



Northern  
Territory  
Government



# DEPARTMENT OF HOUSING

ANNUAL REPORT  
2012-13

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The Hon Matt Conlan MLA  
Minister for Housing  
Parliament House  
DARWIN NT 0800

Dear Minister

In accordance with the provisions of the *Public Sector Employment and Management Act*, I am pleased to submit the Department of Housing Annual Report 2012–13.

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 department are kept and the employees under my control observe the provisions of the *Financial Management Act*, the Financial Management Regulations and the Treasurer's Directions.
- (b) Procedures within the department afford proper internal control, and these procedures are recorded in the Accounting and Property Manual, which has been prepared in accordance with the requirements of the *Financial Management Act*.
- (c) There is no indication of fraud, malpractice, major breach of legislation or delegation, major error in, or omission from, the accounts and records.
- (d) The internal audit capacity available to the department is adequate and the results of internal audits have been reported to me.
- (e) The financial statement included in the annual report has been prepared from proper accounts and records and is in accordance with the Treasurer's Directions.
- (f) All Employment Instructions issued by the Commissioner for Public Employment have been satisfied.
- (g) The department is working in compliance with the *Information Act*.

Yours sincerely



**ALLAN MCGILL**  
Acting Chief Executive  
Department of Housing

10 October 2013

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# OUR YEAR

# CE'S MESSAGE

The Department of Housing was formed in September 2012. The new agency arrangements gave us the opportunity to refocus our resources to strengthen frontline services and improve housing options for Territorians.

## GREATER CLIENT SERVICE FOCUS

In 2012-13, a key priority was an improved client focus across the department in particular in regional areas. We have made progress in addressing antisocial behaviour, improving regional focus and developing a strong client service culture.

The innovative Public Housing Safety strategy has been highly successful in addressing antisocial behaviour in public housing. Public Housing Safety Officers celebrated their first 12 months of operation in June 2013. A fundamental part of the safety strategy, the Public Housing Safety Officers manage and reduce incidents of antisocial behaviour through patrolling and community engagement and have responded to 8525 incidents across Darwin, Palmerston, Bachelor and Alice Springs.

This year we have established a new Arafura regional office to improve our regional and remote services throughout the Tiwi Island and West Arnhem area. With the exception of Central Australia (which is a dedicated regional office managing over 2800 dwellings) our regional offices are overseen by an executive director that is administratively based in housing but provides inter-agency leadership across multiple departments. This is an innovative approach to ensure integrated and efficient regional services.

In 2013, the department developed an Integrated Service Delivery Framework which will be implemented in 2013-14. The framework aims to improve service delivery across the department by guiding all department employees to provide proactive, responsive and consistent client services.

## REAL HOUSING FOR GROWTH

Another major priority for our department this year was the development and implementation of the Northern Territory Government's Real Housing for Growth Plan to provide more housing choices for Territorians. The plan, which incorporates rental and home ownership initiatives, was an election commitment of the Territory Government and will facilitate the construction of 2000 new homes across the Territory over the next four years.

In February 2013, the department released the first call for Expressions of Interest for its Real Housing for Growth Head Leasing initiative seeking proposals from private sector developers to provide affordable rental dwellings for key Territory workers throughout urban and regional centres of the Northern Territory. The department received more than 30 proposals with a range of 1, 2 and 3 bedroom properties. This was a vital first step to improving housing choices for Territorians, and negotiations are underway with shortlisted developers which will deliver approximately 600 new homes.

## EFFICIENT CORPORATE SERVICES

Our Organisation Services branch was established in October 2012 as a shared service across the departments of Housing, Local Government and Regional Development and Women's Policy. Organisation Services embraced the opportunity for change and to lead the way to successfully develop an innovative shared service arrangement that maximises government resources, aligning shared services and structures to provide cost effective and quality services. In less than 12 months each department is well established and is underpinned by a solid governance framework and flexible and responsive corporate services.

## STRONGER FUTURES NT

In May 2013, in partnership with the Australian Government, the Stronger Futures NT Housing Implementation Plan was finalised. Under the National Partnership Agreement on Stronger Futures NT the plan provides \$280 million to 30 June 2018 for upgrades to remote public housing. As at 30 June 2013, a total of 88 houses have been upgraded.

## FUTURE DIRECTION

Throughout the year we have achieved a great deal in transitioning to new agency arrangements and establish the new department. As we move into our second year of operation our focus will be the implementation of new initiatives launched in 2012-13.

I am excited about the new client services framework implementation and the new initiatives and improvements our Executive Management Leadership Team is investigating to enhance our service levels in regional areas.

In 2013-14, we will also focus on developing and implementing:

- a Northern Territory Homelessness Plan
- a cost effective and efficient Asset Management Framework
- the Living in a Home program to assist and support Indigenous tenants to sustain tenancies
- modernisation strategies to ensure the department is well placed to deal with contemporary housing issues.

## ACKNOWLEDGEMENTS

I would like to take this opportunity to acknowledge the contribution of former Chief Executive, John Baskerville, who led the department through the transition to new agency arrangements and established a foundation for continued growth and improvement.

Our employees and stakeholders are critical to improved housing choices that meet the needs of Territorians. I would also like to thank all department employees and stakeholders for their continued commitment and contributions throughout 2012-13. Together, we can be PROUD of the achievements.

**Allan McGill**

Acting Chief Executive  
Department of Housing

# SNAPSHOT 2012-13

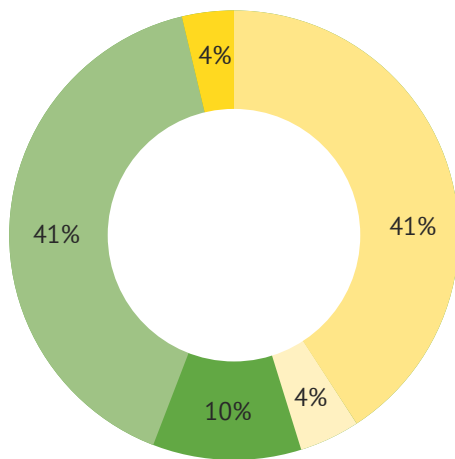
## AS AT 2012-13

416 full-time equivalent staff

2/3 of the department's employees are female

12 420 dwellings across the territory

49% of dwellings based in remote communities



■ Government employee dwellings

■ Remote public dwellings

■ Town camp community living area dwellings

■ Urban public dwellings

■ Urban industry dwellings

## NEW INITIATIVES IN 2012-13



Stronger Futures NT Housing Implementation Plan to improve the standard of remote Indigenous housing



Integrated Client Service Framework guiding our employees to provide proactive responsive and consistent client services



Real Housing for Growth Plan providing more housing choices for Territorians

## INVESTMENTS IN 2012-13

\$150 million for constructing dwellings across the Northern Territory

\$38 million for repairs and maintenance

\$16 million in homelessness services grants



# WHO WE ARE



# ABOUT THE DEPARTMENT

## ESTABLISHING OUR DEPARTMENT

The Department of Housing was established in September 2012 in response to changes in agency arrangements to refocus the Northern Territory Government on effective and quality service delivery and stronger regions.

## OUR ROLE

The department is responsible for delivering safe, secure and appropriate social and affordable housing programs for Territorians.

# OUR LEADERSHIP

## EXECUTIVE MANAGEMENT LEADERSHIP TEAM

Undertaking a private sector board-like function, the Executive Management Leadership Team was established to provide strategic direction and governance to the Chief Executive and to make decisions on matters that could significantly impact the department's performance and reputation.

The Executive Management Leadership Team is chaired by the Chief Executive and includes executive-level representatives from each business area and regional office, as well as a representative from Organisation Services. It convenes monthly to conduct separate business and strategic meetings.

The Executive Management Leadership Team members at 30 June 2013 were:

- **Allan McGill**  
*Acting Chief Executive*  
From April 2013
- **Mychelle Curran**  
*Deputy Chief Executive, Urban Housing*
- **Noelene Swanson**  
*Acting Senior Executive Director, Remote Housing NT*  
From March 2013
- **Colleen Gwynne**  
*Acting Senior Executive Director, Service Delivery*  
From March 2013
- **Peter Boyce**  
*Acting Senior Executive Director, Organisation Services*  
From March 2013
- **John de Koning**  
*Regional Executive Director, Big Rivers Region*
- **Steven Edgington**  
*Regional Executive Director, Barkly Region*
- **Christine Hart**  
*Regional Executive Director, Central Australia*  
From March 2013
- **Christine Fitzgerald**  
*Regional Executive Director, Darwin Region*
- **Darren Johnson**  
*Regional Executive Director, Arafura Region*  
From February 2013
- **Julianne Donnelly**  
*Regional Executive Director, East Arnhem Region*  
From June 2013
- **Ken Tinkham**  
*Chief Financial Officer*  
From November 2012



**From left:** Ken Tinkham, Christine Fitzgerald, Steve Edgington, Christine Hart, John de Koning, Noelene Swanson, Mychelle Curran, Darren Johnson, Julianne Donnelly, Allan McGill, Colleen Gwynne, Peter Boyce (absent).

# OUR STRATEGY

## VISION

Housing choices that meet the needs of Territorians.

## MISSION

Working in partnership with the private sector, governments, non-government agencies and communities to increase the supply and sustainability of housing across the Territory.

## VALUES

- responsive
- professional
- accountable
- collaborative
- flexible
- diverse
- respectful

## CORPORATE PLAN

The department's Corporate Plan 2013–2015 was launched by the Executive Management Leadership Team in February 2013 to provide strategic direction across the department.

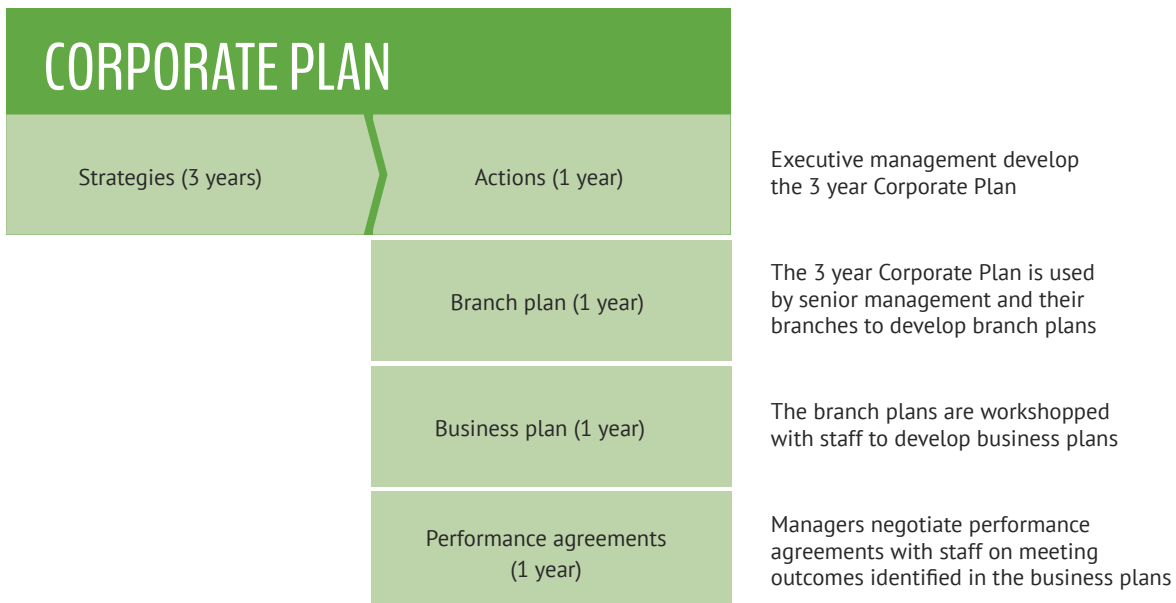
### Strategies

- deliver appropriate social housing programs
- improve Indigenous housing
- deliver affordable housing choices
- provide home ownership opportunities
- reduce homelessness
- improve safety and security for public housing tenants and neighbours
- increase capacity of staff to deliver services.

The Corporate Plan will be reviewed annually and, if required, our strategic direction and actions will be adjusted to ensure our programs and initiatives are in line with the Northern Territory Government's strategic direction.

The department's corporate planning framework ensures staff at all levels understand and support the strategic direction of the department. Branch plans were finalised during 2013–14 and business plans and performance agreements subsequently developed in 2013–14. Collaboration with staff is encouraged throughout the planning process.

### Corporate planning framework





# STRATEGY INTO ACTION

# REAL HOUSING FOR GROWTH



Deliver affordable housing choices and provide home ownership opportunities

The Territory Government's Real Housing for Growth Plan provides more housing choices for Territorians. The plan aims to increase housing supply and ease housing cost pressures to support the attraction and retention of key workers in the Territory. Incorporating home ownership and rental initiatives, the plan will facilitate the construction of up to 2000 new homes across the Territory over the next four years.

Under the Real Housing for Growth Plan the department coordinates a number of initiatives which contribute to three key elements that aim to restore the balance in the local property market:

**Rent** – increasing the number of affordable rental properties available to key workers

**Buy** – providing low to middle income earners with more opportunities to buy their own home

**Develop** – facilitating an increase in new housing across the Territory with initiatives targeted at the supply of affordable homes for Territorians through collaboration with the private sector.

## HEAD LEASING INITIATIVE

The Territory Government's head leasing initiative will provide eligible key workers with access to rental properties at 30 per cent below market rates while developers and investors achieve market returns for a guaranteed 10 year term. The initiative involves the Northern Territory Government partnering with the private sector by offering to head lease newly constructed affordable rental dwellings across the Territory in an aim to help bridge the affordability gap currently being experienced by low to middle income workers.

In February 2013, the department released the first call for Expressions of Interest seeking proposals from private sector developers or investors who could demonstrate an ability to deliver new, quality, affordable rental dwellings throughout the Territory. The department held a series of industry briefings in Darwin, Katherine, Tennant Creek and Alice Springs to engage with and advise local industry of the development opportunity. More than 30 proposals were received, with a range of 1, 2 and 3 bedroom properties on offer across many development sites.

Negotiations continue with the shortlisted developers for the development of many sites across the Territory, with an aim to deliver approximately 600 new dwellings. Those eligible for these properties are our key workers essential to the Northern Territory's growth and include a broad range of people from childcare workers, mechanics, teachers, hospitality staff, nurses, and young families, to others currently being squeezed out of the rental market.

## REDEVELOPMENTS

To improve housing affordability and reduce concentrations of social disadvantage, the Territory Government has identified a number of ageing public housing sites suitable for redevelopment.

### Runge Street

In June 2013, the Minister for Housing announced the department would be seeking proposals for the redevelopment of an ageing 5060sqm public housing site at 1 Runge Street, Coconut Grove. The site provides a significant opportunity to provide higher density, quality housing enabling more people to enjoy the benefits of Darwin northern suburb living with ready access to existing employment, services, shopping, education, dining, entertainment and public transport. Developers will have an opportunity to purchase and redevelop the site, which will include a minimum of 15 per cent affordable housing options.

### Village@Parap

In September 2012, the redevelopment of the former Wirrina public housing site was completed. The new Village@Parap provides 100 new 1, 2 and 3 bedroom homes in a mixture of private, affordable and public housing. Thirty five of the units were transferred to the ownership of Venture Housing, the Northern Territory's first affordable housing rental company. These units are rented to Territorians at a rate which is less than market rent. Venture Housing also manages 10 senior public housing units at Village@Parap on behalf of the department.

## HOME BUYER INITIATIVE

The Real Housing for Growth Plan's home buyer initiative provides eligible Territorians with the opportunity to purchase properties made available throughout the Northern Territory.

The properties offered for sale through this initiative are generally either pre-constructed homes or house and land packages. Territorians on low to middle incomes can apply online for approval to purchase new homes under the home buyer initiative. As new properties become available, pre-approved applicants are notified.

As at 30 June 2013, 54 properties have been sold including:

- Bellamack – 24 house and land packages
- Bellamack – 10 units
- Zuccoli (Stage 1) – 5 house and land packages
- Johnston – 14 house and land packages
- Johnston (Johnston Gardens) – 1 unit

## HOMEBUILD ACCESS

HomeBuild Access is the Northern Territory Government's home loan package that helps more Territorians enter into home ownership. The package offers two loan products targeted at the construction or purchase of new dwellings where building started after 1 January 2013.

### Subsidised Interest Rate Loan

The *HomeBuild Access Subsidised Interest Rate Loan* is available to low to middle income first home buyers. It offers a substantially subsidised interest rate for the first five years of the loan term. Applicants also have access to a *Fee Assistance Loan* of up to \$10 000 to help out with costs such as conveyance costs, white goods, deposit and stamp duty.

### Low Deposit Loan

The *HomeBuild Access Low Deposit Loan* offers a loan of up to 17.5 per cent of the purchase price of the new home or house and land construction. Applicants are required to obtain finance for 80 per cent of the purchase price through an approved financier. Currently TIO is the only approved financier.

Low Deposit Loan applicants also have access to the *HomeBuild Access Off the Plan Deposit Loan* when they purchase a dwelling 'off the plan' which assists new home buyers fund the deposit when entering an off the plan purchase contract.

Purchase price limits apply to both HomeBuild Access loan products:

| House size         | Purchase price limit |
|--------------------|----------------------|
| 1-2 bedrooms       | \$475 000            |
| 3 or more bedrooms | \$555 000            |

As at 30 June 2013, nine loans had been approved for new homes including:

- Two HomeBuild Access Subsidised Interest Loans
- Five HomeBuild Access Low Deposit Loans
- Two HomeBuild Access Fee Assistance Loans

## HIGHLIGHTS

- > Government announced the Real Housing for Growth Plan in August 2012 and expanded the plan to incorporate homeownership initiatives in October 2012.
- > Released first call for Expressions of Interest for the Head Leasing initiative and received over 30 proposals.
- > Negotiating for 600 new affordable rental dwellings to be constructed under the Head Leasing initiative.
- > Completed Village@Parap in September 2012, providing 35 affordable rental dwellings for eligible Territorians and 10 new public rental dwellings.
- > Announced 1 Runge Street Coconut Grove redevelopment opportunity.
- > Sold 54 new properties to pre-approved applicants under the Home Buyer Initiative.
- > Funded nine HomeBuild Access loans.
- > Coordinated five industry briefings and 16 home buyer information sessions across the Territory.

# PUBLIC HOUSING SAFETY STRATEGY



Improve safety and security for public housing tenants and neighbours

The Public Housing Safety Strategy has been in operation for just over 12 months and is achieving sustainable long-term solutions to antisocial behaviour in and around public housing. The three key elements of the strategy are the Public Housing Safety Officers, a new complaints process and the Three Strike policy

## PUBLIC HOUSING SAFETY OFFICERS

Public Housing Safety Officers proactively manage and reduce incidents of antisocial behaviour, in Darwin and Alice Springs, through patrolling and community engagement to provide a safer environment for tenants and neighbours of public housing.

Since commencing in June 2012, Public Housing Safety Officers have attended over 8525 incidents while on patrol and investigated 5697 complaints in Darwin, Palmerston, Batchelor and Alice Springs.

There are 14 Safety Officers in Darwin and 6 in Alice Springs. The Safety Officers work with tenants, neighbours, social services and Northern Territory Police to effectively identify issues and work cooperatively to problem solve issues associated with individual tenancies, as well as hotspots within complexes and areas where there are a high number of public housing dwellings.

An innovative approach, the Safety Officers are the first program of its type in Australia and are an integral part of the Public Housing Safety Strategy, delivering outstanding results in the first year of operation.

In 2012-13 the Public Housing Safety Officers have:

- removed more than 9689 unwanted people from public housing premises
- formally banned 227 people from public housing for up to 12 months
- tipped out more than 562 litres of alcohol and seized 10 dangerous items

In May 2013, Public Housing Safety Officers travelled to Katherine to respond to ongoing antisocial behaviour issues in identified hotspots. Areas were identified in collaboration with Northern Territory Police in Katherine and investigations by local Katherine tenancy staff. As a result, joint patrols were conducted with Northern Territory Police, complaints and compliance education was provided to tenants and affected neighbours, and evidence was gathered to assist in the application of the Three Strike Policy. This planned activity has assisted in the reduction of antisocial behaviour across a number of areas of public housing in and around Katherine.

## NEW COMPLAINTS PROCESS

Tenants, neighbours and members of the public are actively encouraged to report antisocial behaviour that occurs in and around public housing.

Public Housing Safety Officers provide a first response to address safety concerns of tenants and neighbours. Issues requiring urgent assistance can be reported through the 24/7 Police Assistance Line (131 444) who can directly task Public Housing Safety Officers to attend, if appropriate.

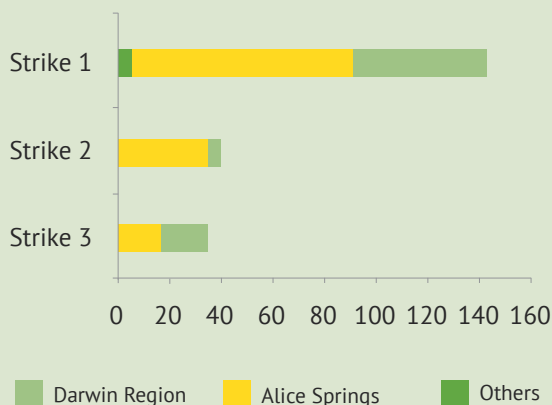
A dedicated Public Housing Safety Hotline 1800 685 743 was also established for non-urgent complaints to be reported directly to the department. Public Housing Safety Officers work with the department's Tenancy Officers, to respond to and substantiate complaints, provide community education on their role, and conduct follow up visits with tenants.

## THREE STRIKE POLICY

The Three Strike policy was implemented in July 2012 and allows the department to take stronger and more timely action against tenants who regularly, or seriously, interfere with the peace and safety of other tenants and neighbours of public housing.

All complaints relating to the behaviour of tenants, and their visitors, are investigated by the department. Depending on the nature and frequency of the behaviour, a written warning (Strike) may be issued. The issuing of a third Strike automatically triggers consideration of eviction by the department.

## STRIKES ISSUED (JULY 2012 – JUNE 2013)



As at 30 June 2013, 16 tenancies have been terminated for breaches of the *Residential Tenancies Act*. As evidenced from the chart above, once a first Strike is issued most tenants recognise that they need to change their behaviour to sustain their tenancy. Following the issue of a third Strike, some tenants have also recognised their inability to sustain their tenancy, with issues such as uncontrolled visitors, and have voluntarily handed back their property.

