POWERING THE NT

2019–20 Annual Report

TERRITORY GENERATION

2019–20 HIGHLIGHTS

620 DAYS
LOST TIME INJURY FREE ACROSS ALL SITES
(SEE PAGE 11)

887
SAFETY CONVERSATIONS
(SEE PAGE 11)

1,554 GWh
OF ELECTRICITY PRODUCED
(SEE PAGE 17)

31%
OPERATIONAL EFFICIENCY
ACROSS ALL SITES
(SEE PAGE 17)

87%
AVERAGE PLANT AVAILABILITY
(SEE PAGE 17)

$7.9
MILLION NET PROFIT AFTER TAX
(SEE PAGE 30)

5.8%
CO_2 EMISSION REDUCTION
OVER FIVE YEARS
(SEE PAGE 18)

ABOUT THIS REPORT

THE 2019–20 ANNUAL REPORT OF POWER GENERATION CORPORATION (TRADING AS TERRITORY GENERATION) SUMMARISES OPERATIONS AND ACHIEVEMENTS FOR THE FINANCIAL YEAR.

The annual report is tabled in the Northern Territory Parliament as a reporting mechanism for Territory Generation's shareholding Minister, portfolio Minister and the Northern Territory Parliament.

As per sections 41 and 44 of the *Government Owned Corporations Act 2001* (the Act), the report includes information about Territory Generation's:

- primary services and responsibilities
- significant activities of the year, major projects highlights, key achievements and outcomes
- financial management and performance in compliance with the Act.

The report also provides information for stakeholders, including Territorians, who have an interest in the provision of electricity generation services in the Northern Territory.

This is Territory Generation's sixth annual report following the introduction of structural reforms to the Northern Territory electricity industry.

FRONT COVER IMAGES:

Main: Trade Assistant Larry Chin at Channel Island Power Station. Larry celebrated 30 years as an NTG employee in 2019.

Lower: Electrical Tradespersons Ben Little and Kris Van Haren at Ron Goodin Power Station.

ABOVE IMAGE:

Power Plant Chemist Setyorini (Ririn) Setyastuti at Channel Island Power Station.

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LETTER TO THE SHAREHOLDER

Treasurer
Parliament of the Northern Territory
Darwin NT 0800

Dear Treasurer

On behalf of the people and Board of Power Generation Corporation (trading as Territory Generation), we are pleased to present our sixth annual report, for the year ended 30 June 2020, in accordance with the provisions of sections 41 and 44 of the *Government Owned Corporations Act 2001*.

Dennis Bree
Director and Chair

Gerhard Laubscher
Chief Executive Officer

OPERATOR MAINTAINER TECHNICIAN DAN OWERS AT KATHERINE POWER STATION.

VISION

TO BE THE NORTHERN TERRITORY'S TRUSTED AND RESPECTED ENERGY SERVICES BUSINESS. THIS MEANS:

- **running our business safely is universally recognised as our highest priority**
- **we are known for being reliable, efficient and available when required**
- **we exceed the expectations of our customers**
- **we are the centre of technical excellence for energy services in the Territory**
- **we are cost effective with other relevant players in the market**
- **we are an employer of choice.**

PURPOSE

SAFELY, RELIABLY AND EFFICIENTLY PROVIDE:

- wholesale electricity supply on commercial terms
- electricity system services which support system security and the adoption of renewable energy.

This will contribute to and support the provision of sustainable energy solutions for the Northern Territory as part of the transition to 50 per cent renewables by 2030.

OBJECTIVES

THE OBJECTIVES OF OUR SHAREHOLDER FOR TERRITORY GENERATION ARE TO:

a) operate at least as efficiently as any comparable business

b) maximise the sustainable return to the Territory on its investment in the Corporation.

MECHANICAL APPRENTICE ASINATE BRADBURY (LEFT) AND OPERATOR MAINTAINER TECHNICIAN MATTHEW BLANKENSPOOR (RIGHT) AT TENNANT CREEK POWER STATION.

VALUES

Territory Generation has developed a set of values that underpin the way we will work with each other and the way we will conduct our business.

F

FOCUS

We focus our efforts on delivering a safe, reliable and cost-efficient operation that we are all proud to be a part of.

I

INTEGRITY

We are open and honest with our words and actions "to do and say the right thing".

R

RESPECT

We show respect for our team mates, the environment and the communities in which we work.

S

SAFETY

We conduct our business and our roles with a strong focus on avoiding injury to our people or damage to assets and the environment.

T

TEAMWORK

We are one team with aligned goals working together to achieve Territory Generation's vision.

CHAIR'S MESSAGE

It has been a challenging year for Territory Generation and around the world due to the impacts of COVID-19.

Our staff responded admirably to the situation by complying with the new culture of social distancing and improved hygiene and finding ways to minimise the danger of a power station shutdown.

COVID-19 is an ongoing issue but we have taken valuable lessons from this and achieved outcomes that will have ongoing benefits for staff, such as flexible working arrangements.

The system black event in Alice Springs in 2019–20 presented challenges for the business, however, it was a valuable opportunity to evaluate our systems. Much work has been done to improve the Alice Springs system and we are transferring these learnings to our other sites at Channel Island, Katherine and Tennant Creek as an ongoing focus.

The Ron Goodin Power Station, which was expected to be closed this year, remains operational to provide more security to the Alice Springs power system. Work is underway to determine if Ron Goodin has an ongoing role due to peak demand growth, and rising maximum temperatures which reduce generator output capability.

The role of Territory Generation continues to be supporting the power system through a period of transition to renewable power in line with the Northern Territory Government's target of 50 per cent renewable energy by 2030.

The government supported Territory Generation to purchase a large battery for the Darwin-Katherine system. While we are in a transition period, we continue to play a significant role by providing stability and a variety of services to the system. Financially, we continue to effectively manage our controllable costs and we have returned a dividend to government.

I would like to thank the Executive Leadership Team and our staff for their continued efforts during what, at times, have been very difficult conditions.

Dennis Bree
Director and Chair

CHIEF EXECUTIVE OFFICER'S MESSAGE

I am honoured to be part of the Territory Generation team and proud to report on exceptional 2019–20 safety achievements and diligence during the COVID-19 pandemic.

Territory Generation has performed very well against its objectives and delivered on its strategic intent in an ever-changing and challenging electricity market with increased commercial and behind-the-meter photovoltaic (PV) solar.

It is critical for Territory Generation to keep focusing on its core business imperatives to maintain its role as a safe, reliable and cost-effective electricity essential service. Looking forward, Territory Generation will heavily focus on production and production capability by advancing key asset management streams that enhance our plant reliability and continue to maintain 'process safety'.

As some assets near the end of their lives, it is exciting to see the delivery of the recent fleet replacement program and major capital works. These developments are essential to ensure synchronous generation and to underpin power system security by ensuring energy and services are available when needed. It is critical that Territory Generation diversifies and invests in the right technology mix to provide flexibility and quick start capabilities to optimise the utilisation of our fleet into the future.

We look forward to progressing the Darwin-Katherine battery to the engineering procurement construction (EPC) phase, which was approved in principle by the shareholding and portfolio Ministers in alignment with the Northern Territory Government's 50 per cent renewable target. We are also working towards progressing the Pine Gap project through to execution phase.

I would like to thank our employees, our most important assets, for their unbelievable efforts this year. Each of you has demonstrated commitment and dedication to delivering exceptional services and value to the Territory electricity market. You play an important role in the Territory and in making Territory Generation a great company to work for.

Gerhard Laubscher
Chief Executive Officer

OUR BUSINESS AND WHERE WE OPERATE

TERRITORY GENERATION IS A GOVERNMENT OWNED CORPORATION WHICH BEGAN OPERATIONS ON 1 JULY 2014 AFTER THE RESTRUCTURE OF THE ELECTRICITY INDUSTRY IN THE NORTHERN TERRITORY.

Territory Generation produces approximately 1554GWh of electricity per year using gas, diesel and solar technologies to power the Northern Territory's major population centres and towns.

We are the largest electricity producer in the Northern Territory, owning 597MW of installed capacity and contracting an additional 5.1MW from independent power producers for supply to our customers. Of this, 4.1MW is solar, and 1MW is gas produced from the Shoal Bay landfill site.

The global shift toward renewable energy is taking effect and will continue to reshape Territory Generation over the coming years.

WHERE WE OPERATE

Territory Generation owns and operates eight power stations and 64 generating units in the Northern Territory at Channel Island, Weddell, Katherine, Tennant Creek, Ron Goodin, Owen Springs, Kings Canyon and Yulara sites.

PRODUCTS

The products provided by Territory Generation include:

- wholesale electricity supply
  - electricity
  - capacity to supply peak load
- essential services
  - network support services
  - generator testing/commissioning services
  - system strength services
  - capacity security services
  - electricity system services
  - frequency control services, including inertia
  - voltage control services
  - black start services.

	ENGINE	TOTAL CAPACITY (MW)	DESCRIPTION
DARWIN-KATHERINE REGION			
Channel Island Power Station (CIPS)	5 heavy industrial turbines (gas or diesel), 1 steam turbine and 3 aero derivative turbines (2 gas or diesel)	279	Channel Island Power Station (CIPS) is the largest power station in the Northern Territory and the main source of electricity for the Darwin-Katherine Interconnected system. The first units were commissioned in 1986 and CIPS now has 310MW of installed capacity. CIPS is a natural gas fired station, with some diesel fuel back-up capability. C3 is in the process of being decommissioned thereby reducing the total MW availability from 310MW to 279MW.
Weddell Power Station (WPS)	3 aero derivative turbines (gas only)	129	WPS connects to the Darwin-Katherine grid and consists of two open cycle gas turbines commissioned in 2008, with a third commissioned in 2014.
Katherine Power Station (KPS)	4 light industrial turbines (gas or diesel)	36.5	KPS has been operational since 1987. The station contains four open cycle gas turbines.
ALICE SPRINGS REGION			
Ron Goodin Power Station (RGPS)	8 reciprocating sets (2 diesel only, 6 gas or diesel) and 1 turbine (gas or diesel)	44.1	RGPS was commissioned in 1973 and remains a source of electricity for the Alice Springs area. RGPS has been kept operational to provide more capacity to the Alice Springs system.
Owen Springs Power Station (OSPS)	13 reciprocating sets (3 are gas or diesel and 10 gas only) and 1 turbine (gas or diesel)	77	OSPS uses the latest dual fuel and gas spark reciprocating technology. OSPS services the Alice Springs community.
TENNANT CREEK REGION			
Tennant Creek Power Station (TCPS)	11 reciprocating sets (5 gas, 6 diesel) and 1 turbine (gas or diesel)	19.8	TCPS services the Tennant Creek township and surrounding communities as far as Ali Curung.
YULARA-KINGS CANYON REGION			
Yulara Power Station (YPS)	10 reciprocating sets (4 gas, 5 diesel and 1 gas or diesel)	11	YPS services the Ayers Rock Resort and the Yulara township.
Kings Canyon Power Station (KCPS)	3 reciprocating sets (diesel) and 1 solar panel array	1.05	KCPS is the only commercial source of electricity in the Kings Canyon area, servicing the Kings Canyon Resort and domestic customers.

BOARD PROFILES

DENNIS BREE

BE, MAICD

Independent Non-Executive Chair

Dennis is a civil engineer whose whole career has been in the Territory. Dennis was involved in the recovery from Cyclone Tracy, focusing on structural design with GHD, after which he joined the Australian Government. He focused on water and sewerage, particularly in remote areas, and then moved into management roles with the then Northern Territory Department of Transport and Works and then Power and Water Authority.

Dennis was Executive Director Operations at the former Power and Water Authority and was responsible for generation and other business units. Dennis has been Deputy Chief Executive of a number of departments and Chief Executive of the Department of Business. Dennis has also been Chief of Staff for two Chief Ministers and two Leaders of the Opposition and, most recently, a senior advisor to Chief Minister Michael Gunner.

In his private life, Dennis has been very involved in rugby union and was President of the Northern Territory Rugby Union for 10 years and a Director of the Australian Rugby Union for four years.

CHRISTINE CHARLES

BA(HONS), ADJUNCT PROF MAICD

Independent Non-Executive Director

Christine is Managing Director and co-founder of D4G and an experienced Board chair and non-executive Director. She brings substantial board and management experience with a particular focus on operating in highly regulated environments and realising the business benefits of understanding and managing regulatory, sovereign, community and environmental risks.

Christine has broad knowledge across a number of sectors, having held a variety of positions in the community, public and private sectors and academia. Her understanding of the resources and energy industry is based on several years in an executive role with Newmont Mining and her work within the sector as a specialist. Christine chaired the Northern Territory Green Energy Task Force and the Northern Territory Mining Board.

Christine was Chief Executive Officer of the South Australian Human Services Department from 1997 to early 2002 after heading the South Australian Cabinet Office. She worked for the World Health Organisation in Kobe, Japan, and for a number of non-government organisations within Australia. She sits on the boards of Transformations in Mining Economies CRC and the Sustainable Minerals Institute, and chairs the Boards of both the Resources and Skills Alliance, and the Centre for Social Responsibility in Mining.

