Northern Territory Government

DEPARTMENT OF **CORPORATE AND INFORMATION SERVICES**

Annual Report

2012-13

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Department of Corporate and Information Services

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Letter of representation to the Minister

The Hon David Tollner MLA
Minister for Corporate and Information Services
Parliament House
Darwin NT 0800

Dear Minister

In accordance with section 28 of the *Public Sector Employment and Management Act*, I am pleased to submit the 2012-13 annual report on the activities and achievements of the Department of Corporate and Information Services.

Pursuant to the *Public Sector Employment and Management Act,* the *Financial Management Act* and the *Information Act*, I advise that to the best of my knowledge and belief:

a) proper records of all transactions affecting the department are kept and employees under my control observe the provisions of the *Financial Management Act,* the Financial Management Regulations and Treasurer's Directions

b) procedures within the department afford proper internal control and these procedures are recorded in the department's Accounting and Property Manual, which has been prepared in accordance with the requirements of the *Financial Management Act*

c) there is no indication of fraud, malpractice, major breach of legislation or delegation, major error in, or omission from, the accounts and records

d) in accordance with section 15 of the *Financial Management Act*, the internal audit capacity is adequate and the results of internal audits have been reported to me

e) the financial statements included in the annual report have been prepared from proper accounts and records and are in accordance with the Treasurer's Directions

f) all Employment Instructions issued by the Commissioner for Public Employment have been satisfied

g) in respect of my responsibilities pursuant to section 131 of the *Information Act*, I advise that, to the best of my knowledge and belief, the department is working in compliance with Part 9 of the *Information Act.*

Yours sincerely

K Robinson

Kathleen Robinson
Chief Executive

4 October 2013

How to use this report

This report is designed to meet the Department of Corporate and Information Services' (DCIS) annual reporting requirements in line with the *Public Sector Employment and Management Act, Financial Management Act* and *Information Act*. It reports DCIS' performance to the Minister, the Legislative Assembly, government agencies, Territorians and other stakeholders, including DCIS' own staff and provides:

- an understanding of the department's objectives, activities and measures of its financial management and performance
- information about the department's culture, responsibilities and internal governance arrangements
- an insight into future directions.

The 2012-13 annual report is divided into the Chief Executive's Foreword and six key sections. The six sections of the report are summarised below:

- **The Organisation** introduces the department, detailing the organisation's purpose, primary functions and objectives.
- **Achievements** provides a detailed account of DCIS' output performance in 2012-13 along with the measures published in *Budget Paper No. 3.*
- **Corporate Governance** outlines DCIS' corporate governance arrangements including performance of corporate governance committees.
- **Our People** provides an overview of DCIS' people, details the department's human resource management, legislative requirements and formally acknowledges the achievements of employees.
- **Financial Reports** provides financial statements for DCIS and the three government business divisions of NT Fleet, Data Centre Services and Government Printing Office.
- **Appendices** provides the shared corporate services price list, information on audits by the Auditor-General, self-insurance, non-government organisation leases, and gifted and loaned vehicles.

The report is published in an electronic format to enable access by all stakeholders and providing options for downloading the entire report or individual sections.

Please consider the environment and avoid unnecessary paper usage before printing this document.

For more information, visit our website at **www.nt.gov.au/dcis**

Contents

Chief Executive's foreword: 2012-13 in review

The 2012-13 year saw a number of significant administrative arrangements changes that shaped and positioned the department. The Department of Corporate and Information Services (DCIS) was created in December 2012, taking the shared services functions and the Information and Communications Technology (ICT) Policy functions that were previously part of the Department of Business and Employment to become a new agency, following a brief period within the Department of Treasury and Finance. I would particularly like to thank the former chief executives of these departments for their support and oversight of shared services and ICT policy while in their agency.

The outputs and functions within DCIS have continued to be delivered over 2012-13 and, according to convention, this annual report is presented for the full 2012-13 year as DCIS.

The establishment of DCIS has provided an opportunity to refocus and work to better support government and agencies through improving the efficiency of corporate service delivery. Some of the department's key achievements in 2012-13 were:

- Introducing a new vehicle policy framework that improves the efficiency of the government's vehicle fleet and delivers savings of around $8 million per year.
- Enhancing the Quotations and Tenders Online system to provide more functions and make it easier for businesses to lodge electronic quotations and tenders with government.
- Releasing a new smart phone 'app' for government procurement; the first jurisdiction in Australia to do so.
- Expanding modern mobile phone and broadband services in 13 remote communities across the Northern Territory. This is a joint initiative with Telstra with costs shared and the Northern Territory Government contributing almost $3.4 million over two years. Telstra will install the telecommunications infrastructure over 2013 and 2014.
- Taking a lead role in coordinating the extensive requirements across government to give effect to new agency administrative arrangements, with changes successfully implemented across corporate service lines within two months of being announced.

In its first year as a department it was important to set the strategic direction and principles for DCIS. This began with establishing a corporate statement articulating DCIS' vision, purpose and values, and documenting the department's strategic plan for 2013-2015 outlining key priorities and actions. Starting in June 2013, I presented the corporate statement and strategic plan to all staff across DCIS.

A DCIS Service Framework was also developed during 2012-13 and communicated to all agencies. The framework outlines the partnership model for delivering shared corporate services across government agencies, and is underpinned by DCIS' core service principles of partnership, reliability, accountability and innovation. The framework is supplemented by a suite of some 40 service statements that describe each of the main services delivered by DCIS. The statements clearly present the scope, responsibilities and standards for each service and are available on the DCIS intranet site.

A key initiative commenced in 2012-13 is the DCIS Innovation Program which showcases our commitment to forward thinking. This program encourages DCIS staff to put forward innovative ideas that will improve services and/or provide efficiencies. An initial round produced over 70 ideas, with up to 40 ideas being actively progressed in 2013-14 and beyond, and a further 20 ideas identified for further research and consideration once the current ideas are completed. Staff are able to contribute ideas as they occur through the DCIS staff site, with ideas then considered by the Executive Management Board. Progress within innovation is embedded within the department through approved ideas being included in divisional business plans and quarterly progress reporting to the board.

Looking forward to 2013-14, DCIS' focus will be to provide business improvements that will reduce overall government costs, reduce red tape and deliver value for money corporate services. Some of the key actions that will achieve these improvements include:

- expanding the number and value of across government contracts to provide economies of scale and reduce duplication
- improving ICT governance across government through adopting a new framework
- progressing a digital economy strategy for the Northern Territory
- introducing an Invoice Portal to enable government suppliers to lodge and track their invoices online; including a new smart phone 'app' to complement the portal
- automating manual payroll and employment processes, including expanding the functionality of the government's electronic recruitment system
- modernising and consolidating the Northern Territory Government intranet to provide a better service directory for staff in all agencies.

In meeting the demands of 2013-14, a key focus internally for DCIS will be to develop our staff; including increasing Indigenous participation in the DCIS workforce, developing our future leaders, committing to our early careers programs and importantly, recognising our staff's achievements.

In closing I want to express my sincere appreciation to the staff across the department for their continuing dedication and professionalism over such a significant period of change. I look forward to continuing to work with all staff, agencies and other stakeholders over the coming year.

Kathleen Robinson
Chief Executive

The Organisation

Organisation snapshot

What we do

DCIS consists of the Department of Corporate and Information Services and three government business divisions (GBDs) – NT Fleet, the Government Printing Office (GPO) and Data Centre Services (DCS).

DCIS provides a wide range of corporate services for all government agencies, including financial and human resource administration, procurement services, across government contracts, information and communications technology services and policy, property leasing, printing services and management of the government fleet. DCIS has responsibility across government for service delivery, operational direction setting and advice in these areas.

Our organisation structure is on page 10.

Overview of activities

Shared corporate services for government agencies

The major service lines include accounts payable, recruitment, payroll, quotation and tender management, across government contracts, information and communications technology (ICT) services and property leasing.

Whole-of-government ICT policy and strategy

As the Australian Government has responsibility for telecommunications and broadcasting, the department's focus in this area is to monitor and liaise with the Australian Government and telecommunications carriers on communications outcomes for the Northern Territory.

NT Fleet

NT Fleet manages government vehicles, except those of the Northern Territory Police, Fire and Emergency Services.

NT Fleet manages vehicle acquisitions, disposals and related contracts and coordinates vehicle maintenance and repairs with contractors and agencies.

Not for profit community based organisations can request the gift or loan of vehicles, including applications through the Community Benefit Fund (refer to Appendix V for the list of gifted and loaned vehicles).

Government Printing Office

The GPO provides printing and publication services to the Legislative Assembly and government agencies.

Printing required by parliament and under statutory obligations, including Hansard, Bills, Acts, subordinate legislation and Gazettes.

Printing for agencies ranges from very large printing jobs (eg Budget Papers and ballot papers) through to stationery and business cards.

The GPO has a role in assisting the development of the local printing industry through outsourcing a consistent portion of print jobs.

Data Centre Services

The DCS provides information and communications technology support to all agencies through database administration, enterprise data storage and hosting ICT infrastructure and applications. This includes mainframe computing, midrange servers, hosting of the government websites and providing secure storage and backup of government data.

The centre operates at an industry standard of a fully managed 24 hours per day, 7 days per week secure facility. Over 600 servers are hosted in the data centre.

Who we do it for

DCIS endeavours to deliver a high quality service and continuously improve processes and relationships in order to exceed our client's expectations.

Our clients

- Government agencies, business divisions and statutory authorities.
- Government employees and prospective employees.
- The business community.

Other stakeholders

- The ICT industry.
- The Northern Territory community.

The department's approach and responses are consistent across service lines with an emphasis on prompt and reliable services, open communication and a consultative approach that encourages input and feedback.

DCIS services to clients are guided by the following principles which underpin our business processes and practices:

- partnership - constructive engagement and productive relationships with clients; developing shared solutions that balance government policy requirements with agency needs and preferences
- reliability - consistent, equitable and timely service delivery for all clients
- accountability - responsible and honest approach with robust internal control structure and ethical behaviour
- innovation - efficient business processes, standardised and automated where feasible; driving reforms to improve service efficiency and add value for clients.

How we do it

As at 30 June 2013, DCIS employed 601 full-time equivalent (FTE) staff, with the majority (480) working in the department and the remainder spread across the GBDs.

The total budget for 2012-13 was just under $153 million, excluding the GBDs, which are separate budget entities. Refer to the Financial Reports section starting at page 59 for detailed financial information and explanations of our financial performance across all budget entities.

DCIS has service outlets in Darwin, Palmerston, Casuarina, Katherine and Alice Springs.

Charges

Agencies are notionally charged for the value of DCIS services provided. Notional fees are recorded in agency ledgers and budgets. GBDs and other entities are charged real fees for services delivered by DCIS.

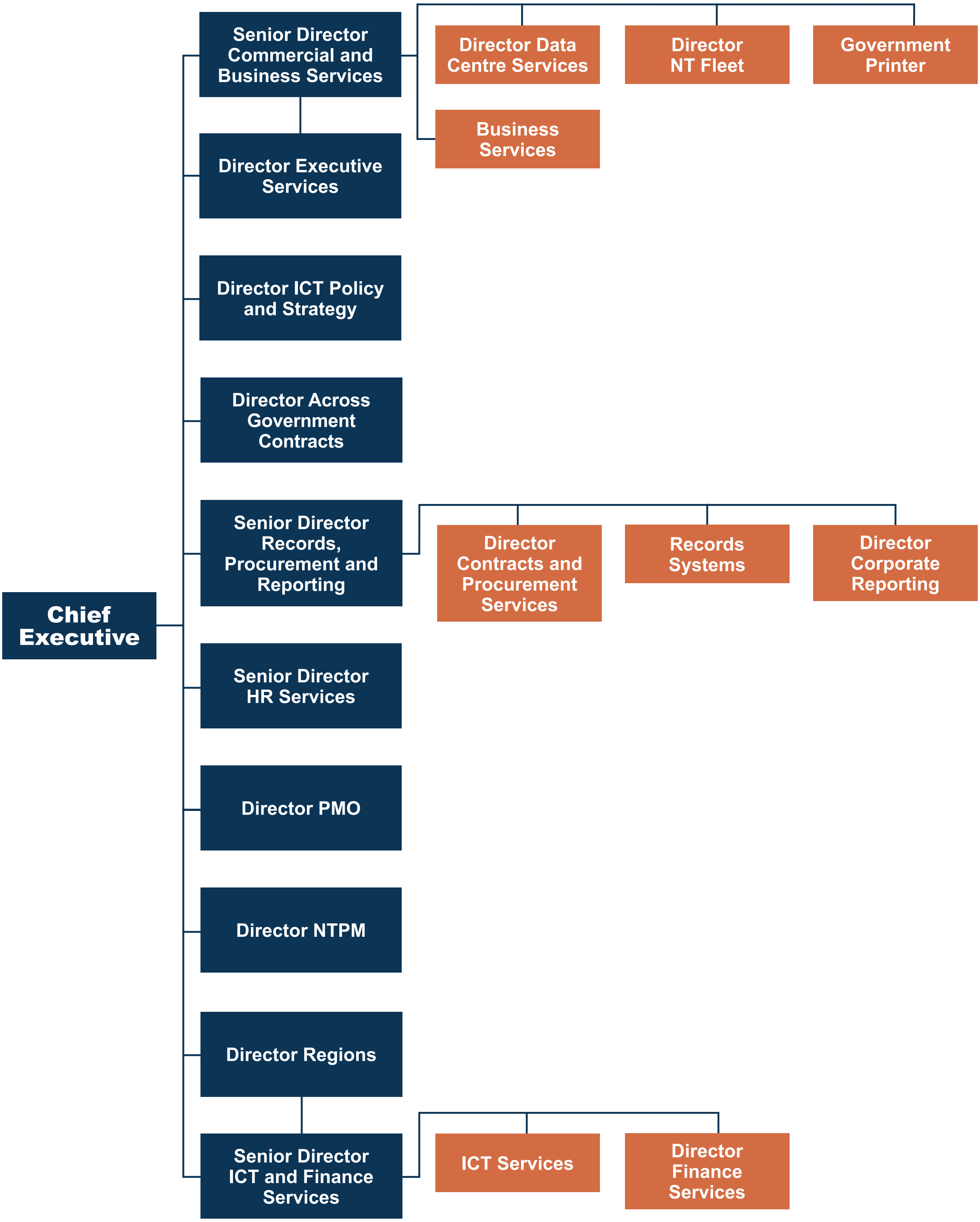
DCIS fees charged are in accordance with the shared corporate services pricelist, at Appendix I.

Fees are set having regard to DCIS' costs to deliver each service and are reviewed annually.

The pricing model calculates and distributes costs related to service delivery equitability across all service lines. Service usage information for each client, such as transactional volume data, is extracted from core business systems with unit costs applied to determine client service charges.

Organisation chart

Department of Corporate and Information Services
Organisation chart as at 30 June 2013



Regional activities

The department provides regional services in Alice Springs and Katherine. A key feature in the regions is that two all-of-government service lines are solely provided by the Alice Springs office:

- **Accounts Receivable Services** – collecting monies owed to agencies and managing debts
- **Recruitment Services** – arranging the advertising of job vacancies for all agencies; advice to applicants; and providing vacancy files to agencies.

Services provided in Alice Springs

- Recruitment services for Northern Territory Government.
- Accounts receivable services for Northern Territory Government.
- Receiver of territory monies (RTM) services.
- Workplace injury solutions (workers compensation administration).
- Contract and procurement services.
- Information communication and technology services.
- Leased property services.
- Vehicle fleet services.

Services provided in Katherine

- Recruitment services for Northern Territory Government.
- Receiver of territory monies (RTM) services.
- Contract and procurement services.
- Information communication and technology services.
- The DCIS web manager role is provided by a Katherine staff member.

2012-13 regional highlights

- Consolidated structural changes within the regions including centralising all government recruitment services in Alice Springs and continuing the regional shared services client support role.
- Implemented improvements in eRecruit across Northern Territory Government agencies.
- Developed alternative processes to assist agencies following transition of RTM services from Tennant Creek to Alice Springs.
- Implemented and assisted agencies with processes in line with change to focus advertising of Northern Territory Government vacancies on the Northern Territory Employment Opportunities website, rather than in newspapers.
- Improved communication and collaboration with agencies regarding the debt recovery function of Accounts Receivable.
- Participated in the Tennant Creek and Alice Springs Skills, Careers and Employment Expos.

The focus for 2013-14

- Explore the feasibility of modifying eRecruit deadlines for agency vacancies advertised solely on the Northern Territory Employment Opportunities website.
- Assist with future improvements to eRecruit including the addition of entry level recruitment and candidate pools.
- Develop policies and processes to enhance the delivery of DCIS systems training in Alice Springs.
- Continue to improve Accounts Receivable policies and processes.

Corporate statement

Our vision

Our vision is to exceed our clients' expectations with high quality corporate services.

Our purpose

DCIS' purpose is to deliver reliable and efficient corporate services that support government and enable agencies to focus on their core business.

Our services

DCIS provides the following services:

- Finance Services
- Human Resource Services
- Procurement Services
- ICT Services
- Property Leasing Services
- Vehicle Fleet Services
- Printing Services
- Data Centre Services.

Our principles

We will meet our key responsibilities and strategic objectives through:

- delivering quality services consistently and on time
- listening to our clients, staff and stakeholders and share responsibility for solutions
- maintaining confidentiality of our clients' information within government
- managing our business risks to ensure service continuity and protect resources
- complying with legislation and government policy.

Our values

The values of DCIS guide our actions and integrity as a valued business partner to stakeholders and within our organisation. They define who we are and are reflected in our daily work. Our values are:

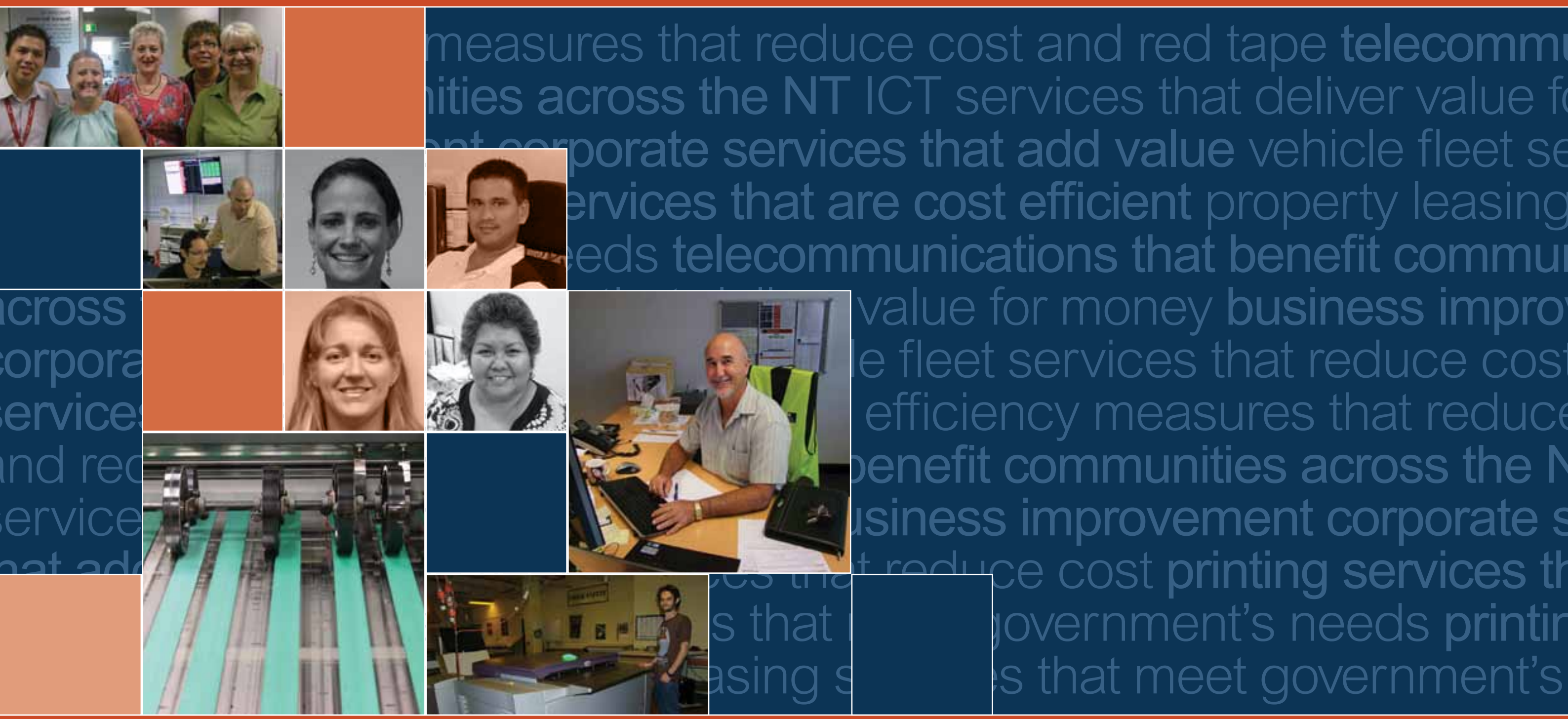
- **professional** – we do our work to a high standard
- **honest** – we tell the truth
- **accountable** – we take responsibility for our actions
- **innovative** – we strive to improve.

Strategic Plan 2013-2015

A key focus for DCIS was to establish its strategic direction following formation as a stand-alone agency. The plan sets strategic priorities that are aligned with government priorities, strategic issues and highlights in the Budget Papers. The strategic priorities and actions are reflected in divisional business plans and executive performance agreements. The plan was finalised in June 2013 with the Chief Executive to visit every work site and region to discuss the plan with all staff.

The following table provides an overview of the plan, its strategic priorities and actions

Strategic priorities	Actions
Business efficiency – measures that reduce cost and red tape	**Expand** the number and value of across government contracts. **Enhance** procure-to-pay processes and systems. **Modernise** and consolidate the Northern Territory Government intranet. **Partner** with agencies to contribute to reforms and efficiency projects.
Telecommunications that benefit communities across the Northern Territory	**Oversee** expansion of telecommunications infrastructure and services in remote communities. **Develop** a digital economy plan for the Northern Territory that maximises benefits to Territorians from advances in technology.
ICT services that deliver value for money	**Develop** and implement across government ICT governance framework. **Leverage** government's role as a major consumer of ICT services to build industry capability. **Renew** the ICT Strategy for government. **Explore** options to improve resilience of ICT services.
Business improvement - corporate services that add value	**Renew** the business model for workers' compensation administration. **Enhance** the model for provision of ICT support services to agencies. **Deliver** a rolling program to automate more payroll processes. **Upgrade** critical across government business systems. **Progress** a business model for shared services, including regions. **Develop** a sustainable business model for government shared services.
Vehicle fleet services that reduce cost	**Reduce** the cost of the government vehicle fleet. **Implement** the Northern Territory Government Vehicle Policy Framework.
Printing services that are cost efficient	**Review** the model for delivery of printing services. **Develop** and implement a sustainable business model for printing services.
Property leasing services that meet government's needs	**Develop** strategic leased office accommodation plans. **Deliver** major leasing projects in Alice Springs and Darwin. **Develop** policies to drive efficiency in the leased property portfolio.
A workforce that is skilled and capable	**Increase** Indigenous participation in the DCIS workforce. **Develop** leadership capability and nurture potential leaders. **Prepare** for future workforce needs through commitment to apprentices, graduates and staff training at all levels.



Achievements

Overview

DCIS' overall purpose is to deliver reliable and efficient shared corporate services that support government and enable agencies to focus on their core business.

Achievement of this purpose is measured through an output structure and key deliverables as published in *Budget Paper No. 3*. An overview of the output structure is:

The Department	
Output Group	**Output**
Shared Services	Finance Services
	Human Resource Services
	Procurement Services
	Information and Communication Technology Services
	Property Leasing
Government Business Divisions	
GBD	**Business Line**
NT Fleet	Vehicle Fleet Services
Government Printing Office	Printing Services
Data Centre Services	Data Centre Management

The Shared Services output group essentially represents DCIS the department, with the three government business divisions all reporting against separate business lines.

This section reports on DCIS' performance in delivering the outputs and business lines. Details are provided on key projects and achievements during the year, with performance recorded for the priorities identified in last year's annual report.

Performance against the key deliverables is reported in the performance measure tables with most key deliverables met or exceeded. Where performance did not meet an estimate, an explanation is provided.

Our performance symbols

Completed
Priority was finalised within this reporting period.

In Progress
Priority was partially achieved in this reporting period, or has a specific deadline and should be completed in the next reporting period.

Ongoing
Priority is long-term and does not have a set deadline, or needs to be met annually and will carry across reporting periods.

What we achieved across DCIS

DCIS operates under a continuous improvement approach that supports our service philosophy, delivery approach and relationship with clients. Internally, this ethos is embedded in our corporate statement's vision to exceed our clients' expectations with high quality corporate services.

Throughout 2012-13 there have been several significant organisation-wide achievements that go across all outputs and business lines. These achievements highlight the dedication and professionalism of DCIS staff to improving service delivery and work practices.

DCIS Service Framework and Service Statements

The DCIS Service Framework, released in 2013, outlines our partnership model for the delivery of shared corporate services across the Northern Territory Government. The framework draws together all the elements of DCIS' service delivery model and ethos into one cohesive reference document. The framework articulates our service principles, roles and responsibilities for DCIS and client agencies, communications and reporting.

The framework is supplemented by a suite of Service Statements that describe all DCIS service lines and provide clear and consistent service descriptions so that all DCIS clients know the service delivery that can be expected. The statements were finalised over 2012-13.

In total there are around 40 Service Statements that comprise the suite. Drafts of the statements were released for agency comment with agency views considered and changes made as needed.

A critical review of service standards within the statements focussed on ensuring that the standards are measurable, meaningfully represent the key service deliverables and reflect process standards. This led to recording fewer measurable standards that represent priority deliverables.

The Service Framework, Service Statements, standards and reports collectively form a comprehensive package articulating the full DCIS service construct. The framework and statements are available on the DCIS intranet site:
http://uluru.nt.gov.au/dbe/service_statements/index.shtml

Next steps

- Develop a reporting scorecard to present DCIS' performance for each client agency against the service standards.
- Refine internal reporting to the Executive Management Board to ensure performance for service standards is fully captured.

DCIS Innovation Program

To crystallise the focus on service innovation across the department, a DCIS Innovation Program was launched in 2012-13. The program commenced with all Executive Leadership Group (ELG) members required to contribute one big and one small idea, based on their concept of 'ideas for DCIS' future'. The ELG engaged staff in their teams which resulted in some 72 ideas submitted.

The ideas were then categorised and prioritised, with the high and medium priority ideas incorporated into branch business plans for 2013-14. In many cases further investigation is needed, including assessments of technical and resource requirements, to determine the feasibility of the idea. The ideas range across the spectrum from internal process changes through to major business systems and the timeframes will reflect this diversity.

Next steps

- Reporting to EMB quarterly on the 2013-14 Innovation Program.
- Embed the Innovation Program within DCIS to encourage and enable all staff to contribute ideas on an ongoing basis.

Machinery of government changes tool kit

Machinery of government changes refer to changes in the composition of government agencies and can include creation of new agencies and functions, transfer of functions between departments or cessation of functions. Such administrative arrangements changes are announced by the Chief Minister and are formalised in the Administrative Arrangements Order which is signed by the Administrator of the Northern Territory.

Machinery of government changes range from minor to complex changes affecting multiple agencies. DCIS, as the government's shared service provider, has a key role and responsibilities in delivering the corporate changes to ensure a smooth transition to new arrangements. This includes creating new ledgers and accounts, transferring staff in the payroll systems, resetting IT services, modifying all corporate systems, updating vehicle records and, in some cases, facilitating office accommodation changes.

To assist agencies and DCIS action officers, DCIS developed a machinery of government tool kit in 2012-13. The tool kit provides detailed guidance on the processes to enact all the corporate changes, including timing, prerequisites and interdependencies. Agencies provided input to the development of the tool kit which enhanced the end product. The tool kit is also available on the DCIS intranet site.

A Sharepoint collaboration site was also established to support the change process. Through this site all affected agencies can share information and quickly reference to critical requirements, documents and status reports. This site proved a valuable resource in managing the substantial agency changes made during 2012-13.

Next steps

- Ensure contacts and processes are current and in 'ready to implement' state.

What we achieved by output

Finance Services

This output is responsible for:

- delivering finance services to government agencies, including payment of accounts, receivables management, ledgers, asset records, corporate tax returns, banking services and administration of corporate cards
- providing support, maintenance and development of the Government Accounting System (GAS), a financial reporting warehouse and a number of smaller financial systems that are linked to GAS
- providing regular finance-related training and awareness sessions for agencies.

The business units within DCIS that contribute to this output are Accounts Payable, Accounts Receivable, Taxation Services, Financial Systems, Asset Accounting, Banking Services, Ledgers and Reconciliations, Program Management Office, Corporate Reporting and Analysis, and Business Services.

Service delivery is provided from offices across the Darwin region, Katherine and Alice Springs; with the accounts receivable services provided wholly from our Alice Springs office.

Performance

Completed In Progress Ongoing

Priorities for 2012-13	Status	Achievement
Develop and implement an invoice portal to enable suppliers to electronically lodge and track their invoices. This is stage 6 of the electronic invoice management program (EIMS).	In Progress	• Project is near finalisation and scheduled for completion in the first half of 2013-14.
Develop an expanded reporting suite to assist agencies to implement the 30 day payment policy.	Completed	• Expanded report suite developed and in use by agencies.
Review the asset accounting function in context of new Asset Management System for government.	In Progress	• Review undertaken with solutions identified to replace manual processes and improve service delivery.
Scope and test requirements for a project to update the software version of the Government Accounting System.	Completed	• Scoping and testing system updates completed and agency engagement commenced. Further work on this upgrade will be progressed over 2014.

continued

Completed | In Progress | Ongoing

Priorities for 2012-13	Status	Achievement
Financial report catalogue providing a searchable inventory of all agency reports.	Completed	• Report catalogue published in the BOXI finance reporting system and incorporated in user training.
Smart Forms Project.	Ongoing	• Smart forms are being created as part of new/improved systems being implemented (examples include the invoice portal, electronic recruitment forms and purchase requisitions). • An OH&S form developed with implementation deferred pending decision on the underlying business application. This project will be absorbed into relevant systems projects for future reporting.