## HIGHLIGHTS

- > Celebrated the Public Housing Safety Officer's first 12 months of operation.
- > Attended over 8525 incidents since June 2012.
- > Removed more than 9689 unwanted people from public housing premises.
- > Formally banned 227 people from public housing for up to 12 months.
- > Tipped out more than 562 litres of alcohol and seized 10 dangerous items.

# IMPROVING CLIENT SERVICES



Increase capacity of staff to deliver services

## CLIENT SERVICES

The department is committed to an improved client focus and service delivery in all operational areas. In early 2013, a new position was added to the department's executive structure to strengthen the focus on service delivery across the Territory. The Senior Executive Director Service Delivery oversees regional operations, frontline services delivery and tenancy management to improve client services by working across the department to trial new service approaches, improve staff training and development, and review current operations and procedures.

In 2013, the department developed an Integrated Service Delivery Framework which will be rolled out in 2013-14. The framework focuses the department on five key elements:

1. early intervention
2. outcome focused
3. capable and skilled staff
4. consistency of service
5. collaborative approach.

The framework aims to improve service delivery across the department by guiding all department employees to provide proactive, responsive and consistent client services.

## FRONTLINE TRAINING

In line with the department's client service focus, training specific for frontline staff was delivered throughout the department to improve client management skills.

Frontline housing staff at all levels participated in specialist training designed to assist staff to identify and respond confidently to aggressive client behaviour, by understanding what may trigger specific reactions and using a range of techniques to manage the situation.

The Australia Housing Institute delivered training for frontline managers and supervisors in June 2013. The training was specifically designed for the housing industry and explored different leadership strategies for effectively motivating and developing a client-focused team.

Judy Williams, Team Leader Client Service Palmerston, attended the workshop and said it was great to learn new skills. "I found the session informative in that it cemented the notion that we work in a complex, ever-changing environment and having leaders who are able to inspire and support teams is paramount."



## REVIEW OF REMOTE TENANT EXPERIENCES

In 2012–13 an independent review on behalf of the Australian and Northern Territory governments assessed tenant experiences of the property and tenancy management in remote Indigenous communities across the Northern Territory.

The assessment was based on a survey of 100 tenants in seven communities and identified some very positive outcomes for tenants, particularly with respect to improved lifestyle, health and wellbeing as a result of having better quality housing services.

The assessment also highlighted communication with remote indigenous clients as a key area for improvement, in particular:

- tenants understanding tenancy agreements
- how rent was calculated
- repair and maintenance
- the role of the Housing Reference Group.

The results of the review provide the department with a stronger client focus and clear direction on how our clients are benefiting from improved housing conditions as well as how to improve client services and support in remote Indigenous communities.

### HIGHLIGHTS

- > *Developed a new Integrated Service Delivery Framework.*
- > *Increased executive focus on client services, frontline staff and regional operations.*
- > *Provided training for frontline staff at all levels to identify and respond to aggressive client behaviour.*
- > *Provided specialised training for frontline managers to improve leadership and client focus.*
- > *Reviewed experiences of 100 tenants in remote Indigenous communities to support improved client services.*

# SUPPORTING THE HOMELESSNESS SECTOR



Reduce homelessness

Homelessness is a key concern for the Northern Territory Government. The Australian Bureau of Statistics's 2011 Census of Population and Housing: Estimating Homelessness report described the Northern Territory as the jurisdiction with the highest homelessness rate in the country.

The department maintains strong working relationships with the homelessness non-profit service delivery sector through regular consultation and participation in committees and stakeholder meetings, grant funding and specialised training and dedicated support.

## GRANT FUNDING

The department is responsible for funding a range of homelessness services across the Northern Territory through non-government organisations. In 2012-13 the department funded \$16.578 million in grants to 18 non-government organisations to deliver 56 homelessness and tenancy support services across the Northern Territory. Types of services include:

- specialist homelessness services that provide crisis and short-term accommodation and support services
- managed and supported accommodation services that offer transitional accommodation for up to 12 months
- tenancy support programs for people in public housing including town camps and community living areas, aimed at achieving sustainable tenancies and as a homelessness prevention strategy.

## BUILDING THE CAPACITY OF THE SECTOR THROUGH TRAINING AND ONE-ON-ONE SUPPORT

The department also provides ongoing support and training to agencies and individual workers and supports sector-wide events such as the Homelessness Summit to build the capacity of the sector to contribute to national and local homelessness reform.

In 2012-13, the department developed and delivered group and intensive one-on-one training to over 150 people from Borroloola, Tennant Creek, Alice Springs, Katherine and Darwin to build the capacity of the sector to contribute to the National Homelessness Services Collection.

In partnership with NT Shelter, the Northern Territory Government sponsored the Homelessness Summit in October 2012.

With over 140 attendees, the annual event brings together specialist homeless services providers and stakeholders and provides a valuable opportunity to strengthen the homelessness sector by developing partnerships and sharing ideas and strategies for reducing homelessness in the Northern Territory.

## NATIONAL PARTNERSHIP AGREEMENT ON HOMELESSNESS

The department is responsible for policy development, implementation and high-level coordination across Northern Territory Government agencies for the National Partnership Agreement for Homelessness, and its subsequent Northern Territory Homelessness Implementation Plan.

The five year agreement concluded in June 2013 with a total investment of \$54 million by the Australian and Northern Territory governments. This investment was strategically directed towards projects that provided significant capital growth and service model delivery in areas of greatest need.

Under the agreement, the Northern Territory target was to reduce homelessness in the Territory by 7 per cent in 2013. The Northern Territory achieved a reduction of 8 per cent which was the greatest improvement in Australia.

### Key achievements of the agreement:

- assisting over 800 households to sustain successful tenancies through the Tenancy Support Program
- providing a response to over 80 young people at risk of homelessness, through the Katherine Youth Accommodation and Support Service, the Palmerston Real Estate Tenancy Access Program, the Youth Residential Program in Tennant Creek and the Youth Housing Options and Pathways Program in Palmerston
- providing medium-term transitional managed and supported accommodation in a total of 70 units in Alice Springs, and 18 beds in Darwin
- providing 66 beds for short-term accommodation at Anangkentye Hostel South Terrace Alice Springs.

In 2013, the Northern Territory Government participated in national negotiations for an interim agreement for 2013-14 in anticipation of a longer term funding partnership being negotiated during 2013-14.

### HIGHLIGHTS

- > *Funded \$16.578 million in grants, supporting 56 homelessness and tenancy support services across the Northern Territory.*
- > *Sponsored the Northern Territory Homelessness Summit bringing together 140 delegates from the homelessness sector.*
- > *Provided training to over 150 people working in the homelessness sector.*
- > *Invested a total of \$54 million over five years jointly with the Australian Government under the National Partnership Agreement for Homelessness which concluded in June 2013.*

# REMOTE INDIGENOUS HOUSING



## Improve Indigenous housing

### NATIONAL PARTNERSHIP AGREEMENT ON REMOTE INDIGENOUS HOUSING

The National Partnership Agreement on Remote Indigenous Housing, which now incorporates the Strategic Indigenous Housing Infrastructure Program, is a joint initiative of the Australian and Northern Territory governments that will deliver 1456 new houses and 2915 rebuilds and refurbishments by June 2018.

Housing work has been undertaken in 68 communities, 7 Tennant Creek Community Living Areas and 18 Alice Springs Town Camps.

In 2012-13, 252 new houses and 425 refurbishment and rebuilds were completed in a number of remote Indigenous communities, town camps and community living areas across the Territory.

Indigenous employees have made up around 26 per cent of the workforce engaged in the construction of this housing since the program began, and have been employed on Remote Indigenous Housing projects across 93 communities and town camps in the Northern Territory. This has exceeded the 20 per cent Indigenous employment target.

By early 2012, 14 out of 16 communities prioritised for major investment in the Northern Territory had signed long-term leasing arrangements. In the Territory, township leasing has made it possible to grant long-term subleases for economic purposes and home ownership. Voluntary leases are being negotiated currently in the smaller communities so housing works can commence as soon as possible.

#### Milikapiti ramps up again

Refurbished houses in the community of Milikapiti, on the northern coast of Melville Island, are continuing to have a positive effect on the community.

The community had works done earlier under the National Partnership Agreement on Remote Indigenous Housing and construction has ramped up again to finalise the works in the small community.

Contractor DT Hobbs, contracted through the Northern Territory Government's Department of Infrastructure, is carrying out the refurbishment works in Milikapiti and has enjoyed great community support.

The works being carried out are a mix of upgrades to houses previously upgraded under the program and refurbishments to other existing properties.

The contractor has employed quite a few local community members who worked on the Remote Indigenous Housing program when it was last on the Tiwi's, the experience they brought with them has been very beneficial.

A cleaning team consisting of female community members is proving to be invaluable preparing the houses before refurbishment and then before tenants return.

Scoping works for further packages are currently in progress. It is expected that works will continue in Milikapiti through to December this year.

## STRONGER FUTURES IN THE NORTHERN TERRITORY

The National Partnership Agreement on Stronger Futures in the Northern Territory (Stronger Futures NT) is a joint Australian and Northern Territory government investment of \$3.4 billion over 10 years. It aims to support Indigenous Territorians, particularly in remote communities, to live strong, independent lives, where communities, families and children are safe and healthy through a range of programs and services focused on community safety, health, education, employment and housing.

In May 2013 the Australian and Northern Territory governments finalised the Stronger Futures NT Housing Implementation Plan. The plan provides \$280 million to 30 June 2018 for functionality and durability upgrades and asbestos removal in remote public housing and other community buildings throughout the Territory. This will bring over 2400 houses to a higher standard.

As at 30 June 2013, a total of 88 houses have been upgraded across a number of communities to substantially improve their condition and increase their durability.

## TENANCY MANAGEMENT

In partnership with the Australian Government the department coordinated a major Tenancy Management System update for remote Indigenous housing. The project was completed in the first quarter of 2013 with tenancy/occupancy information updated for over 4300 houses across 73 remote communities.

Under a memorandum of understanding ten Australian Government staff from the Department of Human Services (Centrelink) were seconded to work with the department's regional staff. Australian Government staff with excellent engagement skills were recruited from across Australia to travel with the department's regional staff to remote Indigenous communities and collect updated information for the Tenancy Management System.

The exercise provided Australian Government staff the opportunity to strengthen their client services skills and build a stronger cultural awareness by travelling with the department's regional staff throughout the Territory's remote Indigenous communities.

With the updated information for in excess of 30 000 tenants/occupants the department is able to better support tenants and more effectively manage repairs and maintenance.

## HIGHLIGHTS

- > *Completed 252 new houses and 425 refurbishment and rebuilds under the National Partnership Agreement on Remote Indigenous Housing.*
- > *Exceeded Indigenous employment targets under the National Partnership Agreement on Remote Indigenous Housing.*
- > *Signed the Stronger Futures NT Housing Implementation Plan in May 2013 committing \$280 million over ten years to improve Indigenous housing.*
- > *Upgraded 88 houses under Stronger Futures NT.*
- > *Updated 4300 tenancy records across 73 remote Indigenous communities in partnership with the Australian Government.*

# MANAGING OUR URBAN STOCK PORTFOLIO



Deliver appropriate social housing programs

The department is committed to maintaining existing stock numbers and increasing affordable housing options for Territorians on low incomes through best practice asset management, redeveloping ageing stock configurations to smaller multiple dwellings, and reinvesting in new public housing dwellings and mixed tenure accommodation models.

## REDEVELOPMENTS

In line with the approach to provide more quality public housing that suits the needs of Territorians, the department seeks to redevelop ageing public housing properties to increase the number of smaller 1 to 2 bedroom public housing dwellings suitable for smaller households, senior tenants or tenants with disabilities.

The new housing provides more housing choices for seniors to downsize within their existing neighbourhood or provide new homes for Territorians in most need.

In 2012-13 construction commenced on several public housing redevelopments throughout Darwin including:

- two 2 bedroom and two 1 bedroom dwellings in Moil
- four 2 bedroom dwellings in Milliner
- three 2 bedroom dwellings in Stuart Park.

Construction of the 11 new dwellings is expected to be completed in 2013-14.

In addition, 10 new 1 and 2 bedroom senior public housing dwellings were completed in late 2012, as part of the Village@Parap, a large scale redevelopment of a former public housing site that provides a combination of private, affordable and public housing dwellings.

## REPAIRS AND MAINTENANCE

In 2012-13 the department invested almost \$32.469 million in repairs and maintenance and \$18.341 million in minor new works to improve urban public housing across the Territory.

## NEW PUBLIC HOUSING

In Palmerston 21 new 2 bedroom dwellings are being constructed which are specifically designed for seniors and tenants with disabilities. In 2012-13 construction of 4 new dwellings at Bellamack was completed and construction commenced on 10 new dwellings in Bellamack and 7 new dwellings in Rosebery.

## SALE AND RENEWAL STRATEGIES

Sale of public housing and urban Government Employee Housing in Darwin and Alice Springs commenced in 2012-13 as part of the Northern Territory Government's commitment to renew its portfolio. Eleven urban public houses were sold in Darwin and Alice Spring and four urban Government Employee Houses were sold in Darwin, generating total revenue of \$6 million for reinvestment.

## HIGHLIGHTS

- > Completed construction of 4 new dwellings at Bellamack.
- > Completed construction of 10 new senior public housing dwellings.
- > Commenced construction of public housing redevelopments to construct a total of nine 2 bedroom dwellings and two 1 bedroom dwellings.
- > Commenced construction of 17 new public housing dwellings in Palmerston.
- > Sold 15 public and Government Employee Housing dwellings generating total revenue of \$6 million to be reinvested in maintenance and construction of public housing.
- > Invested almost \$32.469 million in repairs and maintenance and \$18.341 million in minor new works to improve urban public housing across the Territory.



## REGIONAL FOCUS



# SNAP SHOTS

## ARAFURA

### 23 full-time equivalent staff

Public housing dwellings:

- Tiwi island - 473
- Gunbalunya - 165
- Maningrida - 259
- Other - 158

Highlights

- the new Arafura region was established to improve a regional client focus
- a total of 54 refurbishments completed under the Remote Indigenous Housing NPA
- 63 upgrades completed under the Stronger Futures NT NPA.

## DARWIN

### 274 full-time equivalent staff (includes corporate services and support staff)

Public housing dwellings:

- Darwin - 1150
- Casuarina - 1144
- Palmerston - 1312

Highlights

- Construction completed of 14 new public housing dwellings
- Redevelopment Village@Parap was completed in September 2012 providing 35 affordable rental dwellings for Venture Housing Company.
- More than \$7 million in grant funding provided to support homelessness services in the Darwin region
- 54 properties sold under the Real Housing for Growth home buyer initiative
- Public housing tenancy officers are trialling mobile EFTPOS machines to provide tenants with flexible payment options
- Public Housing Safety Officers attended 4301 incidents.

## ARNHEM

### 21 full-time equivalent staff

Public housing dwellings:

- Groote Eylandt - 266
- Galiwin'ku - 223
- Gapuwiyak - 102
- Yirrkala - 79
- Other - 206

Highlights

- a total of 118 new houses and 181 rebuilds and refurbishments completed under the Remote Indigenous Housing NPA
- 5 upgrades completed under the Stronger Futures NT NPA.

## BIG RIVERS

### 35 full-time equivalent staff

Public housing dwellings:

- Katherine - 475
- Wadeye - 266
- Beswick - 70
- Ngukurr - 125
- Kalkarindji - 50
- Nganmarriyanga - 44
- Other - 695

Highlights

- \$1.9 million in grant funding provided to support homelessness services in the Big Rivers region
- a total of 89 new houses and 79 rebuilds and refurbishments completed under the Remote Indigenous Housing NPA
- 20 upgrades completed under the Stronger Futures NT NPA
- Implemented innovative open plan office maximising space and incorporating 'hot desks' for field officers
- Public Housing Safety Officers visited Katherine to assist with addressing antisocial behaviour in urban public housing.

## BARKLY

### 14 full-time equivalent staff

Public housing dwellings:

- Tennant Creek - 132
- Ali Curung - 76
- Alpururulam - 76
- Ampilatawatja - 44
- Wuntunugurra - 31
- Other - 59

Highlights

- a total of 22 new houses and 10 rebuilds and refurbishments completed under the Remote Indigenous Housing NPA
- \$0.3 million in grant funding provided to support homelessness services in the Barkly region
- Julaikari Council Aboriginal Corporation signed a Property and Tenancy Service Agreement for the Tennant Creek Community Living Areas.

## CENTRAL AUSTRALIA

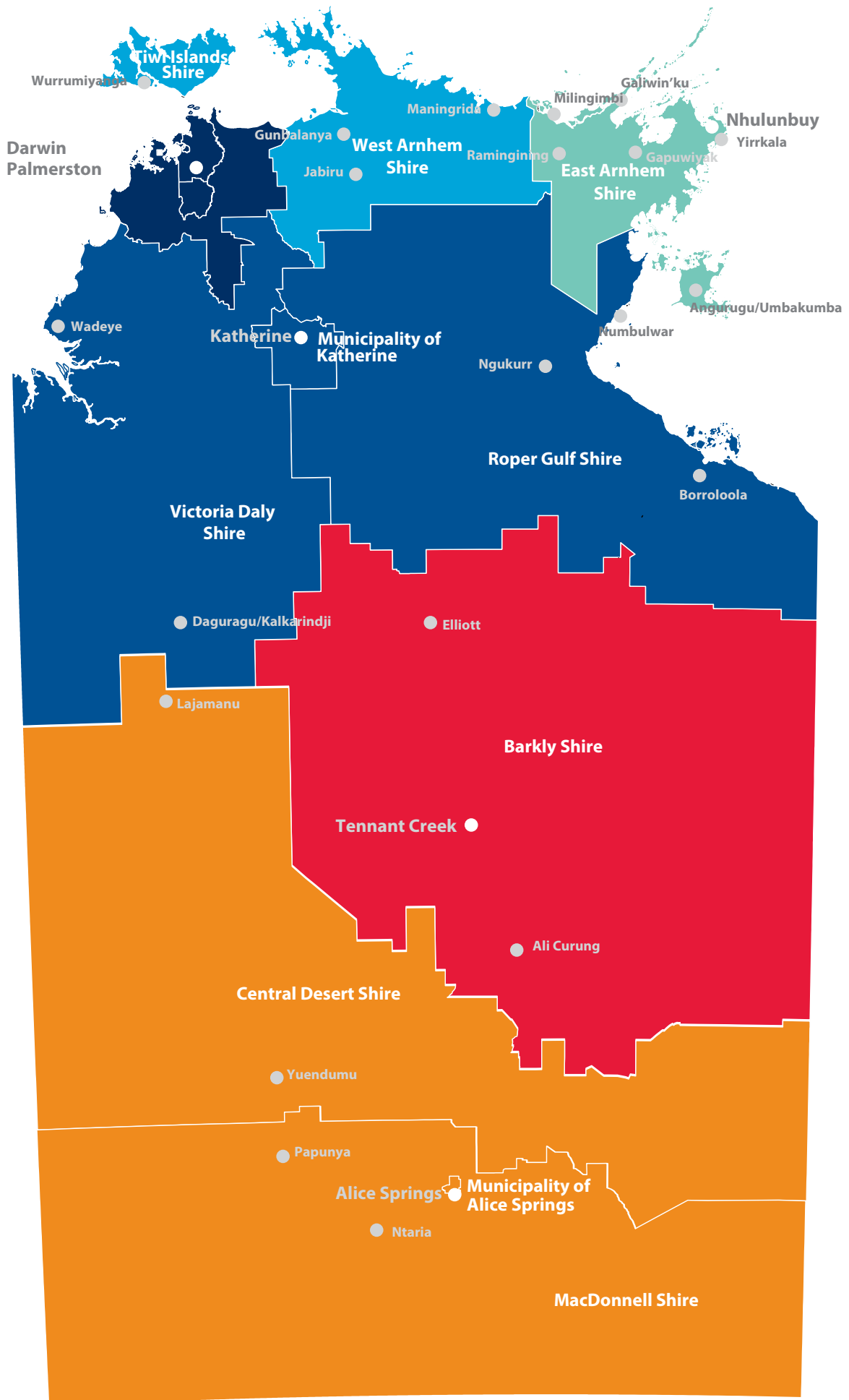
### 48 full-time equivalent staff

Public housing dwellings:

- Alice Springs - 831
- Amoonguna - 60
- Ntaria - 89
- Papunya - 49
- Willowra - 41
- Lajamanu - 99
- Santa Teresa - 107
- Kintore - 60
- Other - 636

Highlights

- New tiled floors which are easier to clean and maintain were installed in over 100 remote public housing dwellings across the region
- More than \$6 million in grant funding provided to support homelessness services in Central Australia region
- Public Housing Safety Officers attended 3738 incidents
- Alice Springs team launch the Visiting Town Soon? campaign to proactively manage increased visitors in and around public housing during key sporting events
- a total of 32 new houses and 101 refurbishments completed under the Remote Indigenous Housing NPA.





# OUR PERFORMANCE

# URBAN PUBLIC AND AFFORDABLE HOUSING

*Provide safe and appropriate public and affordable housing to eligible Territorians. In collaboration with community housing sector, assist in delivering crisis and supported accommodation to clients with high and complex needs.*

## KEY ACHIEVEMENTS IN 2012–13

- Implemented and shortlisted the Real Housing for Growth Plan Expression of Interest for Head Leasing to increase the number of affordable rental dwellings across the Territory.
- Assisted with the sale of 59 affordable house and land packages and pre-constructed dwellings in the suburbs of Bellamack, Johnston and Zuccoli.
- Provided \$16.5 million in grants to 18 non-government organisations to deliver 56 homelessness and tenancy support services across the Northern Territory.
- Built 14 new public housing dwellings for senior tenants in Darwin and Palmerston and construction of a further 28 dwellings is underway.
- Invested almost \$32.469 million in repairs and maintenance and \$18.341 million in minor new works to improve urban public housing across the Northern Territory.
- Sold 11 urban public dwellings in Darwin and Alice Spring generating revenue of approximately \$4 million which will be reinvested into public housing.
- Celebrated the first year of operation of the Public Housing Safety Officers and implementation of the Public Housing Safety Strategy.
- Developed integrated client services framework to reinvigorate the focus of our regions and frontline staff on service delivery.