RICHARD GALTON

BE, MBA

Independent Non-Executive Director

Richard graduated as a civil engineer from the University of Sydney in 1972 and started his career with the New South Wales Department of Main Roads. Richard focused on planning, design and construction of motorway and bridge construction projects in Sydney, London and Wollongong for a decade before he was seconded to the Northern Territory in 1982 to manage road network development. Richard completed a Master of Business Administration while working in senior management roles within the Northern Territory Public Sector.

Since 1994, Richard has held executive roles in a broad range of Northern Territory Government agencies, including Work Health, Infrastructure, Information, Communications and Technology (ICT), Economic and Regional Development, Primary Industry, Fisheries and Resources and a period as Executive Director Technical with the Power and Water Authority as it began transitioning to a government owned corporation in 2002.

EXECUTIVE LEADERSHIP TEAM PROFILES

GERHARD LAUBSCHER

NDipEng (Mech), NHDipEng (Mech), MTechEng, MDP, MIP, MIEAust, MIAM

Chief Executive Officer

Gerhard has global experience as a leader across a variety of industries. He has held CEO and Board Director roles and positions in the public and private sectors with accountability for all business functions.

Gerhard's expertise is in mining (mineral processing, gold, aluminium and coal), manufacturing, power generation (renewables, cogeneration, gas, hydro, coal and biomass), nuclear, military and other engineering industries.

His passion is to lead people and develop leadership teams that are inspired, resilient and deliver value with an uncompromising approach to safety. His key strengths include developing vision and strategy to successfully align business and culture.

JOHN GREENWOOD

GradDip(Leadership&Mgt), MAICD, MIML

General Manager Assets and Operations

John is an accomplished senior executive with management experience gained across a variety of roles in New Zealand and Australia. He has a long work history in service delivery, asset management and capital works delivery in the electrical supply industry.

Prior to joining Territory Generation, John was CEO of an electricity utility contractor based in the South Island of New Zealand.

TERRITORY GENERATION'S EXECUTIVE LEADERSHIP TEAM (FROM LEFT TO RIGHT) HIEU NGUYEN, EDDIE MALLAN, GERHARD LAUBSCHER, JOHN GREENWOOD, MARIA WALTERS

MARIA WALTERS

BBusCom, FCPA, GAICD

General Manager Finance and Corporate Services

Maria is a Fellow of the Certified Practising Accountant (CPA) with significant experience gained across her career in the power generation industry. Maria has held key board positions on several external boards over a number of years. She brings strong technical accounting, strategic and analytical skills as well as extensive experience and knowledge to the corporate services functions.

EDDIE MALLAN

Adv Dip HospMan, BComm, MBA, Grad Dip WHS

General Manager Commercial

Eddie is an experienced executive who has a history of working in a range of industries including ports, mining, supply chain, logistics, mass manufacturing and technology.

He is skilled in negotiation, business planning, operations management, strategic sourcing and business improvement, and has experience in both the private and public sectors.

HIEU NGUYEN

BSc, LLB, LLM, GAICD

General Counsel and Company Secretary

Hieu is an executive with more than 15 years' legal experience in private and government enterprises and has held a number of board and committee positions. Hieu helped establish the Business Services function of Territory Generation covering ICT, Environment, Risk and Compliance, Records Management, Facilities, Communications, Stakeholder Management and Legal, and has been involved in a number of large commercial contractual negotiations during his career.

KEY PERFORMANCE INDICATORS

THERE ARE SIX KEY RESULT AREAS (KRAS) THAT DEFINE TERRITORY GENERATION'S VISION AND ESTABLISH ITS OBJECTIVES. THESE ARE SAFETY, FINANCE, STAKEHOLDERS AND CUSTOMERS, SUSTAINABILITY, INTERNAL PROCESSES, AND PEOPLE AND CULTURE.

KRAs	KPI MEASURE	TARGET	ACTUAL
SAFETY	Safe act observations and safety interaction reporting rates	Monthly allocated targets met or exceeded	Targets exceeded
	Lost time injury frequency rate (LTIFR)	Zero LTIFRs recorded	Zero
FINANCE	EBITDA	$38.43M	$40.92M
	Current ratio	0.9x	2.2x
	Return on assets	6.70%	4.61%
	Return on equity	24.22%	6.15%
	Debt to equity ratio	3.1x	1.6x
	EBIT	$23.94M	$19.53M
	Approved suitable critical supply arrangements	Approved by the Board	Approved by the Board
	TGen ancillary service products are transparently costed to meet the requirements of the system control technical code	Approved by the Board	Approved by the Board
STAKEHOLDERS & CUSTOMERS	Effective stakeholder management plan is implemented	Implemented stakeholder plan	Implemented stakeholder management plan
	New WESAs negotiated	Approved by the Shareholder	Pending approval by the Shareholder (not yet received at the time of writing)
	Pricing and risk management policies annual review completed	Approved by the Board	Approved by the Board
SUSTAINABILITY	The measurement and reporting of regulated system carbon intensity	Decrease in trend TGen's emissions to be no greater than tCO_2-e 1,000,000 total tonnes for the year	896,398 tCO_2-e
	Annual review of renewable and alternative energy transition plan	Plan produced	Plan produced; business strategy working group established to progress this work.
INTERNAL PROCESSES	Operating expenditure (less energy) as percentage of total revenue	Achieve 36% or less	31%
	Operating expenditure (less energy) per sent out MWh generated	Achieve $55.67/MWh or less	$54.46/MWh
	Major environmental incidents	Zero major incidents	Zero
	Identify new technologies and develop appropriate business cases	Two business cases presented to the Board	Three business cases presented to the Board
	Delivering annual review of whole system reliability, cost and efficiency report	Annual review delivered to the Board	Unable to obtain whole of system data
PLANT PERFORMANCE	Operational efficiency across all sites	Total TGen average energy efficiency of 32% as sent out	31%
	Plant availability across portfolio	Achieve a total TGen average of 88%	87%
PEOPLE AND CULTURE	Annual performance appraisal completion rates	90% completion rate	95%
	Employee engagement survey	70% engagement result	60%
	Compliance training provided as per training schedule	90% training completed on time	97.2%

SAFETY

TERRITORY GENERATION IS COMMITTED TO ENSURING THE HEALTH AND SAFETY OF ALL EMPLOYEES, CONTRACTORS AND VISITORS ENTERING AND WORKING ON ITS SITES.

INJURIES AND ILLNESSES	2016–17	2017–18	2018–19	2019–20
Lost time injury (LTI)	1	0	1	0
Lost time injury frequency rate	2.1	2.1	3.2	0.0
Medical/first aid treated injuries	21	13	11	11

Territory Generation recognised 12 months of LTI-free operation in October 2019 and this achievement was celebrated at each of our sites. At 30 June 2020, the business has achieved 620 consecutive LTI-free days. Medical/first aid treated cases were maintained at previous levels.

INCIDENT REPORTING	2016–17	2017–18	2018–19	2019–20
Total number of incidents reported	155	196	220	144
Hazard and near-miss reporting	66	107	121	57
Safety conversations	1193	992	986	887

The reduced reporting of incidents and hazards has been associated with the completion of several major projects that have led to a decrease in total staff numbers and work hours.

Safety conversations are about meaningful discussions that build a positive reporting culture focused on learning and improvement. The initiative is embedded across the business and empowers anyone to have a conversation about safety at any time. The downward trend in safety conversations correlates with a reduced number of employees with allocated targets within the organisation.

Health and Safety Committees and Representatives (HSRs) have contributed to a sense of ownership and shared dialogue about safety across the business. The north, south and headquarters safety committees meet regularly to communicate and consult on work health and safety matters as well as enable a cooperative approach to resolve issues. The HSR forum was engaged as part of Territory Generation's COVID-19 response.

Territory Generation continues to focus on the continuous improvement of its safety systems and processes. This includes:

- ongoing engagement to improve Permit to Work processes
- implementing an action management module in the MyHub system
- completing the three-year arc flash program
- ongoing reviews of safety documentation, including site specific inductions and training.

SAFETY NON-NEGOTIABLES

Safety non-negotiables are a set of six key safety rules designed to establish a standard of expected safety behaviour. The rules target high risk activities, behaviours or processes that have the potential to cause serious injury or fatality if not complied with. They are at the core of everything Territory Generation's people do:

- Everyone has an obligation to stop work that they believe may be unsafe.
- We must always report every incident, near hit and injury.
- Only operate equipment for which you are competent and authorised.
- Never remove another person's danger tag or personal lock without written authorisation.
- No person may work under the influence of alcohol or drugs.
- We must always wear compulsory personal protection equipment (PPE).

OUR PEOPLE

AT 30 JUNE 2020, TERRITORY GENERATION HAD 190 FULL-TIME EQUIVALENT EMPLOYEES, COMPARED WITH 197 AT THE SAME TIME IN 2019.

This decrease in numbers is due to projects being completed, management of short-term contracts and natural attrition. It is anticipated that workforce numbers will stabilise over the short term, with an increasing focus on ensuring our operational sites are efficiently resourced.

EMPLOYMENT CONDITIONS

After the new Enterprise Agreement was certified in June 2019, Territory Generation focused on ancillary issues regarding classification structure, allowances, use of contractors and annualised salaries. Continuing the collaborative approach adopted during Enterprise Agreement negotiations, these issues were advanced through the Generation Consultative Committee (GCC).

HEALTH AND WELLBEING

Territory Generation continues to prioritise the health and wellbeing of its employees and reported achievements in a number of initiatives during 2019–20, including:

- **celebrating R U OK day across all sites**
- **including health and wellbeing advice in the monthly newsletter on exercise, eating, mental health and sleep**
- **making a suite of mental health training units available through LinkedIn Learning**
- **issuing communications throughout the COVID-19 pandemic with direct links to the Employee Assistance Program**
- **completing the flu vaccination program across the business.**

LEARNING AND DEVELOPMENT

Territory Generation is committed to growing its people and providing development and career opportunities. More than $877,077 has been invested in training and upskilling employees in 2019–20.

A leadership program was implemented with five key focus areas to capture the values and behaviours Territory Generation wants to see in its leaders. The new leadership program has been designed using face-to-face sessions and a LinkedIn Learning online pathway.

Block scheduling for mandatory training continues to be implemented across all sites to ensure employees have the knowledge and tools to carry out their work safely. While COVID-19 presented challenges for scheduling mandatory training, new processes were implemented to ensure employees could still attend training safely. Virtual training included refreshers in permit training, high voltage (HV) receiver training and theory competencies of HV training.

Territory Generation used an assessment centre to recruit apprentices for its 2019–20 early careers program. This included individual and group exercises and an interview to help select the best candidate for the role. Territory Generation welcomed three female and one Indigenous apprentices, and had three employees complete their apprenticeships.

Territory Generation also remained an industry partner in the sySTEMic collaboration with Engineers Australia and extended the program to include an Alice Springs group. Territory Generation employees mentored a group of secondary students designing a real-life engineering project.

FINANCE COORDINATOR AND WOMEN LEADERS FORUM MEMBER NIKITA MACMURRAY AT HEADQUARTERS

DIVERSITY

Number of employees (excl board) monthly Full Time Equivalent (FTE) average

FTE employee numbers	Avg 19–20	Avg 18–19
Full time	190.0	193.7
Part time	2.0	4.7
Total employees	**192.0**	**198.4**
Fixed term	57.7	57.7
Males	158.8	162.7
Females	33.3	36.0
Women in management positions	7.7	8.3
Men in management positions	24.9	27.3
Actual employee numbers		
Aboriginal and Torres Strait Islander (ATSI)	3.0	1.3
Employees living with disability	1.2	0.6
Culturally diverse background	19.8	19.0
ATSI hosted apprentices	1.8	NA
Non-ATSI hosted apprentices	4.1	4.3
Territory Generation employee apprentices	3.9	4.4

WOMEN LEADERS FORUM

The 2019–20 Women Leaders Forum (WLF) continued SpeechMasters training for staff and Casuarina Senior College Indigenous students this year. They provided PowerPoint presentation training and mentoring program training, organised guest speakers to talk to all staff, maintained the Territory Generation library and reported monthly to the Executive Leadership Team.

MECHANICAL TRADESPERSON ARNELIO QUITAY DISCONNECTING OS1 PIPEWORK AT OWEN SPRINGS POWER STATION.

OUR RESPONSE TO COVID-19

TERRITORY GENERATION RESPONDED QUICKLY TO MINIMISE THE IMPACTS OF THE COVID-19 PANDEMIC ON ITS EMPLOYEES AND BUSINESS OPERATIONS.

The Incident Management Team (IMT) was activated on 6 March 2020 to implement key risk mitigation strategies and plan for business continuity. Comprising 17 staff, the IMT quickly identified that the priority was to protect Territory Generation's most important assets – its people. IMT objectives were to:

- keep employees safe through COVID-19 prevention measures
- plan for business continuity if employees were impacted by COVID-19
- provide consistent, correct and timely information about the COVID-19 situation to employees and contractors, including safety measures and work entitlements
- ensure safe operations and reliable generation to the NT electricity market.

