



Annual Report 2020-21



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Purpose of this report

The Jacana Energy Annual Report 2020–21 outlines the Corporation's operations and achievements for the 2020–21 financial year.

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

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

The Annual Report is tabled in the Northern Territory Legislative Assembly as a reporting mechanism for Jacana Energy's Shareholding Minister and the Northern Territory Parliament. It provides a statement of income and expenditure for the 2020–21 financial year.

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



Letter to Shareholder

The Hon Michael Gunner MLA

Chief Minister, Treasurer,
Minister for Major Projects and Territory Reconstruction,
and Minister for Strategic Defence Relations

Northern Territory Government
Darwin 0800

29 September 2021

Dear Chief Minister and Treasurer

On behalf of Jacana Energy (Power Retail Corporation), we present the Corporation's Annual Report for the year ended 30 June 2021 in accordance with the provisions of sections 41 and 44 of the *Government Owned Corporations Act 2001*.

This report details the non-financial and financial performance of Jacana Energy for the year ended 30 June 2021. We can report the following key outcomes for the year:

- a loss before interest and tax of \$123 thousand, which was \$1.8 million below the target due to provisions of \$2.1 million for Power and Water Corporation (PWC) network billing errors relating to prior financial periods, and \$398 thousand of over-charged generation costs caused by PWC metering errors. Excluding these items, the Corporation would have reported a profit before interest and tax of \$2.3 million, which is \$0.5 million above target
- successfully managing the on-going impacts of the COVID-19 pandemic by working closely with our customers, for example, to support people who need help managing bill payments
- being recognised by the utility regulator for our successful approach to supporting residential customers and small businesses experiencing short and long term financial hardship
- launching our new online customer account portal which provides customers access to relevant account and billing information
- continued uptake of our electronic billing service with more than 50% of customers now on paperless billing.

We look forward to continuing our support for Territorians in 2021-22.

Yours sincerely



Noel Faulkner
Chairman



Louisa Kinnear
Chief Executive Officer

OUR CORE VALUES

- Integrity: being honest, transparent and committed to doing what's best
- Innovation: continually evolving and finding the best solutions for our customers
- Diversity: embracing diversity and treating everyone with dignity, respect and fairness
- Teamwork: delivering as a team because we are stronger together
- Wellbeing: being passionate about building a caring and supportive workplace.

About us

Jacana Energy is 100% Northern Territory owned and operated, established in July 2014 through a reform of the electricity industry. Our clear focus is on customer outcomes and maximising value for our shareholder.

We are the Territory's largest electricity retailer, providing electricity retail services for residential and small and large business customers throughout urban, rural and remote areas.

Vision statement

Our vision is to be a modern and efficient electricity retailer providing products and services that Territorians want and value.

Our strategic objectives define what we want to achieve during the year:

- positive customer experiences that build trust with Territorians and they choose us
- a talented team of people who are inspired to grow personally and professionally
- trusted and supported by all Territorians
- efficiently deliver innovative products and services.

Our business

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

We service more than 85 000 customers throughout the Northern Territory. As an electricity retailer, we are the interface between the electricity industry and customers. We create value for our customers by:

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

Shareholders

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

At 30 June 2021, our Shareholding Minister was The Hon Michael Gunner MLA, the Chief Minister and Treasurer. Our Portfolio Minister was The Hon Eva Lawler MLA, Minister for Renewables and Energy and Minister for Essential Services.



Overview from the Chairman



NOEL FAULKNER

Now in our seventh year of operations, Jacana Energy has focussed on improving customer service and delivering a commercial return to the business.

The highlights of the year include:

- successfully managing the on-going impacts of the COVID-19 pandemic by working closely with our customers to ensure an uninterrupted service
- recognition from the utility regulator for our Hardship team's successful approach to supporting residential customers and small businesses experiencing both short and long term financial hardship
- launching our online self-service portal, 'MyAccount', which provides customers access to account and billing information
- continued uptake of our electronic billing service with more than 50% of customers now on paperless billing.

Financial performance

Jacana Energy's Earnings Before Interest and Tax (EBIT) for 2020-21 is a loss of \$123 thousand, which is below our Statement of Corporate Intent (SCI) target profit of \$1.7 million.

This variance was in part due to \$2.1 million of Power and Water Corporation (PWC) network billing errors relating to prior years, and \$398 thousand of over-charged

generation costs due to PWC metering errors. Excluding these items, the Corporation would have reported a profit before interest and tax of \$2.3 million, which is \$0.5 million above target.

In addition, Jacana Energy continues to provide a number of unfunded community services for the benefit of Territorians.

Customer service

Jacana Energy is committed to keeping customers at the heart of everything we do. In January 2021, we completed phase 2 of the Customer Optimisation Project, which helped streamline credit management and hardship processes. This work provides the foundation for a more customer centric, proactive approach to customer service.

In recognition of this customer centric approach we measure Jacana Energy's First Call Resolution, which is the percentage of customers who believe their enquiry was resolved during their first interaction with Jacana Energy's Customer Care team, and that measure will be added as a Corporate KPI in 2021-22.

Our COVID-19 response continued to the end of 2020-21, including adherence to the Australian Energy Regulator's (AER) Statement of Expectation guiding electricity retailers to cease disconnecting customers for non-payment of bills. Our Credit Management and Hardship teams adjusted their processes to proactively engage with customers and support them with manageable payment plans. Many of these positive process changes will remain in place in the future.

Our engagement with the Territory community and our stakeholders has been critical during the pandemic. We have been proud to work with other organisations to ease the pandemic's burden on our customers.

This engagement is formalised in Jacana Energy's Community Engagement Program, which we launched in early 2021. This program seeks to meet with, support and inform our customers in regional centres in partnership with welfare agencies, community support organisations and financial counsellors.

Renewable energy opportunities

Generation supply is Jacana Energy's most significant cost. Sourcing alternative generation supply to achieve lower generation prices and a greater diversity of supply is a crucial goal for us and consistent with the Northern Territory Government's 50% renewable target. In 2018–19, Jacana Energy entered into three power purchase agreements to buy renewable energy and green products from the 25 megawatt (MW) Katherine Solar Farm, the 10 MW Batchelor Solar Farm and the 10 MW Manton Dam Solar Farm.

Commissioning of the solar farms continued during 2020–21 and the farms are expected to be fully operational in 2021–22.

Investing in our people

Jacana Energy continued our Culture and Leadership Development Program in 2020–21. In the past six months we worked alongside the Office of the Commissioner for Public Employment (OCPE) to negotiate an improved Jacana Energy Enterprise Agreement that enhances employees' terms and entitlements.

Our leadership team has worked on improving our management capability and embed the behaviours that support our corporate values and desired culture.

Improving operational capability and delivering efficiencies

A key challenge for Jacana Energy is to manage generation and network costs, and environmental charges, which represent around 96% of total costs.

In 2020–21, the Corporation worked constructively with generators and other stakeholders to ensure future wholesale supply arrangements are cost reflective and provide incentives for Jacana Energy to develop products and services that reduce future wholesale costs and ensure our customers' expectations are being met.

