Jacana ENERGY

Annual Report 2019-20

Contents

Purpose of this report

The Jacana Energy Annual Report 2019–20 outlines the Corporation's operations and achievements for the 2019–20 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 of the year, major projects, key achievements and outcomes
- 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 2019–20 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 and Treasurer

Northern Territory Government
Darwin 0800

24 September 2020

Dear Treasurer

On behalf of Jacana Energy (Power Retail Corporation), we present the Corporation's Annual Report for the year ended 30 June 2020 in accordance with the provisions of sections 41 and 44 of the *Government Owned Corporations Act 2001*.

This report details the non-financial and financial performance of Jacana Energy for the year ended 30 June 2020. We can report the following key outcomes for the year:

- a loss before interest and tax of $2.0 million, due to provisions for a disputed Network Service Provider billing error in 2018 and the increased cost of bad and doubtful debts
- successfully managing the impacts of the COVID-19 pandemic and the provision of uninterrupted service to our customers
- working with families and small businesses experiencing financial hardship due to COVID-19 restrictions by supporting them with a range of innovative payment solutions tailored to their specific needs
- retaining the confidence and trust of our Commercial and Industrial (C&I) customers by supporting them through the economic downturn
- successful launch of Jacana Energy's Facebook page in December 2019 to proactively engage with customers via social media.

We look forward to continuing our support for Territorians in 2020–21.

Yours sincerely

Noel Faulkner
Chairman

Louisa Kinnear
A/Chief Executive Officer

About us

Jacana Energy is 100 per cent 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 in 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 turns it into retail products and services that meet our customers' energy needs.

We provide electricity services to 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.

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.

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*.

As at 30 June 2020, our Shareholding Minister was The Hon. Nicole Manison MLA, the Deputy Chief Minister and Treasurer. Our Portfolio Minister was The Hon. Dale Wakefield MLA, Minister for Renewables, Energy and Essential Services and Minister for Territory Families.

Overview from the Chairman

NOEL FAULKNER

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

This has been challenging in 2019–20 due to the COVID-19 pandemic and the restrictions imposed on the community and businesses from March 2020.

The highlights of the year include:

- successfully completed the Customer Care Optimisation Project, which increased our customer response times
- provided hardship funding to 900 vulnerable customers
- activated our business continuity plan to manage the impacts of COVID-19 and provide uninterrupted service to our customers
- supported our customers most affected by COVID-19 restrictions with a variety of new repayment options
- launched the Jacana Energy Facebook page in order to proactively engage with customers via social media
- reached final stages of development and testing for a new online self-service portal for customers, which is due to be launched during 2020-21.

Financial performance

Jacana Energy's Earnings Before Interest and Tax (EBIT) for 2019–20 is a loss of $2.0 million, which is below our Statement of Corporate Intent (SCI) target profit of $0.5 million.

This variance was due to provisions for a disputed Network Service Provider billing error in 2018, and the increased cost of bad and doubtful debts. Excluding these two variances, the Corporation would have reported an EBIT profit of $3.3 million.

Customer service

Jacana Energy is focussed on putting customer needs at the centre of everything we do. In December 2019, phase 1 of the Customer Care Optimisation Project was completed, which helped to streamline internal processes and improve the customer experience by reducing average times to handle customer calls and emails.

In December 2019, we launched the Jacana Energy Facebook page to engage with our customers on social media. This new channel was particularly effective during COVID-19 restrictions as another source of information for our customers.

As COVID-19 restrictions started to impose financial strains on our customers, our Customer Care teams stepped up to give extra guidance and information about payment plans and other ways to ease the burden on our customers. This extra support resulted in longer average customer interactions, which came at a cost to our Grade of Service (GoS) (percentage of calls answered within 30 seconds) target for 2019–20.

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 per cent 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.

Construction of the solar farms continued during 2019–20 and the farms are expected to be fully operational in 2020–21.

Investing in our people

Jacana Energy continued our culture and leadership development in 2019–20. We implemented a revised employee performance framework based on employees achieving performance targets and demonstrating they embody our corporate values. During the year, the Jacana Energy Leadership Team role-modelled values-based behaviours to help foster this constructive, achievement-focussed 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 2019–20, the Corporation worked constructively with generators to ensure that future wholesale supply arrangements are cost reflective and provide incentives for Jacana Energy to develop products and services that reduce future wholesale costs and to ensure customer expectations are being met.

Part of the community

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

In 2019–20, 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

The financial year was challenging, mainly due to the impacts of COVID-19 on household incomes and business activity in the Territory. In 2020–21, we will continue to support households and businesses in financial hardship, and we'll continue to develop new products and services, including online service channels, to improve service delivery to Territorians. Thank you to our Shareholding Minister, our Portfolio Minister and our other stakeholders—especially our employees—for their support throughout the year.

New appointment

Jacana Energy appointed a new Chief Executive Officer (CEO) at the end of 2018–19. Djuna Pollard started with the Corporation on 9 September 2019 but unfortunately left Jacana Energy on 15 December 2019, to take on the role of Chief Executive at Power and Water Corporation.

Louisa Kinnear, Executive Manager Sales and Marketing is currently Acting CEO.

Yours sincerely

Noel Faulkner
Chairman

Performance targets

Key performance indicator	Unit	2019–20 actual	2019–20 SCI	Status
Gross Margin	% revenue	4.4	4.7	
Cost to Serve	$/customer	195	195	
EBIT	$ million	(2.0)	0.5	
Grade of Service	%	64.1	70.0	
Customer Satisfaction	Score	3.6 / 5	3.6 / 5	
Employee Engagement	Score	61 / 100	70 / 100	

Measure descriptions

Gross Margin - Gross margin percentage is calculated by dividing the gross margin by the total revenue.