Territory Generation participated in the Public Utilities Group and Territory Emergency Management Council meetings as part of the Territory-wide COVID-19 response. The Chief Health Officer approved the Territory Generation COVID-19 Management Plan to enable essential service employees or contractors to travel and work on critical infrastructure.

Key safety measures implemented across sites included:

- travel restrictions for all non-critical staff to sites
- increased cleaning with cleaning staff trained in COVID-19 'terminal' cleans in case an employee or a workplace was exposed to the virus
- implementing split shifts to isolate teams and placing non-critical staff on a 50 per cent working from home rotation
- conducting temperature checks prior to employees and contractors entering sites
- moving training to online or rescheduling as necessary.

PERMANENT CHANGES TO THE BUSINESS

Territory Generation has implemented long-term measures in response to the COVID-19 pandemic. It has strengthened its business continuity plans and is in a stronger position to react to similar situations in the future.

Permanent changes to seating arrangements have been made to incorporate 1.5 metre physical distancing. Hand sanitiser, handwashing and hygiene advice will continue. A positive outcome is that the business is well prepared for the normal flu season.

YULARA

As a remote community and township built around servicing national and international tourism to World Heritage listed Uluru, the COVID-19 pandemic had a significant impact on Yulara. This saw the load demand in Yulara reduce substantially as the Ayers Rock Resort, owned by Voyages Indigenous Tourism Australia (the primary end-user of electricity), transitioned from full operations into standby arrangements. The Yulara Power Station was quickly required to begin operating well below its designed operating range. There were concerns that further reductions in load demand may require generators to operate below their minimum load, compromising Territory Generation's capability to reliably generate electricity.

Timely and transparent collaboration with key stakeholders and risk mitigation planning enabled operational changes to be quickly implemented at the generation plant in response to the situation. The load in Yulara has now stabilised and work is underway to ensure the Yulara Power Station is prepared to service the township during its return to normal operations.

ICT OPTIMISATION PROJECT

A TWO-YEAR PROJECT TO MIGRATE TERRITORY GENERATION'S CRITICAL BUSINESS SYSTEMS TO ITS OWN NETWORK WENT LIVE IN EARLY JUNE 2020.

The project transferred all but two key information communications technology (ICT) systems from the Northern Territory Government ICT network to a Territory Generation owned network and integrated them with Microsoft Office 365 for accessibility via cloud technology.

The first stage of the project saw Territory Generation's ICT team transfer the backend infrastructure and servers from the Northern Territory Government to a new system that could be managed internally.

The next stage transformed the way the organisation operated by creating a digital workplace and automating workflows so employees could work from anywhere.

The rollout of around 200 new desktop and laptop computers to employees across the Territory was accelerated in response to COVID-19 so they could transition to working from home. In all, the new ICT system supported around 100 people – half of Territory Generation's employees – to work remotely during the pandemic with access to critical business systems enabled via cloud technology, Office 365 and the upgraded intranet.

Following the implementation of travel restrictions in the Territory, the ICT team also adapted its computer asset deployment strategy to suit. Business Support Champions were established at each site to support staff as they transitioned to the new system.

The new ICT system is maintained 24-hours-a-day by an inhouse ICT team that now supports 98 per cent of business system queries.

Employees are enjoying the quick response times from inhouse support with the ICT team recently rectifying an issue within three business days that would previously have taken four weeks.

The ICT Optimisation Project was rolled out in accordance with the Australian Cyber Security program and has achieved seven out of the eight Essential Eight mitigation strategies to make it harder for the ICT system to be compromised.

As an essential utility supplier, Territory Generation operates under the Five Eyes, which is a secure group of five countries – United Kingdom, United States, Australia, New Zealand and Canada – where computer devices can be used remotely. Outside of these five countries the devices will be locked down.

Originally a $2.1 million project, the budget came in at $1.8 million with further cost efficiencies of about $300 000 each year.

REMOTE OPERATIONS CENTRE GENERATION CONTROLLER TONY SIMPKINS

OUTAGES

TERRITORY GENERATION CONDUCTED SEVERAL MAJOR OUTAGES IN 2019–20 TO ENABLE CRITICAL UPGRADES AND MAINTENANCE WORKS AT THREE OF ITS POWER STATIONS.

RON GOODIN POWER STATION

WEDDELL W2 HOT SECTION REPLACEMENT

A spare engine at Weddell Power Station is crucial as it allows for relatively quick recovery of generating capability in the event an engine change is required.

Territory Generation has utilised Weddell's spare engine five times in 10 years as a contingency for unscheduled events. Without it, the business would have been required to explore potentially expensive engine exchange and lease engine options which could result in extended unit downtime and impact generation capacity in the Darwin-Katherine system.

A hot section exchange is generally performed at the midlife of an LM6000 turbine engine, after about 25 000 hours of service. It extends the life of the engine so it can run to its nominal end of life of 50 000 hours service. The recently completed hot section project completed for the current spare engine leaves Territory Generation with an asset capable of running for a further 25 000 hours.

CHANNEL ISLAND C7 REPAIRS

In January 2020 it was identified the stage 3, 4 and 5 high pressure compressor blades in C7 at Channel Island Power Station needed to be replaced. The old-style blades can experience 'dovetail wear' which leads to blade liberation and potential damage to downstream components.

Engine manufacturer General Electric placed a 1500 start limit on engines with these blades and manufactured a new blade type to extend its life. Due to C7 surpassing 1500 starts, the new blades were purchased and installed in the engine in February 2020.

A number of the engines at Weddell Power Station are on track to reach 1500 starts before their scheduled end of life and arrangements have been made to replace the stage 3, 4 and 5 blades before they pose an operational risk.

RON GOODIN POWER STATION

Plans to transition Ron Goodin Power Station have been delayed arising from the Alice Springs October 2019 system black. Territory Generation has invested significant resources to ensure generation capacity in the region. This involved completing maintenance activities which had previously been deferred as part of closure planning.

The power station is currently capable of generating 32.5MW of electricity and provides black start capability through existing units. It is anticipated that Ron Goodin Power Station will continue to operate until Territory Generation is satisfied that Owen Springs Power Station can provide sufficient levels of generation to the network.

OPERATIONAL PERFORMANCE

31%
OPERATIONAL EFFICIENCY ACROSS ALL SITES

As the major supplier of electricity to the Northern Territory and generator of last resort, Territory Generation uses a combination of gas, diesel and solar panels to generate power and manage its assets to enhance reliability, availability and safety.

In 2019–20, Territory Generation continued to create efficiencies and improve reliability through major projects and preventative maintenance, including:

- 132kV cable replacements at Channel Island Power Station
- work on a new reverse osmosis (RO) plant at Owen Springs
- hot section replacement at Weddell Power Station.

While Territory Generation strives to improve efficiencies, it recognises that efficiencies will be declining due to the increase in starts and the additional spinning reserve required to try and pre-empt solar and renewable energy penetration.

Territory Generation contracted up to an additional 5.1MW for sale to customers from independent power producers under power purchase agreements during 2019–20.

In 2019–20, Territory Generation's combined output from gas, diesel and solar facilities was 1554 Gigawatt hours (GWh) of electricity which compares with 1694GWh in 2018–19. The decrease is due to an increase in the uptake of behind-the-meter rooftop solar generation.

AVAILABILITY ACHIEVEMENTS

Territory Generation has continued to see lower demand with the increased penetration of both behind-the-meter and commercial solar across the Territory, and achieved 31 per cent efficiency in 2019–20 despite the impact of increased solar penetration and spinning reserve contingency. The power stations, excluding Ron Goodin which was intended to transition to closure, achieved 87 per cent average availability.

CHANNEL ISLAND 132KV CABLE REPLACEMENTS

Territory Generation has continued a program of works to replace ageing 132kV cables from the transformers at the Channel Island Power Station to the Power and Water Corporation switchyard. This program was instigated in 2016 following routine testing and began the following year with a 'node swap', which replaced the C2 and C4 cables. Typically, the program is planned for each Darwin dry season, where two sets of cables are replaced. All cables are expected to be replaced by August 2022.

OWEN SPRINGS REVERSE OSMOSIS PLANT

Work on a new containerised reverse osmosis plant at Owen Springs began this year and is expected to be fully commissioned in the near future. Reverse osmosis is the process to purify or desalinate contaminated water by forcing it through a membrane. The plant will supply clean demineralised water to the numerous station heat exchangers on site to replace the current use of town water.

Historically, use of town water for this duty has resulted in extensive fouling of the heat exchangers, which required engine outages to enable manual cleaning. It is anticipated that the use of demineralised water will reduce the heat exchanger cleaning requirement tenfold.

ASSET MANAGEMENT

Territory Generation sent its asset management strategy and select asset management plans for audit and alignment with the International Standards for Asset Management ISO 55000, which covers industry best practice.

The strategy received positive feedback with several improvement opportunities identified to streamline the asset management system for the change in operating profiles.

Territory Generation will continue to redefine its asset management strategy to respond to the increased renewables in the market which affect operation, such as seeing an increase in the number of starts per fired hours.

SUSTAINABILITY

SUSTAINABILITY IS A KEY PRINCIPLE OF TERRITORY GENERATION'S BUSINESS OPERATIONS AND IS INGRAINED IN ITS PRACTICES.

The United Nations 2030 Agenda for Sustainable Development consists of 17 Sustainable Development Goals that Territory Generation uses as a framework to focus its sustainability objectives and actions. Territory Generation's sustainability framework will assist with the government's target of 50 per cent renewable energy by 2030 and has already reduced its CO_2 emissions by 5.8 per cent over five years.

ENVIRONMENT

Territory Generation places a high priority on protecting the environment and minimising operational impacts. Its environmental management framework is backed by an accredited system and policy to plan and achieve best practice environmental performance at a business level, including weed management and asbestos removal.

NATIONAL GREENHOUSE AND ENERGY REPORTING

Natural gas is the primary fuel used by Territory Generation to generate electricity, supplemented by diesel fuel in some locations. Territory Generation is registered under the *National Greenhouse and Energy Reporting Act 2007* (NGER Act) and reports annually on greenhouse gas emissions, energy production and consumption on all facilities.

5.8%
CO_2 EMISSION REDUCTION
OVER FIVE YEARS

RISK AND GOVERNANCE

GOVERNANCE AND OPERATING STRUCTURE

Territory Generation is a government owned corporation established to, among other things, undertake commercial wholesale electricity generation activities.

Territory Generation's business is governed by the *Government Owned Corporations Act 2001* (GOC Act), the *Power Generation Corporation Act 2014*, and its generation and retail licences which are issued by the Utilities Commission. The organisation was incorporated to provide sustainable financial returns to the Northern Territory Government.

During the 2019-20 financial year, the Honourable Nicole Manison MLA, the Treasurer, was Territory Generation's shareholding Minister and the Honourable Dale Wakefield MLA, Minister for Renewables, Energy and Essential Services, was the portfolio Minister.

Dennis Bree is the non-executive Chair of the Territory Generation Board of Directors and Richard Galton and Adjunct Professor Christine Charles are non-executive Board members. All three directors are members of the Audit and Risk Committee and the People, Safety and Environment Committee. David Braines-Mead is an independent member of the Audit and Risk Committee and brings expert financial knowledge to the committee.

The Board is responsible to the shareholding Minister for providing strategic direction, management accountability, corporate performance and governance of Territory Generation. In conjunction with the Chief Executive Officer, the Board sets targets based on key performance indicators for the Statement of Corporate Intent (SCI), which are monitored at each Board meeting and reviewed annually. The 2020–21 SCI has been presented to and approved by the Northern Territory Government.

The Auditor-General of the Northern Territory audits Territory Generation's financial statements in accordance with the GOC Act.

MANAGING RISK

Territory Generation is exposed to a wide range of risks such as competition, disruptive technology, health and safety, information technology and security.

Territory Generation is subject to specific legal requirements, including but not limited to Australian and Northern Territory government legislation, regulations, licences, standards, and codes. The Corporation:

- complies with Part 9 of the *Information Act 2002* as amended
- reduces risk and ensures legal and regulatory compliance through comprehensive risk review, identification and management framework

LOOKING FORWARD

DARWIN-KATHERINE BATTERY

In May 2020, the Northern Territory Government announced that Territory Generation will deliver a large-scale battery for the Darwin-Katherine interconnected system. In addition to contributing to the 50% renewable target, the major benefits of this project include:

- increased stability and reliability of power supply. Fluctuations caused by the increasing levels of household and business behind-the-meter solar can be managed quickly and efficiently, facilitating further growth in renewables
- reduced carbon emissions for the Northern Territory by reducing the need for gas-fired spinning reserve. Benefits are expected to include cost savings of around $6.4 million and emissions reductions of 50 000 tonnes of CO_2 per annum
- the potential provision of system services from the battery energy storage system (BESS) to the private sector will be considered.

