendments to classification and measurement for financial assets.	1 Jan 2018	Not expected to have a material impact on future reporting periods
AASB 15 *Revenue from Contracts with Customers*, AASB 2014–5 *Amendments to Australian Accounting Standards arising from AASB 15*	AASB 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It replaces several Standards and Interpretations, including AASB 111 *Construction Contracts*, AASB 118 *Revenue*, Interpretation 15 *Agreements for the Construction of Real Estate*, and Interpretation 18 *Transfers of Assets from Customers*.	1 Jan 2017	Not expected to have a material impact on future reporting periods
AASB 2014–4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 and 138]*	Amends AASB 116 *Property, Plant and Equipment* and AASB 138 *Intangible Assets* to provide additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated.	1 Jan 2016	Not expected to have a material impact on future reporting periods
AASB 2014–6 *Amendments to Australian Accounting Standards – Agriculture: Bearer Plants [AASB 101, 116, 117, 123, 136, 140 and 141]*	Biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with AASB 116 *Property, Plant and Equipment*, instead of AASB 141 *Agriculture*.	1 Jan 2016	Not expected to have a material impact on future reporting periods

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Standard/Interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 and 140]*	Amends a number of pronouncements as a result of the IASB's 2012-2014 annual improvements cycle.	1 Jan 2016	Not expected to have a material impact on future reporting periods
AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 and 1049]*	Includes narrow-focus amendments to address concerns about existing presentation and disclosure requirements, and to ensure entities are able to use judgement when applying a standard in determining what information to disclose.	1 Jan 2016	Not expected to have a material impact on future reporting periods
AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 and 1049]*	Extends the scope of AASB 124 Related Party Disclosures to not-for-profit public sector entities.	1 July 2016	Not expected to have a material impact on future reporting periods

c) Agency and Territory Items

The financial statements of Department of Housing include income, expenses, assets, liabilities and equity over which the Department of Housing has control (Agency items). Certain items, while managed by the agency, are controlled and recorded by the Territory rather than the agency (Territory items). Territory items are recognised and recorded in the Central Holding Authority as discussed below.

Central Holding Authority

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

The Central Holding Authority recognises and records all Territory items, and as such, these items are not included in the agency's financial statements. The Department of Housing does not collect any Territory Items on behalf of the Central Holding Authority.

d) Comparatives

Where necessary, comparative information for the 2013–14 financial year has been reclassified to provide consistency with current year disclosures.

e) Presentation and Rounding of Amounts

Amounts in the financial statements and notes to the financial statements are presented in Australian dollars and have been rounded to the nearest thousand dollars, with amounts of $500 or less being rounded down to zero.

f) Changes in Accounting Policies

There have been no changes to accounting policies adopted in 2014–15 as a result of management decisions.

g) Accounting Judgments and Estimates

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

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

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

- Employee Benefits – Note 2(t) and Note 15: Non-current liabilities in respect of employee benefits are measured as the present value of estimated future cash outflows based on the appropriate Government bond rate, estimates of future salary and wage levels and employee periods of service.
- Contingent Liabilities – Note 21: The present value of material quantifiable contingent liabilities are calculated using a discount rate based on the published 10-year Government bond rate.
- Allowance for Impairment Losses – Note 2(p), Note 10: Receivables Financial Instruments. The allowance represents debts that are likely to be uncollectible and are considered doubtful. Debtors are grouped according to their aging profile and history of previous financial difficulties.
- Depreciation and Amortisation – Note 2(k), Note 11: Property, Plant and Equipment.

h) Goods and Services Tax

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

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

i) Income Recognition

Income encompasses both revenue and gains.

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

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

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

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

Commonwealth appropriation follows from the Intergovernmental Agreement on Federal Financial Relations, resulting in Specific Purpose Payments (SPPs) and National Partnership (NP) payments being made by the Commonwealth Treasury to state treasuries, in a manner similar to arrangements for GST payments. These payments are received by the Department of Treasury and Finance on behalf of the Central Holding Authority and then on passed to the relevant agencies as Commonwealth appropriation.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

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

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

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

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

j) Repairs and Maintenance Expense

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

k) Depreciation and Amortisation Expense

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

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

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

	2015	2014
Urban dwellings	50 years	50 years
GEH(a) remote area dwellings	40 years	40 years
NPARIH(b) funded remote area dwellings	30 years	30 years
Rebuilds on pre-existing remote dwellings	10 years	10 years
Leased building upgrades	Remaining period of lease	Remaining period of lease
Infrastructure	N/A	Remaining period of lease
Plant and equipment	5 years	5 years
Land under finance lease	Remaining period of lease	Remaining period of lease

Note: (a) Government employee housing (GEH)
(b) National Partnership Agreement on Remote Indigenous Housing (NPARIH)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

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

l) Interest Expense

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

m) Cash and Deposits

For the purposes of the Balance Sheet and the Cash Flow Statement, cash includes cash on hand, cash at bank and cash equivalents. Cash equivalents are highly liquid short-term investments that are readily convertible to cash. Cash at bank includes monies held in the Accountable Officer's Trust Account (AOTA) that are ultimately payable to the beneficial owner – refer also to Note 23.

n) Receivables

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

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

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

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

o) Property, Plant and Equipment

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Construction (Work in Progress)

Rental dwellings

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

Acquisitions

Constructed rental dwellings, upgrading costs and minor capital works carried out on existing rental dwellings are recorded at their expended completed contract price, including tendering costs, contract management and supervision fees and all fees and charges relating to construction as property assets. Rental dwelling contracts not completed at 30 June 2015 are stated as works in progress.

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

Demolitions/gifts

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

Sales

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

Infrastructure

Previously expenditure on completed infrastructure in remote communities was recognised as an asset by the Department of Housing, pending transfer to appropriate controlling authority. Transfers have not been negotiated and these works have been ascertained to not represent assets for the Department of Housing as they do not meet the recognition requirements of an asset under AASB 116. These assets have been expensed in the current financial year.

Leased Office Accommodation

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

p) Revaluations and Impairment

Revaluation of Assets

Department of Housing revalues the following class of assets;

- Urban rental dwellings
- GEH remote rental dwellings
- NPARIH remote rental dwellings

Subsequent to initial recognition, assets belonging to these 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. All revaluations completed have been endorsed by the Northern Territory Valuer General.

Fair value is the estimate of the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. NPARIH remote rental dwellings and Infrastructure held by the agency have not been revalued by the agency during the year ended 30 June 2015.

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

The unique nature and condition of remote legacy dwellings precludes reliable measurement. Such assets have not been recognised in the financial statements.

Urban rental dwellings
An independent valuation of urban rental dwellings was completed at 30 June 2015 by Territory Property Consultants Pty Ltd, the results of which are reflected in these financial statements. The basis for the valuation of urban rental dwellings is that of 'fair value' being the estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. The agency has adopted the policy of revaluing its urban rental dwellings every year to ensure that the carrying amount does not differ materially from their fair value at reporting date. Urban rental dwellings consist of land, houses, flat complexes and interest in body corporate.

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

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

GEH remote rental dwellings
Territory Property Consultants Pty Ltd completed an independent valuation of the GEH remote rental dwellings at 30 June 2015, the results of which are reflected in these financial statements. The agency has adopted the policy of revaluing its remote rental dwellings at 30 June each year. GEH remote rental dwellings are measured on the basis of 'fair value' using the replacement cost methodology. The useful lives of all remote rental dwellings are also reassessed at the time of valuation.

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

Infrastructure
Infrastructure assets were measured on the basis of 'fair value' using the replacement cost methodology.

Previously expenditure on completed infrastructure in remote communities was recognised as an asset by the Department of Housing, pending transfer to appropriate controlling authority. Transfers have not been negotiated and these works have been ascertained to not represent assets for the Department of Housing as they do not meet the recognition requirements of an asset under AASB 116. These assets have been expensed in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Impairment of Assets

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

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

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

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

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

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

q) Assets Held for Sale

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

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

r) Leased Assets

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

Finance Leases

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

Lease payments are allocated between the principal component of the lease liability and the interest expense.

The Department of Housing holds long-term leases of Aboriginal land for remote government employee housing.

Operating Leases

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

s) Payables

Liabilities for accounts payable and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the agency. Accounts payable are normally settled within 30 days.

t) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries and recreation leave. Liabilities arising in respect of wages and salaries, recreation leave and other employee benefit liabilities that fall due within twelve months of reporting date are classified as current liabilities and are measured at amounts expected to be paid. Non-current employee benefit liabilities that fall due after twelve months of the reporting date are measured at present value, calculated using the Government long-term bond rate.

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

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

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

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

u) Superannuation

Employees' superannuation entitlements are provided through the:

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

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

v) Contributions by and Distributions to Government

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

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

w) Commitments

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

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

x) Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognised on the Balance Sheet when the agency becomes a party to the contractual provisions of the financial instrument. The agency's financial instruments include cash and deposits; receivables; advances; investments loan and placements; payables; advances received; borrowings and derivatives.

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

Classification of Financial Instruments

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

Financial assets are classified into the following categories:

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

Financial liabilities are classified into the following categories:

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

Financial Assets or Financial Liabilities at Fair Value through Profit or Loss

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

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

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

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

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

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

Loans and Receivables
For details refer to Note 2 (n).

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

Financial Liabilities at Amortised Cost
Amortised cost is calculated using the effective interest method.

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

Derivatives are initially recognised at fair value on the date a derivative contract is entered in to and are subsequently 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.

Note 19 provides additional information on financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

y) Fair Value Measurement

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

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

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

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

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

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

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

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

Level 3 – inputs are unobservable.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

3. COMREHENSIVE OPERATING STATEMENT BY OUTPUT GROUP

	Note	Territory Housing Services 2015 $000	Territory Housing Services 2014 $000	Corporate and Governance 2015 $000	Corporate and Governance 2014 $000	Total 2015 $000	Total 2014 $000
INCOME							
Grants and subsidies revenue							
Current		946	6 152	7	-	953	6 152
Capital		-	5 105	-	-	-	5 105
Appropriation							
Output		56 083	61 527	10 707	7 857	66 790	69 384
Commonwealth		81 382	89 753	-	-	81 382	89 753
Sales of goods and services		78 067	74 588	-	2 768	78 067	77 356
Goods and services received free of charge	4	4 972	6 261	185	217	5 157	6 478
Gain on disposal of assets	5	935	314	-	-	935	314
Asset impairment gain	11	-	173	-	-	-	173
Other income		57	1 324	115	92	172	1 416
TOTAL INCOME		**222 442**	**245 197**	**11 014**	**10 934**	**233 456**	**256 131**
EXPENSES							
Employee expenses		32 336	33 649	6 704	7 000	39 040	40 649
Administrative expenses							
Purchases of goods and services	6	8 662	13 408	2 658	3 082	11 320	16 490
Repairs and maintenance	7	69 669	101 088	214	176	69 883	101 264
Property management		47 707	46 128	1 251	367	48 958	46 495
Depreciation and amortisation	11	75 900	83 020	806	1 005	76 706	84 025
Asset expenses	8	560	5 422	-	-	560	5 422
Other administrative expenses		13 561	6 184	187	217	13 748	6 401