Future Priorities

- Deliver the invoice portal and release a smart phone 'app' to complement the portal.
- Upgrade the Government Accounting System. This project will continue into 2014-15.
- Convert payment remittance advices to electronic transmission via email rather than post. This initiative will reduce costs, with a target set for 2013-14 to achieve 50% electronic remittance advices.
- Enhance the Electronic Card Management System with a new module for recording cabcharge transactions. This idea came from the DCIS Innovation Program.
- Develop a new billing system for corporate services provided to agencies.
- Enhance procure-to-pay processes and systems to assist agencies gain business benefits, including the purchase requisition module.

Human Resource Services

This output is responsible for:

- delivering recruitment, employment and payroll administration services across government to assist agencies, employees and prospective employees
- coordinating employment programs for graduates, apprentices and Indigenous employees, with a particular focus on increasing the representation of Indigenous employees within government
- providing support, maintenance and development of the government's core human resource IT systems, including the employee self-service module (myHR) and the whole-of-government payroll system (PIPS)
- coordinating job evaluation services for agencies that determines work value and classification level of positions
- providing advice on work health and safety management to assist agencies comply with legislative requirements

- administering services for workers' compensation claims and rehabilitation programs, including coordinating with the external claims manager to assist agencies
- providing a suite of human resource management and workforce development reports.

The business units within DCIS that contribute to this output are Payroll and Employment Services, Recruitment Services, JES Administration, Employment Programs, HR Systems Support, Workers Compensation Administration, OH&S Advisory Service, Program Management Office, Corporate Reporting and Analysis, and Business Services.

Service delivery is provided from offices across Darwin, Casuarina, Palmerston, Alice Springs and Katherine; with whole-of-government recruitment services provided wholly from our Alice Springs office.

Performance

Completed | In Progress | Ongoing

Priorities for 2012-13	Status	Achievement
Indigenous Employment Program (IEP).	Ongoing	• Enhanced regional marketing campaign undertaken which achieved a 30% increase in applications for Alice Springs program. • 40 commencements (23 Darwin, 17 Alice Springs) for the Community Services program – graduation due September 2013.
HR systems automation.	Ongoing	• Developed an electronic timesheet to automate salary payments for Assistant Teachers and administration staff in remote schools. • Automated the accrual of entitlements for multiple leave types.
Electronic solution for processing Fares Out of Isolated Localities (FOILs) entitlements and payments.	In Progress	• System development undertaken and implementation commenced.
HR Reporting Solution (stage two), including work health and safety and recruitment business data.	In Progress	• Enhanced core human resource reports and improved report content. • Developed work health and safety reports for agency practitioners. • Completed design and analysis of a recruitment reporting suite, with report development to commence 2013-14.
Implement stage two of the eRecruit system including replacement of the government jobs website and introduction of candidate pools for key employment categories, including the Entry Level Recruitment Program.	Ongoing	• Upgraded the government jobs website. • Implemented electronic signatures for correspondence, including employment contracts, eliminating the need to post correspondence and improving efficiency. • Candidate pools requirements analysis commenced with system development to commence in 2013-14.

continued

Completed In Progress Ongoing

Priorities for 2012-13	Status	Achievement
Consider approaches to improve the NTPS apprenticeship program.	In Progress	• Recruitment processes were modified, with candidate screening by DCIS introduced. • Review of business model and future direction of the program to occur in 2013-14.

Future priorities

- Consider the current arrangements for the administration of government workers compensation scheme.
- Review the business model for delivering Northern Territory Public Service apprentice programs.
- Progress the human resource system automation program.
- Commence implementation of a whole-of-government organisation chart solution.
- Explore the opportunity for a whole-of-government e-Learning solution.

Procurement Services

This output is responsible for:

- establishing and administering across-government common use contracts
- providing tender management services for agency procurements with an estimated value of $50 000 or more
- notifying and awarding tenders with an estimated value of $200 000 or more
- publishing details of quotations and tenders awarded with an estimated value of $15 000 or more
- managing the procurement business systems used across government and by businesses.

The business units within DCIS that contribute to this output are Contracts and Procurement Services, Across Government Contracts and Business Services.

Service delivery is provided from offices in Darwin, Alice Springs and Katherine; with regional operations primarily focussed on procurements for the respective region and local business issues.

Performance

Completed In Progress Ongoing

Priorities for 2012-13	Status	Achievement
Review of Contract and Procurement Services business processes.	Completed	• Implemented the accepted recommendations from the business process review including new customer service statements, electronic records management and streamlined back office processing.

continued

Completed In Progress Ongoing

Priorities for 2012-13	Status	Achievement
Implement a new Quotations and Tenders Online (QTOL) system, incorporating a tenderer's information database.	Completed	• New system implemented in February 2013, with extensive industry awareness campaign and agency consultation undertaken across the Northern Territory through multiple workshops and one-on-one assistance in the use of QTOL. • Electronic lodgements by year end had risen to 80%.
Introduce a smart phone application to provide businesses with greater access to tender opportunities 'on the go'.	Completed	• Introduced in February 2013 alongside the QTOL enhancements. Provides easy access to quotations, tenders and future tender opportunities released each week. • The smart phone application was the first of its kind nationally for government procurement.
Establish an across government contracts (AGC) unit to expand the number of across government contracts and manage existing contracts.	Completed	• Unit established and operational from January 2013, taking over the management of existing AGCs. • One new contract developed in 2012-13.
Expand the range of across government contracts to include a broader range of commonly used goods and services.	Ongoing	• Currently 10 AGCs, with an estimated value of $110 million over three years. • Planning for a further four contracts has commenced which will be implemented over 2013-14.

Future priorities

- Close manual tender boxes and establish electronic lodgement as the primary method for businesses submitting quotations and tenders.
- Assist with across government advances in procurement policy and practices.
- Re-engineer contract administration business processes.
- Automate agency access to electronic contract files.
- Expand the number and categories of across government common use contracts.

Information and Communication Technology Services

This output is responsible for:

- developing whole-of-government ICT strategies, architecture, policies and standards that encompass IT systems and data communications, including internet and telephones
- developing telecommunications and broadcasting strategies, covering mobile, broadband and fixed telecommunications services, as well as television and radio broadcasting services, particularly to remote communities in the Northern Territory
- developing ICT security policy and providing ICT security advice and incident response coordination
- reviewing and determining Enterprise Architecture at a strategic whole-of-government level

- reviewing and endorsing proposed network changes and providing an advisory service to government agencies to support management of their ICT requirements and environment
- managing whole-of-government outsourced ICT services and security and providing ICT infrastructure and services across government
- developing records management policy, maintaining the government's records management system and providing records management system support to agencies.

The business units within DCIS that contribute to this output are Agency ICT Services, ICT Contract Management, Network, Infrastructure and Security, ICT Policy, Telecommunications, Records System Support, Program Management Office, and Business Services.

Service delivery is provided from offices in Darwin, Alice Springs and Katherine; with regional operations primarily focussed on ICT services for agencies in the respective regions.

Performance

Completed | In Progress | Ongoing

Priorities for 2012-13	Status	Achievement
Improvements to mobile ICT services through infrastructure and applications that enhance remote access and mobile computing.	Ongoing	• Infrastructure in place and being piloted. • Whole-of-government policy for managing mobile devices that allows for the diversity of uses across all agencies is being progressed by an inter-agency working group.
Upgrade and consolidate the server fleet for improved management and reduced carbon emissions.	Completed	• 61 servers decommissioned or removed in 2012-13 reducing power consumption and costs.
Reduce greenhouse gas emissions associated with the operation of government ICT.	Completed	• Software deployed to all Northern Territory Government computers that controls power use. • Server infrastructure replaced with servers that consume less power.
Investigate and scope business requirements for new central email storage infrastructure that will improve backup and retrieval of records.	In Progress	• Procured email storage solution.
Assist with the provision of community video conferencing facilities in remote towns.	Completed	• Pilot installation with the Department of Education.
Finalise the upgrade of the government's records management system, TRIM, across agencies.	Completed	• Agencies upgraded to Windows 7 compliant version of TRIM.
Maximise opportunities in the Northern Territory through the Australian Government's $36 billion capital investment in the National Broadband Network.	Ongoing	• A digital economy strategy for the Northern Territory is commencing development and will provide direction and action to capitalise on the NBN.

continued

Completed In Progress Ongoing

Priorities for 2012-13	Status	Achievement
Develop an ICT policy that will ensure the delivery of improved services to Territorians and increased productivity improvements across the Northern Territory Public Service.	Ongoing	• To be progressed over 2013-14 as part of a developing digital economy strategy for the Northern Territory.
As part of the National Broadband Network rollout for the Northern Territory, obtain fixed wireless connections for remote communities. (Australian Government has policy responsibility)	Ongoing	• Extensive advocacy undertaken, however, the Australian Government policy to deliver broadband to every remote community via satellite remains unchanged. Action to continue.
Maximise the number of Territorians who have access to digital television. (Australian Government has policy responsibility)	In Progress	• Darwin area digital switchover completed on 30 July 2013. • Remote area switchover to occur on 10 December 2013 and is being monitored closely.
Advise on compliance requirements for the Australian Government's web content accessibility guidelines for new government websites.	Completed	• Documentation developed and distributed to agencies to assist in determining web content accessibility requirements for websites.
Investigate an e-Learning approach and platform for the Northern Territory Public Sector.	Ongoing	• Commenced investigating technology platforms and options for systems integration to support data collection and reporting. • Initiative to be progressed by Human Resource Services, including discussions with agencies to determine their business needs.
Improvements in telecommunications services in remote communities.	In Progress	• Signed agreement with Telstra to jointly fund expansion of mobile phone services into eight remote communities and ADSL2+ broadband into six remote communities.

Future priorities

- Oversee expansion of telecommunications infrastructure and services in remote communities.
- Commence development of a digital economy strategy for the Northern Territory that will maximise benefits to Territorians from advances in technology. Conduct an inaugural ICT in the Bush Forum as a key input to the strategy development.
- Develop and implement an across government ICT governance framework.
- Leverage government's role as a major consumer of ICT services to build local industry capacity through the implementation of Industry Participation Plans for government ICT contracts.
- Monitor transition to digital television to remaining Northern Territory communities (Australian Government has policy responsibility).

- Modernise the Northern Territory Government intranet and consolidate a number of existing sites.
- Centralise the email environment through the removal of email servers and tape drives. Target for 2013-14 is for the removal of 80% of tape drives used for email backups.
- Implement and upgrade Network Access Control Software to improve security and network resilience.

Property Leasing

This output is responsible for:

- procuring leased commercial property for agencies, managing and administering lease agreements including leases on behalf of some non-government organisations (details at Appendix IV)
- making rental payments, processing rental increases and conducting market reviews
- undertaking whole-of-government and agency specific leased accommodation planning
- liaising with building owners to manage the resolution of building maintenance issues and providing property management advice to client agencies
- procuring and managing cleaning and security services contracts for government leased buildings
- administering land leases in remote Territory communities, on behalf of the Northern Territory Government.

The business units within DCIS that contribute to this output are Property Leasing Services and Business Services.

Service delivery is provided from offices in Darwin and Alice Springs.

Performance

Completed | In Progress | Ongoing

Priorities for 2012-13	Status	Achievement
Develop a leased office accommodation plan for Alice Springs.	Completed	• The leased office accommodation plan for Alice Springs was approved by government and will be implemented over 2013-14.
Continue to progress contemporary workplace design standards in conjunction with the Department of Infrastructure.	In Progress	• A comprehensive review of the pilot fitout project was completed by the Department of Infrastructure. • Workplace design principles focussed on contemporary and functional office fitout continue to be refined.
Develop panel contracts for cleaning of leased premises.	Completed	• Cleaning services contracts were awarded resulting in efficiencies in office cleaning. • The public tender process across the Territory included detailed industry engagement.

continued

Completed | In Progress | Ongoing

Priorities for 2012-13	Status	Achievement
Develop panel contracts for building security services for leased premises.	Completed	• Short-term contracts were let in 2012-13 as an interim position. • A new contract model developed and public tender issued. • Contracts are due to be awarded in 2013-14.
Establish a Northern Territory Government property management forum with involvement of all agencies.	Completed	• Leased property forum established and well attended by agencies. The forum meets quarterly.
Design and implement leased accommodation reporting for agencies.	In Progress	• A leased accommodation report was designed and circulated to agencies for comment. • Regular, automated reporting will commence during 2013-14.
Participate in a national review of green leasing policies through an intergovernmental group.	Completed	• The Northern Territory Government's position on energy efficiency represented and input to national policy through the inter-jurisdictional Government Property Group.

Future priorities

- Implement the Alice Springs leased office accommodation plan.
- Progress development of a Darwin leased office accommodation plan.
- Work with the Department of Infrastructure on the fitout design for the Charles Darwin Centre.
- Establish an asbestos register for leased accommodation.

What the GBDs achieved

Vehicle Fleet Services

This business line is responsible for:

- managing the Northern Territory Government vehicle fleet, including light and heavy vehicles and plant and equipment, except for Police, Fire and Emergency Services vehicles
- providing agencies with vehicles that are fit for purpose and low whole-of-life cost
- managing vehicle acquisition and disposal, coordinating maintenance and repairs, and reporting to agencies
- managing government-wide contracts for vehicles, fuel, maintenance and auction services
- providing advice to government on fleet strategy, and planning and operational advice to agencies

- providing not-for-profit community-based organisations with vehicles as a gift or loan, including through the Community Benefit Fund (details at Appendix V).

The DCIS business units that contribute to this business line are NT Fleet and Business Services.

Service delivery is provided from offices in Darwin and Alice Springs.

Performance

Completed | In Progress | Ongoing

Priorities for 2012-13	Status	Achievement
Review of NT Fleet.	Completed	• New Northern Territory Government Vehicle Policy Framework approved to commence July 2013 with the key focus on providing cost efficient vehicles matched to the operational requirements of agencies. • Government vehicle fleet services to continue to be provided by NT Fleet.
Procurement process for supply of bowser fuel and bulk diesel, including consideration of fuel contract arrangements.	Completed	• Contract awarded in October 2012 to Ausfuel Gull.
Driver training for agency staff, with particular emphasis on 4WD vehicles.	In Progress	• Report by Charles Darwin University received September 2012 and forwarded to agencies for consideration.
Review and implement recommendations from the driver education and safety survey.	In Progress	• Vehicle Booking System enhancements progressed.

Future priorities

- Implement the Northern Territory Government Vehicle Policy Framework.
- Review pricing model for the passenger and light commercial fleet.
- Continue to work with agencies to achieve more cost-effective utilisation of government vehicles.
- Establish new contracts for acquisitions, repairs and maintenance and disposals to ensure government achieves best value for money.
- Undertake public tender processes for major fleet procurements including vehicle acquisitions, vehicle disposals and vehicle repairs and maintenance.
- Progress project to modernise the fleet business system.

Printing Services

This business line is responsible for:

- delivering printing and publication services to agencies and the parliament in a secure environment

- working closely with the private sector printing industry to best meet agencies' specific printing requirements through outsourcing a number of print jobs.

The DCIS business units that contribute to this business line are GPO and Business Services.

Service delivery is provided from a facility in Darwin.

Performance

Completed In Progress Ongoing

Priorities for 2012-13	Status	Achievement
Work in partnership with private sector printers.	Ongoing	• Outsourced 29% of total printing sales to the private sector.
Analyse printing panel contract arrangements with a focus on strengthening the partnership with private sector suppliers.	Completed	• Printing panel renewed to 2014, with the majority of contracted printing companies based in the Northern Territory.
Complete improvements to management information systems.	Completed	• Upgraded GPO's management information system.

Future priorities

- Undertake a review of government printing services, including input from the GPO, agencies and the local printing industry, to consider current services and propose a sustainable and cost-effective model for the delivery of printing services into the future.
- Implement outcomes of the government printing services review as they apply to the GPO.
- Initiate a public tender process to establish a new panel period contract for printing services by 2014-15.

Data Centre Management

This business line is responsible for:

- operating the Chan Data Centre facility
- hosting and managing mainframe applications and mid-range server applications
- managing enterprise data storage and data backups
- hosting ICT infrastructure for agencies and contracted service providers
- coordinating development services for agency business applications
- managing supplementary whole-of-government ICT functions, including electronic security and identity management.

Performance

Completed In Progress Ongoing

Priorities for 2012-13	Status	Achievement
Transfer off-site tape storage to another facility.	Completed	• Back-up tapes moved to a new storage facility.
Progress risk mitigation measures to minimise potential for disruption to critical government business systems.	Ongoing	• Implemented a disaster recovery solution for the MedChart application. This involved extending the Chan networks out to Royal Darwin Hospital to allow virtual server infrastructure to be brought online in the event of a major failure at the Chan Data Centre.
Work to strengthen the resilience and redundancy of the data centre's operations.	In Progress	• Upgrades of air-conditioning infrastructure and fire suppression systems commenced in 2012-13. • Installation to be finalised by September 2013. This will improve the resilience of the data centre and reduce costs.
Upgrade the Chan Data Centre backup generator.	In Progress	• Contract awarded and the new generator ordered. Planning is continuing for the installation. • Project being managed by Department of Infrastructure.
Review the role of ePass in providing government identity management services.	Completed	• Review of the ePass system undertaken, resulting in action being taken to extend the working life and support arrangements for ePass. • Long-term direction of identity and access management to be progressed after new ICT governance framework established.
Contain the carbon footprint of an energy intensive facility.	Completed	• Power Usage Effectiveness independently rated at 1.9, which is considered very efficient for a data centre in the tropics.
Improve mainframe operational efficiency by reducing the cost of operations and align with external benchmarks.	In Progress	• Independent benchmarking assessment of Data Centre Services' core functions initiated with review to commence July 2013. • Reduced mainframe operational costs by $0.6 million through improved operational efficiency and consolidation of software licensing costs, which benefited user agencies

Future priorities

- Transition mainframe application development services into a new management framework.
- Deploy contemporary mainframe hardware to deliver faster, more power efficient services to users.
- Analyse and implement the outcomes of the independent benchmarking review of core functions.
- Investigate further options to strengthen data centre resiliency.
- Install infrastructure-related equipment, including fire suppression system and back-up generator.
- Enhance application integration and expand the real time integration to mobile devices.
- Investigate network convergence technology.

Performance against key deliverables

Output Group: Shared Services

Table 1: Output – Finance Services

	2012-13			
	2012-13 Mini Budget	2012-13 Estimate	2012-13 Actuals	2013-14 Budget
Payments processed	430 000	520 000	551 340	540 000
Debts processed	38 000	39 000	38 418	40 000
Processing accuracy	99.5%	99%	99%	99%
Invoices paid within 30 days	90%	90%	85%	90%
Average days to collect debts	55	55	55	55

Movements between mini budget and estimate

Payments processed: change in agency structures anticipated to increase payments volume.

Movements between estimate and 2013-14 budget

Payments processed: growth in payments expected in 2013-14 due to increase in agency transactions.

Movements between estimate and actuals

Payments processed: underestimated the impact of agency structures on payments processed.

Table 2: Output – Human Resource Services

	2012-13			
	2012-13 Mini Budget	2012-13 Estimate	2012-13 Actuals	2013-14 Budget
Payroll transactions processed	1.2M	1.1M	1.1M	1.1M
Commencements and terminations processed	14 500	14 200	14 738	14 000
Processing accuracy	99.5%	99%	99.8%	99%
Vacancies processed		3 200	3 678	3 000

Movements between mini budget and estimate

Payroll transactions processed: reduction in transactions due to decrease in staff movements.

Movements between estimate, actuals and 2013-14 budget

Vacancies processed: new measure with initial estimate proving to be understated.

Table 3: Output – Procurement Services

	2012-13			
	2012-13 Mini Budget	2012-13 Estimate	2012-13 Actuals	2013-14 Budget
Tenders released to market	1 150	1 000	863	1 000
Tender responses processed	4 500	3 800	3 952	3 800
Proportion of responses lodged electronically	67%	75%	73%	90%
Contracts awarded	1 250	1 150	1 214	1 150
Number of across government contracts	9	10	10	14

Movements between mini budget and estimate

Tenders released to market: changed budget strategies anticipated to result in less tenders released.

Tender responses processed: linked to lower number of tenders released.

Proportion of responses lodged electronically: new electronic lodgement process expected to increase proportion of online lodgements.

Contracts awarded: linked to lower number of tenders released.

Movements between estimate and 2013-14 budget

Proportion of responses lodged electronically: new electronic lodgement process and change in policy for tender lodgement.

Number of across government contracts: expansion of across government procurement activity.

Movements between estimate and actuals

Tenders released to market: underestimated impact of budget strategies in 2012-13.

Contracts awarded: unusually high number of large panel contracts awarded.

Table 4: Output – Information and Communication Technology Services

	2012-13			
	2012-13 Mini Budget	2012-13 Estimate	2012-13 Actuals	2013-14 Budget
Laptops / work stations	16 000	16 000	16 136	15 800
Outsourced ICT services provided within agreed service levels	98%	98%	98.24%	98%
Severe desktop faults restored within service level agreement	100%	100%	95%	100%

Movements between estimate and 2013-14 budget

Laptops / work stations: anticipated trend of reduction in workstations due to increase in mobile device usage.

Movements between estimate and actuals

Severe desktop faults restored within service level agreement: changes in administrative arrangements in 2012-13 led to a one-off reduction in resolution timeframes.

Table 5: Output – Property Leasing

	2012-13			
	2012-13 Mini Budget	2012-13 Estimate	2012-13 Actuals	2013-14 Budget
Property leases	200	190	186	185
Area leased (000 m^2)	200	200	203	200
Average cost per m^2	$380	$380	$371	$395
Percentage of lease portfolio with high energy efficiency rating	30%	32%	37%	40%

Movements between mini budget and estimate

Property leases: consolidating a number of leases.

Movements between estimate and 2013-14 budget

Average cost per m^2: increase in commercial property market prices is expected.

Percentage of lease portfolio with high energy efficiency rating: increased number of buildings expected to improve energy efficiency.

Movements between estimate and actuals

Percentage of lease portfolio with high energy efficiency rating: higher than expected number of buildings achieved energy efficiency rating in 2012-13.

Average cost per m^2: average affected by some new leases with large areas of low value space (e.g. car parks, hardstands) at relatively low rentals.

Table 6: Business Line – Vehicle Fleet Services

	2012-13			
	2012-13 Mini Budget	2012-13 Estimate	2012-13 Actuals	2013-14 Budget
Light vehicles managed	3 025	2 900	2 899	2 800
Light vehicles disposed	1 000	1 000	969	750
Heavy vehicles managed	690	730	777	740
Light vehicles acquired within criteria		90%	91%	96%
Light vehicles managed within vehicle life criteria	80%	80%	75%	85%

Movements between mini budget and estimate

Light vehicles managed: reduced requirement for vehicles resulting from across government initiatives.

Heavy vehicles managed: school vans (light vehicles) replaced by buses (heavy vehicles) now required under work health and safety legislation.

Light vehicles acquired within criteria: new measure to report performance against the new Vehicle Policy Framework.

Movements between estimate and 2013-14 budget

Light vehicles disposed: new Vehicle Policy Framework will result in vehicles held for longer and reduced disposals.

Light vehicles acquired within criteria: anticipate increasing compliance with Vehicle Policy Framework.

Light vehicles managed within vehicle life criteria: anticipate increasing compliance with Vehicle Policy Framework.

Movements between estimate and actuals

Light vehicles managed within vehicle life criteria: effect of transition to new Vehicle Policy Framework commencing 2013-14.

Table 7: Business Line – Printing Services

	2012-13			
	2012-13 Mini Budget	2012-13 Estimate	2012-13 Actuals	2013-14 Budget
Print jobs delivered	2 600	2 350	2 432	2 350
Percentage of printing sales outsourced	25%	25%	29.1%	25%
Percentage of print jobs completed within required timeframes	99%	99%	99%	99%
Print jobs error free	99.9%	99.9%	99.8%	99.9%

Movements between mini budget and estimate

Print jobs delivered: anticipated reduction in demand for printing jobs.

Movements between estimate and actuals

Print jobs delivered: overestimated the reduction in print jobs for latter part of 2012-13.

Percentage of printing sales outsourced: demand for specific printing jobs required increased usage of outsourced printing services.

Table 8: Business Line – Data Centre Management

	2012-13			
	2012-13 Mini Budget	2012-13 Estimate	2012-13 Actuals	2013-14 Budget
Cost per mainframe central processing unit (CPU) second	$0.26	$0.24	$0.24	$0.24
Servers hosted in Chan Data Centre	600	600	589	625
Fully managed servers	700	700	719	740
Data storage area network (terabytes)	1 000	1 300	1 274	1 600
Carbon emissions avoided (tonnes)	2 000	2 900	2 948	3 000

Movements between mini budget and estimate

Data storage area network (terabytes): increasing centralisation of data storage systems into the Data Centre.

Carbon emissions avoided (tonnes): reduced power usage due to increased virtualisation of servers.

Movements between estimate and 2013-14 budget

Data storage area network (terabytes): increasing centralisation of data storage systems into the Data Centre.

Corporate Governance

Corporate governance framework

The department's governance structure encompasses the department and its Government Business Divisions (GBDs) - Data Centre Services, the Government Printing Office and NT Fleet. While the GBDs are distinct budget entities and are required to produce audited financial statements, they are accountable to the Chief Executive.

The department's corporate governance is guided by the following principles:

- strong leadership with a clearly defined executive, a robust and active governance committee structure and communication with stakeholders
- accountability through appropriate internal controls and corporate policies
- effective stewardship of resources through compliance with legislation, Northern Territory Government policies and internal procedures
- cohesive governance frameworks addressing the department's primary resources – people, finances and information
- clear communication to staff at all levels about governance requirements and expectations with respect to the fair and equitable treatment of others in providing professional and responsive services
- a focus on risk and appropriate risk mitigation through a risk management framework.

Figure 1: DCIS' corporate governance and accountability framework

Corporate governance committees

Following the creation of DCIS as a stand-alone agency in December 2012, a governance structure was developed to assist the Chief Executive in discharging core accountabilities. The governance structure comprises an Executive Management Board and subsidiary committees focussed on key elements. The committees report through to the Executive Management Board or in the case of the Audit Committee, directly to the Chief Executive. The board and committees oversee the deployment of resources across the department and the development and implementation of policies, plans and procedures that provide a foundation of good governance for the department's activities.

A consistent format for each committee's terms of reference has been adopted to outline purpose, role, scope, membership, meeting frequency and reporting.

Each committee's key functions, performance in 2012-13 and membership as at 30 June 2013 are outlined in this section.

Figure 2: Executive officers and committee members from the various corporate governance committees across DCIS.

Executive Management Board

Role	Membership
To provide strategic direction for the department. The board is the senior decision-making group of the department.	Kathleen Robinson, Chief Executive (Chair) Chris Hosking, Senior Director Commercial and Business Services Garry Haigh, Senior Director ICT, Finance Services and Regions Peta Preo, Senior Director HR Services Ian Low, Director Regions Bronwyn Riedel, Director Across Government Contracts Jude Florance, Director Executive Services (Executive Officer)
Key functions	**2012-13 Achievements**
• Provide advice to the Chief Executive and the Executive Leadership Group on organisational performance. • Monitor performance against objectives. • Review and approve corporate policies to provide a cohesive approach to the delivery of organisational strategies. • Consider issues from governance committees to ensure consistency with strategic directions, governance framework and meeting accountabilities.	• Established in January 2013, with six meetings held. • Endorsed the corporate governance framework for DCIS. • Approved the DCIS Service Framework and Service Statements. • Approved a range of corporate policies and work plans. • Established and approved the suite of reports provided to the Board for strategic oversight and decision-making.

Audit Committee

Role	Membership
To monitor and oversee audit activities across the department and the three GBDs.	Tracey Scott, acting Assistant Under Treasurer, Department of Treasury and Finance (Chair) John Montague, Commissioner of Superannuation, Northern Territory Superannuation Office Garry Haigh, Senior Director ICT, Finance Services and Regions Katrina Harding, Senior Director Records, Procurement and Reporting Services Patrick McCormick, Director Contracts and Procurement Services David Keirs, Director Governance (Executive Officer)
Key functions	**2012-13 Achievements**
• Monitor external audit outcomes and the implementation of audit recommendations. • Develop internal audit and review programs. • Review progress and findings of internal audits, process reviews and monitor the implementation of findings. • Consider the adequacy of the internal control environment, including effectiveness, risks and systems for ensuring compliance. • Consider GBD financial reports.	• Terms of reference developed and approved. • Annual meeting with the Northern Territory Auditor-General to discuss risk management and audit issues. • With the department's whole-of-government roles in providing shared corporate services and maintaining critical corporate systems, the Northern Territory Auditor-General's Office continued its comprehensive audit program during 2012-13. A summary of the findings for this year's external audits is at Appendix II. • Maintained active oversight of the implementation of process and control improvements to address audit findings.

Risk Management Committee

Role	Membership
To monitor and oversee risk management activities, including business continuity management, across the department and the three GBDs.	Bronwyn Riedel, Director Across Government Contracts (Chair) Peta Preo, Senior Director HR Services Paul Gooding, Director Program Management Office Dale Howard, Director Corporate Reporting Michael Smid, Director Finance Services David Keirs, Director Governance Joanne Vanderpoll, Governance Officer (Executive Officer)
Key functions	**2012-13 Achievements**
• Promote an effective risk management culture across the department. • Monitor and provide direction on the department's risk management approach. • Endorse a risk management framework including business continuity management and reporting on compliance. • Monitor audit findings to identify key risks and ensure appropriate risk management strategies. • Review and endorse risk assessments and approve risk procedures.	• Terms of reference established and approved. • Program of risk management actions for 2013 calendar year developed and implemented. • Provided input to and endorsed the new DCIS Risk Management Policy and associated risk management tools.

