ANNUAL REPORT 2022-23

CONTENTS

Purpose of this report

The Jacana Energy Annual Report 2022–23 outlines the Corporation's operations and achievements for the 2022–23 financial year.

In line with sections 41 and 44 of the *Government Owned Corporations Act 2001*, the Annual Report informs the Northern Territory Parliament, Territorians and other stakeholders of:

- Jacana Energy's primary services and responsibilities
- significant activities, major projects, key achievements and outcomes for the year
- financial management and performance in compliance with the *Government Owned Corporations Act 2001*.

The Annual Report is tabled in the Northern Territory Legislative Assembly as a reporting mechanism for Jacana Energy's Shareholding Minister and the Northern Territory Parliament. It provides a statement of profit or loss and other comprehensive income for 2022–23.

The Annual Report also includes information for other audiences, including the general public who have an interest in how electricity services are delivered and managed in the Northern Territory.

LETTER TO SHAREHOLDER

The Honourable Eva Lawler MLA

Treasurer; Minister for Infrastructure,
Planning and Logistics; Minister for Education;
Minister for Territory Development

Northern Territory Government
GPO Box 3146
DARWIN NT 0801

26 September 2023

Dear Minister

On behalf of Jacana Energy, we are pleased to present the Corporation's Annual Report for the year ended 30 June 2023 in accordance with the provisions of sections 41 and 44 of the *Government Owned Corporations Act 2001*.

This report details the non-financial and financial performance of Jacana Energy for the year ended 30 June 2023. The key outcomes for the year are:

- a profit before tax of $9.7 million and an approved dividend of $3.3 million representing 50% of net profit after tax;
- improved outcomes and services for our customers with our customer satisfaction and service metrics above target; and
- the upgrading of our internal customer billing platform to be faster and more secure. New modules have been implemented which will make it easier to eventually integrate into the Market Settlement and Transfer Solutions (MSATS) system, allowing smart meter data to be freely transferred between Power and Water Corporation and Jacana Energy.

We look forward to continuing our support for Territorians in 2023-24.

Yours sincerely

Trevor James
Chair

Louisa Kinnear
Chief Executive Officer

ABOUT US

Jacana Energy is 100% NT owned and operated, established in May 2014 following a reform of the electricity industry.

We're making electricity easy and fair for our customers today, and finding smart, renewable energy solutions for the NT's future.

OUR VISION

"Leading smart energy solutions for the Territory"

Our vision describes what we want to achieve as an organisation. It reflects our optimism, energy and refreshed thinking about our direction and purpose.

OUR CORE VALUES

- Diversity: Tapping into our collective intelligence and embracing different perspectives.
- Innovation: Continually evolving and finding the best solutions for our customers.
- Honesty: Doing the right thing. Speaking up. Giving and seeking feedback.
- Teamwork: Delivering as a team because we are stronger together.
- Wellbeing: Being passionate about building a caring and supportive workplace.

Our business

Jacana Energy purchases wholesale electricity in bulk from generators and provides related retail products and services to meet our customers' energy needs.

In 2022-23 we serviced 88,630 customers (vs. 87,282 in 2021-22) throughout the Northern Territory. As an electricity retailer, we are the interface between the electricity industry and customers. We create value for our customers by:

- offering competitive retail products and services;
- providing customer support through a variety of billing options across a range of payment channels;
- providing community support, including a targeted sponsorship program and through our dedicated Hardship team to support our most vulnerable customers;
- providing flexible contract terms and conditions for our large customers; and
- establishing wholesale supply contracts to meet our customers' current and future electricity needs to remain competitive in the energy sector.

Shareholders

Jacana Energy (Power Retail Corporation) was established under the *Power Retail Corporation Act 2014* and is licensed to trade in electricity under the *Electricity Reform Act 2000*.

Jacana Energy is a government owned corporation with a Shareholding Minister and a Portfolio Minister. At 30 June 2023, our Shareholding Minister was The Honourable Eva Lawler MLA, the Treasurer. Our Portfolio Minister was The Honourable Selena Uibo MLA, Minister for Essential Services.

OVERVIEW FROM THE CHAIR

TREVOR JAMES

This year saw Jacana Energy focusing on financial sustainability and business fundamentals. It has been a year of consolidation, which has helped place the organisation in a future-focused position, ready to lead smart energy solutions for the Territory.

This hard work is now paying off with Jacana Energy exceeding its customer service targets for the year, with feedback from customers through our regular surveys supporting these metrics and showing that we are on the right track.

Despite underperforming against financial targets for the year, Jacana Energy has returned an improved profit for 2022-23, the largest since 2018. The business has made a concerted effort to address misalignments between costs and revenue and improving cashflows to achieve this result.

The underperformance was materially driven by higher than forecast renewable energy certificate prices. With continued price volatility in the renewable energy certificate market, we are taking steps to manage our position into the next financial year.

We are also now actively looking at opportunities to invest in small and large-scale renewable energy as well as innovative approaches to how energy is stored and delivered. Jacana Energy is also committed to working with more vulnerable customers in remote communities and town camps to improve their access to affordable, renewable energy and improve energy security, particularly for customers on prepayment meters.

We will also continue to focus on our employees, providing opportunities to grow, learn and develop. Our CEO has done a wonderful job developing the organisational culture and the change is noticeable when walking around the office. Our employee engagement metric remains above target, and our results from the recent People Matter Survey are superb.

Jacana Energy has finished 2022-23 in a strong position. The financial, cultural and customer-centric foundations have been laid. All the building blocks are now in place for the organisation to invest in products and services that lead the Territory towards a smarter, renewable future. It's an exciting time to be involved in Jacana Energy and it is an honour to be the Chair of its Board.

On behalf of the Board, and Jacana Energy employees, I wish to acknowledge the hard work and dedication of our previous Chair, Michele Dolin. In September 2022, Michele suddenly passed away after a short illness. All of us at Jacana Energy extend our thanks and gratitude for her services whilst on the Board.

I would like to extend my thanks to our wonderful employees, stakeholders and our Shareholding and Portfolio Ministers for their ongoing support. I would also like to thank my fellow directors who I have worked closely with over the year and have appreciated their quality input to the many challenging topics that we have dealt with.

Yours sincerely

Trevor James
Chair

OVERVIEW FROM THE CHIEF EXECUTIVE OFFICER

LOUISA KINNEAR

The past 12 months have been guided by Jacana Energy's 3-year strategic plan which we launched in July 2022.

Our vision, "leading smart energy solutions for the Territory" is not just about sending bills or answering customer enquiries, it is about helping customers to get the most out of their energy by:

- making renewable energy more accessible for all Territorians, including vulnerable customers;
- providing customers with insights on how they use energy to help them better manage their bills and payments;
- providing customers with more choice of energy-related products and services, including tariffs and renewable-oriented options; and
- making it easier for customers to interact with Jacana Energy when they need to.

Our strategic plan includes a four-phase roadmap that shows how we are going to achieve our vision and I am pleased to say that we have made excellent progress against the first two phases – Financial Sustainability and Business Fundamentals.

This year we delivered a substantial profit for the first time in three years (albeit below target) and our customer satisfaction and service metrics remain above expectations, as does employee engagement.

Our focus on organisational culture really started to bear fruit this year. The Executive Leadership Team has been listening and responding to our employees and we are continuing our commitment to an ongoing leadership and culture program. This commitment has been underpinned by improved communication throughout the business, a major overhaul of the performance plan process and an increased focus on learning and development.

This improved organisational culture has positively impacted every facet of the business with more collaboration across teams, improved employee retention and increased customer satisfaction. It has allowed our Customer Experience team to implement a raft of major changes that have measurably improved customer satisfaction, including a triage system, website efficiencies, more self-service options, comprehensive up-skilling of our employees and a new resourcing model that better considers all channels available to our customers including telephone, email, social media and online self-service (my account).

It has been a very good year for Jacana Energy and the improvements in our financial sustainability, business systems and organisational culture have put us in a strong position going forward, which we will need as we turn our attention to phases 3 and 4 of our strategic roadmap - Growth and New Products and Services.

We have kicked off this journey by developing product trials designed to improve customer access to renewable energy. This has included the virtual power plant (VPP) trial being conducted as part of the Alice Springs Future Grid project and the soon to be delivered trial to install rooftop solar systems on public housing.

I am delighted with our progress this year and very excited with what we have in store for our customers in the future.