Part of the community

As a local business, we are very proud to be part of the Territory community. We support Territorians through our sponsorship and hardship programs, and participate in Territory community events.

In 2020–21, our sponsorship program supported community organisations via direct sponsorship, employee volunteering, fundraising and other in-kind participation across four categories:

- mental health and inclusion
- people living with a disability
- homelessness and hardship
- vulnerable children and families.

Looking forward

Initiatives under way for 2021–22 include:

- supporting the achievement of the NT Government's renewable energy target
- continually improving the customer experience by providing a wider range of digital service solutions and interactions
- continuing to drive efficiencies in our operating model while maintaining call quality and customer satisfaction levels
- creating a pipeline of products and services to support the uptake of renewable energy solutions and give customers more choice and control over their energy use
- continuing to focus on improving leadership capability and learning and development opportunities for our employees.

Thank you to our Shareholding Minister, our Portfolio Minister and our other stakeholders – especially our employees – for their support throughout the year.

New appointment

Following a period as Acting Chief Executive Officer (CEO), Louisa Kinnear was confirmed in the role of CEO on 1 December 2020.







Yours sincerely



Noel Faulkner
Chairman

Performance targets

The following table provides a comparison between actual 2020-21 key performance indicators (KPIs) and budgeted KPIs from the Statement of Corporate Intent (SCI):

Key performance indicator (KPI)	Unit	2020-21 actual	2020-21 SCI	Status
Gross Margin	% revenue	3.8	4.6	
Cost to Serve	\$/customer	187	191	
EBIT	\$ million	(0.1)	1.7	
Grade of Service	%	66.1	70.0	
Customer Satisfaction	Score	3.7 / 5	3.6 / 5	
Employee Engagement	Score	64 / 100	70 / 100	

Measure descriptions

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

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

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

Grade of Service: measures the percentage of customer calls to the call centre answered within 30 seconds. The KPI target has been reduced to 65% for 2021-22, which reflects the Corporation's view that Grade of Service is not the sole indicator of the quality of customer service, or customer experience, Jacana Energy provides.

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

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

Jacana Energy delivered an Earnings Before Interest and Tax (EBIT) loss of \$123 thousand in 2020-21, compared to a target profit of \$1.7 million. This variance was in part due to \$2.1 million of network service provider billing errors relating to prior years, and \$398 thousand of over-charged generation costs due to PWC metering errors. Excluding these items, the Corporation would have reported a profit before interest and tax of \$2.3 million, which is \$0.5 million above target.

Our actual Gross Margin percentage across all customer segments was 3.8% of revenue, compared to the target of 4.6%.

Our actual Cost to Serve of \$187 per customer was an improvement against the target of \$191.

Jacana Energy's grade of service for 2020-21 averaged 66.1%, compared to a target of 70%. This was an improvement on last year, however the KPI was affected by the increased complexity and volume of calls and emails due to COVID-19 related hardship and payment enquiries.





Our people

Performing competitively in the evolving electricity landscape requires competent and empowered people working together. Our people are essential to us delivering on our objectives and sustaining our business performance over the long term.

Throughout 2020-21, our teams worked tirelessly to ensure both our customers and our employees felt connected to Jacana Energy throughout the COVID-19 pandemic by developing strategies on emergency management, social media and customer communications. This tremendous and dedicated effort, particularly in helping manage our customers through hardship arrangements, resulted in our team being recognised with a nomination for the 2021 Chief Minister's Awards for Excellence in the Public Sector. The winners will be announced in October 2021.

This nomination follows another success for one of our employees at the 2020 awards for her tireless and committed work managing customer communications and support during the initial days of the COVID-19 pandemic outbreak.

A key focus area for 2021-22 is continuing to develop our Culture and Leadership Development program. It aims to strengthen our leadership capabilities and enhance employee capability and performance through strong engagement and driving the right behaviours to reach our desired culture.

Our Performance Development Program (PDP) was improved during the year. The PDP gives employees annual performance objectives and development goals, and this year we simplified the program in line with our improved focus on reward and recognition. The new PDP was one of the key employer proposals included in the negotiations to agree an enterprise bargaining agreement (EBA) that follows the 2017-2021 EBA.

In 2020-21, Jacana Energy's Employee Culture Group (ECG) continued to manage our reward and recognition program, with the re-design and launch of new initiatives -continuing across the majority of Jacana's reward and recognition programs. The ECG will continue to champion our values and behaviours into next year, embedding these across the organisation.



Employee numbers

	2019-20	2020-21	Variation
Full Time Equivalent (FTE)	71.7	66.3	(5.4)
Headcount	75	69	(6)

Frontline employees

	2019-20	2020-21	Variation
Total frontline	49	51	2
Total headcount	75	69	(6)
Percentage (%)	65	74	9

Gender Diversity

	2019-20		2019-20	2020-21		2020- 21
	Female	Male	Total	Female	Male	Total
All employees	52	23	75	46	23	69
Percentage (%)	69	31	100	67	33	100
Leadership roles	8	4	12	14	3	17
Leadership percentage (%)	67	33	100	82	18	100



Supporting vulnerable Territorians

SPONSORSHIP PROGRAM

In 2020-21, Jacana Energy launched a new two-year sponsorship program.

Its purpose is to enrich the lives of Territorians by partnering with organisations, individuals and events that support the wellbeing of people living in the Northern Territory after the impacts of COVID-19.

The program focusses on three core pillars of support.

- **Mental wellbeing** – causes and projects that promote mental wellness in the NT community.
- **Community wellbeing** – local community initiatives that encourage connectivity and combat loneliness.
- **Physical wellbeing** – local sporting teams, clubs and organisations that encourage and promote physical wellbeing.

After a thorough evaluation process, we selected the major partners we will work with over the next two years to support these charities with major funding grants:

Mental Wellbeing partner: The Y (previously known as YMCA), 'The Uplift Program'

The 'Uplift Program' will support young people aged 16 to 25 who are experiencing mental health challenges through a 6-week program. The initiative pairs fitness with mental-wellness activities.

Physical Wellbeing partner: Tennis NT 'Racquets to Red Dust'

Tennis NT empowers young people to grow in confidence, learn a new skill and have fun with others. The 'Racquets and Red Dust' program is aimed at children aged between 5 and 17 living in remote communities. The program gives the opportunity for children to learn tennis as a new skill, opening new doors, encouraging them to engage at school and giving them essential life skills.



Community Wellbeing partner: Total Recreation

We will support Total Recreation by funding their new activity space, 'The Rec Room'. Total Recreation were in need of a new space for their growing member base, and from this, 'The Rec Room' was born. This new space allows the charity to run more activities for its members, like dance and art workshops, fitness sessions, and after-school and youth programs.

Jacana Energy also runs three rounds of minor sponsorship grants every year. In 2020-21, we supported Volunteering NT, Triathlon NT, Birth and Beyond Alice Springs, Darwin Netball Association, The Salvation Army, Reeling Veterans NT, BRADAAG Tennant Creek, NT Friendship and Support, Gray Community Garden, Nightcliff Seabreeze 'branching out' project, and CAWLS legal service.