Human Resource Governance Committee

Role	Membership
To oversee and advise on human resourcing requirements for the department.	Chris Hosking, Senior Director Commercial and Business Services (Chair) Garry Haigh, Senior Director ICT, Finance Services and Regions Katrina Harding, Senior Director Records, Procurement and Reporting Services Jude Florance, Director Executive Services Sharon Smith, Director People and Information (Executive Officer)
Key functions	**2012-13 Achievements**
• Ensure compliance with government policy on people management and filling of vacancies. • Review and endorse all recruitment activity, including fixed term (temporary contracts) and higher duties allowance. • Monitor staffing numbers and placement of redeployees and unattached officers.	• Terms of reference established and approved. • Established procedures and supporting documentation for internal recruitment actions. • Reviewed all requests to fill vacancies, including temporary promotions. • Monitored redeployee and unattached officer placements and movements.

Procurement Governance Committee

Role	Membership
To monitor and oversee procurement planning and activity for the department.	Kathleen Robinson, Chief Executive (Chair) Chris Hosking, Senior Director Commercial and Business Services Bronwyn Riedel, Director Across Government Contracts David Bryan, Director NT Property Management Jude Florance, Director Executive Services Michael Leonard, Director Procurement (Executive Officer)
Key functions	**2012-13 Achievements**
• Provide leadership and direction through sound procurement governance practices. • Ensure compliance with government procurement legislation and policy. • Oversee the Annual Procurement Plan. • Review and endorse tier three and above and high risk procurement activities. • Monitor agency procurement performance against key performance indicators.	• Terms of reference established and approved. • Oversaw procurement actions resulting in contracts totalling more than $275 million, including across government fuel contract, panel electricity supply contract, cleaning of leased buildings, and IT business applications maintenance. • Supported establishment of the Across Government Contracts unit.

ICT Governance Committee

Role	Membership
To provide strategic direction with respect to the development and management of ICT for the department.	Chris Hosking, Senior Director Commercial and Business Services (Chair) Scott Thomson, A/Director Data Centre Services Paul Gooding, Director Program Management Office Peta Preo, Senior Director HR Services Michael Smid, Director Finance Services Stacey Henderson, IT Director (ex-officio) Kevin Thomas, Business Programs Analyst (Executive Officer)
Key functions	**2012-13 Achievements**
• Develop an information management strategic direction for DCIS. • Assess technology proposals and solutions to ensure they meet corporate ICT objectives and business requirements. • Review and endorse business proposals associated with technology solutions. • Monitor ICT projects and practices to ensure consistency with DCIS' strategic direction and governance framework.	• Terms of reference established and approved by the Board. • Endorsed the department's ICT Roadmap. • Monitored ICT infrastructure including preparation for Windows 7, applications development and efficient use of ICT assets. • Monitored and provided support for major ICT projects, including Quotations and Tenders Online system, HR ticketing system and eRecruit system.

Work Health and Safety Committee

Role	Membership
To provide strategic direction on work health and safety (WHS) for the department.	David Bryan, Director NT Property Management (Chair) Jenni Wines, Government Printer Ian Low, Director Regions Joseph Babbini, Director NT Fleet Dale Howard, Director Corporate Reporting Doug Cooke, Director Telecommunications People and Development Consultant (Executive Officer)
Key functions	**2012-13 Achievements**
• Oversight of WHS for DCIS. • Develop and implement a WHS governance framework and facilitate strategic workplace health and safety planning. • Monitor and review the department's performance, risk management and reporting to ensure ongoing compliance with the *Work Health and Safety Act.* • Provide advice on workplace health and safety issues.	• Terms of reference established and approved by the Board. • Developed a WHS Action Plan 2013-14 for the department to achieve legislative compliance. • Developed terms of reference for all WHS building committees. • Oversaw a WHS training audit and identified training requirements for the department. • Implemented a WHS records management structure.

Planning

Corporate Statement

With the formation of DCIS in December 2012, a fresh approach was taken in developing a corporate statement to reflect the department's corporate identity. The department's corporate statement describes DCIS: what we are, what we do, how we do our work and, importantly, what we stand for. The statement highlights the importance of the department's employees, with a capable and committed workforce underpinning the department's success in meeting its strategic priorities.

Strategic Plan 2013 – 2015

Alongside the corporate statement, a strategic plan was developed setting out the department's strategic direction and priorities. The Strategic Plan 2013-2015 identifies the key priorities and deliverables set by the Minister and government. The plan records our strategic priorities and the actions required to deliver on them.

The key themes of efficiency, innovation and assisting agencies are underscored throughout the strategic plan, which are a direct partnership with our corporate statement. The plan is deliberately flexible, so that it can evolve where new priorities emerge.

Starting in June 2013, the corporate statement and strategic plan were endorsed and arrangements made for the Chief Executive to personally brief staff across the entire department.

Business plans

Business plans are developed for divisions and individual business units, detailing key actions and projects aligned with the Strategic Plan and Corporate Statement and contributing to overall departmental objectives. The business plans also incorporate ideas from the DCIS Innovation Program and actions to mitigate identified risks. Plans are developed in consultation with staff and stakeholders with tasks flowing through to staff MyPlan reviews. Progress against priority projects or actions is reported to the Executive Management Board, providing regular updates on key organisational goals and ensuring a coordinated approach to performance monitoring.

Performance measures

In addition to progress reports on major projects, Key Performance Indicators (KPIs) are reported quarterly to the Executive Management Board. The KPIs are aligned to the Strategic Plan and DCIS Service Statements.

Future priorities

- Complete briefings and roll-out of the Corporate Statement and Strategic Plan across the department.
- Develop and implement a process to report on Strategic Plan actions.
- Develop reports on service standard measurements as recorded in the DCIS Service Statements.

Communication

DCIS focuses on constructive engagement and productive relationships with our clients to develop shared solutions that balance government policy requirements with agency needs and preferences. Ongoing communication at all levels, and in many ways, is necessary to deliver effective services and maintain our partnership approach with client agencies.

The day-to-day individual communications with clients are supplemented by a number of networking and reference groups to regularly share information and obtain advice and feedback from clients. Some of these groups are:

- Agency Heads of Corporate Services Forum – quarterly
- HR Directors Network – six-weekly
- Chief Financial Officers Forum – quarterly
- Finance Managers Forum – quarterly

- System User Groups (eg TRIPS, EIMS, TRIM, ECMS) – quarterly
- Chief Information Officer Forum – bi-monthly
- Property Management Forum – quarterly

Client feedback

DCIS maintains a feedback system for its clients which can be accessed at **http://finke.nt.gov.au/dcis/feedback.nsf**

Feedback on service delivery, both positive and negative, can be provided via this system. The system is monitored with feedback referred to the relevant service director to address. Timeframes to address are specified and this process is monitored.

External communications achievements

- A joint initiative with Telstra to provide improved telecommunications services to 13 remote communities across the Northern Territory was announced by the Minister for Corporate and Information Services and the Chief Executive of Telstra in April 2013.
- Upgraded the Northern Territory Government Quotations and Tenders Online System, supporting the government's commitment to increasing online service delivery and making it easier for businesses to deal with government.
- Released a smart phone application for Northern Territory Government quotation and tender information, the first of its kind nationally for government procurement. The mobile application allows businesses to access current, closed and awarded quotations and tenders, future tender opportunities and their business profiles while on the move.
- Managed and updated department websites, providing access to the agency's strategic direction, policy and services.

Internal communications achievements

- Implemented the new Northern Territory Government Vehicle Policy Framework and refreshed the NT Fleet Services intranet site to reflect the framework at **http://uluru.nt.gov.au/dbe/fleet/index.shtml**
- Released the DCIS Service Framework and Service Statements which outlines the partnership model for the delivery of shared corporate services across the Northern Territory Government.
- Improved and maintained the shared services intranet as a core communication tool for all government agencies.

Future priorities

- Establish a forum for agency procurement officers.
- Review the DCIS client feedback system and improve reporting.

Accountabilities

Statutory accountability

The department is required to comply with the *Financial Management Act, Public Sector Employment and Management Act*, *Procurement Act* and other legislation, such as the *Anti-Discrimination Act, Superannuation Act* and the *Work Health and Safety Act*. Through the department's orientation program, staff are made aware of the department's corporate governance framework and the relevant statutes. Information and training on legislative requirements is included in the department's training plans.

Legislation administered

The department is responsible for administering the *Information Act* (Part 9 except Archives Management) as it relates to Northern Territory Government records management.

Delegations

The Chief Executive is the Accountable Officer for the department for the purposes of the *Financial Management Act* and the *Procurement Act*. Delegations covering procurement, financial and human resource management activities were developed following the creation of the department. The delegations allow appropriately authorised departmental staff to undertake specific responsibilities of the Accountable Officer or Chief Executive as prescribed in the *Financial Management Act*, the *Procurement Act* and the *Public Sector Employment and Management Act*.

Conflict of interest

The department recognises that any conflict of interest, whether real or perceived, erodes confidence in the integrity of the department or the Northern Territory Government. All Executive Management Board members, Senior Directors and senior staff complete a full disclosure declaration annually to declare private and other interests that might result in a conflict of interest. If any interests are identified, appropriate action is taken to resolve the conflict or prevent it from arising. Completed declarations are held as evidence of disclosure and, as such, provide some protection against unfounded allegations of bias concerning department advice or decisions.

Accounting and Property Manual

In accordance with the *Financial Management Act*, the department has an Accounting and Property Manual that specifies finance procedures and internal control requirements. The manual also includes processes and controls for shared services functions. A review of the Accounting and Property Manual will be undertaken in the coming year which will include segregating agency and shared services procedures and developing consistent templates for shared services operating procedures.

Policies and standard operating procedures

Comprehensive standard operating procedures have been developed for shared services functions across finance, human resources, information management, procurement and property management services. The procedures assist staff to ensure consistent and appropriate processes are followed across the department. These procedures are regularly reviewed and updated.

Legal services

The department utilises legal services from the Solicitor for the Northern Territory (a statutory body managed by the Department of the Attorney-General and Justice). Services provided include legal advice, preparing legal documentation and managing any outsourcing of legal services.

Information Act requests

The *Information Act* allows for access to government and personal information. In 2012-13 the department received 36 Freedom of Information (FOI) applications on behalf of other agencies. There were no FOI requests relating to information held by DCIS and this has been advised to the Information Commissioner.

Ombudsman enquiries

In 2012-13 there were no enquiries made.

Future priorities

- Review the Accounting and Property Manual including segregation of agency and shared services functions and development of consistent templates for shared services operating procedures.
- Annual review of the procurement, financial and human resource management delegations and delegations profile to ensure they remain current.

Insurance arrangements

The department has a risk management framework to assist in identifying, managing and minimising risks. In accordance with Treasurer’s Direction M2.1 – Insurance Arrangements, the department self-insures its risks and meets costs as they emerge. Claims applicable to self insurance for the department for 2012-13 and 2011-12 are detailed in Appendix III.

In accordance with Treasurer’s Direction M2.1 – Insurance Arrangements, Data Centre Services, Government Printing Office and NT Fleet identify and assess their insurable risks on an annual basis. Strategies have been implemented to help mitigate insurable risks including development of policies and procedures and the purchase of commercial insurance policies.

Data Centre Services

In 2012-13, Data Centre Services purchased commercial insurance policies for workers' compensation, property damage, product liability, public liability and motor vehicles. The total cost of premiums for commercial insurance in 2012-13 was $33 547, compared with $30 277 in 2011-12.

There were no claims made against the commercial insurance policies in 2012-13.

Government Printing Office

The GPO purchased commercial insurance policies for workers' compensation, property damage, product liability, public liability and motor vehicles in 2012-13. The total cost of premiums for commercial insurance policies in 2012-13 was $70 288, compared with $60 152 in 2011-12.

The increase in the cost of insurance premiums in 2012-13 was primarily due to an increase in the value of policies for property damage, product and public liability.

There were no claims made against these insurance policies during 2012-13.

NT Fleet

NT Fleet purchased commercial insurance policies for workers' compensation, public liability, damage to the vehicle fleet due to natural disasters and short term hire. The total cost of premiums for commercial insurance policies in 2012-13 was $317 192, compared with $297 382 in 2011-12.

The increase in the cost of insurance premiums in 2012-13 was primarily due to a new comprehensive motor vehicle policy for the short term hire pool used for the community service obligations program.

There were no claims against these insurance policies in 2012-13.

Risk mitigation of insurable risks

Insurable risk category	Mitigation strategy
Workers' Compensation	• In accordance with the Treasurer's Directions, the department self insures for workers' compensation. • The GBDs obtained policies of insurance for workers' compensation in accordance with the Treasurer's Directions. • A WHS Management Framework consisting of policies, plans and procedures ensures health and safety is managed in workplaces. • The department has a WHS Committee reporting to Executive Management Board with committees for each building.
Property and Assets	• The department self-insures property and assets. • GBDs have commercial comprehensive insurance policies for motor vehicles. • NT Fleet has implemented tighter security controls and insures the fleet for natural disasters and short term hire. • GPO has broadform property insurance for printing assets. • Internal policies and procedures are in place for the effective management of assets and to mitigate for potential losses. • Effective contract management practices mitigate the risk of loss of assets.
Public Liability	• GBDs have commercial policies of insurance for public liability.
Indemnities	• The department and GBDs comply with the *Financial Management Act* and the Treasurer's Directions for guarantees and indemnities. • Internal policies and procedures are provided for the guidance of staff.
Product liability	• The GPO's broadform public liability insurance includes product liability insurance.

Our People

Our people

This section provides a profile of DCIS staff and celebrates achievements during 2012-13. Reporting on legislative obligations is also included.

Our people are our greatest asset and are vital to the department's success. The DCIS workforce embodies the department's corporate values of being professional, honest, accountable and innovative.

DCIS is proud of its reputation for providing quality service delivery and advice to government and its agencies and recognises that our motivated and dedicated employees are key to our achievements. The department focuses on providing a work environment where employees are supported and challenged to develop both professionally and personally.

Unless otherwise indicated, staffing figures in this report refer to staff within the corporate and information services business units, NT Fleet, Government Printing Office and Data Centre Services.

Staff snapshot

On 30 June 2013, a total of 655 people (by head count) were employed.

Figure 1: Staff by gender and classification

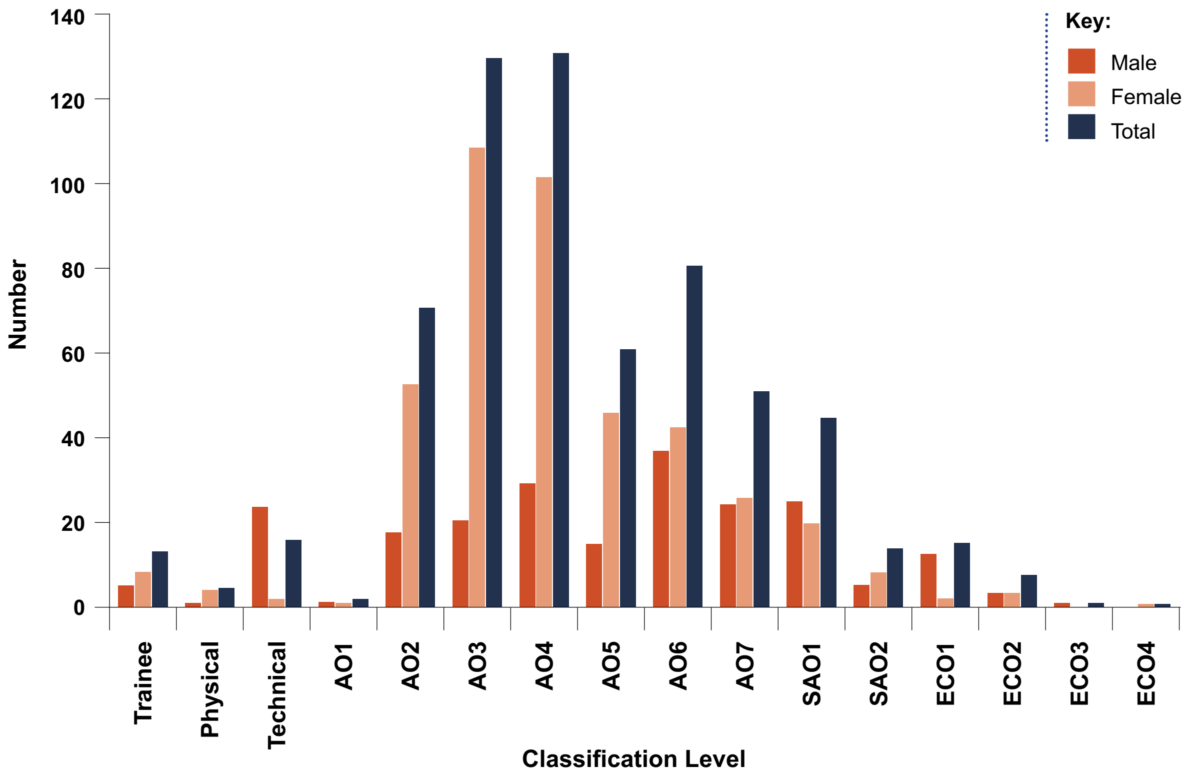


Figure 1 identifies staff by gender for each classification level. Females occupy the majority of DCIS' administrative officer (AO) levels. The largest number of staff are in the AO3 and AO4 levels, which reflects DCIS' core transaction processing role. There are 29 women held against the senior classification levels and seven are held against executive levels. Women hold 43% of 84 senior positions.

Figure 2: Staff by employment types

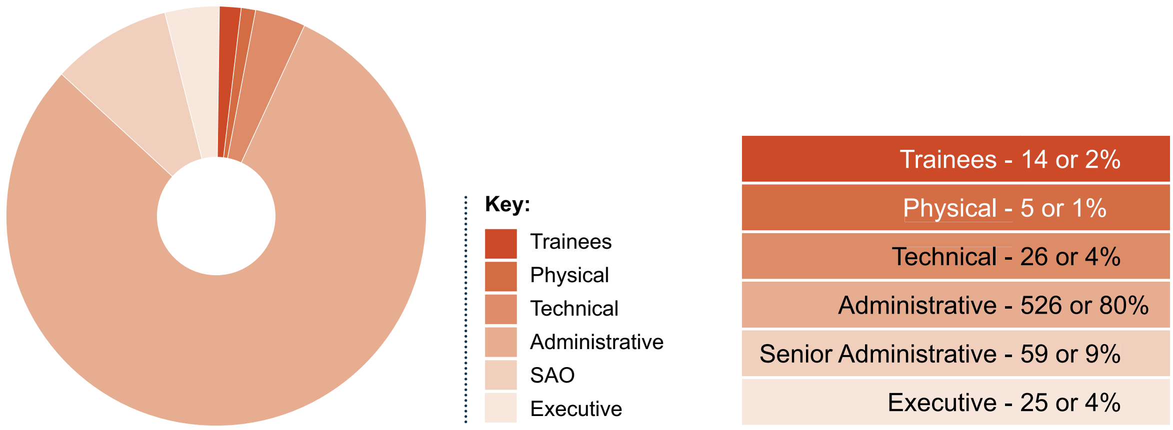


Figure 2 demonstrates the distribution of staff across trainee, physical, technical, administrative and executive employment types at 30 June 2013.

Figure 3: Staff by age and gender

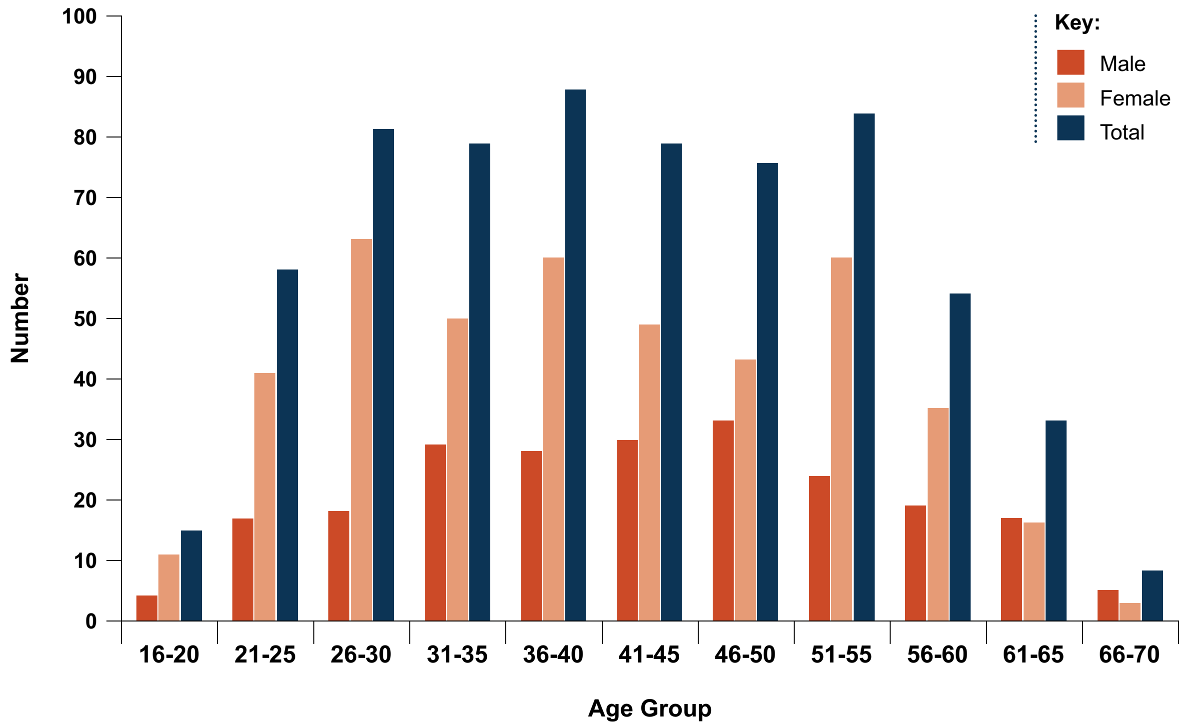
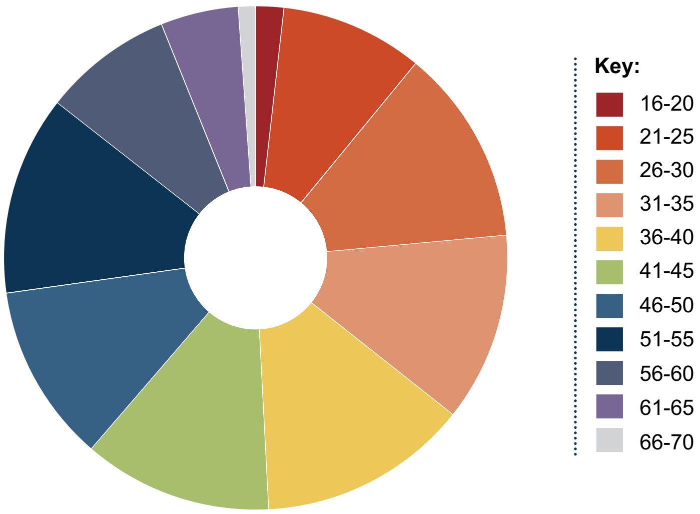


Figure 3 demonstrates the department's staffing by age and gender at 30 June 2013.

Figure 4: Age profile



16 - 20	15 or 2%
21 - 25	58 or 9%
26 - 30	81 or 13%
31 - 35	79 or 12%
36 - 40	88 or 14%
41 - 45	79 or 12%
46 - 50	76 or 11%
51 - 55	84 or 13%
56 - 60	54 or 8%
61 - 65	33 or 5%
66 - 70	8 or 1%

Figure 4 demonstrates the department's age profile by percentage at 30 June 2013.

Figure 5: Staff years of service

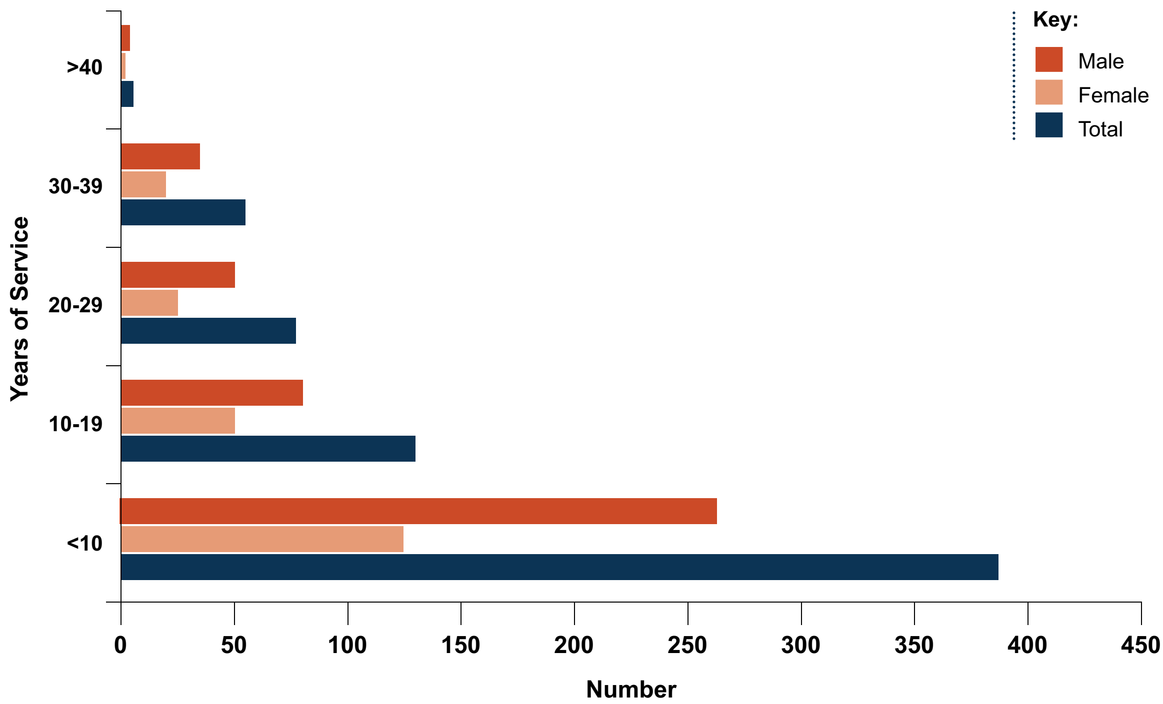


Figure 5 demonstrates staff years of service according to the milestone groups at 30 June 2013. As at 30 June 2013, 268 (41 per cent) of DCIS's 655 staff had completed 10 or more years of service with the NTPS, including 137 staff (21 per cent) with over 20 years of service.

Supporting and growing our people

To maintain a competent workforce, the department is committed to developing staff, building skills, planning for succession, facilitating careers and improving knowledge.

In 2012-13, almost $330 000 was spent on training and development, including study assistance, short-course training and leadership programs.

The following outlines corporate initiatives that supported and developed our staff.

Graduates and Apprentices

Our two-year Graduate Development Program continued in 2012-13 with five graduates in the fields of information technology, business management, procurement and accounting.

DCIS Graduates L-R: Sarbesh Chitrakar, Liju Lukose, Rina Estandarte, Sonia Mu, Saloni Saloni

We employed nine apprentices in 2012-13, working across the department in the areas of business, finance, information technology, printing and fleet.

DCIS Apprentices L-R: Bradley Malby, Vanessa Trainor, Estela Staines, Chelsea Dalliston, Kyle Christophersen, Hong Doan, Elika Burgess, Dannielle Novak, Karl Schaetti

Indigenous Employment Career Development Strategy

The department's Indigenous Employment and Career Development Strategy makes Indigenous employment part of our core business. The strategy focuses on communication, work environment, attraction, retention and partnerships and is underpinned by the principles of respect, relationships and opportunities.

IEP participants with DCIS CE L-R: Priscilla Kingi, Angela Farmer, Keisha Ober, Sophia Mauboy, Larissa Vincent, Anastasia Stewart, Kathleen Robinson

Initiatives supporting the strategy include:

- a staff website that shares information and respects Indigenous culture and history
- strategy information as part of our orientation program, including in the regions
- targeted cross-cultural training
- the Adopt a School Program.

The department will develop a new strategy for 2013 – 2015 that aligns with whole-of-government strategic developments in Indigenous employment within the NTPS.

Leadership programs

Staff attended the following professional leadership programs:

- Public Sector Management Program
- 360-Degree Feedback Program
- Executive Leaders Program
- Emerging Leaders Program (developed for payroll managers).

Women in leadership

DCIS staff participated in the Women in Leadership and Discovery for Women programs. In addition, informal mentoring and coaching continued to be provided across the department to encourage women to progress to senior management positions.

Figure 1 shows the distribution of females to senior levels in the department.

Work Health and Safety Management Framework

Our Work Health and Safety (WHS) Management Framework has been implemented across the department.

The department has a WHS Steering Committee and seven WHS building committees.

The WHS intranet page provides information to staff on a range of WHS matters, including the management framework, committees, roles and responsibilities, first aid and fire wardens, WHS policies and practices. In addition, WHS information sessions were provided to all staff and are included in the department's orientation program.

Complaint handling resolution procedure

The complaint handling resolution procedure deals with matters fairly, openly, promptly and confidentially.

The process satisfactorily resolved complaints before they required the Chief Executive's involvement as part of the grievance process.

Wellness Strategy

The Wellness Strategy continues to be developed and additional elements will be considered in 2013-14 to manage and enhance our employees' wellbeing.

The department supports flexible working arrangements and a healthy work-life balance.

The milestone and contribution recognition processes will continue. Figure 5 shows the number of employees in the various milestone groups.

Employee Assistance Program

Employees and their immediate family can access confidential services of psychologists and professional counsellors to address work, personal or family matters. Our providers offer professional counselling, training and development workshops, management planning sessions, mediation, career counselling and management coaching.

Future priorities

- Develop a Workforce Planning Strategy, including succession planning and a training and development plan.
- Develop and introduce the next Indigenous Employment and Career Development Strategy.
- Create a Leadership Development Program to develop leadership capability and nurture potential leaders.
- Implement the Managers for Tomorrow program aimed at building capacity for middle managers in response to the NTPS staff survey.
- Improve our apprenticeship and graduates programs with more structured mentoring and job rotations.
- Continue to implement the WHS Management Framework in accordance with WHS legislation.
- Continue our Adopt a School program.