Cost to Serve - Cost to serve is 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 - Grade of service measures the percentage of customer calls to the call centre answered within 30 seconds.

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

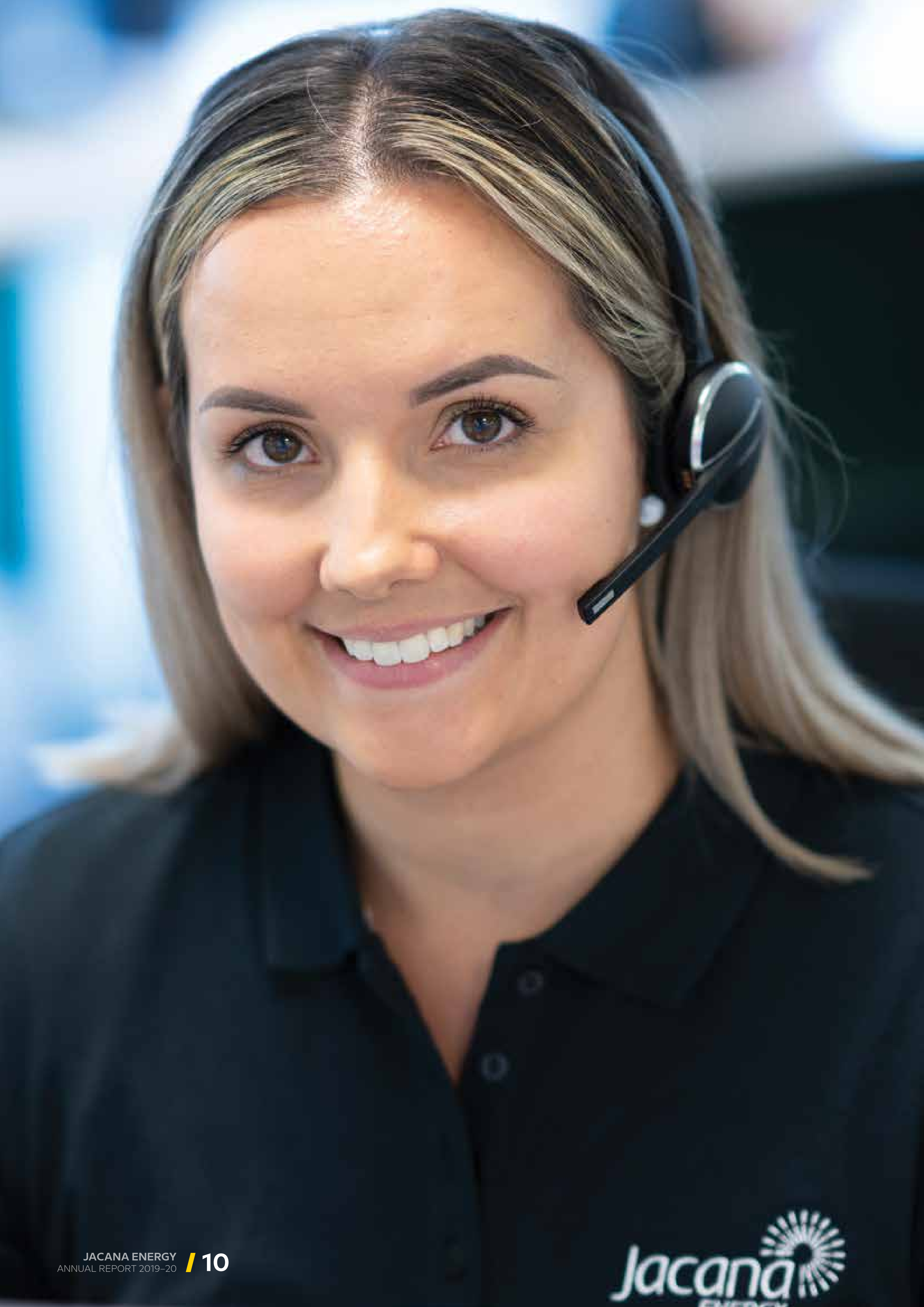
Employee Engagement - Employee engagement measures the emotional connection and commitment our people have to working for Jacana Energy.

Jacana Energy delivered an Earnings Before Interest and Tax (EBIT) loss of $2.0 million, compared to a target profit of $0.5 million. This result was due to provisions for a disputed Network Service Provider billing error in 2018 and the additional costs of bad and doubtful debts due to COVID-19 restrictions causing economic hardship on our customers. Excluding these two negative impacts, Jacana Energy would have reported an EBIT profit of $3.3 million.

Our actual Gross Margin percentage across all customer segments was 4.4 per cent of revenue, compared to the target of 4.7 per cent.

Our actual Cost to Serve of $195 per customer was equal to target.

Jacana Energy's grade of service for 2019–20 averaged 64.1 per cent, compared to a target of 70 per cent. This was impacted by the increased complexity and volume of calls and emails since the start of the COVID-19 pandemic restrictions in March 2020.


Jacana

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.

Key focus areas for 2019–20 were continuing to develop our people, strengthening our leadership capabilities and enhancing employee performance through strong engagement.