Project development is currently underway and has involved formal and informal consultation with key project stakeholders across the Northern Territory Government. The market will be engaged via a competitive procurement process in the second half of 2020, with the new battery expected to be delivered and in service by 2022.

YULARA HYBRID POWER STATION PROJECT

Territory Generation owns and operates the Yulara Power Station, which is an ageing compressed natural gas (CNG) and diesel-fired power station that supplies the majority of the Yulara township's load demand. The Yulara Power Station is approaching a major asset refreshment milestone.

To reduce costs and improve power generation outcomes, Territory Generation commenced the Yulara Hybrid Power Station project. The project proposes the installation of additional solar PV and a battery energy storage system to complement the existing privately owned solar PV assets in Yulara and further offset the consumption of expensive fossil fuels.

The existing traditional generation fleet is likely to be rationalised to a single fuel source (diesel) and augmented with low-load capable assets to maximise solar utilisation, with retired and redundant assets removed to simplify site operation.

Procurement for the project is currently underway, with contract award expected to occur early in the 2020–21 financial year and project execution to occur in a staged approach over the coming years.

PINE GAP PROJECT

Territory Generation has signed a Power Purchase Agreement and Project Management Agreement (PMA) with the Australian Government Department of Defence Joint Defence Facility Project Group (JDFPG) for the Pine Gap Project in 2019.

The PMA requires Territory Generation to provide specified services and project manage the construction of the commercial connection to the Pine Gap facility and post construction, operate and maintain the new transmission infrastructure assets under a commercial arrangement.

PINE GAP PROJECT ACCOMPLISHMENTS

In 2019–20, Territory Generation accomplished the regulatory approvals for the new transmission line infrastructure, which include:

- **permits to clear native vegetation from Pastoral Land Board**
- **gas pipeline easement crossing approvals**
- **obtaining a retail licence from Utilities Commission.**

Territory Generation successfully provided its project management services to help realise the:

- **Power and Water Corporation Connection Agreement**
- **connection assets functional specifications**
- **land easement in-principle approvals from the Department of Infrastructure, Planning and Logistics.**

A request for proposal process and procurement activity for the design and construction of the new assets has been successfully completed. Concept design of a special protection scheme for Alice Springs Grid has also been completed and agreed with Power and Water Corporation system control and JDFPG. Construction and commissioning of the new assets is expected to be completed in early 2022.

FINANCIAL PERFORMANCE

DURING THE 2019–20 FINANCIAL YEAR, TERRITORY GENERATION CONTINUED TO SEE THE OPERATIONAL EFFICIENCIES OF SOME OF ITS LONG-TERM PROJECTS. ALONG WITH STRICT COST-SAVING MEASURES, THESE OPERATIONAL EFFICIENCIES ENABLED TERRITORY GENERATION TO RETURN A PROFIT OF $7.9 MILLION.

Overall, electricity demand continues to decrease as forecasted by the 2017–18 Power System Review, while costs and system support requirements continue to increase. Total revenue from electricity sales for the 2019–20 financial year was $261.5 million compared to $264.8 million for 2018–19, a decrease of $3.3 million. Cost of energy for the 2019–20 financial year was $216.8 million compared to $221.9 million for 2018–19, a decrease of $5.1 million. The movement seen in revenue and energy costs from prior years corresponds with data from the *Power System Review 2017–18*, published by the Utilities Commission of the Northern Territory.

Territory Generation's single shareholder is the Northern Territory Government. All dividends are paid to the Northern Territory Government. In consultation with the shareholding Minister, the Territory Generation Board recommended a dividend amount. The dividend recommendation takes into consideration financial performance, capital structure, capital investment commitments and capacity to pay in accordance with prudent financial management. For the 12 months to 30 June 2020, a dividend of $3.95 million was subsequently declared in July 2020, and will be paid by Territory Generation to the Northern Territory Government on 13 November 2020. A dividend of $4.25 million was paid in 2018–19.

SET 20 JENBACHER (NEW STATION) AT TENNANT CREEK POWER STATION

POWER GENERATION CORPORATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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OMT SCOTT MITCHELL AT KATHERINE POWER STATION

POWER GENERATION CORPORATION

DIRECTORS' REPORT

THE DIRECTORS PRESENT THEIR REPORT TOGETHER WITH THE FINANCIAL REPORT OF POWER GENERATION CORPORATION (THE CORPORATION) FOR THE YEAR ENDED 30 JUNE 2020 AND THE AUDITOR'S REPORT THEREON. THIS REPORT IS TO BE READ IN CONJUNCTION WITH THE FINANCIAL STATEMENTS OF THE CORPORATION.

DIRECTORS

The following persons were directors of the Corporation during the financial year and up to the date of this report, unless otherwise stated:

Mr Richard Galton Non-executive Director
Ms Christine Charles Non-executive Director
Mr Dennis Bree (Chair) Non-executive Director

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the Corporation during the financial year are:

	BOARD		AUDIT & RISK COMMITTEE		PEOPLE, SAFETY & ENVIRONMENT COMMITTEE	
MEETING ATTENDANCE	**HELD**	**ATTENDED**	**HELD**	**ATTENDED**	**HELD**	**ATTENDED**
R Galton	12	12	4	4	3	3
C Charles	12	12	4	4	3	3
D Bree	12	12	4	4	3	3

PRINCIPAL ACTIVITIES

The principal activities of the Corporation are to safely, reliably and efficiently generate electricity and to provide system stability and associated services including generation of last resort through a period of transition to 50 per cent renewable energy.

REVIEW OF OPERATIONS

The Corporation recorded a Net Profit After Tax of $7.9 million (2019: Net Profit After Tax $8.5 million). During the financial year, the Corporation invested $14.0 million (2019: $21.0 million) in its capital investment program.

Overall profit is consistent with the previous year as the Corporation continues to benefit from increased efficiencies through its investments and continues to tightly manage costs.

The Corporation's operations are subject to environmental regulations under Commonwealth and Territory legislation. The Board believes that the Corporation has adequate systems in place for the management of its environmental requirements and is not aware of any breach of these environment requirements as they apply to the Corporation.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Corporation during the financial year.

GOING CONCERN

The policy environment supports and possibly accelerates the expected increase in penetration of solar power through the government's target of 50 per cent renewable by 2030.

Territory Generation's role through this transition will be to play a key role in ensuring the reliability of the power systems while keeping the costs of transition as low as possible. It will also look for business opportunities in generation that spread our fixed costs over higher revenue thus increasing the return for government.

The Corporation has carried out an assessment of the going concern assumption. This includes assessing:

(i) Forward cash flow projections

(ii) Funding sources

(iii) Compliance with debt covenants

(iv) The continuity of key customers and suppliers

(v) The impact of current economic conditions

(vi) Forward forecasts and budgets

For the year ended 30 June 2020, the Corporation recorded a Net Profit After Tax of $7.9 million compared to a Net Profit After Tax of $8.5 million for the 2018–19 financial year. The Corporation is forecast to continue to make profits over the next 4 years as reported in the Statement of Corporate Intent 2020–21 (SCI).

All debt maturing in 2020–21 and in subsequent years of the SCI period is anticipated, to the extent required, to be replaced by new long term debt.

Based on the above assessment performed, there are no material uncertainties that cast significant doubt about the Corporation's ability to continue as a going concern. The Corporation continues to work towards being commercially sustainable and until this is fully achieved, remains reliant on the continued support of its sole shareholder, the Northern Territory Government.

Accordingly, the financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

DIVIDENDS

The Corporation declared and paid a dividend of $4.25 million during the financial year.

Since the end of the financial year, the Directors have declared a dividend of $3.95 million (2019: $4.25 million) to be paid by 13 November 2020.

FUTURE DEVELOPMENTS

The Corporation continues to contribute to the development of the Interim Northern Territory Electricity Market (I-NTEM) arrangements. Despite the efforts of many, the consultations on the structure of the electricity market, as well as reliability standards and ancillary charges continue. It is hoped that through the current round of consultation a decision will be reached during the 2020–21 financial year as it is difficult to predict financial outcomes for the Corporation in the absence of market rules.

The growth in solar penetration continues to impact our business as solar in our major markets currently reduces market share while our Corporation continues to supply the majority of essential services to the system, leading to increased costs per megawatt hour as overheads are absorbed over a smaller market. The Corporation is progressing the project for a large battery in the Darwin-Katherine system to support system security at lower economic and environmental costs which is due for commissioning by 2022.

During the financial year plans to close Ron Goodin Power Station have been delayed due to the Alice Springs October 2019 system black. Territory Generation has invested significant resources to ensure system security in the region. This involved completing maintenance activities which had previously been deferred as part of closure planning.

In May 2020, the Northern Territory Government announced that the Corporation will deliver a large-scale battery for the Darwin-Katherine Interconnect System. In addition to contributing to the 50% renewable target, the major benefits of this project will include increased stability and reliability of power supply and reduced carbon emissions for the Northern Territory.

The Corporation has commenced the procurement process for replacement assets at the Yulara Power Station in consultation with the stakeholder working group.

Apart from the above, there are no developments affecting the operations of the Corporation that, in the opinion of the directors, are likely to significantly impact the Corporation during future financial years.

SUBSEQUENT EVENTS

In July 2020, the Directors have declared a final dividend of $3.95 million (2019: $4.25 million) payable by 13 November 2020.

Aside from the dividend declaration, there has been no item, transaction or event of a material and unusual nature which has arisen since 30 June 2020 that is likely to significantly affect the operations, the results of those operations or the state of affairs of the Corporation in future financial years.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Indemnification

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 or request made by the shareholding Minister or the portfolio Minister of the Corporation or the Board of the Corporation pursuant to the Deed of Indemnity executed by the Northern Territory Government.

The Corporation has, subject to the prohibition in the *Government Owned Corporations Act 2001*, provided an indemnity to the directors of the Corporation from and against civil liability unless the liability arises out of conduct involving a lack of good faith. 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.

Insurance premiums

The following insurance policies were purchased to cover the directors and officers of the Corporation:

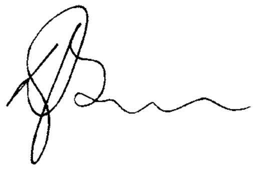
- Personal Accident Insurance
- Directors' and Officers' Liability

ROUNDING OFF

Amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of directors.

Dated at Darwin this 22nd day of September 2020.



Mr Dennis Bree
Director and Chairperson

POWER GENERATION CORPORATION

DIRECTORS' DECLARATION

In the opinion of the directors of the Corporation:

(a) The financial statements and notes of the Corporation are in accordance with the *Government Owned Corporations Act 2001*, including:

   (i) giving a true and fair view of the financial position of the Corporation as at 30 June 2020 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards.

(b) There are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they become due and payable.

(c) The financial statements and notes thereto are in compliance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in note 1(b) to the financial statements.

This declaration is made in accordance with a resolution of the directors.

Dated at Darwin this 22nd day of September 2020.

Mr Dennis Bree
Director and Chairperson

POWER GENERATION CORPORATION

INDEPENDENT AUDIT OPINION

Auditor-General

Independent Auditor's Report to the Board of Directors
Power Generation Corporation

Page 1 of 4

Opinion

I have audited the financial report of Power Generation Corporation (the Corporation), which comprises the statement of financial position as at 30 June 2020, 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, 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 Generation 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 2020 and of its financial performance for the year ended on that date; and
- Complying with *International Financial Reporting Standards* as disclosed in Note 1(b).