Yours sincerely

Louisa Kinnear
Chief Executive Officer

PERFORMANCE TARGETS

The following table provides a comparison between actual 2022-23 key performance indicators (KPIs) and budgeted KPIs from the Statement of Corporate Intent (SCI):

Key performance indicator (KPI)	Unit	2022–23 actual	2022–23 SCI	Status
Gross Margin	% revenue	5.9%	7.7%	Not achieved
Cost to Serve	$/customer	198	202	Achieved
EBIT	$ million	8.7	16.9	Not achieved
Customer Satisfaction	Score	3.8 / 5	3.7 / 5	Achieved
Employee Engagement	Score	73/100	70 / 100	Achieved
First Call Resolution	%	76%	75%	Achieved

Measure descriptions

Gross Margin: calculated by dividing the gross margin by the total revenue.

Cost to Serve: calculated by dividing operating expenses (less bad and doubtful debts) by the number of customer accounts.

EBIT: Earnings Before Interest and Tax as reported in the Statement of profit or loss and other comprehensive income.

Customer Satisfaction: measured the level of customer satisfaction over a range of service delivery markers relating to customer service, billing and products.

Employee Engagement: measured via an employee survey, the emotional connection and commitment our people have working for Jacana Energy.

First Call Resolution: This measure reports the percentage of customers who are satisfied that their enquiry was resolved during their first interaction.


jacana

OUR PEOPLE AND CULTURE

"Give trust, assume positive intent"

Jacana Energy is one of the key players in meeting the NT government's target of 50% renewable electricity by 2030. Meeting this ambitious target requires competent, empowered, and innovative people working together demonstrating the right constructive values, beliefs and behaviours. This is why we have invested heavily in delivering an excellent workplace culture through a business-wide culture strategy, internal communications framework and leadership development program. In the past year we have really seen this investment deliver with improved employee retention and engagement scores.

In 2022-23, Jacana Energy fully embedded our updated performance development program. This program delivers an achievement-focused approach through performance and behavioural competencies that align to the overall company vision and strategy. This sets the foundation to building and developing individual employee growth as well as building long-term organisational capability.

In response to the challenges of a rapidly evolving energy market and organisational needs, Jacana Energy has commenced the development and implementation of a workforce planning framework, designed to meet key business requirements to build upon and maintain a skilled and engaged workforce. The framework incorporates targeted learning and development opportunities for our employees and will underpin the employee lifecycle across attraction, recruitment, on-boarding, development and retention.

Recognising that our people are our most valuable asset, we have focused on refining key areas relating to acquisition, retention and talent management. This strengthens the connection to employee engagement and employees' access to continued learning and succession planning programs.

Jacana Energy is committed to providing a mentally healthy workplace that offers flexible work arrangements and supports wellbeing. In 2022-23, Jacana Energy continued to support our employees in this area through increased awareness of our Mental Health workplace initiatives and activities that promote wellbeing.

Employee numbers

	2021–22	2022–23	Variation
Full Time Equivalent (FTE)	73	78	5
Headcount	81	82	1

Frontline employees

	2021–22	2022–23	Variation
Total frontline	48	43	(5)
Total headcount	81	82	1
Percentage (%)	59	52	(7)

Gender Diversity

	2021–22			2022–23			
	Female	Male	Total	Female	Male	Unspecified	Total
All employees	54	27	81	47	34	1	82
Percentage (%)	67	33	100	57	42	1	100
Leadership roles	14	7	21	13	8	0	21
Leadership percentage (%)	67	33	100	62	38	0	100

SUPPORTING TERRITORIANS

2022-23 presented itself with an ever-changing economic climate. This financial uncertainty made paying for essentials, such as energy, challenging for many Territorians. Jacana Energy adapted our approach to work with Territorians doing it tough and provide them with tailored support.

During 2022-23, we put an emphasis on garnering a genuine understanding of the pressures faced by our most vulnerable customers. We made a concerted effort to engage and collaborate with peak bodies and advocates to understand how we can assist Territorians finding it difficult to pay their bills. These collaborations enabled us to continually grow and adapt our Stay Connected program to suit the individual needs of our customers. We understand a one-size-fits-all approach may set-up customers for failure; we introduced more flexibility to our program to better support our vulnerable customers and assist them on their journey to energy bill stability.

Cost-of-living pressure has seen an increase in customers seeking support and flexibility from their energy retailer. For some of our customers, it has been their first time they have required assistance from us. We also ensured our Customer Care Agents were given the tools to support our customers, such as training that focussed on providing a warm, non-judgmental service for customers seeking our support. Throughout the year we offered customers tailored payment plans to get them back on track with their energy bill. Although these customers may not fit our financial hardship criteria, we believe it is incumbent on us to support Territorians when they need it and help them keep the lights on if they reach out for assistance.

We have continued to be visible in the community, speaking with customers at various events. These included attending the 2022 Northern Territory Agricultural Show Circuit where employees staffed our purpose-built stall at the Alice Springs, Tennant Creek, Katherine and Darwin shows. These activations provided an opportunity for customers to engage with our employees face-to-face and discuss their energy concerns.

We also held information booths at other local events, such as the Darwin Seniors Expo, and the Defence Housing Australia, Welcome to the Top End Expo. Other activities in 2022-23 also included a Salvation Army fundraising event, a mobile office in the Karama shopping centre and on-going engagement with Territory financial counsellors to assist our vulnerable customers.

2022-23 saw Jacana Energy continuing to sponsor Total Recreation for their "Rec Room" in Winnellie. Our partnership with Total Recreation has seen Jacana Energy employees and Total Recreation clients, come together at events and workshops. Our Sponsorship program has gone through a redevelopment stage during the year. A new sponsorship plan was created to expand the criteria, ensuring more Territorian organisations can apply for funding.

The Energy Charter

In 2022-23, Jacana Energy made a commitment to put our customers at the centre of our decision making. This commitment was cemented when Jacana Energy become a signatory to the Energy Charter in August 2022.

The Energy Charter is a coalition of Australian energy businesses from across the energy supply chain. The collective goal of the Energy Charter is to deliver better energy outcomes for customers and to ensure the decisions made by businesses have customers' needs in mind.

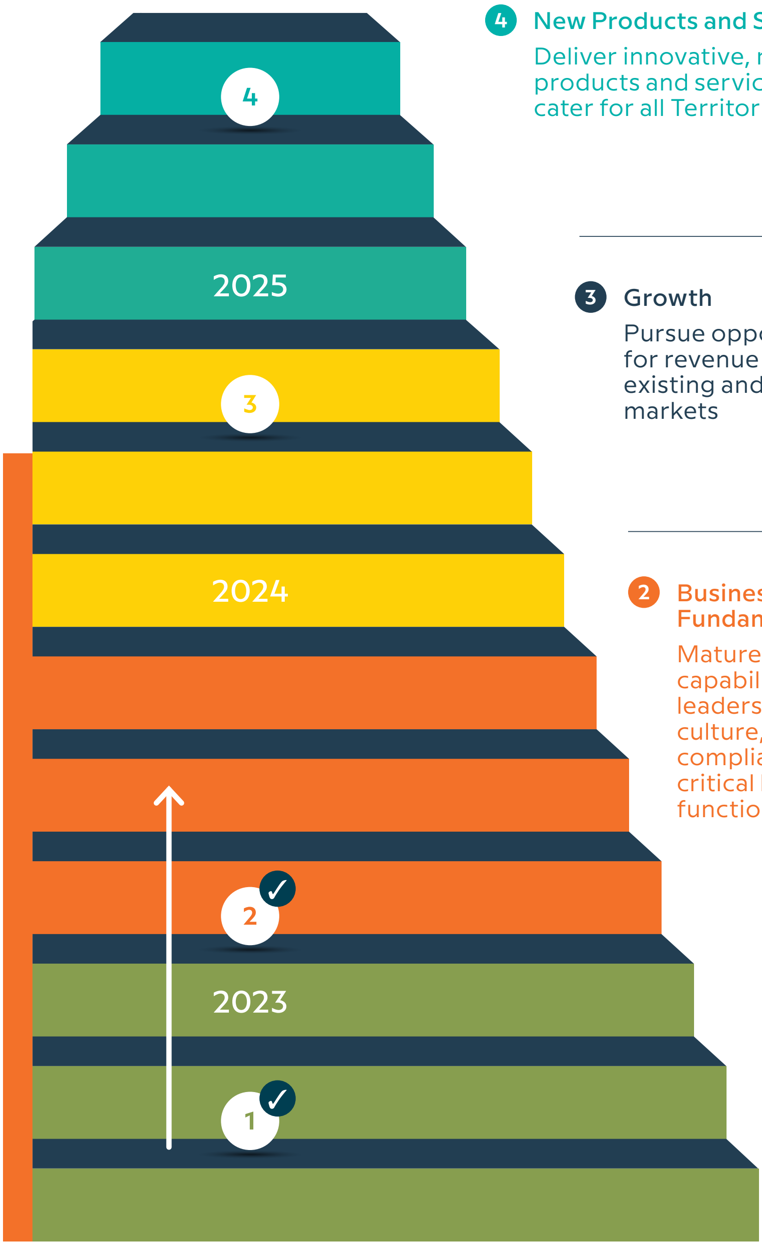
As an Energy Charter signatory, Jacana Energy must make an annual Disclosure Statement (Disclosure). The Disclosure process is a self-reflection of our performance and measures our success against the Energy Charter's five principles.