## PRIORITIES FOR 2013–14

- Continue to progress the projects and initiatives associated with the Real Housing for Growth Plan to ease housing cost pressures and provide more housing choices for Territorians.
- Focus on key public housing redevelopment projects to ensure appropriate housing outcomes are achieved through diversity of housing product and mixed tenure.
- Continue to progress Territory initiatives to support the national homelessness reform and develop a Northern Territory Homelessness Plan to guide future priority directions and investment.
- Implement the integrated client service framework, supporting frontline staff and regional offices to improve service delivery across the Territory.
- Focus on providing proactive tenancy support and encourage model tenant behaviour.
- Continue to support and manage public housing safety through the Public Housing Safety Officers in Darwin and Alice Springs.
- Develop and implement a cost-effective and efficient Asset Management Framework.

## PERFORMANCE AGAINST MINI-BUDGET 2012–13

| Key Deliverables  | 2009-10<br>Actual | 2010-11<br>Actual | 2011-12<br>Actual | 2012-13<br>Mini-Budget | 2012-13<br>Actual | 2013-14<br>Budget |
|---|-------------------|-------------------|-------------------|------------------------|-------------------|-------------------|
| Urban housing stock <sup>1</sup>  |                   |                   |                   |                        |                   |                   |
| – public housing dwellings <sup>2</sup>   | 5 066             | 5 052             | 5 065             | 5 123                  | 5 077             | 5 036             |
| – industry housing dwellings  | 352               | 446               | 524               | 509                    | 527               | 536               |
| Affordable housing dwellings provided <sup>3</sup>  |                   |                   |                   | 35                     | 35                | 140               |
| Managed accommodation beds provided   |                   | 596               | 674               | 674                    | 689               | 674               |
| Net recurrent cost per urban housing dwelling <sup>4</sup>                                    |                   |                   | \$13 709          | \$13 000               | \$16 131          | \$13 023          |
| Urban public housing occupancy rate <sup>5</sup>  | 96%               | 97%               | 96%               | 98%                    | 94%               | 96%               |
| New households assisted in urban public housing <sup>6</sup>                                  | 466               | 469               | 441               | 502                    | 321               | 450               |
| New households assisted as a proportion of total applicants <sup>7</sup>                      |                   |                   | 15%               | 15%                    | 13%               | 15%               |
| New households assisted through the Bond Assistance Scheme                                    | 207               | 247               | 309               | 220                    | 269               | 220               |
| Households supported to maintain a successful tenancy through tenancy sustainability programs |                   | 346               | 591               | 612                    | 689               | 612               |

1) Number of dwellings fluctuates due to transfer of assets between public and industry housing.

2) Actual stock numbers affected by delays in commencement and completion of construction of new dwellings and higher than anticipated retention of dwellings leased under Industry Housing.

3) New measure.

4) Increase due to transfer of Homelessness function into the department in October 2012.

5) Urban public housing lower occupancy rate is attributable to an increase in the number of dwellings identified for redevelopment in Darwin, Katherine and Alice Springs. In addition, Alice Springs urban public housing experienced higher than usual vacate rates due to increased compliance activity. Works to return dwellings to tenantable condition commenced after 1 July 2013.

6) The decrease in new households assisted is largely attributable to current tenants requiring transfers to facilitate redevelopment or major refurbishment of public housing complexes (i.e. Runge Street). Higher than usual vacates in Alice Springs also contributed to a backlog of dwellings requiring works prior to reallocation.

7) The decrease is consequential to the decrease in new households assisted as a proportion of total applicants housed.

# NT HOME OWNERSHIP

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

## STRATEGY

- Provide home ownership opportunities

## KEY ACHIEVEMENTS IN 2012–13

- Launched two new loan products for eligible Territorians aimed at newly constructed dwellings.
- Financed nine HomeBuild Access loans targeted at the construction or purchase of new dwellings where building started after 1 January 2013.
- Conducted 16 information sessions throughout the Territory to promote NT Home Ownership.

## PRIORITIES FOR 2013–14

- Continue to support eligible Territorians enter into home ownership through HomeBuild Access loan products.
- Promote home ownership opportunities through regular public information sessions and displays.

## PERFORMANCE AGAINST MINI-BUDGET 2012–13

| Key Deliverables                              | 2009-10<br>Actual | 2010-11<br>Actual | 2011-12<br>Actual | 2012-13<br>Mini-Budget | 2012-13<br>Actual | 2013-14<br>Budget |
|---|-------------------|-------------------|-------------------|------------------------|-------------------|-------------------|
| Loan portfolio balance <sup>1,2</sup>         |                   |                   |                   |                        | \$219M            | \$231M            |
| Proportion of loans to Indigenous households  | 8%                | 6%                | 5%                | 2%                     | 2%                | 2%                |
| Loan turnover rate <sup>1,3</sup>             |                   |                   |                   | 12.1%                  | 14.0%             | 9.6%              |
| Loan accounts in arrears greater than 30 days | 1.4%              | 1.1%              | 1.1%              | 1.3%                   | 1.5%              | 1.8%              |
| Average new loan amount <sup>4</sup>          | \$241 390         | \$254 400         | \$268 479         | \$280 000              | \$301 000         | \$500 000         |
| Median purchase price                         | \$312 000         | \$340 000         | \$338 750         | \$420 000              | \$431 500         | \$510 000         |

1) New measure.

2) Average balance during the year.

3) New measure calculated as the value of loans refinanced or extinguished as a proportion of the total loan portfolio.

4) Average includes TIO loan portion.

# REMOTE PUBLIC HOUSING

*Provide and manage public housing to ensure Territorians in remote areas and town camps have access to safe, functional, sustainable and affordable housing, including appropriate tenancy management and maintenance.*

*Meet the needs of Indigenous and remote communities by providing new and upgraded housing and related infrastructure. Provide strategic planning and policy advice, including community engagement, to support the implementation of the Remote Public Housing Framework.*

## STRATEGIES

- Deliver appropriate social housing programs
- Improve Indigenous housing

## KEY ACHIEVEMENTS 2012–13

- Built 252 new houses and completed 425 refurbishment and rebuilds in a number of remote Indigenous communities, town camps and community living areas across the Territory under the National Partnership Agreement on Remote Indigenous Housing.
- Completed 88 upgrades to existing dwellings in a number of remote Indigenous communities to substantially improve their condition and increase their durability under the Stronger Futures NT National Partnership Agreement.
- Conducted a tenancy audit and implemented the updated Tenancy Management System to assist in the management of remote housing tenancy services and associated remote housing reform activities.
- Supported the independent review of tenants' experiences of the Remote Indigenous Housing Property and Tenancy Management Reforms (five years into a 10 year reform).
- Coordinated the signing of an additional 700 tenancy agreements across the Northern Territory.
- Implemented tablet devices so staff working in remote communities can capture property condition data whilst in the field.

## PRIORITIES FOR 2013–14

- Continue to implement the Remote Indigenous Housing and Stronger Futures NT national partnership agreements in partnership with the Australian Government.
- Progress the delivery of 522 new or replacement housing under National Partnership Agreement on Remote Indigenous Housing and 2454 upgrades under Strong Futures NT by 2018.
- Continue the planned implementation of remote property and tenancy management reform with a key focus on tenant responsibility, debt management and rental rebates.
- Improve tenancy support programs with a focus on support highlighted by the review of tenant experiences including tenants' understanding of their rights and responsibilities and rental payments and improved management of repairs and maintenance.
- Procurement and implementation of new property and tenancy management service delivery contracts with a focus on improved and more responsive service delivery with local employment opportunities.
- Develop the capacity and capability of our Community Housing Officers to delivery key tenancy services within the communities.
- Develop and implement the Living in a Home program to assist and support tenants to achieve successful and sustained tenancies.
- Review and align remote housing policies, frameworks and associated business practices.



## PERFORMANCE AGAINST MINI-BUDGET 2012–13

| Key Deliverables   | 2009-10<br>Actual | 2010-11<br>Actual | 2011-12<br>Actual | 2012-13<br>Mini-Budget | 2012-13<br>Actual | 2013-14<br>Budget |
|--|-------------------|-------------------|-------------------|------------------------|-------------------|-------------------|
| Remote public housing dwellings <sup>1</sup>   | 4 370             | 4 552             | 4 965             | 5 107                  | 5 056             | 5 000             |
| Town camp/community living area housing dwellings <sup>4,1</sup>                                 | 370               | 408               | 449               | 449                    | 448               | 449               |
| Refurbished dwellings <sup>2,3,5</sup>   | 344               | 1 248             | 805               | 558                    | 425               | 199               |
| New dwellings <sup>2</sup>   | 76                | 257               | 356               | 274                    | 252               | 141               |
| Households supported to maintain a successful tenancy through intensive tenancy support programs |                   |                   | 1 021             | 646                    | 700               | 340               |
| Community housing reference groups established   | 76                | 77                | 79                | 77                     | 86                | 77                |
| Indigenous employment on projects  | 35%               | 34%               | 29%               | 20%                    | 26%               | 20%               |
| Indigenous employment in tenancy management  |                   | 50%               | 80%               | 50%                    | 81%               | 50%               |
| Indigenous employment in property management   |                   |                   | 62%               | 40%                    | 62%               | 40%               |

1) Changes in leasing arrangements in 2012 led to a reduction in real assets.

2) Targets reflect those agreed under the National Partnership Agreement on Remote Indigenous Housing.

3) Includes rebuilds under the National Partnership Agreement on Remote Indigenous Housing.

4) Figures are included in the Remote Public Housing Dwellings figure.

5) Finalisation of land tenure arrangements did impact on refurbishments delivery against estimated targets.

# GOVERNMENT EMPLOYEE HOUSING

*Centrally manage tenancies and the provision of dwellings for eligible employees facilitating service delivery in remote and regional centres.*

## STRATEGIES

- Deliver appropriate Government Employee Housing programs

## KEY ACHIEVEMENTS 2012–13

- Commenced construction of 20 new Government Employee Housing dwellings in Ramingining, Wadeye, Yuendumu and Arlparra.
- Completed design and documentation of 20 Government Employee Housing dwellings, of which 16 are currently out to tender.
- Invested almost \$6 million dollars in repairs and maintenance and \$1.1 million dollars in minor new works to improve Government Employee Housing in remote communities.
- Established a Housing Management Committee for Government Employee Housing comprising representatives from Northern Territory Government agencies to improve coordination, business practices and focus on longer term strategies.
- Sold four urban Government Employee Housing dwellings in Darwin generating revenue of approximately \$2 million.
- Developed Government Employee Housing Strategy to provide a consistent approach across government and links with the strategic planning of government services where a private rental or home purchase market is limited or does not exist.
- Developed new design guidelines in consultation with clients and key stakeholders across government to establish minimum standards of Government Employee Housing across the remote regions of the Northern Territory.

## PRIORITIES FOR 2013–14

- Continue three year sale program of Government Employee Housing in Darwin and Alice Springs estimated to generate over \$9 million by 2014-15.
- Oversee construction of new Government Employee Housing throughout remote communities.
- Implement improvements and reforms as part of the new Government Employee Housing Strategy in consultation with the Housing Management Committee.
- Coordinate maintenance and repairs of Government Employee Housing across the Northern Territory.

## PERFORMANCE AGAINST MINI-BUDGET 2012-13

| Key Deliverables                  | 2009-10<br>Actual | 2010-11<br>Actual | 2011-12<br>Actual | 2012-13<br>Mini-Budget | 2012-13<br>Actual | 2013-14<br>Budget |
|-----------------------------------|-------------------|-------------------|-------------------|------------------------|-------------------|-------------------|
| Dwellings in urban localities     | 293               | 290               | 288               | 289                    | 285               | 278               |
| Dwellings in remote localities    | 936               | 1038              | 1024              | 1027                   | 1027              | 1065              |
| Private head leasing arrangements | 551               | 613               | 666               | 654                    | 622               | 631               |



# OUR PEOPLE

Our people are essential to delivering our strategic goals and providing professional and responsive services and programs to Territorians.

# PEOPLE PROFILE

At 30 June 2013 the department employed 416 full-time equivalent staff across the Territory.

## STAFF SNAPSHOT AT 30 JUNE 2013

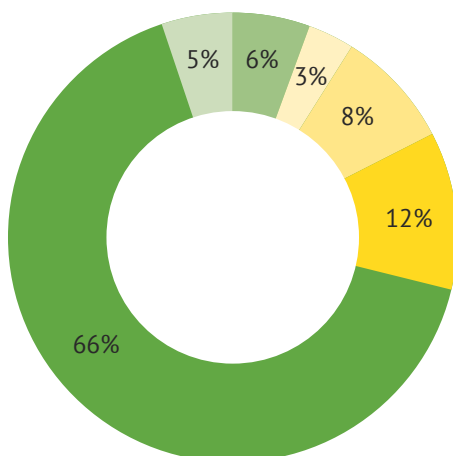
|   | Number |
|---|--------|
| Full-time Equivalent (FTE) staff                                | 416    |
| Part-time staff   |        |
| Permanent part-time (actual)                                    | 8      |
| Temporary part-time (actual)                                    | 3      |
| Casual (actual)   | 6      |
| Early careers <sup>1</sup> - Indigenous cadets and scholarships | 5      |

<sup>1</sup> Early career staff are held within the Department of Housing and complete shared work placements with the departments of Regional Development and Women's Policy and Local Government.

While the majority of our employees are based in the main regional centres of Darwin and Palmerston, Nhulunbuy, Tennant Creek, Katherine and Alice Springs, eight employees are permanently based in a number of remote communities, including:

- Alyangula
- Milikapiti
- Wurrumiyanga
- Wadeye
- Yulara.

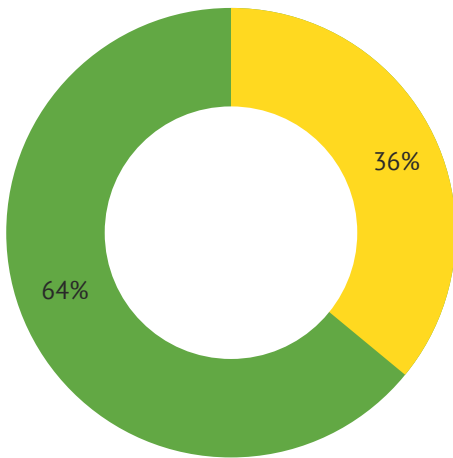
Number of full-time equivalent (FTE) staff per region at 30 June 2013



- Darwin (275)
- Central Australia (48)
- Arafura (23)
- Big Rivers (35)
- East Arnhem (21)
- Barkly (14)

# DIVERSITY AND INCLUSION

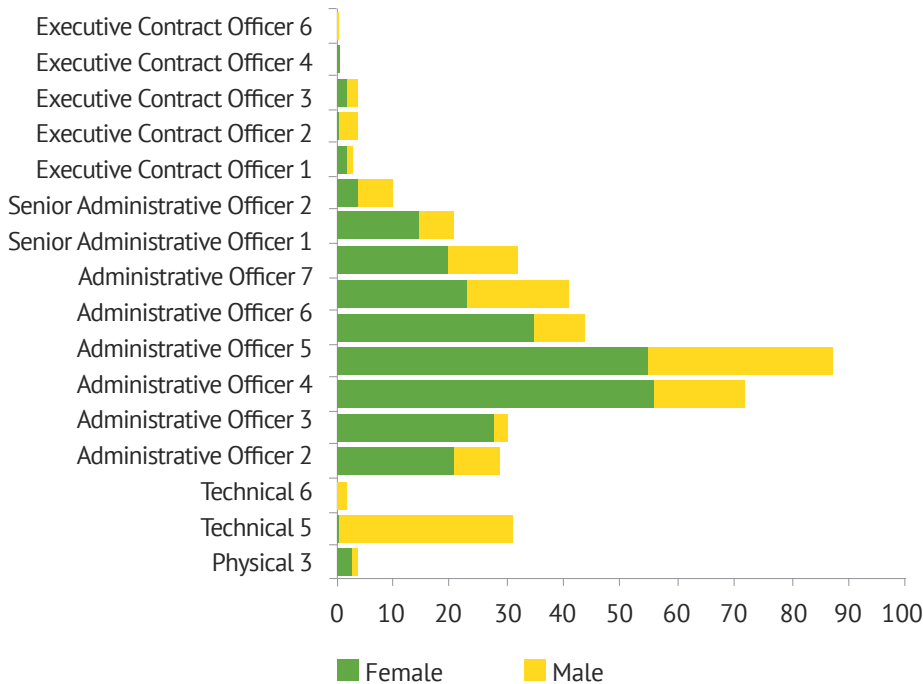
## STAFF DEMOGRAPHICS AT 30 JUNE 2013



- Male full-time equivalent (149)
- Female full-time equivalent (267)

Approximately two-thirds of the department's employees are female. More than 40 per cent of executive officers are female. The highest proportion of staff is at the AO5 level.

## CLASSIFICATION OF FULL-TIME EQUIVALENT STAFF AT 30 JUNE 2013 BY GENDER

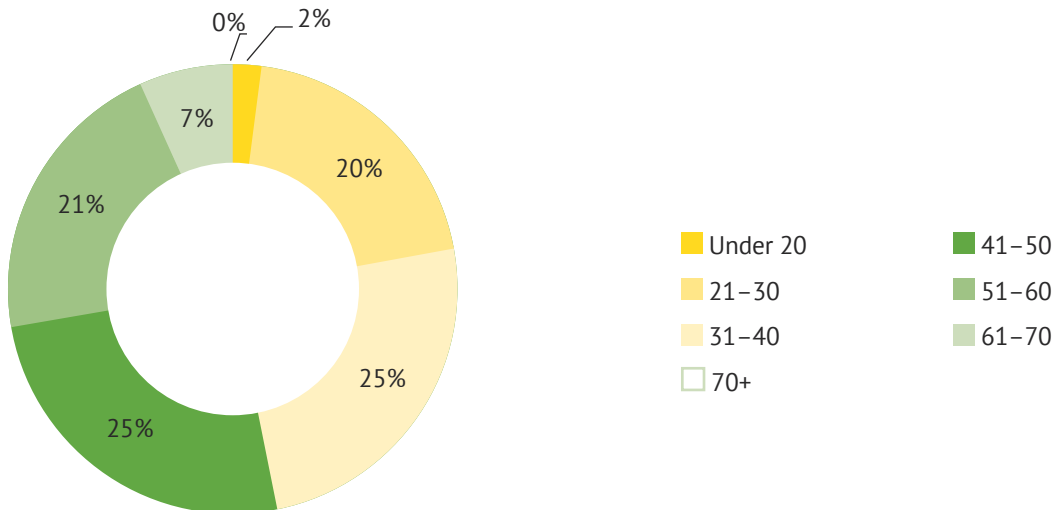


| Designation                     | Total |
|---------------------------------|-------|
| Physical 3                      | 4     |
| Technical 5                     | 31    |
| Technical 6                     | 2     |
| Administrative Officer 2        | 29    |
| Administrative Officer 3        | 30    |
| Administrative Officer 4        | 72    |
| Administrative Officer 5        | 87    |
| Administrative Officer 6        | 44    |
| Administrative Officer 7        | 41    |
| Senior Administrative Officer 1 | 32    |

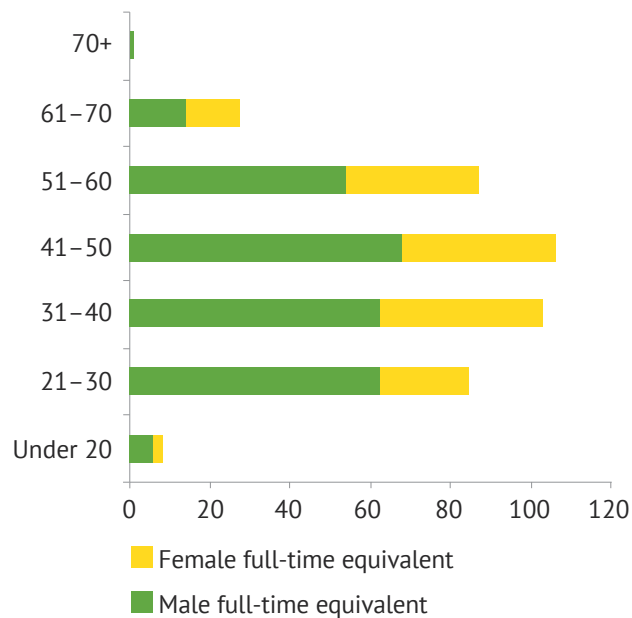
|                                 |            |
|---------------------------------|------------|
| Senior Administrative Officer 2 | 21         |
| Executive Contract Officer 1    | 10         |
| Executive Contract Officer 2    | 3          |
| Executive Contract Officer 2    | 4          |
| Executive Contract Officer 3    | 4          |
| Executive Contract Officer 4    | 1          |
| Executive Contract Officer 6    | 1          |
| <b>TOTAL</b>                    | <b>416</b> |

## AGE RANGE OF FULL-TIME EQUIVALENT STAFF AT 30 JUNE 2013

The average age was 41 years; two years younger than the average for the Northern Territory Public Sector, which is 43 years.



## AGE RANGE BY GENDER OF FULL-TIME EQUIVALENT STAFF AT 30 JUNE 2013



| Age range    | Female full-time equivalent | Male full-time equivalent | TOTAL      | Proportion (%) |
|--------------|-----------------------------|---------------------------|------------|----------------|
| Under 20     | 6                           | 2                         | 8          | 2              |
| 21-30        | 62                          | 22                        | 84         | 20             |
| 31-40        | 62                          | 41                        | 103        | 25             |
| 41-50        | 68                          | 38                        | 106        | 25             |
| 51-60        | 54                          | 33                        | 87         | 21             |
| 61-70        | 14                          | 13                        | 27         | 6              |
| 70+          | 1                           | 0                         | 1          | 0              |
| <b>TOTAL</b> | <b>267</b>                  | <b>149</b>                | <b>416</b> | <b>100</b>     |

## EQUAL OPPORTUNITY STATUS OF FULL-TIME EQUIVALENT STAFF AT 30 JUNE 2013

|   | Female | Male | Total | Proportion (%)* | NTPS Target |
|---|--------|------|-------|-----------------|-------------|
| Aboriginal and Torres Strait Islander employees | 41     | 22   | 63    | 14              | 10%         |
| Employees from culturally diverse backgrounds   | 11     | 8    | 19    | 4               | No target   |
| Employees with a disability                     | 5      | 4    | 9     | 2               | 4%          |

In a workplace with 63 Aboriginal and Torres Strait Islander employees and 19 employees who identified as being from culturally diverse backgrounds, the department exceeded the diversity targets set by the Northern Territory Government. Employees who identify as Aboriginal and Torres Strait Islander are those who self-identify.