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

3. COMREHENSIVE OPERATING STATEMENT BY OUTPUT GROUP (CONTINUED)

	Note	Territory Housing Services		Corporate and Governance		Total	
		2015 $000	2014 $000	2015 $000	2014 $000	2015 $000	2014 $000
Grants and subsidies expenses							
Current		68 787	67 286	-	-	68 787	67 286
Capital		-	8 820	-	-	-	8 820
Community service obligations		2 137	677	-	-	2 137	677
Interest expenses	19	11 024	11 130	-	-	11 024	11 130
TOTAL EXPENSES		**330 343**	**376 812**	**11 820**	**11 847**	**342 163**	**388 659**
NET SURPLUS/(DEFICIT)		**(107 901)**	**(131 615)**	**(806)**	**(913)**	**(108 707)**	**(132 528)**
OTHER COMPREHENSIVE INCOME							
Items that will not be reclassified to net surplus/ deficit							
Changes in asset revaluation surplus	17	644	(20 671)	-	-	644	(20 671)
TOTAL OTHER COMPREHENSIVE INCOME		**644**	**(20 671)**	**-**	**-**	**644**	**(20 671)**
COMREHENSIVE RESULT		**(107 257)**	**(152 286)**	**(806)**	**(913)**	**(108 063)**	**(153 199)**

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

	2015 $000	2014 $000
4. GOODS AND SERVICES RECEIVED FREE OF CHARGE		
Corporate and information services	5 157	6 478
	5 157	**6 478**
5. GAIN ON DISPOSAL OF ASSETS		
Net proceeds from the disposal of non-current assets	23 487	13 184
Less: Carrying value of non-current assets disposed	(22 552)	(12 870)
Gain on the disposal of non-current assets	**935**	**314**
6. PURCHASES OF GOODS AND SERVICES		
The net surplus/(deficit) has been arrived at after charging the following expenses:		
Goods and services expenses:		
Consultants	651	895
Advertising	24	12
Marketing and promotion	156	128
Document production	49	31
Legal expenses	302	131
Recruitment	230	98
Training and study	517	167
Official duty fares	804	772
Travelling allowance	435	421
Agency service arrangements	651	4 965
Motor vehicle expenses	1 744	1 712
Goods and services free of charge	5 157	6 478
Other operating expenses	600	680
TOTAL GOODS AND SERVICES EXPENSES	**11 320**	**16 490**
7. REPAIRS AND MAINTENANCE		
Repairs and maintenance program	26 943	43 716
Capital works projects which could not be capitalised	42 940	57 548
Total Repairs And Maintenance	**69 883**	**101 264**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

	2015 $000	2014 $000
8. ASSET EXPENSES		
Assets Demolished	560	-
Assets Gifted to Venture Housing Company	-	5 422
Total Asset Expenses	**560**	**5 422**
9. CASH AND DEPOSITS		
Cash on hand	76	446
Cash at bank	119 873	78 761
	119 949	**79 206**
10. RECEIVABLES		
Current		
Accounts receivable	31 889	25 693
Less: Allowance for impairment losses	(22 059)	(13 898)
	9 830	**11 795**
GST receivables	270	(180)
Other receivables	2 000	-
	2 270	**(180)**
Total current receivables	**12 100**	**11 615**
Non-Current		
Other receivables	6 250	-
	6 250	**-**
Total Receivables	**18 350**	**11 615**

	2015 $000	2014 $000
11. PROPERTY, PLANT AND EQUIPMENT		
Buildings: housing rental properties		
Urban rental properties		
Urban vacant land at fair value	11 395	11 586
Urban improved land at fair value	881 464	920 446
Urban buildings at fair value	899 594	925 017
	1 792 453	**1 857 049**
Remote rental properties		
Remote vacant land at replacement cost	432	337
Remote improved land at replacement cost	5 779	12 505
Remote buildings at depreciated replacement cost	257 712	220 252
	263 923	**233 094**
Remote rental properties at historical cost		
Remote buildings at historical cost	707 666	686 010
Less: Accumulated depreciation	(86 764)	(55 985)
	620 902	**630 025**
Total rental dwellings	**2 677 278**	**2 770 784**
Infrastructure		
At fair value	-	38 454
Less: Accumulated depreciation	-	(5 176)
	-	**33 278**
Construction (Work in Progress)		
At capitalised cost	**31 591**	**14 030**
Plant and Equipment		
At fair value	8 098	8 584
Less: Accumulated depreciation	(5 297)	(5 276)
	2 801	**3 308**
Total Property Plant and Equipment	**2 711 670**	**2 770 784**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

	2015 $000	2014 $000
11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
Leased Property, Plant and Equipment		
At capitalised cost	18 049	17 557
Less: Accumulated depreciation	(898)	(863)
	17 151	**16 694**
Total Property, Plant and Equipment including Leased Assets	**2 728 821**	**2 787 478**

Property, Plant and Equipment Valuations

The latest revaluations as at 30 June 2015 were independently conducted for Urban properties at fair value and remote properties at replacement cost. The valuer was Territory Property Consultants Pty Ltd. Refer to Note 12: Fair Value Measurement of Non-Financial Assets for additional disclosures.

Impairment of Property, Plant and Equipment

Agency property, plant and equipment assets were assessed for impairment as at 30 June 2015. No impairment adjustments were required as a result of this review.

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2015 Property, Plant and Equipment Reconciliations

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2014–15 is set out below:

	Rental Properties $000	Infrastructure $000	Construction (Work in Progress) $000	Plant and Equipment $000	Computer Hardware $000	Leased Property, Plant and Equipment $000	Total $000
Carrying Amount as at 1 July 2014	2 720 168	33 278	14 030	3 308	-	16 694	2 787 478
Additions	55 442	-	82 505	298	-	492	138 737
Disposals	(23 112)	-	(65 403)	-	-	-	(88 515)
Depreciation	(75 864)	-	-	(807)	-	(35)	(76 706)
(Disposals) / Additions from asset transfers	-	(33 278)	459	2	-	-	(32 817)
Revaluation increments	644	-	-	-	-	-	644
Carrying Amount as at 30 June 2015	**2 677 278**	**-**	**31 591**	**2 801**	**-**	**17 151**	**2 728 821**

Previously expenditure on completed infrastructure in remote communities was recognised as an asset by the Department of Housing, pending transfer to appropriate controlling authority. Transfers have not been negotiated and these works have been ascertained to not represent assets for the Department of Housing as they do not meet the recognition requirements of an asset under AASB 116. These assets have been expensed in the current financial year.

2014 Property, Plant and Equipment Reconciliations

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

	Rental Properties $000	Infrastructure $000	Construction (Work in Progress) $000	Plant and Equipment $000	Computer Hardware $000	Leased Property, Plant and Equipment $000	Total $000
Carrying Amount as at 1 July 2013	2 652 391	38 454	100 981	4 103	5	16 060	2 811 994
Additions	180 071	(192)	154 646	214	-	1 055	335 794
Disposals	(14 190)	-	(241 743)	-	-	-	(255 933)
Depreciation	(77 433)	(5 157)	-	(1 009)	(5)	(421)	(84 025)
Additions from asset transfers	-	-	146	-	-	-	146
Revaluation Decrements	(20 671)	-	-	-	-	-	(20 671)
Impairment losses	-	173	-	-	-	-	173
Carrying Amount as at 30 June 2014	**2 720 168**	**33 278**	**14 030**	**3 308**	**-**	**16 694**	**2 787 478**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

12. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

a) Fair Value Hierarchy

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

	Level 1 $000	Level 2 $000	Level 3 $000	Total Fair Value $000
2014–15 Asset Classes				
Rental Properties - Urban and GEH Remote (Note 11)	-	1 792 453	263 923	2 056 376
Rental Properties - Remote Public (Note 11)	-	-	620 902	620 902
Infrastructure (Note 11)	-	-	-	-
Construction (Work in Progress) (Note 11)	-	-	31 591	31 591
Plant and Equipment (Note 11)	-	-	2 801	2 801
Total	**-**	**1 792 453**	**919 217**	**2 711 670**
2013–14 Asset Classes				
Rental Properties - Urban and GEH Remote (Note 11)	-	1 857 049	233 094	2 090 143
Rental Properties - Remote Public (Note 11)	-	-	630 025	630 025
Infrastructure (Note 11)	-	-	33 278	33 278
Construction (Work in Progress) (Note 11)	-	-	14 030	14 030
Plant and Equipment (Note 11)	-	-	3 308	3 308
Total	**-**	**1 857 049**	**913 735**	**2 770 784**

There were no transfers between Level 1 and Level 2 or Level 3 during 2014–15.

Previous expenditure on completed infrastructure was recognised as an asset where the Department of Housing has executed leases over land within remote communities. These works have been ascertained to not represent assets for the Department of Housing as they do not meet the recognition requirements of an asset under AASB 116. These assets have been derecognised and expensed in the current financial year.

12. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS (CONTINUED)

b) Valuation Techniques and Inputs

Valuation techniques used to measure fair value in 2014–15 are:

	Level 2 Techniques	Level 3 Techniques
Asset Classes		
Rental Properties - Urban and GEH Remote (Note 11)	Market Approach	Cost Approach
Rental Properties - Remote Public (Note 11)	-	Cost Approach
Infrastructure (Note 11)	-	Cost Approach
Construction (Work in Progress) (Note 11)	-	Cost Approach
Plant and Equipment (Note 11)	-	Cost Approach

There were no changes in valuation techniques from 2013–14 to 2014–15.

Territory Property Consultants Pty Ltd has provided valuations for the urban and GEH remote land, buildings assets.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

12. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS (CONTINUED)

c) Additional Information for Level 3 Fair Value Measurements

(i) Reconciliation of Recurring Level 3 Fair Value Measurements

	Rental Properties - Urban $000	GEH Rental Properties - Remote $000	Public Rental Properties - Remote $000	Infrastructure $000	Work in Progress $000	Plant and Equipment $000	Computer Equipment $000
2014–15							
Fair value as at 1 July 2014	1 857 049	233 094	630 025	33 278	14 030	3 308	-
Additions	21 940	11 846	21 656	-	82 505	298	-
Disposals	(23 112)	-	-	-	(65 403)	-	-
Transfers from Level 2	-	-	-	-	-	-	-
Transfers to Level 2	-	-	-	-	-	-	-
Depreciation	(36 756)	(8 329)	(30 779)	-	-	(807)	-
Gains/losses recognised in net surplus/deficit	(26 668)	27 312	-	-	-	-	-
Asset Transfers in / (out)	-	-	-	(33 278)	459	2	-
Fair value as at 30 June 2015	**1 792 453**	**263 923**	**620 902**	**-**	**31 591**	**2 801**	**-**
2013–14							
Fair value as at 1 July 2013	1 849 594	213 019	589 778	38 454	100 981	4 103	5
Additions	75 921	33 212	70 938	(192)	154 792	214	-
Disposals	(14 190)	-	-	-	(241 743)	0	-
Transfers from Level 2	-	-	-	-	-	-	-
Transfers to Level 2	-	-	-	-	-	-	-
Depreciation	(40 289)	(6 453)	(30 691)	(5 157)	-	(1 009)	(5)
Gains/losses recognised in net surplus/deficit	(13 987)	(6 684)	-	173	-	-	-
Asset Transfers in / (out)	-	-	-	-	-	-	-
Fair value as at 30 June 2014	**1 857 049**	**233 094**	**630 025**	**33 278**	**14 030**	**3 308**	**-**

12. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS (CONTINUED)

(ii) Sensitivity analysis

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

	2015 $000	2014 $000
13. PAYABLES		
Accounts payable	4 628	1 928
Accrued expenses	5 182	2 438
Interest payables	27	28
Total Payables	**9 837**	**4 394**
14. BORROWINGS AND ADVANCES		
Current		
Loans and advances	1 762	1 550
Finance lease liabilities	197	155
	1 959	**1 705**
Non-Current		
Loans and advances	76 354	78 116
Finance lease liabilities	16 557	16 460
	92 911	94 576
Total Borrowings and Advances	**94 870**	**96 281**
15. PROVISIONS		
Current		
Employee benefits		
Recreation leave	2 773	3 107
Leave loading	540	558
Recreation leave fares	34	44
Other current provisions		
Fringe benefits tax	67	63
Payroll tax	308	353
Superannuation contributions	401	436
	4 123	**4 561**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

	2015 $000	2014 $000
15. PROVISIONS (CONTINUED)		
Non-Current		
Employee benefits		
Other employee benefits	1 187	1 590
	1 187	**1 590**
Total Provisions	**5 310**	**6 151**

The Agency employed 381 employees as at 30 June 2015 (398 employees as at 30 June 2014).