Legislative compliance

Reporting against Employment Instructions

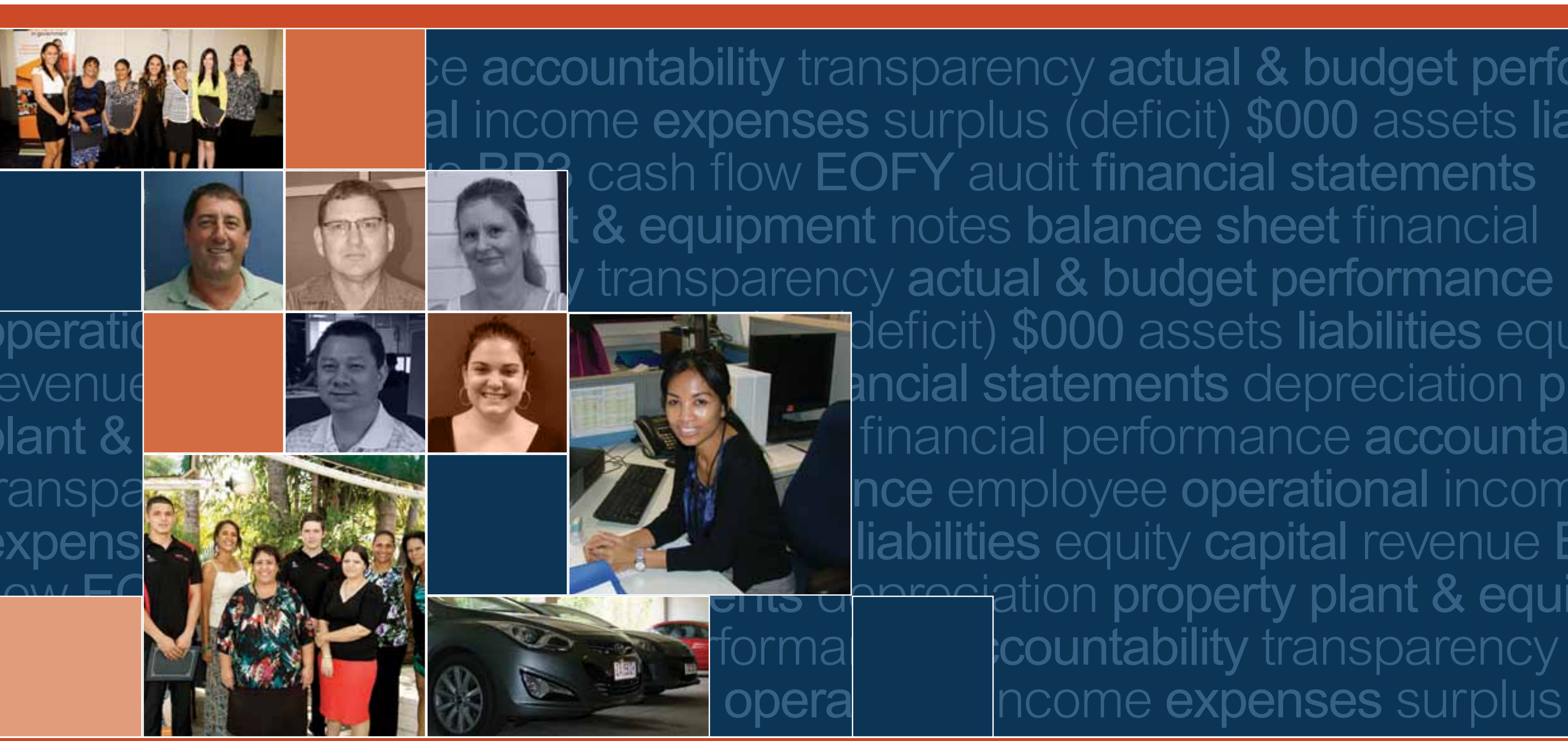
Employment Instructions are rules relating to the functions and powers of the Commissioner for Public Employment under the *Public Sector Employment and Management Act.*

The department's performance against each Employment Instruction is detailed in the following table.

Employment Instruction and annual reporting requirements	Agency actions
Number 1 – Filling Vacancies	
Internal procedures on recruitment and selection have been implemented.	Procedures reviewed and information sessions were provided to managers and staff about selection processes. • 369 vacancies were advertised. • 182 staff commenced. • 149 separations were processed. • Two appeals were lodged and decided.
Number 2 – Probation	
Chief Executive to implement a probationary process for the agency and provide details of the process to employees.	Managers and new employees were given information about the changed probation procedures. Updated agency documentation developed with information sessions to be provided to staff. Some employees were terminated in accordance with the probation process.
Number 3 – Natural Justice	
The principles of natural justice to be observed in all dealings with employees.	The principles of natural justice are promoted in all employee related matters. The department's orientation program further informs new staff about natural justice principles.
Number 4 – Employee Performance Management and Development Systems	
Chief Executive to report annually to the Office of the Commissioner for Public Employment (OCPE) on management training and staff development programs. Chief Executive to develop and implement performance management systems for their agency.	Management training and staff development activities are identified and reported through the annual MyPlan process. The executive performance review process has been tailored to align with the NTPS Capability and Leadership Framework. Information sessions are provided to staff to promote the benefits of regular MyPlan performance review. The department has a strong focus on ensuring all staff participate in the MyPlan process.
Number 5 – Medical Examinations	
In certain circumstances, the Chief Executive may engage a health practitioner to conduct a medical examination of an employee	Some staff were referred for medical examinations. Early intervention action is taken to minimise medical referral cases. The services of the employee assistance programs are promoted regularly to staff.
Number 6 – Performance and Inability	
Chief Executive to provide OCPE with information on the extent to which this Employment Instruction has been used by the agency. Chief Executive may establish procedures regarding inability within their agency.	Performance and inability action occurred in consultation with managers. Some employees were required to undertake a performance improvement plan.

Employment Instruction and annual reporting requirements	Agency actions
Number 7 – Discipline	
Chief Executive to provide OCPE with information on the extent to which this Employment Instruction has been used. Chief Executive may establish procedures regarding discipline within their agency.	Breaches of conduct and discipline matters were addressed on a case-by-case basis. There were cases where employees were given a formal caution under discipline procedures.
Number 8 – Internal Agency Complaints and Section 59 Grievance Reviews	
Chief Executive to establish, and make available to staff, the agency's written procedures that outline steps for dealing with grievances.	Managers and employees are informed of the internal complaint handling process. A number of complaints were made under the department's internal complaint handling process. All complaints were resolved with no further action required.
Number 9 – Employment Records	
Agencies are required to maintain appropriate employee records and implement procedures for maintaining and accessing these records.	Staff are aware of the information and records management requirements using the Tower Records Information Management (TRIM) system. The department continues to improve procedures for employee records in accordance with the Employment Instruction.
Number 10 – Equality of Employment Opportunity Programs	
Chief Executive to devise and implement programs to ensure equal employment opportunities and outcomes. Chief Executive to report annually to the OCPE on programs and initiatives the agency has developed.	Workplace diversity and equal employment opportunity is promoted through an inclusive management and leadership approach, that values the contributions of people from different cultural backgrounds, skills, knowledge and experience. The department maintained a diverse workforce, including staff from a wide range of non-English speaking backgrounds.
Number 11 – Occupational Health and Safety Standards Programs	
Chief Executive to develop programs to ensure employees are consulted in the development and implementation of occupational health and safety programs. Chief Executive to report annually to the OCPE on occupational health and safety programs.	The DCIS Work Health and Safety (WHS) Framework was developed and communicated to staff. The department has a WHS Committee within the governance structure and Workplace Building Committees for each building. The staff website includes a WHS page to promote WHS matters to all staff. Information sessions are provided to staff on new WHS legislative requirements; the roles of employees, managers, committees, health and safety representatives; penalties; and other topical information. The department continued its flu vaccination program with flu vaccinations offered to all staff.

Employment Instruction and annual reporting requirements	Agency actions
Number 12 – Code of Conduct	
Chief Executive may issue guidelines regarding acceptance of gifts and benefits to employees. Chief Executive may issue agency-specific code of conduct.	New staff are made aware of the Northern Territory Public Service (NTPS) Principles and Code of Conduct as part of their commencement package and during mandatory orientation. DCIS maintains a gifts and benefits policy with reporting of offers made and a register of any gifts and benefits received. Declarations of financial interests and any potential conflicts of interest were obtained from all executives and a wide range of staff across the department who deal with sensitive or commercial matters.
Number 13 – Appropriate Workplace Behaviour	
Chief Executive must develop and implement an agency policy and procedure to foster appropriate workplace behaviour and a culture of respect.	Appropriate workplace behaviour for new employees is covered in the department's orientation program. Information is available on the staff website. Additional information sessions on managing employee performance and breaches of conduct are provided to work units and staff, where required, as part of early intervention action. Specific advice on encouraging appropriate behaviour and managing inappropriate behaviour in the workplace is also provided on a case-by-case basis.



Financial Reports

FINANCIAL STATEMENT OVERVIEW
for the year ended 30 June 2013

As part of the new Administrative Arrangements the former Department of Business and Employment was split into two new departments with an effective date of 1 July 2012. Predominantly the Shared Services output group of the former department became the new Department of Corporate and Information Services (DCIS).

FINANCIAL PERFORMANCE

DCIS achieved a good operating result for the year with income $0.59 million (0.4%) higher than estimated and expenses $0.40 million (0.3%) less than estimated. The result was a net surplus of $1.0 million better than estimated. Table 1 provides a summary of DCIS' financial performance.

Table 1: 2012-13 Actual and Budget Performance

	Actual $000	Budget $000	Variation $000
Income	155 900	155 332	568
Expenses	152 349	152 748	399
Surplus/(Deficit)	**3 551**	**2 584**	**967**

Income

DCIS is funded through a combination of Northern Territory Government appropriations for general agencies and goods and services income from government business divisions. DCIS services are billed under a charging model that is based on service usage, including notional charges applied to general agencies.

Table 2: Income by Category

Year	Output Appropriation		Goods and Services		Other Income		Total	
	$000	%	$000	%	$000	%	$000	%
2012-13	108 598	69.7	47 263	30.3	39	-	155 900	100

Expenses

Table 3: Expenses by Category

Year	Property		Employee		ICT		Operational		Grants		Total	
	$000	%	$000	%	$000	%	$000	%	$000	%	$000	%
2012-13	70 439	46.2	42 999	28.2	28 819	18.9	7 265	4.8	2 827	1.9	152 349	100

The department paid $2.83 million in grants in 2012-13, the majority being paid to Telstra to expand mobile phone and broadband services in remote communities.

Expenses are reported in budget papers and to NT Treasury by Outputs. The major Output relates to the Property Leasing which manages all Northern Territory Government leased properties.

Table 4: Expenses by Output

Expense	Employee $000	Operational $000	Grants $000	Total $000	%
Finance Services	9 208	7 993	-	**17 201**	11.3
Human Resource Services	20 792	9 838	-	**30 630**	20.1
Procurement Services	1 955	1 312	-	**3 267**	2.2
Information and Communication Technology Services	8 940	17 227	2 827	**28 994**	19.0
Property Leasing	2 104	70 153	-	**72 257**	47.4
	42 999	**106 523**	**2 827**	**152 349**	100

FINANCIAL POSITION

The department's net asset position at the end of 2012-13 is $53.4 million.

Major assets include:

- $20.5 million cash and deposits ($15.4 million is either held in trust or required to meet whole-of-government ICT commitments)
- $3.9 million receivables (related to GST receivable, service fees and property leasing charges)
- $6 million prepayments (related to the property leasing portfolio)
- $22.5 million property, plant and equipment (buildings and leasehold improvements).

Major liabilities include:

- $15.4 million deposit held for Accountable Officer's Trust Account and ICT commitments
- $4.7 million payables and accrued expenses
- $5.2 million current provision for employee benefits
- $2.3 million non-current employee entitlements.

CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached financial statements for the Department of Corporate and Information Services have been prepared from proper accounts and records in accordance with the prescribed format, the *Financial Management Act* and Treasurer's Directions.

We further state that the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2013 and the financial position on that date.

At the time of signing, we are not aware of any circumstances that would render the particulars included in the financial statements misleading or inaccurate.

Kathleen Robinson
CHIEF EXECUTIVE

30 August 2013

Rex Schoolmeester
CHIEF FINANCE OFFICER

30 August 2013

COMPREHENSIVE OPERATING STATEMENT

for the year ended 30 June 2013

	Note	2013 $000
INCOME		
Grants and subsidies revenue		
Current		-
Capital		-
Appropriation		
Output		108 598
Commonwealth		-
Sales of goods and services		47 263
Interest revenue		-
Goods and services received free of charge		-
Gain on disposal of assets		-
Other income		39
TOTAL INCOME		**155 900**
EXPENSES		
Employee expenses		42 999
Administrative expenses		
Property management		70 439
Purchases of goods and services	6	31 548
Repairs and maintenance		351
Depreciation and amortisation	10	4 185
Goods and services received free of charge		-
Other administrative expenses		-
Grants and subsidies expenses		
Current		2 827
Capital		-
Loss on disposal of assets		-
TOTAL EXPENSES		**152 349**
NET SURPLUS/(DEFICIT)		**3 551**
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to net surplus/deficit		
Changes in asset revaluation surplus		-
Items that may be reclassified subsequently to net surplus/deficit		
Changes in accounting policies		-
Correction of prior period errors		-
TOTAL OTHER COMPREHENSIVE INCOME		-
COMPREHENSIVE RESULT		**3 551**

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

BALANCE SHEET
as at 30 June 2013

	Note	2013 $000
ASSETS		
Current Assets		
Cash and deposits	7	20 552
Receivables	8	3 904
Prepayments		5 958
Other assets		-
Total Current Assets		**30 414**
Non-Current Assets		
Property, plant and equipment	9	22 482
Intangibles	10	543
Cultural assets		-
Other assets		-
Total Non-Current Assets		**23 025**
TOTAL ASSETS		**53 439**
LIABILITIES		
Current Liabilities		
Deposits held		15 464
Accounts payable	11	4 720
Other payables and accruals		-
Provision for employee benefits	12	4 372
Other provisions	12	845
Other liabilities		-
Total Current Liabilities		**25 401**
Non-Current Liabilities		
Provisions for employee benefits	12	2 292
Total Non-Current Liabilities		**2 292**
TOTAL LIABILITIES		**27 693**
NET ASSETS		**25 746**
EQUITY		
Capital		13 213
Reserves	13	1 329
Accumulated funds		11 204
TOTAL EQUITY		**25 746**

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

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2013

2012-13	Note	Equity at 1 July $000	Comprehensive result $000	Transactions with owners in their capacity as owners $000	Equity at 30 June $000
Accumulated Funds		**7 653**	**3 551**	**-**	**11 204**
Reserves					
Asset revaluation reserve	13	1 329	-	-	1 329
Total Reserves		**1 329**	**-**	**-**	**1 329**
Capital – Transactions with Owners					
Equity injections		72 458	-	-	-
Capital appropriation		-	-	303	303
Equity transfers in		-	-	96	96
Other equity injections		-	-	-	-
Total Equity Injections		**72 458**	**-**	**399**	**72 857**
Equity withdrawals					
Capital Withdrawals		-	-	(16 419)	(16 419)
Transfers Out		-	-	(43 225)	(43 225)
Total Equity Withdrawals		**-**	**-**	**(59 644)**	**(59 644)**
Total Capital – Transactions with Owners		**72 458**	**-**	**(59 245)**	**13 213**
Total Equity at End of Financial Year		**81 440**	**3 551**	**(59 245)**	**25 746**

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

CASH FLOW STATEMENT
for the year ended 30 June 2013

	Note	2013 $000
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Receipts		
Grants and subsidies received		
Current		-
Capital		-
Appropriation		
Output		108 598
Commonwealth		-
Receipts from sales of goods and services		76 188
Interest received		-
Total Operating Receipts		**184 786**
Operating Payments		
Payments to employees		45 959
Superannuation contributions paid		-
Payments for goods and services		128 423
Grants and subsidies paid		
Current		2 827
Capital		-
Other		-
Total Operating Payments		**177 209**
Net Cash From Operating Activities	14	**7 577**
CASH FLOWS FROM INVESTING ACTIVITIES		
Investing Receipts		
Repayment of advances		(398)
Total Investing Receipts		**(398)**
Investing Payments		
Purchases of assets		2 340
Advances and investing payments		(57)
Total Investing Payments		**2 283**
Net Cash From/(Used in) Investing Activities		**(2 681)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Financing Receipts		
Deposits received		5 725
Equity injections		
Capital appropriation		303
Total Financing Receipts		**6 028**
Financing Payments		
Equity Withdrawals		16 419
Total Financing Payments		**16 419**
Net Cash From/(Used in) Financing Activities		**(10 391)**
Net increase/(decrease) in cash held		(5 495)
Cash at beginning of financial year		26 047
CASH AT END OF FINANCIAL YEAR	7	**20 552**

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

INDEX OF NOTES TO THE FINANCIAL STATEMENTS

Note

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

1. OBJECTIVES AND FUNDING

The objective of the Department of Corporate and Information Services is to provide cost effective shared financial and human resource administration, procurement, information technology management and office leasing services to Government.

The department is predominantly funded by, and is dependent on the receipt of Parliamentary appropriations. The financial statements encompass all funds through which the department controls resources to carry on its functions and deliver outputs. For reporting purposes, outputs delivered by the department are summarised into five Outputs.

Note 3 provides summary financial information in the form of an Operating Statement by Output.

The department has one output group with five outputs:

Shared Services

Finance Services

Human Resource Services

Procurement Services

Information and Communication Technology Services

Property Leasing

Detailed information about these outputs can be found within the annual report.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements have been prepared in accordance with the requirements of the *Financial Management Act* and related Treasurer's Directions. The *Financial Management Act* requires DCIS to prepare financial statements for the year ended 30 June based on the form determined by the Treasurer. The form of agency financial statements is to include:

(i) a Certification of the Financial Statements

(ii) a Comprehensive Operating Statement

(iii) a Balance Sheet

(iv) a Statement of Changes in Equity

(v) a Cash Flow Statement

(vi) applicable explanatory notes to the financial statements.

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

Except where stated, the financial statements have also been prepared in accordance with the historical cost convention.

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

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]

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

b) Australian Accounting Standards and Interpretations Issued but not yet Effective

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 9 *Financial Instruments (Dec 2010),* AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (Dec 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127],* AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, 2009-11, 2010-7, 2011-7 & 2011-8]*	AASB 9 incorporates revised requirements for the classification and measurement of financial instruments resulting from the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement* (AASB 139 *Financial Instruments: Recognition and Measurement).*	1 Jan 2015	Nil impact to financial statements and disclosure notes
AASB 10 *Consolidated Financial Statements,* AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17],* AASB 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12]*	Requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in AASB 127 *Consolidated and Separate Financial Statements.* AASB 2012-10 defers the mandatory application of AASB 10 *Consolidated Financial Statements* and related Standards to not-for-profit entities until annual reporting periods beginning on or after 1 January 2014.	1 Jan 2013	Not applicable to DCIS

continued

Standard/Interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 12 *Disclosure of Interests in Other Entities*	Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.	1 Jan 2013	Not applicable to DCIS
AASB 13 *Fair Value Measurement*, AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]*	Replaces the guidance on fair value measurement in existing AASB accounting literature with a single standard. The Standard defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements.	1 Jan 2013	Minimal impact to financial statements and disclosure notes
AASB 119 *Employee Benefits (2011)*, AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]*	Changes the definition of short-term employee benefits and the measurement and recognition of defined benefit superannuation obligations.	1 Jan 2013	Minimal impact to financial statements and disclosure notes
AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7)*	Amends AASB 7 *Financial Instruments: Disclosures* to require an entity to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement.	1 Jan 2013	Not applicable to DCIS
AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)*	Addresses inconsistencies in current practice when applying the offsetting criteria in AASB 132 *Financial Instruments: Presentation.*	1 Jan 2014	Not applicable to DCIS
AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, 101, 116, 132 & 134 and Interpretation 2]*	Amends a number of pronouncements as a result of the 2009-2011 annual improvements cycle. Amendments include clarification of the requirements for comparative information in AASB 101 *Presentation of Financial Statements* and classification of servicing equipment in AASB 116 *Property, Plant and Equipment.*	1 Jan 2013	Minimal impact to financial statements and disclosure notes

c) Agency and Territory Items

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

Central Holding Authority

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

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

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

The Central Holding Authority recognises and records all Territory items, and as such, these items are not included in the agency's financial statements.

d) Comparatives

The administrative arrangement changes which came into effect on 1 July 2012 resulted in the formation of DCIS comprising of the Shared Services Output Group. There is no comparative data available for 2011-12.

e) Presentation and Rounding of Amounts

Amounts in the financial statements and notes to the financial statements are presented in Australian dollars and have been rounded to the nearest thousand dollars, with amounts of $500 or less being rounded down to zero.

f) Changes in Accounting Policies

There have been no changes to accounting policies adopted in 2012-13 as a result of management decisions.

g) Accounting Judgements and Estimates

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

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

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

- Employee Benefits – Note 2(s) and Note 12: Non-current liabilities in respect of employee benefits are measured as the present value of estimated future cash outflows based on the appropriate government bond rate, estimates of future salary and wage levels and employee periods of service.
- Contingent Liabilities – Note 17: The present value of material quantifiable contingent liabilities are calculated using a discount rate based on the published 10-year government bond rate.
- Allowance for Impairment Losses – Note 8: Receivables, Note 9: Property, Plant and Equipment, Note 10: Intangibles and Note 15: Financial Instruments.
- Depreciation and Amortisation – Note 2(k), Note 9: Property, Plant and Equipment, and Note 10: Intangibles.

h) Goods and Services Tax

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

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

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable or payable unless otherwise specified.

i) Income Recognition

Income encompasses both revenue and gains.

Income is recognised at the fair value of the consideration received, exclusive of the amount of GST. Exchanges of goods or services of the same nature and value without any cash consideration being exchanged are not recognised as income.

Grants and Other Contributions

Grants, donations, gifts and other non-reciprocal contributions are recognised as revenue when the agency obtains control over the assets comprising the contributions. Control is normally obtained upon receipt.

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

Appropriation

Output appropriation is the operating payment to each agency for the outputs they provide and is calculated as the net cost of agency outputs after taking into account funding from agency income. It does not include any allowance for major non-cash costs such as depreciation.

Commonwealth appropriation follows from the Intergovernmental Agreement on Federal Financial Relations, resulting in Special Purpose Payments (SPPs) and National Partnership (NP) payments being made by the Commonwealth Treasury to state treasuries, in a manner similar to arrangements for GST payments. These payments are received by Treasury on behalf of the Central Holding Authority and then on passed to the relevant agencies as Commonwealth appropriation.

Revenue in respect of appropriations is recognised in the period in which the agency gains control of the funds.

Sale of Goods

Revenue from the sale of goods is recognised (net of returns, discounts and allowances) when:

- the significant risks and rewards of ownership of the goods have transferred to the buyer
- the agency retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- the amount of revenue can be reliably measured
- it is probable that the economic benefits associated with the transaction will flow to the agency
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of Services

Revenue from rendering services is recognised by reference to the stage of completion of the contract. The revenue is recognised when:

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

Goods and Services Received Free of Charge

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

Disposal of Assets

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

Contributions of Assets

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

j) Repairs and Maintenance Expense

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

k) Depreciation and Amortisation Expense

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

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

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

	2012
Buildings	50 Years
Plant and Equipment	10 Years
Leased Plant and Equipment	5 Years
Intangible	10 Years

Assets are depreciated or amortised from the date of acquisition or from the time an asset is completed and held ready for use.

l) Interest Expense

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

m) Cash and Deposits

For the purposes of the Balance Sheet and the Cash Flow Statement, cash includes cash on hand, cash at bank and cash equivalents. Cash equivalents are highly liquid short-term investments that are readily convertible to cash. Cash at bank includes monies held in the Accountable Officer's Trust Account (AOTA) that are ultimately payable to the beneficial owner – refer also to Note 19.

n) Receivables

Receivables include accounts receivable and other receivables and are recognised at fair value less any allowance for impairment losses.

The allowance for impairment losses represents the amount of receivables the agency estimates are likely to be uncollectible and are considered doubtful. Analyses of the age of the receivables that are past due as at the reporting date are disclosed in an aging schedule under credit risk in Note 15 Financial Instruments. Reconciliation of changes in the allowance accounts is also presented.

Accounts receivable and other receivables are generally settled within 30 days.

o) Property, Plant and Equipment

Acquisitions

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

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

Complex Assets

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

Subsequent Additional Costs

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

Construction (Work in Progress)

As part of the financial management framework, the Department of Infrastructure is responsible for managing general government capital works projects on a whole-of-government basis. Therefore appropriation for all agency capital works is provided directly to the Department of Infrastructure and the cost of construction work in progress is recognised as an asset of that department. Once completed, capital works assets are transferred to the agency.

p) Revaluations and Impairment

Revaluation of Assets

Subsequent to initial recognition, assets belonging to the following classes of non-current assets are revalued with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from their fair value at reporting date:

- land
- buildings
- infrastructure assets
- cultural assets
- intangibles.

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arms-length transaction.

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

Impairment of Assets

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

Non-current physical and intangible agency assets are assessed for indicators of impairment on an annual basis. If an indicator of impairment exists, the agency determines the asset's recoverable amount. The asset's recoverable amount is determined as the higher of the asset's depreciated replacement cost and fair value less costs to sell. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Impairment losses are recognised in the Comprehensive Operating Statement. They are disclosed as an expense unless the asset is carried at a revalued amount. Where the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus for that class of asset to the extent that an available balance exists in the asset revaluation surplus.

In certain situations, an impairment loss may subsequently be reversed. Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognised in the Comprehensive Operating Statement as income, unless the asset is carried at a revalued amount, in which case the impairment reversal results in an increase in the asset revaluation surplus. Note 13 provides additional information in relation to the asset revaluation surplus.

q) Leased Assets

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

Finance Leases

Finance leases are capitalised. A lease asset and lease liability equal to the lower of the fair value of the leased property and present value of the minimum lease payments, each determined at the inception of the lease, are recognised.

Lease payments are allocated between the principal component of the lease liability and the interest expense.

Operating Leases

Operating lease payments made at regular intervals throughout the term are expensed when the payments are due, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property. Lease incentives under an operating lease of a building or office space is recognised as an integral part of the consideration for the use of the leased asset. Lease incentives are to be recognised as a deduction of the lease expenses over the term of the lease.

r) Payables

Liabilities for accounts payable and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the agency. Accounts payable are normally settled within 30 days.

s) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries and recreation leave. Liabilities arising in respect of wages and salaries, recreation leave and other employee benefit liabilities that fall due within twelve months of reporting date are classified as current liabilities and are measured at amounts expected to be paid. Non-current employee benefit liabilities that fall due after twelve months of the reporting date are measured at present value, calculated using the government long-term bond rate.

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

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

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

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

t) Superannuation

Employees' superannuation entitlements are provided through the:

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

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

u) Contributions by and Distributions to Government

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

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

v) Commitments

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

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

3. COMPREHENSIVE OPERATING STATEMENT BY OUTPUT GROUP

	Note	Finance Services $000	Human Resource Services $000	Procurement Services $000	Information and Communication Technology Services $000	Property Leasing $000	Total $000
INCOME							
Grants and subsidies revenue							
Current		-	-	-	-	-	-
Capital		-	-	-	-	-	-
Appropriation							
Output		12 873	19 517	1 873	8 280	66 055	108 598
Commonwealth		-	-	-	-	-	-
Sales of goods and services		4 755	10 463	1 345	24 111	6 589	47 263
Interest revenue		-	-	-	-	-	-
Goods and services received free of charge		-	-	-	-	-	-
Gain on disposal of assets		-	-	-	-	-	-
Other income		(8)	48	-	(1)	-	39
TOTAL INCOME		**17 620**	**30 028**	**3 218**	**32 390**	**72 644**	**155 900**
EXPENSES							
Employee expenses		9 914	20 284	1 815	9 042	1 945	43 000
Administrative expenses							
Purchases of goods and services		7 901	8 594	1 173	14 320	69 998	101 986
Repairs and maintenance		88	182	14	53	14	351
Depreciation and amortisation	10	651	903	27	2 572	32	4 185
Loss on disposal of assets		-	-	-	-	-	-
Other administrative expenses		-	-	-	-	-	-
Goods and services received free of charge		-	-	-	-	-	-
Grants and subsidies expenses							
Current		-	-	-	2 827	-	2 827
Capital		-	-	-	-	-	-
Interest expenses		-	-	-	-	-	-
TOTAL EXPENSES		**18 554**	**29 963**	**3 029**	**28 814**	**71 989**	**152 349**
NET SURPLUS/(DEFICIT)		**(934)**	**65**	**189**	**3 576**	**655**	**3 551**

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

	2013 $000
4. GOODS AND SERVICES RECEIVED FREE OF CHARGE	
Nil recognised	-
	-
5. GAIN/LOSS ON DISPOSAL OF ASSETS	
Net proceeds from the disposal of non-current assets	-
Less: Carrying value of non-current assets disposed	-
Gain on the disposal of non-current assets	**-**
6. PURCHASES OF GOODS AND SERVICES	
The net surplus/(deficit) has been arrived at after charging the following expenses:	
Goods and Services Expenses:	
Information Technology Charges	12 266
Information Technology Hardware and Software	11 062
Telecommunications	1 571
Office Leasing	69 657
Consultants [1]	4 090
Advertising [2]	190
Marketing and Promotion [3]	89
Document Production	62
Legal Expenses [4]	155
Recruitment [5]	59
Training and Study	329
Official Duty Fares	36
Travelling Allowance	19

1 *Includes marketing, promotion and IT consultants.*
2 *Does not include recruitment, advertising or marketing and promotion advertising.*
3 *Includes advertising for marketing and promotion but excludes marketing and promotion consultants' expenses, which are incorporated in the consultants' category.*
4 *Includes legal fees, claim and settlement costs.*
5 *Includes recruitment-related advertising costs.*

	2013 $000
7. CASH AND DEPOSITS	
Cash on hand	51
Cash at bank	20 501
Total Cash and Deposits	**20 552**
8. RECEIVABLES	
Current	
Accounts receivable	1 030
Less: allowance for impairment losses	-
Total Accounts Receivables	**1 030**
GST receivables	1 533
Other receivables	1 341
Total Other Receivables	**2 874**
Total Other Receivables	**3 904**

	2013 $000
9. PROPERTY, PLANT AND EQUIPMENT	
Land	
At fair value	**2 300**
Buildings	
At fair value	5 289
Less: Accumulated depreciation	(3 230)
	2 059
Plant and Equipment	
At fair value	17 127
Less: Accumulated depreciation	(5 349)
	11 778
Computer Software	
At cost	10 266
Less: Accumulated amortisation	(5 234)
	5 032
Computer Hardware	
At cost	2 317
Less: Accumulated depreciation	(1 004)
	1 313
Total Property, Plant and Equipment	**22 482**

Property, Plant and Equipment Valuations

The latest revaluations as at 30 June 2010 were independently conducted. The valuer was the Australian Valuation Office. Due to the specialised nature of many of the properties and the consequent lack of market based evidence of fair value, estimates of value have primarily been ascertained using the Depreciated Replacement Cost Approach. This has been supplemented by the Market Value Approach for properties that are readily saleable on the open market and where market sales evidence can be reliably used to determine market values.