## ADAPTING TO CHANGE

Employee feedback, support and development were at the centre of the Change Management Strategy launched in September 2012 to guide the establishment of the department. The change management principles reinforced that employees would be treated fairly and that their suggestions would be considered.

An inter-agency Change Management Committee was established in November 2012 to support and monitor changes. The committee has staff representatives from across the departments of Housing, Local Government, and Regional Development and Women's Policy.

The committee implemented the Change Management Plan and associated toolkit to ensure that employees were well informed and supported through change. There were a number of opportunities for staff to provide feedback through workshops, forums and online.

Human resource consultants applied an individual case management approach for employees directly affected by the new agency arrangements, providing one-on-one support and advice.

The successful Change Management Strategy developed the capacity and skills of the department's employees through training and support so they could effectively and positively manage change while maintaining quality service standards. This established strong foundations to further develop this capability.

## RECRUITMENT AND TURNOVER

Commencements, separations and turnover from 4 September 2012 to 30 June 2013

|                                       |     |
|---------------------------------------|-----|
| Commencements <sup>4</sup>            | 9   |
| Separations <sup>1,2,4</sup>          | 86  |
| Employee turnover rate <sup>1,3</sup> | 19% |

1) Since 4 September 2012

2) Includes resignations and end of contract.

3) Calculated as the number of separations divided by the full-time equivalent average from pay 10-26 2012-13 once the split occurred

4) this figure includes casual employees

Since the department was established, nine new employees have commenced.

All recruitment and establishment policies are available on the staff intranet. Human resources consultants provide expert advice and support to managers on recruitment and selection processes to ensure that appropriate principles are applied and appeals are minimised.

No appeals were received during the reporting period.

In line with the Office of the Commissioner for Public Employment's guidelines for filling vacancies, suitable department or other Northern Territory Government redeployees were considered first during the recruitment process. This ensured that employees affected by new agency arrangements were supported to fill vacancies that best suited their potential, knowledge and skills.

New employees were inducted into the department by their managers and provided with ongoing support and development through the performance agreement process. A number of induction resources and guides for employees and managers are available on the department's intranet.

Employees who are new to a permanent position in the Northern Territory Public Sector are supported by their manager and human resource consultants through a probation process, which is discussed with new employees at induction.

The department's employee turnover rate is 19 per cent, which includes employees on casual and temporary contracts and transfers to other Northern Territory Government agencies.



# EMPLOYMENT PROGRAMS

The department offers a range of employment programs such as apprenticeships, graduates or traineeships. Under a shared services arrangement, employees early in their careers are administratively held under the Department of Housing and complete shared work placements between the departments of Housing, Local Government, and Regional Development and Women's Policy.

## 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.

In 2012–13 the department supported two graduates from the disciplines of economics and accounting. One graduate was permanently transferred within the Northern Territory Government and the other completed the program and then undertook fixed-term employment before moving interstate.

## APPRENTICESHIP PROGRAM

The purpose of the Apprenticeship Program is to give Territorians the opportunity to gain a Certificate III qualification through structured employment and training.

In 2012, six apprentices from Darwin, Alice Springs and Wurrumiyanga (formerly called Nguiu) completed a Certificate III in Business. Five were then appointed to either ongoing or fixed-term employment, and one transferred to another position within the Northern Territory Government.

In 2013, one apprentice commenced a Certificate III in Business but resigned soon after to take up an opportunity in the private sector. The department will continue to support this program and participate in the mid-year intake.

## INDIGENOUS CADETSHIP SUPPORT PROGRAM

The Indigenous Cadetship Support Program assists Aboriginal and Torres Strait Islander employees to gain tertiary qualifications and ongoing employment in the Northern Territory Government. The department provides a study allowance, book allowance and vacation employment during the academic break.

In 2012–13, one cadet successfully completed a Bachelor of Arts at the Australian National University. The department continues to support her in furthering her studies towards a Bachelor of Laws.

## WORK INTEGRATED LEARNING SCHOLARSHIP

The Work Integrated Learning Scholarship is a whole-of-government program that invites students enrolled at Charles Darwin University to apply for a scholarship with Northern Territory Government agencies. This career development initiative was adopted by the former Department of Housing, Local Government and Regional Services in early 2012 and the department continued to support five scholarship holders.

Throughout their studies, the students undertake paid work placements in a number of areas across the department during their university breaks.

## INDIGENOUS EMPLOYMENT PROGRAM

Similar to the apprenticeship program, the Indigenous Employment Program on-the-job training is aligned to the participants' area of study. In 2012, two participants successfully completed the program in Darwin with a Certificate II in Customer Contact and Business Administration. Of these, one was appointed to ongoing employment in the Northern Territory Government.

## WORK EXPERIENCE

In September 2012, the agency hosted work experience for a year 10 student from Taminmin High School studying a Certificate I in Business.

# DEVELOPING OUR CAPABILITY AND PERFORMANCE

## PERFORMANCE AGREEMENTS

Performance agreements are a responsibility of all staff and provide an opportunity for staff and their managers to reflect on achievements and challenges, have one-on-one discussions to plan for future priorities and development opportunities, and formally record performance feedback.

Conducting performance agreement discussions is the cornerstone of cultivating productive working relationships, constructing and building capable high-performing teams and achieving results. The Northern Territory Public Sector Capability and Leadership Framework is an effective tool that can be used in this process and is made available along with other relevant resources and department policies on the intranet.

Performance agreements form part of the department's planning framework and are reviewed regularly throughout the year. If required, human resource consultants provide support to managers and staff to address performance issues. In the reporting period there were no inability cases and no disciplinary action taken.

During 2012–13, the performance agreement process was reviewed by a number of stakeholders, including Human Resources, the Organisational Development Committee and executive management. Feedback will influence the new performance management framework for 2013–14.

## CORPORATE TRAINING PROGRAM

Ongoing learning, development and education opportunities are offered to all employees. The department's commitment to learning and professional development saw 398 employees attending department-funded training events during 2012–13.

During the reporting period the following training and development initiatives were delivered:

- Aboriginal cultural awareness workshops and refresher courses were provided in Darwin and Tennant Creek, with 186 employees attending. The workshop content included an introduction to language, Aboriginal culture, kinship systems and Aboriginal history.
- An in-depth cross-cultural awareness course offered a unique and practical approach to interacting in environments requiring high levels of cross-cultural engagement. The course was developed for staff with frequent cultural engagements as part of their job. Participants were shown a brief background and history of the theory applied to Indigenous engagement, and given core skills to apply in the workplace to help interact more effectively with people from different cultural backgrounds. In the reporting period, 23 employees attended a workshop in Darwin and Alice Springs.
- Conflict resolution and coaching helped 39 employees in Darwin, Nhulunbuy, Katherine and Alice Springs to develop their skills and knowledge to allow better communication and problem solving in situations involving dispute and conflict.
- Developing personal resilience in the workplace and working with change training assisted staff with building personal resilience and equipped them with tools and strategies to deal with change, both personally and in a team environment. In 2012–13, 39 employees attended training in Darwin, Nhulunbuy, Katherine and Alice Springs.
- Procurement and contract management courses were delivered in Darwin and Alice Springs to educate participants on the procurement processes and contract management responsibilities. In 2012–13, 45 employees participated.
- Project management courses were provided to 19 employees to develop better understanding of project management principles and methodologies. Where possible, learners were encouraged to use their own projects for the activities, putting their new knowledge into practice immediately.
- Team building workshops were held in 2012; 37 employees attended to develop a greater understanding of the department's strategic direction and how to provide effective services.
- A corporate reporting workshop was held with 13 employees to build the capacity of staff in presenting data and information to a variety of audiences.

## CROSS-GOVERNMENT LEADERSHIP PROGRAMS

The department uses cross-government leadership programs provided by the Office of the Commissioner for Public Employment. In the reporting period, 20 employees participated in the following leadership development programs:

- The Public Sector Management Program is a national leadership program designed specifically for public sector managers from federal, state, territory and local government. It has a distinctive curriculum developed by academics and government experts and is endorsed by leading public policy organisations. In 2012–13 the department sponsored one employee from Darwin to undertake study towards this postgraduate certificate.
- Lookrukin Indigenous Women's Leadership Development Program is a 12-month program that has been designed to increase the representation of Indigenous women in senior management and executive positions by building participants' strategic leadership skills. The department sponsored seven women in 2011–12 from Darwin, Katherine and Alice Springs to attend the program. All participants graduated in May 2013 with a Diploma of Management (Policy Development) from Charles Darwin University.
- Discovery-Women as Leaders is a unique personal and professional development opportunity for women from across the Northern Territory Public Sector. The program is designed to help women develop their confidence, learn leadership skills and build valuable support and business networks. In 2013, an employee from the Regulation and Compliance unit was sponsored to participate in the program.
- The Australian and New Zealand School of Government (ANZOG) Women in Leadership workshop offered a fresh perspective on traditional leadership and management issues, including developing resilience, displaying courage, nurturing support and making strategic use of support systems. In September 2012, four women in senior roles attended the workshop in Darwin.

- The Executive Leadership Program forms one part of an integrated strategy to address the issue of future leadership supply. The program presents a unique opportunity for executives in the Northern Territory Public Sector to increase their strategic awareness, build strong executive networks and develop a whole-of-government perspective. In the reporting period, three employees attended the program in Darwin.
- The Future Leaders Program is also part of an integrated leadership development strategy and is a unique opportunity for staff with outstanding leadership potential to further their careers. In the reporting period, four employees attended the program in Darwin.

## STUDY ASSISTANCE

The department supports its employees to increase their learning through formal studies in areas relevant to the department's core business. During the reporting period, 10 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 were:

- Bachelor of Arts
- Bachelor of Behavioural Science
- Bachelor of Business
- Bachelor of Commerce
- Bachelor of Environmental Science
- Bachelor of Information Technology
- Bachelor of Laws
- Certificate IV Property Services
- Graduate Diploma in Professional Writing.



# LOOKING AFTER EACH OTHER

## BUILDING A POSITIVE WORKPLACE CULTURE

Our values are outlined in the Corporate Plan 2013–15, and the department is committed to fostering a positive workplace culture of respect for all employees. This is a primary focus of our internal engagement approach.

The department implements an Appropriate Workplace Behaviour Policy that provides guidance on what is considered appropriate workplace behaviour, what responsibilities employees, managers and the department have, and the process for dealing with inappropriate behaviour.

With the support of human resource consultants, mediation is used as a primary mechanism to address inappropriate behaviour or resolve potential complaints and grievances.

In the reporting period no complaints or grievances were lodged.

## ENGAGEMENT AND COMMUNICATION

The department is committed to developing a positive and respectful culture through regular employee communication, engagement and collaboration with external stakeholders.

Developed throughout the Change Management Strategy, the department now has an internal communications and engagement approach that focuses on maintaining a culture that recognises the importance of timely, accurate and appropriate information, two-way communication, and recognising and valuing our employees and celebrating their own and the department's achievements.

A number of new programs and initiatives such as the Health and Wellbeing program and Staff Recognition Awards (reported on below) were implemented to improve employee engagement. Weekly CE newsletters and regular internal broadcasts were launched in September 2012 to ensure staff are well informed. They also direct staff to essential policy and resources on the department's intranet. CE newsletters provide essential news and updates and also include social, health and wellbeing information to promote employee engagement.

At 30 June 2013:

- Total number of CE newsletters: 38
- Total number of internal broadcasts: 34

## WELLBEING AND SUPPORT

The wellbeing of employees in the workplace is a priority for the department. In January 2013, the department launched a Health and Wellbeing Program.

This year through the department's Health and Wellbeing Program:

- A total of \$46 378 was provided by the department to support employees and their families through the Employee Assistance Program, which offers confidential counselling sessions to assist with work-related issues or personal concerns. Career guidance is also available.
- Free influenza vaccinations were offered to all employees.
- A number of social events and activities, such as Harmony Day and the 10 000 Steps Challenge, were held.

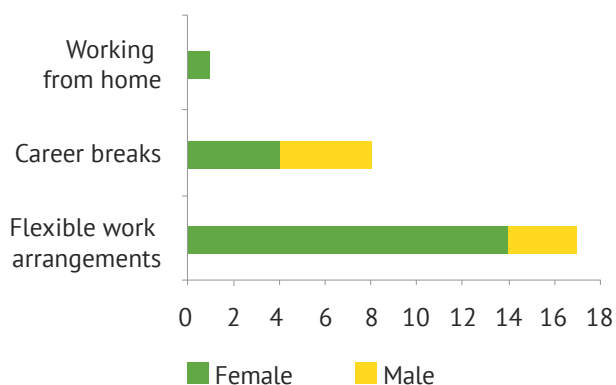
Employees are also recognised for participating in community-based activities, health programs and fundraising through internal communications.

## FLEXIBLE WORKING ARRANGEMENTS

Twenty-six employees accessed Northern Territory Public Sector work-life balance initiatives that support flexible working arrangements during 2012–13. These arrangements assisted them to balance their work commitments with family, community and cultural responsibilities, interests and obligations. These initiatives include:

- flexible working hours
- purchasing additional recreation leave
- use of recreation leave at half pay
- extended leave scheme
- home-based work
- compressed working week
- part-time employment
- career breaks.

Number of staff at 30 June 2013 using work-life balance initiatives:



|                            | Female | Male | Total | % of workforce |
|----------------------------|--------|------|-------|----------------|
| Flexible work arrangements | 14     | 3    | 17    | 3.8            |
| Career breaks              | 4      | 4    | 8     | 1.8            |
| Working from home          | 1      | 0    | 1     | 0.2            |

## HEALTH AND SAFETY

Throughout the year, the department has invested time and resources in developing its Work Health and Safety management practices to comply with new national legislation. Various initiatives have been taken, including:

- A formally documented Work Health and Safety Management System has been put in place and is available to all staff through the department's intranet site
- Worksite committees have been formed at all departmental worksites to monitor and manage site-specific work health and safety issues
- A SharePoint site has been developed to assist the worksite committees with local issues and to help promote broader communication of work health and safety to all employees
- Work health and safety is now a standing agenda item at all departmental management and team meetings
- A centrally managed communication program has been implemented whereby safety messages are communicated monthly to all staff through the intranet and the CE newsletters.

Work Health and Safety is recognised in the department's Corporate Governance Framework and is the basis for one of the six specialist subcommittees that provide support and advice to the Executive Management Leadership Team.

## WORK HEALTH AND SAFETY INCIDENTS REPORTED AT 30 JUNE 2013

| Incident type                   | Number of incidents reported |
|---------------------------------|------------------------------|
| Being hit by objects            | 4                            |
| Body stressing                  | 6                            |
| Chemicals and substances        | 6                            |
| Hitting objects                 | 3                            |
| Slips, trips and falls          | 5                            |
| Vehicle incidents and other     | 1                            |
| Environmental factors           | 1                            |
| Hazard                          | 3                            |
| <b>TOTAL INCIDENTS REPORTED</b> | <b>29</b>                    |

## WORKERS' COMPENSATION CLAIMS AT 30 JUNE 2013

| Workers' compensation claims                             | Number of claims |
|--|------------------|
| Claims at as 1 July 2012                                 | 4                |
| New claims   | 6                |
| Claims resolved  | 4                |
| Open claims at 30 June 2013                              | 6                |
| Staff currently receiving workers' compensation payments | 1                |

# CELEBRATING OUR ACHIEVEMENTS

## STAFF RECOGNITION AWARDS

The department's Staff Recognition Awards were introduced in January 2013 to recognise outstanding achievements by individuals and teams. The awards are held quarterly, with employees able to nominate their peers. Four individual employees and two teams have been recognised by their peers for their achievements.

### **Public Housing Safety Officers team (Central Australia)**

In its first 12 months of operation, Public Housing Safety Officers is a small but effective team that models outstanding team work and demonstrates initiative and commitment in a high-pressure and complex environment.

### **Tereza Gotovac**

As Acting Recoveries Officer, Tereza is professional and consistently a high performer. She works with tenancy managers and regional directors to ensure arrears records are up to date and accurate. Tereza strives for continuous improvement, regularly suggesting and developing approaches to improve both reporting and debt management.

### **Natasha Hamilton**

As Acting Director, Housing, in Katherine, Natasha is an outstanding role model for women in the department. Natasha is an effective and approachable leader and always makes time to provide professional support and guidance to all members of her team.

### **Erin MacKinnon**

Despite managing very challenging situations, as an Antisocial Behaviour Investigator, Erin is consistently positive, professional and helpful to her colleagues and her clients.

### **Narelle Saler**

Narelle started with the department as a Housing Support Officer and is now Project Manager for Town Camps in Alice Springs. She is an outstanding communicator who has the ability to negotiate outcomes that benefit the client and the department.

### **Secretariat team**

The Secretariat team are a great, hard-working group of employees who remain positive and helpful, and consistently go above and beyond to assist staff members with their ministerial requirements, particularly in the lead up to and during Estimates in May 2013.

### **Siobhan Okely**

As Manager of Homelessness Policy, Siobhan manages a team with employees based in Darwin and Alice Springs. She is professional and has a wealth of knowledge and strives to ensure that despite the distance between offices, the team works well together to engage with stakeholders and develop partnerships that will strengthen the homelessness support services and program.

### **Chris Baggley**

Chris provides an essential service to the department as Systems Project Coordinator. He has an in-depth knowledge and understanding of rent processes, tenancy issues and the Tenancy Management System and consistently provides reliable, cost-effective data solutions to support public housing management.

### **Kathleen Rochford**

Kathleen provides invaluable financial and procurement support across the three departments, particularly in processing payments through the Electronic Information Management and Corporate Credit Card systems.

### **Arafura Remote Housing team**

The Arafura Remote Housing team travels extensively across the region to remote communities. They consistently work extended hours, deal with very challenging and complex issues, juggle multiple priorities while working remotely and also deliver tenancy management programs to educate the community on their responsibilities and rights as tenants.

**Fay Saint**

As Executive Officer in the Central Australia regional office, Fay demonstrates outstanding teamwork and commitment to ensuring that all members of the team are supported, engaged and well informed. Using her patience and professional approach she has also successfully trained a number of apprentices.

**Leah Edwards**

As Acting Team Leader, Tenancy, Leah has worked tirelessly in the role supporting the Darwin tenancy team to continue to achieve results through difficult times. Leah demonstrates a very good work ethic and is committed to developing her leadership and client service skills in order to strengthen the tenancy team's productivity.

**Steve Lyons**

Steve has worked with the department for many years as Manager, Office Services, providing a reliable and solutions-focused approach. In addition to his day-to-day role, Steve goes above and beyond to support a positive morale by coordinating social club activities and events throughout the year.

**Trevor Kennedy**

Trevor is Manager, Data Coordination and Reporting, and he has worked in the department for many years. Trevor has a wealth of knowledge and technical understanding and has demonstrated outstanding management skills in mentoring and training his staff. Trevor has enthusiastically taken on his new role developing the reporting capability of the Tenancy Management System.

## CHIEF MINISTER'S AWARDS

Three of the department's programs were recognised in the 2012 Chief Minister's Awards for Excellence in the Public Sector.

### Public Housing Garden Competition

The department's Public Housing Garden Competition, coordinated by the Property and Tenancy Management and Corporate Communications teams, was a category winner for 'Preserving our Environment and Lifestyle'. This category recognises outstanding programs that improve standards of living for Territorians and enhance the Territory's lifestyle and environment.

For the last 14 years, green-thumbed public housing tenants in the Territory's main centres have been recognised and rewarded for taking care of their gardens through the annual Public Housing Garden Competition.

The competition aims to encourage 'pride in your place', and winners and runners-up receive garden vouchers and tool kits to help maintain and improve their yards. In 2012-13, for the first time, the competition was expanded to include public housing tenants in remote regions, with an overwhelming response.

### Delivering Improved Housing in Remote Communities

The Remote Housing NT team was a category finalist for 'Improving Health and Wellbeing', which recognises programs that promote, protect and improve the health and wellbeing of Territorians.

The National Partnership Agreement on Remote Indigenous Housing, a joint program between the Australian and Territory governments, is improving public housing in 73 communities and a number of town camps across the Territory so people can live in safer, healthier homes.

The introduction of a public housing model into remote communities aims to increase and maintain the life

expectancy of dwellings, deliver quality houses for many years to come and create long-term health and wellbeing benefits as well as employment and business opportunities for residents.

### Public Housing Safety Strategy

Recognised as a category finalist for 'Strengthening Government and Public Administration', the Public Housing Safety Strategy promotes a more effective response and reduces incidents of antisocial behaviour in and around public housing. It is the first initiative of its kind in Australia and includes:

- the introduction of Public Housing Safety Officers
- a new Three Strike policy
- a stronger and more cohesive complaints process
- A Memorandum of Understanding with NT Police.

## CHIEF MINISTER'S MEDAL

The Chief Minister's Medal acknowledges individual employees' outstanding service that goes above and beyond the call of duty.

Andrew Kirkman, Executive Director of Remote Housing NT, was awarded a Chief Minister's Medal for his outstanding service to the Northern Territory Public Sector.

Andrew is highly respected in both the private and public sector. He consistently demonstrates his ability to steer and implement change in delivering complex and sensitive programs.

With his positive attitude, which he maintains in an extremely high-pressure environment, Andrew is a role model for others.





# PLANNING FOR THE FUTURE

In late 2012, the Organisational Development Committee was formed to provide a forum for divisions to influence and progress the Strategic Workforce Development Plan, which will be finalised in late 2013. The plan will ensure that the department's workforce is skilled and has the capabilities required to deliver on corporate objectives, now and into the future.



# COMMITMENT TO CONTINUOUS IMPROVEMENT AND ENGAGEMENT

# CORPORATE GOVERNANCE FRAMEWORK

The department is committed to improvement and performance. This is achieved through applying solid governance framework principles.

Our governance principles are:

- A service delivery approach is provided that is professional, responsive and client centric.
- Ethical and responsible decision-making is expected across all levels of the department.
- People are central to the department's success, and we are committed to effective people management and staff wellbeing.
- Stakeholder engagement is a key focus with effective and regular engagement to inform our strategic direction and programs.
- Leadership and management are provided through robust governance and effective executive leadership.
- Risk management practices exist that support a risk management environment across the department.
- Financial integrity and accountability are safeguarded.
- Communication with all parties ensures that information is relevant, timely, accessible and transparent.

The department's corporate governance framework provides a solid foundation for management and oversight by the Chief Executive and executive management. It promotes ethical and responsible decision making, risk management and financial integrity.

The department's Executive Management Leadership Team (page 7) is the governing body and includes representatives from each region and business area. This structure ensures a balanced decision-making approach that considers regional and Territory-wide impacts.