16. OTHER LIABILITIES

	2015 $000	2014 $000
Current		
Deposits held	280	260
Unearned revenue - rent charged / paid in advance	4 568	4 151
	4 848	**4 411**
Non-Current		
Deposits held – rental security bond deposits	4 187	3 713
	4 187	**3 713**
Total Other Liabilities	**9 035**	**8 124**

17. 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	2015 $000	2014 $000
Balance as at 1 July	1 932 123	1 952 794
Transfer Realised Revaluation to Accumulated Funds	(704 172)	-
Valuation (Decrement) / Increment – land	(28 478)	26 337
Valuation (Decrement) – buildings	(15 963)	(93 750)
Transfer depreciation to reserve	45 085	46 742
Balance as at 30 June	**1 228 595**	**1 932 123**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

18. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of Cash

The total of agency 'Cash and deposits' of $119.949m recorded in the Balance Sheet is consistent with that recorded as 'Cash' in the Cash Flow Statement.

	2015 $000	2014 $000
Reconciliation of Net Surplus/(Deficit) to Net Cash from Operating Activities		
Net (Deficit)	(108 707)	(132 701)
Non-cash items:		
Depreciation and amortisation	76 706	84 025
Asset write-offs/write-downs	560	-
Asset donations/gifts	-	5 422
(Gain) on disposal of assets	(935)	(314)
R&M - Minor New Work Non Cash	42 940	57 548
Changes in assets and liabilities:		
Increase in receivables	(6 735)	(7 888)
(Decrease)/Increase in prepayments	(383)	359
Increase/(Decrease) in payables	5 442	(17 466)
Decrease in provision for employee benefits	(765)	(372)
Decrease in other provisions	(76)	(30)
Increase/(Decrease) in other liabilities	417	(152)
Net Cash from Operating Activities	**8 464**	**(11 569)**

Non-Cash Financing and Investing Activities

Finance Lease Transactions

During the financial year the agency acquired land by way of a finance lease with an aggregate fair value of $621k compared to $601k in the 2013–14 by means of finance leases.

Asset Gifting

During the 2014–15 financial year the agency gifted Nil assets compared to the 2013–14 financial year of gifted land and buildings in aggregate fair value of $5.4m.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

19. FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments held by the Department of Housing include cash and deposits, receivables, payables and finance leases. The Department of Housing has limited exposure to financial risks as discussed below.

a) Categorisation of Financial Instruments

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

	2015 $000	2014 $000
Financial Assets		
Cash and deposits	119 949	79 206
Advances and Investments	18 350	11 615
Prepayments	1 246	864
Financial Liabilities		
Deposits held in Trust	4 467	3 973
Unearned Revenue	4 568	4 151
Payables	9 837	4 394
Provisions	5 310	6 151
Borrowings and Advances	94 870	96 281

b) Credit Risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

19. FINANCIAL INSTRUMENTS (CONTINUED)

Receivables

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

External Receivables	Aging of Receivables $000	Aging of Impaired Receivables $000	Net Receivables $000
2014–15			
Not overdue	11 585	-	11 585
Overdue for less than 30 days	790	57	734
Overdue for 30 to 60 days	698	136	561
Overdue for more than 60 days	27 067	21 866	5 201
Total	**40 140**	**22 059**	**18 081**
Reconciliation of the Allowance for Impairment Losses			
Opening		13 898	
Written off during the year		(513)	
Recovered during the year		83	
Increase in allowance recognised in profit or loss		8 591	
Total		**22 059**	
2013–14			
Not overdue	6 339	-	6 339
Overdue for less than 30 days	859	27	832
Overdue for 30 to 60 days	798	236	562
Overdue for more than 60 days	17 697	13 635	4 062
Total	**25 693**	**13 898**	**11 795**
Reconciliation of the Allowance for Impairment Losses			
Opening		14 441	
Written off during the year		(567)	
Recovered during the year		101	
(Decrease) in allowance recognised in profit or loss		(77)	
Total		**13 898**	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

19. FINANCIAL INSTRUMENTS (CONTINUED)

c) Liquidity Risk

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

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

2015 Maturity analysis for financial assets and liabilities

	Fixed Interest Rate			Non-Interest Bearing				
	Less than a Year $000	1 to 5 Years $000	More than 5 Years $000	Less than a Year $000	1 to 5 Years $000	More than 5 Years $000	Total $000	Weighted Average %
Assets								
Cash and deposits	-	-	-		119 949	-	-	119 949
Receivables	-	-	-		12 100	6 250		18 350
Advances	-	-	-		1 246	-	-	1 246
Total Financial Assets	**-**	**-**	**-**		**133 295**	**6 250**	**-**	**139 545**
Liabilities								
Deposits held	-	-	-	4 848	4 187	-	9 035	
Payables	-	-	-	9 837	-	-	9 837	
Provisions	-	-	-	4 123	1 187	-	5 310	
Borrowings	1 762	7 048	69 306	-	-	-	78 116	12.9%
Finance lease liabilities	197	791	15 766	-	-	-	16 754	4.7%
Total Financial Liabilities	**1 959**	**7 839**	**85 072**	**18 808**	**5 374**	**-**	**119 052**	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

19. FINANCIAL INSTRUMENTS (CONTINUED)

2014 Maturity analysis for financial assets and liabilities

	Fixed Interest Rate			Non-Interest Bearing				
	Less than a Year $000	1 to 5 Years $000	More than 5 Years $000	Less than a Year $000	1 to 5 Years $000	More than 5 Years $000	Total $000	Weighted Average %
Assets								
Cash and deposits	-	-	-	79 206	-	-	79 206	
Receivables	-	-	-	11 615	-	-	11 615	
Advances	-	-	-	864	-	-	864	
Total Financial Assets	**-**	**-**	**-**	**91 685**	**-**	**-**	**91 685**	
Liabilities								
Deposits held	-	-	-	4 411	3 713	-	8 124	
Payables	-	-	-	4 394	-	-	4 394	
Provisions	-	-	-	4 561	1 590	-	6 151	
Borrowings	1 550	6 201	71 915	-	-	-	79 666	12.9%
Finance lease liabilities	155	620	15 840	-	-	-	16 613	4.8%
Total Financial Liabilities	**1 706**	**6 819**	**87 755**	**13 366**	**5 303**	**-**	**114 949**	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

19. FINANCIAL INSTRUMENTS (CONTINUED)

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.

e) Interest Rate Risk

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

Market Sensitivity Analysis

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

	Profit or Loss and Equity	
	100 basis points increase $000	**100 basis points decrease** $000
30 June 2015		
Financial assets – cash at bank	120	(120)
Financial liabilities – borrowings	(95)	95
Net Sensitivity	**25**	**(25)**
30 June 2014		
Financial assets – cash at bank	79	(79)
Financial liabilities – borrowings	(96)	96
Net Sensitivity	**(17)**	**17**

(i) Price Risk

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

(ii) Currency Risk

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

19. FINANCIAL INSTRUMENTS (CONTINUED)

f) Net Fair Value

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

- Level 1 - the fair value of cash, deposits, advances, receivables and payables approximates their carrying amount, which is also their amortised cost;
- Level 2 - the fair value of derivative financial instruments are derived using current market yields and exchange rates appropriate to the instrument; and
- Level 3 - 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.

For financial instruments measured and disclosed at fair value, the following table groups the instruments based on the level of inputs used.

	Total Carrying Amount $000	**Net Fair Value Level 1** $000	**Net Fair Value Level 2** $000	**Net Fair Value Level 3** $000	**Net Fair Value** $000
2015					
Financial Assets					
Cash and deposits	119 949	119 949	-	-	119 949
Receivables	18 350	18 350	-	-	18 350
Advances and investments	1 246	1 246	-	-	1 246
Total Financial Assets	**139 545**	**139 545**	**-**	**-**	**139 545**
Financial Liabilities					
Deposits held	4 467	4 467	-	-	4 467
Unearned Revenue	4 568	4 568	-	-	4 568
Payables	9 837	9 837	-	-	9 837
Provisions	5 310	5 310	-	-	5 310
Borrowings and Advances	78 116	-	124 871	-	124 871
Total Financial Liabilities	**102 298**	**24 182**	**124 871**	**-**	**149 053**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

19. FINANCIAL INSTRUMENTS (CONTINUED)

	Total Carrying Amount $000	Net Fair Value Level 1 $000	Net Fair Value Level 2 $000	Net Fair Value Level 3 $000	Net Fair Value $000
2014					
Financial Assets					
Cash and deposits	79 206	79 206	-	-	79 206
Receivables	11 615	11 615	-	-	11 615
Advances and investments	864	864	-	-	864
Total Financial Assets	**91 685**	**91 685**	**-**	**-**	**91 685**
Financial Liabilities					
Deposits held	3 973	3 973	-	-	3 973
Unearned Revenue	4 151	4 151	-	-	4 151
Payables	4 394	4 394	-	-	4 394
Provisions	6 151	6 151	-	-	6 151
Borrowings and Advances	79 666	-	124 730	-	124 730
Total Financial Liabilities	**98 335**	**18 669**	**124 730**	**-**	**143 399**

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

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

The Department of Housing does not hold net fair value of Level 3 instruments.

There were no changes in valuation techniques during the period.

Transfers Between Categories

There were no transfers between categories during the period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

20. COMMITMENTS

(i) Capital Expenditure Commitments

Capital expenditure commitments primarily related to the construction of urban and remote dwellings. Capital expenditure commitments contracted for at balance date but not recognised as liabilities are payable as follows:

	2015		2014	
	Internal $000	External $000	Internal $000	External $000
Within one year	-	56 841	-	11 942
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
	-	**56 841**	**-**	**11 942**

(ii) Operating Lease Commitments

The agency leases property under non-cancellable operating leases expiring from 1 to 12 years. Leases generally provide the agency with a right of renewal at which time all lease terms are renegotiated. The agency also leases items of plant and equipment under non-cancellable operating leases. Future operating lease commitments not recognised as liabilities are payable as follows:

	2015		2014	
	Internal $000	External $000	Internal $000	External $000
Within one year	-	12 212	-	35 463
Later than one year and not later than five years	-	27 337	-	19 281
Later than five years	-	26 499	-	12 331
	-	**66 048**	**-**	**67 073**

(iii) Other Expenditure Commitments

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

	2015		2014	
	Internal $000	External $000	Internal $000	External $000
Within one year	-	6 235	-	6 235
Later than one year and not later than five years	-	1 100	-	1 040
Later than five years	-	1 440	-	1 320
	-	**8 775**	**-**	**8 595**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

21. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a) Contingent Liabilities

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

Kurringal Redevelopment Agreement contains a contingent liability based on obtaining the required approvals to undertake the prescribed development. Failure to obtain development approvals will result in the Department of Housing reimbursing the agreed costs of demolition of existing buildings at the time of signing the agreement.

Department of Housing also holds contingent liabilities in operating and finance lease agreements. The risk associated with these agreements is very low and unquantifiable.

b) Contingent Assets

The Department of Housing had no contingent assets as at 30 June 2015 or 30 June 2014.