As a signatory to the Energy Charter, we have collaborated with other energy retailers to learn and deliver industry best practices for our customer. This includes #BetterTogether initiatives, customer concessions campaigns and Train-the-Trainer programs, each with the end goal of improving our service for the customer.

STEPPING UP TO ACHIEVE OUR VISION

Jacana Energy has progressed well along our phased strategic roadmap. Last financial year saw us largely deliver on strategic initiatives 1 and 2, *Financial Sustainability* and *Business Fundamentals*. The business posted a substantial profit, with costs and revenue significantly more aligned. A stronger focus on compliance, combined with material improvements in corporate culture ensured that our attention was very much on improving customer experience, which was demonstrated through the exceedance of our customer satisfaction metrics.

New technologies and business processes have been introduced that have measurably improved outcomes for customers. These changes have laid the foundations and provides the opportunity for the business to look towards the future and shift focus to stages 3 and 4, *Growth* and *New Products and Services*.



4 New Products and Services

Deliver innovative, relevant products and services that cater for all Territorians

- Product capability fully established and delivering segmented products
- Choice of retail tariffs that are more aligned to the cost stack
- Primary service channels are fully digitised
- Majority of customers are profitable

3 Growth

Pursue opportunities for revenue growth in existing and adjacent markets

- Market opportunities quantified and assessed, with high value options actively pursued
- % C&I revenue derived from renewable/sleeved PPAs
- Market reforms deliver a more efficient and transparent wholesale market with new revenue streams

2 Business Fundamentals

Mature business capability around leadership and culture, risk and compliance and critical business functions

- Compliance maturity is 'advanced'
- Technology stack supports low cost, adaptive approach to digital service delivery
- Desired culture is embedded
- Product offerings trialled and implemented
- Customer experience is streamlined across segments
- Acquisition and retention strategies reduce recruitment time/effort
- Customer service levels maintained

1 Financial Sustainability

Effectively manage wholesale energy costs and identify ways to improve the relationship between cost and revenue

- Wholesale portfolio is fully optimised
- Business model is optimised for financial performance
- Cost and revenue drivers are more aligned

GOVERNANCE

Governance structure

Jacana Energy is a government owned corporation established under the *Power Retail Corporation Act 2014*, governed by the *Government Owned Corporations Act 2001*.

Jacana Energy has a shareholder model of corporate governance, which is characterised by a:

- Shareholding Minister (Treasurer; Minister for Infrastructure, Planning and Logistics; Minister for Education; Minister for Territory Development)
- Portfolio Minister (Minister for Renewables and Energy; Minister for Aboriginal Affairs; Minister for Essential Services; Minister for Housing and Homelands; Minister for Treaty and Local Decision Making), who monitors Jacana Energy's service performance and has broad responsibility for industry-wide policy matters relating to Jacana Energy
- Board of Directors who are accountable for the performance of Jacana Energy

The Jacana Energy Board appoints Jacana Energy's Chief Executive Officer (CEO), who leads the Executive Leadership Team (ELT).

The Board is accountable to the Shareholding Minister and Portfolio Minister for Jacana Energy's strategic direction, corporate performance and corporate governance. The CEO and ELT are responsible for managing Jacana Energy's day-to-day business.

Jacana Energy adopts the Northern Territory Government's *Corporate Governance and Reporting Framework for Government Owned Corporations*.

The Board

The Jacana Energy Board provides leadership to Jacana Energy within a framework of controls that identify, assess and manage risks.

In 2022-23, the members of the Board were:

- Trevor James - Chair (acting from September 2022 and appointed December 2022)
- Michele Dolin - Chair (until September 2022)
- Cheryl Hopkins - Non-Executive Director
- David Brown - Non-Executive Director (appointed January 2023)

The Board delegates certain powers and functions to the CEO, the ELT and employees. Biographies of the Board members are set out in the Directors' Profiles section of the Annual Report.

The Audit and Risk Committee

In 2022-23, the members of the Audit and Risk Committee (ARC) were:

- Cheryl Hopkins – Chair
- Trevor James
- Michele Dolin (until September 2022)
- David Brown (appointed January 2023)

The ARC assists the Board with its responsibilities in overseeing the integrity and adequacy of Jacana Energy's financial reporting systems and processes, and the adequacy of its compliance, risk management and internal control systems.

A performance evaluation of the Board, the ARC and all members of both bodies was completed during the year. All members participated in the process which involved a Chair led assessment of member survey responses and a feedback discussion of matters set out in the *Corporate Governance and Reporting Framework for Government Owned Corporations*.

Executive Leadership Team

The ELT includes the CEO and four executives. The primary role of the CEO is the day-to-day management of Jacana Energy in accordance with the directions, strategies, plans, policies and performance requirements set by the Board.

The ELT develops and implements Jacana Energy's strategic objectives, operating within the risk appetite and other parameters set by the Board. It is also responsible for all aspects of Jacana Energy's day-to-day operation.

Biographies of the ELT are set out in the Executive Leadership Team Profiles section of the Annual Report.

The CEO's performance was reviewed during the year by all Board members who assessed performance against previously agreed financial and operational KPIs. Individual ELT members' performance was assessed by the CEO against KPIs in each member's performance development plan.

Records management

Jacana Energy complies with Part 9 of the *Information Act 2002* relating to Records and Archives Management.

DIRECTORS' PROFILES

TREVOR JAMES

Non-Executive Chair

BBus, MAICD, FCPA

Trevor James has more than 40 years' experience in the energy industry having held senior roles in generation, networks, retail and numerous corporate financial roles. Trevor retired as Chief Executive Officer of Synergy, WA's then largest energy retailer, on 31 December 2013.

Trevor was previously a Non-Executive Director of Aurora Energy in Tasmania and held the role of Chairman of the Board Appointments and Remuneration Committee and was also a member of the Board Audit, Risk and Compliance Committee. Trevor is Chairman and a Non-Executive Director of the GTE Group which provides electrical engineering services to the mining industry and he sits on the AEMO WA Gas Compliance Panel. Trevor is also the Chair of Western Australia's CPA Transitioning and Networking Committee.

Trevor was appointed to the Jacana Energy Board initially as a Non-Executive Director in September 2019, then as Deputy Chair in September 2021 and lately as Chair in December 2022.

CHERYL HOPKINS

Non-Executive Deputy Chair

GradCert(Management), MBA, GAICD

Cheryl Hopkins has accumulated more than 35 years' experience in the Australian energy industry, working in senior executive positions such as Chief Risk Officer and Executive General Manager, in retail, wholesale, upstream gas, networks, and strategic risk and compliance. Cheryl's diverse experience includes leading transformational change and commercial transactions within large private businesses and government owned corporations who operate in highly competitive energy markets.

Cheryl was appointed to the Jacana Energy Board as a Non-Executive Director in March 2021 and was appointed Board Deputy Chair and Chair of the Jacana Audit and Risk Committee in November 2022. She is also currently a Non-Executive Director at TasNetworks.

Cheryl holds a Graduate Certificate (Management), Master of Business Administration through Macquarie Graduate School of Management and is a Graduate of the Australian Institute of Company Directors.

DAVID BROWN

Non-Executive Director

BSc (Hons), DipFinServ

David Brown has more than 40 years' experience in the energy industry across energy retailing, electricity generation, market design and energy trading. David's key strengths include strategy development and execution, business transformation, development, innovation, leadership, and cultural change.

David has an excellent knowledge of Jacana Energy and the NT Electricity market having acted as Jacana Energy's CEO during 2018 and 2019. In addition, David has worked in the United Kingdom (UK) and Australia in operational management, management consultancy, senior management, and Chief Executive Officer roles in the public and private sector. David has also held a number of Board Director and Chair positions.

David is a Chartered Engineer with a Bachelor of Science First Class Honours Degree in Natural Gas Engineering and a Diploma of Financial Services (Electricity Derivatives).

EXECUTIVE LEADERSHIP PROFILES

LOUISA KINNEAR

Chief Executive Officer

BA, MBA

Louisa joined Jacana Energy in January 2019, and was appointed to the role of CEO in November 2020.

She is an accomplished leader in the utility sector with more than 15 years' experience working across business development, transformation, market diversification and growth strategies.