Our sponsorship program has been highly successful in its first year with 13 organisations and wellbeing programs supported. The sponsorship program also continued to engage Jacana Energy employees, with many participating in a number of events with program participants, volunteering and donating goods.



COMMUNITY ENGAGEMENT PROGRAM

In February 2021, we launched the Jacana Energy Community Engagement Program. It aims to deliver an introduction to electricity literacy, prepayment meters, information about our support programs and energy efficiency.

Since February 2021, the program has successfully delivered information sessions at numerous community events in Katherine, Alice Springs and Darwin. In 2021-22, the program will expand into remote communities to deliver support and advice to people with limited access to information that will help them to manage their bills and energy consumption. All information sessions are supported through partnerships with local not-for-profit organisations who advise our staff on how to deliver information in the most effective way possible.



Outlook

The following section provides an overview of the strategies and initiatives in place to address each of Jacana Energy's strategic objectives and improve financial performance while providing excellent customer service.

Set out under each strategic objective is what Jacana Energy intends to achieve in 2021-22.



OUR STRATEGIC OBJECTIVES ARE:

- **Our Customers:** positive customer experiences that builds trust with Territorians and they choose us
- **Our People:** a talented team of people who are inspired to grow personally and professionally
- **Our Community:** trusted and supported by all Territorians
- **Our Business:** efficiently deliver innovative products and services.

STRATEGIC OBJECTIVE 1: OUR CUSTOMERS

Positive customer experiences that build trust with Territorians and they choose us

- Improve customer satisfaction and service levels by offering more personalised engagement through digital channels.
- Improve our service to customers through the development and implementation of a new market interaction system.
- Increase customer satisfaction by ensuring we are measuring and responding to what's important to customers ('metrics that matter').
- Better manage our revenue streams and increase customer satisfaction and service levels by implementing the recommendations from the Customer Optimisation program.

STRATEGIC OBJECTIVE 2: OUR PEOPLE

A talented team of people who are inspired to grow both personally and professionally

- Build leadership capability through the implementation of a leadership development program.
- Articulate and reinforce our desired culture through a refresh of our values and behaviours.
- Improve our organisational capability through the development of core skills and behavioural competencies, with a capability plan in place to address any gaps.



STRATEGIC OBJECTIVE 3: OUR COMMUNITY

Trusted and supported by all Territorians

- Reduce wholesale energy costs by advocating for wholesale market reforms to facilitate the uptake of clean and affordable energy supplies.
- Mitigate revenue losses by increasing stakeholder understanding of the need for retail tariff reform.
- Mature our compliance practices by creating a culture of continuous improvement that is embedded across the organisation.

STRATEGIC OBJECTIVE 4: OUR BUSINESS

Efficiently deliver innovative products and services

- Reduce wholesale energy costs by procuring a greater volume of renewable energy.
- Optimise revenue streams by testing and delivering new products and services.
- Build our 'future' energy capabilities by participating in the Alice Springs Future Grid program.
- Continue to improve our sales capability by introducing a CRM system for C&I and large SME customers.

Governance

Governance structure

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

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

- Shareholding Minister (the Chief Minister, Treasurer, Minister for Major Projects and Territory Economic Reconstruction and Minister for Strategic Defence Relations), who sets annual performance targets for Jacana Energy and monitors performance against them
- Portfolio Minister (the Minister for Renewables and Energy, Minister for Essential Services, Minister for Infrastructure, Planning and Logistics, Minister for Environment, Minister for Water Security and Minister for Climate Change), who monitors Jacana Energy's service performance and has broad responsibility for industry-wide policy matters relating to Jacana Energy
- Board of Directors who are accountable for the performance of Jacana Energy

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

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

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

The Board

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

The members of the Board were:

- Noel Faulkner – Chairman
- Clare Milikins – Deputy Chair (retired on 28 February 2021)
- Trevor James – Non-Executive Director
- Cheryl Hopkins – Non-Executive Director (appointed from 1 March 2021)

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

The Audit and Risk Committee

The members of the Audit and Risk Committee (ARC) were:

- Clare Milikins – Chair (retired on 28 February 2021)
- Trevor James – Chair (appointed Chair from 1 March 2021)
- Noel Faulkner
- Cheryl Hopkins (appointed from 1 March 2021)

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



Executive Leadership Team

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

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

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

Records management

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

Directors' profiles



NOEL FAULKNER

Non-Executive Chairman

Noel has more than 37 years' experience in utilities, predominantly in electricity entities, combined with eight years in government.

He has directed the integration of several large businesses in Queensland and Victoria, including the establishment of competitive retail undertakings in Victoria.

Noel was involved in South East Queensland's regional water reforms, including leading the establishment of the distributor/retailer Queensland Urban Utilities.

Noel is the Chairman of the Mackay Water Advisory Board and Chairman of the Redland City Council Advisory Board. Noel has held the positions of Chief Executive Officer of Queensland Urban Utilities, Powercor Australia Ltd, United Energy Ltd and Capricornia Electricity, as well as holding senior executive roles with Brisbane City Council.

Noel has held Chairman and Director roles at South East Queensland Bulk Water Supply Authority and Unitywater.

Noel has a Bachelor of Engineering, Graduate Diploma in Management and is a Graduate of the Australian Institute of Company Directors.



CHERYL HOPKINS

Non-Executive Director

Cheryl has accumulated more than 35 years' experience in the Australian energy industry, working in senior executive positions in retail, wholesale, upstream gas, networks, and strategic risk and compliance. Cheryl's experience includes leading transformational change within large private businesses and government owned corporations who operate in highly competitive energy markets.

Cheryl most recently held the positions of Chief Risk Officer Energy Queensland and Executive General Manager Ergon Energy Retail and has held a range of senior executive positions across Origin Energy.

Cheryl was appointed to the Jacana Energy Board as a Non-Executive Director in March 2021 and is also a member of their Audit and Risk Committee.

Cheryl holds a GradCert (Management) and Master of Business Administration through Macquarie Graduate School of Management.



TREVOR JAMES

Non-Executive Director

Trevor has more than 40 years' experience in the energy industry in Western Australia having held senior roles in generation, networks, retail and numerous corporate financial roles.

Trevor retired as Chief Executive Officer of Synergy, WA's then largest energy retailer, on 31 December 2013.

Trevor became a Non-Executive Director of Aurora Energy in Tasmania on 25 April 2016 and is Chairman of the Board Appointments & Remuneration Committee and a member of its Board Audit, Risk & Compliance Committee.

He is also Chairman and a Non-Executive Director of the GTE Group who provides electrical engineering services to the mining industry and he sits on the AEMO WA Gas Compliance Panel.

Trevor was appointed to the Jacana Energy Board as a Non-Executive Director in September 2019 and is also Chair of their Audit and Risk Committee.

Trevor holds a Bachelor of Business, is a Fellow of CPA Australia and a member of the Australian Institute of Company Directors. He was awarded the W.S. Lonnie Chief Financial Officer of the year in 2006 which was sponsored by The Institute of Chartered Accountants in Australia.