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 scope response to the Key Audit Matter
Carrying value of property, plant and equipment and calculation of impairment	
Property, plant and equipment totalling \$302.880 million, as disclosed in Note 10 to the financial statements, represents a significant balance. A net asset impairment reversal of \$0.980 million disclosed in the statement of profit or loss and other comprehensive income represents a significant balance. Significant management judgement is applied in determining the value in use of property, plant and equipment and any related impairment adjustment attributable to each cash generating unit.	My audit procedures included but were not limited to: ▪ obtaining an understanding of the key controls associated with the preparation of the valuation models used to assess the recoverable amount of the assets within each cash generating unit; ▪ assessing the consistency of the forecast cash flow to the Board approved five year financial plan documented within the latest Statement of Corporate Intent; ▪ checking, on a sample basis, the mathematical accuracy of the cash flow forecast and impairment model and the appropriateness of the inclusion of the specific cash flows in accordance with the Accounting Standards;

POWER GENERATION CORPORATION

INDEPENDENT AUDIT OPINION

Auditor-General

Key Audit Matter	Audit scope response to the Key Audit Matter
The valuation of property, plant and equipment is a key audit matter due to the complexity in the evaluation of the recoverable amount of the assets which requires significant judgement in determining the key assumptions supporting the expected future cash flows of the Corporation, the utilisation of the relevant assets and the useful lives of property, plant and equipment. As disclosed in Note 2, the COVID-19 pandemic has led to increased volatility, though limited, in key assumptions including the cash flow projections and growth rates, used in the expected future cash flow calculations. The utilisation and useful life of each asset can change significantly as a result of technical innovations or other events.	▪ performing sensitivity analyses to stress test the key assumptions used in the valuation model around key drivers such as growth rates and discount rates and considering the impact on the recoverable amount from changes in these key assumptions especially in view of the COVID-19 pandemic impacts on the cash flow projections and growth rates; ▪ reviewing the useful lives of assets as determined by management; ▪ reviewing the qualifications and independence of the specialists appointed by the Corporation to undertake the Weighted Average Cost of Capital calculation; and ▪ reviewing the Corporation's framework for determining the recoverable amount relevant to each cash generating unit.
Estimation and valuation of Decommissioning Provision	
The provision associated with the Ron Goodin Power Station decommissioning of $5.356 million, as disclosed in Note 15 to the financial statements, represents a significant balance. The estimation of future decommissioning costs requires significant judgement as decommissioning is an evolving activity and there is limited historical precedent against which to benchmark estimated future costs.	My audit procedures included but were not limited to: ▪ assessing the annual review and confirmation of the estimated costs of decommissioning determined by the Corporation's contractor engaged for the project; ▪ reviewing the consistency in the application of the current year's principles and assumptions to the prior year and to the Corporation's accounting policy, as described in Note 1(q) to the financial statements; ▪ reviewing the calculation of the present value of expected future payments of the provision using a pre-tax discount rate that reflect current market assessment of time value of money and the risks specific to the liability; and ▪ checking the mathematical accuracy of the provision calculation and the correct treatment of the movement in the Corporation's books.
Recoverability of deferred tax asset	
The deferred tax asset of $23.099 million, as disclosed at Note 11 to the financial statements, represents a significant balance in the Corporation's financial statements. Recognition of the deferred tax asset is influenced by management's assessment of the ability of the Corporation to realise the asset.	My procedures included but were not limited to: ▪ assessing the accounting and taxation advice received and provided by the Corporation; ▪ re-performing the testing on the recoverability of the deferred tax assets; and ▪ ascertaining that the Corporation's recognition of deferred tax asset attributable to impairment losses is reasonable.

POWER GENERATION CORPORATION

INDEPENDENT AUDIT OPINION

Auditor-General

Key Audit Matter	Audit scope response to the Key Audit Matter
Unbilled Revenue Estimate at year end	
Unbilled revenue of $17.051 million, as disclosed in Note 7 to the financial statements, represents an estimate of the value of electricity generated and sent out however not billed as at 30 June 2020. Management's estimate is based upon information provided by the market operator.	My procedures included but were not limited to: ▪ recalculating the unbilled revenue based on the preliminary settlement statements obtained from the market operator; ▪ reviewing the final settlement obtained from the market operator against the preliminary settlement at year end; ▪ reviewing the reconciliation between the information provided by the market operator and the Supervisory control and data acquisition (SCADA) readings; and ▪ performing a trend analysis of the unbilled revenue.

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 in the Corporation's Annual Report for the year ended 30 June 2020, but does not include the financial report 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 1(b), the Directors also state, in accordance with 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.

POWER GENERATION CORPORATION

INDEPENDENT AUDIT OPINION

Auditor-General

Page 4 of 4

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.
- 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 Directors' 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

22 September 2020

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

POWER GENERATION CORPORATION
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $'000	2019 $'000
Revenue	3	264,786	267,883
Cost of energy		216,795	221,954
Gross profit		**47,991**	**45,929**
Other income	3	2,491	650
Administrative expenses	4	28,145	28,097
Other expenses		2,908	955
Impairment (reversal)/expense	4	(98)	(21,144)
Finance costs	4	8,119	8,817
Profit before income tax		**11,408**	**29,854**
Income tax expense	5	3,509	21,364
Profit for the year		**7,899**	**8,490**
Other comprehensive income			
Other comprehensive income		-	-
Total other comprehensive income for the year		**-**	**-**
Total comprehensive income for the year		**7,899**	**8,490**

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

STATEMENT OF FINANCIAL POSITION

POWER GENERATION CORPORATION
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $'000	2019 $'000
ASSETS			
Current assets			
Cash and cash equivalents	6	45,541	33,245
Trade and other receivables	7	24,063	24,263
Inventories	8	26,683	26,805
Current tax receivable	13	-	148
Other current assets	9	1,022	858
Total current assets		**97,309**	**85,319**
Non-current assets			
Property, plant and equipment	10	301,571	306,667
Intangible assets	10	1,309	1,068
Deferred tax asset	11	23,099	26,346
Total current assets		**325,979**	**334,081**
Total assets		**423,288**	**419,400**
LIABILITIES			
Current liabilities			
Trade and other payables	12	26,662	27,484
Deferred income	18	3,333	3,333
Taxes payable	13	273	-
Employee provisions	14	10,996	9,373
Lease Liabilities	19	698	-
Total current liabilities		**41,962**	**40,190**
Non-current liabilities			
Other payables	12	310	310
Employee provisions	14	1,575	1,482
Other provisions	15	5,356	5,306
Deferred tax liability	16	3	13
Deferred income	18	42,056	45,389
Lease Liabilities	19	1,664	-
Borrowings	17	200,000	200,000
Total non-current liabilities		**250,964**	**252,500**
Total liabilities		**292,926**	**292,690**
Net assets		**130,363**	**126,710**
EQUITY			
Contributed equity	21	213,593	213,593
Reserves	22	107	107
Retained earnings/(deficit)	23	(83,337)	(86,990)
Total equity		**130,363**	**126,710**

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

STATEMENT OF CHANGES IN EQUITY

POWER GENERATION CORPORATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Contributed equity $’000	Revaluation reserve $’000	Retained earnings/ (deficit) $’000	Total equity $’000
Balance at 1 July 2019	21, 22, 23	213,593	107	(86,990)	126,710
Profit for the year		-	-	7,899	7,899
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**-**	**-**	**7,899**	**7,899**
Transactions with owners in their capacity as owners:					
Contributions of equity		-	-	-	-
Dividend paid or provided		-	-	(4,246)	(4,246)
Balance at 30 June 2020	21, 22, 23	**213,593**	**107**	**(83,337)**	**130,363**
Balance at 30 June 2018	21, 22, 23	198,593	107	(95,480)	103,220
Profit for the year		-	-	8,490	8,490
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**-**	**-**	**8,490**	**8,490**
Transactions with owners in their capacity as owners:					
Contributions of equity		15,000	-	-	15,000
Balance at 30 June 2019	21, 22, 23	**213,593**	**107**	**(86,990)**	**126,710**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

POWER GENERATION CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Receipts from customers		264,335	269,960
Interest received		248	331
Payments to suppliers and employees		(226,038)	(234,073)
Interest paid		(7,384)	(8,858)
Income taxes received/(paid)		148	1,091
Net cash flows from operating activities	24	**31,309**	**28,451**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		(49)	33
Payments for property, plant and equipment		(13,490)	(20,663)
Payments for intangibles		(643)	(16)
Net cash flows used in investing activities		**(14,182)**	**(20,646)**
Cash flows from financing activities			
Dividends paid		(4,245)	-
Equity received		-	15,000
Principal repayment of lease liabilities		(586)	-
Net cash flows (used in)/from financing activities		**(4,831)**	**15,000**
Net increase in cash and cash equivalents		**12,296**	**22,805**
Cash and cash equivalents at the beginning of the period		33,245	10,440
Cash and cash equivalents at the end of the period	6	**45,541**	**33,245**

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

POWER GENERATION CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

CORPORATE INFORMATION

Power Generation Corporation (the Corporation) trading as Territory Generation was established on 29 May 2014 under the *Power Generation Corporation Act 2014* (PGC Act).

The Corporation is declared to be a Government Owned Corporation for the purposes of the *Government Owned Corporations Act 2001* (GOC Act).

The Board of Directors is responsible to the shareholding Minister for the financial performance of the Corporation. The financial report was authorised for issue by the directors on 22 September 2020.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) New, revised or amending accounting standards and interpretations adopted

The Corporation has adopted all of the new, revised or amending accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

AASB 16 Leases

AASB 16 Leases (AASB 16) supersedes AASB 117 Leases and relevant interpretations and introduces significant changes to lessee accounting by removing the distinction between operating and finance leases. For lessees with operating leases, a right-of-use asset has now been recognised on the balance sheet together with a lease liability at the lease commencement.

In accordance with transition provisions, the Corporation has applied the modified retrospective approach on transition to AASB 16, with the cumulative effect of initial application of the standard as an adjustment to the balance sheet as at 1 July 2019. Accordingly, the comparative information presented for 2018–19 has not been restated and is presented as previously reported.

Lease liabilities recognised at 1 July 2019 have been measured at the present value of the remaining lease payments discounted using the Corporation's weighted average incremental borrowing rate at the date of initial application. The weighted average incremental borrowing rate applied to the lease liabilities as at 1 July 2019 was 4.41%.

The corresponding right-of-use asset has been recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 1 July 2019.

The Corporation has applied the following practical expedients permitted by AASB 16 on transition:

- lease classification has been grandfathered. Where a contract did not contain a lease at 1 July 2019 under AASB 117 and Interpretation 4, these have not been reassessed
- application of a single discount rate to a portfolio of leases with reasonably similar characteristics
- application of onerous contract assessment before transition, in place of performing an impairment review
- leases with a term of less than 12 months as at 1 July 2019 were expensed rather than recognised on the balance sheet
- exclusion of initial direct costs from the measurement of the right-of-use asset as at 1 July 2019
- application of hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

On adoption of AASB 16, the Corporation recognised additional right-of-use assets and lease liabilities for property and vehicles which had previously been classified as operating leases.

BALANCE SHEET

	1 July 2019 Amount $’000
Assets	
Right of use assets – Buildings	1,858
Right of use assets – Motor Vehicles	836
Total Assets	**2,694**
Liabilities	
Lease liabilities	2,694
Total liabilities	**2,694**
Net assets	**-**

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments of 30 June 2019, as follows:

	Amount $’000
Minimum operating lease commitments as at 1 July 2019	3,685
Less: commitments relating to short-term leases	(692)
Undiscounted lease payments	2,993
Less: effect of discounting using the incremental borrowing rate	(299)
Lease liabilities as at 1 July 2019	**2,694**

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

(b) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the GOC Act, as appropriate for profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements comprise Power Generation Corporation's financial statements as an individual entity. For the purpose of preparing financial statements, the Corporation is a for-profit entity.

Historical Cost Convention
The financial statements have been prepared under the historical cost convention. Cost is based on the fair values of the consideration given in exchange for the assets. Certain assets are carried at their fair value, where the fair value is lower than the historical cost.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

(c) Foreign currency translation

The financial statements are presented in Australian dollars, which is the Corporation's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at financial year-end exchange rates are recognised in profit or loss.

(d) Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Corporation recognises revenue when performance obligations under relevant customer contracts are completed. Performance obligations may be completed at a point in time or over time.

Electricity sales
Revenue is recognised upon billing, as there is a right to invoice, when the customers have consumed the performance obligation of electricity supply. Electricity sales revenue is recognised on measurement of electrical consumption at the metering point, as derived from the information provided by the Market Operator. The transaction price is the contracted price for the electricity consumed during the period. Electricity sales are billed monthly in arrears with 30 day payment terms. At each balance date, sales and receivables include an amount of sales delivered to customers but not yet billed and recognised as accrued income.

Unbilled revenue
Unbilled revenue is recognised to the extent that the performance obligation has been completed and the revenue can be measured reliably. Therefore, the Corporation has recognised the estimate of the amount of electricity consumed but yet to be billed. Refer Note 2 for further details.

Interest
Interest revenue is accrued on a time basis using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the carrying amount of the financial asset.

Government grants
Government grants are recognised upon receipt. Grants related to purchase or construction of assets are treated as deferred income and allocated to the income statement over the useful lives of the related assets while grants related to expenses are treated as other income in the income statement.

Other revenue
Other revenue includes fees for services provided to customers. These fees charged for providing ongoing services are recognised as income over the period the service is provided.

(e) Income tax equivalents

The Corporation is required to make income tax equivalent payments to the Northern Territory Government based on taxable income. It is not liable to pay Commonwealth tax that would be payable were it not a Government Owned Corporation.

Income tax equivalent payments are made pursuant to section 33 of the GOC Act and are based on rulings under the National Tax Equivalent Regime (NTER). The NTER gives rise to obligations which reflect in all material aspects those obligations for taxation which would be imposed by the Income *Tax Assessment Act 1936 and 1997*.

Current tax
The income tax expense for the period is the tax payable on that period's taxable income based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax
Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

(f) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when:

- It is expected to be realised or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within 12 months after the reporting period; or
- The asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are normally settled within 30 days and are carried at amounts due.

Other receivables are recognised at amortised cost, less any provision for impairment.