Impairment of Property, Plant and Equipment

Agency property, plant and equipment assets were assessed for impairment as at 30 June 2013. No impairment adjustments were required as a result of this review.

9. PROPERTY, PLANT AND EQUIPMENT (continued)

2013 Property, Plant and Equipment Reconciliations

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

	Land $000	Buildings $000	Plant & Equipment $000	Computer Software $000	Computer Hardware $000	Total $000
Additions	-	4	1 369	594	376	2 343
Disposals	-	-	-	-	-	-
Depreciation	-	(116)	(1 848)	(1 176)	(453)	(3 593)
Additions/(Disposals) from administrative restructuring	2 300	2 171	11 966	5 614	1 390	23 441
Additions/(Disposals) from assset transfers	-	-	291	-	-	291
Carrying Amount as at 30 June 2013	**2 300**	**2 059**	**11 778**	**5 032**	**1 313**	**22 482**

	2013 $000
10. INTANGIBLES	
Carrying amounts	
Other Intangibles	
At valuation	1 777
Less: Accumulated amortisation	(1 234)
Written down value – 30 June	543
Total Intangibles	**543**

Impairment of Intangibles

Agency intangible assets were assessed for impairment as at 30 June 2013. No impairment adjustments were required as a result of this review.

	2013 $000
Other intangibles	
Carrying amount at 1 July	1 135
Additions	-
Amortisation	(592)
Carrying amount as at 30 June	**543**
11. PAYABLES	
Accounts payable	1 269
Accrued expenses	3 451
Total Payables	**4 720**

	2013 $000
12. PROVISIONS	
Current	
Employee benefits	
Recreation leave	3 573
Leave loading	601
Recreation leave airfares	187
Purchased recreation leave	11
Other current provisions	
Other Provisions	845
Total Current Provisions	**5 217**
Non-Current	
Employee benefits	
Recreation leave	2 292
Total Non-Current Provisions	**2 292**
Total Provisions	**7 509**

Reconciliation of Provisions

It is not possible to provide this reconciliation due to the agency restructure and there was no balance as at 1 July 2012.

The department's full-time employees for the last pay in June 2013 was 479.

	2013 $000
13. RESERVES	
Asset Revaluation Surplus	
(i) Nature and Purpose of the asset revaluation surplus	
The asset revaluation surplus includes the net revaluation increments and decrements arising from the revaluation of non-current assets. Impairment adjustments may also be recognised in the asset revaluation surplus.	
(ii) Movements in the asset revaluation surplus	
The balance transferred to DCIS as at 1 July	1 329
Balance as at 30 June	**1 329**

14. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of Cash

The total of agency 'Cash and deposits' of $20.6 million recorded in the Balance Sheet is consistent with that recorded as 'Cash' in the Cash Flow Statement.

Reconciliation of Net Surplus/(Deficit) to Net Cash from Operating Activities

	2013 $000
Net Surplus/(Deficit)	3 551
Non-cash items:	
Depreciation and amortisation	4 185
(Gain)/loss on disposal of assets	-
Repairs and maintenance – minor new works (non-cash)	3
Other Expenses	-
Changes in assets and liabilities:	
Decrease/(Increase) in receivables	4 865
Decrease/(Increase) in advances	-
Decrease/(Increase) in prepayments	(720)
Decrease/(Increase) in other assets	-
(Decrease)/Increase in payables	(1 608)
(Decrease)/Increase in provision for employee benefits	(2 322)
(Decrease)/Increase in other provisions	(270)
(Decrease)/Increase in other Deferred Income	(107)
Net Cash from Operating Activities	**7 577**

Non-Cash Financing and Investing Activities

The department has no finance lease commitments.

15. FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments held by the department include cash and deposits, receivables, payables and finance leases. The department has limited exposure to financial risks as discussed below.

a) Categorisation of Financial Instruments

The carrying amounts of the DCIS' financial assets and liabilities by category are disclosed in the table below.

	2013 $000
Financial Assets	
Cash and deposits	20 552
Receivables	3 904
	24 456
Financial Liabilities	
Deposits Held	15 464
Payables	4 720
	20 184

b) Credit Risk

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

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

Receivables

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

Internal Receivables	Aging of Receivables $000	Aging of Impaired Receivables $000	Net Receivables $000
2012-13			
Not overdue	777		777
Overdue for less than 30 days	13		13
Overdue for 30 to 60 days	8		8
Overdue for more than 60 days	29		29
Total	**827**		**827**

External Receivables	Aging of Receivables $000	Aging of Impaired Receivables $000	Net Receivables $000
2012-13			
Not overdue	66		66
Overdue for less than 30 days	-		-
Overdue for 30 to 60 days	20		20
Overdue for more than 60 days	117		117
Total	**203**		**203**

c) Liquidity Risk

Liquidity risk is the risk that the agency will not be able to meet its financial obligations as they fall due. The agency's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

The following tables detail the agency's remaining contractual maturity for its financial assets and liabilities. It should be noted that these values are undiscounted, and consequently totals may not reconcile to the carrying amounts presented in the Balance Sheet.

2013 Maturity analysis for financial liabilities

		Fixed Interest Rate					
	Variable Interest	Less than a Year $000	1 to 5 Years $000	More than 5 Years $000	Non Interest Bearing $000	Total $000	Weighted Average %
Assets							
Cash and deposits					20 552	20 552	-
Receivables					3 904	3 904	-
Total Financial Assets					**24 456**	**24 456**	**-**
Liabilities							
Deposits held					15 464	15 464	-
Payables					4 720	4 720	-
Total Financial Liabilities					**20 184**	**20 184**	**-**

d) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It comprises interest rate risk, price risk and currency risk. The primary market risk that an agency is likely to be exposed to is interest rate risk.

i) Interest Rate Risk

The department is not exposed to interest rate risk as agency financial assets and financial liabilities are non-interest bearing.

ii) Price Risk

The department is not exposed to price risk as the department does not hold units in unit trusts.

iii) Currency Risk

The department is not exposed to currency risk as the department does not hold borrowings denominated in foreign currencies or transactional currency exposures arising from purchases in a foreign currency.

e) Net Fair Value

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

- level 1 – derived from quoted prices in active markets for identical assets or liabilities
- level 2 – derived from inputs other than quoted prices that are observable directly or indirectly
- level 3 – derived from inputs not based on observable market data.

Fair Value of financial instruments

2013	Total Carrying Amount $000	Net Fair Value Level 1 $000	Net Fair Value Level 2 $000	Net Fair Value Level 3 $000	Net Fair Value Total $000
Financial Assets					
Cash and deposits	20 552	20 552			20 552
Receivables	3 904	3 904			3 904
Total Financial Assets	**24 456**	**24 456**			**24 456**
Financial Liabilities					
Deposits held	15 464	15 464			15 464
Payables	4 720	4 720			4 720
Total Financial Liabilities	**20 184**	**20 184**			**20 184**

The net fair value of financial instruments disclosed above are based on level 1 method, the carrying amount of these financial instruments recorded in the financial statements approximates their respective net fair values. Where differences exist, these are not material.

	2013 Internal $000	2013 External $000
16. COMMITMENTS		
(i) Capital Expenditure Commitments		
The department has no Capital Expenditure Commitments	-	-

(ii) Operating Lease Commitments

Property

The department leases property under non-cancellable operating leases expiring from 1 month to 25 years. Leases generally provide the agency with a right of renewal at which time all lease terms are renegotiated.

	2013 Internal $000	2013 External $000
Within one year	678	59 805
Later than one year and not later than five years	2 627	190 848
Later than five years	1 859	198 277
	5 164	**448 930**

Plant and Equipment

The agency also leases items of plant and equipment under non-cancellable operating leases. Future operating lease commitments not recognised as liabilities are payable as follows:

	2013 Internal $000	2013 External $000
Within one year	-	25
Later than one year and not later than five years	-	33
Later than five years	-	-
	-	**58**

(iii) Other Expenditure Commitments

The department has no Other Expenditure Commitments

17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The department had no material contingent liabilities or contingent assets as at 30 June 2013.

18. EVENTS SUBSEQUENT TO BALANCE DATE

No events have arisen between the end of the financial year and the date of this report that require adjustment to, or disclosure in these financial statements.

19. ACCOUNTABLE OFFICER'S TRUST ACCOUNT

In accordance with section 7 of the *Financial Management Act*, an Accountable Officer's Trust Account has been established for the receipt of money to be held in trust. A summary of activity is shown below:

Nature of Trust Money	Opening Balance 1 July 2012 $000	Receipts $000	Payments $000	Closing Balance 30 June 2013 $000
Salaries and Superannuation cancelled cheques	233	1	-	**234**
Accounts Payable cancelled cheques	1 421	-	63	**1 358**
RTM Unpresented Cheques	22	-	-	**22**
Key Deposits Katherine Training Centre	1	-	1	**-**
	1 677	**1**	**64**	**1 614**

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

	2013	No. of Trans.
Write-offs, Postponements and Waivers Under the *Financial Management Act*		
Represented by:		
Amounts written off, waived and postponed by Delegates		
Irrecoverable amounts payable to the Territory or an agency written off	-	-
Losses or deficiencies of money written off	165	1
Public property written off	-	-
Waiver or postponement of right to receive or recover money or property	-	-
Total written off, waived and postponed by Delegates	**165**	**1**
Amounts written off, postponed and waived by the Treasurer		
Irrecoverable amounts payable to the Territory or an agency written off	-	-
Losses or deficiencies of money written off	-	-
Public property written off	-	-
Waiver or postponement of right to receive or recover money or property	-	-
Total written off, postponed and waived by the Treasurer	**-**	**-**
Write-offs, Postponements and Waivers Authorised Under Other Legislation	**-**	**-**
Gifts Under the *Financial Management Act*	**-**	**-**
Ex Gratia Payments under the *Financial Management Act*	**-**	**-**

FINANCIAL STATEMENT OVERVIEW
for the year ended 30 June 2013

FINANCIAL PERFORMANCE

NT Fleet produced a net surplus after tax of $10.97 million in 2012-13, $0.14 million less than the budget estimate, due to a reduction in the number of vehicles leased. NT Fleet will pay an income tax equivalent of $4.7 million and return a dividend of $5.48 million to government for 2012-13.

Table 1: 2012-13 Budget and Actual Performance

	Actual $000		Budget $000		Variation $000	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Income	53 922	54 894	54 561	54 302	(639)	592
Expenses	38 256	38 705	38 700	38 695	444	(10)
Net Surplus Before Tax	**15 666**	**16 189**	**15 861**	**15 607**	**(195)**	**582**
Income Tax Expense	4 700	4 857	4 758	4 682	58	(175)
Net Surplus After Tax	**10 966**	**11 332**	**11 103**	**10 925**	**(137)**	**407**

NT Fleet manages a light vehicle fleet of passenger and light commercial vehicles and a heavy vehicle fleet comprising trucks, plant and equipment. The light fleet accounted for 79% of the total number of vehicles, which was 3 676 vehicles as at 30 June 2013. In this reporting period, the total fleet declined by 5%, mainly due to an 8% decrease in the number of vehicles in the light fleet.

Income

89.4% of NT Fleet's income comes from the provision of goods and services, with vehicle lease charges being the primary source. This income increased by $0.14 million in 2012-13.

Income from disposal of assets was $5.25 million, a decrease of $1.02 million on the previous year due to less than favourable sale prices.

Table 2: Income by Category

Year	Goods and Services		Investment[1]		Other[2]		Asset Sales		Total	
	$000	%	$000	%	$000	%	$000	%	$000	%
2012-13	48 208	89.4	315	0.6	152	0.3	5 247	9.7	53 922	100
2011-12	48 070	87.6	455	0.8	98	0.2	6 271	11.4	54 894	100
2010-11	45 551	89.2	361	0.7	130	0.3	5 023	9.8	51 065	100

1 Investment includes interest income.

2 Other includes miscellaneous income such as motor vehicle registration refunds.

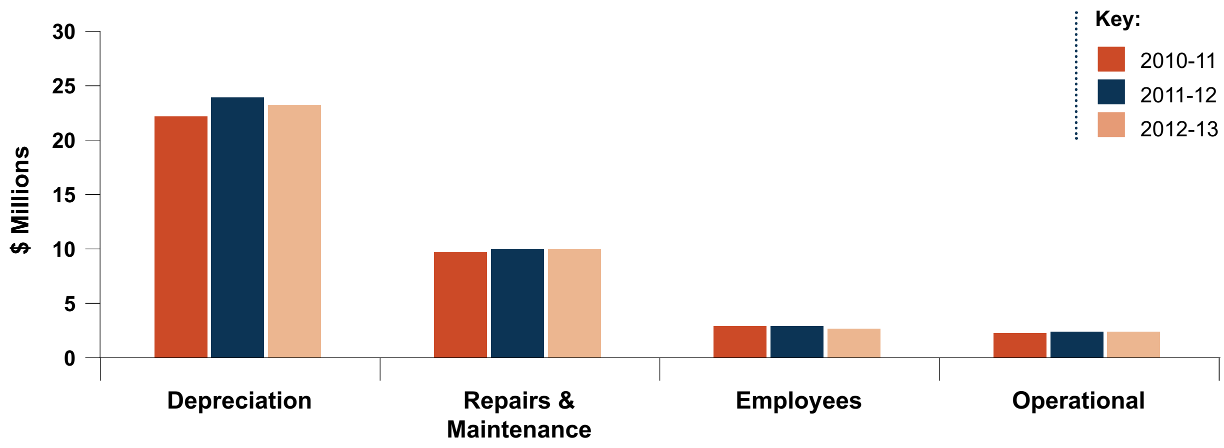
Expenses

NT Fleet's expenses decreased by $0.45 million in 2012-13 due mainly to a change in approach for disposal, repairs and maintenance expenses. The majority of expenditure is directly related to holding vehicle assets.

Table 3: Expenses by Category

Year	Depreciation		Repairs & Maintenance		Employees		Operational		Total	
	$000	%	$000	%	$000	%	$000	%	$000	%
2012-13	23 820	62.3	9 682	25.3	2 539	6.6	2 215	5.8	38 256	100
2011-12	23 788	61.4	10 060	26.0	2 620	6.8	2 237	5.8	38 705	100
2010-11	22 262	60.8	9 546	26.1	2 632	7.2	2 155	5.9	36 595	100

Figure 1: Expense by Category



FINANCIAL POSITION

NT Fleet's net assets as at 30 June 2013 were $101.4 million, an increase of $5.48 million on the previous year.

Major movements in assets include:

- $10.1 million increase in cash and deposits, reflecting the trading result
- $1.14 million reduction in receivables
- $5.84 million reduction in plant and equipment, due to a reduction in new light vehicles.

Major movements in liabilities include:

- $1.9 million decrease in payables
- $0.22 million decrease of provisions.

CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached financial statements for NT Fleet have been prepared from proper accounts and records in accordance with the prescribed format, the *Financial Management Act* and Treasurer's Directions.

We further state that the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2013 and the financial position on that date.

At the time of signing, we are not aware of any circumstances that would render the particulars included in the financial statements misleading or inaccurate.

K Robinson
....

Kathleen Robinson
CHIEF EXECUTIVE

4 October 2013

....

Rex Schoolmeester
CHIEF FINANCE OFFICER

4 October 2013

Auditor-General

Independent Auditor's Report
to the Minister for Corporate and Information Services
NT Fleet
Year Ended 30 June 2013

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

The Chief Executive's responsibility for the Financial Report

The Chief Executive of the Department of Corporate and Information Services is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial report.

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

Opinion

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

F McGuiness
Auditor-General for the Northern Territory
Darwin, Northern Territory

9 October 2013

Level 12 Northern Territory House 22 Mitchell Street Darwin 0800 Tel: 08 8999 7155

COMPREHENSIVE OPERATING STATEMENT
for the year ended 30 June 2013

	Note	2013 $000	2012 $000
INCOME			
Sales of goods and services		48 208	48 070
Interest income		315	455
Gain on disposal of assets	3	5 247	6 271
Other income		152	98
TOTAL INCOME		**53 922**	**54 894**
EXPENSES			
Employee expenses		2 539	2 620
Purchases of goods and services	4	2 215	2 079
Repairs and maintenance		9 682	10 060
Depreciation and amortisation		23 820	23 788
Interest expenses		-	158
TOTAL EXPENSES		**38 256**	**38 705**
SURPLUS BEFORE INCOME TAX		**15 666**	**16 189**
Income tax expense	5	4 700	4 857
NET SURPLUS/(DEFICIT)		**10 966**	**11 332**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to net surplus/deficit		-	-
Changes in asset revaluation surplus		-	-
Items that may be reclassified subsequently to net surplus/deficit		-	-
Changes in accounting policies		-	-
Correction of prior period errors		-	-
TOTAL OTHER COMPREHENSIVE INCOME		-	-
COMPREHENSIVE RESULT		**10 966**	**11 332**

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

BALANCE SHEET
as at 30 June 2013

	Note	2013 $000	2012 $000
ASSETS			
Current Assets			
Cash and deposits	6	18 746	8 602
Receivables	7	874	2 017
Prepayments		185	164
Total Current Assets		**19 805**	**10 783**
Non-Current Assets			
Property, plant and equipment	8	93 048	98 890
Total Non-Current Assets		**93 048**	**98 890**
TOTAL ASSETS		**112 853**	**109 673**
LIABILITIES			
Current Liabilities			
Payables	9	736	2 636
Income tax liabilities	10	4 700	4 857
Provisions	11	5 889	6 113
Other liabilities	12	-	26
Total Current Liabilities		**11 325**	**13 632**
Non-Current Liabilities			
Provisions	11	166	162
Total Non-Current Liabilities		**166**	**162**
TOTAL LIABILITIES		**11 491**	**13 794**
NET ASSETS		**101 362**	**95 879**
EQUITY			
Capital		503	503
Accumulated funds		100 859	95 376
TOTAL EQUITY	13	**101 362**	**95 879**

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

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2013

	Note	Equity at 1 July $000	Comprehensive result $000	Transactions with owners in their capacity as owners $000	Equity at 30 June $000
2012-13					
Accumulated Funds		95 376	10 966	-	106 342
Dividends payable		-	-	(5 483)	(5 483)
		95 376	10 966	(5 483)	100 859
Capital – Transactions with Owners		503	-	-	503
		503	-	-	503
Total Equity at End of Financial Year		**95 879**	**10 966**	**(5 483)**	**101 362**
2011-12					
Accumulated Funds		89 710	11 332	-	101 042
Dividends payable				(5 666)	(5 666)
		89 710	11 332	(5 666)	95 376
Capital – Transactions with Owners		503	-	-	503
Total Equity at End of Financial Year		**90 213**	**11 332**	**(5 666)**	**95 879**

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

CASH FLOW STATEMENT
for the year ended 30 June 2013

	Note	2013 $000	2012 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Receipts			
Receipts from sales of goods and services		53 735	53 427
Interest received		300	475
Total Operating Receipts		**54 035**	**53 902**
Operating Payments			
Payments to employees		(2 573)	(2 628)
Payments for goods and services		(16 317)	(18 187)
Income tax paid		(4 857)	(4 341)
Interest paid		-	(197)
Total Operating Payments		**(23 747)**	**(25 353)**
Net Cash From/(Used in) Operating Activities	14	**30 288**	**28 549**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing Receipts			
Proceeds from asset sales	3	19 272	20 524
Total Investing Receipts		**19 272**	**20 524**
Investing Payments			
Purchases of assets		(33 750)	(46 037)
Total Investing Payments		**(33 750)**	**(46 037)**
Net Cash From/(Used in) Investing Activities		**(14 478)**	**(25 513)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Receipts from Financing Activities			
Deposits Received		-	(1)
Cash Receipts from Financing Activities		-	(1)
Financing Payments			
Repayment of borrowing		-	(3 000)
Dividends paid	11	(5 666)	(5 064)
Total Financing Payments		**(5 666)**	**(8 064)**
Net Cash From/(Used in) Financing Activities		**(5 666)**	**(8 065)**
Net increase/(decrease) in cash held		10 144	(5 029)
Cash at beginning of financial year		8 602	13 631
CASH AT END OF FINANCIAL YEAR	6	**18 746**	**8 602**

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

1. OBJECTIVES AND FUNDING

NT Fleet manages the light and heavy vehicle fleet for Northern Territory Government agencies, except Northern Territory Police, Fire and Emergency Services. Management of the Northern Territory Government vehicle fleet incorporates acquisition, vehicle leasing, maintenance and disposal.

Key functional responsibilities are:

- delivering a low-cost and fit-for-purpose passenger and light commercial vehicle fleet in accordance with the vehicle policy framework
- managing supply and service contracts
- managing the disposal of vehicles, plant and equipment.

Funding is received predominantly from vehicle lease income derived from client agencies.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

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

(i) a Certification of the Financial Statements

(ii) a Comprehensive Operating Statement

(iii) a Balance Sheet

(iv) a Statement of Changes in Equity

(v) a Cash Flow Statement

(vi) applicable explanatory notes to the financial statements.

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

Except where stated, the financial statements have also been prepared in accordance with the historical cost convention.

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

The Standards and Interpretations and their impacts are:

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]

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

b) Australian Accounting Standards and Interpretations Issued but not yet Effective

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 9 *Financial Instruments (Dec 2010),* AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (Dec 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127],* AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, 2009-11, 2010-7, 2011-7 & 2011-8]*	AASB 9 incorporates revised requirements for the classification and measurement of financial instruments resulting from the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement* (AASB 139 *Financial Instruments: Recognition and Measurement).*	1 Jan 2015	It is likely to have an impact for future financial reporting periods but the exact impact is yet to be determined.
AASB 10 *Consolidated Financial Statements*, AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17],* AASB 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12]*	Requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in AASB 127 *Consolidated and Separate Financial Statements.* AASB 2012-10 defers the mandatory application of AASB 10 *Consolidated Financial Statements* and related Standards to not-for-profit entities until annual reporting periods beginning on or after 1 January 2014.	1 Jan 2013	Not applicable to NT Fleet
AASB 12 Disclosure of Interests in Other Entities	Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.	1 Jan 2013	Not applicable to NT Fleet

continued

Standard/Interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 13 *Fair Value Measurement*, AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]*	Replaces the guidance on fair value measurement in existing AASB accounting literature with a single standard. The Standard defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements.	1 Jan 2013	It is likely to have an impact for future financial reporting periods but the exact impact is yet to be determined.
AASB 119 *Employee Benefits (2011)*, AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]*	Changes the definition of short-term employee benefits and the measurement and recognition of defined benefit superannuation obligations.	1 Jan 2013	Nil impact
AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7)*	Amends AASB 7 *Financial Instruments: Disclosures* to require an entity to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement.	1 Jan 2013	Nil impact
AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)*	Addresses inconsistencies in current practice when applying the offsetting criteria in AASB 132 *Financial Instruments: Presentation.*	1 Jan 2014	Nil impact
AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, 101, 116, 132 & 134 and Interpretation 2]*	Amends a number of pronouncements as a result of the 2009-2011 annual improvements cycle. Amendments include clarification of the requirements for comparative information in AASB 101 *Presentation of Financial Statements* and classification of servicing equipment in AASB 116 *Property, Plant and Equipment.*	1 Jan 2013	It is likely to have an impact for future financial reporting periods but the exact impact is yet to be determined.

NT Fleet anticipates that the above standard and interpretations are likely to have an impact for future financial reporting periods but the exact impact is yet to be determined.

c) Agency and Territory Items

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

Central Holding Authority

NT Fleet held no Territory items.

d) Comparatives

Where necessary, comparative information for the 2011-12 financial year has been reclassified to provide consistency with current year disclosures.

e) Presentation and Rounding of Amounts

Amounts in the financial statements and notes to the financial statements are presented in Australian dollars and have been rounded to the nearest thousand dollars, with amounts of $500 or less being rounded down to zero.

f) Changes in Accounting Policies

There have been no changes to accounting policies adopted in 2012-13 as a result of management decisions.

g) Accounting Judgments and Estimates

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

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

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

- Employee Benefits – Note 2(w) and Note 11: Non-current liabilities in respect of employee benefits are measured as the present value of estimated future cash outflows based on the appropriate government bond rate, estimates of future salary and wage levels and employee periods of service.
- Contingent Liabilities – Note 17: The present value of material quantifiable contingent liabilities are calculated using a discount rate based on the published 10-year government bond rate.
- Allowance for Impairment Losses – Note 2(p), 7: Receivables and 15: Financial Instruments.

- Depreciation and Amortisation – Note 2(l) and Note 8: Property, Plant and Equipment.

h) Goods and Services Tax

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

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

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable or payable unless otherwise specified.

i) Income Recognition

Income encompasses both revenue and gains.

Income is recognised at the fair value of the consideration received, exclusive of the amount of GST. Exchanges of goods or services of the same nature and value without any cash consideration being exchanged are not recognised as income.

Sale of Goods

Revenue from the sale of goods is recognised (net of returns, discounts and allowances) when:

- the significant risks and rewards of ownership of the goods have transferred to the buyer
- NT Fleet retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- the amount of revenue can be reliably measured
- it is probable that the economic benefits associated with the transaction will flow to NT Fleet
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of Services

Revenue from rendering services is recognised by reference to the stage of completion of the contract. The revenue is recognised when:

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

Interest Income

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

Goods and Services Received Free of Charge

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

Disposal of Assets

A gain or loss on disposal of assets is included as a gain or loss on the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal. Refer also to Note 3.

Contributions of Assets

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

j) Repairs and Maintenance Expense

Costs associated with repairs and maintenance works on NT Fleet's assets are expensed as incurred.

k) Taxation

NT Fleet is required to pay income tax on its accounting surplus at the company tax rate of 30% in accordance with the requirements of the Treasurer's Directions, NT Tax Equivalents Regime.

l) Depreciation and Amortisation Expense

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

The estimated useful lives for each class of asset are in accordance with the Treasurer's Assets, are depreciated or amortised from the date of acquisition or from the time an asset is completed and held ready for use.

	2013	2012
Vehicles – light	3 – 4 Years	2 – 3 Years
Vehicles – heavy	3 – 10 Years	3 – 10 Years
Leasehold improvements	10 – 15 Years	10 – 15 Years
Computer software	1 – 5 Years	1 – 5 Years

m) Interest Expense

Interest expenses include interest on government loans. Interest expenses are expensed in the period in which they are incurred.

n) Cash and Deposits

For the purposes of the Balance Sheet and the Cash Flow Statement, cash includes cash on hand, cash at bank and cash equivalents. Cash equivalents are highly liquid short-term investments that are readily convertible to cash.

o) Inventories

NT Fleet outsourced repairs and maintenance works of heavy vehicles in 2012-13 and does not retain inventories.

p) Receivables

Receivables include accounts receivable and other receivables and are recognised at fair value less any allowance for impairment losses.

The allowance for impairment losses represents the amount of receivables the agency estimates are likely to be uncollectible and are considered doubtful. Analyses of the age of the receivables that are past due as at the reporting date are disclosed in an aging schedule under credit risk in Note 15 Financial Instruments. Reconciliation of changes in the allowance accounts is also presented.

Accounts receivable and other receivable are generally settled within 14 days.

q) Property, Plant and Equipment

Acquisitions

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

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

Complex Assets

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

Subsequent Additional Costs

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

Construction (Work in Progress)

As part of the Financial Management Framework, the Department of Infrastructure is responsible for managing general government capital works projects on a whole-of-government basis. Therefore appropriation for NT Fleet capital works is provided directly to the Department of Infrastructure and the cost of construction work in progress is recognised as an asset of that Department. Once completed, capital works assets are transferred to the agency.

Software (Work in Progress)

NT Fleet funded the migration to a new programming tool suite utilised by the Northern Territory Government's software programming contractor. The cost associated with this project has been capitalised.

r) Revaluations and Impairment

Revaluation of Assets

Subsequent to initial recognition, assets belonging to the following classes of non-current assets are revalued with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from their fair value at reporting date:

- heavy vehicles.

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arms-length transaction.

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

Impairment of Assets

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

Non-current physical assets are assessed for indicators of impairment on an annual basis. If an indicator of impairment exists, the agency determines the asset's recoverable amount. The asset's recoverable amount is determined as the higher of the asset's depreciated replacement cost and fair value less costs to sell. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Impairment losses are recognised in the Comprehensive Operating Statement. They are disclosed as an expense unless the asset is carried at a revalued amount. Where the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus for that class of asset to the extent that an available balance exists in the asset revaluation surplus.

