



# ANNUAL REPORT 2014-15

DEPARTMENT OF CORPORATE AND INFORMATION SERVICES

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# LETTER OF REPRESENTATION TO THE MINISTER

The Hon Peter Styles MLA  
Minister for Corporate and Information Services  
Parliament House  
Darwin NT 0800

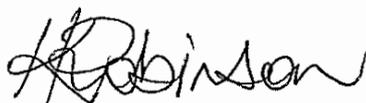
Dear Minister

In accordance with section 28 of the *Public Sector Employment and Management Act*, I am pleased to submit the 2014-15 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



Kathleen Robinson  
**Chief Executive**

30 September 2015

# OUR REPORT

*"The Department of Corporate and Information Services annual report provides a comprehensive record of the department's functions and performance for 2014-15 and progress towards the department's strategic goals and priorities."*

The 2014-15 annual report for the Department of Corporate and Information Services (DCIS) complies with annual reporting requirements in the *Public Sector Employment and Management Act*, the *Financial Management Act* and the *Information Act*.

## OUR AUDIENCE

The primary purpose is to report the department's performance in 2014-15 to the Minister for Corporate and Information Services.

Other audiences of this information include the Northern Territory Legislative Assembly, other government agencies, our staff and the department's stakeholders and the community.

The DCIS annual report informs readers and provides an:

- understanding of the department's objectives and activities
- outline of the department's culture, responsibilities and internal governance arrangements
- account of performance and financial management
- insight into future directions and priorities.

## HOW TO USE

The report has a Chief Executive's Foreword and six key sections, as summarised below:

- **The Department** outlines the organisation's purpose, primary functions and objectives.
- **Achievements** reports DCIS' output performance in 2014-15 and results against measures published in Budget Paper No. 3.
- **Corporate Governance** details DCIS' corporate governance model and performance.
- **Our People** provides an overview of DCIS' people, human resource management, legislative requirements and formally acknowledges employee achievements.
- **Financial Reports** provides financial statements and related notes for DCIS and the two government business divisions of NT Fleet and Data Centre Services.
- **Appendices** lists more detailed information that needs to be disclosed and is adjunct to the main report.

The report is published online at [www.nt.gov.au/dcis](http://www.nt.gov.au/dcis). Alternative document formats are available upon request from the department.

# CONTENTS

<b>PART 1</b>	<b>INTRODUCTION</b>	<b>1</b>
Letter of Representation to the Minister		1
Our Report		2
Chief Executive's Foreword: 2014-15 in Review		4

<b>PART 2</b>	<b>THE DEPARTMENT</b>	<b>5</b>
Overview		6
Our Context		6
Corporate Statement		7
Strategic Priorities		8
Organisation Chart		10
Clients and Stakeholders		11
Services		12
Regional Activities		13

<b>PART 3</b>	<b>ACHIEVEMENTS</b>	<b>15</b>
Overview		16
What we achieved across DCIS		17
What we achieved by output		
<b>Output Group: Shared Services</b>		22
Finance Services		22
Human Resource Services		24
Procurement Services		26
Information and Communications Technology Services		28
Property Leasing Services		32
Asset Services		34
<b>Output Group: Corporate and Governance</b>		36
Corporate and Governance		36
<b>Government Business Divisions:</b>		38
NT Fleet		38
Data Centre Services		40

<b>PART 4</b>	<b>CORPORATE GOVERNANCE</b>	<b>43</b>
Corporate Governance Framework		44
Corporate Governance Committees		45
All-of-Government Governance Roles		54
Planning		56
Communication		57
Accountabilities		61
Insurance Arrangements		63

<b>PART 5</b>	<b>OUR PEOPLE</b>	<b>65</b>
Overview		66
Staff Snapshot		68
Building Capabilities of our People		70
Recruiting and Retaining Skilled People		73
Workforce Diversity and Equal Employment Opportunity		75
Supporting our People		78
Health and Wellbeing		79
Future Priorities		81
Legislative Compliance		82

<b>PART 6</b>	<b>FINANCIAL REPORTS</b>	<b>85</b>
<b>DEPARTMENT OF CORPORATE AND INFORMATION SERVICES</b>		<b>86</b>
NT FLEET		127
DATA CENTRE SERVICES		162

<b>PART 7</b>	<b>APPENDICES</b>	<b>199</b>
I	Shared Corporate Services Price List	200
II	Audits by the Auditor-General	202
III	Departmental Insurance Claims	207
IV	Accommodation Costs for Non-Government Organisations	208
V	Gifted and Loaned Vehicles	209

# CHIEF EXECUTIVE'S FOREWORD

2014-15 in review

*"The department's staff have consistently delivered high quality corporate services across government, contributing to the broader operations of the Northern Territory Government."*



I am pleased to present the annual report of the Department of Corporate and Information Services (DCIS) for the year ending 30 June 2015. The report provides a comprehensive account of the department's functions and performance against key responsibilities and approved budgets and resources.

We have achieved significant improvements that provide business and process efficiencies as well as cost savings across a range of areas.

A key focus over 2014-15 has been to invest in developing DCIS' staff, including developing leadership skills among existing and emerging leaders. The e<sup>2</sup> Exceeding Expectations internal leadership program was completed in late 2014 and a new Strengthening our Managers program introduced, focused on middle management and supporting succession planning initiatives, with almost 300 attendances at sessions over the year.

Some of the department's major achievements include:

- established an effective foundation infrastructure asset management solution
- expanded mobile and internet access to more remote communities
- developed InvoiceNTG, an online tool for government suppliers to lodge and track their invoices 24/7, cutting red tape and streamlining invoice receipt
- introduced ICT governance reforms and strengthened oversight of agency ICT projects across the Northern Territory Government
- developed an ICT Industry Engagement Plan in collaboration with the local ICT sector and the Ministerial ICT Advisory Council

- developed a new budget management system for agencies
- expanded the government's Indigenous Employment Program to incorporate a technical officer stream
- developed a contemporary intranet for all-of-government
- upgraded the government's data centre to improve resiliency and commenced a strategic project to expand capacity and enable business continuity through establishing a secondary facility
- considered outcomes of the People Matters Survey with a Staff Consultative Committee established and an action plan developed.

Further details on initiatives achieved and underway, the department's financial performance, and future priorities are presented throughout the report.

The department's staff have demonstrated and again reinforced their ongoing commitment to drive improvements and deliver consistent quality services and I thank them sincerely for their efforts, enthusiasm and professionalism.

I look forward to working together with all DCIS staff, agencies and stakeholders to deliver further initiatives over the coming year, as we continue to grow the department's record of achievements.

Kathleen Robinson  
Chief Executive

# THE DEPARTMENT



# OVERVIEW

*"Our vision - to exceed our clients' expectations with high quality corporate services."*

DCIS is a Northern Territory Public Sector agency as defined under the Administrative Arrangements Order issued by The Administrator.

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 (ICT) services, ICT governance and policy, property leasing, asset services and management of the government fleet. DCIS has responsibility across government for service delivery, operational direction setting and advice in these areas.

In 2014-15, DCIS comprised the Department of Corporate and Information Services and two government business divisions (GBDs) – NT Fleet and Data Centre Services (DCS).

Our organisation structure is on page 10

As at 30 June 2015, DCIS employed 601 full-time equivalent (FTE) staff, with the majority (501) working in the department and the remainder spread across the GBDs. We have service outlets in Darwin, Palmerston, Casuarina, Katherine and Alice Springs.

The total budget for 2014-15 was \$186 million, excluding the GBDs, which are separate budget entities. Refer to the Financial Reports section starting at page 85 for detailed financial information and explanations of our financial performance across all budget entities.

## OUR CONTEXT

*"Delivering reliable and efficient corporate services to support government agencies."*

The department strives to be a leader in providing quality corporate services to government. We focus on consistency, aligning our services with agencies' requirements and increasing the efficiency of our systems and processes to deliver savings and benefits to our client agencies. We encourage a collaborative and professional culture within the department to deliver on government priorities.