Executive leadership team profiles



LOUISA KINNEAR

Chief Executive Officer

Louisa has more than 15 years' experience with water and energy utilities, including eight years in the energy sector facilitating business development, market diversification and growth strategies.

Prior to joining Jacana Energy in January 2019, Louisa established the SolarReturn brand for Synergy, positioning Western Australia's largest energy retailer as a solar provider of choice in a crowded and highly competitive market.

Louisa has experience in marketing, business analysis, strategy and policy development. She has been involved in developing and executing market reform and transformation programs across both water and energy sectors.

Louisa has a Bachelor of Arts and a Master of Business Administration.



TRUDE BLIZZARD

Executive Manager, Operations

Trude has over 20 years' experience in service delivery environments, holding senior roles in organisations across the financial services, information technology and utilities industries.

Trude's career has taken her internationally, working in The Netherlands, Australia as well as Malaysia where she established a regional contact centre providing inbound and outbound services to customers across seven Asia Pacific countries.

She joined Jacana Energy in January 2018, working in business improvement, project management and contact centre management positions. Trude has held the acting Executive Manager Operations role since October 2020.

Trude has a Bachelor of Communication from Inholland University in Amsterdam.



SELINA POLLARD

General Counsel and Company Secretary

Selina was admitted to practice in 2003 and has more than 16 years' of legal, commercial and governance experience across the aviation and energy industries. Selina has held various directorships with not-for-profit organisations over the past 10 years.

Selina joined Jacana Energy in September 2017 and worked in legal, internal audit and risk positions within the Legal and Governance team before being appointed General Counsel and Company Secretary in August 2020.

Selina has a Bachelor of Laws from the University of Tasmania, a Graduate Diploma of Legal Practice from the Australian National University, a Masters of Science Technology (Aviation) from the University of New South Wales. Selina is a Graduate of the Australian Institute of Company Directors and an Associate of the Governance Institute of Australia.

**MICHAEL O'CALLAGHAN**

Executive Manager Sales and Marketing

Michael has 20 years' experience in the electricity industry, here in Australia and abroad. Michael's career has seen him leading commercial functions across electricity, generation, integrated 'gentailers', renewable energy development and energy infrastructure investment organisations.

During the past five years' Michael has been focused on renewable energy development and the integration of more renewable energy.

Michael joined Jacana Energy in June 2020 and leads the Sales and Marketing functions, which includes the management of the wholesale electricity and environmental portfolio.

Michael has a Bachelor of Commerce with Honours in Marketing from the University of Canterbury and a Bachelor of Arts from Victoria University of Wellington.

**ANDREW LEWIS**

Chief Financial Officer, Executive Manager Corporate Services

Andrew has more than 20 years' experience in finance leadership roles, including in private and government-owned oil and gas multinationals. Andrew's career has seen him live and work internationally, including in the United Kingdom, South Africa, Qatar, United Arab Emirates and now in Australia.

Andrew joined Jacana Energy in February 2019 and leads the finance, people and culture, information, communications and technology, and corporate services functions.

He has a Bachelor of Economics from the University of Exeter, UK, and is a qualified Chartered Accountant (ACA) and a member of CPA Australia.





Financial Statements

30 June 2021

Directors' report

The directors present their report with the financial statements of Power Retail Corporation, trading as Jacana Energy, for the year ended 30 June 2021 and the auditor's report.

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

Directors

The directors of the Corporation during the financial year were:

- Noel Faulkner – Chairman
- Clare Milikins – Deputy Chair (retired on 28 February 2021)
- Trevor James – Non-Executive Director
- Cheryl Hopkins – Non-Executive Director (appointed from 1 March 2021)

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

Principal activities

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

There were no significant changes in the nature of activities conducted by the Corporation during the 2020–21 year.

Review of operations

The Corporation recorded a loss before interest and tax of \$123 thousand for the year. This result was less than the budgeted profit of \$1.7 million due in part to provisions for network service provider billing errors relating to prior financial periods, and over-charged generation costs due to metering errors together totaling \$2.5 million. Excluding these items, the Corporation would have reported a profit before interest and tax of \$2.3 million, which is \$0.5 million above target.

The annual results are discussed in more detail below.

Total revenue for the year was \$482.4 million, which included Community Service Obligation funding of \$90.0 million.

Overall expenses excluding tax were \$482.5 million for the year. The majority of these expenses related to \$463.8 million of cost of goods sold expenditure, being generation costs, network and system control charges, energy purchased for re-sale from customers using solar panels, renewable energy certificates to meet the Clean Energy Regulator's requirements, and alternative control charges and prepaid token expenses.

Operating expenditure totaled \$18.7 million for the year. The Corporation's cash balance at the end of June 2021 was \$21.5 million.

Subsequent events

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

Future developments – COVID-19

The ongoing COVID-19 outbreak and the related social restrictions and economic hardship it causes has continued throughout the financial year 2020–21, and it is expected to continue well into 2021–22 and possibly beyond. The Corporation has maintained business operations during the pandemic and will continue to do so, especially by providing essential services to all our customers, and hardship support to customers in need.

A key area of focus for the next financial year will be monitoring customer payments and the impact any potential payment delays may have on the Corporation's ability to pay its debts as they fall due. An analysis of the Corporation's liquidity over the next twelve months, including scenario testing, demonstrates that the Corporation will be able to meet its financial obligations.

The Directors have relied on these factors in assessing Jacana Energy as a going concern.

Environmental regulations

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

Indemnification of Officers and Directors

The Northern Territory Government has indemnified the directors of the Corporation from and against all liabilities incurred or arising out of conduct as a director of the Corporation, acting in good faith in compliance with

any direction made by the Shareholding Minister to the Corporation or the Board of the Corporation pursuant to the Deed of Indemnity executed by the Northern Territory Government.

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

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

- personal accident
- directors and officers liability.

Directors meetings

The following table sets out the number of directors meetings (including meetings of committees of directors) held during the year ended 30 June 2021 and the number of meetings attended by each director (while they were a director or committee member).

	Board of Directors		Audit and Risk Committee	
	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended
Noel Faulkner	12	12	6	6
Clare Milikins (retired on 28 February 2021)	8	8	4	4
Trevor James	12	12	6	6
Cheryl Hopkins (appointed from 1 March 2021)	4	3	2	1

Directors' declaration

The directors declare that:

- a) in the directors' opinion, there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they become due and payable
- b) in the directors' opinion, the attached financial statements are in accordance with Australian Accounting Standards and International Financial Reporting Standards, as stated in note 2 to the financial statements
- c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Government Owned Corporations Act 2001*, including compliance with accounting standards, and give a true and fair view of the financial position and performance of the Corporation.

On behalf of the directors



Noel Faulkner
Chairman

Darwin, 29 September 2021

Auditor's report page 1



Auditor-General

Independent Auditor's Report to the Board of Directors

Power Retail Corporation

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Opinion

I have audited the financial report of Power Retail Corporation (the Corporation), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

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

- Giving a true and fair view of the Corporation's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- Complying with International Financial Reporting Standards as disclosed in Note 2(a).