In certain situations, an impairment loss may subsequently be reversed. Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognised in the Comprehensive Operating Statement as income, unless the asset is carried at a revalued amount, in which case the impairment reversal results in an increase in the asset revaluation surplus.

s) Assets Held for Sale

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

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

t) Leased Assets

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

Operating Leases

Operating lease payments made at regular intervals throughout the term are expensed when the payments are due, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property. Lease incentives under an operating lease of a building or office space is recognised as an integral part of the consideration for the use of the leased asset. Lease incentives are to be recognised as a deduction of the lease expenses over the term of the lease.

u) Payables

Liabilities for accounts payable and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the agency. Accounts payable are normally settled within 30 days.

v) Borrowings

Government loans are initially recognised at the fair value of the consideration received less directly attributable transaction cost.

After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method.

w) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries and recreation leave. Liabilities arising in respect of wages and salaries, recreation leave and other employee benefit liabilities that fall due within twelve months of reporting date are classified as current liabilities and are measured at amounts expected to be paid. Non-current employee benefit liabilities that fall due after twelve months of the reporting date are measured at present value, calculated using the government long-term bond rate.

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

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

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

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

x) Superannuation

Employees' superannuation entitlements are provided through the:

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

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

y) Contributions by and Distributions to government

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

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

z) Dividends

NT Fleet has provided for a dividend payable at the rate of 50% of net profit after tax in accordance with the Northern Territory Government's dividend policy.

aa) Commitments

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

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

	2013 $000	2012 $000
3. GAIN ON DISPOSAL OF ASSETS		
Net proceeds from the disposal of non-current assets	19 272	20 524
Less: Carrying value of non-current assets disposed	(14 025)	(14 253)
Gain on the disposal of non-current assets	**5 247**	**6 271**
4. PURCHASES OF GOODS AND SERVICES		
The net surplus has been arrived at after charging the following expenses:		
Goods and Services Expenses:		
Consultants [1]	76	38
Advertising [2]	-	-
Document production	8	4
Recruitment [3]	1	2
Training and study	3	9
Official duty fares	4	10
Travelling allowance	1	4
Corporate support from other agencies	479	526
Audit fees	63	35

1 Includes marketing, promotion and IT consultants.
2 Does not include recruitment advertising or marketing and promotion advertising.
3 Includes recruitment-related advertising costs.

	2013 $000	2012 $000
5. INCOME TAX EXPENSE		
Prima facie income tax expense calculated at 30% of the Surplus before Income Tax	4 700	4 857
Total Income Tax Expense	**4 700**	**4 857**
6. CASH AND DEPOSITS		
Cash on hand	3	3
Cash at bank	18 743	8 599
Total Cash	**18 746**	**8 602**
7. RECEIVABLES		
Current		
Accounts receivable	101	1 547
Interest receivables	37	22
GST receivables	(139)	1
Other receivables	875	447
Total Receivables	**874**	**2 017**

	2013 $000	2012 $000
8. PROPERTY, PLANT AND EQUIPMENT		
Motor Vehicles – Light		
At fair value	108 660	116 688
Less: Accumulated Depreciation	(37 445)	(35 748)
	71 215	**80 940**
Motor Vehicles – Heavy		
At fair value	36 318	30 816
Less: Accumulated Depreciation	(14 886)	(13 257)
	21 432	**17 559**
Computer Software		
At fair value	383	373
Less: Accumulated Depreciation	(32)	(32)
	351	**341**
Leasehold Improvements		
At fair value	58	58
Less: Accumulated Depreciation	(8)	(7)
	50	**51**
Total Property, Plant and Equipment	**93 048**	**98 890**

Impairment of Property, Plant and Equipment

NT Fleet property, plant and equipment assets were assessed for impairment as at 30 June 2013. No impairment adjustments were required as a result of this review.

8. PROPERTY, PLANT AND EQUIPMENT (continued)

2013 Property, Plant and Equipment Reconciliations

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

	Motor Vehicles Light $000	Motor Vehicles Heavy $000	Leasehold Improvements $000	Computer Software $000	Total $000
Carrying Amount as at 1 July 2012	80 940	17 558	51	341	98 890
Additions	24 678	7 315	-	-	31 993
Disposals	(13 619)	(406)	-	-	(14 025)
Depreciation	(20 784)	(3 035)	(1)	-	(23 820)
Additions/(Disposals) from asset transfers	-	-	-	-	-
Other movements	-	-	-	10	10
Carrying Amount as at 30 June 2013	**71 215**	**21 432**	**50**	**351**	**93 048**

2012 Property, Plant and Equipment Reconciliations

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2011-12 is set out below:

	Motor Vehicles Light $000	Motor Vehicles Heavy $000	Leasehold Improvements $000	Computer Software $000	Total $000
Carrying Amount as at 1 July 2011	76 560	14 491	76	289	91 416
Additions	39 489	5 998	-	-	45 487
Disposals	(13 849)	(404)	-	-	(14 253)
Depreciation	(21 260)	(2 527)	(1)	-	(23 788)
Additions/(Disposals) from asset transfers	-	-	(24)	-	(24)
Other movements	-	-	-	52	52
Carrying Amount as at 30 June 2012	**80 940**	**17 558**	**51**	**341**	**98 890**

		2013 $000	2012 $000
9.	**PAYABLES**		
	Accounts payable	475	2 299
	Other accrued expenses and accrued salaries	261	337
	Total Payables	**736**	**2 636**
10.	**INCOME TAX LIABILITIES**		
	Income tax payable	4 700	4 857
	Total Income Tax Liabilities	**4 700**	**4 857**
11.	**PROVISIONS**		
	Current		
	Employee benefits		
	Recreation leave	214	239
	Leave loading	37	44
	Other employee benefits – recreation leave airfares	5	11
	Other current provisions		
	Provision for dividend	5 484	5 666
	Provision for fringe benefits tax	-	4
	Provision for superannuation	116	115
	Provision for payroll tax	27	28
	Provision for workers compensation premium	6	6
	Total Current Provisions	**5 889**	**6 113**
	Non-Current		
	Employee benefits		
	Recreation leave	166	162
	Total non-current provisions	**166**	**162**
	Total Provisions	**6 055**	**6 275**
	Reconciliations of Provisions		
	Dividends		
	Balance as at 1 July	5 666	5 064
	Reductions arising from payments	(5 666)	(5 064)
	Additional provisions recognised	5 483	5 666
	Balance as at 30 June	**5 483**	**5 666**

NT Fleet employed 33 employees as at 30 June 2013 (33 employees as at 30 June 2012)

	2013 $000	2012 $000
12. OTHER LIABILITIES		
Current	-	26
Total Other Liabilities	**-**	**26**
13. EQUITY		
Capital		
Balance as at 1 July	**503**	**503**
Equity Injections	-	-
Equity transfers in		
Balance as at 30 June	**503**	**503**
Accumulated Funds		
Balance as at 1 July	**95 376**	**89 710**
Surplus for the period	10 966	11 332
Dividends payable	(5 483)	(5 666)
Balance as at 30 June	**100 859**	**95 376**
Total Equity	**101 362**	**95 879**

14. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of Cash

The total of NT Fleet ‘Cash and Deposits’ of $18.75 million recorded in the Balance Sheet is consistent with that recorded as ‘Cash’ in the Cash Flow Statement.

	2013 $000	2012 $000
Reconciliation of Net Surplus/(Deficit) to Net Cash from Operating Activities		
Net Surplus/(Deficit)	10 966	11 332
Non-cash items:		
Depreciation and amortisation	23 820	23 788
(Gain)/Loss on disposal of assets	(5 247)	(6 271)
R&M - Minor New Work Non Cash	-	22
Changes in assets and liabilities:		
Decrease/(Increase) in receivables	1 142	(378)
Decrease/(Increase) in inventories	-	8
Decrease/(Increase) in prepayments	(22)	(118)
Decrease/(Increase) in other payables	(153)	(375)
Decrease/(Increase) in provision for employee benefits	(31)	(8)
Decrease/(Increase) in other provisions	(162)	569
Decrease/(Increase) in deferred income	(26)	(20)
Net Cash from Operating Activities	**30 288**	**28 549**

15. FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments held by NT Fleet include cash and deposits, receivables payables. NT Fleet has limited exposure to financial risks as discussed below.

NT Fleet's operating account earns monthly interest at a variable interest rate (NT Treasury and Finance's average 11am cash rate less 25 basis points).

Negative cash balances of $50 000 or less and negative cash balances over $50 000, which have an overdraft facility or by prior arrangement with NT Treasury Corporation, attract the average 11am cash rate for the month plus 50 basis points.

Negative balances without overdraft facilities or prior arrangement with NT Treasury Corporation will be charged the overdraft rate applied to the Government Bank Account by the National Australia Bank.

a) Categorisation of Financial Instruments

The carrying amounts of NT Fleet's financial assets and liabilities by category are disclosed in the table below.

	2013 $000	2012 $000
Financial Assets		
Cash and deposits	18 746	8 602
Loans and receivables	874	2 017
Financial Liabilities		
Payables	736	2 636

b) Credit Risk

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

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

Receivables

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

Internal Receivables	Aging of Receivables $000	Aging of Impaired Receivables $000	Net Receivables $000
2012-13			
Not overdue	47	-	47
Overdue for less than 30 days	38	-	38
Overdue for 30 to 60 days	8	-	8
Overdue for more than 60 days	-	-	-
Total	**93**	**-**	**93**
2011-12			
Not overdue	275	-	275
Overdue for less than 30 days	38	-	38
Overdue for 30 to 60 days	2	-	2
Overdue for more than 60 days	-	-	-
Total	**315**	**-**	**315**

External Receivables	Aging of Receivables $000	Aging of Impaired Receivables $000	Net Receivables $000
2012-13			
Not overdue	8	-	8
Overdue for less than 30 days	-	-	-
Overdue for 30 to 60 days	-	-	-
Overdue for more than 60 days	-	-	-
Total	**8**	**-**	**8**
2011-12			
Not overdue	1 158	-	1 158
Overdue for less than 30 days	74	-	74
Overdue for 30 to 60 days	-	-	-
Overdue for more than 60 days	-	-	-
Total	**1 232**	**-**	**1 232**

c) Liquidity Risk

Liquidity risk is the risk that the agency will not be able to meet its financial obligations as they fall due. NT Fleet's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

NT Fleet's financial asset and liability ratio as at 30 June 2013 is strong. It also has sufficient fixed assets (passenger vehicles) which can be disposed off at short notice and/or the option of delaying the purchase of new assets which can easily be applied to meet fluctuations in short term liquidity.

The following tables detail the agency's remaining contractual maturity for its financial assets and liabilities. It should be noted that these values are undiscounted, and consequently totals may not reconcile to the carrying amounts presented in the Balance Sheet.

2013 Maturity analysis for financial assets and liabilities

		Interest Bearing					
	Fixed or Variable $000	Less than a Year $000	1 to 5 Years $000	More than 5 Years $000	Non Interest Bearing $000	Total $000	Weighted Average %
Assets							
Cash and deposits	-	18 743	-	-	3	18 746	2.50
Receivables	-	-	-	-	874	874	-
Total Financial Assets	**-**	**18 743**	**-**	**-**	**877**	**19 620**	
Liabilities							
Payables	-	-	-	-	736	736	-
Total Financial Liabilities	**-**	**-**	**-**	**-**	**736**	**736**	

2012 Maturity analysis for financial assets and liabilities

		Interest Bearing					
	Fixed or Variable $000	Less than a Year $000	1 to 5 Years $000	More than 5 Years $000	Non Interest Bearing $000	Total $000	Weighted Average %
Assets							
Cash and deposits	-	8 598	-	-	4	8 602	3.25
Receivables	-	-	-	-	2 017	2 017	-
Total Financial Assets	**-**	**8 598**	**-**	**-**	**2 021**	**10 619**	
Liabilities							
Payables	-	2 636	-	-	-	2 636	6.5
Total Financial Liabilities	**-**	**2 636**	**-**	**-**	**-**	**2 636**	

d) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It comprises interest rate risk, price risk and currency risk. The primary market risk that an agency is likely to be exposed to is interest rate risk.

(i) Interest Rate Risk

NT Fleet has limited exposure to interest rate risk. NT Fleet's exposure to interest rate risk on financial assets and financial liabilities is set out in the following tables. The average interest rate is based on the outstanding balance at the end of the year. NT Fleet's operating accounts earn monthly interest at a variable interest rate (NT Treasury Corporation's weighted average cash returns less 50 basis points.) Assuming the financial assets and liabilities as at 30 June 2013 were to remain until maturity or settlement without any action by NT Fleet to alter the resulting interest rate risk exposure, an immediate and sustained increase of 1% in market interest rates across all maturities would not have a significant effect and is considered not material to NT Fleet.

	2013 $000	2012 $000
Variable rate instruments		
Financial Assets	18 743	8 598
Financial Liabilities		
Total	**18 743**	**8 598**

Market Sensitivity Analysis

Changes in the variable rates of 100 basis points (1%) at reporting date would have the following effect on the agency's profit or loss and equity.

	Profit or Loss and Equity	
	100 basis points increase $000	100 basis points decrease $000
30 June 2013		
Financial assets – cash at bank	187	(187)
Net Sensitivity	**187**	**(187)**
30 June 2012		
Financial assets – cash at bank	86	(86)
Net Sensitivity	**86**	**(86)**

(ii) Price Risk

NT Fleet is not exposed to price risk as NT Fleet does not hold units in unit trusts.

(iii) Currency Risk

NT Fleet has limited exposure to currency risk, as NT Fleet does not hold borrowings denominated in foreign currencies, and has limited transactional currency exposures arising from purchases in a foreign currency.

e) Net Fair Value

The carrying value of assets and liabilities recorded in the balance sheet approximates their fair values.

	2013 Internal $000	2013 External $000	2012 Internal $000	2012 External $000
16. COMMITMENTS				
(i) Capital Expenditure Commitments				
Capital expenditure commitments primarily related to acquisitions. Capital expenditure commitments contracted for at balance date but not recognised as liabilities are payable as follows[1]:				
Within one year	-	5 118	-	15 039
	-	**5 118**	**-**	**15 039**
1 Fleet vehicles.				
(ii) Operating Lease Commitments				
NT Fleet leases photocopiers under operating leases which generally provide NT Fleet with a right of renewal at which time all lease terms are renegotiated. Future operating lease commitments not recognised as liabilities are payable as follows:				
Within one year	-	9	-	5
Later than one year and not later than five years	-	10	-	12
	-	**19**	**-**	**17**
(iii) Other Expenditure Commitments				
Other non-cancellable expenditure commitments (office property leases and service agreements with NTG agencies) not recognised as liabilities are payable as follows:				
Within one year	975	-	1 068	-
Later than one year and not later than five years	3 900	-	4 272	-
	4 875	**-**	**5 340**	**-**

17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

NT Fleet had no contingent liabilities or contingent assets as at 30 June 2013 or as at 30 June 2012.

18. EVENTS SUBSEQUENT TO BALANCE DATE

No events have arisen between the end of the financial year and the date of this report that require adjustment to, or disclosure in these financial statements.

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

NT Fleet had no write offs, postponements, gifts and ex gratia payments for the year ended 30 June 2013 or 30 June 2012.

FINANCIAL STATEMENT OVERVIEW
for the year ended 30 June 2013

FINANCIAL PERFORMANCE

The Government Printing Office (GPO) recorded a loss of $0.76 million for 2012-13 which was $0.55 million more than the budget estimate of $0.21 million loss due to lower than anticipated demand for printing services which impacted sales income.

Demand in printing services has continued to decrease due to a range of factors including changes in technology and a reduction in printing requirements across government. Expenses have been reduced in line with falling demand for services, however, are not able to match the income reduction.

Annual sales income was $1.02 million below budget and approximately $1.06 million lower than for the previous year.

Table 1: 2012-13 Budget versus Actual Performance

	Actual $000		Budget $000		Variation $000	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Income	4 718	5 776	5 733	5 983	(1 015)	(207)
Expenses	5 479	5 850	5 943	5 686	464	(164)
Net Surplus/(Deficit) before Tax	**(761)**	**(74)**	**(210)**	**297**	**(551)**	**(371)**
Income Tax Expense	-	-	-	89	-	89
Net Surplus/ (Deficit) after Tax	**(761)**	**(74)**	**(210)**	**208**	**(551)**	**(282)**

Income

The GPO is primarily funded by goods and services income derived from printing services delivered to Northern Territory Government agencies. Income decreased by $1.06 million from the prior year, predominantly due to a large decrease in the sale of goods and services ($0.90 million). Interest and other income returned to a more normal pattern in 2012-13 at $0.07 million for the year, following a higher result of $0.23 million in the previous year, primarily due to profit from the sale of an asset in that year. Lower cash balances and market rates also reduced interest income over 2012-13.

Table 2: Income by Category

Year	Printing		Interest		Micellaneous		Asset Sales		Total	
	$000	%	$000	%	$000	%	$000	%	$000	%
2012-13	4 647	98.5	58	1.2	13	0.3	-	-	4 718	100
2011-12	5 546	96.0	115	2.0	21	0.4	94	1.6	5 776	100
2010-11	5 467	97.4	125	2.2	25	0.4	-	-	5 617	100

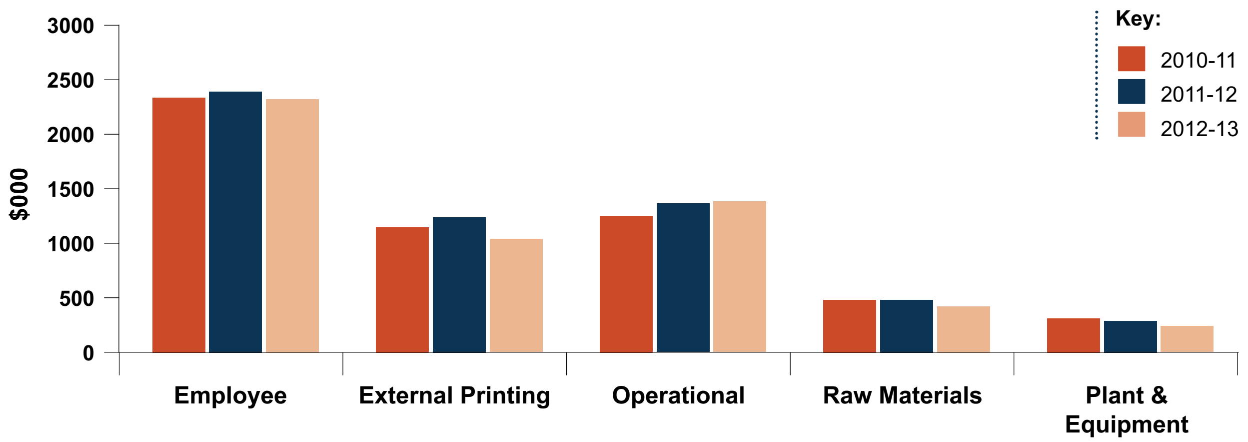
Expenses

Expenses decreased by $0.37 million from the previous year with employee costs being the largest expense category. The majority of operating costs decreased in line with the reduction in income. The exceptions were an increase in depreciation due to the procurement of a large asset in 2011-12 and increases in power charges.

Table 3: Expenses by Category

Year	Employee		External Printing		Operational		Raw Materials		Plant & Equipment		Total	
	$000	%	$000	%	$000	%	$000	%	$000	%	$000	%
2012-13	2 341	42.7	1 052	19.2	1 401	25.6	437	8.0	248	4.5	5 479	100
2011-12	2 413	41.3	1 253	21.4	1 382	23.6	495	8.5	307	5.2	5 850	100
2010-11	2 353	42.2	1 154	20.7	1 258	22.6	496	8.9	315	5.6	5 576	100

Figure 1: Expense by Category



FINANCIAL POSITION

The GPO's financial position declined in 2012-13 due to the deficit financial result with net assets totalling $2.29 million at year end.

All asset categories decreased including:

- $0.57 million reduction in cash and deposits
- $0.11 million reduction in receivables
- $0.14 million reduction in property, plant and equipment.

Major movements in liabilities include:

- $0.08 million decrease in payables
- $0.11 million decrease in provisions.

CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached financial statements for the Government Printing Office have been prepared from proper accounts and records in accordance with the prescribed format, the *Financial Management Act* and Treasurer's Directions.

We further state that the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2013 and the financial position on that date.

At the time of signing, we are not aware of any circumstances that would render the particulars included in the financial statements misleading or inaccurate.

....

Kathleen Robinson
CHIEF EXECUTIVE

4 October 2013

....

Rex Schoolmeester
CHIEF FINANCE OFFICER

4 October 2013

Auditor-General

Independent Auditor's Report to the Minister for Corporate and Information Services

Government Printing Office

Year Ended 30 June 2013

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

The Chief Executive's responsibility for the Financial Report

The Chief Executive of the Department of Corporate and Information Services is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial report.

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

Opinion

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

F McGuiness
Auditor-General for the Northern Territory
Darwin, Northern Territory

9 October 2013

Level 12 Northern Territory House 22 Mitchell Street Darwin 0800 Tel: 08 8999 7155

COMPREHENSIVE OPERATING STATEMENT
for the year ended 30 June 2013

	Note	2013 $000	2012 $000
INCOME			
Sales of goods and services		4 647	5 546
Interest income		58	115
Gain on disposal of assets	3	-	94
Other income		13	21
TOTAL INCOME		**4 718**	**5 776**
EXPENSES			
Employee expenses		2 341	2 413
Administrative expenses		-	
Purchases of goods and services	4	2 940	3 255
Repairs and maintenance		55	77
Depreciation and amortisation	8	143	105
TOTAL EXPENSES		**5 479**	**5 850**
SURPLUS/(DEFICIT) BEFORE INCOME TAX		**(761)**	**(74)**
NET SURPLUS/(DEFICIT)	12	**(761)**	**(74)**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to net surplus/deficit		-	-
Changes in asset revaluation surplus		-	-
Items that may be reclassified subsequently to net surplus/deficit		-	-
Changes in accounting policies		-	-
Correction of prior period errors		-	-
TOTAL OTHER COMPREHENSIVE INCOME		**-**	**-**
COMPREHENSIVE RESULT		**(761)**	**(74)**

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

BALANCE SHEET
as at 30 June 2013

	Note	2013 $000	2012 $000
ASSETS			
Current Assets			
Cash and deposits	5	1 711	2 276
Receivables	6	430	542
Inventories	7	154	225
Prepayments		36	45
Total Current Assets		**2 331**	**3 088**
Non-Current Assets			
Property, plant and equipment	8	806	949
Total Non-Current Assets		**806**	**949**
TOTAL ASSETS		**3 137**	**4 037**
LIABILITIES			
Current Liabilities			
Payables	9	261	337
Provisions	10	344	431
Other liabilities	11	109	64
Total Current Liabilities		**714**	**832**
Non-Current Liabilities			
Provisions	10	132	153
Total Non-Current Liabilities		**132**	**153**
TOTAL LIABILITIES		**846**	**985**
NET ASSETS		**2 291**	**3 052**
EQUITY	12		
Capital		373	373
Accumulated funds		1 918	2 679
TOTAL EQUITY		**2 291**	**3 052**

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

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2013

	Note	Equity at 1 July $000	Comprehensive result $000	Transactions with owners in their capacity as owners $000	Equity at 30 June $000
2012-13					
Accumulated Funds	12	2 679	(761)	-	1 918
Dividends payable		-	-	-	-
Capital – Transactions with Owners	12	373	-	-	373
Equity injections		-	-	-	-
		373	-	-	373
Total Equity at End of Financial Year		**3 052**	**(761)**	**-**	**2 291**
2011-12					
Accumulated Funds	12	2 753	(74)	-	2 679
Dividends payable		-	-	-	-
Capital – Transactions with Owners	12	373	-	-	373
Equity injections		-	-	-	
		373	-	-	373
Total Equity at End of Financial Year		**3 126**	**(74)**	**-**	**3 052**

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

CASH FLOW STATEMENT
for the year ended 30 June 2013

	Note	2013 $000	2012 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Receipts			
Receipts from sales of goods and services		5 221	6 453
Interest received		61	119
Other operating receipts		13	21
Total Operating Receipts		**5 295**	**6 593**
Operating Payments			
Payments to employees		(2 455)	(2 370)
Payments for goods and services		(3 405)	(4 119)
Income tax paid		-	(13)
Total Operating Payments		**(5 860)**	**(6 502)**
Net Cash From/(Used in) Operating Activities	13	**(565)**	**91**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing Receipts			
Proceeds from asset sales	3	-	94
Total Investing Receipts		**-**	**94**
Investing Payments			
Purchases of assets		-	(736)
Total Investing Payments		**-**	**(736)**
Net Cash From/(Used in) Investing Activities		**-**	**(642)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing Receipts		**-**	**-**
Total Financing Receipts		**-**	**-**
Financing Payments			
Dividends paid	12	-	(15)
Total Financing Payments		-	**(15)**
Net Cash From/(Used in) Financing Activities		-	**(15)**
Net increase/(decrease) in cash held		(565)	(566)
Cash at beginning of financial year		2 276	2 842
CASH AT END OF FINANCIAL YEAR	5	**1 711**	**2 276**

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

INDEX OF NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

1. OBJECTIVES AND FUNDING

The GPO operates as a Government Business Division and delivers printing and publishing services to Northern Territory Government agencies.

The GPO generates the majority of its income from sales of printed products and services to Northern Territory Government agencies.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements have been prepared in accordance with the requirements of the *Financial Management Act* and related Treasurer's Directions. The *Financial Management Act* requires the GPO to prepare financial statements for the year ended 30 June based on the form determined by the Treasurer. The form of agency financial statements is to include:

(i) a Certification of the Financial Statements

(ii) a Comprehensive Operating Statement

(iii) a Balance Sheet

(iv) a Statement of Changes in Equity

(v) a Cash Flow Statement

(vi) applicable explanatory notes to the financial statements.

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

Except where stated, the financial statements have also been prepared in accordance with the historical cost convention.

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

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]

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

b) Australian Accounting Standards and Interpretations Issued but not yet Effective

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 9 *Financial Instruments (Dec 2010),* AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (Dec 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127],* AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, 2009-11, 2010-7, 2011-7 & 2011-8]*	AASB 9 incorporates revised requirements for the classification and measurement of financial instruments resulting from the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement* (AASB 139 *Financial Instruments: Recognition and Measurement).*	1 Jan 2015	Minor impact on disclosure notes
AASB 12 Disclosure of Interests in Other Entities	Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.	1 Jan 2013	Not applicable to GPO
AASB 13 *Fair Value Measurement,* AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]*	Replaces the guidance on fair value measurement in existing AASB accounting literature with a single standard. The Standard defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements.	1 Jan 2013	Minor impact on statements
AASB 119 *Employee Benefits (2011),* AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]*	Changes the definition of short-term employee benefits and the measurement and recognition of defined benefit superannuation obligations.	1 Jan 2013	Minor impact on statements
AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)*	Addresses inconsistencies in current practice when applying the offsetting criteria in AASB 132 *Financial Instruments: Presentation.*	1 Jan 2014	Nil impact

continued

Standard/Interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, 101, 116, 132 & 134 and Interpretation 2]*	Amends a number of pronouncements as a result of the 2009-2011 annual improvements cycle. Amendments include clarification of the requirements for comparative information in AASB 101 *Presentation of Financial Statements* and classification of servicing equipment in AASB 116 *Property, Plant and Equipment.*	1 Jan 2013	Minor impact on disclosure notes

GPO anticipates that the adoption of these Standards and Interpretations in future reporting periods will not have a material impact on the financial statements. However, details of any possible impacts are still being assessed. These Standards and Interpretations will be first applied in the financial report that relates to the annual reporting period beginning after the effective date of each pronouncement.

c) Australian Accounting Standards and Interpretations Issued but not yet Effective

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

d) Agency and Territory Items

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

Central Holding Authority

GPO held no Territory items.

e) Comparatives

Where necessary, comparative information for the 2011-12 financial year has been reclassified to provide consistency with current year disclosures.

f) Presentation and Rounding of Amounts

Amounts in the financial statements and notes to the financial statements are presented in Australian dollars and have been rounded to the nearest thousand dollars, with amounts of $500 or less being rounded down to zero.

g) Changes in Accounting Policies

There have been no changes to accounting policies adopted in 2012-13 as a result of management decisions.

h) Accounting Judgments and Estimates

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

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

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

- Employee Benefits – Note 2(v) and Note 10: Non-current liabilities in respect of employee benefits are measured as the present value of estimated future cash outflows based on the appropriate government bond rate, estimates of future salary and wage levels and employee periods of service.
- Contingent Liabilities – Note 16: The present value of material quantifiable contingent liabilities are calculated using a discount rate based on the published 10-year government bond rate.
- Allowance for Impairment Losses – Note 2(p), 6: Receivables and 14: Financial Instruments.
- Depreciation and Amortisation – Note 2(k), Note 8: Property, Plant and Equipment.

i) Goods and Services Tax

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

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

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable or payable unless otherwise specified.

j) Income Recognition

Income encompasses both revenue and gains.

Income is recognised at the fair value of the consideration received, exclusive of the amount of GST. Exchanges of goods or services of the same nature and value without any cash consideration being exchanged are not recognised as income.

Sale of Goods

Income from the sale of goods is recognised (net of returns, discounts and allowances) when:

- the significant risks and rewards of ownership of the goods have transferred to the buyer
- the agency retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- the amount of revenue can be reliably measured
- it is probable that the economic benefits associated with the transaction will flow to the agency
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of Services

Income from rendering services is recognised by reference to the stage of completion of the contract. The revenue is recognised when:

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

Interest Income

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

Disposal of Assets

A gain or loss on disposal of assets is included as a gain or loss on the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal. Refer also to Note 3.

Contributions of Assets

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

k) Repairs and Maintenance Expense

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

l) Depreciation and Amortisation Expense

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

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

	2013	2012
Plant and Equipment	2-20 Years	2-20 years
Computer Hardware and Software	1-5 Years	1-5 years

Assets are depreciated or amortised from the date of acquisition or from the time an asset is completed and held ready for use.

m) Interest Expense

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

n) Taxation

The GPO is required to pay income tax on its accounting surplus at the company tax rate of 30% in accordance with the requirements of the Treasurer's Directions, NT Tax Equivalents Regime.

o) Cash and Deposits

For the purposes of the Balance Sheet and the Cash Flow Statement, cash includes cash on hand, cash at bank and cash equivalents. Cash equivalents are highly liquid short-term investments that are readily convertible to cash.

p) Inventories

Inventories include assets held either for sale (general inventories) or for distribution at no or nominal consideration in the ordinary course of business operations.