We operate in an environment of continuous improvement, constant change and increasing accountability. An ongoing and key focus is ensuring business efficiency improvements, particularly through technology-led solutions, economies of scale and business process reforms.



Quality Services



Continuous Improvement



Responsive to Client Needs

# CORPORATE STATEMENT

## VISION

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

## PURPOSE

The Department of Corporate and Information Services' purpose is to deliver reliable and efficient corporate services that support government and enable agencies to focus on their core business.

## 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 sharing 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 both as a valued business partner to clients and within our department. The values 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.

## OUR SERVICES

DCIS provides the following services:

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

# STRATEGIC PRIORITIES

*"The department has a clear set of strategic priorities, aligned to Framing the Future, that underpins our purpose in delivering reliable and efficient corporate services."*

The Strategic Plan 2013-2015 sets strategic priorities that are aligned with government priorities, strategic issues and highlights reported in the Budget Papers. The strategic priorities and actions are reflected in divisional business plans and individual performance agreements. The plan aligns with the Northern Territory Government's strategic plan *Framing the Future*, in particular the Prosperous Economy goals and underpins our core focus on service delivery.

The plan guides the department's decision-making and is a tool for the Chief Executive and Executive Management Board to ensure work is focused on our core business and deliverables. Update reports to the Executive Management Board are provided quarterly to ensure progress and currency and are made available to staff.

The following table provides an overview of the plan, strategic priorities and actions. Reporting on the priorities and actions achieved and our future planning is outlined in Part 3: Achievements.

## Our Performance Symbols

	<b>Completed</b> priority was finalised within this reporting period.
	<b>In progress</b> priority was partially achieved in this reporting period, or has a multi-year timeframe and is generally expected to be completed on time.
	<b>Ongoing</b> priority is long-term or ongoing, does not have a set timeframe and will carry across reporting periods, or needs to be delivered annually.

Strategic priorities	Status	Actions
<b>Business efficiency – measures that reduce cost and red tape</b>		<b>Expand</b> the number and value of Across Government Contracts.
		<b>Enhance</b> procure-to-pay processes and systems.
		<b>Modernise</b> and consolidate the Northern Territory Government intranet.
		<b>Partner</b> with agencies to contribute to reforms and efficiency projects.
<b>Telecommunications that benefit communities across the NT</b>		<b>Oversee</b> expansion of telecommunications infrastructure and services in remote communities.
		<b>Develop</b> a digital economy plan for the Northern Territory that maximises benefits to Territorians from advances in technology.
<b>ICT services that deliver value for money</b>		<b>Develop</b> and implement across government ICT governance framework.
		<b>Leverage</b> government's role as a major consumer of ICT services to build industry capability.
		<b>Renew</b> the ICT Strategy for government.
		<b>Explore</b> options to improve resilience of ICT services.

Strategic priorities	Status	Actions
<b>Business improvement - corporate services that add value</b>		<b>Renew</b> the business model for workers' compensation administration.
		<b>Enhance</b> the model for provision of ICT support services to agencies.
		<b>Deliver</b> a rolling program to automate more payroll processes.
		<b>Upgrade</b> critical across government business systems.
		<b>Progress</b> a business model for shared services, including regions.
		<b>Develop</b> a sustainable business model for government shared services.
<b>Vehicle fleet services that reduce cost</b>		<b>Reduce</b> the cost of the government vehicle fleet.
		<b>Implement</b> the Northern Territory Government <i>Vehicle Policy Framework</i> .
<b>Printing services that are cost efficient</b>		<b>Review</b> the model for delivery of printing services.
		<b>Develop</b> and implement a sustainable business model for printing services.  Outsourced printing services are now managed by the Department of Chief Minister.
<b>Property leasing services that meet government's needs</b>		<b>Develop</b> strategic leased office accommodation plans.
		<b>Deliver</b> major leasing projects in Alice Springs and Darwin.
		<b>Develop</b> policies to drive efficiency in the leased property portfolio.
<b>Asset System Services that meet government's needs</b>		<b>Develop</b> a new integrated asset systems solution for government: ASNEX.
		<b>Cease</b> the Asset Management System.
<b>A workforce that is skilled and capable</b>		<b>Increase</b> Indigenous participation in the DCIS workforce.
		<b>Develop</b> leadership capability and nurture potential leaders.
		<b>Prepare</b> for future workforce needs through commitment to apprentices, graduates and staff training at all levels.

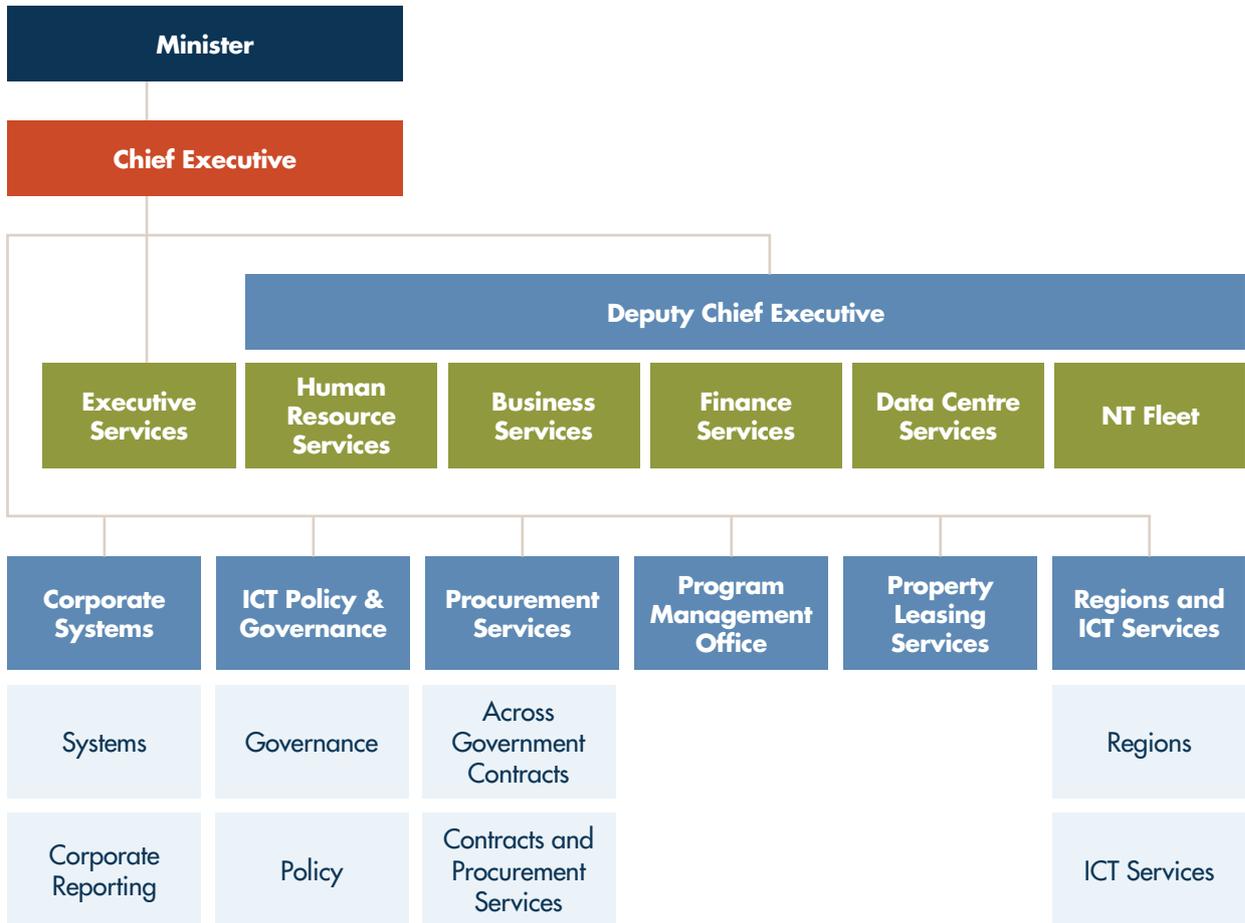
Performance Symbols

-  Completed
-  In Progress
-  Ongoing

# ORGANISATION CHART

## DEPARTMENT OF CORPORATE AND INFORMATION SERVICES

*"Our structure aligns our functions to our strategic priorities and core business responsibilities to provide an effective service delivery focus."*