## SPECIALIST COMMITTEES

Inter-agency specialist committees in risk and audit, procurement, information management, work health safety and organisation development have been established. They comprise internal and external representatives to support the department's Executive Management Leadership Team in operating effectively and efficiently under the new corporate governance arrangements.

- **The Risk and Audit Committee** provides objective assurance and assistance to the Chief Executive in meeting responsibilities as defined under the *Public Sector Employment and Management Act* to improve the organisation's risk, control and compliance framework.

**Members:** Jennifer Prince (independent chair), Peter Boyce (Organisation Services), Mychelle Curran (Department of Housing), John de Koning (Big Rivers Region), Mike Chiodo (Department of Regional Development and Women's Policy) and Diane Hood (Department of Local Government).

- **The Information Management Committee** governs the department's information management, providing advice and direction on cross-government information management initiatives and appropriate technology and architecture.

**Members:** Bronwyn Lo (Chair, Organisation Services), Andrew Kirkman and Christine Fitzgerald (Department of Housing), Steven Edgington (Barkly Region), Garry Russell, Sue Barnes and Nathan Schultz (Organisation Services) and Michelle Brown (Department of Regional Development and Women's Policy).



- **The Organisation Development Committee** develops the department's Strategic Workforce Development Plan, which ensures a skilled workforce with the capabilities required to deliver on corporate objectives now and into the future.

**Members:** Peter Boyce (Chair, Organisation Services), Danielle Cross (Department of Housing), Christine Hart (Central Australia Region), Bridgette Bellenger (Department of Regional Development and Women's Policy) and Giovina D'Alessandro (Department of Local Government).

- **The Work Health and Safety Steering Committee** facilitates employee consultation and communication processes on work health and safety matters and supports the department to ensure safety factors are considered in all department decisions and worksites.

**Members:** Monica Birkner (Chair, Organisation Services), Keith Watkinson (Organisation Services), Colleen Gwynne (Department of Housing), Darren Johnson (Arafura Region), David Alexander (Department of Regional Development and Women's Policy) and Diane Hood and Richard Munt (Department of Local Government).

- **The Procurement Committee** monitors and provides advice to ensure the department appropriately applies procurement practice, optimises outcomes and achieves greater value for money.

**Members:** Ron McLaren (Chair, Organisation Services), Mychelle Curran, John Harrison and Roman Finch (Department of Housing), Carol Sexton (Organisation Services), Mike Chiodo (Department of Regional Development and Women's Policy) and Len Griffith (Department of Local Government, Central Australia Region).

## EFFICIENT SHARED ORGANISATION SERVICES

The department's Organisation Services branch was established as a shared service in October 2012. It provides services to three agencies: Department of Housing, Department of Regional Development and Women's Policy, and Department of Local Government. Service level Agreements are in place for each functional area of Organisation Services:

- Corporate Communications
- Finance
- Human Resources
- Information and Business Systems
- Safety, Risk Management and Governance
- Secretariat and Ministerial Liaison
- Strategic Projects.

Organisation Services' frameworks and services are applied efficiently across all three agencies while being flexible to suit our specific needs. Through an innovative shared service arrangement that maximises government resources across the three agencies, Organisation Services supports our strategic direction and performance by:

- providing essential corporate services
- coordinating our corporate governance and accountability frameworks
- managing our specialist inter-agency committees to support executive management.

A shared understanding of roles and responsibilities across departments and regular inter-agency meetings and collaboration supports continued improvement and efficiencies through the shared services arrangement.

## ACCOUNTABILITY

The governance framework and specialist committees, particularly the Risk and Audit Committee, support the department in meeting and reporting on its responsibilities and provide opportunities to review and audit our programs and initiatives and identify opportunities for improvement.

### ACCOUNTABILITY FRAMEWORKS

To support the achievement of key deliverables, the department established an accountability framework in 2013 that clearly identifies authorities, responsibilities and accountabilities of all business areas.

### LEGISLATION COMPLIANCE

The governance and accountability frameworks facilitate compliance with our governing legislation, including the:

- *Financial Management Act*
- *Procurement Act*
- *Contracts Act*
- *Public Sector Employment and Management Act*
- *Anti-Discrimination Act*
- *Work Health and Safety Act*
- *Information Act*
- *Public Information Act*

The department is also responsible for the development and management of the *Housing Act* and supporting regulations.

# TRANSPARENCY AND OPENNESS

Transparency and effective communication are essential to building trust with our stakeholders and ensuring our staff are well informed.

## ACCESS TO INFORMATION

In accordance with the *Information Act*, the department has a range of policies and procedures to enable interested people to access certain information held by the department.

Individuals can access information about themselves without the need for a formal application under the freedom of information process.

During 2012–13, the agency responded to 57 informal and 104 formal information access requests. Details of formal requests are in the following table.

| Applications under the Information Act             | 2009–10 | 2010–11 | 2011–12 | 2012–13 |
|--|---------|---------|---------|---------|
| Accepted applications outstanding at start of year | 1       | 0       | 1       | 0       |
| Applications to access personal information        | 30      | 39      | 43      | 93      |
| Applications to access government and mixed        | 17      | 13      | 12      | 11      |
| Accepted applications withdrawn                    | 2       | 2       | 5       | 4       |
| Applications transferred                           | 1       | 0       | 0       | 0       |
| Unaccepted applications                            | 0       | 0       | 0       | 0       |
| Applications completed within 30 days              | 45      | 47      | 49      | 98      |
| Applications completed in more than 30 days        | 0       | 2       | 2       | 0       |
| Open applications at end of year                   | 0       | 1       | 0       | 2       |

## PERSONAL INFORMATION

All personal information is handled in accordance with the Information Privacy Principles set out in Schedule 2 of the *Information Act*. The department's privacy policy is available from our Information Officer or website.

The department protects the personal information it holds by collecting only the information necessary to perform its functions; holding the information for only the period of time required for business, legislative or historical reasons; and protecting such information from unauthorised disclosure or access.

No privacy breach notifications were lodged during 2012–13.

## INFORMATION AVAILABLE

In addition to meeting legislative reporting requirements, the department endeavours to regularly report on its activities on the department's website and present and table reports in local and national forums.

Provision of timely, accurate and appropriate information is a key element of our internal communications approach.



# INTEGRITY

## OUR VALUES

The Northern Territory Public Sector Code of Conduct, department values and our governance principles guide our staff in their day-to-day activities, decision-making and dealings with stakeholders. The department values (page 8) reinforce our commitment to fostering a department culture that is positive, professional and respectful.

The values of the department are outlined in our Corporate Plan 2013–2015 and communicated widely to all employees. During performance agreement discussions, all employees are required to assess their performance in upholding these values.

## DISCLOSURE OF INTERESTS

In line with the Northern Territory Public Sector Code of Conduct and *Public Sector Employment and Management Act*, all employees are required to declare any relevant financial or other interests of themselves or their relatives, friends or associates. This includes any actual, potential or perceived conflicts of interest.

A number of disclosure policies and procedures are in place and regularly reviewed and communicated across the department to encourage employee disclosure and maintain our integrity.

All department employees must:

- annually obtain permission from the Chief Executive to engage in outside employment
- advise their supervisor of offers of gifts or benefits and obtain approval before accepting any offer
- complete a declaration of interest and confidentiality form for all procurement activities if involved in contract assessments.

# PLANNING AND DECISION MAKING

## AUDITS AND REVIEWS

Auditing helps to ensure the department is operating effectively and efficiently and is compliant with appropriate legislation.

During 2012–13 the department took part in one external audit as part of the Northern Territory Auditor-General's audit program.

Outcomes of external audits were generally satisfactory. External audit findings inform the Executive Management Leadership Team and improvements in processes and procedures. Several internal audits and reviews were also undertaken this year to enhance compliance and improve operational efficiency.

## EXTERNAL AUDITS 2012–13

### **Northern Territory Home Ownership (NTHO) – Interim Financial Statement Audit 2012–13**

The Northern Territory Home Ownership (NTHO) – Interim Financial Statement Audit found the need to finalise key documentation and compliance monitoring. The NTHO is addressing all issues identified.

### **National Partnership Agreement (NPA) on Homelessness Audit 2012–13**

The National Partnership Agreement (NPA) on Homelessness Audit found the reconciliation process could be improved, performances could be more measured and management systems could support increased progress monitoring. The agency is addressing all issues identified.

### **Department of Housing – Compliance Audit 2012–13**

The Department of Housing – Compliance Audit found transaction testing and Accounting and Property Manual deficiencies and the need for increased registers, monitoring and exception reporting in some areas. The agency is addressing all issues identified.

## INTERNAL AUDITS IN 2012–13

### **Housing Period Contracts Internal Audit**

The Housing Period Contracts Internal Audit found areas where the agency could improve on the execution and management of housing maintenance contracts. The agency is responding to the issues.

### **Procurement Tiers 1–6 Internal Audit**

The Procurement Audit found insufficient focus placed on planning, documentation and compliance monitoring. The agency is responding to the issues.

### **Systems and User Access Internal Audit**

The Systems and User Access Audit found some access, information management and reporting issues and opportunities for increased efficiency and strategic management. The agency is responding to the issues.

## RISK MANAGEMENT

The establishment of the Risk and Audit Committee in 2012 was the first step in developing a risk management culture across the department that actively identifies risk and implements appropriate mitigation strategies. Use of risk management procedures is encouraged throughout the department's business and project planning processes.

## INSURANCE

In accordance with Treasurer's Directions, the Department of Housing does not generally insure risks. However, given the nature of the risks and the cost of the policy, the Treasurer has approved public liability cover for urban public housing.

## FINANCIAL INTEGRITY

The department's financial management practices are in line with the Northern Territory *Financial Management Act*, Treasurer's Directions, *Procurement Act* and *Contract Act*. Policies and procedures, including the Accounting and Property Manual and financial delegations, are available to all employees and are subject to regular review. Integrity is further assured through internal reviews, as well as a program of internal and external audits. The department's financial results are disclosed in the Financial Report (page 54).

## DELEGATIONS

The department's Finance, Procurement and Contract and Human Resourcing delegations were established in 2012 to guide employees at all levels on their decision-making responsibilities and authorities. The delegation structure is designed to promote efficiency and be responsive to organisational changes.



# FINANCIAL REPORT DEPARTMENT OF HOUSING



# FINANCIAL OVERVIEW

For the year ended 30 June 2013

The Department of Housing was created as a result of the Administrative Arrangements Orders introduced by the Northern Territory Government on 4 September 2012. In accordance with the requirements of S. 21 of the *Financial Management Act*, this takes retrospective effect for accounting purposes to 1 July 2012. The former Department of Housing, Local Government and Regional Services was split into three newly created departments, including the Department of Housing. Consequently, the accompanying 2013 financial statements do not have comparatives for 2012.

The operations of the department for the year resulted in a net deficit of \$449 million, reduced to a comprehensive loss of \$160 million for the year after accounting for a \$290 million increase in the valuation of housing assets to fair value.

Significant components of the net deficit relate to the capitalisation of assets in remote communities created by the Australian Government-funded Strategic Indigenous Housing and Infrastructure Program / National Partnership Agreement on Remote Indigenous Housing (SIHIP/NPARIH) projects.

The process of capitalisation of these assets identified Asset Expenses of \$91 million, resulting from the transfer of infrastructure expenditure to relevant authorities at fair value.

A further \$276 million of capital works expenditure, classified as repairs and maintenance in the Comprehensive Operating Statement in accordance with Treasurer's Directions, mainly relates to SIHIP/NPARIH project expenses that cannot be capitalised in accordance with Australian Accounting Standards and Treasurer's Directions.

Income received for the year was \$239 million, with \$148 million or 65 per cent being derived from government appropriations. Sales of goods and services of \$70 million (30 per cent) is derived from housing property rents, an increase compared to previous years as remote housing rental agreements are established and managed through the department's Tenancy Management System.

On the expenditure side, the department spent a total of \$679 million inclusive of the adjustments for asset expenses and repairs and maintenance outlined above. Repairs and maintenance expenditure for housing increased to \$38 million for the year, compared to an annual expenditure of \$34 million in the previous year. Property management expenses of \$43 million are also placing pressure on the budget, with increases coming from the commencement of remote community leases, water charges and increasing demand for government employee housing (GEH) in remote communities.

The department has \$2.9 billion in total assets as at 30 June 2013, and after allowing for liabilities of \$133 million, net assets are \$2.8 billion. The investment in rental dwellings is \$2.7 billion, comprising urban rental dwellings of \$1.8 billion, remote rental dwellings for government employee housing of \$213 million and remote dwellings of \$590 million.

During the financial year a further \$150 million was invested in constructing assets across the Northern Territory. The sale of existing stock realised \$6.2 million, for a net gain of \$0.4 million over valuation.

# 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 2013 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.



**ALLAN MCGILL**  
Chief Executive

30 September 2013



**KEN TINKHAM**  
Chief Finance Officer

30 September 2013

# FINANCIAL STATEMENTS

## COMPREHENSIVE OPERATING STATEMENT

For the year ended 30 June 2013

|  | Note     | 2013<br>\$'000   |
|--|----------|------------------|
| <b>INCOME</b>                              |          |                  |
| <i>Grants and subsidies revenue</i>        |          |                  |
| Current                                    |          | 897              |
| Capital                                    |          | 2 760            |
| <i>Appropriation</i>                       |          |                  |
| Output                                     |          | 59 492           |
| Commonwealth                               |          | 88 257           |
| Sales of goods and services                |          | 69 848           |
| Goods and services received free of charge | 4        | 6 899            |
| Gain on disposal of assets                 | 5        | 353              |
| Other income                               |          | 1 340            |
| <b>TOTAL INCOME</b>                        | <b>3</b> | <b>229 846</b>   |
| <b>EXPENSES</b>                            |          |                  |
| Employee expenses                          |          | 43 529           |
| <i>Administrative expenses</i>             |          |                  |
| Purchases of goods and services            | 6        | 25 862           |
| Repairs and maintenance                    | 7        | 314 208          |
| Property Management                        |          | 43 229           |
| Depreciation and amortisation              | 10       | 73 125           |
| Asset expenses                             | 7        | 90 954           |
| Other administrative expenses              |          | 12 063           |
| <i>Grants and subsidies expenses</i>       |          |                  |
| Current                                    |          | 61 270           |
| Capital                                    |          | 3 151            |
| Community service obligations              |          | 815              |
| Interest expenses                          |          | 10 537           |
| <b>TOTAL EXPENSES</b>                      | <b>3</b> | <b>678 743</b>   |
| <b>NET SURPLUS/(DEFICIT)</b>               |          | <b>(448 897)</b> |
| <b>OTHER COMPREHENSIVE INCOME</b>          |          |                  |
| Asset Revaluation Reserve                  |          | 289 536          |
| Correction of prior period errors          |          | (634)            |
| <b>TOTAL OTHER COMPREHENSIVE INCOME</b>    |          | <b>288 902</b>   |
| <b>COMPREHENSIVE RESULT</b>                |          | <b>(159 995)</b> |

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

## BALANCE SHEET

As at 30 June 2013

|   | Note   | 2013<br>\$'000   |
|---|--------|------------------|
| <b>ASSETS</b>                                     |        |                  |
| <b>Current Assets</b>                             |        |                  |
| Cash and deposits                                 | 8      | 86 207           |
| Receivables                                       | 9      | 3 727            |
| Prepayments                                       |        | 1 223            |
| <b>Total Current Assets</b>                       |        | <b>91 157</b>    |
| <b>Non-Current Assets</b>                         |        |                  |
| Property, plant and equipment                     | 10     | 2 795 934        |
| Land Under Finance Lease                          | 10     | 16 060           |
| <b>Total Non-Current Assets</b>                   |        | <b>2 811 994</b> |
| <b>TOTAL ASSETS</b>                               |        | <b>2 903 151</b> |
| <b>LIABILITIES</b>                                |        |                  |
| <b>Current Liabilities</b>                        |        |                  |
| Deposits held                                     | 14, 21 | 264              |
| Payables  | 11     | 21 861           |
| Borrowings and advances                           | 12     | 2271             |
| Provisions  | 13     | 4 872            |
| Unearned revenue - rent charged / paid in advance | 14     | 4303             |
| <b>Total Current Liabilities</b>                  |        | <b>33 571</b>    |
| <b>Non-Current Liabilities</b>                    |        |                  |
| Deposits held                                     | 14, 21 | 3 081            |
| Borrowings and advances                           | 12     | 94 352           |
| Provisions  | 13     | 1 681            |
| <b>Total Non-Current Liabilities</b>              |        | <b>99 114</b>    |
| <b>TOTAL LIABILITIES</b>                          |        | <b>132 685</b>   |
| <b>NET ASSETS</b>                                 |        | <b>2 770 466</b> |
| <b>EQUITY</b>                                     |        |                  |
| Capital   |        | 1 376 910        |
| Asset Revaluation Reserve                         | 15     | 1 952 794        |
| Accumulated funds                                 |        | (559 238)        |
| <b>TOTAL EQUITY</b>                               |        | <b>2 770 466</b> |

The Balance Sheet is to be read in conjunction with the notes to the financial statements.

## STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2013

|  | Note      | Equity transferred in as at 1/7/2012 (a)<br>\$000 | Comprehensive result<br>\$000 | Transactions with owners in their capacity as owners<br>\$000 | Equity at 30 June<br>\$000 |
|--|-----------|---|-------------------------------|---|----------------------------|
| <b>2012-13</b>                               |           |   |                               |   |                            |
| Accumulated Funds                            |           | (124 945)   | (448 897)                     |   | (573 842)                  |
| Changes in accounting policy                 |           | 15 187  |                               |   | 15 187                     |
| Correction of prior period errors            |           | 403   | (634)                         |   | (231)                      |
| Transfers from reserves                      |           | (352)   |                               |   | (352)                      |
|  |           | <b>(109 707)</b>                                  | <b>(449 531)</b>              |   | <b>(559 238)</b>           |
| <b>Asset revaluation reserve</b>             | <b>15</b> | <b>1 663 258</b>                                  | <b>289 536</b>                |   | <b>1 952 794</b>           |
| Capital – Transactions with Owners           |           | 1 253 232   |                               |   | 1 253 232                  |
| Equity injections                            |           |   |                               |   |                            |
| Capital appropriation                        |           |   |                               |   |                            |
| Equity transfers in                          |           |   |                               | 413   | 413                        |
| Other equity injections                      |           |   |                               | 159 819   | 159 819                    |
| Capital withdrawal                           |           |   |                               | (33 760)  | (33 760)                   |
| Equity transfers out                         |           |   |                               | (2 794)   | (2 794)                    |
|  |           | <b>1 253 232</b>                                  |                               | <b>123 678</b>  | <b>1 376 910</b>           |
| <b>TOTAL EQUITY AT END OF FINANCIAL YEAR</b> |           | <b>2 806 783</b>                                  | <b>(159 995)</b>              | <b>123 678</b>  | <b>2 770 466</b>           |

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

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

## CASH FLOW STATEMENT

For the year ended 30 June 2013

|   | Note      | 2013<br>\$'000   |
|---|-----------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>         |           |                  |
| <b>Operating Receipts</b>                           |           |                  |
| <i>Grants and subsidies received</i>                |           |                  |
| Capital   |           | 897              |
| Current   |           | 2 760            |
| Appropriation                                       |           |                  |
| Output  |           | 59 492           |
| Commonwealth  |           | 88 257           |
| Receipts from sales of goods and services           |           | 82 610           |
| <b>Total Operating Receipts</b>                     |           | <b>234 016</b>   |
| <b>Operating Payments</b>                           |           |                  |
| Payments to employees                               |           | (46 347)         |
| Payments for goods and services                     |           | (108 593)        |
| <i>Grants and subsidies paid</i>                    |           |                  |
| Current   |           | (61 270)         |
| Capital   |           | (3 151)          |
| Community service obligations                       |           | (815)            |
| Interest paid                                       |           | (10 537)         |
| <b>Total Operating Payments</b>                     |           | <b>(230 713)</b> |
| <b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</b> | <b>16</b> | <b>3 303</b>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>         |           |                  |
| <b>Investing Receipts</b>                           |           |                  |
| Proceeds from asset sales                           | 5         | 6 193            |
| <b>Total Investing Receipts</b>                     |           | <b>6 193</b>     |
| <b>Investing Payments</b>                           |           |                  |
| Purchases of assets                                 |           | (149 894)        |
| <b>Total Investing Payments</b>                     |           | <b>(149 894)</b> |
| <b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES</b> |           | <b>(143 701)</b> |

|   | Note     | 2013<br>\$000   |
|---|----------|-----------------|
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>         |          |                 |
| <b>Financing Receipts</b>                           |          |                 |
| Deposits received                                   |          | (3 101)         |
| Capital appropriation                               |          | 53 107          |
| Commonwealth appropriation                          |          | 106 603         |
| Other equity injections                             |          | 109             |
| <b>Total Financing Receipts</b>                     |          | <b>156 718</b>  |
| <b>Financing Payments</b>                           |          |                 |
| Repayment of borrowings                             |          | (1 198)         |
| Finance lease payments                              |          | (908)           |
| Equity withdrawals                                  |          | (33 760)        |
| <b>Total Financing Payments</b>                     |          | <b>(35 866)</b> |
| <b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</b> |          | <b>120 852</b>  |
| <b>NET INCREASE/(DECREASE) IN CASH HELD</b>         |          | <b>(19 545)</b> |
| Cash at beginning of financial year                 |          | 105 752         |
| <b>CASH AT END OF FINANCIAL YEAR</b>                | <b>8</b> | <b>86 207</b>   |

The Cash Flow Statement is to be read in conjunction with the notes to the financial statements.

# NOTES TO FINANCIAL STATEMENTS

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## 1. OBJECTIVES AND FUNDING

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

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

- Government Employee Housing
- Remote Public Housing
- Urban Public and Affordable Housing.

Additional information in relation to the Department of Housing and its principal activities may be found in the Performance section of the annual report.