Louisa is passionate about growing capability in renewable energy solutions and has a strong focus on understanding customer needs to deliver a superior experience.

Louisa holds a Bachelor of Arts and a Masters of Business Administration from the University of Western Australia.

MARCO DI SOMMA

Chief Financial Officer, Executive Manager Corporate Services

BBA, CPA

Marco joined Jacana Energy in February 2022 as Senior Finance Manager and was appointed to the role of CFO/Executive Manager Corporate Services in May 2023, after acting into the role for 7 months.

Marco leads the Finance, ICT, Projects, and the People & Culture teams. He brings a broad range of accounting, assurance and financial experience having worked for over 15 years across the Big Four accounting firms in Europe and Australia.

Marco holds a Bachelor of Business Administration (Italy) and is an Australian CPA member.

JO CONWAY

Chief Customer Officer

Jo joined Jacana Energy in June 2022 as Manager Customer Service and was appointed to the role of Chief Customer Officer in March 2023.

Jo has spent the past 30 years in service delivery leadership across both the public and private sector Including Services Australia, the Queensland Department of Transport and NBN Co.

She has extensive contact centre experience and has managed large scale transformation and change initiatives.

REBECCA TILBROOK

Executive Manager Commercial

BEng (Hons)

Rebecca Tilbrook joined Jacana Energy in November 2022 as Executive Manager Commercial.

She leads both the Commercial & Industrial and Wholesale & Analytics teams.

Rebecca holds a Bachelor of Engineering (Renewable Energy) and has almost two decades of international experience in clean energy with utilities, consulting and finance organisations.

She has previously held roles with Hydro Tasmania, CLP (Hong Kong) and Sol Systems (USA). In 2021, she won the inaugural Amcham Australia Alliance Award for Energy & Clean Technology.

TOM KORECKI

General Counsel and Company Secretary

LLB, LLM, AGIA, ACG, GAICD

Tom joined Jacana Energy in June 2022 and leads the Legal and Governance team.

He spent his University years in Darwin and moved back to the Territory with his family a few years ago. He started his career working for the Solicitor for the NT before moving into the private sector (including Wesfarmers) to focus on commercial law.

Tom spent 7.5 years with Bendigo Health as Group Secretary and Corporate Integrity Manager providing a range of legal services to the Board, CEO and Directors. He also worked for 3 years as a Senior Lawyer for the Australian Government.

Financial Statements
30 June 2023

DIRECTORS' REPORT

The directors present their report with the financial statements of Power Retail Corporation (the Corporation), trading as Jacana Energy, for the year ended 30 June 2023 and the auditor's report.

This report is to be read in conjunction with the financial statements of the Corporation.

Directors

The directors of the Corporation during the financial year were:

- Michele Dolin – Chair (until September 2022)
- Trevor James – Chair (acting from September 2022 and appointed December 2022)
- Cheryl Hopkins – Non-Executive Director
- David Brown – Non-Executive Director (appointed January 2023)

Details of the directors, their directorships and experience are set out in the Directors' profiles section of the Annual Report.

Principal activities

The principal business activities of the Corporation are buying and selling electricity and providing energy retail services to the Northern Territory community.

There were no significant changes in the nature of activities conducted by the Corporation during 2022–23.

Review of operations

The Corporation recorded a profit before tax of $9.7 million for the year.

The annual results are discussed in more detail below.

Total revenue for the year was $505.1 million, which included Community Service Obligation funding of $90.4 million.

Overall expenses excluding tax were $495.4 million for the year. The majority of these expenses ($475.2 million) related to energy costs, being generation costs, network and system control charges, energy purchased for re-sale from customers using solar panels, renewable energy certificates to meet the Clean Energy Regulator's requirements, and alternative control charges and prepaid meter transactions costs.

Operating expenditure totalled $20.2 million for the year. The Corporation's cash balance at the end of June 2023 was $39.1 million.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year and before the date of this report that has significantly affected, or may significantly affect, the operations of the Corporation, the results of those operations, or the state of affairs of the Corporation in future financial years.

Environmental regulations

The Corporation's operations are subject to statutory responsibilities under Australian and Northern Territory legislation. The Corporation met its responsibilities in this area.

Dividend

On 26 September 2023, an ordinary dividend of $3.3 million was approved by the Shareholding Minister representing 50% of net profit after tax for 2022-23.

Indemnification of Officers and Directors

The Northern Territory Government has indemnified the directors of the Corporation from and against all liabilities incurred or arising out of conduct as a director of the Corporation, acting in good faith in compliance with any direction made by the Shareholding Minister to the Corporation or the Board of the Corporation pursuant to the Deed of Indemnity executed by the Northern Territory Government.

Liability for costs and expenses incurred by the directors in defending a proceeding, whether civil or criminal, is covered by the Corporation where judgement is given in favour of the directors or the directors are acquitted.

During the financial year, a premium was paid to purchase the following insurance policies to cover the directors and officers of the Corporation:

- personal accident
- directors and officers liability.

Directors meetings

The following table sets out the number of directors meetings (including meetings of committees of directors) held during the year ended 30 June 2023 and the number of meetings attended by each director (while they were a director or committee member).

	Board of Directors		Audit and Risk Committee	
	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended
Michele Dolin (until September 2022)	4	3	1	1
Trevor James	10	10	4	4
Cheryl Hopkins	10	10	4	4
David Brown (appointed 1 January 2023)	4	4	2	2

DIRECTORS' DECLARATION

The directors declare that:

a) in the directors' opinion, there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they become due and payable

b) in the directors' opinion, the attached financial statements are in accordance with Australian Accounting Standards and International Financial Reporting Standards, as stated in note 2 to the financial statements

c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Government Owned Corporations Act 2001*, including compliance with accounting standards, and give a true and fair view of the financial position and performance of the Corporation.

On behalf of the directors

Trevor James
Chair

Darwin, 26 September 2023

AUDITOR'S REPORT PAGE 1

Auditor-General

Independent Auditor's Report to the Board of Directors

Power Retail Corporation

Page 1 of 4

Opinion

I have audited the financial report of Power Retail Corporation (the Corporation), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the Directors' declaration.

In my opinion the accompanying financial report of Power Retail Corporation is in accordance with Australian Accounting Standards and the *Government Owned Corporations Act 2001*, including:

- Giving a true and fair view of the Corporation's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- Complying with International Financial Reporting Standards as disclosed in Note 2(a).

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of my report. I am independent of the Corporation in accordance with the *Government Owned Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key Audit Matter	Audit Response to the Key Audit Matter
Accuracy of Unbilled Consumption	
Revenue from sale of goods, as disclosed in Note 4 to the financial statements, includes estimated values for unbilled revenue from electricity totalling $40.5 million, as disclosed in Note 8 to the financial report. The estimated values are based upon unbilled days and average kWh per day supplied to customers between the date of the last meter reading and the year end.	My procedures included but were not limited to: ▪ Assessing the methodology and assumptions used by management to calculate the unbilled revenue. ▪ Assessing the completeness and accuracy of inputs used to determine the unbilled revenue. ▪ Testing a sample of customers to assess the accuracy of the most recent invoice date.

Level 9 Northern Territory House 22 Mitchell Street Darwin 0800 Tel: 08 8999 7155 Fax: 08 8999 7144

AUDITOR'S REPORT PAGE 2

Auditor-General

Key Audit Matter	Audit Response to the Key Audit Matter
The recognition of unbilled revenue and contract assets is considered to be a key audit matter due to: ▪ The significance of unbilled revenue to the financial statements; and ▪ The complexity and estimates required in determining the consumption levels relating to unbilled revenue based on historical consumption.	▪ Developing an independent estimate of the unbilled revenue balance by multiplying total unbilled days, average kWh per day and charges by customer type as outlined in the Electricity Pricing Order approved by the Northern Territory Government Treasurer. ▪ Comparing the expectation to the value recorded as unbilled revenue. ▪ Investigating differences that do not fall within an acceptable audit threshold. ▪ Obtaining the computation of unbilled revenue and testing the reconciliation to the general ledger balance. ▪ Testing revenue from sale of goods and rendering of services for the current period by selecting a sample of transactions from the billing system and agreeing the total to the invoice raised and cash receipts to the general ledger. ▪ Testing the completeness of revenue for the entire financial period by developing an independent expectation using charges as outlined in the Electricity Pricing Order multiplied by yearly consumption for each customer type and comparing the expectation to the revenue recognised for the period.