Our teams have worked tirelessly to ensure customers and employees feel connected to Jacana Energy throughout COVID-19 and have managed the development of strategies to cover emergency management, social media, and customer communications. This tremendous and dedicated effort resulted in one of our employees being recognised through a nomination for the 2020 Chief Minister's Awards for Excellence in the Public Sector, the results of which are due to be announced in October 2020.

The Performance Development Program, which provides employees with annual performance objectives and development goals, was further defined and enhanced after feedback received through Jacana Energy's 2019 Employee Engagement Survey. The improvements ensured our people gained clarity about how their work goals and objectives fit into the Corporation's strategic objectives.

Jacana Energy also initiated a refresh of our Culture Program in 2019–20 to further define the underlying behaviours our staff need to demonstrate in order to achieve our corporate values.

In 2019–20, we established the Employee Culture Group (ECG) to manage our reward and recognition program. The ECG will re-design and launch new initiatives in 2020–21 across all Jacana Energy's reward and recognition programs. The ECG will also continue to champion our values and behaviours, embedding these across the organisation.

We also introduced a new induction program during the year. This new on-boarding process helps our new team members adjust to their new roles and makes their transition into the business smoother.

Employee numbers

	2018–19	2019–20	Variation
Full Time Equivalent (FTE)	71.5	71.7	0.2
Headcount	78	75	(3)

Frontline employees

	2018–19	2019–20	Variation
Total frontline	56	49	(7)
Total headcount	78	75	(3)
Percentage (%)	72	65	(7)

Frontline employee numbers, being the number of employees in customer-facing roles, reduced due to natural attrition during 2019–20; however, recruitment for extra Contact Centre agents was completed in July 2020, which increased the number of frontline employees by four.

Diversity

All employees	2018–19		2018–19	2019–20		2019– 20
	Female	Male	Total	Female	Male	Total
	60	18	78	52	23	75
Percentage (%)	77	23	100	69	31	100
Leadership roles	10	3	13	8	4	12
Leadership percentage (%)	77	23	100	67	33	100

Supporting vulnerable Territorians

SPONSORSHIP PROGRAM

In 2019–20, Jacana Energy continued to execute our two-year sponsorship plan launched in 2018. The plan's initiatives focussed on supporting vulnerable members of our community by providing better access to specialised services and basic goods.

Jacana Energy is a socially responsible member of the community, and our sponsorship program strongly aligns with our values. Through sponsorship, we create connections with our customers, demonstrate care for our community and give our employees an opportunity to make a positive impact.

In 2019–20, 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.

Some of the major programs we supported are:

- YWCA's Women of Worth – A program that empowers women on their journey through the justice system to re-engage with the community and reduce re-offending.
- Total Recreation's FREDI Fitness – A fitness program aimed at engaging and empowering people with a disability to enjoy recreational activities, improving wellbeing and helping to build social networks through fun, recreation, exercise, diet and inclusion (FREDI). Jacana Energy funded 12 months of activities and employees volunteered on the program, helping participants to make the best of each session.
- Top End Mental Health Consumers Organisation (TEMHCO) – Provides a drop-in centre for people living with a mental illness, where members can reconnect, feel safe and access support services. Jacana Energy sponsored two art therapy workshops over a period of 20 weeks.
- Starlight Foundation's Healthier Futures – Visits communities in the Northern Territory to engage children through play and imagination in a culturally appropriate way and provides distraction during health clinic visits. Jacana Energy sponsored visits from Captain Starlight and his team to four NT communities throughout the year.

Jacana Energy also supported initiatives by the Darwin and Alice Springs Men's Sheds, the Salvation Army (Christmas Appeal), Foodbank, Share the Dignity, Dawn House Women's Refuge (Christmas holiday program), and Seabreeze Festival's Branching Out (program in aged care).

Our sponsorship program was highly successful again in its second year, directly supporting 1512 vulnerable Territorians.

The program engaged Jacana Energy employees, with many participating in a number of events with program participants, volunteering and donating goods.

COMMUNITY ENGAGEMENT PROGRAM

In March 2020, Jacana Energy delivered an introduction to electricity literacy, prepayment meters and energy efficiency as part of a life skills program developed by Somerville Community Services. Somerville is one of Jacana Energy's five welfare agency partners, providing emergency relief, financial counselling and support services to Territorians in hardship.

Somerville's Moving Forward program is a nine-week community education program aimed at developing general life skills to help vulnerable Territorians secure and maintain long-term housing. Although the program was put on hold shortly after COVID-19 restrictions, Jacana Energy wants to concentrate more significant efforts in expanding this type of partnership over the next few years.

COVID-19 disruptions

The outbreak of COVID-19 had an overwhelming impact on individuals, businesses and communities.

As our sponsorship and community engagement partners closely monitored the official guidance from health authorities and government, many had to adapt the delivery of their services to align with community restrictions.

Some types of in-person initiatives successfully moved to be delivered virtually, over-the-phone services replaced the traditional methods of engagement and take home packs were developed.

Jacana Energy proudly acknowledges the creativity and resilience of our sponsorship and community engagement partners in finding innovative ways to continue to support the most vulnerable in these unprecedented times.

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 2020–21.

OUR STRATEGIC OBJECTIVES ARE:

- Our Customers: positive customer experiences that build 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

- Customer Experience Strategy implemented
- sales capability improvements program implemented
- review of credit management program and Hardship Strategy
- deliver Customer Optimisation Phase 2 Project
- develop a first call resolution strategy.

STRATEGIC OBJECTIVE 2: OUR PEOPLE

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

- employees committed to living and embedding our vision and values
- highly engaged workforce with a clear understanding of how their role contributes to the business objectives
- enhanced capability of all employees across the organisation
- safety and wellbeing is a priority.