22. EVENTS SUBSEQUENT TO BALANCE DATE

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

23. ACCOUNTABLE OFFICER'S TRUST ACCOUNT

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

Nature of Trust Money	Opening Balance 1 July 2014 $000	Receipts $000	Payments $000	Closing Balance 30 June 2015 $000
Tenant security bond deposits	3 713	809	335	4 187
Unclaimed money	260	56	36	280
Total	**3 973**	**865**	**371**	**4 467**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

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

	Agency		Agency	
	2015 $000	**No. of Trans.**	**2014** $000	**No. of Trans.**
Write-offs, Postponements and Waivers Under the *Financial Management Act*				
Represented by:				
Amounts written off, postponed and waived by Delegates				
Irrecoverable amounts payable to the Territory or an agency written off	201	204	314	330
Losses or deficiencies of money written off	2	3	-	1
Public property written off	-	-	-	-
Waiver or postponement of right to receive or recover money or property	-	-	-	-
Total Written Off, Postponed and Waived by Delegates	**203**	**207**	**314**	**331**
Amounts written off, postponed and waived by the Treasurer				
Irrecoverable amounts payable to the Territory or an agency written off	-	-	253	59
Losses or deficiencies of money written off	-	-	-	-
Public property written off	-	-	-	-
Waiver or postponement of right to receive or recover money or property	309	169	-	-
Total Written Off, Postponed and Waived by the Treasurer	**309**	**169**	**253**	**59**
Write-offs, Postponements and Waivers Authorised Under Other Legislation	**-**	**-**	**-**	**-**
Gifts Under the *Financial Management Act*	**-**	**-**	**5 422**	**2**
Gifts Authorised Under Other Legislation	**-**	**-**	**-**	**-**
Ex Gratia Payments Under the *Financial Management Act*	**10**	**1**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

25. BUDGETARY INFORMATION

Comprehensive Operating Statement	2014–15 Actual $000	2014–15 Original Budget $000	Variance $000	Note
INCOME				
Grants and subsidies revenue				
Current	953	799	154	
Appropriation				
Output	66 790	61 464	5 326	
Commonwealth	81 382	68 455	12 927	1
Sales of goods and services	78 067	60 481	17 586	2
Goods and services received free of charge	5 157	6 393	(1 236)	
Gain on disposal of assets	935	2 000	(1 065)	
Other income	172	30	142	
TOTAL INCOME	**233 456**	**199 622**	**33 834**	
EXPENSES				
Employee expenses	39 040	41 544	(2 504)	
Administrative expenses				
Purchases of goods and services	11 320	16 552	(5 232)	
Repairs and maintenance	69 883	24 262	45 621	3
Property management	48 958	36 880	12 078	4
Depreciation and amortisation	76 706	75 030	1 676	
Asset expenses	560	-	560	
Other administrative expenses	13 748	43 941	(30 193)	5
Grants and subsidies expenses				
Current	68 787	59 330	9 457	
Capital	-	1 266	(1 266)	
Community service obligations	2 137	677	1 460	
Interest expenses	11 024	10 186	838	
TOTAL EXPENSES	**342 163**	**309 668**	**32 495**	
NET SURPLUS/(DEFICIT)	**(108 707)**	**(110 046)**	**1 339**	
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to net surplus/deficit				
Changes in asset revaluation surplus	644	-	644	
TOTAL OTHER COMPREHENSIVE INCOME	**644**	**-**	**644**	
COMPREHENSIVE RESULT	**(108 063)**	**(110 046)**	**1 983**	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

25. BUDGETARY INFORMATION (CONTINUED)

Notes:

The following note descriptions relate to variances greater than 10 percent and $10 million, or where multiple significant variances have occurred.

1. Variations in the National Partnership Agreements for Remote Indigenous Housing Capital program, Property and Tenancy Management, and Homelessness. Additional funding was received for a renal infrastructure project in regional areas.
2. Variation of Goods and Services revenue is largely due to higher than budgeted rental income from public housing, and recovery of Government Employee Housing costs from user departments.
3. $42.9 million of this variation relates to non-cash Repairs and Maintenance expense. The majority of this amount ($33.3 million) relates to infrastructure items no longer recognised as assets of the Department of Housing in accordance with accounting policy. The remainder is cyclone repairs and public housing repairs and maintenance that also do not meet capitalisation requirements
4. The Property Management variance relates to higher than budgeted Government Employee Housing private head leasing costs, of which $6.4 million has been recovered from user agencies, and unfunded escalation in property management costs.
5. Variations in other administrative expenses are due to delays in the delivery and settlement of Venture Housing dwellings.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

25. BUDGETARY INFORMATION (CONTINUED)

Balance Sheet	2014–15 Actual $000	2014–15 Original Budget $000	Variance $000	Note
ASSETS				
Current assets				
Cash and deposits	119 949	41 787	78 162	1
Receivables	12 100	3 728	8 372	2
Prepayments	1 246	1 223	23	
Total current assets	**133 295**	**46 738**	**86 557**	
Non-current assets				
Receivables	6 250	-	6 250	2
Property, plant and equipment	2 711 670	2 929 721	(218 051)	3
Land under finance lease	17 151	-	17 151	3
Total non-current assets	**2 735 071**	**2 929 721**	**(194 650)**	
TOTAL ASSETS	**2 868 366**	**2 976 459**	**(108 093)**	
LIABILITIES				
Current liabilities				
Deposits held	280	-	280	
Payables	9 837	21 861	(12 024)	4
Borrowings and advances	1 959	-	1 959	
Provisions	4 123	6 553	(2 430)	
Other liabilities	4 568	4 303	265	
Total current liabilities	**20 767**	**32 717**	**(11 950)**	
Non-current liabilities				
Deposits held	4 187	3 345	842	
Borrowings and advances	92 911	93 711	(800)	
Provisions	1 187	-	1 187	
Total non-current liabilities	**98 285**	**97 056**	**1 229**	
TOTAL LIABILITIES	**119 052**	**129 773**	**(10 721)**	
NET ASSETS	**2 749 314**	**2 846 686**	**(97 372)**	
EQUITY				
Capital	1 617 020	1 648 997	(31 977)	
Reserves	1 228 595	1 952 795	(724 200)	5
Accumulated funds	(96 301)	(755 106)	658 805	5
TOTAL EQUITY	**2 749 314**	**2 846 686**	**(97 372)**	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

25. BUDGETARY INFORMATION (CONTINUED)

Notes:

The following note descriptions relate to variances greater than 10 percent and $10 million, or where multiple significant variances have occurred.

Please note that current and non-current items are budgeted as one in budget papers, necessitating the need to combine values for the below explanations.

1. Higher than budgeted cash levels can be attributed to Venture Housing works not being completed, and variations to the timing of expenditure under Commonwealth funding agreements.
2. Proceeds of asset sales not received during 2014–15 year, and remote housing debt levels higher than anticipated.
3. The original budgeted value for Property Plant and Equipment overestimated the opening value by $115 million. The remaining variation substantially relates to infrastructure items no longer recognised as assets of the Department of Housing and expensed in 2014–15 in accordance with accounting policy, and unspent funds from Commonwealth capital programs
4. Budget over-estimated payables at 1 July 2014.
5. Realised revaluation reserve balance transferred to Accumulated funds in line with accounting standard requirements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

25. BUDGETARY INFORMATION (CONTINUED)

Cash Flow Statement	2014–15 Actual $000	2014–15 Original Budget $000	Variance $000	Note
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating receipts				
Grants and subsidies received				
Current	953	799	154	
Appropriation				
Output	66 790	61 464	5 326	
Commonwealth	81 382	68 455	12 927	1
Receipts from sales of goods and services	65 961	60 511	5 450	
Total operating receipts	**215 086**	**191 229**	**23 857**	
Operating payments				
Payments to employees	(39 810)	(41 544)	1 734	
Payments for goods and services	(84 864)	(77 694)	(7 170)	
Grants and subsidies paid				
Current	(68 787)	(59 330)	(9 457)	
Capital	-	(1 266)	1 266	
Community service obligations	(2 137)	(677)	(1 460)	
Interest paid	(11 024)	(10 186)	(838)	
Total operating payments	**(206 622)**	**(190 697)**	**(15 925)**	
Net cash from/(used in) operating activities	**8 464**	**532**	**7 932**	
CASH FLOWS FROM INVESTING ACTIVITIES				
Investing receipts				
Proceeds from asset sales	23 487	22 450	1 037	
Total investing receipts	**23 487**	**22 450**	**1 037**	
Investing payments				
Purchases of assets	(82 505)	(160 660)	78 155	2
Total investing payments	**(82 505)**	**(160 660)**	**78 155**	
Net cash from/(used in) investing activities	**(59 018)**	**(138 210)**	**79 192**	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

25. BUDGETARY INFORMATION (CONTINUED)

Cash Flow Statement	2014–15 Actual $000	2014–15 Original Budget $000	Variance $000	Note
CASH FLOWS FROM FINANCING ACTIVITIES				
Financing receipts				
Deposits received	494	-	494	
Equity injections				
Capital appropriation	3 317	6 817	(3 500)	
Commonwealth appropriation	59 230	80 042	(20 812)	1
Other equity injections	30 158	30 000	158	
Total financing receipts	**93 199**	**116 859**	**(23 660)**	
Financing payments				
Repayment of borrowings	(1 549)	(1 549)	-	
Finance lease payments	(353)	-	(353)	
Total financing payments	**(1 902)**	**1 549**	**(3 451)**	
Net cash from/(used in) financing activities	**91 297**	**118 408**	**(27 111)**	
Net increase/(decrease) in cash held	40 743	(22 368)	60 013	
Cash at beginning of financial year	79 206	64 155	15 051	
CASH AT END OF FINANCIAL YEAR	**119 949**	**41 787**	**75 064**	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

25. BUDGETARY INFORMATION (CONTINUED)

Notes:

The following note descriptions relate to variances greater than 10 percent and $10 million, or where multiple significant variances have occurred.

1. Variations in the National Partnership Agreements for Remote Indigenous Housing Capital program, Property and Tenancy Management, and Homelessness. Additional funding was received for a renal infrastructure project in regional areas.
2. Variance in the purchasing of assets is due to delays in the development of Venture Housing dwellings, and negotiations in regard to deliverables under National Partnership Agreements Capital programs.

Auditor-General

Independent Auditor's Report
to the Minister for Housing

NT Home Ownership

I have audited the accompanying financial report of NT Home Ownership which comprises the balance sheet as at 30 June 2015, the comprehensive operating statement, the statement of changes in equity and the cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certification of the financial statements by the Chief Executive.

The Chief Executive's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion the financial report gives a true and fair view of the financial position of NT Home Ownership as at 30 June 2015, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Emphasis of Matter

Without modifying my opinion, I draw attention to the following:

Shared Equity Investments

As reported in note 2(dd) within the financial report, NT Home Ownership will be reviewing its accounting treatment of shared equity investments during the 2016 financial year to ensure compliance with contemporary accounting practices.