Basis for Opinion

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

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

Key Audit Matters

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

Key Audit Matter	Audit scope response to the Key Audit Matter
<i>Accuracy of Unbilled Consumption</i>	
Revenue from sale of goods, as disclosed in Note 4 to the financial statements, includes estimated values for unbilled revenue from electricity totalling \$41.0 million, as disclosed in Note 8 to the financial report. The estimated values are based upon unbilled kilowatt hours supplied to customers between the date of the last meter reading and the year end. There is a significant risk around the measurement and recognition of revenue related to unbilled	<p>My procedures included but were not limited to:</p> <ul style="list-style-type: none"> ▪ Assessing the methodology and assumptions used by management to calculate the unbilled revenue. ▪ Assessing the completeness and accuracy of inputs used to determine the unbilled revenue. ▪ Testing a sample of customers to assess the accuracy of the last billing date.

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Key Audit Matter	Audit scope response to the Key Audit Matter
revenue due to the complexity and estimates required in determining actual consumption levels relating to unbilled revenue.	<ul style="list-style-type: none"> Comparing consumption used across customer types to the average usage of the customer types as reported to the Clean Energy Regulator. For each customer type applying charges as outlined in the Electricity Pricing Order approved by the Northern Territory Government Treasurer. Developing an independent estimate of the unbilled revenue based on customer numbers and billings from the prior month. Comparing the expectation to the value recorded as unbilled revenue. Investigating differences that do not fall within an acceptable audit threshold. Obtaining the computation of unbilled revenue and testing the reconciliation to the general ledger balance. Testing revenue from sale of goods and rendering of services for the current period by selecting a sample of transactions from the billing system and agreeing the total to the invoice raised and the general ledger.

Accuracy of the Allowance for Impairment of Receivables/Provision for Doubtful Debts

The provision for impaired receivables, as disclosed in Note 8 to the financial statements, constitutes an estimate of \$9.2 million. Australian Accounting Standard AASB 9 *Financial Instruments* establishes principles for the financial reporting of financial assets including impairment of assets and specifies the approach to determining and recognising a loss allowance for expected credit losses.

There is a significant risk around the measurement of the provision for impaired receivables due to the complexity and estimates required in determining the expected credit losses when calculating the provision.

My procedures included but were not limited to:

- Assessing the methodology and assumptions used by management to calculate the provision for impaired receivables.
- Testing management's estimate of the provision for impaired receivables and bad debt expense, and the data upon which the estimate is based.
- Comparing the value of write-offs of receivable to management's estimate of the provision for impaired receivables.

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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 2021, 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 2(a), 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 has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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Auditor-General

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- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal controls as they apply to the Corporation.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

Julie Crisp
Auditor-General for the Northern Territory

Darwin, Northern Territory

30 September 2021

Statement of profit or loss and other comprehensive income

For year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Revenue	4(a)	392,246	400,443
Community Service Obligation	4(b)	90,041	91,938
Interest revenue	4(c)	76	266
Energy cost of sales	5(a)	(463,818)	(470,816)
Employee benefits expense	5(b)	(9,495)	(9,580)
External service agreements	5(c)	(955)	(1,310)
Depreciation and amortisation expense	5(d)	(1,476)	(3,178)
Other expenses	5(e)	(6,742)	(9,797)
Finance costs	5(f)	(56)	(59)
Profit/(loss) before tax		(179)	(2,093)
Income tax expense/(income)	6(a)	(54)	(628)
Profit/(loss) for the year		(125)	(1,466)
Other comprehensive income, net of income tax		-	-
Total comprehensive income/(loss) for the year		(125)	(1,466)

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

Statement of financial position

As at 30 June 2021

	Note	2021 \$'000	2020 \$'000
Current assets			
Cash and cash equivalents	7	21,518	39,391
Trade and other receivables	8	90,703	70,977
Current tax assets	6(c)	1,779	1,358
Other current assets	9	6,731	6,187
Total current assets		120,731	117,913
Non-current assets			
Property, plant and equipment	10	35	249
Intangible assets	11	322	853
Right-of-use assets	12	5,077	3,175
Deferred tax assets	6(d)	4,489	4,272
Total non-current assets		9,923	8,549
Total assets		130,654	126,462
Current liabilities			
Trade and other payables	13	56,772	53,887
Provisions	16(a)	7,186	8,562
Current lease liabilities	15	487	528
Other current liabilities	14	11,294	10,425
Total current liabilities		75,739	73,402
Non-current liabilities			
Provisions	16(b)	618	538
Non-current lease liabilities	15	4,336	2,436
Deferred tax liabilities	6(d)	1	2
Total non-current liabilities		4,955	2,976
Total liabilities		80,694	76,377
Net assets		49,960	50,085
Equity			
Contributed equity	17	47,666	47,666
Retained earnings	18	2,294	2,419
Total equity		49,960	50,085

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

Statement of changes in equity

For year ended 30 June 2021

	Note	Contributed equity \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2019		47,666	6,404	54,070
Loss for the year ended 30 June 2020		-	(1,466)	(1,466)
Total comprehensive income/(loss) for the year		-	(1,466)	(1,466)
Dividends paid or provided for	16(c)	-	(2,519)	(2,519)
Balance at 30 June 2020	17,18	47,666	2,419	50,085
Balance at 1 July 2020		47,666	2,419	50,085
Loss for the year ended 30 June 2021		-	(125)	(125)
Total comprehensive income/(loss) for the year		-	(125)	(125)
Dividends paid or provided for	16(c)	-	-	-
Balance at 30 June 2021	17,18	47,666	2,294	49,960

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

Statement of cash flows

For year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Cash flow from operating activities			
Receipts from customers		389,957	395,637
Payments to suppliers and employees		(460,243)	(465,271)
Payment of income tax/ (refund)		(585)	157
Payments for Renewable Energy Certificates		(23,144)	(23,377)
Community Service Obligation received		76,962	91,938
Interest received		80	301
Net cash provided by operating activities	23	(16,973)	(615)
Cash flow from investing activities			
Payments for property, plant and equipment		(6)	(11)
Payments for intangibles		(274)	-
Net cash used in investing activities		(280)	(11)
Cash flow from financing activities			
Leases repayment		(620)	(572)
Dividends paid	16(c)	-	(2,519)
Net cash used in financing activities		(620)	(3,091)
Net decrease in cash and cash equivalents		(17,873)	(3,717)
Cash and cash equivalents at the beginning of the year		39,391	43,108
Cash and cash equivalents at the end of the year	7	21,518	39,391

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

Notes to the financial statements

1 Corporate information

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

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

Registered office
Level 3, 24 Mitchell Street
Darwin NT 0800

Principal place of business
Level 3, 24 Mitchell Street
Darwin NT 0800

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

The Corporation was incorporated on 29 May 2014.