The Corporation recognises an allowance for expected credit losses (ECLs) for trade and other receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Corporation expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the loan contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables, the Corporation applies a simplified approach in calculating ECLs. Therefore, the Corporation does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Corporation has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. The Corporation considers a trade and other receivables in default when contractual payments are past agreed contract terms, and for receivables not under an agreement, 30 days past due. However, in certain cases, the Corporation may also consider a financial asset to be in default when internal or external information indicates that the Corporation is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Corporation. A trade and other receivables is written off when there is no reasonable expectation of recovering the contractual cash flows.

(i) Inventories

Inventories are carried at the lower of cost and net realisable value using the weighted average cost method, and are impaired accordingly to take into account obsolescence.

(j) Property, plant and equipment

It is the Corporation's policy to record all fixed asset items at fair value. All assets recognised by the Corporation on 1 July 2014 from the structural separation of Power and Water Corporation (PWC) were valued at fair value on an income basis for initial recognition. The condition of the assets was assessed and estimates of the remaining useful lives of all assets were calculated.

Initially the asset item is recorded at the fair value of the consideration to acquire the item. In most cases, this will be the purchase price, or the cost of the asset. On a periodic basis a fair value assessment will be performed under the value in use approach.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria is met. Refer to significant accounting judgements, estimates and assumptions (Note 2) and other provisions (Note 15) for further information about the recognised decommissioning provision.

The Corporation depreciates/amortises assets over their useful lives utilising both the time basis and output/service basis of depreciation/amortisation. The determination of the appropriate method is based on the expected pattern of consumption of the future economic benefits embodied in the asset.

Assets depreciated/amortised using the time basis are:

Asset class	Effective life
Buildings	10 to 40 years
Plant and equipment	2 to 40 years
Intangibles	2 to 10 years

Assets depreciated using the output/service basis are:

Asset class	Effective life
Prime movers	22,000 to 60,000 equivalent operating hours

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

The Corporation capitalises assets when the asset life is greater than one year, and the cost is greater than $10,000. For expenditure on existing assets, the cost is capitalised if:

- the service capacity is significantly increased;
- the useful life has increased significantly and permanently from original expectations;
- there has been a significant increase in efficiency or performance;
- a component on the fixed asset register has been replaced; or
- it represents an item of major periodic maintenance where the cyclical inspections are greater than one year and the new asset will be recognised as a component of the parent asset.

An item of property, plant and equipment is derecognised upon disposal or where there is no future economic benefit to the Corporation. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained earnings.

Capital work in progress (CWIP) represents assets which are under construction/development and have not been completed for their intended use. As such, CWIP is recognised in the balance sheet as an asset but is not depreciated. Once the assets have been completed and are available for intended use, they will be capitalised to one of the above asset classes and depreciation will commence.

(k) Leases

Right of Use Assets

Corporation as a lessee
The Corporation leases office buildings and motor vehicles. Lease contracts are typically made for fixed periods of 4 to 10 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants. The Corporation does not provide residual value guarantees in relation to leases.

The Corporation has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less with no purchase option. Low value assets are assets with a fair value of $10,000 or less when new and not subject to a sublease arrangement comprising mainly of photocopiers.

Recognition and measurement (under AASB 16 from 1 July 2019)
The Corporation assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

The Corporation recognises right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability, adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site, if any.

Right-of-use assets are amortised on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Asset class	Effective life
Buildings	5 to 10 years
Motor vehicles	4 to 7 years

If ownership of the leased asset transfers to the Corporation at the end of the lease term or the cost reflects the exercise of a purchase option, amortisation is calculated using the estimated useful life of the asset. The right-of-use assets are subsequently measured at fair value which approximates costs except for those arising from leases that have significantly below-market terms and conditions principally to enable the Corporation to further its objectives and are also subject to impairment.

The right-of-use assets are subject to remeasurement principles consistent with the lease liability including indexation and market rent review that approximates fair value and only revalued where a trigger or event may indicate their carrying amount does not equal fair value.

Recognition and measurement (under AASB 117 until 30 June 2019)
Operating lease payments are recognised as an operating expense in the comprehensive operating statement on a straight-line basis over the lease term.

Lease Liabilities

At the commencement date of the lease where the Corporation is the lessee, the Corporation recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments may include fixed payments (including in substance fixed payments) less any lease incentives receivable and payments of penalties for terminating the lease, if the lease term reflects the entity exercising the option to terminate.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Corporation's leases, the weighted average incremental borrowing rate is used as the incremental borrowing rate.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (such as changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liabilities are determined in accordance with AASB 117 until 30 June 2019. From 1 July 2019, lease liabilities are determined in accordance with AASB 16.

(l) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The amortisation method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Software
Significant costs associated with software are amortised on a straight-line basis over their estimated useful lives. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Software has a useful life of 2 - 10 years.

(m) Impairment of non-financial assets

At each reporting date, the Corporation reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). For Territory Generation each region is not connected and therefore meets the criteria to be identified as a separate CGU.

The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less costs to sell. The value-in-use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate specific to the asset or CGU to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill (if applicable), and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Corporation prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where the Corporation has the discretion to refinance or roll over an obligation for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

(p) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:

- interest on bank overdrafts
- interest on short-term and long-term borrowings
- interest on finance leases
- unwinding of discounts on provisions.

(q) Provisions

Provisions are recognised when the Corporation has a present (legal or constructive) obligation as a result of a past event, it is probable 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 reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Decommissioning
A decommissioning provision is raised when there is the existence of a present obligation that can be reliably measured. Reliable measurement is taken at the point a reasonable expectation of the remaining useful life of the asset can be determined. The provision is measured as the present value of expected future payments. The expected future payments are discounted to present value using an appropriate discount rate.

(r) Employee benefits

Short term employee benefits
Liabilities for wages and salaries, including 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 in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for long service leave expected to be settled more than 12 months from 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 to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are 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.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(s) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on their highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(t) Issued capital

The GOC Act 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 this share.

(u) Goods and Services Tax (GST) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(v) Dividends

Dividends are recognised when declared and at the point in time they become payable to the government.

(w) Cost of energy

Cost of energy is recognised as those costs directly attributable to the energy sold and includes the costs of electricity generation, materials and associated network connection expenses. Electricity generation costs are those direct costs including generator operation and maintenance, direct facility costs and the contracted purchase price of electricity from third party suppliers.

(x) Rounding of amounts

The Corporation is of a kind referred to in the Australian Securities and Investments Commission (ASIC) Instrument 2016/191 (for rounding in Financial/Directors' reports), issued by ASIC, in relation to "rounding off". Amounts in this report have been rounded off in accordance with that ASIC Instrument to the nearest thousand dollars, or in certain cases the nearest dollar.

(y) Going concern

The policy environment supports and possibly accelerates the expected increase in penetration of solar power through the government's target of 50 per cent renewable by 2030.

Territory Generation's role through this transition will be to play a key role in ensuring the reliability of the power systems while keeping the costs of transition as low as possible. It will also look for business opportunities in thermal generation that spread our fixed costs over higher revenue thus increasing the return for government.

Accordingly, the financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Impact of COVID-19
The COVID-19 crisis has led to more variability and uncertainty underlying the preparation of the Corporation's financial statements. Additional considerations of key estimates and judgement areas have been made where appropriate when assessing areas such as impairment of assets, expected credit losses of receivables, recovery of deferred tax assets and the assessment of the entity's ability to continue as a going concern.

Fortunately for Territory Generation, the impact of the COVID-19 crisis on the Corporations financial performance and financial outlook has been limited. This assessment is based on the following considerations:

- Forward cash flow projections are not significantly affected due to demand forecasts and fixed tariff rates.
- The continuity of four key customers with no indication of cash flow problems.
- Funding sources including loans with Northern Territory Government and its ability to roll over maturing loans when they fall due.
- The impact of current economic conditions on business continuity.

The most challenging area of consideration from the COVID-19 crisis is impairment of assets and the supportable estimates of future cash flows. Although current estimates suggest limited volatility in cash flows projections and growth rates there is increased volatility as a result of the crisis. To capture this uncertainty in the market when calculation asset impairment, the Corporation has reviewed and updated the discount rate used to reflect current market data.

Unbilled Revenue
The Corporation recognises an estimate of the amount of electricity consumed but yet to be billed. The estimate is derived from information provided by the Market Operator to all market participants. Refer to Note 7 for more information.

Provision for expected credit losses of trade and other receivables
The Corporation uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by location, customer type).

The provision matrix is initially based on the Corporation's historical observed default rates. The Corporation will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Corporation's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Corporation's trade and other receivables is disclosed in Note 7.

Provision for obsolescence of inventories
The provision for obsolescence of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent consumption experience, the ageing of inventories and other factors that affect inventory obsolescence. Refer to Note 8 for more information.

Estimation of useful lives of assets
The Corporation determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down. Refer to Note 10 for more information.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised. The Corporation has not derecognised its Deferred Tax Asset balance during the financial year based on its assessment of future taxable profit. This assessment may change in response to future unexpected events and other factors. Refer to Note 11 for more information.

Employee benefits provision
As discussed in Note 1(r), the liability for employee benefits expected to be settled more than 12 months from the reporting date is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account. Refer to Note 14 for more information.

Decommissioning provision
The Corporation has recognised a decommissioning provision based on internal and external assessment of the decommissioning of Ron Goodin Power Station (RGPS) and engines at Tennant Creek Power Station. This assessment may be subject to future unexpected events and as such may change in response to other factors. The provision is measured at the present value of the estimated future payment using a discount rate. Refer to Note 15 for more information.

With regards to RGPS, which was expected to be closed this year, it remains operational as a result of the system black in order to provide additional capacity to the Alice Springs system. Work is underway to determine if it has an ongoing role in the system due to demand growth and maximum temperatures.

Key assumptions used in the calculation of the provision:

- decommissioning cost estimates provided by an external expert adjusted for CPI
- management estimates on the expected remaining useful life.

Impairment loss and Impairment reversal
The Corporation has recognised an impairment loss and a reversal of the prior year impairment based on an assessment of the recoverable amount of its assets.

Determining the recoverable amount requires estimates of the future cash flow, discount rates and other internal and external factors. Refer to Note 10 for more information.

Other key assumptions used in the calculation of the recoverable amounts:

- inflation was calculated using CPI rates as per the 2020–21 Statement of Corporate Intent (SCI)
- growth rates of between 0.0% and 1.31% beyond 2024 were used
- market share for each region is detailed in the 2020–21 SCI and has been assumed based on publicly available information.

POWER GENERATION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 $'000	2019 $'000

3. REVENUE

	2020 $'000	2019 $'000
Revenue - recognised over time		
Electricity sales	261,453	264,816
Deferred grant income	3,333	1,278
Other revenue	-	1,789
	264,786	**267,883**
Other income - recognised at a point in time		
Other income	**2,243**	**319**
Interest income	248	331
	2,491	**650**

4. EXPENSES

Profit/(loss) before income tax includes the following specific expenses:

	2020 $'000	2019 $'000
(a) Administrative expenses		
Employee benefits expense	13,429	12,826
Depreciation and amortisation	2,117	2,706
Other administrative costs	12,599	12,565
Total administrative expenses	**28,145**	**28,097**
(b) Depreciation and amortisation		
Included in cost of energy:		
Property, plant and equipment	18,977	16,464
Intangible assets	295	106
	19,272	**16,570**
Not included in cost of energy:		
Property, plant and equipment	2,010	2,252
Intangible assets	107	454
	2,117	**2,706**
Total depreciation and amortisation	**21,389**	**19,276**
(c) Impairment of assets		
Impairment expense	832	45,105
Impairment reversal	(930)	(66,249)
Total net impairment of assets	**(98)**	**(21,144)**
(d) Finance costs		
Interest and finance charges	8,119	8,817
Total finance costs	**8,119**	**8,817**
(e) Employee benefits expense		
* Employee benefits expense	35,731	32,209
Total employee benefits expense	**35,731**	**32,209**

* Includes all employee-related costs, including those costs that form part of cost of energy and part of administrative expenses.

POWER GENERATION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

5. INCOME TAX EQUIVALENT EXPENSE

	2020 $'000	2019 $'000
(a) Income tax expense		
Current tax (benefit)/expense	273	(904)
Deferred income tax		
Movement in deferred tax assets	3,247	22,261
Movement in deferred tax liabilities	(10)	7
Total deferred tax expense / (benefit)	**3,237**	**22,268**
Income tax expense/(benefit)	**3,509**	**21,364**
(b) Reconciliation of income tax expense to prima facie tax payable		
Net profit/(loss) before tax	11,408	29,854
Tax expense/(benefit) at the statutory income tax rate of 30%	3,422	8,956
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income	87	12,408
Current equivalent tax expense/(benefit)	**3,509**	**21,364**

6. CASH AND CASH EQUIVALENTS

	2020 $'000	2019 $'000
Cash at bank	45,541	33,245
Cash and cash equivalents	**45,541**	**33,245**

A $20 million overdraft facility has been approved from 1 July 2019 and is available to manage short term operational cash requirements.