## 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of Accounting

The financial statements have been prepared in accordance with the requirements of the *Financial Management Act* and related Treasurer's Directions. The *Financial Management Act* requires the Department of Housing to prepare financial statements for the year ended 30 June in 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
- 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 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]**

The amendments, as reflected on the comprehensive operating statement, require entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

### **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  |
|--|---|--|---|
| <p>AASB 9 Financial Instruments (Dec 2010), AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (Dec 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 &amp; 1038 and Interpretations 2, 5, 10, 12, 19 &amp; 127], AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, 2009-11, 2010-7, 2011-7 &amp; 2011-8]</p>  | <p>AASB 9 incorporates revised requirements for the classification and measurement of financial instruments resulting from the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).</p>   | <p>1 Jan 2015</p>  | <p>Not expected to have a material impact on future reporting periods</p> |
| <p>AASB 10 Consolidated Financial Statements, AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 &amp; 1038 and Interpretations 5, 9, 16 &amp; 17], AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 &amp; 2011-7 and Interpretation 12]</p> | <p>Requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in AASB 127 Consolidated and Separate Financial Statements.</p> <p>AASB 2012-10 defers the mandatory application of AASB 10 Consolidated Financial Statements and related Standards to not-for-profit entities until annual reporting periods beginning on or after 1 January 2014.</p> | <p>1 Jan 2013</p>  | <p>Not expected to have a material impact on future reporting periods</p> |
| <p>AASB 12 Disclosure of Interests in Other Entities</p>   | <p>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.</p>  | <p>1 Jan 2013</p>  | <p>Not expected to have a material impact on future reporting periods</p> |
| <p>AASB 13 Fair Value Measurement, AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010 7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 &amp; 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 &amp; 132]</p>   | <p>Replaces the guidance on fair value measurement in existing AASB accounting literature with a single standard. The Standard defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements.</p>   | <p>1 Jan 2013</p>  | <p>Not expected to have a material impact on future reporting periods</p> |

|  |  |            |  |
|--|--|------------|--|
| AASB 119 Employee Benefits (2011), AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14] | Changes the definition of short-term employee benefits and the measurement and recognition of defined benefit superannuation obligations.  | 1 Jan 2013 | Not expected to have a material impact on future reporting periods |
| AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7)                                     | Amends AASB 7 Financial Instruments: Disclosures to require an entity to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement.  | 1 Jan 2013 | Not expected to have a material impact on future reporting periods |
| AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)   | Addresses inconsistencies in current practice when applying the offsetting criteria in AASB 132 Financial Instruments: Presentation.   | 1 Jan 2014 | Not expected to have a material impact on future reporting periods |
| AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, 101, 116, 132 & 134 and Interpretation 2]                              | Amends a number of pronouncements as a result of the 2009-2011 annual improvements cycle. Amendments include clarification of the requirements for comparative information in AASB 101 Presentation of Financial Statements and classification of servicing equipment in AASB 116 Property, Plant and Equipment. | 1 Jan 2013 | Not expected to have a material impact on future reporting periods |

### c) Agency and Territory Items

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

#### Central Holding Authority

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

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

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

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

### d) Comparatives

There are no comparatives for the Department of Housing as the department was created as at 1 July 2012.

### 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 2012–13 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 13: 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 19: 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), 9: Receivables and 17: Financial Instruments.
- Depreciation and Amortisation – Note 2(k), Note 10: Property, Plant and Equipment.

### h) Goods and Services Tax

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

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

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities that 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 are operating payments from the Department of Treasury and Finance 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 Special Purpose Payments (SPPs) and National Partnership (NP) payments being made by the Commonwealth Treasury to state Treasuries, in a manner similar to arrangements for GST payments. These payments are received by the Department of Treasury and Finance on behalf of the Central Holding Authority and then passed on to the relevant agencies as Commonwealth appropriation.

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
- 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
- it is probable that the economic benefits associated with the transaction will flow to the entity.

### **Interest Revenue**

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

### **Goods and Services Received Free of Charge**

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

### **Disposal of Assets**

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

### **Contributions of Assets**

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

**j) Repairs and Maintenance Expense**

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

**k) Depreciation and Amortisation Expense**

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

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

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

| Asset   | 2013                      | 2012                      |
|---|---------------------------|---------------------------|
| Urban dwellings                               | 50 years                  | 50 years                  |
| GEH (a) remote area dwellings                 | 40 years                  | 40 years                  |
| SIHIP/NPARIH (b) funded remote area dwellings | 30 years                  | -                         |
| Rebuilds on pre-existing remote dwellings     | 10 years                  | -                         |
| Leased building upgrades                      | Remaining period of lease | Remaining period of lease |
| Infrastructure                                | Remaining period of lease | -                         |
| Plant and equipment                           | 5 years                   | 5 years                   |

Note: a) Government Employee Housing (GEH)

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

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

**l) Interest Expense**

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

**m) Cash and Deposits**

For the purposes of the Balance Sheet and the Cash Flow Statement, cash includes cash on hand, cash at bank and cash equivalents. Cash equivalents are highly liquid short-term investments that are readily convertible to cash. Cash at bank includes monies held in the Accountable Officer's Trust Account (AOTA) that are ultimately payable to the beneficial owner – refer also to Note 21.

**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 ageing schedule under credit risk in Note 17 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.

**o) Revaluations and Impairment**

**Acquisitions**

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

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

### **Complex Assets**

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

### **Subsequent Additional Costs**

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

### **Construction (Work in Progress)**

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

### **Rental Dwellings**

#### *Acquisitions*

Constructed rental dwellings, upgrading costs and minor capital works carried out on existing rental dwellings are recorded at their expended completed contract price, including tendering costs, contract management and supervision fees and all fees and charges relating to construction as property assets. Rental dwelling contracts not completed at 30 June 2013 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 that are gifted or reverted under land rights legislation are written off in the financial year of occurrence. The write-offs represent the written down historical cost component of such dwellings. Appropriate adjustments are made against the asset revaluation reserve where previous revaluations have occurred.

### *Sales*

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

### **Infrastructure**

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

## **p) Revaluations and Impairment**

### **Revaluation of Assets**

Department of Housing revalues the following class of assets:

- urban rental dwellings
- GEH Remote rental dwellings
- SIHIP/NPARIH Remote rental dwellings
- infrastructure.

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

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. Land and buildings held by the agency that are not classified for rental use have not been revalued by the agency during the year ended 30 June 2013.

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

### **Urban Rental Dwellings**

An independent valuation of urban rental dwellings was completed at 30 June 2013 by the Australian Valuation Office, the results of which are reflected in these financial statements. The basis for the valuation of urban rental dwellings is that of 'fair value', being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. 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.

### **Government Employee Housing (GEH) Remote Rental Dwellings**

The Australian Valuation Office completed an independent valuation of the GEH remote rental dwellings at 30 June 2013, the results of which are reflected in these financial statements. The agency has adopted the policy of revaluing its remote rental dwellings at 30 June each year. GEH remote rental dwellings are measured on the basis of 'fair value' using the replacement cost methodology. The useful lives of all remote rental dwellings are also reassessed at the time of valuation.

### **SIHIP/NPARIH funded Remote Rental Dwellings**

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

### **Infrastructure**

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

### **Impairment of Assets**

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

The agency has adopted the policy of revaluing its 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 15 provides additional information in relation to the asset revaluation surplus.

### **q) Assets Held for Sale**

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

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



**r) Leased Assets**

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

**Finance Leases**

Long-term leases of Aboriginal land are recognised as an asset on the balance sheet of the Department of Housing and amortised accordingly over the term of the lease arrangements. A corresponding liability is recognised under Borrowings.

**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 12 months of reporting date are classified as current liabilities and are measured at amounts expected to be paid. Non-current employee benefit liabilities that fall due after 12 months of the reporting date are measured at present value, calculated using the government long-term bond rate.

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

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

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

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

**u) Superannuation**

Employees' superannuation entitlements are provided through the:

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

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

**v) Contributions by and Distributions to Government**

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

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

**w) Commitments**

Disclosures in relation to capital and other commitments, including lease commitments, are shown at Note 18.

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

### 3. COMPREHENSIVE OPERATING STATEMENT BY OUTPUT GROUP

For the year ended 30 June 2013

|   | Note | Urban<br>Public and<br>Affordable<br>Housing<br>2013<br>\$000 | Remote<br>Public<br>Housing<br>2013<br>\$000 | Government<br>Employee<br>Housing<br>2013<br>\$000 | TOTAL<br>2013<br>\$000 |
|---|------|---|--|--|------------------------|
| <b>INCOME</b>   |      |   |  |  |                        |
| <i>Grants and subsidies revenue</i>                                       |      |   |  |  |                        |
| Current   |      |   |  | 897  | 897                    |
| Capital   |      |   | 2 760  |  | 2 760                  |
| <i>Appropriation</i>  |      |   |  |  |                        |
| Output  |      | 12 053  | 3 158  | 44 281   | 59 492                 |
| Commonwealth  |      |   | 71 261                                       | 16 996   | 88 257                 |
| Sales of goods and services   |      | 12 513  | 23 415                                       | 33 920   | 69 848                 |
| Goods and services received free of charge                                | 4    | 35  | 5 972  | 892  | 6 899                  |
| Gain on disposal of assets  | 5    | 1 167   |  | (814)  | 353                    |
| Other income  |      | 1   | 198  | 1 141  | 1 340                  |
| <b>TOTAL INCOME</b>   |      | <b>25 769</b>   | <b>106 764</b>                               | <b>97 313</b>                                      | <b>229 846</b>         |
| <b>EXPENSES</b>   |      |   |  |  |                        |
| Employee expenses   |      | 875   | 25 306                                       | 17 348   | 43 529                 |
| <i>Administrative expenses</i>  |      |   |  |  |                        |
| Purchases of goods and services   | 6    | 211   | 13 903                                       | 11 748   | 25 862                 |
| Repairs and maintenance   |      | 11 745  | 273 062                                      | 29 401   | 314 208                |
| Property management   |      | 19 827  | 2 173  | 21 229   | 43 229                 |
| Depreciation and amortisation   | 10   | 3 152   | 58 183                                       | 11 790   | 73 125                 |
| Asset expenses  |      | 3 920   | 72 370                                       | 14 664   | 90 954                 |
| Other administrative expenses   |      | 36  | 5 972  | 6 055  | 12 063                 |
| <i>Grants and subsidies expenses</i>                                      |      |   |  |  |                        |
| Current   |      |   | 49 683                                       | 11 587   | 61 270                 |
| Capital   |      |   | 3 151  |  | 3 151                  |
| Community service obligations   |      |   |  | 815  | 815                    |
| Interest expenses   |      |   |  | 10 537   | 10 537                 |
| <b>TOTAL EXPENSES</b>   |      | <b>39 766</b>   | <b>503 803</b>                               | <b>135 174</b>                                     | <b>678 743</b>         |
| <b>NET SURPLUS/(DEFICIT)</b>  |      | <b>(13 997)</b>   | <b>(397 039)</b>                             | <b>(37 861)</b>                                    | <b>(448 897)</b>       |
| <b>OTHER COMPREHENSIVE INCOME</b>   |      |   |  |  |                        |
| <b>Items that will not be reclassified to net surplus/deficit</b>         |      |   |  |  |                        |
| Changes in asset revaluation surplus                                      |      | 37 898  | (9)  | 251 647  | 289 536                |
| <b>Items that may be reclassified subsequently to net surplus/deficit</b> |      |   |  |  |                        |
| Correction of prior period errors   |      |   | (634)  |  | (634)                  |
| <b>TOTAL OTHER COMPREHENSIVE INCOME</b>                                   |      | <b>37 898</b>   | <b>(643)</b>                                 | <b>251 647</b>                                     | <b>288 902</b>         |
| <b>COMPREHENSIVE RESULT</b>   |      | <b>23 901</b>   | <b>(397 682)</b>                             | <b>213 786</b>                                     | <b>(159 995)</b>       |

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

#### 4. GOODS AND SERVICES RECEIVED FREE OF CHARGE

|   | 2013<br>\$000 |
|---|---------------|
| Corporate and information services                      | 6 899         |
| <b>TOTAL GOODS AND SERVICES RECEIVED FREE OF CHARGE</b> | <b>6 899</b>  |

#### 5. GAIN ON DISPOSAL OF ASSETS

|  | 2013<br>\$000 |
|--|---------------|
| Net proceeds from the disposal of non-current assets | 6 193         |
| Less: Carrying value of non-current assets disposed  | (5 840)       |
| <b>TOTAL GAIN ON DISPOSAL OF ASSETS</b>              | <b>353</b>    |

#### 6. PURCHASES OF GOODS AND SERVICES

|  | 2013<br>\$000 |
|--|---------------|
| The net surplus/(deficit) has been arrived at after charging the following expenses: |               |
| <b>Goods and services expenses:</b>  |               |
| Consultants  | 874           |
| Advertising  | 1             |
| Marketing and promotion  | 416           |
| Document production  | 62            |
| Legal expenses   | 843           |
| Recruitment  | 159           |
| Training and study   | 506           |
| Official duty fares  | 1 423         |
| <i>Travelling allowance</i>  | 537           |
| Agent services arrangements  | 10 158        |
| Motor vehicle expenses   | 2 315         |
| Goods and services free of charge  | 6 899         |
| Other operational expenses   | 1 669         |
| <b>TOTAL GOODS AND SERVICES EXPENSES</b>   | <b>25 862</b> |

## 7. REPAIRS AND MAINTENANCE AND ASSET EXPENSES

|  | 2013<br>\$000  |
|--|----------------|
| <b>Repairs and Maintenance</b>                                     |                |
| Repairs and maintenance program                                    | 37 904         |
| Capital works projects which could not be capitalised              | 276 304        |
| <b>Total Repairs and Maintenance</b>                               | <b>314 208</b> |
| <b>Asset Expenses</b>  |                |
| Asset revaluation  | 33 154         |
| Infrastructure assets transferred to Indigenous Essential Services | 57 800         |
| <b>Total Asset Expenses</b>  | <b>90 954</b>  |

## 8. CASH AND DEPOSITS

|                                | 2013<br>\$000 |
|--------------------------------|---------------|
| Cash on hand                   | 105           |
| Cash at bank                   | 86 102        |
| <b>TOTAL CASH AND DEPOSITS</b> | <b>86 207</b> |

## 9. RECEIVABLES

|                                       | 2013<br>\$000 |
|---------------------------------------|---------------|
| <b>Current</b>                        |               |
| Accounts receivable                   | 18 042        |
| Less: Allowance for impairment losses | (14 441)      |
| <b>Net Accounts Receivable</b>        | <b>3 601</b>  |
| GST receivables                       | 126           |
| <b>TOTAL RECEIVABLES</b>              | <b>3 727</b>  |

## 10. PROPERTY, PLANT AND EQUIPMENT

|   | 2013<br>\$'000   |
|---|------------------|
| <b>Dwellings: Housing Rental Dwellings</b>        |                  |
| <b>Urban Rental Dwellings</b>                     |                  |
| Urban vacant land at fair value                   | 14 776           |
| Urban improved land at fair value                 | 900 854          |
| Urban buildings at fair value                     | 933 964          |
| <b>Total</b>                                      | <b>1 849 594</b> |
| <b>Remote Rental Dwellings</b>                    |                  |
| Remote vacant land at replacement cost            | 337              |
| Remote improved land at replacement cost          | 12 519           |
| Remote buildings at depreciated replacement cost  | 200 163          |
| <b>Total</b>                                      | <b>213 019</b>   |
| <b>Remote Rental Dwellings at Historical Cost</b> |                  |
| Remote dwellings at historical cost               | 615 072          |
| Less: Accumulated depreciation                    | (25 294)         |
| <b>Total</b>                                      | <b>589 778</b>   |
| <b>Total Rental Dwellings</b>                     | <b>2 652 391</b> |
| <b>Infrastructure</b>                             |                  |
| At fair value                                     | 38 454           |
| <b>Construction (Work in Progress)</b>            |                  |
| At capitalised cost                               | 100 981          |
| <b>Plant and Equipment</b>                        |                  |
| At fair value                                     | 8 370            |
| Less: Accumulated depreciation                    | (4 262)          |
| <b>Total</b>                                      | <b>4 108</b>     |
| <b>Land under Finance Leases</b>                  |                  |
| At capitalised cost                               | 16 502           |
| Less: Accumulated amortisation                    | (442)            |
| <b>Total</b>                                      | <b>16 060</b>    |
| <b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>        | <b>2 811 994</b> |

## 2013 Property, Plant and Equipment Reconciliations

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

|   | Buildings<br>\$000 | Infrastructure<br>\$000 | Construction<br>(Work in<br>Progress)<br>\$000 | Plant and<br>Equipment<br>\$000 | Computer<br>Hardware<br>\$000 | Land Under<br>Finance<br>Lease<br>\$000 | Total<br>\$000   |
|---|--------------------|-------------------------|--|---------------------------------|-------------------------------|---|------------------|
| <b>Carrying Amount as at 1 July 2012</b>          | <b>1 811 573</b>   | <b>-</b>                | <b>936 056</b>                                 | <b>4 869</b>                    | <b>10</b>                     | <b>-</b>                                | <b>2 752 508</b> |
| Additions   | 615 351            | 104 687                 | 199 614  | 307                             | -                             | 16 502                                  | 936 461          |
| Disposals   | (5 840)            | (19 703)                | (1 035 102)                                    | -                               | -                             | -                                       | (1 060 645)      |
| Depreciation/<br>Amortisation                     | (58 229)           | (13 376)                | -  | (1 073)                         | (5)                           | (442)                                   | (73 125)         |
| Additions/<br>(Disposals) from<br>asset transfers | -                  | -                       | 413  | -                               | -                             | -                                       | 413              |
| Revaluation<br>increments/<br>(decrements)        | 289 536            | (33 154)                | -  | -                               | -                             | -                                       | 256 382          |
| <b>Carrying Amount as at 30 June 2013</b>         | <b>2 652 391</b>   | <b>38 454</b>           | <b>100 981</b>                                 | <b>4 103</b>                    | <b>5</b>                      | <b>16 060</b>                           | <b>2 811 994</b> |

## 11. PAYABLES

|                       | 2013<br>\$000 |
|-----------------------|---------------|
| Accounts payable      | 17 475        |
| Accrued expenses      | 4 358         |
| Interest payable      | 28            |
| <b>TOTAL PAYABLES</b> | <b>21 861</b> |

## 12. BORROWINGS AND ADVANCES

|                                      | 2013<br>\$000 |
|--------------------------------------|---------------|
| <b>Current</b>                       |               |
| Loans and advances                   | 1 363         |
| Finance lease liabilities            | 908           |
|                                      | <b>2 271</b>  |
| <b>Non-Current</b>                   |               |
| Loans and advances                   | 79 665        |
| Finance lease liabilities            | 14 687        |
|                                      | <b>94 352</b> |
| <b>TOTAL BORROWINGS AND ADVANCES</b> | <b>96 623</b> |

## 13. PROVISIONS

|                                 | 2013<br>\$000 |
|---------------------------------|---------------|
| <b>Current</b>                  |               |
| <i>Employee benefits</i>        |               |
| Recreation leave                | 3 383         |
| Leave loading                   | 554           |
| Recreation leave fares          | 53            |
| <i>Other current provisions</i> |               |
| Fringe benefits tax             | 103           |
| Payroll tax                     | 360           |
| Superannuation contributions    | 419           |
|                                 | <b>4 872</b>  |
| <b>Non-Current</b>              |               |
| <i>Employee benefits</i>        |               |
| Recreation leave                | 1 681         |
| <b>TOTAL PROVISIONS</b>         | <b>6 553</b>  |

## 14. OTHER LIABILITIES

|   | 2013<br>\$000 |
|---|---------------|
| <b>Current</b>                                    |               |
| Deposits held                                     | 264           |
| Unearned revenue - rent charged / paid in advance | 4 303         |
|   | <b>4 567</b>  |
| <b>Non-Current</b>                                |               |
| Deposits held - rental security bond deposits     | 3 081         |
| <b>TOTAL OTHER LIABILITIES</b>                    | <b>7 648</b>  |

## 15. RESERVES

|  | 2013<br>\$000    |
|--|------------------|
| <b>Asset Revaluation Surplus</b>   |                  |
| (i) <i>Nature and purpose of the asset revaluation surplus</i>   |                  |
| 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) <i>Movements in the asset revaluation surplus</i>   |                  |
| Balance as at 1 July   | 1 663 258        |
| Increment/(Decrement) – land   | 53 166           |
| Increment/(Decrement) – buildings  | 148 729          |
| Transfer depreciation to reserves  | 32 935           |
| Transfer accumulated depreciation to reserves  | 54 706           |
| <b>BALANCE AS AT 30 JUNE</b>   | <b>1 952 794</b> |

## 16. NOTES TO THE CASH FLOW STATEMENT

|  | 2013<br>\$000    |
|--|------------------|
| <b>Reconciliation of Cash</b>  |                  |
| <b>Reconciliation of Net Surplus/(Deficit) to Net Cash from Operating Activities</b> |                  |
| <b>NET SURPLUS/(DEFICIT)</b>   | <b>(448 897)</b> |
| <i>Non-cash items:</i>   |                  |
| Depreciation and amortisation  | 73 125           |
| Asset write-offs/write-downs   | 33 154           |
| Asset donations/gifts  | 57 801           |
| (Gain)/Loss on disposal of assets  | (353)            |
| R&M - Minor New Work Non Cash  | 276 304          |
| <i>Changes in assets and liabilities:</i>  |                  |
| Decrease/(Increase) in receivables   | 3 798            |
| Decrease/(Increase) in prepayments   | 58               |
| Decrease/(Increase) in other assets  | 72               |
| (Decrease)/Increase in payables  | 9 244            |
| (Decrease)/Increase in provision for employee benefits                               | (2 220)          |
| (Decrease)/Increase in other provisions  | (258)            |
| (Decrease)/Increase in other deferred income   | 1475             |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>  | <b>3 303</b>     |

## 17. 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 Department of Housing's financial assets and liabilities by category are disclosed in the table below.

|                              | 2013<br>\$000 |
|------------------------------|---------------|
| <b>Financial Assets</b>      |               |
| Cash and deposits            | 86 207        |
| Advances and receivables     | 3 727         |
| Prepayments                  | 1 223         |
| <b>Financial Liabilities</b> |               |
| Deposits held in trust       | 3 345         |
| Unearned revenue             | 4 303         |
| Payables                     | 21 861        |
| Provisions                   | 6 553         |
| Borrowings and advances      | 96 623        |