STRATEGIC OBJECTIVE 3: OUR COMMUNITY

Trusted and supported by all Territorians

- brand strategy refreshed and aligned with customer experience insights and initiatives
- establish partnerships with community organisations supporting vulnerable Territorians
- Jacana Energy is proactively engaged in the design and implementation of market reforms
- two-year post COVID-19 sponsorship plan approved and implemented.

STRATEGIC OBJECTIVE 4: OUR BUSINESS

Efficiently deliver innovative products and services

- refresh long-term electricity purchasing strategy and tariff reform agenda
- Product Development Framework implemented
- post implementation review of billing system
- continue optimisation of operational systems and processes
- digital capability enhanced, including delivery of new website and online self-service portal.

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 (at year end, the Treasurer and Deputy Chief Minister), who sets annual performance targets for Jacana Energy and monitors performance against them.
- Portfolio Minister (at year end, the Minister for Renewables, Energy and Essential Services and Minister for Territory Families), who monitors Jacana Energy's service performance and has broad responsibility for industry-wide policy matters relating to Jacana Energy.
- Board of Directors who are accountable for the performance of Jacana Energy.

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

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

Jacana Energy adopts the Northern Territory Government's 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
- Caryle Demarte – Non-Executive Director (retired on 31 August 2019)
- Trevor James – Non-Executive Director (appointed from 1 September 2019).

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
- Noel Faulkner
- Caryle Demarte (retired on 31 August 2019)
- Trevor James (appointed from 1 September 2020)

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 three 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 36 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.

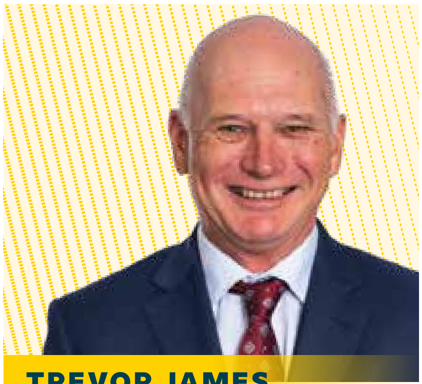
CLARE MILIKINS

Non-Executive Deputy Chair

Clare is a Northern Territory-based senior finance and governance professional who was born and raised in Darwin. She has held executive positions in the public sector, establishing effective organisational systems and leading reform agendas. Clare owns a successful retail business and provides advisory services to small and medium enterprises on governance and financial management. Clare has widely diversified skills in the public sector and private enterprise and has a sound track record of success in the roles undertaken and outcomes achieved.

In May 2014, Clare was appointed Deputy Chair of the Corporation and is the Chair of the Audit and Risk Committee. Clare has held several voluntary directorships. She has held senior executive positions within the Northern Territory Government, including Executive Director of Finance and Governance at the Department of Natural Resources, Environment and the Arts as well as roles in Treasury and the Department of Transport and Works.

Clare is a Fellow of CPA Australia, with a Bachelor of Commerce (Accounting) and a Postgraduate Certificate in Public Sector Management. She is a Graduate of the Australian Institute of Company Directors.



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 become 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 a member of their Audit and Risk Committee.

He is also a member of the Central Queensland University's MBA (Leadership) Professional Reference Group.

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

A/Chief Executive Officer, Executive Manager Sales and Marketing

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 was appointed as acting Chief Executive Officer on 18 September 2020.

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.

SELINA POLLARD

General Counsel and Company Secretary

Selina was admitted to practise in 2003 and has more than 15 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 and is a Graduate of the Australian Institute of Company Directors.

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 (ICT), 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.

KIMBERLEY BARTON

Executive Manager, Operations

Kimberley has 15 years' experience in the electricity and gas industry after working for AGL and Simply Energy. Kimberley spent four years in UNELCO, Vanuatu, leading commercial and operations services across electricity and water, including generation, distribution and retail activities.

Throughout her career, Kimberley has managed outsourced providers, national complaint and dispute resolutions, mass market and commercial and industrial billing, credit and collections, hardship programs, meter reading services, new connections and service orders as well as sales operations in Australia and internationally.

Financial Statements
30 June 2020

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 2020 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
- Caryle Demarte – Non-Executive Director (retired on 31 August 2019)
- Trevor James – Non-Executive Director (appointed from 1 September 2019)

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 2019–20 year.

Review of operations

The Corporation recorded a loss before interest and tax of $2.0 million for the year. This result was due to provisions for a disputed Network Service Provider billing error in 2018 and the additional costs of bad and doubtful debts due to COVID-19 restrictions causing economic hardship on our customers. Excluding these two variances, the Corporation would have reported a profit before interest and tax of $3.3 million.

The annual results are discussed in more detail below.

Total revenue for the year was $492.6 million, which included Community Service Obligation funding of $91.9 million.

Overall expenses excluding tax were $494.7 million for the year. The majority of these expenses related to $470.8 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 totalled $23.9 million for the year. External service agreements of $1.3 million were included in operating expenditure, which related to contracts with third parties, including the Transitional Services Agreement with Power and Water Corporation, which covers operational and systems services. The Corporation's cash balance at the end of June 2020 was $39.4 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 that it is causing will continue well into the financial year 2020–21, and possibly beyond. The Corporation has maintained business operations during the pandemic and will continue to do so, especially by providing essential services to our customers.