# CLIENTS AND STAKEHOLDERS

*"The DCIS Service Framework is our partnership model for delivering shared corporate services across government agencies and is underpinned by our core service principles of partnership, reliability, accountability and innovation."*

DCIS commits to delivering high quality services and continuously improving 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
- Business community, particularly the local ICT industry
- Businesses that tender and supply to government

## OTHER STAKEHOLDERS

- Northern Territory community
- Ministerial ICT Advisory Council
- Australian Government
- Other state governments

The department's approach and responses are expected to be 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.

# SERVICES

## SHARED CORPORATE SERVICES FOR GOVERNMENT AGENCIES

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

## ALL-OF-GOVERNMENT ICT POLICY AND GOVERNANCE

DCIS manages the *Northern Territory Government Information and Communications Technology Governance Framework* and oversight of important agency ICT projects. This is supplemented with management of related ICT policy settings across the government's ICT environment, information and records management and data communications. The department also monitors opportunities to improve communications outcomes across the Northern Territory and liaises with the Australian Government which has responsibility for telecommunications and broadcasting.



### NT FLEET

NT Fleet is a government business division that manages government vehicles, excluding the Northern Territory Police, Fire and Emergency Services' fleet.

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



### DATA CENTRE SERVICES

DCS is a government business division that provides information and communications technology support to all agencies. Services include mainframe computing, midrange server hosting of government systems and providing secure storage and backup of government data. DCS operates to an industry standard of 24 hours per day, 7 days per week through a highly secure facility.

## BUSINESS SERVICES

Business Services supports the department's activities by providing internal corporate support services with a focus on developing and managing financial, compliance, human resources, procurement and ICT systems for DCIS.

## CHARGES

Agencies are notionally charged for the value of the DCIS services they receive. Notional fees are recorded in agency budgets and ledgers. DCIS services are provided on a full cost recovery basis to GBDs and other non-budget entities.

Fees charged are in accordance with the shared corporate services price list, 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.

## PERFORMANCE AND ACCOUNTABILITY

*"We do what we say we will and take responsibility for our actions."*

The department monitors its performance through a clearly defined organisation structure and by developing capable managers and leaders; with defined roles and responsibilities for all staff. We report on our organisational performance, the performance of our people and our financial position. Within this reporting framework DCIS also conducts post project reviews to capture lessons learned.

We strive to demonstrate clear links between strategy and implementation and individual action. As described in our corporate governance framework at Part 4, we have strong links between our strategic planning, business planning, individual performance agreements and compliance to ensure our business is conducted in a transparent manner as we deliver on our vision.

## REGIONAL ACTIVITIES

The department provides regional services in Alice Springs and Katherine that span the main corporate services needed by regional agencies. A key feature is that DCIS also delivers the following all-of-government service lines solely from our Alice Springs office:

- **Recruitment Services** – arranging the advertising of job vacancies for all agencies; providing advice to applicants; managing the Entry Level Recruitment Program and providing vacancy files to agencies.
- **Accounts Receivable Services** – collecting monies owed to agencies and managing debts, including recovery of government employee salary overpayments.



### SERVICES PROVIDED IN ALICE SPRINGS:

- recruitment services
- accounts receivable services
- receiver of Territory monies (RTM) services
- workplace injury solutions (workers compensation administration)
- contracts and procurement services
- information and communications technology (ICT) services
- leased property services
- vehicle fleet services.



## SERVICES PROVIDED IN KATHERINE:

- recruitment services
- receiver of Territory monies (RTM) services
- contracts and procurement services
- information and communications technology (ICT) services

## SERVICES PROVIDED REMOTELY:

- eight staff members work remotely across a range of locations from Jabiru to Perth to provide flexibility for the employee while ensuring the department benefits from the retention of highly skilled employees.

## 2014-15 REGIONAL HIGHLIGHTS

- Transitioned the all-of-government function of payroll debt recovery to the Alice Springs office to expand the office's accounts receivable service line.
- Continued to play a significant role in developing improvements to the eRecruit system, including automating entry level recruitment and candidate pools.
- Continued to expand the delivery of DCIS' corporate systems training to agency staff located in regions across the Northern Territory.
- Implemented a restructure of the Katherine office.
- Participated in the Tennant Creek and Alice Springs Skills, Careers and Employment Expos.

## THE FOCUS FOR 2015-16

- Expand agency engagement in the regions.
- Improve communication of DCIS initiatives and activities to agency staff in regional centres.
- Identify opportunities to deploy further WiFi in Northern Territory Government premises.
- Identify opportunities to rationalise power equipment supporting ICT infrastructure.
- Automate the entry level recruitment processes.
- Automate the bulk recruitment processes.

# ACHIEVEMENTS



# OVERVIEW

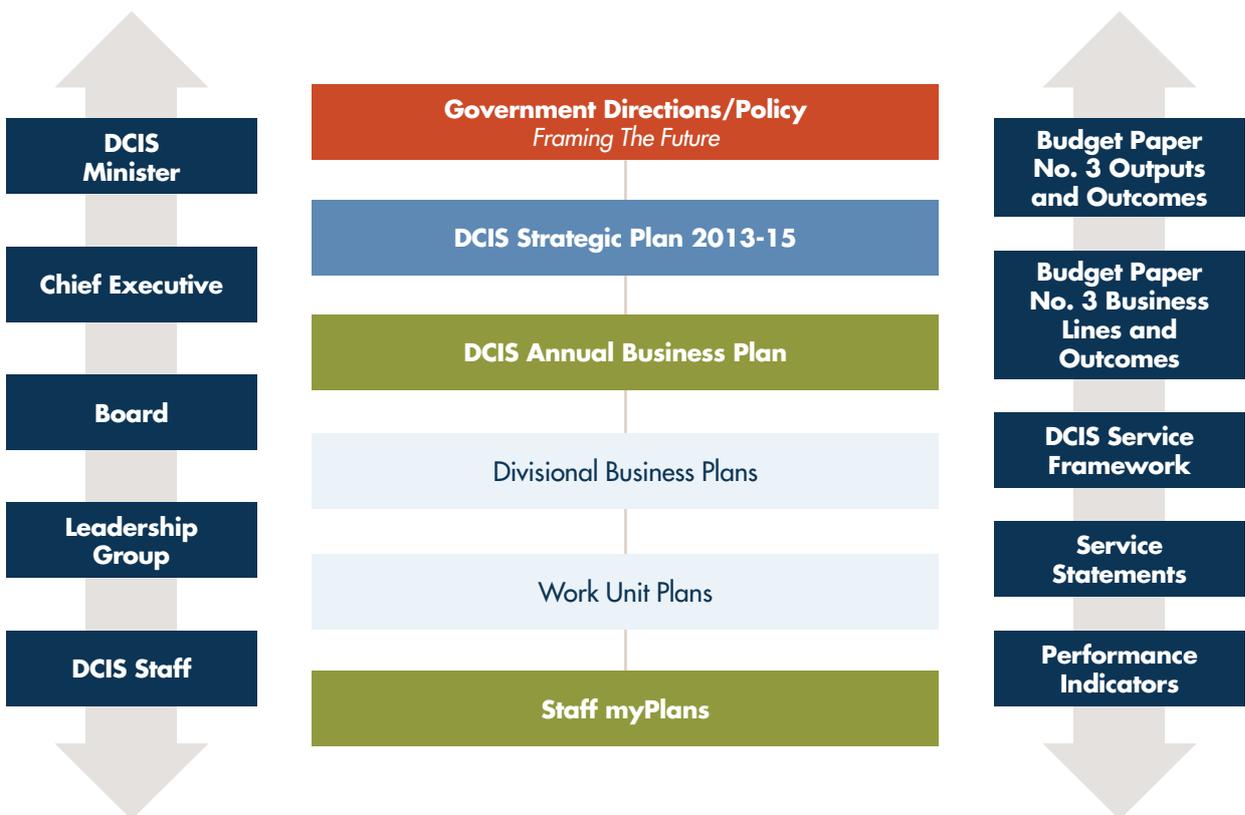
*"Government priorities and directions are linked to departmental responsibilities."*