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

28 September 2015

Level 12 Northern Territory House 22 Mitchell Street Darwin 0800 Tel: 08 8999 7155

7.
FINANCIAL STATEMENTS
NT HOME OWNERSHIP

NT HOME OWNERSHIP FINANCIAL STATEMENT OVERVIEW FOR THE YEAR ENDED 30 JUNE 2015

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

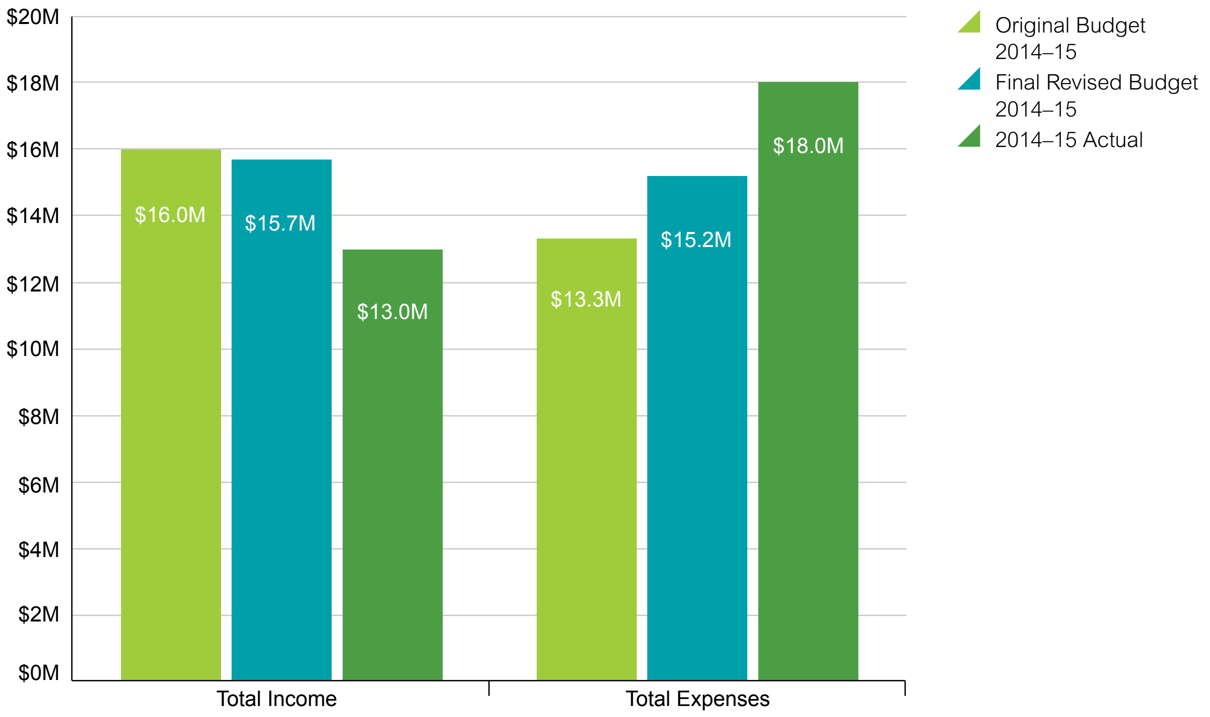
Summary of financial performance

NT Home Ownership operations resulted in an operating loss of $5.04 million in 2014–15, compared to a budgeted surplus of $0.42 million.

This result is primarily due to a downward revaluation of Shared Equity Investments. The reduction in value of the Shared Equity Investment portfolio is due to a general decline in the NT real estate market.

The current low interest rate environment has also resulted in a lower take-up of loans than anticipated, and faster repayment of loans due to borrowers re-financing in the private market.

NT Home Ownership comparative summary of budgeted and actual income and expenditure 2013–14 and 2014–15.



Source: NT Home Ownership 2014–15 financial statements and 2014–15 and 2015-16 Budget papers.

NT HOME OWNERSHIP FINANCIAL STATEMENT OVERVIEW FOR THE YEAR ENDED 30 JUNE 2015

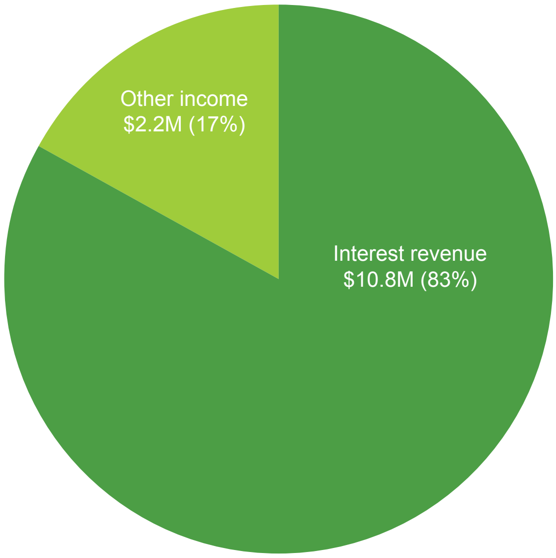
Operating Income

Total operating income for 2014–15 was $12.96 million, of which 83% was interest revenue. The current low interest rate environment has resulted in less interest received than anticipated, and also a lower value of advances and shared equity loans as borrowers take the opportunity to refinance with private sector lenders.

These reductions in interest revenue were partially offset by an increase in Community Service Obligation (CSO) funding from the Northern Territory Government. Additional CSO funding was required to service an increased interest rate differential for the Homestart Extra loan portfolio.

NT Home Ownership operating income profile 2014–15

Source: NT Home Ownership 2014–15 financial statements



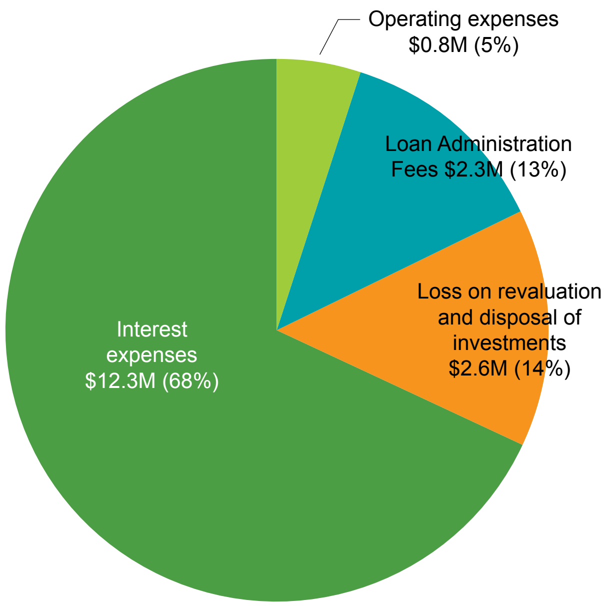
Operating Expenses

Operating expenses for 2014–15 totalled $17.6 million, with interest expenses making up 70% of total expenditure. Expenditure was higher than budget due to a loss in value of Shared Equity Investments as a result of the softening of the housing market.

Apart from the effect of revaluation expenses, overall expenditure was slightly lower than the previous financial year.

NT Home Ownership operating expenses profile 2014–15

Source: NT Home Ownership 2014–15 financial statements



NT HOME OWNERSHIP FINANCIAL STATEMENT OVERVIEW FOR THE YEAR ENDED 30 JUNE 2015

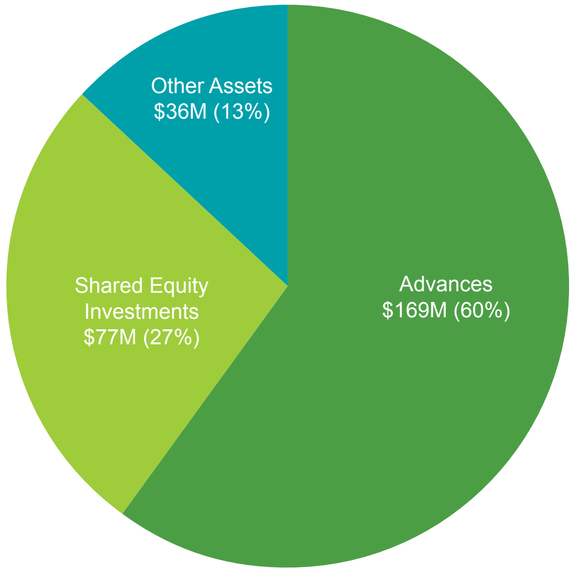
Balance Sheet - Assets

At the conclusion of the financial year NT Home Ownership controlled $282 million worth of assets. The assets largely comprise $169 million in advances and $77 million in Shared Equity Investments.

Advances and Shared Equity Investments reduced in 2014–15 compared to 2013–14, as a result of more loans being repaid compared to loans being issued. This outcome also leaves NT Home Ownership with a significantly higher cash at the end of 2014–15 compared to 2013–14.

NT Home Ownership asset portfolio 2014–15

Source: NT Home Ownership 2014–15 financial statements



Balance Sheet - Liabilities

Offsetting the assets held by NT Home Ownership at the end of the 2014–15 year was $248 million worth of liabilities. These liabilities largely comprise $247 million in borrowings and advances and $1 million in payables and provisions of entitlements to employees.

The 2015-16 budget provides for the repayment of $30 million in loans as they fall due.

Statement of Cash Flows

The statement of Cash Flows represents cash received and applied during the year from operating, investing and financing activities. The table below summarises the movement of cash over the 2014–15 year.

In 2014–15 NT Home Ownership did not receive any new advances from NT Treasury Corporation.

Comparative summary of cash flow 2013–14 and 2014–15

	2014–15 Budget $M	2014–15 Actual $M	Budget vs actual 2014–15 $M
Cash at Beginning of the year	10.82	10.82	-
Net Cash from operating activities	-0.55	-2.10	-1.55
Net Cash from investing activities	44.00	39.98	-4.02
Net Cash from financing activities	-12.81	-12.81	-
Cash at end of reporting period	41.46	35.89	-5.57

Source: NT Home Ownership 2014–15 financial statements and 2014–15 and 2015-16 Budget papers.

CERTIFICATION OF THE FINANCIAL STATEMENTS

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

We further state that the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2015 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.

LEAH CLIFFORD
Chief Executive Officer

28 September 2015

KEN TINKHAM
Chief Financial Officer

28 September 2015

COMPREHENSIVE OPERATING STATEMENT

For the year ended 30 June 2015

	Note	2015 $000	2014 $000
INCOME			
Sales of goods and services	3	7	6
Interest revenue	4	10 814	12 583
Community Service Obligations	5	2 137	677
Gain on disposal of investments	6	-	126
Gain on revaluation of investments	7	-	3 983
TOTAL INCOME		**12 958**	**17 375**
EXPENSES			
Employee expenses		166	234
Administrative expenses			
Purchases of goods and services	8	2 576	2 527
Write-offs and impairment expense	8	286	91
Loss on revaluation of investments	7	2 199	-
Loss on disposal of investments	6	397	-
Grants and subsidies expenses			
Current		81	155
Interest expenses		12 292	13 376
TOTAL EXPENSES		**17 997**	**16 743**
NET (DEFICIT)/SURPLUS BEFORE INCOME TAX	9	**(5 039)**	**632**
NET (DEFICIT)/SURPLUS AFTER INCOME TAX	9	**(5 039)**	**632**
COMPREHENSIVE RESULT		**(5 039)**	**632**

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

BALANCE SHEET

For the year ended 30 June 2015

	Note	2015 $000	2014 $000
ASSETS			
Current Assets			
Cash and deposits	10	35 895	10 816
Advances	11	2 627	3 232
Receivables	11	82	36
Total Current Assets		**38 604**	**14 084**
Non-Current Assets			
Advances	11	166 686	196 095
Shared equity investments	12	77 043	89 893
Total Non-Current Assets		**243 729**	**285 988**
TOTAL ASSETS		**282 333**	**300 072**
LIABILITIES			
Current Liabilities			
Payables	14	1 119	1 000
Borrowings and advances	15	38 186	7 811
Provisions	16	20	28
Total Current Liabilities		**39 325**	**8 839**
Non-Current Liabilities			
Borrowings and advances	15	208 793	251 979
Total Non-Current Liabilities		**208 793**	**251 979**
TOTAL LIABILITIES		**248 118**	**260 818**
NET ASSETS		**34 215**	**39 254**
EQUITY			
Capital		22 745	22 745
Accumulated funds		11 470	16 509
TOTAL EQUITY		**34 215**	**39 254**

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 2015

	Note	Equity at 1 July $000	Comprehensive result $000	Transactions with owners in their capacity as owners $000	Equity at 30 June $000
2014–15					
Accumulated Funds		16 509	(5 039)	-	11 470
Capital – Transactions with Owners		22 745	-	-	22 745
Total Equity at End of Financial Year		**39 254**	**(5 039)**	**-**	**34 215**
2013–14					
Accumulated Funds		15 877	632	-	16 509
Capital – Transactions with Owners		22 745	-	-	22 745
Total Equity at End of Financial Year		**38 622**	**632**	**-**	**39 254**