General inventories are valued at the lower of cost and net realisable value, while those held for distribution are carried at the lower of cost and current replacement cost. Cost of inventories includes all costs associated with bringing the inventories to their present location and condition. When inventories are acquired at no or nominal consideration, the cost will be the current replacement cost at date of acquisition.

The cost of inventories are distributed at no or nominal consideration and are carried at the lower cost and current replacement cost.

q) Receivables

Receivables include accounts receivable and other receivables and are recognised at fair value less any allowance for impairment losses.

The allowance for impairment losses represents the amount of receivables the agency estimates are likely to be uncollectible and are considered doubtful. Analyses of the age of the receivables that are past due as at the reporting date are disclosed in an aging schedule under credit risk in Note 14 Financial Instruments. Reconciliation of changes in the allowance accounts is also presented.

Accounts receivable and other receivables are generally settled within 30 days.

r) Property, Plant and Equipment

Acquisitions

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

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

Complex Assets

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

Subsequent Additional Costs

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

Construction (Work in Progress)

As part of the Financial Management Framework, the Department of Infrastructure is responsible for managing general government capital works projects on a whole-of-government basis. Therefore appropriation for capital works is provided directly to the Department of Infrastructure and the cost of construction work in progress is recognised as an asset of that department. Once completed, capital works assets are transferred to the agency.

s) Revaluations and Impairment

Revaluation of Assets

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arms-length transaction.

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

Impairment of Assets

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

Non-current physical and intangible GPO assets are assessed for indicators of impairment on an annual basis. If an indicator of impairment exists, GPO determines the asset's recoverable amount. The asset's recoverable amount is determined as the higher of the asset's depreciated replacement cost and fair value less costs to sell. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Impairment losses are recognised in the Comprehensive Operating Statement. They are disclosed as an expense unless the asset is carried at a revalued amount. Where the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus for that class of asset to the extent that an available balance exists in the asset revaluation surplus.

In certain situations, an impairment loss may subsequently be reversed. Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognised in the Comprehensive Operating Statement as income, unless the asset is carried at a revalued amount, in which case the impairment reversal results in an increase in the asset revaluation surplus.

t) Assets Held for Sale

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

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

u) Leased Assets

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

Operating Leases

Operating lease payments made at regular intervals throughout the term are expensed when the payments are due, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property. Lease incentives under an operating lease of a building or office space is recognised as an integral part of the consideration for the use of the leased asset. Lease incentives are to be recognised as a deduction of the lease expenses over the term of the lease.

v) Payables

Liabilities for accounts payable and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the agency. Accounts payable are normally settled within 30 days.

w) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries and recreation leave. Liabilities arising in respect of wages and salaries, recreation leave and other employee benefit liabilities that fall due within twelve months of reporting date are classified as current liabilities and are measured at amounts expected to be paid. Non-current employee benefit liabilities that fall due after twelve months of the reporting date are measured at present value, calculated using the government long-term bond rate.

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

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

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

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

x) Superannuation

Employees' superannuation entitlements are provided through the:

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

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

y) Contributions by and Distributions to Government

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

The Statement of Changes in Equity and Note 12 provide additional information in relation to contributions by, and distributions to, government.

z) Dividends

The GPO usually provides for a dividend payable at the rate of 50% of net profit after tax in accordance with the Northern Territory Government's dividend policy. No dividend is payable for the 2012 13 financial year.

aa) Commitments

Disclosures in relation to capital and other commitments, including lease commitments are shown at Note 15.

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

	2013 $000	2012 $000
3. GAIN ON DISPOSAL OF ASSETS		
Net proceeds from the disposal of non-current assets	-	94
Gain on the disposal of non-current assets	**-**	**94**
4. PURCHASES OF GOODS AND SERVICES		
The net surplus/(deficit) has been arrived at after charging the following expenses:		
Goods and Services Expenses:		
Recruitment [1]	1	1
Training and study	5	3
Official duty fares	3	1
Travelling allowance	2	1
Audit fees	25	27
Corporate Support from Other Agencies	181	179

1 Includes recruitment-related advertising costs

	2013 $000	2012 $000
5. CASH AND DEPOSITS		
Cash on hand	2	2
Cash at bank	1 709	2 274
Total Cash and Deposits	**1 711**	**2 276**
6. RECEIVABLES		
Current		
Accounts receivable	383	450
Interest receivables	3	6
GST receivables	-	18
Other receivables	44	68
Total Receivables	**430**	**542**
7. INVENTORIES		
General Inventories		
At cost	128	118
Work in Progress		
At cost	26	107
Total Inventories	**154**	**225**

GPO wrote-off $4 300 of inventory during the year. The cost of inventory recognised as an expense during the period in respect of continuing operation was $0.5 million in 2012-13 ($0.67 million in 2011-12).

	2013 $000	2012 $000
8. PROPERTY, PLANT AND EQUIPMENT		
Plant and Equipment		
At fair value	4 376	4 376
Less: Accumulated Depreciation	(3 570)	(3 427)
	806	**949**
Total Property, Plant and Equipment	**806**	**949**

Impairment of Property, Plant and Equipment

GPO's property, plant and equipment were assessed for impairment as at 30 June 2013. No impairment adjustments were required as a result of the review.

2013 Property, Plant and Equipment Reconciliations

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

	Plant and Equipment $000	Total $000
Carrying Amount as at 1 July 2012	949	949
Additions	-	-
Disposals	-	-
Depreciation	(143)	(143)
Carrying Amount as at 30 June 2013	**806**	**806**

2012 Property, Plant and Equipment Reconciliations

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2011-12 is set out below:

	Plant and Equipment $000	Total $000
Carrying Amount as at 1 July 2011	318	318
Additions	736	736
Disposals	-	-
Depreciation	(105)	(105)
Carrying Amount as at 30 June 2012	**949**	**949**

	2013 $000	2012 $000
9. PAYABLES		
Accounts payable	90	149
Accrued expenses	171	188
Total Payables	**261**	**337**
10. PROVISIONS		
Current		
Employee benefits		
Recreation leave	199	209
Leave loading	43	42
Recreation leave fares	42	58
Extended leave	-	44
Other current provisions		
Provision for fringe benefits tax	3	4
Provision for payroll tax	7	17
Provision for superannuation	50	57
Total Current Provisions	**344**	**431**
Non-Current		
Employee benefits		
Recreation leave	132	153
Total Non-Current	**132**	**153**
Total Provisions	**476**	**584**

The GPO employed 31 employees as at 30 June 2013 (31 employees as at 30 June 2012).

	2013 $000	2012 $000
11. OTHER LIABILITIES		
Current		
Deferred income	109	64
Total Other Liabilities	**109**	**64**

12. EQUITY

Equity represents the residual interest in the net assets of GPO. These Government's ownership interest in GPO is held in the Central Holding Authority as described in Note 2 (c)

	2013 $000	2012 $000
Capital		
Balance as at 1 July	373	373
Equity injections		
Equity transfers In	-	-
Equity withdrawals		
Equity transfers out	-	-
Balance as at 30 June	373	373
Accumulated Funds		
Balance as at 1 July	2 679	2 753
Loss for the period	(761)	(74)
Dividend payable	-	-
Balance as at 30 June	1 918	2 679
Total Equity	2 291	3 052

13. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of Cash

The total of GPO's 'Cash and deposits' of $1.71 million recorded in the Balance Sheet is consistent with that recorded as 'Cash' in the Cash Flow Statement.

	2013 $000	2012 $000
Reconciliation of Net Surplus/(Deficit) to Net Cash from Operating Activities		
Net (Deficit)	(761)	(74)
Non-cash items:		
Depreciation and amortisation	143	105
(Gain)/Loss on disposal of assets	-	(94)
Changes in assets and liabilities:		
Decrease/(Increase) in receivables	67	389
Decrease/(Increase) in interest receivable	3	4
Decrease/(Increase) in inventories	71	(5)
Decrease/(Increase) in prepayments	9	27
Decrease/(Increase) in accrued revenue	42	(50)
Decrease/(Increase) in payables	(76)	(203)
(Decrease)/Increase in income tax liabilities	-	(13)
Decrease/(Increase) in provision for employee benefits	(90)	16
Decrease/(Increase) in other provisions	(18)	10
(Decrease)/Increase in deferred income	45	(21)
Net Cash from Operating Activities	**(565)**	**91**

14. FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments held by the GPO include cash and deposits, receivables and payables. The GPO has limited exposure to financial risks as discussed below.

The GPO's operating account earns monthly interest at a variable interest rate (NT Treasury Corporation's average 11am cash rate less 25 basis points).

Negative cash balances of $50 000 or less and negative cash balances over $50 000, which have an overdraft facility or by prior arrangement with NT Treasury Corporation, attract the average 11am cash rate for the month plus 50 basis points.

Negative balances without overdraft facilities or prior arrangement with NT Treasury Corporation will be charged the overdraft rate applied to the Government Bank Account by the National Australia Bank.

a) Categorisation of Financial Instruments

The carrying amounts of the GPO's financial assets and liabilities by category are disclosed in the table below.

	2013 $000	2012 $000
Financial Assets		
Cash and deposits	1 711	2 276
Receivables	430	542
Financial Liabilities		
Payables	261	337

b) Credit Risk

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

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

Receivables

Receivable balances are monitored on an ongoing basis to ensure that exposure to bad debts is not significant. A reconciliation and aging analysis of receivables as at 30 June 2013 is presented below.

Internal Receivables	Aging of Receivables $000	Aging of Impaired Receivables $000	Net Receivables $000
2012-13			
Not overdue	350	-	350
Overdue for less than 30 days	30	-	30
Overdue for 30 to 60 days	-	-	-
Overdue for more than 60 days	-	-	-
Total	**380**	**-**	**380**
2011-12			
Not overdue	386	-	386
Overdue for less than 30 days	16	-	16
Overdue for 30 to 60 days	13	-	13
Overdue for more than 60 days	6	-	6
Total	**421**	**-**	**421**

External Receivables	Aging of Receivables $000	Aging of Impaired Receivables $000	Net Receivables $000
2012-13			
Not overdue	1	-	1
Overdue for less than 30 days	2	-	2
Total	**3**	**-**	**3**
2011-12			
Not overdue	29	-	29
Total	**29**	**-**	**29**

c) Liquidity Risk

Liquidity risk is the risk that the GPO will not be able to meet its financial obligations as they fall due. The GPO's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

The following tables detail the GPO's remaining contractual maturity for its financial assets and liabilities. It should be noted that these values are undiscounted, and consequently totals may not reconcile to the carrying amounts presented in the Balance Sheet.

2013 Maturity analysis for financial assets and liabilities

	Interest Bearing						
	Fixed or Variable $000	Less than a Year $000	1 to 5 Years $000	More than 5 Years $000	Non Interest Bearing $000	Total $000	Weighted Average %
Assets							
Cash and deposits	-	1 699	-	-	12	1 711	2.88
Receivables	-	-	-	-	430	430	-
Total Financial Assets	**-**	**1 699**	**-**	**-**	**442**	**2 141**	**-**
Liabilities							
Payables	-	-	-	-	90	90	-
Other payables	-	-	-	-	171	171	-
Total Financial Liabilities	**-**	**-**	**-**	**-**	**261**	**261**	**-**

2012 Maturity analysis for financial assets and liabilities

	Interest Bearing						
	Fixed or Variable $000	Less than a Year $000	1 to 5 Years $000	More than 5 Years $000	Non Interest Bearing $000	Total $000	Weighted Average %
Assets							
Cash and deposits	-	2 264	-	-	12	2 276	4.09
Receivables	-	-	-	-	542	542	-
Total Financial Assets	**-**	**2 264**	**-**	**-**	**554**	**2 818**	**-**
Liabilities							
Payables	-	-	-	-	149	149	-
Other payables	-	-	-	-	188	188	-
Income tax payable	-	-	-	-	-	-	-
Total Financial Liabilities	**-**	**-**	**-**	**-**	**337**	**337**	**-**

d) Market Risk

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

(i) Interest Rate Risk

GPO has limited exposure to interest rate risk. GPO's exposure to interest rate risk on financial assets is set out in the following tables.

	2013 $000	2012 $000
Variable rate instruments		
Financial assets		
Cash	1 711	2 276
Total	**1 711**	**2 276**

Market Sensitivity Analysis

Changes in the variable rates of 100 basis points (1 per cent) at reporting date would have the following effect on the GPO's profit or loss and equity.

	Profit or Loss and Equity	
	100 basis points increase $000	100 basis points decrease $000
30 June 2013		
Financial assets – cash at bank	20	(20)
30 June 2012		
Financial assets – cash at bank	28	(28)

(ii) Price Risk

GPO is not exposed to price risk as it does not hold units in unit trusts.

(iii) Currency Risk

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

e) Net Fair Value

The carrying value of assets and liabilities recorded in the balance sheet approximates their fair values.

	2013 Internal $000	2013 External $000	2012 Internal $000	2012 External $000
15. COMMITMENTS				
(i) Operating Lease Commitments				
The GPO leases property under non cancellable operating leases expiring within a year. Leases generally provide the GPO with a right of renewal at which time all lease terms are renegotiated. The GPO also leases items of plant and equipment under non-cancellable operating leases. Future operating lease commitments not recognised as liabilities are payable as follows:				
Within one year	-	89	-	100
Later than one year and not later than five years	**-**	**-**	**-**	**89**
	-	**89**	**-**	**189**
(ii) Other Expenditure Commitments				
Other non-cancellable expenditure commitments not recognised as liabilities are payable as follows:				
Within one year	-	45	-	43
Later than one year and not later than five years	-	-	-	42
	-	**45**	**-**	**85**

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

GPO had no contingent liabilities or contingent assets as at 30 June 2013 or 30 June 2012.

17. EVENTS SUBSEQUENT TO BALANCE DATE

Findings from a review of the GPO's performance and recommendations for sustainable print services for the Northern Territory Government are due to be finalised in the months following balance date. The findings and recommendations have the potential to have a material effect on the future financial statements` of the GPO.

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

GPO wrote off $4 300 worth of inventory. There were no postponements or waivers during the year ended 30 June 2013 or 30 June 2012.

FINANCIAL STATEMENT OVERVIEW
for the year ended 30 June 2013

FINANCIAL PERFORMANCE

Data Centre Services (DCS) achieved a strong result for 2012-13 with a surplus of $2.9 million after recognition of income tax of $1.24 million. Based on this surplus, DCS will also return a dividend to government of $1.45 million for 2012-13.

The sustained increase in demand for Information and Communications Technology (ICT) solutions has necessitated DCS redefining its reporting structure. DCS operates with the main business functions of mainframe services, midrange services, enterprise storage services, data centre operations and IT security management.

Business growth has been primarily in the midrange services group with the increasing virtualisation of servers. Demand growth in enterprise storage services has allowed DCS to offer more storage and backup solutions at a lower unit price. The separation of data centre operations along with operational efficiencies is providing savings for mainframe users.

Table 1: 2012-13 Budget and Actual Performance

	Actual $000		Budget $000		Variation $000	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Income	26 664	25 474	26 695	24 358	(31)	1 116
Expenses	22 515	20 141	21 731	19 466	(784)	(672)
Net Surplus before Tax	**4 149**	**5 333**	**4 964**	**4 892**	**(815)**	**444**
Income Tax Expense	1 245	1 600	1 489	1 468	244	(132)
Net Surplus after Tax	**2 904**	**3 733**	**3 475**	**3 424**	**(571)**	**312**

Income

DCS' primary income source is from the provision of information technology services to Northern Territory Government agencies and external clients. These services, classified under the income category of Goods and Services in Table 2 below represent 99% of DCS' total income, with the remainder made up of interest and other miscellaneous income.

Table 2: Income by Category

Year	Goods and Services		Interest		Other Income		Total	
	$000	**%**	**$000**	**%**	**$000**	**%**	**$000**	**%**
2012-13	26 378	98.9	281	1.1	5	-	26 664	100
2011-12	25 135	98.7	333	1.3	6	-	25 474	100
2010-11	23 464	98.7	311	1.3	-	-	23 775	100

Demand for midrange services was the primary driver of the growth in DCS income. Investments in storage and backup are beginning to deliver economies of scale, reducing the cost per unit of storage to customers.

Table 3: Income by Business Function

Year	Mainframe		Midrange		Enterprise Storage		Data Centre Operations		IT Security Management		Total	
	$000	%	$000	%	$000	%	$000	%	$000	%	$000	%
2012-13	10 709	40.2	8 414	31.6	2 894	10.8	1 983	7.4	2 664	10.0	26 664	100
2011-12	11 255	44.2	6 881	27.0	3 108	12.2	1 872	7.3	2 358	9.3	25 474	100
2010-11	14 065	59.2	6 874	28.9	-	-	-	-	2 836	11.9	23 775	100

Expenses

DCS incurs the majority of its expenditure on employee expenses and ICT related expenses for hardware, software and specialist IT contractors. Compared to the previous year's figures, the greatest increase in expenditure for 2012-13 occurred in the ICT expense category in both absolute and percentage share terms. DCS has managed to minimise cost growth in all categories except ICT expenses where increased service demand has driven growth.

Table 4: Expenses by Category

Year	ICT		Employee		Operational		Depreciation		Property		Total	
	$000	%	$000	%	$000	%	$000	%	$000	%	$000	%
2012-13	11 493	51.1	6 393	28.4	881	3.9	2 299	10.2	1 449	6.4	22 515	100
2011-12	9 482	47.1	5 889	29.2	1 587	7.9	1 965	9.8	1 218	6.0	20 141	100
2010-11	9 053	48.7	5 907	31.8	870	4.6	1 540	8.3	1 229	6.6	18 599	100

Figure 1: Expense by Category

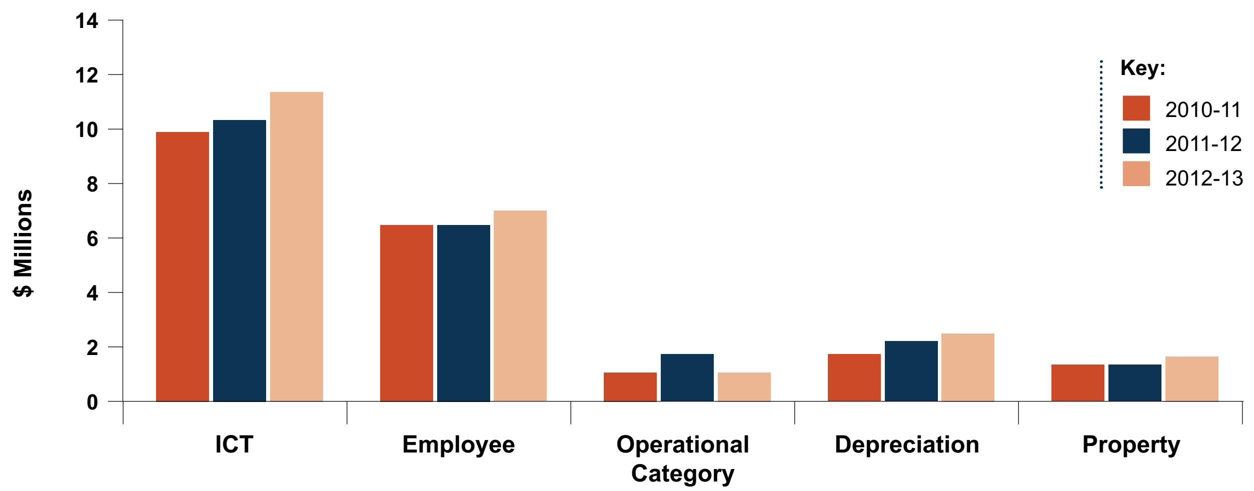


Table 5: Expenses by Business Function

Year	Mainframe		Midrange		Enterprise Storage		Data Centre Operations		IT Security Management		Total	
	$000	%	$000	%	$000	%	$000	%	$000	%	$000	%
2012-13	7 553	33.5	6 839	30.4	1 601	7.1	4 043	18.0	2 479	11.0	22 515	100
2011-12	7 152	35.5	5 085	25.3	1 183	5.9	4 093	20.3	2 628	13.0	20 141	100
2010-11	10 774	57.9	4 784	25.7	-	-	-	-	3 041	16.4	18 599	100

FINANCIAL POSITION

DCS has maintained its strong financial position in 2012-13 with net assets totalling $15.91 million, an increase of $1.53 million from the previous year.

The main movements in assets include:

- $2.74 million increase in cash and deposits, reflecting the trading result
- $0.99 million decrease in prepayments
- $1.08 million decrease in property, plant and equipment balance due to depreciation of the existing asset base.

The main movements in liabilities include:

- $0.47 million decrease in payables
- $0.36 million decrease in income tax
- $0.33 million decrease in current provisions, mostly related to a reduction in the dividend due to government.

CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached financial statements for Data Centre Services have been prepared from proper accounts and records in accordance with the prescribed format, the *Financial Management Act* and Treasurer's Directions.

We further state that the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2013 and the financial position on that date.

At the time of signing, we are not aware of any circumstances that would render the particulars included in the financial statements misleading or inaccurate.

K Robinson

Kathleen Robinson
CHIEF EXECUTIVE

4 October 2013

Rex Schoolmeester
CHIEF FINANCE OFFICER

4 October 2013

Auditor-General

Independent Auditor's Report
to the Minister for Corporate and Information Services
Data Centre Services
Year Ended 30 June 2013

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

The Chief Executive's responsibility for the Financial Report

The Chief Executive of the Department of Corporate and Information Services is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial report.

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

Opinion

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

F McGuiness
Auditor-General for the Northern Territory
Darwin, Northern Territory

9 October 2013

Level 12 Northern Territory House 22 Mitchell Street Darwin 0800 Tel: 08 8999 7155

COMPREHENSIVE OPERATING STATEMENT
for the year ended 30 June 2013

	Note	2013 $000	2012 $000
INCOME			
Sales of goods and services		26 378	25 135
Interest income		281	333
Miscellaneous income		5	6
TOTAL INCOME		**26 664**	**25 474**
EXPENSES			
Employee expenses		6 393	5 889
Administrative expenses			
Purchases of goods and services	3	13 814	12 287
Depreciation and amortisation	7	2 299	1 965
Doubtful debts expenses		9	-
TOTAL EXPENSES		**22 515**	**20 141**
SURPLUS BEFORE INCOME TAX		**4 149**	**5 333**
Income tax expense	4	1 245	1 600
NET SURPLUS/(DEFICIT)	12	**2 904**	**3 733**
OTHER COMPREHENSIVE INCOME		-	-
Items that will not be reclassified to net surplus/deficit		-	-
Changes in asset revaluation surplus		-	-
Items that may be reclassified subsequently to net surplus/deficit			
Changes in accounting policies		-	-
Correction of prior period errors		**-**	**-**
TOTAL OTHER COMPREHENSIVE INCOME		**-**	**-**
COMPREHENSIVE RESULT		**2 904**	**3 733**

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

BALANCE SHEET
as at 30 June 2013

	Note	2013 $000	2012 $000
ASSETS			
Current Assets			
Cash and deposits	5	12 527	9 787
Receivables	6	3 040	3 338
Prepayments		2 203	3 193
Total Current Assets		**17 770**	**16 318**
Non-Current Assets			
Property, plant and equipment	7	3 140	4 221
Total Non-Current Assets		**3 140**	**4 221**
TOTAL ASSETS		**20 910**	**20 539**
LIABILITIES			
Current Liabilities			
Payables	8	1 000	1 465
Income tax liabilities	9	1 245	1 600
Provisions	10	2 210	2 542
Other liabilities	11	75	190
Total Current Liabilities		**4 530**	**5 797**
Non-Current Liabilities			
Provisions	10	467	363
Total Non-Current Liabilities		**467**	**363**
TOTAL LIABILITIES		**4 997**	**6 160**
NET ASSETS		**15 913**	**14 379**
EQUITY			
Capital	12	1 026	944
Accumulated funds		14 887	13 435
TOTAL EQUITY		**15 913**	**14 379**

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

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2013

	Note	Equity at 1 July $000	Comprehensive result $000	Transactions with owners in their capacity as owners $000	Equity at 30 June $000
2012-13					
Accumulated Funds		13 435	2 904	-	16 339
Dividends payable		-	-	(1 452)	(1 452)
		13 435	2 904	(1 452)	14 887
Capital – Transactions with Owners		944	-	-	944
Equity injections		-	-	-	-
Equity transfers in		-	-	82	82
		944	-	82	1 026
Total Equity at End of Financial Year		**14 379**	**2 904**	**(1 370)**	**15 913**
2011-12					
Accumulated Funds		11 568	3 733		15 301
Dividends payable				(1 866)	(1 866)
		11 568	3 733	(1 866)	13 435
Capital – Transactions with Owners		913	-	-	913
Equity injections		-	-	-	-
Equity transfers in		-	-	31	31
		913	**-**	**31**	**944**
Total Equity at End of Financial Year		**12 481**	**3 733**	**(1 835)**	**14 379**

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

CASH FLOW STATEMENT
for the year ended 30 June 2013

	Note	2013 $000	2012 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Receipts			
Receipts from sales of goods and services		26 589	24 320
GST receipts		1 312	1 392
Interest received		278	341
Total Operating Receipts		**28 179**	**26 053**
Operating Payments			
Payments to employees		(6 216)	(5 905)
Payments for goods and services		(13 169)	(12 829)
GST payments		(1 446)	(1 373)
Income tax paid		(1 600)	(1 553)
Total Operating Payments		**(22 431)**	**(21 660)**
Net Cash From/(Used in) Operating Activities	13	**5 748**	**4 393**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing Payments			
Purchases of assets		(1 142)	(1 897)
Total Investing Payments		**(1 142)**	**(1 897)**
Net Cash From/(Used in) Investing Activities		**(1 142)**	**(1 897)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing Payments			
Dividends paid		(1 866)	(1 811)
Total Financing Payments		**(1 866)**	**(1 811)**
Net Cash From/(Used in) Financing Activities		**(1 866)**	**(1 811)**
Net increase/(decrease) in cash held		2 740	685
Cash at beginning of financial year		9 787	9 102
CASH AT END OF FINANCIAL YEAR	5	**12 527**	**9 787**

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

INDEX OF NOTES TO THE FINANCIAL STATEMENTS

Note

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

1. OBJECTIVES AND FUNDING

DCS delivers a range of information and communications technology services to all Northern Territory Government agencies and ensures that critical business systems operate in an environment that is flexible, reliable and secure with high levels of access and availability.

DCS is funded through income generated by services provided to Northern Territory Government agencies. The financial statements encompass all funds and resources which DCS controls to undertake its functions.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

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

(i) a Certification of the Financial Statements

(ii) a Comprehensive Operating Statement

(iii) a Balance Sheet

(iv) a Statement of Changes in Equity

(v) a Cash Flow Statement

(vi) applicable explanatory notes to the financial statements.

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

Except where stated, the financial statements have also been prepared in accordance with the historical cost convention.

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

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]

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

b) Australian Accounting Standards and Interpretations Issued but not yet Effective

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 9 *Financial Instruments (Dec 2010),* AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (Dec 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127],* AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, 2009-11, 2010-7, 2011-7 & 2011-8]*	AASB 9 incorporates revised requirements for the classification and measurement of financial instruments resulting from the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement* (AASB 139 *Financial Instruments: Recognition and Measurement).*	1 Jan 2015	Minimal impact to the disclosure notes.
AASB 10 *Consolidated Financial Statements,* AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17],* AASB 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12]*	Requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in AASB 127 *Consolidated and Separate Financial Statements.* AASB 2012-10 defers the mandatory application of AASB 10 *Consolidated Financial Statements* and related Standards to not-for-profit entities until annual reporting periods beginning on or after 1 January 2014.	1 Jan 2013	No impact, standard not applicable to DCS.
AASB 12 Disclosure of Interests in Other Entities	Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.	1 Jan 2013	No impact, DCS holds no interests in other entities.
AASB 13 *Fair Value Measurement,* AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]*	Replaces the guidance on fair value measurement in existing AASB accounting literature with a single standard. The Standard defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements.	1 Jan 2013	It is likely to have an impact for future financial reporting periods but the exact impact is yet to be determined.

continued

Standard/Interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 119 *Employee Benefits (2011),* AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]*	Changes the definition of short-term employee benefits and the measurement and recognition of defined benefit superannuation obligations.	1 Jan 2013	Minimal impact to financial statements and disclosure notes.
AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7)*	Amends AASB 7 *Financial Instruments: Disclosures* to require an entity to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement.	1 Jan 2013	No impact, not applicable to DCS.
AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)*	Addresses inconsistencies in current practice when applying the offsetting criteria in AASB 132 *Financial Instruments: Presentation.*	1 Jan 2014	No impact, not applicable to DCS.
AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, 101, 116, 132 & 134 and Interpretation 2]*	Amends a number of pronouncements as a result of the 2009-2011 annual improvements cycle. Amendments include clarification of the requirements for comparative information in AASB 101 *Presentation of Financial Statements* and classification of servicing equipment in AASB 116 *Property, Plant and Equipment.*	1 Jan 2013	Minimal impact to disclosure notes.