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

This section reports on DCIS' performance in delivering outputs and business lines. Information on achievements and key projects is detailed and performance reported against priorities identified in the previous year's annual report. The Shared Services output group essentially represents DCIS the department, with the two government business divisions reported as separate business lines. Work units within the department support the achievement of outputs.

Performance against the output key deliverables published in Budget Paper No. 3 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.

The department's corporate framework links and aligns planning and strategy with responsibilities, governance, outputs and service delivery, ensuring outcomes are influenced from the bottom-up and the top-down. The connections and linkages between government directions, the department's strategy, implementation plans, unit activities and individual actions are illustrated in the diagram below.



# WHAT WE ACHIEVED ACROSS DCIS

DCIS applies a continuous improvement approach to service delivery and client relationships, underpinned by our vision to exceed our clients' expectations with high quality corporate services.

Highlighted here are a number of significant projects and achievements over the reporting period that demonstrate the commitment, effort and professionalism of DCIS staff to improving service delivery and outcomes for agencies.

## ICT GOVERNANCE

### Governance Reforms

The department continued to embed the new *Northern Territory Government Information and Communication Technology Governance Framework* over 2014-15 which established a structure of across government oversight centred on stringent checks and balances to provide assurance for major ICT investment decisions and agency management of ICT initiatives.

The framework improves the alignment of agency ICT investments with government direction, strengthens oversight of high risk and high value ICT investments and requires a disciplined approach that will deliver improvements in the management of ICT.

Most of the findings from the Public Accounts Committee report, *Management of ICT Projects by Government Agencies*, have now been addressed. During the reporting period, 16 recommended actions were completed and the remaining six are scheduled for implementation in 2015-16.

The Ministerial ICT Advisory Council (MIAC) was established, improving engagement with the local ICT industry, with a particular focus on fostering skills development, innovation and better information sharing. In partnership with MIAC, the ICT Industry Engagement Plan was developed and implemented and the first NTG ICT Industry InfoShare Forum, 'Unwrapped' was held in June 2015.

Significant projects supporting ICT governance progressed in 2014-15, including development of an ICT Capability Framework and an ICT Project Management Toolkit. An ongoing schedule of ICT policy development and review is in place, under the oversight of the ICT Leadership Group.

### Project Oversight

The ICT Governance Board initiated survey of agency major ICT projects and investment proposals in May 2015 identified 14 agency projects and nine investment proposals for ongoing board oversight. Accountability for the successful delivery of ICT projects remains with the agency accountable officer (Chief Executive), with the Board providing an assurance and guiding role.

Considerable effort has been applied to strengthening the governance of agency ICT project management and investment considerations, supported by six dedicated governance committees which met a total of 47 times over the reporting period.

A package of guidance materials was developed and issued to assist agencies to effectively govern their ICT projects, including:

- Agency ICT Governance Model Matrix
- ICT Project Management Framework
- Project Proofing Tool.

### Treasurer's Directions

A new ICT series of Treasurer's Directions was established, under the *Financial Management Act*, to specify key internal controls underpinning the use of ICT by agencies. The Treasurer's Directions support the ICT governance framework by specifying agency responsibilities and accountabilities.

### Next steps

- Finalise and implement the ICT Project Management Toolkit for use by agencies, incorporating a range of documents, templates and guides.
- Continue development of a new ICT Strategy for the Northern Territory Government, in collaboration with agencies.
- Complete and issue the ICT Capability Framework to identify and define core competencies required for key ICT positions that are consistent with the broader Northern Territory Public Sector capability framework.

## ASSETS SOLUTION

Work continued throughout the reporting period to establish a robust solution for managing infrastructure assets. In 2013-14, the Northern Territory Government accepted the findings of an independent review of the Asset Management System (AMS) to discontinue the system and tasked DCIS with establishing a suitable replacement to manage government infrastructure assets of around \$11 billion in value. Phase 1 of this multi-year project, the ASNEX Foundation systems was successfully delivered in 2014-15.

The ASNEX Foundation systems, providing an interim stabilisation solution to meet government's immediate infrastructure asset management requirements, were established in November 2014. Financial reconciliations were successfully conducted and an Asset Financial Management Model was developed to enable ongoing financial reconciliations for agencies. AMS was decommissioned, with read-only capability retained for information searches. In addition, a new leased property management system was established to manage lease payments for the affordable rental program, *Real Housing for Growth*.

A business case and program plan to develop ASNEX was independently validated by a stage gate review and approved by the program Steering Committee to provide: web-based single point access; mobile solutions to assist agency officers in the field; expanded roads reporting capability; an integrated business intelligence and data repository solution to provide a single source of truth and improve reporting capability; and integration with an all-of-government contract management system.

A dedicated project team is managing the multi-year delivery program of projects within the ASNEX program and local ICT expertise will be utilised for solution delivery. A sound governance framework has been put in place that includes the full involvement of Tier 1 or key asset agencies and oversight by the ICT Governance Board.

### Next steps

- Establish a web-based portal for ASNEX to provide a single access point for users.
- Prepare and deploy enhanced initial mobile solutions to support agency officers in the field to better manage assets.
- Expand reporting capability for roads asset management.
- Implement an integrated business intelligence and data repository solution that provides a single source of truth and significant reporting capability.
- Integrate a new Northern Territory Government contract management system with ASNEX.

## DATA CENTRE SERVICES

Data Centre Services was independently reviewed in late 2014 to consider future operating and capacity issues associated with operating a single data centre model from the current location. Following consideration of the review findings, the Northern Territory Government determined to expand data centre services and establish a secondary facility at Millner to improve redundancy and disaster recovery capability. Significant planning is underway to design and fit out the new facility to industry standard in 2016.

Over the reporting period, Data Centre Services' operations were endorsed through an independent review process that validated the enterprise computing technology utilised; finding that Data Centre Services met industry standards and government business requirements.

### Next steps

- Establish the secondary data centre facility.

## REMOTE TELECOMMUNICATIONS

Supporting local innovation, DCIS engaged the Centre for Appropriate Technology in June 2015 to install 22 Mobile Phone Hotspots across Central Australia over a two year period to expand coverage of mobile phone services on the fringes of existing coverage using clever technology that requires no power and little maintenance.

The department worked to develop a three year \$30 million co-investment program between Telstra and the Northern Territory Government for a remote telecommunications infrastructure program to expand 3G mobile services and fixed broadband services in selected remote Northern Territory communities. The investment program was confirmed and announced in September 2015, outside this reporting period.

This program builds on the previous initiative between the Northern Territory Government and Telstra that provided mobile phone coverage and internet access to 13 bush communities across the Northern Territory.

The department also prepared a submission, on behalf of the Northern Territory Government, to the Australian Government's Mobile Black Spot Programme, seeking funding to increase mobile phone coverage to remote communities in the Northern Territory.