Accuracy of the Allowance for Impairment of Receivables

The provision for impaired receivables, as disclosed in Note 8 to the financial statements, constitutes an estimate of $8.2 million. Australian Accounting Standard *AASB 9 Financial Instruments* establishes principles for the financial reporting of financial assets including impairment of assets and specifies the approach to determining and recognising a loss allowance for expected credit losses. Allowance for expected credit losses is a key audit matter due to the significance of the trade receivable to the financial statements and the inherent complexity of the Corporation's models used to measure expected credit losses. These models are reliant on data and estimates, some of which relate to prospective information and potential economic events.	My procedures included but were not limited to: ▪ Assessing and challenging the methodology and assumptions used by management to calculate the provision for impaired receivables. ▪ Assessing the completeness and accuracy of inputs used to calculate the provision for impaired receivables. ▪ Testing management's estimate of the provision for impaired receivables and bad debt expense, and the data upon which the estimate is based. ▪ Comparing the value of written off receivables to management's estimate of the provision for impaired receivables.

Level 9 Northern Territory House 22 Mitchell Street Darwin 0800 Tel: 08 8999 7155 Fax: 08 8999 7144

AUDITOR'S REPORT PAGE 3

Auditor-General

Page 3 of 4

Other Information

The Directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included within the Annual Report, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Corporation are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Government Owned Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 2(a), the Directors also state, in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

In preparing the financial report, the Directors are responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Corporation or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Level 9 Northern Territory House 22 Mitchell Street Darwin 0800 Tel: 08 8999 7155 Fax: 08 8999 7144

AUDITOR'S REPORT PAGE 4

Auditor-General

Page 4 of 4

- Obtain an understanding of internal control relevant to the audit 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 internal controls as they apply to the Corporation.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Julie Crisp
Auditor-General for the Northern Territory

Darwin, Northern Territory

27 September 2023

Level 9 Northern Territory House 22 Mitchell Street Darwin 0800 Tel: 08 8999 7155 Fax: 08 8999 7144

Statement of profit or loss and other comprehensive income

For year ended 30 June 2023

	Note	2023 $'000	2022 $'000
Electricity revenue	4(a)	413,759	421,131
Community Service Obligation revenue	4(b)	90,353	93,538
Interest income	4(c)	1,049	49
Energy costs of sales	5(a)	(475,206)	(492,269)
Employee benefits expense	5(b)	(10,010)	(10,596)
External service agreements	5(c)	(899)	(980)
Depreciation and amortisation expense	5(d)	(813)	(712)
Other expenses	5(e)	(8,449)	(8,489)
Finance costs	5(f)	(106)	(100)
Profit before tax		**9,678**	**1,572**
Income tax expense	6(a)	3,006	456
Profit for the year		**6,672**	**1,116**
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		**6,672**	**1,116**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the financial statements.

Statement of financial position

As at 30 June 2023

	Note	2023 $'000	2022 $'000
Current assets			
Cash and cash equivalents	7	39,138	27,311
Trade and other receivables	8	75,161	86,800
Current tax assets	6(c)	-	26
Other current assets	9	7,852	387
Total current assets		**122,151**	**114,524**
Non-current assets			
Property, plant and equipment	10	34	43
Intangible assets	11	1,333	332
Right-of-use assets	12	4,390	4,519
Deferred tax assets	6(d)	6,921	6,888
Total non-current assets		**12,678**	**11,782**
Total assets		**134,829**	**126,306**
Current liabilities			
Trade and other payables	13	47,891	50,553
Current tax liabilities	6(c)	2,594	-
Other current liabilities	14	11,147	11,316
Current lease liabilities	15	558	489
Provisions	16(a)	9,882	6,964
Total current liabilities		**72,072**	**69,322**
Non-current liabilities			
Deferred tax liabilities	6(d)	1,318	1,360
Non-current lease liabilities	15	3,712	3,846
Provisions	16(b)	537	702
Total non-current liabilities		**5,567**	**5,908**
Total liabilities		**77,639**	**75,230**
Net assets		**57,190**	**51,076**
Equity			
Contributed equity	17	47,666	47,666
Retained earnings	18	9,524	3,410
Total equity		**57,190**	**51,076**

The above statement of financial position should be read in conjunction with the notes to the financial statements.

Statement of changes in equity

For year ended 30 June 2023

	Note	Contributed equity $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2021		**47,666**	**2,294**	**49,960**
Profit for the year ended 30 June 2022		-	1,116	**1,116**
Total comprehensive income for the year		-	1,116	**1,116**
Dividends paid or provided for	16(c)	-	-	**-**
Balance at 30 June 2022	17,18	**47,666**	**3,410**	**51,076**
Balance at 1 July 2022		**47,666**	**3,410**	**51,076**
Profit for the year ended 30 June 2023		-	6,672	**6,672**
Total comprehensive income for the year		-	-	**-**
Dividends paid or provided for	16(c)	-	(558)	**(558)**
Balance at 30 June 2023	**17,18**	**47,666**	**9,524**	**57,190**

The above statement of changes in equity should be read in conjunction with the notes to the financial statements.

Statement of cash flows

For year ended 30 June 2023

	Note	2023 $'000	2022 $'000
Cash flow from operating activities			
Receipts from customers		420,480	420,578
Payments to suppliers and employees		(468,333)	(496,852)
Payment of income tax/refund		(459)	257
Payments for Renewable Energy Certificates		(37,683)	(14,164)
Community Service Obligation received		99,166	96,698
Interest received		1,061	36
Net cash provided by operating activities	23	**14,232**	**6,553**
Cash flow from investing activities			
Payments for property, plant and equipment		(6)	(25)
Payments for intangibles	11	(1,209)	(147)
Net cash used in investing activities		**(1,215)**	**(172)**
Cash flow from financing activities			
Leases repayment		(632)	(588)
Dividends paid	16(c)	(558)	-
Net cash used in financing activities		**(1,190)**	**(588)**
Net increase in cash and cash equivalents		11,827	5,793
Cash and cash equivalents at the beginning of the year		27,311	21,518
Cash and cash equivalents at the end of the year	7	**39,138**	**27,311**

The above statement of cash flows should be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Corporate information

Power Retail Corporation (the Corporation), trading as Jacana Energy, is a Government Owned Corporation (GOC) under the *Power Retail Corporation Act 2014*.

The address of its registered office and principal place of business is as follows:

Level 3, 24 Mitchell Street
Darwin, Northern Territory 0800

The principal business activities of the Corporation are buying and selling electricity and providing energy retail services to the people of the Northern Territory.

The Corporation was incorporated on 29 May 2014.

2 Significant accounting policies

(a) Statement of compliance

These financial statements are general-purpose financial statements that have been prepared in accordance with the *Government Owned Corporations Act 2001* and Australian Accounting Standards and Interpretations and comply with other requirements of the law.

For the purposes of preparing the financial statements, the Corporation is a for-profit entity. These financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The financial statements were authorised for issue by the directors on 26 September 2023.

(b) Basis of preparation

The financial statements have been prepared on the basis of historical cost convention.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, which is the Corporation's functional and presentation currency.

The Corporation is of a kind referred to in Instrument 2016/191, issued by the Australian Securities and Investment Commission, relating to 'rounding off'.

Amounts in this report have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

The Corporation has adopted all new and revised accounting standards issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period.

Any new, revised or amended accounting standards or interpretations that are not yet mandatory have not been adopted early.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Application of new and revised Accounting Standards

AASB 2020 – 3 Amendments to Australian Accounting Standards. Annual Improvements 2018 -2020 and Other Amendments.

Property, plant and equipment — proceeds before intended use

The amendments to AASB 116 Property, Plant and Equipment prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

The amendments have been applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management or on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The application of the amendments has not materially impacted on the Corporation's accounting policies in respect of the property, plant and equipment.

Onerous contracts – cost of fulfilling a contract

The amendments to AASB 137 Provisions, Contingent liabilities and Contingent Assets specify that the "cost of fulfilling" an onerous contract comprises the "costs that relate directly to a contract which can either be incremental cost of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts".

The application of the amendments did not have a material impact on the Corporation's financial statements.

Standards and interpretations issued but not yet effective

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below.

Standard/interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	1 January 2023	30 June 2024
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies, Definition of Accounting Estimates and Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023	30 June 2024

The Corporation does not expect these standards and interpretations to have a material impact on the disclosures in the financial statements.

(c) Revenue recognition

Electricity revenue and unbilled electricity revenue

Revenue is recognised at a point in time or over time at a value that reflects the consideration that the Corporation expects to be entitled to in exchange for the sale of goods and services.

Revenue from the sale of electricity to retail customers is recognised at the time of providing the electricity to the customer. Income from the sale of retail electricity is the value of electricity units supplied to customers during the year. Included in this income is unbilled electricity.

Unbilled electricity sales is an estimate of the value of electricity units supplied to customers adjusted for seasonal variability between the date of the last meter reading and the year end, and is included in electricity sales.