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 2015

	Note	2015 $000	2014 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Receipts			
Receipts from sales of goods and services and community service obligations		2 293	850
Interest received		10 775	12 605
Total Operating Receipts		**13 068**	**13 455**
Operating Payments			
Payments to employees		(179)	(234)
Payments for goods and services		(2 574)	(3 443)
Grants and subsidies paid			
Current		(81)	(155)
Interest paid		(12 325)	(13 915)
Total Operating Payments		**(15 159)**	**(17 747)**
Net Cash Used in Operating Activities	**17**	**(2 091)**	**(4 292)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing Receipts			
Repayment of advances		34 197	31 896
Sales of investments		10 309	8 867
Total Investing Receipts		**44 506**	**40 763**
Investing Payments			
Purchases of investments		(55)	(1 758)
Advances and investing payments		(4 469)	(6 340)
Total Investing Payments		**(4 524)**	**(8 098)**
Net Cash From Investing Activities		**39 982**	**32 665**
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing Payments			
Repayment of borrowings		(12 812)	(37 453)
Total Financing Payments		**(12 812)**	**(37 453)**
Net Cash Used in Financing Activities		**(12 812)**	**(37 453)**
Net increase/decrease in cash held		25 079	(9 080)
Cash at beginning of financial year		10 816	19 896
CASH AT END OF FINANCIAL YEAR	**10**	**35 895**	**10 816**

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 2015

INDEX OF NOTES TO THE FINANCIAL STATEMENTS

Note

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

1. OBJECTIVES AND FUNDING

NT Home Ownership provides home loan products and services to increase supply at the more affordable end of the housing market, provides more home ownership opportunities for Territorians otherwise unable to enter the market and reduces pressure on the rental market. The home loans were administered by the Territory Insurance Office. Since the sale of the finance portion of the business, the administration is now done by People's Choice Credit Union. NT Home Ownership has been determined by the Treasurer to be a Government Business Division (GBD) as specified in the *Financial Management Act*.

Additional information in relation to NT Home Ownership and its principal activities may be found in the performance section of the Annual Report.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

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

(i) a Certification of the Financial Statements;

(ii) a Comprehensive Operating Statement;

(iii) a Balance Sheet;

(iv) a Statement of Changes in Equity;

(v) a Cash Flow Statement; and

(vi) applicable explanatory notes to the financial statements.

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

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

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

AASB 1055 Budgetary Reporting
AASB 1055 sets out budgetary reporting requirements for not-for-profit entities within the General Government Sector. The required disclosures comprise a separate note accompanying the financial statements that adds new information that previously has not been disclosed.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

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

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

Standard/Interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 9 *Financial Instruments (Dec 2014)*, AASB 2014-1 *Amendments to Australian Accounting Standards (Part E – Financial Instruments)*, AASB 2014–7 *Amendments to Australian Accounting Standards arising from AASB 9 (Dec 2014)*	The final version of AASB 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. This version adds a new expected loss impairment model and limited amendments to classification and measurement for financial assets.	1 Jan 2018	It is not likely to have a material impact on the GBD in the period of initial adoption.
AASB 15 *Revenue from Contracts with Customers, AASB 2014–5 Amendments to Australian Accounting Standards arising from AASB 15*	AASB 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It replaces several Standards and Interpretations, including AASB 111 *Construction Contracts*, AASB 118 *Revenue*, Interpretation 15 *Agreements for the Construction of Real Estate*, and Interpretation 18 *Transfers of Assets from Customers*.	1 Jan 2017	It is not likely to have a material impact on the GBD in the period of initial adoption.
AASB 2014–4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 and 138]*	Amends AASB 116 *Property, Plant and Equipment* and AASB 138 *Intangible Assets* to provide additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated.	1 Jan 2016	It is not likely to have a material impact on the GBD in the period of initial adoption.
AASB 2014–6 *Amendments to Australian Accounting Standards – Agriculture: Bearer Plants [AASB 101, 116, 117, 123, 136, 140 and 141]*	Biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with AASB 116 *Property, Plant and Equipment*, instead of AASB 141 *Agriculture*.	1 Jan 2016	It is not likely to have a material impact on the GBD in the period of initial adoption.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Standard/Interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 and 140]*	Amends a number of pronouncements as a result of the IASB's 2012-2014 annual improvements cycle.	1 Jan 2016	It is not likely to have a material impact on the GBD in the period of initial adoption.
AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 and 1049]*	Includes narrow-focus amendments to address concerns about existing presentation and disclosure requirements, and to ensure entities are able to use judgement when applying a standard in determining what information to disclose.	1 Jan 2016	It is not likely to have a material impact on the GBD in the period of initial adoption.
AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 and 1049]*	Extends the scope of AASB 124 *Related Party Disclosures* to not-for-profit public sector entities.	1 July 2016	It is not likely to have a material impact on the GBD in the period of initial adoption.

c) Comparatives

Where necessary, comparative information for the 2013–14 financial year has been reclassified to provide consistency with current year disclosures.

d) Presentation and Rounding of Amounts

Amounts in the financial statements and notes to the financial statements are presented in Australian dollars and have been rounded to the nearest thousand dollars, with amounts of $500 or less being rounded down to zero.

e) Changes in Accounting Policies

There have been no changes to accounting policies adopted in 2014–15 as a result of management decisions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

f) Accounting Judgments and Estimates

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

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

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

- Employee Benefits – Note 2(t) and Note 16: Non-current liabilities in respect of employee benefits are measured as the present value of estimated future cash outflows based on the appropriate Government bond rate, estimates of future salary and wage levels and employee periods of service.
- Contingent Liabilities – Note 20: The present value of material quantifiable contingent liabilities is calculated using a discount rate based on the published 10-year Government bond rate.
- Allowance for Impairment Losses – Note 2(o), Note 11: Receivables and Note 18: Financial Instruments.

g) Goods and Services Tax

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

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

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

h) Income Recognition

Income encompasses both revenue and gains.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

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

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

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

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

Interest Revenue
Interest revenue is recognised as it accrues, taking into account the effective yield on the financial investment. See Note 4.

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

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

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

i) Interest Expense

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

j) Taxation

The entity is required to pay income tax on its taxable income, at the company tax rate of 30 percent in accordance with the requirements of the Treasurer's Directions and the NT Tax Equivalents Regime. Taxable income is accounting surplus less revaluation gains on shared equity investments. No tax is payable by NT Home Ownership in respect to the 2014–15 financial year. See Note 9.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

k) Cash and Deposits

For the purposes of the Balance Sheet and the Cash Flow Statement, cash includes cash on hand, cash at bank and cash equivalents. Cash equivalents are highly liquid short-term investments that are readily convertible to cash. See Note 10.

l) Receivables

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

The allowance for impairment losses represents the amount of receivables the agency estimates are likely to be uncollectible and are considered doubtful. Analyses of the age of the receivables that are past due as at the reporting date are disclosed in an aging schedule under credit risk in Note 18 Financial Instruments. Reconciliation of changes in the allowance accounts is also presented.

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

Home loans

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

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

m) Depreciation and Amortisation Expense

Items of property, plant and equipment, including buildings but excluding land, have limited useful lives and are depreciated or amortised using the straight-line method over their estimated useful lives. As at 30 June 2015 the entity did not hold any depreciable Property, Plant or Equipment Assets.

n) Property, Plant and Equipment

Acquisitions

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

o) Revaluations and Impairment

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:

Plant and equipment are stated at historical cost less depreciation, which is deemed to equate to fair value. As at 30 June 2015 the entity did not hold any depreciable Plant or Equipment Assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

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. 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.

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,

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

Shared Equity investments are measured on the market approach of fair value basis, being the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The entity has adopted the policy of revaluing its Shared Equity investments every year with any changes in fair value recognised as a gain or loss in the Comprehensive Operating Statement.

An independent valuation of all Shared Equity investments was completed as at 30 June 2015 by Colliers International (NT) Pty Ltd, the results of which are reflected in these financial statements. The valuation method used was based on market evidence of sales prices of comparable land and buildings in similar locations. For more information on Fair Value, See Note 2 (cc).

Loans and Advances and Receivables
Loans and advances, and other receivables have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at fair value through profit and loss less impairment. For more information on Fair Value, See Note 2 (cc).

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

p) Assets Held for Sale

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

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

The entity has no assets held for sale.

q) Leased Assets

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

The entity has no finance or operating leases.

r) Payables

Liabilities for accounts payable and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the agency. Accounts payable are normally settled within 30 days. See Note 14.

s) Borrowings

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

t) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries and recreation leave. Liabilities arising in respect of wages and salaries, recreation leave and other employee benefit liabilities that fall due within twelve months of reporting date are classified as current liabilities and are measured at amounts expected to be paid. Non-current employee benefit liabilities that fall due after twelve months of the reporting date are measured at present value, calculated using the Government long-term bond rate.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

u) Superannuation

Employees' superannuation entitlements are provided through the:

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

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

v) Dividends

The entity provides for a dividend payable at the rate of 50 percent of net surplus after tax in accordance with the Northern Territory Government's dividend policy. No dividend is payable by NT Home Ownership in respect to the 2014–15 financial year.

w) Economic Dependence

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

x) Nature and Purpose of Reserves

NT Home Ownership currently does not hold any reserves.

y) Administration Fees

Administration fees were paid by the entity throughout the year to Territory Insurance Office and People's Choice Credit Union, for services provided in respect of home loans. See (Note 8).

z) 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.

aa) Commitments

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

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

bb) Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognised on the Balance Sheet when the agency becomes a party to the contractual provisions of the financial instrument. The agency's financial instruments include cash and deposits; receivables; advances; investments loan and placements; payables; advances received and borrowings.

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

Classification of Financial Instruments

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

Financial assets are classified into the following categories:

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

Financial liabilities are classified into the following categories:

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

Financial Assets or Financial Liabilities at Fair Value through Profit or Loss

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

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

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

Held-to-Maturity Investments

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

Loans and Receivables

For details refer to Note 2 (l).

Available-for-Sale Financial Assets

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

Financial Liabilities at Amortised Cost

Amortised cost is calculated using the effective interest method. Note 18 provides additional information on financial instruments.

cc) Fair Value Measurement

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

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

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

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

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

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

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

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

Level 3 – inputs are unobservable.

Shared Equity Investments
Shared Equity Investments are classified as Financial Investments at fair value through profit or loss. Gains or losses on Shared Equity Investments are recognised in Comprehensive Operating Statement and the related investments are classified as non-current investments in the balance sheet.

Shared Equity Investments are initially recognised at cost. Subsequently Shared Equity Investments are recorded at fair value. Fair value is determined using the market approach.

For more information on Fair Value, See Notes 12 and 13.

dd) Shared Equity Investments

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

Shared equity investments are revalued with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from their fair value at reporting date. Minority interest holdings are measured on the market approach at fair value basis, being the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The entity has adopted the policy of revaluing its Minority Interest Holdings every year with any changes in fair value recognised as a gain or loss in the Comprehensive Operating Statement.

An independent valuation of all Shared Equity investments was completed by Colliers International (NT) Pty Ltd, for values as at the 30 June 2015. The results of which are reflected in these financial statements. The valuation method was based on market evidence of sales prices of comparable land and buildings in similar locations.