### Next steps

- Coordinate the first year of the Mobile Phone Hotspots program with the Centre for Appropriate Technology to install 11 Mobile Phone Hotspots in Central Australia to improve mobile phone access in remote areas.
- Work with Telstra to confirm priority communities for the Telstra/Northern Territory Government co-investment program and deliver the first year of the program to provide improved telecommunications services in remote Northern Territory communities.
- Work with Telstra to design a program to improve digital literacy to maximise the benefits of improved telecommunications services in remote communities.
- Support the Australian Government's Mobile Black Spot Programme roll out of mobile phone towers at Minjilang, Finke, Imanpa, Mt Liebig and Wallace Rockhole.
- Prepare submission for the second round of the Australian Government's Mobile Black Spot Programme.

## BUDGET MANAGEMENT SOLUTION

A new budget management solution, Feenix, was developed to automate, improve efficiency and eliminate errors in the budget development, management and reporting processes, including reporting for Estimates Hearings. The system aligns to the Northern Territory Government's budgeting requirements.

Feenix replaces the use of multiple spreadsheets and provides a central interface for data storage with automated cash flow processing.

This new solution will provide substantial efficiency benefits for agencies in preparing, managing and reporting on their agency budgets. Automated workflows and audit trails will improve the flow of information and support reporting for Estimates and budget development.

The system has been developed in collaboration with agencies, including the Departments of the Chief Minister, Treasury and Finance, Attorney-General and Justice, and Land Resource Management.

### Next steps

- Implement Feenix in DCIS in 2015-16 and assess any enhancement requirements.
- Plan and progress the deployment of Feenix to other agencies.

## DCIS INNOVATION PROGRAM

A range of initiatives of the DCIS Innovation Program were delivered in 2014-15, highlighting ongoing staff commitment to continuous business and efficiency improvement.

The program was first launched in 2012-13 and invites nominations from staff on projects that improve the department's operations or services. Endorsed suggestions are detailed in the annual Innovation Program and incorporated into divisional business plans. The status of program initiatives are reported quarterly to the Executive Management Board and regular updates are provided to staff on project outcomes.

In 2014-15, 11 initiatives from the program were progressed with seven completed. These are reported on in output groups achievements.

### Next steps

- Embed the Innovation Program within DCIS with all staff encouraged to contribute ideas on an ongoing basis.
- Continue to promote the program internally.
- Maintain quarterly reporting to the Executive Management Board.



# OUTPUT GROUP: SHARED SERVICES

## Our Reporting Symbols



**Government Priority** directly links to a broader government priority.



**Strategic Plan** links to the department's strategic plan and is reported and monitored at the Executive Management Board level.



**Innovation Program** links to the department's innovation program and is reported and monitored at the Executive Management Board level.



**Business Plan** forms part of the suite of key annual activities and is monitored at the business plan level.

## FINANCE SERVICES

*"Provide finance services to all agencies through processes, systems, projects and reports that support agencies in effectively managing their financial resources."*

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), financial reporting repository and a number of financial systems that are linked to GAS
- providing regular finance related training and awareness sessions for staff in all agencies.

The work units that contribute to this output are Accounts Payable, Accounts Receivable, Taxation Services, Asset Accounting, Banking and Card Administration, Ledgers, Receiver of Territory Monies and Reconciliations, Program Management Office, Financial Systems, Corporate Reporting and Business Services.

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

Key Performance Indicators	2014-15 Budget	2014-15 Estimate	2014-15 Actual	2015-16 Budget
Payments processed	530 000	525 000	505 209	520 000
Debts processed	40 000	40 000	40 368	40 000
Processing accuracy	99%	99%	99.98%	100%
Invoices paid within 30 days	90%	90%	85.2%	90%
Average number of days to collect debt	55	55	54	55

### Movements between budget and estimate 2014-15

**Payments processed:** a decrease in volumes was anticipated following the introduction of the ASNEX system in November 2014 which streamlined invoice processing for government's infrastructure programs.

## Movements between estimate and actual 2014-15

**Payments processed:** streamlining of payments processing achieved through ASNEX delivered greater efficiencies than initially anticipated.

## PERFORMANCE ACHIEVEMENTS IN 2014-15

### Completed

GP	SP	Delivered a new invoice portal, InvoiceNTG, to enable suppliers to lodge and track invoices 24/7; receive email receipt confirmation, payment notifications and reports; and register and maintain supplier information. The InvoiceNTG mobile application enables electronically lodged invoices to be tracked on smartphones and mobile devices. InvoiceNTG reduces red tape and saves time for suppliers, and electronic lodgement supports the timely processing of invoices. InvoiceNTG was implemented in October 2014 in conjunction with October Business Month.
SP		Completed enhancements to the electronic invoice management system (NTGPay) to provide efficiencies in processing and records management. InvoiceNTG integrates with NTGPay.
BP		Developed online taxation training packages for agencies on key Goods and Services Tax (GST) and Fringe Benefit Tax (FBT) requirements, with over 300 government staff undertaking the training.
SP	BP	Completed enhancements to the purchase requisition module of the NTGPay system and implemented the module across 15 agencies, with further agency deployments in progress.
SP	IP	Expanded delivery of DCIS corporate systems training to agency staff located in the regions.

### In progress

IP	BP	Developed new budget management solution, Feenix, to pre-implementation stage. Feenix will be implemented in DCIS in 2015-16 as a pilot and then prepared for deployment to other agencies.
SP	BP	Completed planning for the GAS upgrade, with system testing well advanced and an independent stage gate review planned. The system upgrade will be implemented in 2015-16.

### FAST FACTS



**2020**  
payments to  
NTG suppliers  
processed by  
DCIS each day

### Future Priorities

- Implement Feenix in DCIS as a pilot.
- Prepare Feenix for deployment to agencies and determine roll out program.
- Implement the GAS upgrade.
- Procure all-of-government debt management services following completion of debt management procedures for agencies.
- Work with agencies to enable agencies to improve processing of supplier invoices within the government's 30 day payment policy.
- Encourage and assist government suppliers to lodge invoices electronically with InvoiceNTG to gain efficiency benefits and increased visibility of payments process.
- Develop additional online tax training packages to guide agency staff through key GST and FBT requirements for government.

# HUMAN RESOURCE SERVICES

*"Provide human resource services to all agencies through processes, systems, projects and reports that support agencies in effectively managing their human resources."*

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 information technology (IT) systems, including the employee self-service module (myHR) and the all-of-government payroll system (PIPS)
- coordinating job evaluation services for agencies that determine 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 work units that contribute to this output are Payroll and Employment Services, Recruitment Services, JES Administration, Employment Programs, Workers' Compensation Administration, OH&S Advisory Service, Program Management Office, Corporate Reporting, HR Systems and Business Services.

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

Key Performance Indicators	2014-15 Budget	2014-15 Estimate	2014-15 Actual	2015-16 Budget
Payroll transactions processed	1.1M	1.1M	1.1M	1.1M
Commencements and terminations processed	14 000	14 000	13 863	14 000
Client queries resolved on first contact <sup>1</sup>		82%	81%	85%
Vacancies published	3 000	3 800	4 719	4 500

<sup>1</sup> New measure

## Movements between estimate and actuals 2014-15

**Vacancies published:** increase in agency short-term, fixed vacancies advertised rather than filled through internal appointments.

Our Reporting Symbols

GP Government Priority
 SP Strategic Plan
 IP Innovation Program
 BP Business Plan

## PERFORMANCE ACHIEVEMENTS IN 2014-15

### Completed

SP	IP	BP	Completed upgrade of the eRecruit system to enable the system to manage candidate pools, the entry level recruitment program and bulk recruitment actions. Additional functionality and enhancements were incorporated to assist users, streamline and improve processing, provide a contemporary user interface and address requirements of the recent Special Measures policy. eRecruit Phase 2 will be implemented in 2015-16.
BP			Improved the model for managing traineeship programs, delivering cost efficiencies, allowing improved agency planning and consistent timeframes for participant engagement.
SP	BP		Completed eight projects to automate processes in human resource systems, including making myHR available through home computers and mobile devices.
BP			Developed and delivered a new tailored Technical Officer Program in partnership with the Department of Infrastructure as part of the Indigenous Employment Program. Project undertaken in partnership with local Registered Training Organisations.
SP	IP		Expanded delivery of DCIS corporate systems training to agency staff located in the regions.