Community Service Obligation

Revenue in the form of Community Service Obligation (CSO) is received from the Northern Territory Government where the Corporation is required to carry out activities on a non-commercial basis. CSO revenue is recognised when there is reasonable assurance that the revenue will be received and all attached conditions have been complied with.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Corporation and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(d) Cost of sales

Cost of sales comprises generation costs, network charges, renewable energy certificates and any other costs linked and directly incurred to generate revenues and provide services to customers.

(e) Income tax

The Corporation is required to make income tax equivalent payments to the Northern Territory Government based on taxable income.

Income tax equivalent payments are made pursuant to section 33 of the *Government Owned Corporations Act 2001* and are based on rulings set out in the National Tax Equivalent Regime's manual. The manual gives rise to obligations that reflect, in all material respects, those obligations for taxation that would be imposed by the *Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997*.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Statement of Profit or Loss and Other Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Corporation's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, deposits held at call with financial institutions and other short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash.

(g) Receivables

Trade receivables, which generally have 21-day terms for mass market customers and 14-day terms for contracted customers, are recognised and carried at original invoice amount less an allowance for any impaired receivables.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Corporation will not be able to collect all amounts due, according to the original terms of the receivables.

Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Refer to significant accounting judgements, estimates and assumptions and provisions for further information about the recognised loss allowance.

(h) Renewable Energy Certificates

Under the *Renewable Energy (Electricity) Act 2000*, parties on grids of more than 100 megawatt (MW) making wholesale acquisitions of electricity (relevant acquisitions) are required to demonstrate that they are supporting the generation of renewable electricity by purchasing Renewable Energy Certificates (RECs).

The Act imposes an annual liability, on a calendar year basis, by applying the specified renewable power percentage and small-scale technology percentage to relevant volume sales of electricity. These parties demonstrate compliance by surrendering RECs to the Clean Energy Regulator (CER). Large-scale generation certificates are surrendered annually between 1 January and 14 February for the previous calendar year (compliance year). Small-scale technology certificates are surrendered on a quarterly basis. RECs purchased are recognised as an asset at their purchase price until they are surrendered.

The liability in relation to RECs is acquitted by surrendering the required number of RECs and a penalty applies for any shortfall. The Corporation's liability at the end of the reporting period is based on actual electricity acquisitions for the period multiplied by the CER-specified liability percentages, net of RECs surrendered.

The REC liability per certificate is reflective of the average cost of REC purchases.

(i) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their useful lives and is generally recognised in profit or loss.

The estimated useful lives of property, plant and equipment for current and prior year are as follows:

- office equipment 2–10 years
- fixtures and fittings 2–10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Any item of property, plant and equipment is de-recognised upon disposal or when there is no future economic benefit to the Corporation. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(j) Intangibles

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives of the intangible assets. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is de-recognised on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is de-recognised.

Software

Significant costs associated with software are amortised on a straight-line basis over their estimated useful lives. The estimated useful life of software is 2.5 years. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

(k) Right-of-use asset and lease liability

The Corporation:

- recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments
- recognises depreciation of right-of-use assets using the straight-line method, and interest on lease liabilities in profit or loss
- separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

The measurement of the assets and liabilities arising from a lease includes non-cancellable lease payments, and also includes payments to be made in optional periods if the Corporation is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

The right-of-use asset is periodically reduced by impairment losses in accordance with AASB 136 Impairment of Assets, if any, and adjusted for certain re-measurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Corporation's incremental borrowing rate.

The Corporation leased assets include buildings and vehicles.

The Corporation leases buildings for its office space, and they contain extension options exercisable by the Corporation. The Corporation assesses whether it is reasonably certain to exercise the extension options and reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Information about leases for which the Corporation is lessee is presented below.

Amounts recognised in profit or loss	Total $'000
Interest on lease liabilities	106

Amounts recognised in statement of cash flows	Total $'000
Total cash outflow for leases	632

Rental costs for leased assets that are for less than 12 months or are for assets with an individual value of

less than $10,000 are recognised directly in the statement of profit or loss on a straight-line basis over the life of the lease.

(l) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Corporation reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

(m) Employee benefits

Short-term employee benefits

Liabilities in respect of wages and salaries, non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities and measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Other long-term employee benefits

The liability for long service leave not expected to be settled within 12 months of the reporting date is recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability.

The liability is measured as the present value of expected future payments, discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(n) Provisions

Provisions are recognised when the Corporation has a present obligation (legal or constructive) as a result of a past event, where it is probable that the Corporation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

All provisions are discounted where the time value of money is considered material. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance expense.

Decommissioning provisions

The Corporation records a provision for decommissioning costs to restore leased premises to their original condition at the end of the respective lease terms.

Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability.

The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

(o) Financial instruments

Financial assets and financial liabilities are recognised when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement

Financial assets at amortised cost are financial assets that are held in order to collect the contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest. The Corporation's cash and cash equivalents and trade and other receivables fall within this category.

The Corporation adopts a forward-looking approach to estimate impairment losses on financial assets. An expected credit loss (ECL) is calculated based on the difference between the contractual cash flows due and the expected cash flows. The difference is recognised as an allowance against the original value of the asset.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(p) Dividends

Dividend distributions are recognised as a liability in the Corporation's financial statements in the period in which the dividends are approved.

The Corporation maintains a sustainable dividend policy.

The Northern Territory Government's dividend policy requires the Corporation to declare a dividend, generally at a rate of 50% of net profit after tax.

(q) Goods and service tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense, or
- for receivables and payables that are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities that is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

3 Critical accounting judgements and key sources of estimation uncertainty

In applying the Corporation's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

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. If the revision affects both current and future periods, the change is recognised in both the current and future period.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Unbilled electricity sales and cost of sales

Unbilled electricity sales is an estimate of the value of electricity units supplied to customers between the date of the last meter reading and the year end and is included in electricity sales. Therefore, the Corporation estimates the amount of electricity consumed at reporting date that is yet to be billed.

Unbilled cost of sales - specifically, generation, networks and system control - is also estimated as these charges are billed monthly in arrears. Therefore, the Corporation estimates the charges at reporting date that are yet to be invoiced.

Allowance for impairment of receivables

The allowance for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account forward looking information to assess ECL. Factors considered include the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Calculation of loss allowance

When measuring ECL, the Corporation uses AASB 9's simplified approach for lifetime ECL. The allowance is based on the Corporation's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The calculated historical loss rates have been appropriately adjusted to reflect the expected future changes in the condition and performance based on the information available as at the reporting date.

The following table provides information about the exposure to credit risk and ECLs for trade receivables from customers, excluding government entities, as at 30 June 2023.

2023 Days past due	Expected credit loss rate %	Gross carrying amount $'000	Expected credit loss $'000
Current	3.49%	10,632	371
0–30 days	6.63%	6,574	436
31–60 days	16.47%	2,626	433
61–90 days	26.25%	1,634	429
More than 90 days	75.74%	8,674	6,569

4 Revenue

		2023 $'000	2022 $'000
(a)	**Electricity revenue**		
	Electricity and energy retail services	410,043	418,281
	Other revenue	3,716	2,850
	Total	**413,759**	**421,131**
(b)	**Community Service Obligation (CSO)**	90,353	93,538
(c)	**Interest income**	1,049	49
	Total revenue	**505,161**	**514,718**

5 Expenses

		2023 $'000	2022 $'000
(a)	**Energy costs of sales**		
	Generation, networks and system control, and energy purchased for re-sale	(439,759)	(461,956)
	Renewable Energy Certificates	(32,843)	(27,499)
	Alternative control charges	(2,190)	(2,346)
	Prepaid meter transaction costs	(414)	(468)
	Total	**(475,206)**	**(492,269)**
(b)	**Employee benefits expense**		
	Salary and wages	(8,227)	(9,142)
	Superannuation expense	(786)	(858)
	Fringe benefits expense tax	(44)	(41)
	Payroll tax	(535)	(521)
	Contract labour	(418)	(34)
	Total	**(10,010)**	**(10,596)**
(c)	**External service agreements**	**(899)**	**(980)**
(d)	**Depreciation and amortisation expense**	**(813)**	**(712)**
(e)	**Other expenses**		
	Grants and subsidies	(147)	(219)
	Provision for impaired receivables	(1,771)	(1,796)
	Auditor's remuneration	(158)	(150)
	Rental expenses	(32)	(71)
	Other expenses	(6,341)	(6,253)
	Total	**(8,449)**	**(8,489)**
(f)	**Finance costs**	**(106)**	**(100)**
	Total expenses	**(495,483)**	**(513,146)**