2 Significant accounting policies

(a) Statement of compliance

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

For the purposes of preparing the financial statements, the Corporation is a for-profit entity. These financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The financial statements were authorised for issue by the directors on 29 September 2021.

(b) Basis of preparation

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

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

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

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

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

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

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

Application of new and revised Accounting Standards

AASB 2018-7 'Amendments to Australian Accounting Standards' – Definition of Material'

AASB 2018-7 principally amends AASB 101 and AASB 108. The amendments refine the definition of 'material' in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across the Australian Accounting Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of materiality.

There is no material impact by the adoption of AASB 2018-7 on the Corporation's financial statements.

AASB 2019-1 'Amendments to Australian Accounting Standards – References to the Conceptual Framework'

AASB 2019-1 amends Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the revised Conceptual Framework for Financial Reporting (Conceptual Framework).

The application of Conceptual Framework is limited to:

- For profit entities that have public accountability
- For profit entities that voluntarily elect to apply the Conceptual Framework

There is no material impact by the adoption of AASB 2019-1 on the Corporation's financial statements.

Standards and interpretations issued but not yet effective

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

Standard/interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as current or Non-Current	1 January 2022	30 June 2023
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	1 January 2022	30 June 2023
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023	30 June 2024

The Corporation's preliminary assessment of these standards and interpretations is not expected to have a material impact on the disclosures in the financial statements.

(c) Revenue recognition

Electricity sales and unbilled electricity sales

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

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

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

Community Service Obligation

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

Interest income

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

(d) Cost of sales

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

(e) Income tax

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

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Statement of Profit or Loss and Other Comprehensive Income

because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Corporation's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding

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

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

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

Current and deferred tax for the year

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

(f) Cash and cash equivalents

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

(g) Receivables

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

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

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

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

(h) Renewable Energy Certificates

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

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

The RECs' liability is extinguished by surrendering the required number of RECs; a penalty applies for any shortfall. The Corporation's liability is based on actual electricity acquisitions for the past calendar year multiplied by the CER-specified liability percentages for that year.

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

(i) Property, plant and equipment

Recognition and measurement

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

Depreciation

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

The estimated useful lives of property, plant and equipment are as follows:

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

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

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

(j) Intangibles

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

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

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

Software

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

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

The Corporation:

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

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

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

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

The Corporation leased assets include buildings and vehicles.

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

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

Amounts recognised in profit or loss	Total \$'000
Interest on lease liabilities	56

Amounts recognised in statement of cash flows	Total \$'000
Total cash outflow for leases	602

Rental costs for leased assets that are for less than 12 months or are for assets with an individual value of less than \$10,000 are recognised directly in the statement of profit or loss on a straight-line basis over the life of the lease.

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

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

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to

their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

(m) Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

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

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

(n) Provisions

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

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

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

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

Decommissioning provisions

The Corporation records a provision for decommissioning costs to restore leased premises to their original condition at the end of the respective lease terms. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability.

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

(o) Financial instruments

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

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

Subsequent measurement

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

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

Other financial liabilities

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

(p) Dividends

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

The Corporation maintains a sustainable dividend policy.

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

(q) Goods and service tax

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

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

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

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

3 Critical accounting judgements and key sources of estimation uncertainty

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

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

Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

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

Unbilled electricity sales and cost of sales

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

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

Allowance for impairment of receivables

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

Calculation of loss allowance

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

The following table provides information about the exposure to credit risk and ECLs for trade receivables from customers, excluding government entities, as at 30 June 2021.

2021 Days past due	Expected credit loss rate %	Gross carrying amount \$'000	Expected credit loss \$'000
Current	1.01%	13,606	138
0-30 days	1.91%	6,493	124
31-60 days	4.50%	2,106	95
61-90 days	16.10%	704	113
More than 90 days	95.30%	8,789	8,376

Covid-19 financial reporting considerations

The outbreak of COVID-19 and the subsequent restrictions imposed on travel and trade by Australia and other countries in early 2020 caused disruption to businesses and economic activity.

The Corporation has maintained business operations during the period of COVID-19 restrictions, especially providing essential services to our customers, as well as implementing the Northern Territory Government's (NTG) COVID-19 relief plans, including the Business Hardship Package (BHP), aimed at assisting Territory residents and enterprises significantly impacted by COVID 19 with financial relief.

Eligible customers are issued a BHP certificate by the Department of Industry, Tourism and Trade (DITT), which entitles that customer to a 50% reduction to the regulated electricity retail tariffs during the fifteen month period ended 30 June 2021. Related discounts are to be refunded to the Corporation via additional Community Service Obligation payments.

As at 30 June 2021, BHP-related customer discounts have been recognised by the Corporation for a total of \$3.8 million.

The outbreak of COVID-19 means more customers are experiencing economic hardship, which has affected their ability to pay electricity bills on time and in full. In addition, the Australian Energy Regulator's (AER) Statement of Expectation guides electricity retailers, including Jacana Energy, to cease disconnecting customers for non-payment of bills, which makes recovery of outstanding debt more challenging. Ongoing uncertainty over future economic conditions could have a detrimental impact on the recoverability of the Corporation's trade receivables.

Relevant and current assessments of the Corporation's solvency and going concern have been made, and the directors have reviewed the Corporation's liquidity projections, taking into account reasonable variables in the financial forecasts. On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Corporation has access to adequate resources to continue business operations for the next 12 months and for the foreseeable future.

The Directors have relied on these factors in assessing Jacana Energy's ability to continue to adopt the going concern basis in preparing the financial statements.

4 Revenue

		2021 \$'000	2020 \$'000
(a)	Revenue		
	Sale of goods	389,335	396,655
	Other revenue	2,911	3,789
		392,246	400,443
(b)	Community Service Obligation (CSO)	90,041	91,938
(c)	Interest revenue	76	266
	Total revenue	482,363	492,647

5 Expenses

		2021 \$'000	2020 \$'000
(a)	Energy costs of sales		
	Generation, networks and system control, and energy purchased for re-sale	(438,746)	(446,212)
	Renewable Energy Certificates	(22,356)	(21,241)
	Alternative control charges	(2,499)	(2,846)
	Prepaid token expenses	(217)	(517)
		(463,818)	(470,816)
(b)	Employee benefits expense		
	Salary and wages	(8,076)	(7,575)
	Superannuation expense	(751)	(715)
	Fringe benefits expense tax	(34)	(37)
	Payroll tax	(492)	(437)
	Contract labour	(142)	(816)
		(9,495)	(9,580)
(c)	External service agreements	(955)	(1,310)
(d)	Depreciation and amortisation expense	(1,476)	(3,178)
(e)	Other expenses		
	Grants and subsidies	(222)	(225)
	Provision for impaired receivables	(931)	(4,127)
	Auditor's remuneration	(150)	(137)
	Rental expenses	(98)	-
	Other expenses	(5,341)	(5,308)
		(6,742)	(9,797)
(f)	Finance costs	(56)	(59)
	Total expenses	(482,542)	(494,740)