The accounting treatment of these assets will be reviewed by an external consultant in conjunction with the Department of Treasury and Finance and if any changes are required they will be adopted from 1 July 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

	2015 $000	2014 $000
3. SALES OF GOODS AND SERVICES		
Goods And Services Income	-	1
Valuation Fees	7	5
	7	**6**
4. INTEREST REVENUE		
Interest on Cash at Bank	550	387
Interest on investments	10 264	12 196
	10 814	**12 583**
5. COMMUNITY SERVICE OBLIGATIONS		
Interest Subsidy – low interest rates	2056	487
Stamp Duty Differential	81	190
	2 137	**677**
6. GAIN / (LOSS) ON DISPOSAL OF SHARED EQUITY INVESTMENTS		
Net proceeds from the sale of shared equity investments	10 309	8 867
Less: Carrying value of shared equity investments disposed	(10 706)	(8 741)
Gain / (Loss) on the disposal of shared equity investments	**(397)**	**126**
7. GAIN / (LOSS) ON REVALUATION OF SHARED EQUITY INVESTMENTS		
Revaluation of Investments	77 043	89 897
Less Book Value Prior to Revaluation	(79 242)	(85 914)
Gain / (Loss) on the revaluation of shared equity investments	**(2 199)**	**3 983**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

	2015 $000	2014 $000
8. ADMINISTRATIVE EXPENSES		
The net (deficit) has been arrived at after charging the following expenses:		
Goods and services expenses:		
Consultants	1	2
Loan administration Fees	2 312	2 251
Marketing and promotion	3	9
Valuation fees	85	90
Legal expenses	79	56
Audit fees	32	58
Official duty fares	3	1
Travelling allowance	1	-
Other Operational expenditure	60	60
	2 576	**2 527**
Write Offs and Impairment expense	**286**	**91**
9. INCOME TAX EXPENSE AND TAX EQUIVALENT REGIME		
Income Tax Payable		
(Deficit) / Surplus before income tax	(5 039)	632
Less revaluation of investments	(2 199)	(3 983)
Taxable Income (Loss)	**(7 238)**	**(3 351)**
Income tax expense @30%	**-**	**-**
10. CASH AND DEPOSITS		
Cash on hand	115	366
Cash at bank	35 780	10 450
Total cash at bank	**35 895**	**10 816**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

	2015 $000	2014 $000
11. RECEIVABLES AND ADVANCES		
Current		
Interest receivables	58	19
GST receivables	24	17
Total current receivables	**82**	**36**
Loans to Home purchasers	2 627	3 232
Total current advances to home purchasers	**2 627**	**3 232**
Total current receivables and loans to home purchasers	**2 709**	**3 268**
Non-Current		
Loans to Home purchasers	167 242	196 365
Less impairment	(556)	(270)
Total non-Current loans to home purchasers	**166 686**	**196 095**
Total Receivables and loans to home purchasers	**169 395**	**199 363**
12. SHARED EQUITY INVESTMENTS		
Minority interest holding at independent valuation	77 043	89 197
Minority interest holding construction works in progress at cost	-	696
Total investments in shared equity	**77 043**	**89 893**
Shared Equity Investments		
Opening Balance as at July 1	89 893	92 892
Additions	55	1 758
Disposals	(10 706)	(8 741)
Revaluation	(2 199)	3 983
Total investments in shared equity as at 30 June	**77 043**	**89 893**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

13. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

a) Fair Value Hierarchy

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

	Level 1 $000	Level 2 $000	Level 3 $000	Total Fair Value $000
2014–15 Asset Classes				
Shared Equity Investments	-	77 043	-	77 043
Total	**-**	**77 043**	**-**	**77 043**
2013–14 Asset Classes				
Shared Equity Investments	-	89 893	-	89 893
Total	**-**	**89 893**	**-**	**89 893**

There were no transfers between Level 1 and Level 2 or Level 3 during 2014–15.

b) Valuation Techniques and Inputs

Valuation techniques used to measure fair value in 2014–15 are:

	Level 2 Techniques	Level 3 Techniques
Asset Classes		
Shared Equity Investments	Market Approach	-

There were no changes in valuation techniques from 2013–14 to 2014–15.

Colliers International (NT) Pty Ltd provided valuations for the Shared Equity Investments as at 30 June 2015.

Level 2 fair values of Shared Equity Investments were based on market evidence of sales prices of comparable land and buildings in similar locations.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

13. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

(CONTINUED)

c) Additional Information for Level 3 Fair Value Measurements

(i) Reconciliation of Recurring Level 3 Fair Value Measurements

	Shared Equity Investments $000
2014–15	
Fair value as at 1 July 2014	89 893
Additions	55
Disposals	(10 706)
Transfers from Level 2	-
Transfers to Level 2	-
Losses recognised in net surplus/deficit	(2 199)
Fair value as at 30 June 2015	**77 043**
2013–14	
Fair value as at 1 July 2013	92 893
Additions	1 758
Disposals	(8 741)
Transfers from Level 2	-
Transfers to Level 2	-
Gains recognised in net surplus/deficit	3 983
Fair value as at 30 June 2014	**89 893**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

	2015 $000	2014 $000
14. PAYABLES		
Accounts payable	171	211
Accrued expenses	252	60
Interest payable	696	729
Total Payables	**1 119**	**1 000**
15. BORROWINGS AND ADVANCES		
Current		
Borrowings and advances	38 186	7 811
Total Current Loans and Advances	**38 186**	**7 811**
Non-Current		
Borrowings and advances	208 793	251 979
Total Non-Current Loans and Advances	**208 793**	**251 979**
Total Borrowings and Advances	**246 979**	**259 790**
16. PROVISIONS		
Current		
Employee benefits		
Recreation leave	14	22
Leave loading	3	3
Total current provisions	**17**	**25**
Other current provisions		
Employee Super	3	3
Total other provisions	**3**	**3**
Total Provisions	**20**	**28**

The Agency employed 3 employees as at 30 June 2015 (2 employees as at 30 June 2014).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

17. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of Cash

The total of agency 'Cash and deposits' of $35.895m recorded in the Balance Sheet is consistent with that recorded as 'Cash' in the Cash Flow Statement.

	2015 $000	2014 $000
Reconciliation of Net Surplus/(Deficit) to Net Cash from Operating Activities		
Net Surplus/(Deficit)	**(5 039)**	**632**
Non-cash items:		
Asset write-offs/write-downs	-	25
Loss / (Gain) on disposal of investments	397	(126)
Loss / (Gain) on revaluation of investments	2 199	(3 983)
Doubtful Debts Expense - Other	286	66
Changes in assets and liabilities:		
(Increase) /Decrease in receivables	(45)	21
Increase /(Decrease) in payables	119	(921)
(Decrease) in provision for employee benefits	(8)	(6)
Net Cash from Operating Activities	**(2 091)**	**(4 292)**

Non-Cash Financing and Investing Activities

Finance Lease Transactions

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

18. FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments held by NT Home Ownership include cash and deposits, receivables, payables and finance leases. NT Home Ownership has limited exposure to financial risks as discussed below.

a) Categorisation of Financial Instruments

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

	2015 $000	2014 $000
Financial Assets		
Cash and deposits	35 895	10 816
Advances	169 314	199 327
Receivables	58	19
Financial Liabilities		
Payables	1 119	1 000
Borrowings and Advances	246 979	259 790
Other	3	3

b) Credit Risk

Credit risk is the risk of financial loss and/or increased costs due to the failure of counterparty to meet its financial obligations. The entity's exposure to credit risk arises from funds advanced to loan counterparties and the possibility that counterparty will not adhere to the terms of the contract with the entity when settlement becomes due.

The entity 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 exposure to credit risk is influenced mainly by the individual characteristics of each non-government debtor. In monitoring debtor credit risk, debtors are grouped according to their aging profile and existence of previous financial difficulties. Loans are provided to home purchasers subject to the retention of title clauses, so that in the event of non-payment, the entity may have a secured claim.

The entity has established an allowance for impairment that represents its estimate of incurred losses in respect of loan receivables. The main components of this allowance are a specific loss component that relates to individual exposures, and/or collective loss component established for groups of similar assets.

The entity believes that no impairment allowance is necessary in respect of receivables.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

18. FINANCIAL INSTRUMENTS (CONTINUED)

Receivables

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

Internal Receivables	Aging of Receivables $000	Aging of Impaired Receivables $000	Net Receivables $000
2014–15			
Not overdue	58	-	58
Total	**58**	**-**	**58**
2013–14			
Not overdue	19	-	19
Total	**19**	**-**	**19**

c) Liquidity Risk

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

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

18. FINANCIAL INSTRUMENTS (CONTINUED)

2015 Maturity analysis for financial assets and liabilities

	Variable Interest Rate			Fixed Interest Rate					
	Less than a Year $000	1 to 5 Years $000	More than 5 Years $000	Less than a Year $000	1 to 5 Years $000	More than 5 Years $000	Non Interest Bearing $000	Total $000	Weighted Average %
Assets									
Cash and deposits	35 895	-	-	-	-	-	-	35 895	2.36%
Receivables	-	-	-	-	-	-	58	58	-
Advances	13 106	52 426	263 455	-	-	-	-	328 987	6.17%
Total Financial Assets	**49 001**	**52 426**	**263 455**	**-**	**-**	**-**	**58**	**364 940**	
Liabilities									
Payables	-	-	-	-	-	-	1 119	1 119	-
Advances	-	-	-	49 276	150 067	153 714	-	353 657	4.88%
Other	-	-	-	-	-	-	3	3	-
Total Financial Liabilities	**-**	**-**	**-**	**49 276**	**150 067**	**153 714**	**1 122**	**354 179**	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

18. FINANCIAL INSTRUMENTS (CONTINUED)

2014 Maturity analysis for financial assets and liabilities

	Variable Interest Rate			Fixed Interest Rate					
	Less than a Year $000	1 to 5 Years $000	More than 5 Years $000	Less than a Year $000	1 to 5 Years $000	More than 5 Years $000	Non Interest Bearing $000	Total $000	Weighted Average %
Assets									
Cash and deposits	10 816	-	-	-	-	-	-	10 816	2.28%
Receivables	-	-	-	-	-	-	19	19	-
Advances	14 859	59 417	336 691	-	-	-	-	410 967	5.81%
Total Financial Assets	**14 048**	**12 928**	**183 167**	**-**	**-**	**-**	**19**	**210 162**	
Liabilities									
Payables	-	-	-	-	-	-	1 000	1 000	-
Advances	-	-	-	20 353	172 481	193 780	-	386 614	4.89%
Other	-	-	-	-	-	-	3	3	-
Total Financial Liabilities	**-**	**-**	**-**	**20 353**	**172 481**	**193 780**	**1 003**	**387 617**	

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. The market risk has been assessed to be minimal. The primary market risk that an agency is likely to be exposed to is interest rate risk.

18. FINANCIAL INSTRUMENTS (CONTINUED)

e) Interest Rate Risk

Interest rate risk is the risk of financial loss and or increased costs due to adverse movements in the values of financial assets and liabilities as a result of changes in interest rates. The entity's exposure to interest rate risk and the average interest rate for classes of financial assets and financial liabilities is set above. The average interest rate is based on the outstanding balance at the end of the year.

The entity's operating account earns quarterly interest at a variable interest rate Northern Territory Treasury Corporation's weighted average cash return less 50 basis points.

NT Home Ownership's exposure to interest rate risk by asset and liability classes is disclosed above under liquidity risk.

Market Sensitivity Analysis
Assuming the financial assets and liabilities at 30 June 2015 were to remain until maturity or settlement without any action by the entity to alter the resulting interest rate risk exposure, an immediate and sustained increase or decrease of one per cent in market interest rates across all maturities would have the following impact on the entity's profit or loss and equity:

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

	Profit or Loss and Equity	
	100 basis points increase $000	100 basis points decrease $000
30 June 2015		
Financial assets – cash at bank	359	(359)
Financial assets – receivable loans	1 693	(1 693)
Financial liabilities – borrowings	(2 470)	2 470
Net Sensitivity	**(418)**	**418**
30 June 2014		
Financial assets – cash at bank	108	(108)
Financial assets – receivable loans	1 993	(1 993)
Financial liabilities – borrowings	(2 598)	2 598
Net Sensitivity	**(497)**	**497**

(i) Price Risk

Price risk arises when an entity holds units in unit trusts and there is a change in the market value of these units as advised by respective fund managers. NT Home Ownership is not exposed to price risk as it does not hold units in unit trusts.