6(a) Income tax recognised in profit or loss

	2023 $'000	2022 $'000
Current tax		
In respect of the current year	2,834	1,512
In respect of prior periods	247	(16)
Total	**3,081**	**1,496**
Deferred tax		
In respect of the current year	(75)	(1,040)
Total	**(75)**	**(1,040)**
Total income tax recognised in the current year	**3,006**	**456**

6(b) The income tax for the year reconciled to accounting profit

	2023 $'000	2022 $'000
Profit before tax	9,678	1,572
Income tax expense calculated at 30%	2,903	472
Prior period adjustment	248	(16)
Effect of expenses that are not deductible in determining taxable profit	(145)	-
Total income tax recognised in the current year	**3,006**	**456**

The tax rate used for the 2023 and 2022 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

6(c) Current tax assets and liabilities

	2023 $'000	2022 $'000
Current tax assets		
Tax refund receivable	-	26
Total current tax assets	**-**	**26**
Current tax liabilities		
Income tax payable	2,594	-
Total current tax liabilities	**2,594**	**-**

6(d) Deferred tax balances

	2023 $'000	2022 $'000
Deferred tax balances are presented in the statement of financial position as follows:		
Deferred tax assets	6,921	6,888
Deferred tax liabilities	(1,318)	(1,360)
Total deferred tax	**5,603**	**5,528**

2023	Opening balance $'000	Recognised in profit or loss $'000	Closing balance $'000
Temporary differences			
Right of use assets	(1,356)	39	(1,317)
Lease liability	1,388	(20)	1,368
Intangible assets	-	41	41
Employee entitlements	624	(144)	480
Doubtful debts	3,130	(659)	2,471
Provisions	1,675	887	2,561
Accrued revenue and other	68	(69)	(1)
Total	**5,528**	**75**	**5,603**

2022	Opening balance $'000	Recognised in profit or loss $'000	Closing balance $'000
Temporary differences			
Right of use assets	(1,523)	167	(1,356)
Lease liability	1,532	(144)	1,388
Employee entitlements	520	104	624
Doubtful debts	2,768	362	3,130
Provisions	1,160	515	1,675
Accrued revenue and other	31	36	68
	4,488	**1,040**	**5,528**

7 Cash and cash equivalents

	2023 $'000	2022 $'000
Cash at bank	39,138	27,311
Total cash and cash equivalents	**39,138**	**27,311**

8 Trade and other receivables

	2023 $'000	2022 $'000
Trade receivables	42,887	54,881
Provision for impaired receivables	(8,238)	(10,435)
Total trade receivables	**34,649**	**44,446**
Unbilled consumption	40,508	42,004
Goods and services tax	-	249
Bank interest and other accrued revenue	4	101
Total other receivables	**40,512**	**42,354**
Total trade and other receivables	**75,161**	**86,800**

Total trade and other receivables as at 30 June 2023 includes $6.3 million (2022: $15.1 million) of CSO revenue receivable to the Corporation from the Department of Treasury and Finance.

8(a) Age of receivables that are past due but not impaired

	2023 $'000	2022 $'000
30–60 days	2,252	5,219
61–90 days	1,372	1,535
More than 90 days	2,641	1,904
Total	**6,265**	**8,658**

8(b) Movement in the provision for impaired receivables

		2023 $'000	2022 $'000
	Balance at the beginning of the year	10,435	9,227
	Impairment losses recognised on receivables	4,789	2,915
	Amounts written off during the year as uncollectible	(6,794)	(1,734)
	Amounts recovered during the year	(192)	27
	Balance at end of the year	**8,238**	**10,435**

For trade receivables, the Corporation applies a simplified approach in calculating ECLs. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Refer to note 3 for further information about the calculation of loss allowance.

9 Other current assets

		2023 $'000	2022 $'000
	Renewable Energy Certificates	7,589	147
	Other current assets	263	240
	Total other current assets	**7,852**	**387**

10 Property, plant and equipment

2023 Cost	Plant and equipment $'000	Total $'000
Balance at the beginning of the year	182	182
Additions	6	6
Balance at the end of the year	**188**	**188**
Accumulated depreciation		
Balance at the beginning of the year	(139)	(139)
Depreciation	(15)	(15)
Balance at the end of the year	**(154)**	**(154)**
Net book value	**34**	**34**

2022 Cost	Plant and equipment $'000	Total $'000
Balance at the beginning of the year	157	157
Additions	25	25
Balance at the end of the year	**182**	**182**
Accumulated depreciation		
Balance at the beginning of the year	(122)	(122)
Depreciation	(17)	(17)
Balance at the end of the year	**(139)**	**(139)**
Net book value	**43**	**43**

11 Intangible assets

2023 Cost	Software $'000	Capital work in progress (WIP) $'000	Total $'000
Balance at the beginning of the year	7,165	-	7,165
Additions	588	621	1,209
Balance at the end of the year	**7,753**	**621**	**8,374**
Accumulated amortisation			
Balance at the beginning of the year	(6,833)	-	(6,833)
Amortisation	(208)	-	(208)
Balance at the end of the year	**(7,041)**	**-**	**(7,041)**
Net book value	**712**	**621**	**1,333**

2022 Cost	Software $'000	Capital work in progress (WIP) $'000	Total $'000
Balance at the beginning of the year	7,018	-	7,018
Additions	147	-	147
Balance at the end of the year	**7,165**	**-**	**7,165**
Accumulated amortisation			
Balance at the beginning of the year	(6,696)	-	(6,696)
Amortisation	(137)	-	(137)
Balance at the end of the year	**(6,833)**	**-**	**(6,833)**
Net book value	**332**	**-**	**332**

12 Right-of-use assets

2023 Cost	ROU leased premises $'000	'Make good' asset $'000	ROU motor vehicles $'000	Total $'000
Balance at the beginning of the year	4,928	278	78	5,284
Additions	-	-	112	112
Remeasurements	355	-	(7)	348
Disposals	-	-	(23)	(23)
Balance at the end of the year	**5,283**	**278**	**160**	**5,721**
Accumulated depreciation				
Balance at the beginning of the year	(663)	(46)	(56)	(765)
Depreciation	(527)	(29)	(33)	(589)
Disposals	-	-	23	23
Balance at the end of the year	**(1,190)**	**(75)**	**(66)**	**(1,331)**
Net book value	**4,093**	**203**	**94**	**4,390**

2022 Cost	ROU leased premises $'000	'Make good' asset $'000	ROU motor vehicles $'000	Total $'000
Balance at the beginning of the year	4,928	278	78	5,284
Balance at the end of the year	**4,928**	**278**	**78**	**5,284**
Accumulated depreciation				
Balance at the beginning of the year	(153)	(19)	(35)	(207)
Depreciation	(510)	(27)	(21)	(558)
Balance at the end of the year	**(663)**	**(46)**	**(56)**	**(765)**
Net book value	**4,265**	**232**	**22**	**4,519**

13 Trade and other payables

	2023 $'000	2022 $'000
Trade payables	1,401	2,995
Goods and services tax	111	-
Accrued operating expenses	1,929	1,723
Employee provisions	286	325
Unbilled consumption	22,590	20,573
Accrued network and system control charges	21,574	24,937
Total	**47,891**	**50,553**

14 Other current liabilities

	2023 $'000	2022 $'000
Payments received in advance	11,147	11,316
Total	**11,147**	**11,316**

15 Lease liabilities

2023	Leased premises $'000	Leased motor vehicles $'000	Total $'000
Current lease liabilities	527	31	558
Non-current lease liabilities	3,648	64	3,712
Total	**4,175**	**95**	**4,270**

2022	Leased premises $'000	Leased motor vehicles $'000	Total $'000
Current lease liabilities	475	14	489
Non-current lease liabilities	3,838	8	3,846
Total	**4,313**	**22**	**4,335**

16 Provisions

		2023 $'000	2022 $'000
(a)	**Current**		
	Employee benefits	1,350	1,380
	Renewable Energy Certificates	8,532	5,584
	Total	**9,882**	**6,964**
(b)	**Non-current**		
	Employee benefits	248	413
	'Make good' provision	289	289
	Total	**537**	**702**
	Total provisions	**10,419**	**7,666**

'Make good' provision

A provision is recognised for decommissioning costs associated with the right-of-use of leased premises of $289,000 (2022: $289,000). The Corporation is required to restore leased premises to their original condition at the end of the respective lease terms.