### In progress

IP	BP		Developed solution for automatic generation of agency organisation charts, with final testing underway. Deployment will be undertaken as required, dependent on agency needs and source data.
BP			Procuring traineeship support and mentoring services to support the Northern Territory Government Traineeship Program, with contracts to be awarded in 2015-16.
BP			In partnership with Northern Territory Police, Fire and Emergency Services, progressing the development of a Remote Community Policing Indigenous Employment Program for year 12 students.

### FAST FACTS



**99%**  
of the 158,000 payroll inquiries are addressed within service standards

### Future Priorities

- Develop Indigenous employment candidate pools that agencies can access for short-term development opportunities, in support of the Northern Territory Government Indigenous Employment and Career Development Strategy.
- Strengthen partnerships with external organisations to provide employment pathways for Indigenous students.
- Release the enhanced eRecruit system, delivering candidate pool and bulk recruitment functionality to agencies.
- Finalise procurement for traineeship support and mentoring services and successfully transition to a panel contact arrangement.
- Implement an automated myResignation module.
- Deliver expanded online paysheets to streamline and improve processing of salary entitlements.
- Progress the automation of processing salary increment payments for higher duties allowance to reduce manual processing effort.
- Deliver online supplementary pay advice information for Department of Health employees.
- Work with the Department of Treasury and Finance to streamline and improve the efficiency of the administration of workers' compensation for government employees.

# PROCUREMENT SERVICES

*"Provide procurement services to all agencies through processes, systems, across government contracts, projects and reports that support agencies in effectively managing their procurement activity and delivering value."*

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 \$100 000 or more
- notifying respondents and awarding quotations and tenders with an estimated value of \$100 000 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 work units within DCIS that contribute to this output are Contracts and Procurement Services, Across Government Contracts, Program Management Office, Corporate Systems, Corporate Reporting and Business Services.

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

Key Performance Indicators	2014-15 Budget	2014-15 Estimate	2014-15 Actual	2015-16 Budget
Tenders released to market	1 000	800	884	800
Tender responses processed	4 400	4 100	4 148	4 100
Proportion of responses lodged electronically	95%	95%	96%	100%
Contracts awarded	1 100	1 000	1 464	1 000
Number of across government contracts	18	19	20	24

## Movements between budget and estimate 2014-15

**Tenders released to market:** reduced number of tenders reflects the change in procurement tiers with higher threshold values for tenders.

**Tender responses processed:** reduced in line with reduced tenders released to market.

## Movements between estimate and actuals 2014-15

**Tenders released to market:** procurement activity in the fourth quarter was slightly higher than trends earlier in the year.

**Contracts awarded:** reflects higher procurement activity in the fourth quarter and includes several agency multi-supplier panel contracts.

## Movements between estimate and 2015-16 budget

**Proportion of responses lodged electronically:** reflects increasing industry acceptance of the electronic lodgement method.

**Number of across government contracts:** increase in the number of contracts planned relating to all-of-government initiatives.

Our Reporting Symbols



Government Priority



Strategic Plan



Innovation Program



Business Plan

## PERFORMANCE ACHIEVEMENTS IN 2014-15

### Completed

	Secured improved supply arrangements for agencies, delivering efficiencies through increasing from 13 to 20 across government contracts over 2014-15.
	Contributed to advances in government procurement policy and practice through input to the development and implementation of procurement reforms.
	Redefined contract administration business processes and delivered training to cross-skill Contract and Procurement Services staff in contract administration processes.
	Completed introduction of electronic contract file management as part of a records digitisation program.
	Delivered increased communication to agencies to support utilisation of across government contracts including through briefings and information forums and providing online access to buyer's guides and contract information.
	Identified business requirements for an all-of-government contract management solution.

### In progress

	Establishing a suite of new across government contracts for air travel and travel booking services. A panel contract for long-haul air charter services was awarded in 2014-15 with two other procurement actions nearing completion. Commenced a trial arrangement with two corporate travel providers in 2014-15 to inform a public tender for travel booking services that will be undertaken in 2015-16.
	Enhancing procurement systems, including the Agencies Purchase Requisitions Online (APRO) system to increase automation, expand functionality and improve consistency of procurement business processes across agencies.
	Continuing to focus on improving contract performance and relationship management processes by supporting agencies and suppliers.

#### FAST FACTS



**\$341M**  
in goods and services was procured by DCIS



**84**  
local businesses supply to 20 Across Government Contracts

#### Future Priorities

- Finalise the procurement and awarding of new across government contracts for air travel, including air charter services and corporate travel booking services.
- Continue to implement functionality enhancements identified for the APRO system and the Quotations and Tenders Online (QTOL) system.
- Consider the options and benefits of a category management approach to Northern Territory Government procurements.
- Assist with development and implementation of further all-of-government procurement reforms.
- Acquire and implement a new Tender Documents Online (TDO) solution to support electronic preparation of complex tender documentation, improve workflows across agencies and deliver system efficiencies.
- Investigate solution options, develop a business case and progress acquisition of a government-wide contracts management system that can cater to the diverse array of government's contracting requirements with integration capability to ASNEX for infrastructure contracts.
- Continue to expand the suite of across government contracts.

# INFORMATION AND COMMUNICATIONS TECHNOLOGY

*"Provide ICT services to all agencies through processes, systems, projects, ICT contract management and reports that support agencies in effectively managing their ICT resources."*

This output is responsible for:

- managing the *Northern Territory Government Information and Communications Technology Governance Framework* including developing all-of government ICT strategies, architecture, policies and standards that encompass ICT systems, information and records management and data communications
- overseeing, through the ICT Governance Board, agencies' major ICT projects and ICT investment proposals as a strategic governance function
- developing telecommunications and broadcasting strategies, covering mobile and fixed telecommunications services, broadband and television and radio broadcasting services, particularly for remote communities in the Northern Territory
- managing all-of-government outsourced ICT services and security
- providing ICT infrastructure for government that underpins all ICT services and coordinating ICT end user services, including desktop and mobile devices, phones and printers
- developing ICT security policy and providing ICT security advice and incident response coordination
- reviewing and determining ICT enterprise architecture at a strategic all-of-government level
- providing an advisory service to government agencies to support management of their ICT requirements and environments through an out-posted team
- maintaining the government's records management system and providing information and records management system support to agencies.

The work units that contribute to this output are Agency ICT Services, ICT Contracts and Service Delivery, Infrastructure, Architecture and Security, Projects Office, ICT Governance, ICT Policy, Telecommunications, Records Systems Support, Corporate Reporting 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 operating in the respective regions.

Key Performance Indicators	2014-15 Budget	2014-15 Estimate	2014-15 Actual	2015-16 Budget
Laptops/workstations	16 000	16 500	17 329	16 800
ICT services provided within agreed service levels	98%	98%	99%	100%
Severe desktop faults restored within service level agreement	100%	100%	98%	100%
Major projects overseen by the ICT Governance Board	5	11	14	17

## Movements between estimate and actuals 2014-15

**Increase of Laptops/Workstations:** increased subscriptions of devices due to agency demand.

**Major ICT projects:** agencies identifying additional ICT projects and investment proposals overseen by ICT Governance Board.

## Movements between estimate and 2015-16 budget

**Major ICT projects:** focus on ICT governance, introduction of reforms and increased communication with agencies is anticipated to produce growth in the number of agency ICT projects and investment proposals identified and requiring oversight by ICT Governance Board.