DCS anticipates that the adoption of these Standards and Interpretations in future reporting periods will not have a material impact on the financial statements. However, details of any possible impacts are still being assessed. These Standards and Interpretations will be first applied in the financial report that relates to the annual reporting period beginning after the effective date of each pronouncement.

c) Agency and Territory Items

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

Central Holding Authority

DCS held no Territory items.

d) Comparatives

Where necessary, comparative information for the 2011-12 financial year has been reclassified to provide consistency with current year disclosures.

e) Presentation and Rounding of Amounts

Amounts in the financial statements and notes to the financial statements are presented in Australian dollars and have been rounded to the nearest thousand dollars, with amounts of $500 or less being rounded down to zero.

f) Changes in Accounting Policies

There have been no changes to accounting policies adopted in 2012-13 as a result of management decisions.

g) Accounting Judgments and Estimates

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

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

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

- Employee Benefits – Note 2(s) and Note 10: Non-current liabilities in respect of employee benefits are measured as the present value of estimated future cash outflows based on the appropriate government bond rate, estimates of future salary and wage levels and employee periods of service.
- Contingent Liabilities – Note 16: The present value of material quantifiable contingent liabilities are calculated using a discount rate based on the published 10-year government bond rate.
- Allowance for Impairment Losses – Note 2(n), Note 6: Receivables and Note 14: Financial Instruments.
- Depreciation and Amortisation – Note 2(k), Note 7: Property, Plant and Equipment.

h) Goods and Services Tax

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

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

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable or payable unless otherwise specified.

i) Income Recognition

Income encompasses both revenue and gains.

Income is recognised at the fair value of the consideration received, exclusive of the amount of GST. Exchanges of goods or services of the same nature and value without any cash consideration being exchanged are not recognised as income.

Deferred income is recognised when income is received prior to the transfer of goods or provision of services to a customer.

Sale of Goods

Revenue from the sale of goods is recognised (net of returns, discounts and allowances) when:

- the significant risks and rewards of ownership of the goods have transferred to the buyer
- DCS retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- the amount of revenue can be reliably measured
- it is probable that the economic benefits associated with the transaction will flow to DCS
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of Services

Revenue from rendering services is recognised by reference to the stage of completion of the contract. The revenue is recognised when:

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

Interest Income

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

Disposal of Assets

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

Contributions of Assets

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

j) Repairs and Maintenance Expense

Costs associated with repairs and maintenance works on DCS' assets are expensed as incurred.

k) Depreciation and Amortisation Expense

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

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

	2013	2012
Plant and Equipment	2-10 years	2-10 years
Computer Software	2-5 years	2-5 years
Computer Hardware	2-4 years	2-4 years

Assets are depreciated or amortised from the date of acquisition or from the time an asset is completed and held ready for use.

l) Taxation

DCS is required to pay income tax on its accounting surplus at the company tax rate of 30% in accordance with the requirements of the Treasurer's Directions, Northern Territory Tax Equivalents Regime.

m) Cash and Deposits

For the purposes of the Balance Sheet and the Cash Flow Statement, cash includes cash on hand, cash at bank and cash equivalents. Cash equivalents are highly liquid short-term investments that are readily convertible to cash.

n) Receivables

Receivables include accounts receivable and other receivables and are recognised at fair value less any allowance for impairment losses.

The allowance for impairment losses represents the amount of receivables DCS estimates are likely to be uncollectible and are considered doubtful. Analysis of the age of the receivables that are past due as at the reporting date are disclosed in an aging schedule under credit risk in Note 14: Financial Instruments. Reconciliation of changes in the allowance accounts is also presented.

Accounts receivable and other receivables are generally settled within 30 days.

o) Property, Plant and Equipment

Acquisitions

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

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

Complex Assets

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

Subsequent Additional Costs

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

Construction (Work in Progress)

As part of the Financial Management Framework, the Department of Infrastructure is responsible for managing general government capital works projects on a whole-of-government basis. Therefore appropriation for DCS' capital works is provided directly to the Department of Infrastructure and the cost of construction work in progress is recognised as an asset of that department. Once completed, capital works assets are transferred to DCS.

p) Revaluations and Impairment

Revaluation of Assets

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arms-length transaction.

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

Impairment of Assets

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

Non-current physical and intangible DCS assets are assessed for indicators of impairment on an annual basis. If an indicator of impairment exists, DCS determines the asset's recoverable amount. The asset's recoverable amount is determined as the higher of the asset's depreciated replacement cost and fair value less costs to sell. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Impairment losses are recognised in the Comprehensive Operating Statement. They are disclosed as an expense unless the asset is carried at a revalued amount. Where the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus for that class of asset to the extent that an available balance exists in the asset revaluation surplus.

In certain situations, an impairment loss may subsequently be reversed. Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognised in the Comprehensive Operating Statement as income, unless the asset is carried at a revalued amount, in which case the impairment reversal results in an increase in the asset revaluation surplus.

q) Leased Assets

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

Operating Leases

Operating lease payments made at regular intervals throughout the term are expensed when the payments are due, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property. Lease incentives under an operating lease of a building or office space is recognised as an integral part of the consideration for the use of the leased asset. Lease incentives are to be recognised as a deduction of the lease expenses over the term of the lease.

r) Payables

Liabilities for accounts payable and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to DCS. Accounts payable are normally settled within 30 days.

s) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries and recreation leave. Liabilities arising in respect of wages and salaries, recreation leave and other employee benefit liabilities that fall due within twelve months of reporting date are classified as current liabilities and are measured at amounts expected to be paid. Non-current employee benefit liabilities that fall due after twelve months of the reporting date are measured at present value, calculated using the government long-term bond rate.

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

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

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

As part of the Financial Management Framework, the Central Holding Authority assumes the long service leave liabilities of government agencies, including DCS and as such no long service leave liability is recognised in agency financial statements.

t) Superannuation

Employees' superannuation entitlements are provided through the:

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

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

u) Contributions by and Distributions to government

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

The Statement of Changes in Equity and Note 12 provide additional information in relation to contributions by, and distributions to, government.

v) Dividends

DCS has provided for a dividend payable at the rate of 50% of net profit after tax in accordance with the Northern Territory Government's dividend policy.

w) Commitments

Disclosures in relation to commitments are shown at Note 15.

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

	2013 $000	2012 $000
3. PURCHASES OF GOODS AND SERVICES		
The net surplus has been arrived at after charging the following expenses:		
Goods and Services Expenses:		
Consultants [1]	4 853	4 111
Recruitment [2]	-	2
Training and Study	133	171
Official Duty Fares	2	5
Travelling Allowance	2	4
Audit Fees	20	19
Corporate Support from Other Agencies	528	538

1 Includes marketing, promotion and IT consultants.
2 Includes recruitment-related advertising costs.

	2013 $000	2012 $000
4. INCOME TAX EXPENSE		
Prima facie income tax expense calculated at 30% of the Surplus before Income Tax	1 245	1 600
Total Income Tax Expense	**1 245**	**1 600**
5. CASH AND DEPOSITS		
Cash at Bank	12 527	9 787
Total Cash	**12 527**	**9 787**
6. RECEIVABLES		
Current		
Accounts receivable	642	1 133
Interest receivables	26	24
Other receivables	2 372	2 181
Total Receivables	**3 040**	**3 338**

7. PROPERTY, PLANT AND EQUIPMENT

	2013 $000	2012 $000
Plant and Equipment		
At fair value	1 756	1 465
Less: Accumulated Depreciation	(756)	(728)
	1 000	**737**
Computer Software		
At fair value	2 100	2 100
Less: Accumulated Amortisation	(2 023)	(1 492)
	77	**608**
Computer Hardware		
At fair value	8 274	7 184
Less: Accumulated Depreciation	(6 211)	(4 308)
	2 063	**2 876**
Total Property, Plant and Equipment	**3 140**	**4 221**

Impairment of Property, Plant and Equipment

DCS property, plant and equipment assets were assessed for impairment as at 30 June 2013. As a result of this review no impairment losses were recognised or adjustments required.

2013 Property, Plant and Equipment Reconciliations

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

	Plant and Equipment $000	Computer Software $000	Computer Hardware $000	Total $000
Carrying Amount as at 1 July 2012	737	608	2 876	4 221
Additions	344	-	798	1 142
Disposals	-	-	-	-
Transfers In/Out	76	-	-	76
Depreciation/Amortisation	(157)	(531)	(1 611)	(2 299)
Carrying Amount as at 30 June 2013	**1 000**	**77**	**2 063**	**3 140**

2012 Property, Plant and Equipment Reconciliations

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2011-12 is set out below:

	Plant and Equipment $000	Computer Software $000	Computer Hardware $000	Total $000
Carrying Amount as at 1 July 2011	943	692	2 630	4 265
Additions	97	370	1 430	1 897
Disposals	-	-	(704)	(704)
Transfers In/Out	(91)	-	819	728
Depreciation/Amortisation	(212)	(454)	(1 299)	(1 965)
Carrying Amount as at 30 June 2012	**737**	**608**	**2 876**	**4 221**

	2013 $000	2012 $000
8. PAYABLES		
Accounts payable	351	402
Accrued expenses	649	957
GST payables	-	106
Total Payables	**1 000**	**1 465**
9. INCOME TAX LIABILITES		
Income tax payable	1 245	1 600
Total Income Tax Liabilities	**1 245**	**1 600**
10. PROVISIONS		
Current		
Employee benefits		
Recreation leave	469	415
Leave loading	97	98
Other employee benefits – recreation leave airfares	13	10
Other current provisions		
Provision for dividend	1 452	1 866
Provision for fringe benefits tax	3	3
Provision for superannuation	112	95
Provision for payroll tax	64	55
Other provisions	-	-
Total Current Provisions	**2 210**	**2 542**
Non-Current		
Employee benefits		
Recreation leave	467	363
Total Provisions	**2 677**	**2 905**
Reconciliations of Dividends		
Balance as at 1 July	1 866	1 811
Reductions arising from payments	(1 866)	(1 811)
Additional Provisions Recognised	1 452	1 866
Balance as at 30 June	**1 452**	**1 866**

DCS employed 59 employees as at 30 June 2013 (62 employees as at 30 June 2012).

	2013 $000	2012 $000
11. OTHER LIABILITIES		
Current		
Deferred revenue	75	190
Total other Liabilities	**75**	**190**

12. EQUITY

Equity represents the residual interest in the net assets of DCS. The Northern Territory Government's ownership interest in DCS is held in the Central Holding Authority as described in Note 2(c).

	2013 $000	2012 $000
Capital		
Balance as at 1 July	**944**	**913**
Equity injections		
Equity transfers In	82	31
Balance as at 30 June	**1 026**	**944**
DCS has made no adjustment to reserves for the year ended 2012-13 or 2011-12.		
Accumulated Funds		
Balance as at 1 July	**13 435**	**11 568**
Surplus for the period	2 904	3 733
Dividends payable	(1 452)	(1 866)
Balance as at 30 June	**14 887**	**13 435**
Total Equity	**15 913**	**14 379**

13. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of Cash

The total of DCS 'Cash and Deposits' of $12.53 million recorded in the Balance Sheet is consistent with that recorded as 'Cash' in the Cash Flow Statement.

	2013 $000	2012 $000
Reconciliation of Net Surplus/(Deficit) to Net Cash from Operating Activities		
Net (Deficit)	2 904	3 733
Non-cash items:		
R&M – Minor New Works Non-Cash	5	8
Depreciation and amortisation	2 299	1 965
Changes in assets and liabilities:		
Decrease/(Increase) in receivables	298	(808)
Decrease/(Increase) in prepayments	990	(864)
(Decrease)/Increase in payables	(51)	(8)
(Decrease)/Increase in other payables	(413)	465
(Decrease)/Increase in provision for employee benefits	160	18
(Decrease)/Increase in other provisions	26	(157)
(Decrease)/Increase in income tax liability	(355)	47
(Decrease)/Increase in deferred income	(115)	(6)
Net Cash from Operating Activities	**5 748**	**4 393**

During the financial year DCS acquired nil plant and equipment/computer equipment and software by means of finance leases.

14. FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments held by DCS include cash, receivables and payables. DCS has limited exposure to financial risks as discussed below.

DCS' operating account earns monthly interest at a variable interest rate (NT Treasury Corporation's average 11am cash rate less 25 basis points).

Negative cash balances of $50 000 or less and negative cash balances over $50 000, which have an overdraft facility or by prior arrangement with NT Treasury Corporation, attract the average 11am cash rate for the month plus 50 basis points.

Negative balances without overdraft facilities or prior arrangement with NT Treasury Corporation will be charged the overdraft rate applied to the Government Bank Account by the National Australia Bank.

a) Categorisation of Financial Instruments

The carrying amounts of DCS financial assets and liabilities by category are disclosed in the table below.

	2013 $000	2012 $000
Financial Assets		
Cash and deposits	12 527	9 787
Receivables	3 040	3 338
Financial Liabilities		
Payables	1 000	1 465

b) Credit Risk

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

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

Receivables

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

Internal Receivables	Aging of Receivables $000	Aging of Impaired Receivables $000	Net Receivables $000
2012-13			
Not overdue	346	-	346
Overdue for less than 30 days	45	-	45
Overdue for 30 to 60 days	158	-	158
Overdue for more than 60 days	17	-	17
Total	**566**	**-**	**566**
2011-12			
Not overdue	500	-	500
Overdue for less than 30 days	347	-	347
Overdue for 30 to 60 days	224	-	224
Overdue for more than 60 days	3	-	3
Total	**1 074**	**-**	**1 074**

External Receivables	Aging of Receivables $000	Aging of Impaired Receivables $000	Net Receivables $000
2012-13			
Not overdue	44	-	44
Overdue for less than 30 days	27	-	27
Overdue for 30 to 60 days	2	-	2
Overdue for more than 60 days	11	(8)	3
Total	**84**	**(8)**	**76**
2011-12			
Not overdue	54	-	54
Overdue for less than 30 days	5	-	5
Overdue for 30 to 60 days	-	-	-
Overdue for more than 60 days	-	-	-
Total	**59**	**-**	**59**

Reconciliation of the Allowance for Impairment Losses	2013 $000	2012 $000
Opening	-	-
Written off during the year	-	-
Recovered during the year	-	-
Increase/(Decrease) in allowance recognised in profit or loss	(8)	-
Total	**(8)**	**-**

c) Liquidity Risk

Liquidity risk is the risk that DCS will not be able to meet its financial obligations as they fall due. DCS' approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

The following tables detail DCS' remaining contractual maturity for its financial assets and liabilities. It should be noted that these values are undiscounted, and consequently totals may not reconcile to the carrying amounts presented in the Balance Sheet.

2013 Maturity analysis for financial assets and liabilities

		Interest Bearing					
	Fixed or Variable $000	Less than a Year $000	1 to 5 Years $000	More than 5 Years $000	Non Interest Bearing $000	Total $000	Weighted Average %
Assets							
Cash and deposits	-	12 527	-	-	-	12 527	2.88
Receivables	-	-	-	-	3 040	3 040	
Total Financial Assets	**-**	**12 527**	**-**	**-**	**3 040**	**15 567**	
Liabilities							
Payables	-	-	-	-	1 000	1 000	
Total Financial Liabilities	**-**	**-**	**-**	**-**	**1 000**	**1 000**	

2012 Maturity analysis for financial assets and liabilities

	Interest Bearing						
	Fixed or Variable $000	Less than a Year $000	1 to 5 Years $000	More than 5 Years $000	Non Interest Bearing $000	Total $000	Weighted Average %
Assets							
Cash and deposits	-	9 787	-	-	-	9 787	4.09
Receivables	-	-	-	-	3 338	3 338	
Total Financial Assets	**-**	**9 787**	**-**	**-**	**3 338**	**13 125**	
Liabilities							
Payables	-	-	-	-	1 465	1 465	
Total Financial Liabilities	**-**	**-**	**-**	**-**	**1 465**	**1 465**	

d) Market Risk

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

(i) Interest Rate Risk

DCS has limited exposure to interest rate risk. Other financial liabilities are non-interest bearing. DCS' exposure to interest rate risk on financial assets and financial liabilities is set out in the following tables. An immediate and sustained increase of 1 per cent in market interest rates across all maturities would not have a significant effect and is considered not material to DCS.

	2013 $000	2012 $000
Variable rate instruments		
Cash	12 527	9 787
Total	**12 527**	**9 787**

Market Sensitivity Analysis

Changes in the variable rates of 100 basis points (1 per cent) at reporting date would have the following effect on the agency's profit or loss and equity.

	Profit or Loss and Equity	
	100 basis points increase $000	100 basis points decrease $000
30 June 2013		
Financial assets – cash at bank	125	(125)
30 June 2012		
Financial assets – cash at bank	98	(98)

(ii) Price Risk

DCS is not exposed to price risk, as DCS does not hold units in unit trusts.

(iii) Currency Risk

DCS has limited exposure to currency risk, as DCS does not hold borrowings denominated in foreign currencies, and has limited transactional currency exposures arising from purchases in a foreign currency.

e) Net Fair Value

The carrying value of assets and liabilities recorded in the balance sheet approximates their fair values.

15. COMMITMENTS

(i) Capital Expenditure Commitments

Capital expenditure commitments primarily related to the construction of leasehold improvements. Capital expenditure commitments contracted for at balance date but not recognised as liabilities are payable as follows:

	2013 Internal $000	2013 External $000	2012 Internal $000	2012 External $000
Within one year	1 306	-	-	-
	1 306	**-**	**-**	**-**

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

On 10 May 2013, DCS entered into an Early Program evaluation and testing arrangement with IBM Australia, of the new zNext mainframe to the value of $785 224. Subject to a successful evaluation and testing, DCS has the option of accepting or declining the acquisition. As at the reporting date, the Director DCS is of the opinion that successful evaluation and testing and resulting acquisition of the zNext mainframe is probable.

DCS had no contingent liabilities or contingent assets as at 30 June 2012.

17. EVENTS SUBSEQUENT TO BALANCE DATE

DCS had no events subsequent to balance date as of 30 June 2013.

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

DCS had no write-offs, postponements, waivers, gifts or ex gratia payments for the year ended 30 June 2013 or 30 June 2012.

Appendices

Appendix I

Shared Corporate Services Pricelist

Service	Cost Measure (in general per monthly charge)	Cost $
Human Resource Services		
Entry level recruitment	Number of administrative staff employed in billing month	6.67
Employment programs	Number of apprentices/trainees employed in month	679.53
Human resource system	Number of paid employees	30.97
Job evaluation services	Per position evaluated under JES system	186.33
Occupational health and safety advice and assistance	Number of full time employees	4.27
Payroll services	Number of paid employees	14.86
Payroll manual transactions	Manual payroll transactions processed	13.36
Payroll auto transactions	Automatic payroll transactions processed	3.71
Employee commencements	Number of new employee commencements processed	349.12
Payroll terminations	Number of payroll terminations processed	290.44
Recruit advertising	Per advertising request	280.74
Recruit temporary/nominal move	Per temporary or nominal move	20.28
Executive Contract Officers	Number of paid Executive Contract Officers	70.93
Workers compensation claims administration	Per hour worked on claim	100.48
Finance Services		
Payments through interface	Per interfaced payment transaction	0.35
Internet payments	Per internet payment transaction	56.62
Manual payments	Per manual payment transaction	16.98
Electronic Invoice Management System (EIMS) payments	Per EIMS payment processed	9.80
Accounts receivable manual invoices	Per accounts receivable manual invoice processed	49.57
Accounts receivable electronic invoices	Per accounts receivable electronic invoice processed	21.24
Advance cheques/petty cash	Per advance cheque/petty cash transaction	23.40
Accounts receivable RTM receipts	Per issue of electronic accounts receivable RTM receipt	8.26
Accounts receivable bank accounts	Per bank account managed	100.13
Manual receipt	Per manual receipt transaction	32.21
Manual ledger transfer	Per manual ledger transfer invoice	27.04

Service	Cost Measure (in general per monthly charge)	Cost $
Credit card management	Per corporate credit card issued	34.48
Tax BAS/GST return	Per line per tax BAS/GST return	0.71
Fringe benefits tax return	Per line per tax fringe benefit tax return	27.28
Payroll tax return	Per cost code per payroll tax return	8.78
Financial systems	Percentage data storage/usage	7 106.25
Asset disposals	Number of asset disposals	81.50
Asset additions	Number of new asset additions	92.13
Asset records maintenance	Number of assets in financial register	5.48
Corporate Reporting		
Human resource corporate reporting	Per full time employee	3.85
General ledger transaction reporting	Per general ledger transaction	0.18
ICT Services		
Agency Services Manager	Per allocation of ICT managers in agency	10 471.63
Agency Services Director	Per allocation of ICT directors in agency	14 930.39
Security	Per computer, printer, switch and router within agency	4.23
ICT contract management	Per desktop, laptop, printer, router, switch and handset within agency	3.47
Procurement Services		
Contract administration	Per contract issued	1 332.83
Full tender procurement	Per contract issued	6 001.21
Tier 2 quotations	Per quotation issued	126.72
Tier 3 quotations	Per quotation issued	1 321.81
Tender management	Per tender issued	2 415.46
Records System Services		
TRIM administration	Per full time employee	1.67
Property Management		
Leased property management	Per square metre of leased building	1.17

Appendix II

Audits by the Auditor-General for the year ended 30 June 2013

DBE End of Year Compliance Audit for the year ended 30 June 2012

Audit objective: To review the adequacy of selected aspects of end of year financial controls over accounting and material financial transactions.

The audit focussed on:

- June journal entries
- end-of-year receipting
- prescribed ledger completion processes
- annual leave and long service data provided by Personnel Information Payroll System (PIPS)
- trust accounts
- controls and processes applied by the department to capture year end balances.

Audit outcome: No weaknesses in controls were identified during the audit. The accounting and control procedures examined were found to be generally satisfactory. No major matters were identified during the audit.

Action: No action required.

NT Fleet Financial Statement Audit for the year ended 30 June 2012

Audit objective: To conduct sufficient audit work to form an opinion on the financial statements of NT Fleet for the year ended 30 June 2012.

Audit outcome: An unqualified audit report was issued on the financial report for the year ended 30 June 2012. No major matters were identified during the audit.

Action: No action required.

Government Printing Office Financial Statement Audit for the year ended 30 June 2012

Audit objective: To conduct sufficient audit work to form an opinion on the financial statements of the Government Printing Office for the year ended 30 June 2012.

Audit outcome: An unqualified audit report was issued on the financial report for the year ended 30 June 2012. No major matters were identified during the audit.

Action: No action required.

Data Centre Services Financial Statement Audit for the year ended 30 June 2012

Audit objective: To conduct sufficient audit work to form an opinion on the financial statements of Data Centre Services for the year ended 30 June 2012.

Audit outcome: An unqualified audit report was issued on the financial report for the year ended 30 June 2012. No major matters were identified during the audit.

Action: No action required.

Government Accounting System (GAS) Controls Audit for the year ended 30 June 2013

Audit objective: To determine whether -

- there is reasonable assurance that there are satisfactory internal controls in respect of the central maintenance of the GAS and certain financial services provided to agencies
- there is adequate and effective communication with agencies with respect to the functions performed for them.

Audit outcome: Audit procedures revealed that there are satisfactory internal controls in respect of the central maintenance of the GAS and over financial services provided to agencies. There was one key finding to review and update the Accounting and Property Manual and procedural guidelines, along with two supplementary issues identified.

- Controls over the security access to GAS could be enhanced.
- Controls over the RTM activities relating to the Advance Account activities could be enhanced.

Action: A security report is available for agencies to review their employee access with an email reminder sent to agencies bi-annually. Agencies were reviewing user access throughout the agency restructure and transition process such that the October 2012 reminder was deferred.

Standard Operating Procedures are in place and were reinforced.

A project to review and update the Accounting and Property Manual and the separation between agency and shared services policies and procedures will be undertaken in 2013-14.

NT Fleet Interim Financial Statements Audit for the year ended 30 June 2013

Audit objective: To facilitate the end of year audit of the NT Fleet financial statements required by section 10 of the *Financial Management Act*; identify and examine any significant new issues impacting on the audit for 2012-13; and in accordance with section 13 of the *Audit Act,* address any control and compliance issues arising from an examination of the accounts and records.

Audit outcome: The internal controls relating to NT Fleet's activities were found to be generally satisfactory except for noting that some exceptions were made in the control process for the disposal of vehicles.

Action: A checklist was developed and implemented to ensure all vehicle disposal documentation is received.

IT Controls Audit for the year ended 30 June 2013

Audit objective: To understand, risk assess and test the internal control structure within the service-wide information technology mainframe environment at DCIS, with particular reference to mainframe operations and application access management for GAS, PIPS and the Payroll and Payment Management System (PAPMS).

Audit outcome: Except for the matters noted below, the department maintained, in all material respects, effective control procedures in relation to user access management within GAS, PIPS, PAPMS and mainframe operations.

Five issues were identified during the audit

- Application and infrastructure change control supporting documentation.
- Application change management development team production access.
- MyHR application security vulnerabilities.
- Chan Network infrastructure running out-of-date and vulnerable operating systems.
- Lack of network segmentation for the Chan mainframe network.

Action: A common change management process for all DCIS application support areas has been developed and is being implemented.

A security enhancement to the myHR application was made in June 2013. Further security penetration testing of the myHR environment is planned post the implementation of the current application enhancement.

A program of upgrades commenced in May 2013 to bring all network equipment managed by DCS fully up to date. The program will be completed by October 2013.

The security of the mainframe environment has been subject to independent review and found to meet best of breed. Audit comments are not accepted. Further penetration testing of the internal network is being undertaken by the ICT Security Group.

PIPS Controls Compliance Audit for the year ended 30 June 2013

Audit objective: To determine whether there is reasonable assurance that there are satisfactory internal controls in respect of the PIPS payroll and leave recording functions provided to agencies.

Audit outcome: The audit procedures performed revealed that generally there are satisfactory internal controls in respect of the PIPS payroll and leave recording functions provided to agencies with two exceptions identified.

- Controls over the review and follow up of PIPS exception reports could be enhanced.
- Employment contracts not signed and/or dated by the employee in some instances.

Action: Appropriate Standard Operating Procedures are in place. Payroll Services have been reminded of the importance of signing and dating reports to show evidence of reviews.

The signing of employee contracts lies with the relevant agency. DCIS will continue to reinforce with agencies the requirement that new employees sign and date their employment contracts prior to commencing employment.

NAB Electronic Funds Transfer System

Audit objective: To understand, assess and test the internal controls structure of the National Australia Bank (NAB) EFT System.

Audit outcome: Appropriate management controls have been applied over the electronic funds transfer system, however opportunities exist to strengthen in the following areas.

- Deficiencies noted within access management processes.
- Limited security event reporting within the NAB Connect application.
- Business continuity management plans do not address arrangements for ensuring critical payments can be made should EFT facilities not be available.

Action: A tailored security access reporting suite has been designed in consultation with the government's banking provider and purpose built systems reports are under development. Expanding the systems reporting capability to supplement existing daily reports will be complete by November 2013.

Business continuity plans with the bank were enhanced to include contingency actions and system work around processes specific to the Northern Territory Government. Plans have been developed in close collaboration with the NAB through a detailed evaluation of processes, alternative options and requirements of both entities.

Previous funds transfer procedures required updating to allow for changed processes with a new banking services provider. Updated procedures and standards will be completed in September 2013.

Appendix III

Departmental self insurance

Risk Category	Number of claims		Value of claims ($)		Average cost of claims ($)	
	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13
Workers compensation[1]	14	17	599 397[2]	184 842	42 814[2]	10 873
Motor vehicles	9	4	27 368	12 278	3 041	3 070

1 Figures provided are for all claims during the financial year, including new, on-going and finalised claims.

2 Total value and average cost of claims includes two lump sum settlements totalling $310 000. Excluding the settlements, the average cost of claims is $20 671.

Appendix IV

Accommodation costs for non-government organisations for the year ending 30 June 2013

Non-Government Organisation	Building	Cost $
Amateur Fishing Association of the NT	Malak Shopping Centre	36 000
Association of Independent Schools of the NT	Darwin Central	28 676
Australia Day Council	Darwin Central	28 677
Camp Quality	Rapid Creek Shopping Centre	49 020
Cancer Council	44 Bath Street (Anangu House)	30 704
Cancer Council	Casi House Casuarina	52 715
Cancer Council	Randazzo Centre Katherine	15 300
Childbirth Education Association	Casuarina Plaza	6 050
Children's Services Support Program	Eurilpa House	37 751
DeafNT Inc	Casuarina Plaza	15 759
Down Syndrome Association	Rapid Creek Shopping Centre	24 165
Duke of Edinburgh's Award NT	Berrimah Star Centre	86 649
Gagadju Association	Government Centre Jabiru	17 139
Genealogical Society of NT	Cavenagh Court	53 920
Good Beginnings	Randazzo Centre Katherine	27 097
Greening Australia	Leichhardt Building	37 921
Grow NT	Casuarina Plaza	19 200
Head Space	Palm City Oasis	99 003
Heart Foundation NT	Darwin Central	57 571
Keep Australia Beautiful Council NT	Stuart Park Shopping Centre	50 278
SIDS and Kids NT	Rapid Creek Shopping Centre	23 639
L'here Artepe Aboriginal Corporation	Leichhardt Building	33 125
Multicultural Council NT and Multilingual Broadcasting Council NT	Malak Shopping Centre	94 294
Multicultural Community Services of Central Australia	20 Parsons Street, Alice Springs	44 907
Pensioners Workshop Inc	48 Albatross St, Winnellie	30 953
Red Cross Drop in Centre	Casuarina Recreation Centre	85 571
Territory Natural Resource Management	Harbourview Plaza	61 153
Training Advisory Council	Darwin Plaza	99 941
Training Advisory Council	Winlow House	137 424
Victims of Crime NT	La Grande Darwin	53 398
Total expenditure		**1 438 000**

Appendix V

Gifted and loaned vehicles

Gifted vehicles	Value $
Akeyulerre Inc	30 000
MJD Foundation	15 000
Alzheimers Australia	17 000
Riding for Disabled	22 000
Teen Challenge Centralia	25 000
Gathering Inc (3 vehicles)	75 000
Somerville Community Services	14 000
Bushfire NT	31 000
Council of Aging	22 000
NT Friendship and Support	15 000
Royal Lifesaving Society	38 000
Disability Benefit	9 500
Subtotal	**313 500**

Loaned vehicles	Value $
24HR Art	9 169
Darwin Festival	33 298
Finke Desert Race	18 950
Garma Festival	15 142
Humpty Doo Scouts	3 085
Ingkerreke Bike Event	3 890
Music NT	527
Red Hot Arts	6 689
SIDS and Kids NT	4 035
TeachaboutNT	5 254
Wadeye Festival	4 459
	104 498
Total value gifted and loaned vehicles	**$417 998**

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