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. In addition, the Shareholding Minister has written to the Chairman confirming additional liquidity support will be considered, if necessary, to ensure that Jacana Energy can continue 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 2020 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	10	10	6	6
Clare Milikins	10	10	6	6
Caryle Demarte (retired on 31 August 2019)	1	1	1	1
Trevor James (appointed from 1 September 2019)	9	9	5	5

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, 24 September 2020

Auditor's report page 1

Auditor-General

Independent Auditor's Report to the Board of Directors

Power Retail Corporation

Opinion

I have audited the financial report of Power Retail Corporation (the Corporation), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, 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 2020 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
Accuracy of Unbilled Consumption	
Revenue from sale of goods, as disclosed in Note 4 to the financial statements, includes estimated values for unbilled revenue from electricity totalling $44.0 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	My procedures included but were not limited to: ▪ Assessing the methodology and assumptions used by management to calculate the unbilled revenue. ▪ Assessing the completeness and accuracy of inputs used to determine the unbilled revenue. ▪ 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

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

Auditor's report page 2

Auditor-General

Page 2 of 4

Key Audit Matter	Audit scope response to the Key Audit Matter
the year end. There is a significant risk around the measurement and recognition of revenue related to unbilled revenue due to the complexity and estimates required in determining actual consumption levels relating to unbilled revenue.	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. ▪ Inspecting a sample of monthly reconciliations to determine if variances existed and had been satisfactorily resolved and reconciliations had been reviewed and approved. ▪ 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 recalculating the consumption and fixed daily charges 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 $8.5 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 and nature of write-offs of receivable to management's estimate of the provision for impaired receivables.

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

Auditor's report page 3

Auditor-General

Page 3 of 4

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Corporation's annual report for the year ended 30 June 2020, but does not include the financial report and my auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors of the Corporation are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Government Owned Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 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.

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

Auditor's report page 4

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

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

Julie Crisp
Auditor-General for the Northern Territory

Darwin, Northern Territory

28 September 2020

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

Statement of profit or loss and other comprehensive income

For year ended 30 June 2020

	Note	2020 $'000	2019 $'000
Revenue	4(a)	400,443	412,901
Community Service Obligation	4(b)	91,938	71,524
Interest revenue	4(c)	266	596
Energy cost of sales	5(a)	(470,815)	(454,515)
Employee benefits expense	5(b)	(9,580)	(9,295)
External service agreements	5(c)	(1,310)	(2,456)
Depreciation and amortisation expense	5(d)	(3,178)	(2,718)
Other expenses	5(e)	(9,797)	(8,843)
Finance costs	5(g)	(59)	-
Profit/(loss) before tax		**(2,093)**	**7,194**
Income tax expense/(income)	6(a)	(628)	2,157
Profit/(loss) for the year		**(1,466)**	**5,037**
Other comprehensive income, net of income tax		-	-
Total comprehensive income/(loss) for the year		**(1,466)**	**5,037**

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 2020

	Note	2020 $'000	2019 $'000
Current assets			
Cash and cash equivalents	7	39,391	43,108
Trade and other receivables	8	70,977	69,093
Current tax assets	6(c)	1,358	1,789
Other current assets	9	6,187	4,818
Total current assets		**117,913**	**118,808**
Non-current assets			
Property, plant and equipment	10	249	283
Intangible assets	11	853	3,401
Right-of-use assets	12	3,175	-
Deferred tax assets	6(d)	4,272	3,380
Total non-current assets		**8,549**	**7,064**
Total assets		**126,462**	**125,872**
Current liabilities			
Trade and other payables	13	53,887	57,024
Provisions	16(a)	8,562	5,712
Current lease liabilities	15(a)	528	-
Other current liabilities	14	10,425	8,868
Total current liabilities		**73,402**	**71,604**
Non-current liabilities			
Provisions	16(b)	538	187
Non-current lease liabilities	15(b)	2,436	-
Deferred tax liabilities	6(d)	2	12
Total non-current liabilities		**2,976**	**199**
Total liabilities		**76,377**	**71,803**
Net assets		**50,085**	**54,069**
Equity			
Contributed equity	17	47,666	47,666
Retained earnings	18	2,419	6,403
Total equity		**50,085**	**54,069**

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 2020

	Note	Contributed equity $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2018		**47,666**	**6,405**	**54,071**
Profit for the year ended 30 June 2019		-	5,037	5,037
Total comprehensive income for the year		-	5,037	5,037
Dividends paid or provided for	16(c)	-	(5,039)	(5,039)
Balance at 30 June 2019	17,18	**47,666**	**6,403**	**54,069**
Balance at 1 July 2019		**47,666**	**6,403**	**54,069**
Loss for the year ended 30 June 2020		-	(1,466)	(1,466)
Total comprehensive income 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**

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 2020

	Note	2020 $'000	2019 $'000
Cash flow from operating activities			
Receipts from customers		395,637	411,774
Payments to suppliers and employees		(465,271)	(453,813)
Payment of income tax		157	(5,158)
Payments for Renewable Energy Certificates		(23,377)	(22,004)
Community Service Obligation received		91,938	71,524
Interest received		301	596
Net cash provided by operating activities	23	**(615)**	**2,919**
Cash flow from investing activities			
Payments for property, plant and equipment		(11)	(95)
Net cash used in investing activities		**(11)**	**(95)**
Cash flow from financing activities			
Leases repayment		(573)	-
Dividends paid	18	(2,519)	(5,039)
Net cash used in financing activities		**(3,091)**	**(5,039)**
Net decrease in cash and cash equivalents		(3,717)	(2,215)
Cash and cash equivalents at the beginning of the year		43,108	45,323
Cash and cash equivalents at the end of the year	7	**39,391**	**43,108**

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 trading as Jacana Energy (the Corporation) 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 24 September 2020.