7. TRADE AND OTHER RECEIVABLES

	2020 $'000	2019 $'000
Trade receivables	5,357	6,314
Less: impairment of receivables	-	-
	5,357	**6,314**
Other receivables		
Unbilled generation	17,051	17,821
Interest receivable	11	44
Other receivables	1,644	84
Total current receivables	**24,063**	**24,263**

Impairment of receivables

No trade receivables are considered to require impairment.

POWER GENERATION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

8. INVENTORIES

	2020 $'000	2019 $'000
Stores and spares	26,771	26,591
Less: Provision for obsolescence	(2,672)	(2,635)
	24,099	**23,956**
Fuel stocks	2,584	2,849
Total Inventories	**26,683**	**26,805**
Movement in the provision for obsolescence:		
Opening provision for obsolescence	2,635	2,598
Additional provisions recognised during the period	37	37
Closing provision for obsolescence	**2,672**	**2,635**

9. OTHER CURRENT ASSETS

	2020 $'000	2019 $'000
Prepayments	1,022	858
Total other current assets	**1,022**	**858**

Prepaid costs greater than $10,000 are recorded in the balance sheet and released over the relevant period.

10. PROPERTY, PLANT, EQUIPMENT AND INTANGIBLES

	2020 $'000	2019 $'000
(a) Summary		
Property, plant and equipment		
Land at cost	1,219	1,219
Less: Accumulated impairment	(469)	(476)
At fair value		
Land at valuation	107	107
	857	**850**
Buildings at fair value	68,293	68,109
Less: Accumulated depreciation and impairment	(28,238)	(34,052)
	40,055	**34,057**
Plant and Equipment at fair value	475,898	448,942
Less: Accumulated depreciation and impairment	(225,480)	(196,082)
	250,418	**252,860**
Right of Use Assets at cost	2,938	-
Less: Accumulated amortisation	(616)	-
	2,322	**-**
Assets under construction - net of accumulated impairment of $271 thousand (2019:$1,447 thousand)	7,920	18,900
Total property, plant and equipment	**301,572**	**306,667**
Intangibles at cost	5,237	5,000
Less: Accumulated amortisation and impairment	(3,929)	(3,932)
Total intangibles	**1,308**	**1,068**
Total property, plant, equipment and intangibles	**302,880**	**307,735**

POWER GENERATION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Land and buildings (at fair value and cost) $'000	Plant and equipment (at fair value) $'000	Intangibles (at fair value) $'000	Right of use (at cost) $'000	Assets under construction (at cost) $'000	Total $'000
(b) Reconciliations						
Reconciliations of the movement in carrying amounts at the beginning and end of the financial year are set out below:						
Net carrying amounts						
Opening balance at 1 July 2018	31,647	181,172	690	-	72,559	286,068
Additions	12	98	16	-	19,921	20,047
Capitalisation	9,895	61,276	962	-	(72,133)	-
Disposals	-	(248)	-	-	-	(248)
Impairment of assets (Note 4c)	(6,208)	(35,706)	(41)	-	(3,150)	(45,105)
Reversal of previous impairment of assets (Note 4c)	1,677	62,869	-	-	1,703	66,249
Depreciation expense (Note 4b)	(2,116)	(16,601)	(559)	-	-	(19,276)
Closing balance at 30 June 2019	**34,907**	**252,860**	**1,068**	**-**	**18,900**	**307,735**
Opening balance at 1 July 2019	34,907	252,860	1,068	-	18,900	307,735
Adjustments	7,959	(8,367)	406	-	-	(2)
Additions	-	257	237	2,938	16,283	19,715
Capitalisation	184	26,808	-	-	(26,992)	-
Disposals	-	(56)	-	-	-	(56)
Impairment transfer from CWIP on assets capitalised	-	(3,317)	-	-	-	(3,317)
Impairment of assets (Note 4c)	(54)	(475)	-	-	(303)	(832)
Reversal of previous impairment of assets (Note 4c)	39	859	-	-	32	930
Depreciation expense (Note 4b)	(2,123)	(18,152)	(402)	(616)	-	(21,293)
Closing balance at 30 June 2020	**40,912**	**250,417**	**1,309**	**2,322**	**7,920**	**302,880**

	Land and buildings (at fair value and cost) $'000	Plant and equipment (at fair value) $'000	Intangibles (at fair value) $'000	Right of use (at cost) $'000	Assets under construction (at cost) $'000	Total $'000
Net Carrying amounts						
At 30 June 2019	34,907	252,860	1,068	-	18,900	307,735
At 30 June 2020	40,912	250,417	1,309	2,322	7,920	302,880

POWER GENERATION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Impairment loss

Wholesale prices approved by the shareholding Minister and the continuing loss of market share triggered the impairment of assets. An additonal impairment loss of $0.8 million (2019: $45.1 million) was recognised as the carrying amounts of the assets exceeded their recoverable amounts.

Impairment losses were applied to the assets on a pro-rata basis in the following regions:

	2020 $'000	2019 $'000
Darwin-Katherine region	-	42,167
Alice Springs region	-	-
Tennant Creek region	268	-
Yulara region	564	2,140
Kings Canyon region	-	798
Total	**832**	**45,105**

In determining the value in use for each cash generating unit, pre tax cashflows were discounted using a rate of 7.0% (pre-tax) (2019: 8.8%).

Impairment reversal

Kings Canyon Resort behind-the-meter diesel generation suffered a significant failure with no plans for reparation, resulting in generation demand for the Corporation. An impairment reversal of $0.9 million (2019: $66.249 million) was recognised as the recoverable amounts of the assets exceeded their carrying amounts.

Impairment reversals were applied to the assets on a pro-rata basis in the following regions:

	2020 $'000	2019 $'000
Alice Springs region	-	47,514
Tennant Creek region	-	18,735
Kings Canyon region	930	-
Total	**930**	**66,249**

In determining the value in use for each cash generating unit, pre tax cashflows were discounted using a rate of 7.0% (pre-tax) (2019: 8.8%).

POWER GENERATION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

11. DEFERRED TAX ASSET

Deferred tax asset comprises temporary differences attributable to:

	2020 $'000	2019 $'000
Amounts recognised in profit and loss:		
Employee provisions	3,717	3,242
Other provisions	1,434	1,592
Obsolete stock provision	801	790
Deferred grant income	13,617	14,617
Property, plant and equipment	3,530	5,201
Tax losses carried forward	-	904
Deferred tax asset	**23,099**	**26,346**
Movements:		
Opening deferred tax asset	26,346	47,704
Movement from deferred tax liability	-	-
Credited/(charged) to profit or loss	(3,247)	(21,358)
Closing deferred tax asset	**23,099**	**26,346**
Deferred tax liability - refer Note 16	3	13
Net deferred tax assets	**23,096**	**26,333**

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of impairment losses, or on the reversal of previously impaired assets under construction, because it is not probable that future taxable profit will be available against which the Corporation can utilise the benefits.

	2020 $'000	2019 $'000
Impairment Losses	29,880	29,801
	29,880	**29,801**

12. TRADE AND OTHER PAYABLES

	2020 $'000	2019 $'000
Current		
Trade creditors	10,598	9,980
Other creditors and accruals	6,245	7,419
Energy accruals	9,819	10,085
	26,662	**27,484**
Non-current		
Other non-current payables	310	310
	310	**310**

The policy of the Corporation is to settle current trade payables within 30 days. The Corporation has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

13. CURRENT TAX PAYABLE/(RECEIVABLE)

	2020 $'000	2019 $'000
Provision for income tax	273	(148)
Current tax payable/(receivable)	**273**	**(148)**

POWER GENERATION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

14. EMPLOYEE PROVISIONS

	2020 $'000	2019 $'000
Current		
Employee benefits	10,996	9,373
	10,996	**9,373**
Non-current		
Employee benefits	1,575	1,482
	1,575	**1,482**

Employee benefits include amounts for recreation leave, long service leave and related on costs.

It is expected that recreation leave earned should be settled within 12 months.

15. OTHER PROVISIONS

	2020 $'000	2019 $'000
Decommissioning		
Opening decommissioning provision	5,306	6,663
Additional/(reversal) of provisions made during the year	50	(1,357)
Closing decommissioning provision	**5,356**	**5,306**

The decommissioning provision has been recognised due to the existence of a present obligation for the rectification of the operating site at Ron Goodin Power Station which is coming to the end of its useful life, and for the disposal of Tennant Creek Power Station old engines.

The decommissioning provision has been adjusted for the time value of money based on its estimated future payments.

16. DEFERRED TAX LIABILITY

Deferred tax liability comprises temporary differences attributable to:

	2020 $'000	2019 $'000
Amounts recognised in profit or loss:		
Interest	3	13
Deferred tax liability	**3**	**13**
Movements:		
Opening deferred tax liability	13	6
Charged/(credited) to profit or loss	(10)	7
Movement to deferred tax asset	-	-
Closing deferred tax liability	**3**	**13**

17. BORROWINGS

	2020 $'000	2019 $'000
Non Current		
Northern Territory Government loans - unsecured	200,000	200,000
	200,000	**200,000**

The loans have been classified as Non Current as the Corporation has the discretion to roll over the maturing loans for at least twelve months after the reporting period.

Refer to Note 1(o) Borrowings, Note 25(f) Interest rate risk and Note 25(h) Liquidity risk.

POWER GENERATION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

18. DEFERRED INCOME

	2020 $'000	2019 $'000
Current	3,333	3,333
Non-current	42,056	45,389
	45,389	**48,722**

The Corporation received a $50 million capital grant toward the construction of Alice Springs and Tennant Creek power stations in 2016–17. Construction was completed during the 2018–19 year. Accordingly, a portion of the deferred income was realised and allocated to statement of profit or loss and other comprehensive income during the year. Refer to Note 1 (d).

19. LEASE LIABILITIES

Leasing arrangements

The Corporation leases motor vehicles and buildings throughout the Northern Territory. The lease terms vary between 1 and 10 years.

The present value discount factor used for the minimum lease payments was 4.41% at the inception of leases in 2020.

The Corporation lease liabilities consisted of:

	Amount $'000
Current	
- Lease liabilities	698
Non Current	
- Lease liabilities	1,664
Total	**2,362**

The following table presents liabilities under leases for 2019–20:

	Amount $'000
Balance at 1 July 2019	
Recognition of lease liabilities on initial adoption of AASB 16	2,694
Adjusted balance at 1 July 2019	2,694
Additions/re-measurements	263
Interest expenses	109
Payments	(704)
Balance at 30 June 2020	**2,362**

Future minimum lease payments under non-cancellable leases not recorded as liability are as follows:

	2020 $'000	2019 $'000
Within one year	-	1,462
Later than one year and not later than five years	-	1,179
Later than five years	-	34
	-	**2,675**

Fair value

The fair value of the finance lease liabilities is approximately equal to their carrying value.

POWER GENERATION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 $'000	2019 $'000

20. ISSUED CAPITAL

Share capital		
1 Share	-	-
Total share capital	**-**	**-**

Refer to Note 1(t) Issued Capital.

21. CONTRIBUTED EQUITY

Contributed equity at beginning of the year	213,593	198,593
Contributed equity during the year	-	15,000
Contributed equity at end of the year	**213,593**	**213,593**

The original contributed equity of $183.593 million was the result of the capital structure of the Corporation approved by the shareholding Minister with regard to the fair value of its acquired asset base and an appropriate debt level. An additional $15.0 million was contributed during the 2018-19 year to assist with funding the Corporation's $101.0 million of major capital projects.

22. RESERVES

Balance at beginning of the year	107	107
Movement for the year	-	-
Balance at end of the year	**107**	**107**

A parcel of land in Alice Springs that was allocated to the Corporation upon separation from Power Water Corporation was revalued from its originally allocated value of $1 to $107,000 based on its value in use from its long term lease arrangement.

23. RETAINED EARNINGS

Retained earnings /(deficit) at beginning of the year	(86,990)	(95,480)
Total comprehensive income (loss) for the year	7,899	8,490
Dividends paid	(4,245)	-

POWER GENERATION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 $'000	2019 $'000
Retained earnings/(deficit) at end of the year	**(83,337)**	**(86,990)**

24. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

Profit/(loss) after income tax expense for the year	7,899	8,490
Adjustments for:		
Depreciation and amortisation	21,389	19,276
Net loss on disposal of non-current assets	50	213
Net impairment of assets	(98)	(21,144)
Changes in assets and liabilities:		
Decrease/(increase) in trade, other receivables and other current assets	327	2,868
Inventories	122	(611)
Increase/(decrease) in trade and other payables	(206)	1,506
Energy accruals	(266)	(777)
Provisions	1,766	(2,547)
Deferred income	(3,333)	(1,278)
Taxation liabilities	3,659	22,455
Net cash flows from operating activities	**31,309**	**28,451**

POWER GENERATION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

25. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

The Corporation's activities expose it to a variety of financial risks including market risk, foreign currency risk, price risk, interest rate risk, credit risk and liquidity risk.

Risk management is carried out by the senior executives under policies approved by the board of directors. These policies include identification and analysis of the risk exposure of the Corporation and appropriate procedures, controls and risk limits.