## PERFORMANCE ACHIEVEMENTS IN 2014-15

### Completed

GP SP BP	Worked with Telstra to deliver mobile and broadband services in Barrow Creek, Newcastle Waters and Mutitjulu, finalising Project 13 – a joint program with Telstra to expand telecommunications infrastructure and services in remote Northern Territory communities.
SP BP	Lodged submission to the Australian Government's Mobile Phone Black Spot Programme seeking funding for mobile phone coverage to remote Northern Territory communities.
GP SP	Established effective ICT governance arrangements at the all-of-government level through the ICT Governance Board, the ICT Leadership Group, the Location Intelligence Group and the Integrated Justice Continuum Steering Group. The Groups operated cohesively over 2014-15 with frequent meetings and active membership participation.
GP BP	Managed increased governance, reporting, analysis, and assurance processes for agency major ICT projects and proposals, including commissioning stage gate reviews. The ICT Governance Board maintained oversight of 14 major ICT projects during 2014-15.
GP SP	Established the Ministerial ICT Advisory Council, with an ongoing coordination and support role provided.
SP	In conjunction with the local ICT industry and the Ministerial ICT Advisory Council, developed an ICT Industry Engagement Plan.
BP	Participated in and assisted coordinating the NTG/ICT Industry InfoShare Forum under the ICT Industry Engagement Plan. The Forum, titled "Unwrapped", was held in June 2015, with key agencies presenting to local industry representatives.
BP	Developed a new ICT series of Treasurer's Directions to articulate principles and internal controls for the effective management of ICT by agencies.
BP	Developed an ICT Project Management Framework to provide a consistent methodology as a guide for agencies to use in managing ICT projects.
BP	Developed an Agency ICT Governance Models Matrix to assist agencies to establish appropriate ICT governance arrangements.
BP	Developed an ICT Project Profiling Tool to support agencies to analyse project complexity and sensitivity to ensure appropriate levels of governance and management are applied.
SP IP BP	Delivered a contemporary Northern Territory Government intranet that consolidated a number of existing sites and improved currency of information, content management and navigation.
SP BP	Completed nine major ICT services procurement projects, with a focus on enhancing local industry participation. Achieved cost savings in ICT contracts with efficiencies delivered to agencies.
BP	Sponsored the inaugural Charles Darwin University IT Code Fair where major activities included a coding competition and industry employer introductions. Four masters students were subsequently employed by local ICT companies to work on ICT projects within DCIS in 2015, providing valuable work experience.
BP	Reviewed telephone and call centre operations in agencies and proposed options to streamline arrangements, improve customer experiences and reduce costs.
BP	Delivered improvements to the government's telephone service network to reduce duplication and improve services.

#### Our Reporting Symbols

 Government Priority
  Strategic Plan
  Innovation Program
  Business Plan

## In progress

BP	Relocating and upgrading the ICT hub for the Northern Territory Government's southern region within the Greatorex Building, as part of refurbishment works within the building.
SP IP	Implementing the recommendations of the Records Management System review to improve the records management system, records administration and system support arrangements to deliver efficiencies through centralised administration, consistent processes, enhanced system functionality and automation, supported by contemporary policy and procedures. The multi-year Transforming the NTG Records Systems Program consists of nine inter-related projects and includes substantial agency involvement.
BP	Developing and publishing an ICT Project Management Toolkit for use by agencies to provide guidelines on project roles and responsibilities.
BP	Developing an ICT Capability Framework identifying the competencies required for ICT roles in government to assist in recruitment and retention of ICT professionals in the Northern Territory Government.
SP BP	Developing an ICT Strategy for the Northern Territory Government, with input from agencies and the local ICT sector.
SP BP	Implementing a central email and file storage solution to improve backup and retrieval of records across government.
IP BP	Improving mobile ICT services through infrastructure and applications that enhance remote access and mobile computing via roll out of solutions including Northern Territory Government drop box, improved Virtual Private Network (VPN) access and stage 2 mobile device management options.
BP	Planning for the replacement of the Northern Territory Government's identity and access management system.

## Ongoing

GP BP	Engage with agencies to deliver benefits from the <i>NTG ICT Governance Framework</i> .
SP	Continue to leverage government's role as a major consumer of ICT services to build local industry capacity in partnership with Charles Darwin University.
BP	Engage with the local ICT industry to foster skills development, innovation and better information sharing.

### FAST FACTS



**105M**  
emails processed  
each year

## Future Priorities

### Telecommunications

- Work with Telstra to deliver the first year of the Telstra/Northern Territory Government co-investment program to provide improved telecommunications services in remote communities across the Northern Territory.
- Coordinate the first year of the Mobile Phone Hotspots program with the Centre for Appropriate Technology to install 11 Mobile Phone Hotspots in Central Australia to improve mobile phone access in remote areas.
- Prepare submission for the second round of the Australian Government's Mobile Phone Blackspot Programme.

### ICT Governance

- Continue to coordinate ICT Governance Board oversight of major agency ICT projects and investment proposals and improve engagement with agencies.
- Publish and promote the ICT Project Management Toolkit to support agencies to manage their ICT projects.

- Work with agencies to continue to improve agency awareness of ICT governance, including the framework and Treasurer's Directions, governance models and the ICT Project Management Toolkit.
- Develop and implement a reporting portal for agencies to provide regular status updates on their major ICT projects and conduct the 2016 survey of agency ICT proposals.
- Incorporate the lessons learned review from the 2015-16 budget development process into ICT governance standard protocols.
- Finalise and implement the ICT Capability Framework to support recruitment and retention of skilled ICT professionals.
- Continue implementation of the ICT Industry Engagement Plan through hosting an information forum with local ICT industry presentations to government. Assist the Ministerial ICT Advisory Council progress round table discussions with industry.

### **ICT Policy**

- Finalise development of an ICT Strategy for government to ensure that the services government delivers will continue to meet the needs of Territorians.
- Develop a Location Intelligence Strategy to provide a framework for the ongoing development of geospatial systems to meet agency, business and community needs.
- Develop an ICT security reporting framework via a Security Information and Event Management (SIEM) system that enables collation and modelling of ICT events.
- Sponsor the 2015 Charles Darwin University ICT Code Fair and enable four masters students to access employment experience on DCIS ICT projects in 2016.
- Work with the Department of Business and the Ministerial ICT Advisory Council to progress research and advice on creating an ICT innovation incubator.
- Maintain the rolling review program of existing ICT policies and standards and continuous examination of an evolving ICT environment, identifying gaps and mitigating associated risks.

### **ICT Services and Projects**

- Deploy Internet Explorer Version 11 across government and work with agencies to implement solutions to any compatibility issues.
- Maintain the southern region ICT Hub in the Greatorex Building during the demolition and fitout works necessary to transform the building into the new Police headquarters for the southern region.
- Continue to work with the Northern Territory Government email archive service provider to improve access to archived emails to mobile devices.
- Undertake industry and agency engagement to inform an updated ICT Services Procurement Strategy.
- Develop a contemporary 'virtual desktop' solution to streamline access to systems and services via multiple device types for the Department of Health's Emergency Department and Operating Theatres.
- Develop a new telephone management system for billing and agency reporting and rationalise PABX hardware to deliver efficiencies.
- Deliver projects to enable mainframe database supported services to be accessed via smartphones and mobile devices, including for Police and the Department of Housing.
- Progress a multi-year project to implement a replacement for the Northern Territory Government's identity and access management system subject to approval of the business case and funding.

### **Records Management**

- Investigate amendments to Part 9 of the *Information Act* to deliver efficiencies and reflect best practice in records management.
- Commence the multi-year Transforming the Northern Territory Government Records Systems Program, including delivering a business case addressing requirements for database transition, system upgrades to enhance functionality and centralisation of system administration and support.