6(a) Income tax recognised in profit or loss

	2021 \$'000	2020 \$'000
Current tax		
In respect of the current year	164	274
	164	274
Deferred tax		
In respect of the current year	(218)	(902)
	(218)	(902)
Total income tax recognised in the current year	(54)	(628)

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

	2021 \$'000	2020 \$'000
Profit / (loss) before tax	(179)	(2,094)
Income tax expense / (credit) calculated at 30%	(54)	(628)
Total income tax recognised in the current year	(54)	(628)

The tax rate used for the 2021 and 2020 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

6(c) Current tax assets and liabilities

	2021 \$'000	2020 \$'000
Current tax assets		
Tax refund receivable	1,779	1,358
	1,779	1,358
Current tax liabilities		
Income tax payable	-	-
	-	-

6(d) Deferred tax balances

		2021 \$'000	2020 \$'000
	Deferred tax balances are presented in the statement of financial position as follows:		
	Deferred tax assets	4,489	4,272
	Deferred tax liabilities	(1)	(2)
		4,488	4,270

2021	Opening balance \$'000	Recognised in profit or loss \$'000	Closing balance \$ '000
Temporary differences			
Employee entitlements	430	90	520
Doubtful debts	2,549	219	2,768
Provisions	1,265	(105)	1,160
Accrued revenue	(2)	1	(1)
Other	28	13	41
	4,270	218	4,488

2020	Opening balance \$'000	Recognised in profit or loss \$'000	Closing balance \$ '000
Temporary differences			
Employee entitlements	293	138	430
Doubtful debts	1,585	964	2,549
Provisions	1,494	(229)	1,265
Accrued revenue	(12)	10	(2)
Other	8	19	28
	3,368	902	4,270

7 Cash and cash equivalents

	2021 \$'000	2020 \$'000
Cash at bank	21,518	39,391
Total cash and cash equivalents	21,518	39,391

Total cash at bank as at 30 June 2021 excludes \$18.2 million (2020: \$nil) of CSO revenue receivable to the Corporation from the Department of Treasury and Finance.

8 Trade and other receivables

	2021 \$'000	2020 \$'000
Trade receivables	51,976	34,562
Provision for impaired receivables	(9,227)	(8,498)
	42,749	26,064
Unbilled consumption	41,006	44,028
Goods and services tax	3,649	551
Bank interest receivable	3	7
Other accrued revenues	3,296	327
Total trade and other receivables	90,703	70,977

Total trade and other receivables as at 30 June 2021 includes \$18.2 million (2020: \$nil) of CSO revenue receivable to the Corporation from the Department of Treasury and Finance.

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

	2021 \$'000	2020 \$'000
30-60 days	3,305	2,854
61-90 days	916	437
More than 90 days	134	122
	4,355	3,413

8(b) Movement in the provision for impaired receivables

	2021 \$'000	2020 \$'000
Balance at the beginning of the year	8,498	5,283
Impairment losses recognised on receivables	1,516	4,128
Amounts written off during the year as uncollectible	(870)	(1,166)
Amounts recovered during the year	83	253
Balance at end of the year	9,227	8,498

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

9 Other current assets

	2021 \$'000	2020 \$'000
Renewable Energy Certificates	6,623	6,184
Other current assets	108	3
Total other current assets	6,731	6,187

10 Property, plant and equipment

2021	Plant and equipment	Capital work in progress (WIP)	Total
Cost	\$'000	\$'000	\$'000
Balance at the beginning of the year	344	57	401
Additions	7	-	7
Disposals	(194)	-	(194)
Transfer to intangibles	-	(57)	(57)
	157	-	157
Accumulated depreciation			
Balance at the beginning of the year	(152)	-	(152)
Depreciation	(26)	-	(26)
Depreciation on disposals	56	-	56
	(122)	-	(122)
Net book value	35	-	35

2020	Plant and equipment	Capital work in progress (WIP)	Total
Cost	\$'000	\$'000	\$ '000
Balance at the beginning of the year	361	57	418
Additions	11	-	11
Disposals	(28)	-	(28)
	344	57	401
Accumulated depreciation			
Balance at the beginning of the year	(135)	-	(135)
Depreciation	(45)	-	(45)
Disposals	28	-	28
	(152)	-	(152)
Net book value	192	57	249

11 Intangible assets

2021 Cost	Software \$'000	Total \$'000
Balance at the beginning of the year	6,687	6,687
Capitalisation	274	274
Transfer from capital WIP	57	57
	7,018	7,018
Accumulated amortisation		
Balance at the beginning of the year	(5,834)	(5,834)
Amortisation	(862)	(862)
	(6,696)	(6,696)
Written down value	322	322

2020 Cost	Software \$'000	Total \$'000
Balance at the beginning of the year	6,687	6,687
Capitalisation	-	-
	6,687	6,687
Accumulated amortisation		
Balance at the beginning of the year	(3,286)	(3,286)
Amortisation	(2,548)	(2,548)
	(5,834)	(5,834)
Written down value	853	853

12 Right-of-use assets

2021 Cost	ROU leased premises \$'000	'Make good' asset \$'000	ROU motor vehicles \$'000	Total \$'000
Balance at the beginning of the year	3,432	278	50	3,760
Additions	1,496	278	28	1,802
Disposals	-	(278)	-	(278)
	4,928	278	78	5,284
Accumulated depreciation				
Balance at the beginning of the year	(529)	(43)	(14)	(586)
Depreciation	(523)	(44)	(21)	(588)
Disposals	899	68	-	967
	(153)	(19)	(35)	(207)
Net book value	4,775	259	43	5,077

2020 Cost	ROU leased premises \$'000	'Make good' asset \$'000	ROU motor vehicles \$'000	Total \$'000
Balance at the beginning of the year	-	-	-	-
Initial recognition AASB 16	3,432	278	50	3,760
Additions	-	-	-	-
Disposals	-	-	-	-
	3,432	278	50	3,760
Accumulated depreciation				
Balance at the beginning of the year	-	-	-	-
Depreciation	(529)	(43)	(14)	(586)
	(529)	(43)	(14)	(586)
Net book value	2,904	235	36	3,175

13 Trade and other payables

		2021 \$'000	2020 \$'000
	Trade payables	11,933	9,537
	Accrued operating expenses	860	670
	Employee provisions	201	202
	Unbilled consumption	18,504	17,381
	Accrued network and system control charges	25,274	26,097
		56,772	53,887

14 Other current liabilities

		2021 \$'000	2020 \$'000
	Payments received in advance	11,294	10,425
		11,294	10,425

15 Lease liabilities

	2021	Leased premises \$'000	Leased motor vehicles \$'000	Total \$'000
	Current lease liabilities	466	21	487
	Non-current lease liabilities	4,314	22	4,336
		4,780	43	4,823

	2020	Leased premises \$'000	Leased motor vehicles \$'000	Total \$'000
	Current lease liabilities	514	14	528
	Non-current lease liabilities	2,415	21	2,436
		2,929	35	2,964

16 Provisions

		2021 \$'000	2020 \$'000
(a)	Current		
	Employee benefits	1,248	1,055
	Renewable Energy Certificates	3,868	4,218
	Network charges	2,070	3,289
		7,186	8,562
(b)	Non-current		
	Employee benefits	329	256
	'Make good' provision	289	283
		618	538
		7,804	9,100

Network charges provision

Another provision was recognised in 2020-21 for prior period network billing errors of \$2.1 million (2020: \$3.3 million) charged by Power and Water Corporation (PWC), the network service provider, relating to the periods from 2017-18 to 2019-20. A new connection agreement with PWC is set to commence in 2021-22 and will limit how far back historic errors can be charged to the Corporation, thereby reducing instances of such provisions arising in the future.