The main purpose of these financial instruments is to raise finance for the Corporation's operations. The Corporation has various other financial instruments such as trade receivables and trade payables. It is the Corporation's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Corporation's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The board of directors review and agree policies for managing each of these risks and they are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in Note 1 to the financial statements.

(b) Market risk

Recent market reforms have exposed the Corporation to competition and potential loss of market share.

The Corporation is focused on developing performance and cost efficiencies across its operations in order to mitigate the business impact of increasing competition.

(c) Efficiency risk

The Corporation is exposed to the risk of running its plant inefficiently to manage electricity network system integrity issues. This includes risks such as inefficient or uneconomic system dispatch, excessive spinning reserve, and running inefficient plant to provide inertia to the system.

(d) Foreign currency risk

The Corporation undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

The Corporation manages foreign currency exposure on a case by case basis, with future foreign currency commitments also considering potential exchange rate volatility . The Corporation has the ability to enter forward exchange rate contracts, or alternatively purchasing foreign currency at current rates to meet future commitments.

The carrying amount of the Corporation's foreign currency denominated monetary liabilities at the reporting date was $0.0 million (2019: $0.0 million)

Foreign currency contracts - cash flow hedges
In order to protect against exchange rate movements and to manage the cost of construction, the Corporation at times enters into forward exchange contracts to purchase US Dollars. These contracts hedge highly probable forecast payments timed to mature, including rollover strategy, when payments are scheduled to be made.

At the reporting date, there are no current hedging contracts.

(e) Price risk

The Corporation manages price risk by aligning the terms of the wholesale electricity sales agreements with its market participants and fuel purchase agreements with its suppliers. As the individual agreements are considered to be commercial-in-confidence, a sensitivity on these risks is not able to be presented.

POWER GENERATION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

(f) Interest rate risk

The Corporation's exposure to the risk of changes in market interest rates relates to the long-term debt obligations to the Northern Territory Government. The loans are interest only based on fixed interest rates and the Corporation is exposed to interest rate risk when there are interest rate resets only upon expiry and refinancing of the fixed rate terms.

The following table shows the Corporation's debt and interest obligations to the Northern Territory Government:

	2020		2019	
	Fixed rate loans $'000	Average interest rate %	Fixed rate loans $'000	Average interest rate %
Remaining loan term				
0 - 1 year	30,000	4.17	133,000	4.56
1 to 2 years	37,000	3.55	10,000	4.11
2 to 5 years	133,000	3.33	57,000	4.35
Over 5 years	-		-	
	200,000	**3.57**	**200,000**	**4.41**

** See also Note 17. The maturity analysis of loans from Northern Territory Treasury Corporation is based on its current loans agreement.*

Cash flow sensitivity analysis

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and pre-tax profit and loss by the amount shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Effect in $'000				
30 Jun 2020	(2,000)	2,000	(1,400)	1,400
30 Jun 2019	(2,000)	2,000	(1,400)	1,400

(g) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The maximum exposure to credit risk at the reporting date to recognise financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Corporation does not hold any collateral.

The Corporation has a credit risk exposure with Power Retail Corporation trading as Jacana Energy, which as at 30 June 2020 owed the Corporation $5.2 million (100% of trade receivables) (2019 - $6 million). This balance was within the terms of the wholesale electricity sales agreement and no impairment was made as at 30 June 2020 (2019: $Nil). There are no guarantees against this receivable but management closely monitors the receivable balance on a regular basis and is in regular contact with this customer to mitigate risk. This customer is a Government Owned Corporation.

New and existing customers are evaluated for credit risk, with the Corporation actively monitoring the appropriateness of credit limits, and clear accountability for customer relationships established. Ageing analysis is regularly undertaken for all customers to understand and mitigate credit risk.

(h) Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Corporation's objective is to maintain cash to meet its liquidity requirements for 30 day periods. This objective was met for the period.

The Corporation's existing cash resources include a $20 million overdraft, the discretion to roll over loans on maturity, and trade receivables exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within six months.

Liability maturity analysis

	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Non-derivatives 2019-20				
Non-interest bearing				
Trade and other payables	26,662	-	-	-
Interest bearing - fixed rate				
Loans from Northern Territory Treasury Corporation	30,000	37,000	133,000	-
Total	**56,662**	**37,000**	**133,000**	**-**
Non-derivatives 2018-19				
Non-interest bearing				
Trade and other payables	27,484	-	-	-
Interest bearing - fixed rate				
Loans from Northern Territory Treasury Corporation	133,000	10,000	57,000	-
Total	**160,484**	**10,000**	**57,000**	**-**

** See also Note 17. The maturity analysis of loans from Northern Territory Treasury Corporation is based on its current loans agreement.*

POWER GENERATION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

(i) Capital risk management

The Corporation's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide benefits for stakeholders.

The capital structure of the Corporation consists of debt, which includes borrowings disclosed in Note 17, cash and cash equivalents and equity attributable to the equity holder of the Corporation, comprising of contributed capital and retained earnings as disclosed in Notes 21 and 23 respectively.

In order to maintain or adjust the capital structure, the Corporation may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, increase borrowings, reduce debt from operating cash flows or sell assets to reduce debt.

Operating cash flows are used to maintain and expand the Corporation's assets, as well as to meet routine outflows of tax, dividends and servicing of debt.

The Corporation's policy is to borrow centrally using facilities provided by Northern Territory Treasury Corporation to meet anticipated funding requirements.

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

26. COMMITMENTS

	2020 $'000	2019 $'000
Committed at the reporting date but not recognised as liabilities, payable:		
Capital commitments - payable:		
Within one year	110	4,646
One to five years	175	-
	285	**4,646**
Operating commitments - payable:		
Within one year	128	770
One to five years	-	-
More than five years	-	-
	128	**770**

**Note - Prior year Property & MV commitments in Note 19*

27. AUDITOR'S REMUNERATION

	2020 $'000	2019 $'000
Audit services:		
Auditors of the Corporation - NT Auditor-General	168	101
	168	**101**

POWER GENERATION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

28. DIRECTOR AND KEY MANAGEMENT PERSONNEL DISCLOSURES

Remuneration of non-executive directors

Remuneration of directors is determined by the shareholding Minister under section 24 of the GOC Act.

The following table provides the details of all non-executive directors of the Corporation and the nature and amount of the elements of their remuneration:

Non-executive directors		Fees $	Superannuation $	Total $
Mr Richard Galton	2020	60,226	5,722	65,948
	2019	60,226	5,722	65,948
Ms Christine Charles	2020	60,226	5,722	65,948
	2019	60,226	5,722	65,948
Mr Dennis Bree	2020	95,407	9,064	104,471
	2019	95,407	9,064	104,471
Total non-executive directors	**2020**	**215,859**	**20,508**	**236,367**
	2019	**215,859**	**20,508**	**236,367**

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

Remuneration of key management personnel

Compensation levels are competitively set to attract and retain appropriately qualified and experienced senior executives.

The following table shows the aggregate compensation made to key management personnel of the Corporation:

		2020 $	2019 $
(i)	Short-term employee benefits	1,641,946	1,395,135
(ii)	Post-employment benefits	109,475	107,086
(iii)	Long-term benefits	(39,158)	93,341
	Termination benefits	796,960	-
	Total compensation of key management personnel	**2,509,223**	**1,595,562**

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

(i) Short-term employee benefits refer to salary and wages and annual leave paid or accrued during the financial year.

(ii) Post-employment benefits refer to superannuation contributions made or accrued during the financial year.

(iii) Long-term benefits refer to long service leave paid or accrued during the financial year.

Other transactions with key management personnel

Apart from the details disclosed in this note, no key management personnel have entered into a material contract with the Corporation since the commencement of the Corporation and there were no material contracts involving their interests existing at year end.

POWER GENERATION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

29. RELATED PARTY INFORMATION

The parent entity of the Corporation is the Northern Territory Government, which at 30 June 2020 owned 100% (2019 :100%) of the issued capital of Power Generation Corporation. This single share is held by the shareholding Minister on behalf of the Northern Territory.

The Corporation has related party transactions with its parent entity (includes other agencies and departments of the Northern Territory Government). All financial transactions between the Corporation and related parties are on arm's length normal market terms.

Transactions

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year. The Corporation is the predominant supplier of wholesale electricity in the Northern Territory.

Related Party		Sales to related parties $'000	Purchases from related parties $'000	Amounts owed by related parties $'000	Amounts owed to related parties $'000
The parent entity including all entities that are associated with the parent entity	2019	255,843	167,095	22,135	209,949
	2020	251,137	153,927	20,364	209,500

As at 30 June 2020 related party transactions of the Corporation included:

- services provided by Power and Water Corporation under the ICT Service Level Agreement;
- supply of gas from Power and Water Corporation;
- services provided by the Department of Corporate and Information Services under a Service Level Agreement;
- borrowings from the Northern Territory Treasury Corporation;
- provision of wholesale electricity to Jacana Energy; and
- provision of wholesale electricity and associated services to Power and Water Corporation.

30. CONTINGENT ASSETS AND LIABILITIES

(a) Contingent assets and liabilities

Various contractual disputes, including those involving ordinary routine matters to which the Corporation is a party, are pending or have been asserted against the Corporation. The wide variety and nature of the individual cases and the uncertainty of any potential liability or asset means that no value can be attributed to individual cases until the matters are resolved.

31. SUBSEQUENT EVENTS

Since the end of the financial year, the Directors have declared a dividend of $3.95 million (2019: $4.25 million) to be paid by 13 November 2020.

Apart from the dividend noted in the Directors' report, there has been no item, transaction or event of a material and unusual nature which has arisen since 30 June 2020 that is likely to significantly affect the operations, the results of those operations or the state of affairs of the Corporation in future financial years.

GLOSSARY

AASB	Australian Accounting Standards Board
BESS	Battery Energy Storage System
CCTV	Closed Circuit Television
CGUS	Cash Generating Units
CIPS	Channel Island Power Station
CO_2	Carbon dioxide
CPI	Consumer Price Index
FTE	Full time equivalent
GCC	Generation Consultative Committee
GOC	Government Owned Corporation
GST	Goods & Services Tax
GWh	Gigawatt-hour
HSR	Health and safety committee representatives
HV	High voltage
ICAM	Incident Cause Analysis Method
IMT	Incident management team
JDFPG	Joint Defence Facility Project Group
KCPS	Kings Canyon Power Station
KPI	Key Performance Indicator
KPS	Katherine Power Station
KRA	Key Result Area
LED	Light-emitting diode
LMS	LMS Landfill Management Services Pty Ltd (Shoal Bay)
LNG	Liquefied Natural Gas
LTI	Lost time injury
M	Million
MW	Megawatt
MWh	Megawatt-hour
NGER	National Greenhouse and Energy Reporting
NPAT	Net Profit After Tax
NT	Northern Territory
NTEM	Northern Territory Electricity Market
NTER	National Tax Equivalent Regime
OMT	Operator Maintainer Technician
OSPS	Owen Springs Power Station
PGC Act	Power Generation Corporation Act 2014
PPA	Power Purchase Agreement
PPE	Personal protective equipment
PWC	Power and Water Corporation
RGPS	Ron Goodin Power Station
ROC	Remote Operations Centre
SAMP	Strategic Asset Management Plan
SCI	Statement of Corporate Intent
TCPS	Tennant Creek Power Station
TGen	Territory Generation
WHS	Workplace Health and Safety
WLF	Women Leaders Forum
WPS	Weddell Power Station
YPS	Yulara Power Station

BACK COVER IMAGES:

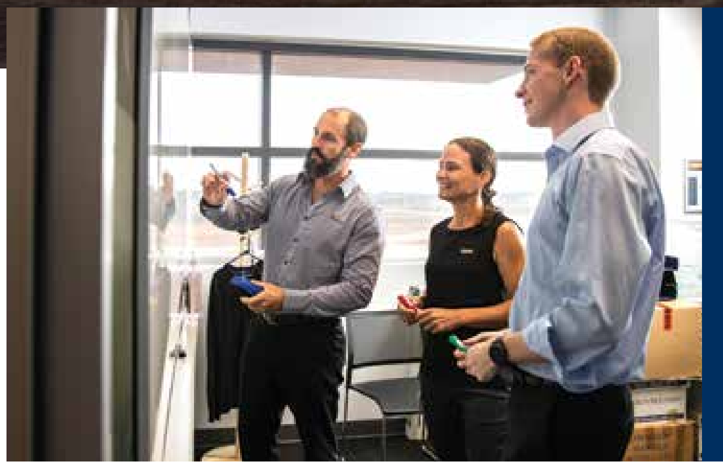
From top:

Mechanical Operation Maintainer Technicians Wayne Meehan and Glen Gardner at Channel Island Power Station.

Owen Springs Power Station.

Projects & Contracts Manager, Alisdair McDonald; Records Manager, Natasha Medbury and New Energy Development Engineer, Wade Jenkins at headquarters.

Senior Generation Operator Stewart Adcock at Ron Goodin Power Station.



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