(ii) Currency Risk

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

18. FINANCIAL INSTRUMENTS (CONTINUED)

f) Net Fair Value

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

- Level 1 - the fair value of cash, deposits, advances, receivables and payables approximates their carrying amount, which is also their amortised cost;
- Level 2 - the fair value of derivative financial instruments are derived using current market yields and exchange rates appropriate to the instrument; and
- Level 3 - 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.

For financial instruments measured and disclosed at fair value, the following table groups the instruments based on the level of inputs used.

	Total Carrying Amount $000	Net Fair Value Level 1 $000	Net Fair Value Level 2 $000	Net Fair Value Level 3 $000	Net Fair Value $000
2015					
Financial Assets					
Cash and deposits	35 895	35 895	-	-	35 895
Receivables	58	58	-	-	58
Advances	169 314	169 314	-	-	169 314
Total Financial Assets	**205 267**	**205 267**	**-**	**-**	**205 267**
Financial Liabilities					
Payables	1 119	1 119	-	-	1 119
Advances	246 979	-	247 811	-	247 811
Employee Benefits	3	3	-	-	3
Other	17	17	-	-	17
Total Financial Liabilities	**248 118**	**1 139**	**247 811**	**-**	**248 950**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

18. FINANCIAL INSTRUMENTS (CONTINUED)

	Total Carrying Amount $000	Net Fair Value Level 1 $000	Net Fair Value Level 2 $000	Net Fair Value Level 3 $000	Net Fair Value $000
2014					
Financial Assets					
Cash and deposits	10 816	10 816	-	-	10 816
Receivables	19	19	-	-	19
Advances	199 327	199 327	-	-	199 327
Total Financial Assets	**210 162**	**210 162**	**-**	**-**	**210 162**
Financial Liabilities					
Payables	1 000	1 000	-	-	1 000
Advances	259 790	-	254 883	-	254 883
Employee Benefits	3	3	-	-	3
Other	25	25	-	-	25
Total Financial Liabilities	**260 818**	**1 028**	**254 883**	**-**	**255 911**

There were no changes in valuation techniques during the period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

	2015		2014	
	Internal $000	**External** $000	**Internal** $000	**External** $000
19. COMMITMENTS				
(i) Capital Expenditure Commitments				
Capital expenditure commitments primarily relate to the provision of HOMESTART NT loans. Capital expenditure commitments contracted for at balance date but not recognised as liabilities are payable as follows within one year:				
Loans Approved not Funded				
Loan commitments for Dwellings Under Construction	-	-	-	224
Loan commitments where approval for the facility has been given but drawdowns on the facilities have not commenced	-	381	-	-
	-	**381**	**-**	**-**
(ii) Other Expenditure Commitments				
Other non-cancellable expenditure commitments not recognised as liabilities are payable as follows:				
Within one year	-	1 848	-	1 848
Later than one year and not later than five years	-	1 540	-	3 388
	-	**3 388**	**-**	**5 236**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

20. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a) Contingent Liabilities

The entity had no contingent liabilities as at 30 June 2015 or 30 June 2014.

b) Contingent Assets

The entity had no contingent assets as at 30 June 2015 or 30 June 2014.

21. EVENTS SUBSEQUENT TO BALANCE DATE

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

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

	Agency		Agency	
	2015 $000	**No. of Trans.**	**2014** $000	**No. of Trans.**
Write-offs, Postponements and Waivers Under the *Financial Management Act*				
Represented by:				
Amounts written off, postponed and waived by Delegates				
Irrecoverable amounts payable to the Territory or an agency written off	-	-	25	1
Total Written Off, Postponed and Waived by the Treasurer	**-**	**-**	**25**	**1**
Write-offs, Postponements and Waivers Authorised Under Other Legislation	**-**	**-**	**-**	**-**

NT Home Ownership had no Gifts or Ex Gratia Payments Under the *Financial Management Act* or under other legislation during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

23. COMMUNITY SERVICE OBLIGATIONS

	2015 $000	2014 $000
COMMUNITY SERVICE OBLIGATIONS		
Interest subsidy – low interest rates The entity offers low interest rate loans for low to moderate income Territorians through HOMESTART NT. The aim of HOMESTART NT is to increase the level of home ownership in the Territory and reduce the demand on public housing		
Community service obligation funding received	2 056	487
Net cost of delivering service	(2 056)	(487)
CSO surplus/(deficit)	**-**	**-**
Stamp duty differential The stamp duty differential is a grant paid to public housing tenants purchasing their public housing properties through private finance.		
Community service obligation funding received	81	190
Net cost of delivering service	(81)	(155)
CSO surplus	**-**	**35**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

24. BUDGETARY INFORMATION

Comprehensive Operating Statement	2014–15 Actual $000	2014–15 Original Budget $000	Variance $000	Note
INCOME				
Sales of goods and services	7	-	7	
Interest revenue	10 814	12 418	(1 604)	1
Gain on disposal of investments and Revaluation	-	2 893	(2 893)	2
Community Service Obligations	2 137	677	1 460	3
TOTAL INCOME	**12 958**	**15 988**	**(3 030)**	
EXPENSES				
Employee expenses	166	267	(101)	
Administrative expenses				
Purchases of goods and services	2 576	2 435	141	
Write-offs and impairment expenses	286	-	286	
Loss on revaluation of investments	2 199	-	2 199	2
Loss on disposal of investments	397	-	397	2
Grants and subsidies expenses				
Current	81	84	(3)	
Interest expenses	12 292	12 546	(254)	
TOTAL EXPENSES	**17 997**	**15 332**	**2 665**	
NET (DEFICIT) BEFORE INCOME TAX	**(5 039)**	**656**	**(5 695)**	
NET (DEFICIT) AFTER INCOME TAX	**(5 039)**	**656**	**(5 695)**	
COMPREHENSIVE RESULT	**(5 039)**	**656**	**(5 695)**	

Notes:

The following note descriptions relate to variances greater than 10 percent and $1 million or where multiple significant variances have occurred. Please note that some items are combined as one in the Budget papers, necessitating the combining of values for Explanations

1. Interest revenue is lower than budget due to lower interest rates on existing advances, and the advance repayment rate currently greater than new advances being taken up.
2. The budget represents estimated revaluation increments, actual results were losses on disposals and a revaluation decrement due to a general downturn in the NT housing market. Actuals are therefore shown as expenditure in accordance with accounting standards.
3. The budget papers incorrectly categorised revenue from community service obligations as 'Sales of Goods and Services'. The variation represents additional community service obligations undertaken by NT Home Ownership in the form of subsidised interest rates on the Homeshare Extra product.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

24. BUDGETARY INFORMATION (CONTINUED)

Balance Sheet	2014–15 Actual $000	2014–15 Original Budget $000	Variance $000	Note
ASSETS				
Current assets				
Cash and deposits	35 895	24 094	11 801	1
Advances	2 627	-	2 627	2
Receivables	82	57	25	
Total current assets	**38 604**	**38 604**	**14 453**	
Non-current assets				
Advances	166 686	269 552	(102 866)	2
Shared Equity investments	77 043	-	77 043	2
Total non-current assets	**243 729**	**269 552**	**(25 823)**	
TOTAL ASSETS	**282 333**	**293 703**	**(11 370)**	
LIABILITIES				
Current liabilities				
Payables	1 119	1 744	(625)	
Borrowings and advances	38 186	-	38 186	3
Provisions	20	35	(15)	
Total current liabilities	**39 325**	**1 779**	**37 546**	
Non-current liabilities				
Borrowings and advances	208 793	251 980	(43 187)	3
Total non-current liabilities	208 793	251 980	(43 187)	
TOTAL LIABILITIES	**248 118**	**253 759**	**(5 641)**	
NET ASSETS	**34 215**	**39 944**	**(5 729)**	
EQUITY				
Capital	22 745	22 745	-	
Accumulated funds	11 470	17 199	(5 729)	
TOTAL EQUITY	**34 215**	**39 944**	**(5 729)**	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

24. BUDGETARY INFORMATION (CONTINUED)

Notes:

The following note descriptions relate to variances greater than 10 percent and $1 million or where multiple significant variances have occurred.

Please note that current and non-current items are combined as one in the budget papers, necessitating the combining of values for explanations.

1. Cash and Deposits are higher than budget due to advance repayments exceeding the value of new advances issued. This cash is available for the repayment of borrowings as they fall due in 2015–16.
2. Advances and investments split between current and non-current total $246.3m against the budgeted value of $269.6m. The reduction in actuals is due to the higher than expected repayment of Shared Equity investments and advances during the year.
3. Current and non-current Borrowings and advances combined liability total $247m against the budgeted value of $252m. The reduction is due to a $5m loan being repaid during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

24. BUDGETARY INFORMATION (CONTINUED)

Cash Flow Statement	2014–15 Actual $000	2014–15 Original Budget $000	Variance $000	Note
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating receipts				
Receipts from sales of goods and services	2 293	677	1 616	1
Interest received	10 775	12 418	(1 643)	2
Total operating receipts	**13 068**	**13 095**	**(27)**	
Operating payments				
Payments to employees	(179)	(267)	88	
Payments for goods and services	(2 574)	(2 435)	(139)	
Grants and subsidies paid				
Current	(81)	(84)	3	
Interest paid	(12 325)	(12 542)	217	
Total operating payments	**(15 159)**	**(15 328)**	**169**	
Net cash from/(used in) operating activities	**(2 091)**	**(2 233)**	**142**	
CASH FLOWS FROM INVESTING ACTIVITIES				
Investing receipts				
Repayment of advances	34 197	27 000	7 197	3
Sales of investments	10 309	7 000	3 309	3
Total investing receipts	**44 506**	**34 000**	**10 506**	
Investing payments				
Purchases of investments	(55)	-	(55)	4
Advances and investing payments	(4 469)	(10 000)	5 531	4
Total investing payments	**(4 524)**	**(10 000)**	**5 476**	
Net cash from/(used in) investing activities	**39 982**	**24 000**	**15 982**	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

25. BUDGETARY INFORMATION (CONTINUED)

Cash Flow Statement	2014–15 Actual $000	2014–15 Original Budget $000	Variance $000	Note
CASH FLOWS FROM FINANCING ACTIVITIES				
Financing receipts	-			
Total financing receipts	**-**			
Financing payments				
Repayment of borrowings	(12 812)	(7 811)	(5 001)	5
Total financing payments	**(12 812)**	**(7 811)**	**(5 001)**	
Net cash from/(used in) financing activities	**(12 812)**	**(7 811)**	**(5 001)**	
Net increase in cash held	25 079	13 956	11 123	
Cash at beginning of financial year	10 816	10 138	678	
CASH AT END OF FINANCIAL YEAR	**35 895**	**24 094**	**11 801**	

Notes:

The following note descriptions relate to variances greater than 10 percent and $1 million or where multiple significant variances have occurred.

1. The budget papers incorrectly categorised revenue from community service obligations as ‘Sales of Goods and Services’. The variation represents additional community service obligations undertaken by NT Home Ownership in the form of subsidised interest rates on the Homeshare Extra product.
2. Interest received is lower than budget due to early repayment of advances by clients and lower interest rates.
3. Higher than budgeted due to individuals re-financing loans in the private sector due to low interest rates.
4. Investing payments are lower than budget due to lower than anticipated uptake of new loans.
5. Financing repayments is higher than budgeted due to a $5m borrowing being repaid during the year.