## b) Credit Risk

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

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

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

### Receivables

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

| External Receivables  | Ageing of Receivables<br>\$000 | Ageing of Impaired Receivables<br>\$000 | Net Receivables<br>\$000 |
|---|--------------------------------|---|--------------------------|
| <b>2012-13</b>  |                                |   |                          |
| Not overdue   | 1 329                          |   | 1 329                    |
| Overdue for less than 30 days                                 | 693                            | 76                                      | 617                      |
| Overdue for 30 to 60 days                                     | 719                            | 178                                     | 541                      |
| Overdue for more than 60 days                                 | 15 427                         | 14 187                                  | 1 240                    |
| <b>TOTAL</b>  | <b>18 168</b>                  | <b>14 441</b>                           | <b>3 727</b>             |
| <b>RECONCILIATION OF THE ALLOWANCE FOR IMPAIRMENT LOSSES</b>  |                                |   |                          |
| Opening   |                                | 10 629                                  |                          |
| Written off during the year                                   |                                | (1 416)                                 |                          |
| Recovered during the year                                     |                                | 64                                      |                          |
| Increase/(Decrease) in allowance recognised in profit or loss |                                | 5 164                                   |                          |
| <b>TOTAL</b>  |                                | <b>14 441</b>                           |                          |

## 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 table 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.

| 2013 Maturity analysis for financial assets and liabilities | Interest Bearing  |                        |                    |                         | Non-Interest Bearing \$000 | Total \$000    | Weighted Average % |
|---|-------------------|------------------------|--------------------|-------------------------|----------------------------|----------------|--------------------|
|   | Fixed or Variable | Less than a Year \$000 | 1 to 5 Years \$000 | More than 5 Years \$000 |                            |                |                    |
| <b>ASSETS</b>   |                   |                        |                    |                         |                            |                |                    |
| Cash and deposits   |                   |                        |                    |                         | 86 207                     | 86 207         |                    |
| Receivables   |                   |                        |                    |                         | 3 727                      | 3 727          |                    |
| Advances  |                   |                        |                    |                         | 1 223                      | 1 223          |                    |
| Investment, loans and placements                            |                   |                        |                    |                         |                            |                |                    |
| <b>TOTAL FINANCIAL ASSETS</b>                               |                   |                        |                    |                         | <b>91 157</b>              | <b>91 157</b>  |                    |
| <b>LIABILITIES</b>  |                   |                        |                    |                         |                            |                |                    |
| Deposits held and unearned revenue                          |                   |                        |                    |                         | 7 648                      | 7 648          |                    |
| Payables  |                   |                        |                    |                         | 21 861                     | 21 861         |                    |
| Provisions  |                   |                        |                    |                         | 6 554                      | 6 554          |                    |
| Borrowings  |                   | 1 363                  |                    | 79 665                  |                            | 81 028         | 12.90              |
| Finance lease liabilities                                   |                   |                        |                    |                         | 15 594                     | 15 594         |                    |
| <b>TOTAL FINANCIAL LIABILITIES</b>                          |                   | <b>1 363</b>           |                    | <b>79 665</b>           | <b>51 657</b>              | <b>132 685</b> |                    |

**d) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It comprises interest rate risk, price risk and currency risk.

**i. Interest Rate Risk**

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

**ii. Price Risk**

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

**iii. Currency Risk**

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

**e) Net Fair Value**

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

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

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

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

| 2013                               | Total Carrying Amount<br>\$000 | Net Fair Value Level 1<br>\$000 | Net Fair Value Level 2<br>\$000 | Net Fair Value Level 3<br>\$000 | Net Fair Value Total<br>\$000 |
|------------------------------------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|-------------------------------|
| <b>FINANCIAL ASSETS</b>            |                                |                                 |                                 |                                 |                               |
| Cash and deposits                  | 86 207                         | 86 207                          |                                 |                                 | 86 207                        |
| Receivables                        | 3 727                          | 3 727                           |                                 |                                 | 3 727                         |
| Advances and investments           | 1 223                          | 1 223                           |                                 |                                 | 1 223                         |
| <b>TOTAL FINANCIAL ASSETS</b>      | <b>91 157</b>                  | <b>91 157</b>                   |                                 |                                 | <b>91 157</b>                 |
| <b>FINANCIAL LIABILITIES</b>       |                                |                                 |                                 |                                 |                               |
| Deposits held                      | 3 345                          | 3 345                           |                                 |                                 | 3 345                         |
| Unearned revenue                   | 4 303                          | 4 303                           |                                 |                                 | 4 303                         |
| Payables                           | 21 861                         | 21 861                          |                                 |                                 | 21 861                        |
| Provisions                         | 6 554                          | 6 554                           |                                 |                                 | 6 554                         |
| Borrowings and advances            | 81 028                         |                                 | 125 750                         |                                 | 125 750                       |
| Finance lease liabilities          | 15 594                         | 15 594                          |                                 |                                 | 15 594                        |
| <b>TOTAL FINANCIAL LIABILITIES</b> | <b>132 685</b>                 | <b>51 657</b>                   | <b>125 750</b>                  |                                 | <b>177 407</b>                |

## 18.COMMITMENTS

|   | 2013              |                   |
|---|-------------------|-------------------|
|   | Internal<br>\$000 | External<br>\$000 |
| <b>Capital Expenditure Commitments</b>  |                   |                   |
| Capital expenditure commitment primarily relates to the construction of remote housing. Capital expenditure commitments contracted for at balance date but not recognised as liabilities are payable as follows:  |                   |                   |
| Within one year   | -                 | 103 558           |
| Later than one year and not later than five years   | -                 | -                 |
| Later than five years   | -                 | -                 |
|   | -                 | <b>103 558</b>    |
| <b>Operating Lease Commitments</b>  |                   |                   |
| The agency leases property under non-cancellable operating leases expiring from 1 to 13 years. Leases generally provide the agency with a right of renewal at which time all lease terms are renegotiated. The agency also leases items of plant and equipment under non-cancellable operating leases. Future operating lease commitments not recognised as liabilities are payable as follows: |                   |                   |
| Within one year   | -                 | 5 511             |
| Later than one year and not later than five years   | -                 | 1 843             |
| Later than five years   | -                 | 8 273             |
|   | -                 | <b>15 627</b>     |

## 19. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

### a) Contingent Liabilities

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

### b) Contingent Assets

The Department of Housing had no contingent assets as at 30 June 2013 or 30 June 2012.

## 20. 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.

## 21. 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      |            |              | Closing      |
|--------------------------------|--------------|------------|--------------|--------------|
|                                | Balance      | Receipts   | Payments     | Balance      |
|                                | 1 July       |            |              | 30 June      |
|                                | 2012         |            |              | 2013         |
| Tenants security bond deposits | 2 390        | 773        | (82)         | 3 081        |
| Unclaimed money                | 306          | 119        | (161)        | 264          |
| <b>Total</b>                   | <b>2 696</b> | <b>892</b> | <b>(243)</b> | <b>3 345</b> |

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

|  | Agency        |               |
|--|---------------|---------------|
|  | 2013<br>\$000 | 2013<br>\$000 |
| <b>Write-offs, Postponements and Waivers Under the <i>Financial Management Act</i></b> |               |               |
| Represented by:  |               |               |
| <i>Amounts written off, postponed and waived by Delegates</i>                          |               |               |
| Irrecoverable amounts payable to the Territory or an agency written off                | 471           | 891           |
| Losses or deficiencies of money written off  | -             | 1             |
| Public property written off  | -             | -             |
| Waiver or postponement of right to receive or recover money or property                | -             | -             |
| <b>Total Written Off, Postponed and Waived by Delegates</b>                            | <b>471</b>    | <b>892</b>    |
| <i>Amounts written off, postponed and waived by the Treasurer</i>                      |               |               |
| Irrecoverable amounts payable to the Territory or an agency written off                | 810           | 372           |
| Losses or deficiencies of money written off  | -             | -             |
| Public property written off  | -             | -             |
| Waiver or postponement of right to receive or recover money or property                | 152           | 138           |
| <b>Total Written Off, Postponed and Waived by the Treasurer</b>                        | <b>962</b>    | <b>510</b>    |



# FINANCIAL REPORT NT HOMEOWNERSHIP



## Auditor-General

### Independent Auditor's Report to the Minister for Housing

#### NT Home Ownership

Year Ended 30 June 2013

I have audited the accompanying financial report of NT Home Ownership, which comprises the balance sheet as at 30 June 2013, and the comprehensive operating statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

#### **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 (including the Australian Accounting Interpretations). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **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. These Auditing 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.

#### **Opinion**

In my opinion, the financial report presents fairly, in all material respects, the financial position of NT Home Ownership as of 30 June 2013, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

  
F McGuinness

Auditor-General for the Northern Territory  
Darwin, Northern Territory

11 October 2013

# FINANCIAL STATEMENT OVERVIEW

For the year ended 30 June 2013

NT Home Ownership has been determined by the Treasurer to be a Government Business Division (GBD) in accordance with the provisions of the *Financial Management Act*. Pursuant to the *Financial Management Act*, a GBD is a separate reporting entity and as such is required to prepare annual financial statements in accordance with the format as determined by the Treasurer and in compliance with Australian Accounting Standards. Consistent with general commercial principles, GBDs are also required to pay tax and dividends on any profit made during the year.

NT Home Ownership's core business is to oversee the Northern Territory Government's home loan assistance products that provide affordable loans to low and middle-income earners and to assist other eligible Territorians into home ownership.

NT Home Ownership returned a positive outcome in its financial performance, posting a comprehensive result of a net surplus in operating activities after income tax of \$0.59 million in 2013. The positive result for 2013 has been achieved following a gain of \$2.8 million on the revaluation of shared equity investments. The comprehensive result was down from the previous year's net surplus of \$1.3 million. No income tax or dividends are payable in respect of the 2013 financial result.

The financial results for the year reflect an increase in loans provided following a change to loan levels and equity share arrangements per short period through the (now ceased) Homestart Extra loan period. This resulted in more loans being approved and, consequently, an increase of \$110 million in borrowings from NT Treasury Corporation to fund an increased portfolio of loans to Territorians of \$61.7 million. The impact of increased borrowing and lending has also flowed through to the Comprehensive Operating Statement; interest revenue increased by \$1.9 million year on year, and interest expenses increased by \$3.7 million. Interest expenses are higher than interest revenue due to the timing differences involved in ensuring that funds are available for lending in advance of loan funds being made available to home buyers. The increased lending also flows through to operating expenses, with an increase in purchases of goods and services of \$0.8 million. This increase is largely attributable to increased loan administration fees of \$0.7 million.

The entity's largest source of income is interest revenue from loans, which this year comprises 75 per cent of total income of \$16.5 million. Total expenses of \$15.9 million include \$12.2 million in interest payable on borrowings from NT Treasury Corporation.

At 30 June, NT Home Ownership's loan portfolio comprised 2135 (2012: 1776) loans issued to Territorians totalling \$225 million. It held an interest in 963 (2012: 772) shared equity investment properties to the value of \$92.9 million; up from \$55.6 million in 2012. The home loan portfolio increased by \$61.7 million during the year as a result of the value of new loans provided exceeding the value of loans discharged. Borrowings and advances are the major component of liabilities in the Balance Sheet and total \$297 million. This increased due to additional funding requirements to finance new home loan applications and shared equity interests in properties. The cash balance at year end was \$19.9 million with a minor increase in total equity to \$38.6 million compared to \$38 million in 2011–12.



# 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 in 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 2013 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.



**ALLAN MCGILL**  
Chief Executive

11 September 2013



**KENT TINKHAM**  
Chief Financial Officer

11 September 2013

# FINANCIAL STATEMENTS

## COMPREHENSIVE OPERATING STATEMENT

For the year ended 30 June 2013

|   | Note | 2013<br>\$000 | 2012<br>\$000 |
|---|------|---------------|---------------|
| <b>INCOME</b>                           |      |               |               |
| Sales of goods and services             |      | 43            | 34            |
| Interest revenue                        | 4    | 12 360        | 10 418        |
| Gain on disposal of investments         | 3    | 473           | 291           |
| Gain on disposal of land                | 3    |               | 188           |
| Other revenue                           |      | 815           | 1 191         |
| Revaluation of investments              | 6    | 2 816         | 738           |
| <b>TOTAL INCOME</b>                     |      | <b>16 507</b> | <b>12 860</b> |
| <b>EXPENSES</b>                         |      |               |               |
| Employee expenses                       |      | 229           | 202           |
| <i>Administrative expenses</i>          |      |               |               |
| Purchases of goods and services         | 5    | 3 429         | 2 601         |
| Other administrative expenses           |      | 1             | 23            |
| <i>Grants and subsidies expenses</i>    |      |               |               |
| Current                                 |      | 21            |               |
| Interest expenses                       |      | 12 237        | 8 495         |
| <b>TOTAL EXPENSES</b>                   |      | <b>15 917</b> | <b>11 321</b> |
| <b>NET SURPLUS BEFORE INCOME TAX</b>    |      | <b>590</b>    | <b>1 539</b>  |
| Interest expenses                       | 7    |               | 240           |
| <b>NET SURPLUS AFTER INCOME TAX</b>     |      | <b>590</b>    | <b>1299</b>   |
| <b>TOTAL OTHER COMPREHENSIVE INCOME</b> |      |               |               |
| <b>COMPREHENSIVE RESULT</b>             |      | <b>590</b>    | <b>1 299</b>  |

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

## BALANCE SHEET

As at 30 June 2013

|                                      | Note | 2013<br>\$000  | 2012<br>\$000  |
|--------------------------------------|------|----------------|----------------|
| <b>ASSETS</b>                        |      |                |                |
| <b>Current Assets</b>                |      |                |                |
| Cash and deposits                    | 8    | 19 896         | 6 763          |
| Receivables                          | 9    | 57             | 35             |
| Advances and investments             | 9    | 3 300          | 3 207          |
| <b>Total Current Assets</b>          |      | <b>23 253</b>  | <b>10 005</b>  |
| <b>Non-Current Assets</b>            |      |                |                |
| Advances                             | 9    | 221 676        | 160 081        |
| Shared equity investments            | 10   | 92 893         | 55 607         |
| <b>Total Non-Current Assets</b>      |      | <b>314 569</b> | <b>215 688</b> |
| <b>TOTAL ASSETS</b>                  |      | <b>337 822</b> | <b>225 693</b> |
| <b>LIABILITIES</b>                   |      |                |                |
| <b>Current Liabilities</b>           |      |                |                |
| Payables                             | 11   | 1 920          | 757            |
| Borrowings and advances              | 12   | 7 454          | 7 112          |
| Provisions                           | 13   | 31             | 547            |
| <b>Total Current Liabilities</b>     |      | <b>9 405</b>   | <b>8 416</b>   |
| <b>Non-Current Liabilities</b>       |      |                |                |
| Borrowings and advances              | 12   | 289 791        | 179 244        |
| Provisions                           | 13   | 4              | 1              |
| <b>Total Non-Current Liabilities</b> |      | <b>289 795</b> | <b>179 245</b> |
| <b>TOTAL LIABILITIES</b>             |      | <b>299 200</b> | <b>187 661</b> |
| <b>NET ASSETS</b>                    |      | <b>38 622</b>  | <b>38 032</b>  |
| <b>EQUITY</b>                        |      |                |                |
| Capital                              |      | 22 745         | 22 745         |
| Accumulated funds                    |      | 15 877         | 15 287         |
| <b>TOTAL EQUITY</b>                  |      | <b>38 622</b>  | <b>38 032</b>  |

## STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2013

|  | Balance<br>at 1 July<br>\$000 | Comprehensive<br>result<br>\$000 | Transactions<br>with owners in<br>their capacity<br>as owners<br>\$000 | Balance<br>at 30 June<br>\$000 |
|--|-------------------------------|----------------------------------|--|--------------------------------|
| <b>2012-13</b>                               |                               |                                  |  |                                |
| Accumulated funds                            | 15 287                        | 590                              |  | 15 877                         |
| Capital                                      | 22 745                        |                                  |  | 22 745                         |
| <b>TOTAL EQUITY AT END OF FINANCIAL YEAR</b> | <b>38 032</b>                 | <b>590</b>                       |  | <b>38 622</b>                  |
| <b>2011-12</b>                               |                               |                                  |  |                                |
| Accumulated funds                            | 14 268                        | 1 299                            |  | 15 567                         |
| 2011-12 dividend payable                     |                               |                                  | (280)  | (280)                          |
|  | 14 268                        | 1 299                            | (280)  | 15 287                         |
| Capital                                      | 22 745                        |                                  |  | 22 745                         |
| <b>TOTAL EQUITY AT END OF FINANCIAL YEAR</b> | <b>37 013</b>                 | <b>1 299</b>                     | <b>(280)</b>   | <b>38 032</b>                  |

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

## CASH FLOW STATEMENT

For the year ended 30 June 2013

|  | Note      | 2013<br>\$000    | 2012<br>\$000   |
|--|-----------|------------------|-----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |           |                  |                 |
| <b>Receipts</b>                              |           |                  |                 |
| Receipts from sales of goods and services    |           | 1 079            | 1 403           |
| Interest received                            | 4         | 12 341           | 10 418          |
| <b>Total Receipts</b>                        |           | <b>13 420</b>    | <b>11 821</b>   |
| <b>Payments</b>                              |           |                  |                 |
| Payments to employees                        |           | (222)            | (212)           |
| Payments for goods and services              |           | (3 162)          | (2 630)         |
| Income tax paid                              |           | (240)            | (469)           |
| <i>Grants and subsidies paid</i>             |           |                  |                 |
| Current                                      |           | (21)             | -               |
| Interest paid                                |           | (11 566)         | (8 308)         |
| <b>Total Payments</b>                        |           | <b>(15 211)</b>  | <b>(11 619)</b> |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>    | <b>14</b> | <b>(1 791)</b>   | <b>202</b>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |           |                  |                 |
| <b>Receipts</b>                              |           |                  |                 |
| Proceeds from land sales                     | 3         | -                | 750             |
| Repayment of advances                        |           | 28 992           | 19 370          |
| Sales of investments                         | 3         | 8 981            | 7 184           |
| <b>Total Receipts</b>                        |           | <b>37 973</b>    | <b>27 304</b>   |
| <b>Payments</b>                              |           |                  |                 |
| Advances and investing payments              |           | (133 657)        | (53 708)        |
| <b>Total Payments</b>                        |           | <b>(133 657)</b> | <b>(53 708)</b> |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b> |           | <b>(95 684)</b>  | <b>(26 404)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |           |                  |                 |
| <b>Receipts</b>                              |           |                  |                 |
| Proceeds from borrowings                     |           | 118 000          | 30 000          |
| Deposits received                            |           |                  |                 |
| <b>Total Receipts</b>                        |           | <b>118 000</b>   | <b>30 000</b>   |
| <b>Payments</b>                              |           |                  |                 |
| Repayment of borrowings                      |           | (7 112)          | (6 787)         |
| Dividends paid                               |           | (280)            | (548)           |
| <b>Total Payments</b>                        |           | <b>(7 392)</b>   | <b>(7 335)</b>  |
| <b>NET CASH FROM FINANCING ACTIVITIES</b>    |           | <b>110 608</b>   | <b>22 665</b>   |
| <b>NET DECREASE IN CASH HELD</b>             |           | <b>(13 133)</b>  | <b>(3 537)</b>  |
| Cash at beginning of financial year          |           | 6 763            | 10 300          |
| <b>CASH AT END OF FINANCIAL YEAR</b>         | <b>8</b>  | <b>19 896</b>    | <b>6 763</b>    |

The Cash Flow Statement is to be read in conjunction with the notes to the financial statements.

# NOTES TO FINANCIAL STATEMENTS

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## 1. OBJECTIVES AND FUNDING

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

## 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Accounting

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

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

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

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

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

**(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 13 Fair Value Measurement, AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010 7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] | Replaces the guidance on fair value measurement in existing AASB accounting literature with a single standard. The Standard defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements.                       | 1 Jan 2013   | It is not likely to have a material impact on the GBD in the period of initial adoption. |
| AASB 9 Financial Instruments (Dec 2010), AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (Dec 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]  | AASB 9 incorporates revised requirements for the classification and measurement of financial instruments resulting from the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). | 1 Jan 2013   | It is not likely to have a material impact on the GBD in the period of initial adoption. |
| AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]  | Requires entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently.   | 1 July 2013  | It is not likely to have a material impact on the GDB in the period of initial adoption. |



**(c) Comparatives**

Comparative information for the 2011–12 financial year has been reclassified, where required, 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 2012–13 as a result of management decisions.

**(f) Accounting Judgements and Estimates**

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

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

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

- Employee Benefits – Note 2(u) and Note 13: 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 17: The present value of material quantifiable contingent liabilities are calculated using a discount rate based on the published 10-year government bond rate.
- Doubtful Debts – Note 2(m), Note 9: Receivables and Note 15: 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 Statement of Financial Position.

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 that 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 goods and services tax (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 income when the entity obtains control over the assets comprising the contributions. Control is normally obtained upon receipt.

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

**Rendering of services**

Revenue from rendering services is recognised upon the rendering of services to customers. Revenue is recognised when:

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

**Interest revenue**

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

### **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.

### **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.

### **Contributions of assets**

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

#### **(i) Interest Expense**

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

#### **(j) Taxation**

The entity is required to pay income tax on its accounting surplus, at the company tax rate of 30 per cent in accordance with the requirements of the Treasurer's Directions and the NT Tax Equivalents Regime. Accounting surplus represents GBD's operating surplus, excluding revaluation increment. No tax is payable by NT Home Ownership in respect to the 2012–13 financial year. See note 7.

#### **(k) Cash and Deposits**

For the purposes of the Statement of Financial Position 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.

#### **(l) Financial Instruments**

##### **Non-derivative**

Non-derivative financial instruments comprise cash and cash equivalents, trade and other receivables, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised, initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured, as described in item (m).

A financial instrument is recognised if the entity becomes a party to the contractual provisions of the instrument. Financial assets are recognised at trade date (less impairment). Financial assets are derecognised if the entity transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the entity's obligations specified in the contract expire or are discharged or cancelled.

##### **Derivative**

The entity does not have any derivative financial instruments.

#### **(m) 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 entity estimates are likely to be uncollectible and are considered doubtful. Analysis of the age of receivables that are past due as at the reporting date are disclosed in an ageing schedule under credit risk in Note 15: 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 transactions rates. 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 viable.

#### **(n) 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 2013, the entity did not hold any depreciable property, plant or equipment assets.

#### **(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. Items of property, plant and equipment below the \$10 000 threshold are expensed in the year of acquisition.

**(p) Revaluations and Impairment**

**Revaluation of assets**

Subsequent to initial recognition, 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. Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction.

**Non-current investment – minority interest holding revaluations**

These are properties held under HOMESTART NT and properties purchased and/or constructed from/by external parties under HOMESTART NT.

Minority interest holdings are measured on the fair value basis, being the amount for which an asset could be exchanged by knowledgeable willing parties in an arm's length transaction. 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 was completed at 30 June 2013 by the Australian Valuation Office, the results of which are reflected in these financial statements.