(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 16 'Leases'

AASB 16 introduces new or amended requirements with respect to lease accounting. It changes how the Corporation accounts for leases previously classified as operating leases under AASB 117, which were off balance sheet, by requiring the recognition of a right-of-use asset and a lease liability at commencement date, except for short-term leases and leases of low value assets.

The impact of the adoption of AASB 16 on the Corporation's financial statements is described below.

The date of initial application of AASB 16 for the Corporation is 1 July 2019. The Corporation has applied AASB 16 using the modified retrospective approach, and therefore, the comparative information has not been restated and continues to be reported under AASB 117.

Applying AASB 16, 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
- presents the total amount of cash paid within financing activities in the statement of cash flows.

The Corporation has made use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with AASB 117 will continue to be applied to those contracts entered or modified before 1 July 2019.

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 leases' 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 leases assets related to 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.

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

- buildings: 5 to 40 years
- motor vehicles: 3 to 7 years.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to provisions for further information about the recognised decommissioning provision.

The application of AASB 16 to leases previously classified as operating leases under AASB 117 resulted in the recognition of right-of-use assets of $3.5 million and lease liabilities of $3.5 million, with repayments over the year being $519 000. It also resulted in a decrease in other expenses of $519 000 and an increase in depreciation of $542 000 and interest expense of $54 000.

The Corporation has also recognised the 'make good' provision and relative asset of $278 000, which resulted in an increase in depreciation of $43 000 and interest expense for the unwinding of the provision of $5 000.

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.

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

Impact on assets, liabilities and equity				
Right-of-use asset $'000	**Building**	**Vehicles**	**'Make good'**	**Total**
Balance at 1 July 2019	3,432	50	278	**3,760**
Depreciation charge for the year	(528)	(14)	(43)	**(585)**
Balance at 30 June 2020	2,904	36	235	**3,175**
Lease liabilities/provision $'000	**Building**	**Vehicles**	**'Make good'**	**Total**
Balance at 1 July 2019	(3,432)	(50)	(278)	**(3,760)**
Repayments	504	14	-	**518**
Unwinding	n/a	n/a	(5)	**(5)**
Total	**(2,928)**	**(36)**	**(283)**	**(3,247)**
Current lease liabilities	(513)	(15)	-	**(528)**
Non-current lease liabilities	(2,415)	(21)	-	**(2,436)**
Provision	-	-	(283)	**(283)**
Net assets	**(23)**	**-**	**(48)**	**(71)**
Impact on profit/(loss) for the year				
$'000	**Building**	**Vehicles**	**'Make good' asset/provision**	**Total**
Depreciation charge for the year	528	14	43	**585**
Interest	53	1		**54**
Unwinding	-	-	5	**5**
Total impact on profit/(loss) for the year	**581**	**15**	**48**	**644**

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 2018-7 Amendments to Australian Accounting Standards – Definition of Material	1 January 2020	30 June 2021
AASB 2019-1 'Amendments to Australian Accounting Standards – References to the Conceptual Framework'	1 January 2020	30 June 2021
AASB 2020-1 'Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current'	1 January 2022	30 June 2023

The Corporation's preliminary assessment of the application of these standards 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 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.

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.

(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.

Refer to AASB 16 'Leases' adoption for further information about the recognised right-of-use assets.

(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 two-and-a-half years. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) 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 per cent of net profit after tax.

(p) Goods and service tax

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

(i) 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

(ii) 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 2020.

2020 Days past due	Expected credit loss rate %	Gross carrying amount $'000	Expected credit loss $'000
Current	1.6%	12,672	206
0–30 days	4.4%	6,494	284
31–60 days	9.0%	3,415	308
61–90 days	40.7%	1,389	565
More than 90 days	95.5%	7,471	7,136
			8,498

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 have 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 Trade, Business and Innovation (DTBI), which entitles that customer to a 50% reduction to the regulated electricity retail tariffs for all or part of the relevant period being 1 April 2020 to 30 September 2020. Related discounts are to be refunded to the Corporation via additional Community Service Obligation payments.

As at 30 June 2020, BHP-related customer discounts have been recognised by the Corporation for a total of $260 000.

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. Ongoing uncertainty over future economic conditions could have a detrimental impact on the recoverability of the Corporation's trade receivables. The ongoing viability of Jacana Energy is an important consideration to the NTG; therefore, the Shareholding Minister has written to the Chairman to advise that in the event of a deteriorating cash position that affects the Corporation's ability to meet its financial obligations, the government will consider the need to provide further liquidity support.

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

		2020 $'000	2019 $'000
(a)	**Revenue**		
	Sale of goods	396,655	411,346
	Other revenue	3,789	1,555
		400,443	**412,901**
(b)	**Community Service Obligation (CSO)**	91,938	71,524
(c)	**Interest revenue**	266	596
	Total revenue	**492,647**	**485,020**

During 2019–20, the Australian Energy Regulator's Determination approved for the Network Service Provider to increase by $16.9 million the annual tariff charged to the Corporation. This annual increase was in relation to under-recovered network charges in prior years. The majority of this increase was in relation to the regulated market; therefore, the additional cost resulted in an increased CSO for financial year 2019–20.