'Make good' provision

A provision is recognised for decommissioning costs associated with the right-of-use of leased premises of \$289,000 (2020: \$283,000). The Corporation is required to restore leased premises to their original condition at the end of the respective lease terms. The unwinding of discount rate is classified in the finance costs for an amount of \$6 thousand.

		2021 \$'000	2020 \$'000
	Renewable Energy Certificates		
	Balance at the beginning of the year	4,218	4,982
	Provisions made during the year	22,323	22,243
	Provisions utilised during the year	(22,673)	(23,007)
	Balance at end of the year	3,868	4,218

		2021 \$'000	2020 \$'000
(c)	Dividends		
	Balance at the beginning of the year	-	-
	Dividend declared for the year	-	2,519
	Dividend paid during the year	-	(2,519)
	Balance at end of the year	-	-

17 Contributed equity

	2021 \$'000	2020 \$'000
Contributed equity	47,666	47,666
	47,666	47,666

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

18 Retained earnings

	2021 \$'000	2020 \$'000
Retained earnings		
Balance at the beginning of the year	2,419	6,404
Profit/(loss) for the year	(125)	(1,466)
Dividend paid during the year	-	(2,519)
Balance at end of the year	2,294	2,419

On 30 November 2019, an ordinary dividend of \$2.5 million was paid to the Corporation's shareholder, representing 50% of net profit after tax for the 2019 year.

19 Commitments for expenditure

Lease commitments

Future non-cancellable lease commitments are payable as follows:

	2021 \$'000	2020 \$'000
Within one year	-	8
Later than one year but not later than five years	-	-
	-	8

20 Auditor's remuneration

	2021 \$'000	2020 \$'000
Services		
Audit of the financial statements	150	137
Auditor's remuneration	150	137

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

21 Key management personnel compensation

Director remuneration

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

	Number of Directors	Director fees \$	Committee fees \$	Superannuation \$	Total \$
2021	3	182,529	22,866	19,482	224,877
2020	3	185,420	22,866	19,807	228,093

Director remuneration principles

Non-executive directors are appointed by the Administrator in accordance with the *Government Owned Corporations Act 2001*. Directors are entitled to reimbursement of reasonable expenses incurred while attending to Board business.

Executive remuneration

The following table discloses the remuneration details for senior executives during the current and previous financial years.

	2021 \$	2020 \$
Short-term employee benefits	1,459,854	1,534,055
Other long-term benefits	32,643	8,308
Post-employment benefits	134,791	-
Total compensation of key management personnel	1,627,288	1,542,363

Note: Vehicles are included in the base salaries as they are optional and form part of the total employment package.

Executive remuneration principles

The Corporation's approach to executive remuneration is designed to attract, retain and motivate competent and experienced executive management personnel.

In determining the classification of each role and the appropriate salary band, a number of factors are considered. These are:

- knowledge and expertise required to competently perform the role
- level and type of judgement required
- type and level of accountability.

Market considerations, competence and performance are factors in determining salary positioning within the band. The employment terms and conditions of senior executives are contained in individual employment contracts and prescribe total remuneration, superannuation, annual and long-service leave, and salary sacrifice provisions.

22 Related party disclosures

Key management personnel compensation

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

Transactions with key management personnel

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

Controlling entity

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

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

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

	Community Service Obligation \$'000
2021	90,041
2020	91,938

The Corporation purchased electricity distribution services from Power and Water Corporation. The Corporation purchased electricity generated by Territory Generation.

All transactions with Power and Water Corporation and Territory Generation are on an arm's-length basis in the normal course of business and on commercial terms and conditions.

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

Related party	Sales to related parties \$'000	Purchases from related parties \$'000	Amounts owed by related parties \$'000	Amounts owed to related parties \$'000
2021 Government- Owned Corporations	7,416	397,212	226	40,269
2020 Government- Owned Corporations	8,411	412,599	2,799	52,005

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

No expense has been recognised in the current year for bad or doubtful debts (2020: nil) in respect of the amounts owed by related parties.

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

23 Notes to the statement of cash flows

	2021 \$'000	2020 \$'000
Profit/(loss) for the year	(125)	(1,466)
Deferred tax expense recognised in profit or loss	(218)	(902)
Income tax expense recognised in profit and loss	164	274
Bad debt loss allowance	931	4,127
Write off of non-current assets	138	-
Depreciation and amortisation of non-current assets	1,476	3,178
Interests income/cost	56	(207)
Movements in working capital		
(Increase)/decrease in trade and other receivables	(20,656)	(5,746)
(Increase)/decrease in other assets	(1,196)	(1,212)
Increase/(decrease) in trade and other payables	2,885	(3,137)
Increase/(decrease) in provisions	(1,297)	2,918
Increase/(decrease) in other liabilities	869	1,557
Net cash from operating activities	(16,973)	(615)

24 Financial instruments

Capital risk management

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

The Corporation does not currently have any borrowings.

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

Categories of financial instruments

	2021 \$'000	2020 \$'000
Financial assets		
Financial asset at amortised cost:		
Cash and cash equivalent	21,518	39,391
Trade and other receivables	90,703	70,977
	112,221	110,368

	Maturity	2021 \$'000	2020 \$'000
Financial liabilities			
Interest-bearing loans and borrowings:			
Current lease liabilities	2022	487	528
Non-current lease liabilities	2023-2028	4,336	2,436
Other financial liabilities at amortised cost, other than interest-bearing loans and borrowings:			
Trade and other payables		56,772	53,887
Other current liabilities		11,294	10,425
		72,889	67,275

Financial risk management

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

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

Foreign currency risk management

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

Commodity price risk management

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

Interest rate risk management

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

Credit risk management

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

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

Liquidity risk management

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

2021	Less than 3 months \$'000	3-12 months \$'000	1-5 years \$'000	More than 5 years \$'000	Total \$'000
Financial liabilities					
Non-interest bearing	68,066	-	-	-	68,066
Interest bearing	122	365	4,336	-	4,823
	68,188	365	4,336	-	72,889

2020	Less than 3 months \$'000	3-12 months \$'000	1-5 years \$'000	More than 5 years \$'000	Total \$'000
Financial liabilities					
Non-interest bearing	64,312	-	-	-	64,312
Interest bearing	131	396	2,436	-	2,963
	64,443	396	2,436	-	67,275

25 Subsequent events

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

Nevertheless, the Corporation will continue to monitor any potential financial and other impact on the medium to long term due to the COVID-19 pandemic.



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