**Impairment of assets**

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

**Impairment of financial assets**

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

**(q) Assets Held for Sale**

Assets held for sale consists 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 12 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 are recognised on the face of the financial statements under plant and equipment.

**(r) Leased Assets**

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

The entity has no finance or operating leases.

**(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 entity. Accounts payable are normally settled within 30 days.

**(t) 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.

**(u) 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 and recreation leave and other employee benefit liabilities that fall due within 12 months of the reporting date are classified as current liabilities and are measured at amounts expected to be paid. Non-current employee benefit liabilities that fall due after 12 months of the reporting date are measured at present value, calculated using the government long-term bond rate.

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

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

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

As part of the Financial Management Framework, the Central Holding Authority assumes the long service leave liabilities of government agencies, including NT Home Ownership, and as such no long service leave liability is recognised in the entity's financial statements.

**(v) Superannuation**

Employees' superannuation entitlements are provided through the:

- NT Government and Public Authorities Superannuation Scheme (NTGPASS)
- Commonwealth Superannuation Scheme (CSS)  
OR
- Non-government employee nominated schemes for those employees commencing on or after 10 August 1999.

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

**(w) Dividends**

The entity provides for a dividend payable at the rate of 50 per cent 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 2012–13 financial year.

**(x) Economic Dependence**

The entity established by the *Financial Management Act* is subject to the direction of the Minister for 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.

**(y) Nature and Purpose of Reserves**

NT Home Ownership currently does not hold any reserves.

**(z) Administration Fees**

Administration fees are paid by the entity throughout the year to Territory Insurance Office for services provided in respect of home loans. See note 5.

**(aa) Contributions by and Distributions to Government**

The entity may receive contributions from government where the government is acting as owner of the entity. Conversely, the entity may make distributions to government. In accordance with the *Financial Management Act* and Treasurer's Directions, certain types of contributions and distributions, including those relating to administrative restructures, have been designated as contributions by, and distributions to, government. These designated contributions and distributions are treated by the entity as adjustments to equity. The Statement of Changes in Equity provides additional information in relation to contributions by, and distributions to, government.

**(bb) Commitments**

Disclosures in relation to capital and other commitments, including lease commitments, are shown at Note 16.

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

### 3. GAIN ON DISPOSAL OF INVESTMENTS & LAND

|  | 2013<br>\$000 | 2012<br>\$000 |
|--|---------------|---------------|
| <b>INVESTMENTS</b>                           |               |               |
| Net proceeds from the sale of investments    | 8 981         | 7 184         |
| Less: Carrying value of investments disposed | (8 508)       | (6 893)       |
| <b>GAIN ON THE DISPOSAL OF INVESTMENTS</b>   | <b>473</b>    | <b>291</b>    |
| <b>LAND</b>                                  |               |               |
| Net proceeds from the sale of land           |               | 750           |
| Less: Carrying value of land disposed        |               | (562)         |
| <b>GAIN ON THE DISPOSAL OF LAND</b>          |               | <b>188</b>    |

### 4. INTEREST REVENUE

|                               | 2013<br>\$000 | 2012<br>\$000 |
|-------------------------------|---------------|---------------|
| Interest on home loans        | 11 935        | 10 052        |
| Interest on cash balances     | 425           | 366           |
| <b>TOTAL INTEREST REVENUE</b> | <b>12 360</b> | <b>10 418</b> |

### 5. PURCHASES OF GOODS AND SERVICES

The comprehensive result has been arrived at after charging the following expenses:

|  | 2013<br>\$000 | 2012<br>\$000 |
|--|---------------|---------------|
| <b>GOODS AND SERVICES EXPENSES</b>       |               |               |
| Consultants                              | 30            | 47            |
| Administration fees                      | 2 776         | 2 061         |
| Valuation fees                           | 184           | 122           |
| Marketing and promotion                  | 208           | 183           |
| Document production                      |               | 22            |
| Legal expenses                           | 122           | 21            |
| Audit fees                               | 39            | 67            |
| Official duty fares                      | 3             | 7             |
| Travelling allowance                     | 2             | 4             |
| Write offs / impairment provision        | 1             | 23            |
| Other operational expenditure            | 64            | 44            |
| <b>TOTAL GOODS AND SERVICES EXPENSES</b> | <b>3 429</b>  | <b>2 601</b>  |

## 6. REVALUATION OF INVESTMENTS

|   | 2013<br>\$000 | 2012<br>\$000 |
|---|---------------|---------------|
| Revaluation of Investments                                | 92 893        | 55 607        |
| Less: book values prior to revaluation                    | (90 077)      | (54 869)      |
| <b>GAIN ON THE REVALUATION OF NON-CURRENT INVESTMENTS</b> | <b>2 816</b>  | <b>738</b>    |

## 7. INCOME TAX EXPENSE AND TAX EQUIVALENT REGIME

|                                  | 2013<br>\$000  | 2012<br>\$000 |
|----------------------------------|----------------|---------------|
| <b>INCOME TAX PAYABLE</b>        |                |               |
| Surplus before income tax        | 590            | 1 539         |
| Less: revaluation of investments | (2 816)        | (738)         |
| <b>TAXABLE INCOME (LOSS)</b>     | <b>(2 226)</b> | <b>801</b>    |
| Income tax expense @ 30%         | -              | 240           |

\*(j) Income tax is only payable where NT Home Ownership makes an accounting surplus for the financial year.

## 8. CASH AND DEPOSITS

|                                | 2013<br>\$000 | 2012<br>\$000 |
|--------------------------------|---------------|---------------|
| Cash on hand                   | 379           | 196           |
| Cash at bank                   | 19 517        | 6 567         |
| <b>TOTAL CASH AND DEPOSITS</b> | <b>19 896</b> | <b>6 763</b>  |

## 9. RECEIVABLES AND ADVANCES

|                                      | 2013<br>\$000  | 2012<br>\$000  |
|--------------------------------------|----------------|----------------|
| <b>Current</b>                       |                |                |
| Loans to home purchasers             | 3 300          | 3 207          |
| Interest receivables                 | 41             | 21             |
| GST receivables                      | 16             | 14             |
| <b>Total current receivables</b>     | <b>3 357</b>   | <b>3 242</b>   |
| <b>Non-Current</b>                   |                |                |
| Loans to home purchasers             | 221 879        | 160 284        |
| Less impairment                      | (203)          | (203)          |
| <b>Total non-current receivables</b> | <b>221 676</b> | <b>160 081</b> |
| <b>TOTAL RECEIVABLES</b>             | <b>225 033</b> | <b>163 323</b> |

## 10. SHARED EQUITY INVESTMENTS

|  | 2013<br>\$000 | 2012<br>\$000 |
|--|---------------|---------------|
| Minority interest holding at independent valuation               | 90 735        | 55 407        |
| Minority interest holding construction works at progress at cost | 2 158         | 200           |
| <b>Total investments in shared equity</b>                        | <b>92 893</b> | <b>55 607</b> |
| <b>Shared equity investments</b>                                 |               |               |
| Opening balance  | 55 607        | 52 730        |
| Additions  | 42 978        | 9 032         |
| Disposals  | (8 508)       | (6 893)       |
| <b>Net revaluation increments less decrements</b>                | <b>2 816</b>  | <b>738</b>    |
| <b>TOTAL INVESTMENT IN SHARED EQUITY</b>                         | <b>92 893</b> | <b>55 607</b> |

## 11. PAYABLES

|                       | 2013<br>\$000 | 2012<br>\$000 |
|-----------------------|---------------|---------------|
| Accounts payable      | 465           | 117           |
| Accrued expenses      | 548           | 405           |
| Interest payables     | 907           | 235           |
| <b>TOTAL PAYABLES</b> | <b>1 920</b>  | <b>757</b>    |

## 12. BORROWINGS AND ADVANCES

|                                      | 2013<br>\$000  | 2012<br>\$000  |
|--------------------------------------|----------------|----------------|
| <i>Current</i>                       |                |                |
| Borrowings and advances              | 7 454          | 7 112          |
| <i>Non-Current</i>                   |                |                |
| Borrowings and advances              | 289 791        | 179 244        |
| <b>TOTAL BORROWINGS AND ADVANCES</b> | <b>297 245</b> | <b>186 356</b> |

## 13. PROVISIONS

|                                       | 2013<br>\$000 | 2012<br>\$000 |
|---------------------------------------|---------------|---------------|
| <b>Current</b>                        |               |               |
| <i>Employee benefits</i>              |               |               |
| Recreation leave                      | 25            | 21            |
| Leave loading                         | 3             | 3             |
| Dividend provision                    | -             | 280           |
| Income tax provision                  | -             | 240           |
| Provision for employer superannuation | 3             | 3             |
| <b>Total current provisions</b>       | <b>31</b>     | <b>547</b>    |
| <b>Non-current</b>                    |               |               |
| <i>Employee benefits</i>              |               |               |
| Recreation leave                      | 4             | 1             |
| <b>Total non-current provisions</b>   | <b>4</b>      | <b>1</b>      |
| <b>TOTAL PROVISIONS</b>               | <b>35</b>     | <b>548</b>    |

## 14. NOTES TO THE CASH FLOW STATEMENT

### Reconciliation of Cash

The total of the entity's cash and deposits of \$19.896 million recorded in the Statement of Financial Position is consistent with that recorded as cash in the Cash Flow Statement.

| Reconciliation of comprehensive result to Net Cash From Operating Activities | 2013<br>\$000  | 2012<br>\$000 |
|--|----------------|---------------|
| <b>COMPREHENSIVE RESULT</b>  | <b>590</b>     | <b>1 299</b>  |
| <i>Non-cash items:</i>   |                |               |
| Asset write-offs/write-downs   | -              | 23            |
| Gain on disposal of investments  | (473)          | (479)         |
| Doubtful debts expense-other   | -              | -             |
| Gain on revaluation of investments   | (2 816)        | (738)         |
| <i>Changes in assets and liabilities:</i>                                    |                |               |
| (Decrease)/Increase in receivables   | (22)           | 5             |
| Increase in payables   | 1 163          | 331           |
| (Decrease)/Increase in provision for employee benefits                       | 7              | (10)          |
| (Decrease)/Increase in other provisions                                      | (240)          | (229)         |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                                    | <b>(1 791)</b> | <b>202</b>    |



## 15. 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 and payables. NT Home Ownership has limited exposure to financial risks as discussed below.

### i. Categorisation of Financial Instruments

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

|                              | 2013<br>\$ '000 | 2012<br>\$ '000 |
|------------------------------|-----------------|-----------------|
| <b>Financial Assets</b>      |                 |                 |
| Cash and deposits            | 19 896          | 6 763           |
| Advances                     | 224 976         | 163 288         |
| Receivables other            | 57              | 35              |
| <b>Financial Liabilities</b> |                 |                 |
| Payables                     | 1 920           | 757             |
| Borrowings                   | 297 245         | 186 356         |
| Other                        | 3               | 523             |

### ii. Credit

Credit risk is the risk of financial loss and/or increased costs due to the failure of a counterparty to meet its financial obligations. The entity's exposure to credit risk arises from funds advanced to loan counterparties and the possibility that a 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 with government agencies. In respect of any dealings with organisations external to government and individuals, the entity 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 entity's 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 ageing 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 collective loss allowance is determined based on percentages derived from historical data of payment statistics.

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.

## Receivables

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

|                | Ageing of<br>Receivables<br>\$000 | Ageing of<br>Impaired<br>Receivables<br>\$000 | Net<br>Receivables<br>\$000 |
|----------------|-----------------------------------|---|-----------------------------|
| <b>2012-13</b> |                                   |   |                             |
| Not overdue    | 57                                | -   | 57                          |
| <b>TOTAL</b>   | <b>57</b>                         | <b>-</b>                                      | <b>57</b>                   |
| <b>2011-12</b> |                                   |   |                             |
| Not overdue    | 35                                | -   | 35                          |
| <b>TOTAL</b>   | <b>35</b>                         | <b>-</b>                                      | <b>35</b>                   |

### iii. Liquidity Risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. The entity'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 entity'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 Statement of Financial Position.

| 2013                               | Fixed Interest Rate           |                              |                          |                                  |                                      | Total          | Weighted<br>Average<br>% |
|------------------------------------|-------------------------------|------------------------------|--------------------------|----------------------------------|--------------------------------------|----------------|--------------------------|
|                                    | Variable<br>Interest<br>\$000 | Less than<br>a Year<br>\$000 | 1 to 5<br>Years<br>\$000 | More<br>than 5<br>Years<br>\$000 | Non-<br>Interest<br>Bearing<br>\$000 |                |                          |
| <b>ASSETS</b>                      |                               |                              |                          |                                  |                                      |                |                          |
| Cash and deposits                  | 19 896                        |                              |                          |                                  |                                      | <b>19 896</b>  | 3.06                     |
| Receivables                        |                               |                              |                          |                                  | 57                                   | <b>57</b>      |                          |
| Advances                           | 224 976                       |                              |                          |                                  |                                      | <b>224 976</b> | 6.77                     |
| <b>TOTAL FINANCIAL ASSETS</b>      | <b>244 872</b>                |                              |                          |                                  | <b>57</b>                            | <b>244 929</b> |                          |
| <b>LIABILITIES</b>                 |                               |                              |                          |                                  |                                      |                |                          |
| Payables                           |                               |                              |                          |                                  | 1 920                                | <b>1 920</b>   |                          |
| Borrowings                         |                               | 7 454                        |                          | 289 791                          |                                      | <b>297 245</b> | 4.91                     |
| Other                              |                               |                              |                          |                                  | 3                                    | <b>3</b>       |                          |
| <b>TOTAL FINANCIAL LIABILITIES</b> |                               | <b>7 454</b>                 |                          | <b>289 791</b>                   | <b>1 923</b>                         | <b>299 168</b> |                          |

### Fixed Interest Rate

| 2012                               | Variable Interest<br>\$000 | Less than<br>a Year<br>\$000 | 1 to 5<br>Years<br>\$000 | More<br>than 5<br>Years<br>\$000 | Non-<br>Interest<br>Bearing<br>\$000 | Total<br>\$000 | Weighted<br>Average<br>% |
|------------------------------------|----------------------------|------------------------------|--------------------------|----------------------------------|--------------------------------------|----------------|--------------------------|
| <b>ASSETS</b>                      |                            |                              |                          |                                  |                                      |                |                          |
| Cash and deposits                  | 6 763                      |                              |                          |                                  |                                      | 6 763          | 4.09                     |
| Receivables                        |                            |                              |                          |                                  | 35                                   | 35             |                          |
| Advances                           | 163 288                    |                              |                          |                                  |                                      | 163 288        | 7.00                     |
| <b>TOTAL FINANCIAL ASSETS</b>      | <b>170 051</b>             |                              |                          |                                  | <b>35</b>                            | <b>170 086</b> |                          |
| <b>LIABILITIES</b>                 |                            |                              |                          |                                  |                                      |                |                          |
| Payables                           |                            |                              |                          |                                  | 757                                  | 757            |                          |
| Borrowings                         |                            | 7 112                        |                          | 179 244                          |                                      | 186 356        | 4.91                     |
| Other                              |                            |                              |                          |                                  | 523                                  | 523            |                          |
| <b>TOTAL FINANCIAL LIABILITIES</b> |                            | <b>7 112</b>                 |                          | <b>179 244</b>                   | <b>1 280</b>                         | <b>187 636</b> |                          |

#### iv. 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.

#### v. 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.

#### Market Sensitivity Analysis

Assuming the financial assets and liabilities at 30 June 2013 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:

|                                    | 100 basis<br>points<br>increase<br>\$000 | 100 basis<br>points<br>decrease<br>\$000 |
|------------------------------------|--|--|
| <b>Profit or Loss and Equity</b>   |  |  |
| <b>30 JUNE 2013</b>                |  |  |
| Financial assets – cash at bank    | 199                                      | (199)                                    |
| Financial assets – advances        | 2 250                                    | (2 250)                                  |
| Financial liabilities – borrowings | (2 972)                                  | 2 972                                    |
| <b>NET SENSITIVITY</b>             | <b>(523)</b>                             | <b>523</b>                               |
| <b>30 JUNE 2012</b>                |  |  |
| Financial assets – cash at bank    | 68                                       | (68)                                     |
| Financial assets – advances        | 1 633                                    | (1 633)                                  |
| Financial liabilities – borrowings | (1 864)                                  | 1 864                                    |
| <b>NET SENSITIVITY</b>             | <b>(163)</b>                             | <b>163</b>                               |

#### vi. Price Risk

Price risk arises when an agency 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.

#### vii. 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.

#### viii. Net Fair Value

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

Level 1 – fair value is calculated using quoted prices in active markets. Instruments whose carrying amount is deemed to be equal to its fair value qualify for this level of classification

Level 2 – to be used for those instruments that cannot be classified as either Level 1 or Level 3

Level 3 – fair value is estimated using inputs other than quoted market data, for example, net present value.

The carrying amount of financial assets and liabilities recorded in the financial statements represents their respective net fair values with the exception of borrowings from NT Treasury Corporation.

| 2013                               | Total Carrying Amount<br>\$000 | Net Fair Value Level 1<br>\$000 | Net Fair Value Level 2<br>\$000 | Net Fair Value Level 3<br>\$000 | Net Fair Value Total<br>\$000 |
|------------------------------------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|-------------------------------|
| <b>FINANCIAL ASSETS</b>            |                                |                                 |                                 |                                 |                               |
| Cash and deposits                  | 19 896                         | 19 896                          |                                 |                                 | 19 896                        |
| Receivables                        | 57                             | 57                              |                                 |                                 | 57                            |
| Advances and investments           | 224 976                        | 224 976                         |                                 |                                 | 224 976                       |
| <b>TOTAL FINANCIAL ASSETS</b>      | <b>244 929</b>                 | <b>244 929</b>                  |                                 |                                 | <b>244 929</b>                |
| <b>FINANCIAL LIABILITIES</b>       |                                |                                 |                                 |                                 |                               |
| Payables                           | 1 920                          | 1 920                           |                                 |                                 | 1 920                         |
| Borrowings and advances            | 297 245                        |                                 | 288 779                         |                                 | 288 779                       |
| Other                              | 3                              | 3                               |                                 |                                 | 3                             |
| Employee benefits                  | 32                             | 32                              |                                 |                                 | 32                            |
| <b>TOTAL FINANCIAL LIABILITIES</b> | <b>299 200</b>                 | <b>1 955</b>                    | <b>288 779</b>                  |                                 | <b>290 734</b>                |

| 2012                               | Total Carrying Amount<br>\$000 | Net Fair Value Level 1<br>\$000 | Net Fair Value Level 2<br>\$000 | Net Fair Value Level 3<br>\$000 | Net Fair Value Total<br>\$000 |
|------------------------------------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|-------------------------------|
| <b>FINANCIAL ASSETS</b>            |                                |                                 |                                 |                                 |                               |
| Cash and deposits                  | 6 763                          | 6 763                           |                                 |                                 | 6 763                         |
| Receivables                        | 35                             | 35                              |                                 |                                 | 35                            |
| Advances                           | 163 288                        | 163 288                         |                                 |                                 | 163 288                       |
| <b>TOTAL FINANCIAL ASSETS</b>      | <b>170 086</b>                 | <b>170 086</b>                  |                                 |                                 | <b>170 086</b>                |
| <b>FINANCIAL LIABILITIES</b>       |                                |                                 |                                 |                                 |                               |
| Payables                           | 757                            | 757                             |                                 |                                 | 757                           |
| Borrowings and advances            | 186 356                        |                                 | 179 053                         |                                 | 179 053                       |
| Other                              | 523                            | 523                             |                                 |                                 | 523                           |
| Employee benefits                  | 25                             | 25                              |                                 |                                 | 25                            |
| <b>TOTAL FINANCIAL LIABILITIES</b> | <b>187 661</b>                 | <b>1 305</b>                    | <b>179 053</b>                  |                                 | <b>180 358</b>                |

## 16. COMMITMENTS

### 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:

|   | 2013<br>\$000 | 2012<br>\$000 |
|---|---------------|---------------|
| <b>Within one year</b>  |               |               |
| Loan commitments for dwellings under construction   | 2 209         | 787           |
| Loan commitments where approval for the facility has been given but drawdown on the facilities have not commenced | 731           | 5 130         |
| <b>TOTAL COMMITMENTS</b>  | <b>2 940</b>  | <b>5 917</b>  |

## 17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

### (a) Contingent liabilities

The entity has no contingent liabilities as at 30 June 2013.

### (b) Contingent assets

The entity has no contingent assets as at 30 June 2013.

## 18. 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.

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

|  | Agency        |                  | Agency        |                  |
|--|---------------|------------------|---------------|------------------|
|  | 2013<br>\$000 | No. of<br>Trans. | 2012<br>\$000 | No. of<br>Trans. |
| <b>Write-offs, Postponements and Waivers Under the<br/><i>Financial Management Act</i></b> | -             | -                | -             | -                |
| <b><i>Amounts written off, postponed and waived by the Treasurer</i></b>                   | -             | -                | -             | -                |
| Irrecoverable amounts payable to the Territory or an agency written off                    | -             | -                | 10            | 1                |
| <b>Total Written Off, Postponed and Waived by the Treasurer</b>                            | -             | -                | 10            | 1                |
| <b>Write-offs, Postponements and Waivers Authorised<br/>Under Other Legislation</b>        | -             | -                | -             | -                |
| <b><i>Gifts Under the Financial Management Act</i></b>                                     | -             | -                | -             | -                |
| <b>Ex Gratia Payments Under the <i>Financial Management Act</i></b>                        | -             | -                | -             | -                |

## 20. COMMUNITY SERVICE OBLIGATIONS

|  | 2013<br>\$'000 | 2012<br>\$'000 |
|--|----------------|----------------|
| <b>Interest subsidy – low interest rates</b>   |                |                |
| 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 (CSO) funding received  | 755            | 1 131          |
| Net cost of delivering service   | 755            | 1 131          |
| <b>CSO surplus/(deficit)</b>   | <b>-</b>       | <b>-</b>       |
| <b>Stamp duty differential</b>   |                |                |
| The stamp duty differential is a grant paid to public housing tenants purchasing their public housing properties through private finance.  |                |                |
| Community service obligation (CSO) funding received  | 60             | 60             |
| Net cost of delivering service   | (21)           | -              |
| <b>CSO surplus/(deficit)</b>   | <b>39</b>      | <b>60</b>      |