5 Expenses

		2020 $'000	2019 $'000
(a)	**Energy costs of sales**		
	Generation, networks and system control, and energy purchased for re-sale	(446,212)	(433,281)
	Renewable Energy Certificates	(21,241)	(20,337)
	Alternative control charges	(2,846)	(531)
	Prepaid token expenses	(517)	(365)
		(470,815)	**(454,515)**
(b)	**Employee benefits expense**		
	Salary and wages	(7,575)	(6,674)
	Superannuation expense	(715)	(581)
	Fringe benefits expense tax	(37)	(26)
	Payroll tax	(437)	(376)
	Contract labour	(816)	(1,639)
		(9,580)	**(9,295)**
(c)	**External service agreements**	**(1,310)**	**(2,456)**
(d)	**Depreciation and amortisation expense**	**(3,178)**	**(2,718)**
(e)	**Other expenses**		
	Grants and subsidies	(225)	(164)
	Provision for impaired receivables	(4,127)	(2,670)
	Auditor's remuneration	(137)	(142)
	Rental expenses	-	(559)
	Other expenses	(5,308)	(5,309)
		(9,797)	**(8,843)**
(f)	Finance costs	**(59)**	**-**
	Total expenses	**(494,740)**	**(477,827)**

6(a) Income tax recognised in profit or loss

		2020 $'000	2019 $'000
	Current tax		
	In respect of the current year	274	1,333
		274	**1,333**
	Deferred tax		
	In respect of the current year	(902)	824
		(902)	**824**
	Total income tax recognised in the current year	**(628)**	**2,157**

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

		2020 $'000	2019 $'000
	Profit before tax	(2,094)	7,194
	Income tax expense calculated at 30%	(628)	2,157
	Total income tax recognised in the current year	**(628)**	**2,157**

The tax rate used for the 2020 and 2019 reconciliations above is the corporate tax rate of 30 per cent payable by Australian corporate entities on taxable profits under Australian tax law.

6(c) Current tax assets and liabilities

		2020 $'000	2019 $'000
	Current tax assets		
	Tax refund receivable	1,358	1,789
		1,358	**1,789**
	Current tax liabilities		
	Income tax payable	-	-
		-	**-**

6(d) Deferred tax balances

		2020 $'000	2019 $'000
	Deferred tax balances are presented in the statement of financial position as follows:		
	Deferred tax assets	4,272	3,381
	Deferred tax liabilities	(2)	(12)
		4,270	**3,368**

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**

2019	Opening balance $'000	Recognised in profit or loss $'000	Closing balance $ '000
Temporary differences			
Employee entitlements	307	(15)	293
Doubtful debts	787	798	1,585
Provisions	3,112	(1,618)	1,494
Accrued revenue	(22)	10	(12)
Other	8	1	8
	4,192	**(824)**	**3,368**

7 Cash and cash equivalents

	2020 $'000	2019 $'000
Cash at bank	39,391	43,108
Total cash and cash equivalents	**39,391**	**43,108**

8 Trade and other receivables

	2020 $'000	2019 $'000
Trade receivables	34,562	28,171
Provision for impaired receivables	(8,498)	(5,283)
	26,064	**22,888**
Unbilled consumption	44,029	45,100
Goods and services tax	551	1,063
Bank interest receivable	7	41
Other accrued revenues	327	-
Total trade and other receivables	**70,977**	**69,093**

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

	2020 $'000	2019 $'000
30–60 days	2,854	684
61–90 days	437	424
More than 90 days	122	149
	3,413	**1,257**

8(b) Movement in the provision for impaired receivables

		2020 $'000	2019 $'000
	Balance at the beginning of the year	5,283	2,626
	Impairment losses recognised on receivables	4,128	2,638
	Amounts written off during the year as uncollectible	(1,166)	(314)
	Amounts recovered during the year	253	333
	Balance at end of the year	**8,498**	**5,283**

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

		2020 $'000	2019 $'000
	Renewable Energy Certificates	6,185	4,812
	Other current assets	3	6
	Total other current assets	**6,187**	**4,818**

10 Property, plant and equipment

2020 Cost	Plant and equipment $'000	Capital work in progress (WIP) $'000	Total $'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**

2019 Cost	Plant and equipment $'000	Capital work in progress (WIP) $'000	Total $'000
Balance at the beginning of the year	324	246	570
Additions	37	57	94
Disposals	-	(246)	(246)
	361	**57**	**418**
Accumulated depreciation			
Balance at the beginning of the year	(89)	-	(89)
Depreciation	(46)	-	(46)
	(135)		**(135)**
Net book value	**226**	**57**	**283**

11 Intangible assets

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**

2019 Cost	Software $'000	Total $'000
Balance at the beginning of the year	6,441	6,441
Capitalisation	246	246
	6,687	**6,687**
Accumulated amortisation		
Balance at the beginning of the year	(615)	(615)
Amortisation	(2,671)	(2,671)
	(3,286)	**(3,286)**
Written down value	**3,401**	**3,401**

12 Right-of-use assets

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**

The date of initial application of AASB 16 for the Corporation was 1 July 2019. The Corporation has applied AASB 16 using the modified retrospective approach, and therefore, the comparative information has not been restated and continues to be reported under AASB 117. The Corporation leases buildings for its office space, and they contain extension options exercisable by the Corporation.

The present value of the expected cost for the decommissioning of an asset is included in the cost of the asset.

Refer to AASB 16 'Leases' adoption for further information about the recognised right-of-use assets.