		2023 $'000	2022 $'000
	Renewable Energy Certificates		
	Balance at the beginning of the year	5,584	3,868
	Provisions made during the year	33,189	26,724
	Provisions utilised during the year	(30,241)	(25,008)
	Balance at end of the year	**8,532**	**5,584**

		2023 $'000	2022 $'000
(c)	**Dividends**		
	Balance at the beginning of the year	-	-
	Dividend declared for the year	558	-
	Dividend paid during the year	(558)	-
	Balance at end of the year	**-**	**-**

17 Contributed equity

	2023 $'000	2022 $'000
Contributed equity	47,666	47,666
Total	**47,666**	**47,666**

The *Government Owned Corporations Act 2001* requires the Corporation to have share capital to be held by one shareholder only, being the Shareholding Minister, who holds the share on behalf of the Northern Territory Government. The Corporation's constitution specifies the share capital to be one share. No value is assigned to the share.

18 Retained earnings

	2023 $'000	2022 $'000
Retained earnings		
Balance at the beginning of the year	3,410	2,294
Profit for the year	6,672	1,116
Dividend paid during the year	(558)	-
Balance at end of the year	**9,524**	**3,410**

On 26 September 2022, an ordinary dividend of $0.6 million was approved by the Shareholding Minister representing 50% of net profit after tax for the 2022 year.

On 12 December 2022, an ordinary dividend of $0.6 million was paid to the Corporation's shareholder in accordance with section 31 of the *Government Owned Corporations Act 2001*.

On 26 September 2023 an ordinary dividend of $3.3 million was approved by the Shareholding Minister representing 50% of net profit after tax for the 2023 year.

19 Commitments for expenditure

Commitments for operating expenditure

Future non-cancellable operating commitments are payable as follows:

	2023 $'000	2022 $'000
Within one year	490	1,797
Later than one year but not later than five years	-	-
Total	**490**	**1,797**

Future non-cancellable capital commitments are payable as follows:

	2023 $'000	2022 $'000
Within one year	-	1,040
Later than one year but not later than five years	-	-
Total	**-**	**1,040**

20 Auditor's remuneration

	2023 $'000	2022 $'000
Services		
Audit of the financial statements	158	150
Auditor's remuneration	**158**	**150**

The auditor of the Corporation is the Northern Territory Auditor-General.

21 Key management personnel compensation

Director remuneration

The following table discloses the remuneration details for non-executive directors during the current and previous financial year:

Non-executive directors	Year	Short Term Employee Benefits $'000	Post Employment Benefits (Superannuation) $'000	Total $'000
Trevor James (acting Chair from September 2022 and appointed December 2022)	2023	81	9	90
	2022	66	7	73
Michele Dolin (until September 2022)	2023	24	2	26
	2022	8	1	9
Cheryl Hopkins	2023	62	6	68
	2022	50	5	55
David Brown (appointed January 2023)	2023	25	3	28
	2022	-	-	-
Noel Faulkner (retired 26 May 2022)	2023	-	-	-
	2022	65	8	73

No termination benefits were paid to non-executive directors during the year.

The table below shows the benefits paid to non - executive directors and officers of the Corporation, whose benefits from the Corporation fall within the following types:

	2023 $	2022 $
Short-term employee benefits	1,274,029	1,333,230
Other long-term benefits	-	36,687
Post-employment benefits	121,657	119,836
Total compensation of key management personnel	**1,395,686**	**1,489,753**

Executive officers are those officers who are involved in the strategic direction, general management or control of business at corporation or business division level.

22. Related party disclosures

Key management personnel compensation

Details of key management personnel compensation are disclosed in note 21 to the financial statements.

Transactions with key management personnel

All transactions with key management personnel, including the supply of electricity for domestic purposes and to key management personnel related entities, were conducted on an arm's-length basis in the normal course of business and on commercial terms and conditions.

Controlling entity

The Northern Territory Government is the ultimate parent entity of Jacana Energy.

The Corporation retails electricity and undertakes certain other transactions with government entities at an arm's-length basis in the normal course of business and on commercial terms and conditions.

Revenue in the form of Community Service Obligation (CSO) is received from the Northern Territory Government where the Corporation is required to carry out activities on a non-commercial basis. During the year, the Corporation received CSO revenues from the Department of Treasury and Finance as follows:

	Community Service Obligation $'000
2023	90,353
2022	93,538

The Corporation purchased electricity distribution services from Power and Water Corporation (PWC). The Corporation purchased electricity generated by Territory Generation (TGEN).

All transactions with PWC and TGEN are on an arm's-length basis in the normal course of business and on commercial terms and conditions.

During the year, the Corporation entered into the following trading transactions with Government Owned Corporations:

Related party	Sales to related parties $'000	Purchases from related parties $'000	Amounts owed by related parties $'000	Amounts owed to related parties $'000
2023 Government Owned Corporations	8,557	444,735	413	42,674
2022 Government Owned Corporations	9,325	422,018	76	43,720

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current year for bad or doubtful debts (2022: nil) in respect of the amounts owed by related parties.

The amounts owed by and to related parties include accruals and provisions.

23. Notes to the statement of cash flows

	2023 $'000	2022 $'000
Profit for the year	6,672	1,116
Deferred tax expense recognised in profit or loss	73	(1,040)
Income tax expense recognised in profit and loss	2,933	1,512
Bad debt loss allowance	(2,197)	1,796
Depreciation and amortisation of non-current assets	813	712
Interest expense	106	100
Movements in working capital		
Decrease in trade and other receivables	13,824	2,107
(Increase)/decrease in other assets	(7,456)	6,585
Decrease in trade and other payables	(3,406)	(6,219)
Increase/(decrease) in provisions	3,039	(138)
(Decrease)/increase in other liabilities	(169)	22
Net cash from operating activities	**14,232**	**6,553**

24. Financial instruments

Capital risk management

The Corporation manages its capital to ensure that the Corporation will be able to continue as a going concern while maximising the return to its shareholder through the optimisation of the debt and equity balances. The capital structure of the Corporation consists of equity of the Corporation (comprising contributed equity and retained earnings).

The Corporation does not currently have any borrowings.

The Corporation is not subject to any externally imposed capital requirements.

Categories of financial instruments

	2023 $'000	2022 $'000
Financial assets		
Financial asset at amortised cost:		
Cash and cash equivalent	39,138	27,311
Trade and other receivables	75,161	86,800
Total	**114,299**	**114,111**

	Maturity	2023 $'000	2022 $'000
Financial liabilities			
Interest-bearing loans and borrowings:			
Current lease liabilities	2023	558	489
Non-current lease liabilities	2024-2032	3,712	3,846
Other financial liabilities at amortised cost, other than interest-bearing loans and borrowings:			
Trade and other payables		47,891	50,553
Other current liabilities		11,147	11,316
Total		**63,308**	**66,204**

Financial risk management

The Corporation's finance department provides services to the Corporation and manages the financial risks relating to the operations of the Corporation.

The Corporation does not enter into or trade financial instruments, including derivative financial instruments.

Foreign currency risk management

The Corporation does not undertake transactions denominated in foreign currencies; consequently, the Corporation is not exposed to exchange rate fluctuations.

Commodity price risk management

The Corporation's exposure to commodity price risk is minimal.

Interest rate risk management

The Corporation does not borrow funds; consequently, the Corporation is not exposed to interest rate risk. The variable interest rate received on assets is determined by the Department of Treasury and Finance.

Credit risk management

Credit risk represents the loss that would be recognised at the reporting date if counterparties failed to meet their contractual obligations. The credit risk on receivables has been recognised in the statement of financial position and reflects the carrying amount net of any allowance for doubtful debts. The Corporation has a minimal concentration of credit risk as it undertakes transactions with a large number of customers. The Corporation is not materially exposed to any individual customer.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date regarding past events, current conditions and forecasts of future economic conditions. Refer to significant accounting judgements, estimates and assumptions and provisions for further information about the recognised loss allowance.

Liquidity risk management

The Corporation monitors its risk of a shortage of funds. The following tables detail the Corporation's remaining contractual maturity for its financial liabilities. The table below summarises the maturity profile of the Corporation's financial liabilities based on contractual undiscounted payments:

2023	Less than 3 months $'000	3–12 months $'000	1–5 years $'000	More than 5 years $'000	Total $'000
Financial liabilities					
Non-interest bearing	59,038	-	-	-	59,038
Interest bearing	139	419	2,700	1,012	4,270
Total	**59,177**	**419**	**2,700**	**1,012**	**63,308**

2022	Less than 3 months $'000	3–12 months $'000	1–5 years $'000	More than 5 years $'000	Total $'000
Financial liabilities					
Non-interest bearing	61,869	-	-	-	61,869
Interest bearing	122	367	3,846	-	4,335
Total	**61,991**	**367**	**3,846**	**-**	**66,204**

25. Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material or unusual nature that in the opinion of the directors of the Corporation affects significantly the operations of the Corporation, the results of those operations, or the state of affairs of the Corporation in future financial years.

GPO BOX 2601,
DARWIN NT 0801

ABN 65 889 840 667