13 Trade and other payables

	2020 $'000	2019 $'000
Trade payables	9,537	7,183
Accrued operating expenses	670	804
Employee provisions	202	98
Unbilled consumption	17,380	18,103
Accrued network and system control charges	26,097	30,836
	53,887	**57,024**

14 Other current liabilities

	2020 $'000	2019 $'000
Payments received in advance	10,425	8,868
	10,425	**8,868**

15 Lease liabilities

2020	Leased premises $'000	Leased motor vehicles $'000	Total $'000
Current lease liabilities	513	14	528
Non-current lease liabilities	2,414	21	2,436
	2,928	**36**	**2,963**

The date of initial application of AASB 16 for the Corporation was 1 July 2019. The Corporation has applied AASB 16 using the modified retrospective approach, and therefore, the comparative information has not been restated and continues to be reported under AASB 117. 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. The lease liability is initially measured at the present value of the leases payments that are not paid, discounted using the relative incremental borrowing rate.

Refer to AASB 16 'Leases' adoption for further information about the recognised lease liabilities.

16 Provisions

		2020 $'000	2019 $'000
(a)	**Current**		
	Employee benefits	1,055	730
	Renewable Energy Certificates	4,218	4,982
	Network charges	3,289	-
		8,562	**5,712**
(b)	**Non-current**		
	Employee benefits	256	187
	'Make good' provision	283	-
		538	**187**
		9,100	**5,899**

Network charges provision

A provision is recognised for disputed costs of $3.3 million billed to the Corporation during financial year 2019-20 by the Network Service Provider in relation to a billing error in financial year 2017-18.

'Make good' provision

A provision is recognised for decommissioning costs associated with the right-of-use of leased premises of $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 $5 000.

		2020 $'000	2019 $'000
	Renewable Energy Certificates		
	Balance at the beginning of the year	4,982	10,372
	Provisions made during the year	22,243	19,749
	Provisions utilised during the year	(23,007)	(25,139)
	Balance at end of the year	**4,218**	**4,982**

		2020 $'000	2019 $'000
(c)	**Dividends**		
	Balance at the beginning of the year	-	-
	Dividend declared for the year	2,519	5,039
	Dividend paid during the year	(2,519)	(5,039)
	Balance at end of the year	**-**	**-**

17 Contributed equity

		2020 $'000	2019 $'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

		2020 $'000	2019 $'000
	Retained earnings		
	Balance at the beginning of the year	6,403	6,405
	Profit/(loss) for the year	(1,466)	5,037
	Dividend paid during the year	(2,519)	(5,039)
	Balance at end of the year	**2,419**	**6,403**

On 30 November 2018, an ordinary dividend of $5.0 million was paid to the Corporation's shareholder, representing 50 per cent of net profit after tax for the 2018 year.

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

19 Commitments for expenditure

Operating lease commitments

Future non-cancellable operating lease commitments are payable as follows:

	2020 $'000	2019 $'000
Within one year	8	573
Later than one year but not later than five years	-	316
	8	**889**

20 Auditor's remuneration

	2020 $	2019 $
Services		
Audit of the financial statements	137,203	141,529
Auditor's remuneration	**137,203**	**141,529**

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 $
2020	3	183,846	24,440	19,807	228,092
2019	3	185,026	22,866	19,750	227,642

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.

	2020 $	2019 $
Short-term employee benefits	1,534,055	1,608,199
Other long-term benefits	8,308	30,174
Termination benefits	-	-
Total compensation of key management personnel	**1,542,363**	**1,638,373**

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
2020	91,938
2019	71,524

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
2020 Government- Owned Corporations	8,411	412,599	2,799	52,005
2019 Government- Owned Corporations	10,496	425,611	524	48,901

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 (2019: 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

	2020 $'000	2019 $'000
Profit/(loss) for the year	(1,466)	5,037
Deferred tax expense recognised in profit or loss	(902)	824
Income tax expense recognised in profit and loss	274	1,333
Bad debt loss allowance	4,127	2,670
Depreciation and amortisation of non-current assets	3,178	2,718
Interests income/cost	(207)	(596)
Movements in working capital		
(Increase)/decrease in trade and other receivables	(5,746)	(339)
(Increase)/decrease in other assets	(1,212)	3,720
Increase/(decrease) in trade and other payables	(3,137)	758
Increase/(decrease) in provisions	2,918	(5,186)
Increase/(decrease) in other liabilities	1,557	(8,020)
Net cash from operating activities	**(615)**	**2,919**

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

	2020 $'000	2019 $'000
Financial assets		
Financial asset at amortised cost:		
Cash and cash equivalent	39,391	43,108
Trade and other receivables	70,721	69,093
	110,112	**112,201**

	Maturity	2020 $'000	2019 $'000
Financial liabilities			
Interest-bearing loans and borrowings:			
Current lease liabilities	2021	528	-
Non-current lease liabilities	2022–2026	2,436	-
Other financial liabilities at amortised cost, other than interest-bearing loans and borrowings:			
Trade and other payables		53,887	57,024
Other current liabilities		10,425	8,868
		67,275	**65,892**

Financial risk management

The Corporation's finance department provides services to the Corporation, coordinates access to financial markets 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

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:

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	64,311	-	-	-	64,311
Interest bearing	143	430	2,254	275	3,102
	64,455	**430**	**2,254**	**275**	**67,414**

2019	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	65,892	-	-	-	65,892
Interest bearing	-	-	-	-	-
	65,892	**-**	**-**	**-**	**65,892**

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.

GPO BOX 2601,
DARWIN NT 0801

ABN 65 889 840 667