# PROPERTY LEASING SERVICES

*"Provide property leasing services to all agencies through processes, advice, lease negotiations and payments to support agency accommodation requirements."*

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 all-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 Northern Territory communities, on behalf of the Northern Territory Government.

The work units within DCIS that contribute to this output are Property Leasing, Property Management, Leasing Payments, Corporate Systems and Business Services.

Service delivery is provided from offices in Darwin and Alice Springs

Key Performance Indicators	2014-15 Budget	2014-15 Estimate	2014-15 Actual	2015-16 Budget
Property leases	187	189	189	185
Area leased (000 m <sup>2</sup> )	193	205	207	195
Average cost per m <sup>2</sup>	\$410	\$412	\$412	\$426

## Movements between budget and estimate 2014-15

**Area leased:** reflects a temporary increase in leased space during the transition to the Charles Darwin Centre. Some existing leases are being relinquished on expiry.

## Movements between estimate and 2015-16 budget

**Property leases:** reduction is due to expiring leases being relinquished.

**Area leased:** reduction is due to government relinquishing space as some leases expire following move to Charles Darwin Centre.

**Average cost per m<sup>2</sup>:** reflects the anticipated market cost of leased office space in the Northern Territory.

## PERFORMANCE ACHIEVEMENTS IN 2014-15

### Completed

SP	Completed the Alice Springs Accommodation Plan with the refurbishment of Alice Plaza, improving the use, amenity and occupancy density of the building.
SP BP	Completed the procurement action for the new Supreme Court in Alice Springs as part of the Alice Springs Justice Precinct.
SP BP	Provided project oversight on the establishment of the Police Headquarters and Police Station in the Greatorex Building, Alice Springs.
BP	Worked with the Department of Infrastructure to establish an Asbestos Register for leased accommodation, published on the DCIS internet site.
BP	Established a suite for collocating multiple non-government organisations in the Darwin CBD.

### In progress

BP	Monitoring the construction of the new Supreme Court in Alice Springs.
SP	Implementing the multi-year Darwin Leased Office Accommodation Plan.
BP	Developing a customer portal reporting solution for leased accommodation with a pilot scheduled for implementation in 2015-16.

#### FAST FACTS



71

local companies  
contracted to  
support agency  
office space

#### Future Priorities

- Monitor the construction program for the Alice Springs Supreme Court which is due to conclude mid-2016 and transition to an operational facility.
- Continue to implement the Darwin Leased Office Accommodation Plan, including any subsequent additions or amendments to the plan that may arise over time.
- Plan for the deployment of a customer portal to agencies to provide for electronic lodging and tracking of building management issues relating to leased accommodation.
- Procure the next round of all-of-government cleaning services for leased buildings.
- Commence procurement action for the security services panel contract.
- Contribute to planning for the future re-location of NT Fleet to alternate premises.
- Conduct market testing to explore opportunities to establish court facilities in Palmerston.

#### Our Reporting Symbols

GP Government Priority  
 SP Strategic Plan  
 IP Innovation Program  
 BP Business Plan

# ASSET SERVICES

*"Provide asset services through processes, systems, projects and reports that support agencies in effectively managing their infrastructure assets."*

This output is responsible for:

- delivering asset recording and administration services to agencies to provide required asset services information
- developing the new ASNEX solution for managing and recording assets
- supporting and maintaining the systems used to deliver asset services across government
- assisting agencies to meet their business needs relating to asset financial management and reporting.

The work units that contribute to this output are Finance Services, Corporate Systems, Corporate Reporting, Program Management Office and Business Services.

Key Performance Indicators	2014-15 Budget	2014-15 Estimate	2014-15 Actual	2015-16 Budget
Work orders processed	110 000	117 000	112 879	117 000
Reports available	200	220	214	220
Help desk jobs completed within service standards	100%	100%	99.5%	100%

## Movements between estimate and actuals 2014-15

**Work orders processed:** reduction due to transition to the ASNEX Foundation Systems simplifying the work order process, including streamlining to single order processing.

**Reports available:** prioritisation of necessary system changes as part of implementing ASNEX resulted in less reports being available than originally anticipated in 2014-15.

## PERFORMANCE ACHIEVEMENTS IN 2014-15

### Completed

	Successfully delivered ASNEX Foundation Systems as Phase 1 of the multi-year program, providing an interim stabilisation solution to meet government's immediate infrastructure asset management requirements.
	Decommissioned AMS as the production system, retaining 'read only' capability for information searches.
	Reconciled infrastructure asset financial information and established processes to enable ongoing financial reconciliations across agencies.
	Developed ASNEX business case and program plan, which were approved by the program Steering Committee and validated by an independent stage gate review commissioned by the ICT Governance Board.
	Established ASNEX Systems team within the Corporate Systems Division to provide ongoing technical support for the ASNEX system and agency users.
	Developed and promulgated an Asset Financial Management Model to assist agencies in the financial management of their assets. Carriage of the Model transitioned to the Department of Treasury and Finance.

### FAST FACTS



**\$11B**

*in government  
assets managed  
through ASNEX  
Asset System  
supported by DCIS*

### Future Priorities

- Establish a web-based portal to provide a single access point for users of ASNEX.
- Complete and deploy enhanced initial mobile solutions to assist agency asset officers in the field and support the effective management of infrastructure assets.
- Expand roads reporting capability to meet operational, management and compliance requirements.
- Implement an integrated business intelligence and data repository solution that provides a single source of truth and improves reporting capability for infrastructure asset information.
- Participate in the acquisition of an all-of-government Contract Management System that will integrate with infrastructure contract management activities and ASNEX requirements.

#### Our Reporting Symbols

 Government Priority  Strategic Plan  Innovation Program  Business Plan

# OUTPUT GROUP: CORPORATE AND GOVERNANCE

## CORPORATE AND GOVERNANCE

*"Provide effective corporate and governance services to the department and its government business divisions."*

Key Performance Indicators	2014-15 Budget	2014-15 Estimate	2014-15 Actual	2015-16 Budget
Accounts paid within 30 days	95%	95%	95%	95%
Staff performance management plans completed	80%	86%	79%	80%
Tenders issued	18	16	17	14
Business continuity plans in place for key services	100%	100%	100%	100%

### PERFORMANCE ACHIEVEMENTS IN 2014-15

#### Completed

SP	Contributed to developing leadership capability by implementing the DCIS Strengthening our Managers program and developing the DCIS Emerging Leaders development program, scheduled to commence in 2015-16.
SP	Strengthened the department's governance of procurement management by developing standards, templates and workflows to support the implementation of the Northern Territory Government's procurement reforms.
BP	Completed a review of the Accounting and Property Manual to remove shared corporate services specific procedures and provided the manual to agencies as a best practice template.
BP	Reviewed the department's delegation profile and delegations to ensure alignment with the Northern Territory Government's procurement reforms.
SP	Provided input to a review of the Northern Territory Government's procure-to-pay system to improve the payment requisition module.
BP	Completed development of business continuity management plans for key service areas.

#### In progress

IP BP	Contributing to development of the new budget management solution, Feenix, progressed to pre-implementation stage.
BP	Contributing to the project scope and development of the new IBIS corporate billing system to improve and streamline billing to Northern Territory Government entities and provide a simple and efficient dispute resolution process.
BP	Implementing actions in response to staff feedback provided through the NTPS People Matters Survey, including establishing the Staff Consultative Committee.

	Reviewing the Information Management Unit, linked to the Transforming Northern Territory Government Records System program that will deliver centralisation of system administration functions.
 	Developing a draft Workforce Strategy, with consultation and finalisation scheduled for 2015-16.

## Ongoing

	Review and test business continuity plans as part of a rolling program, with a particular focus in 2015-16 to update plans to reflect changed office accommodation.
 	Ensure that early career programs are actively supported through ongoing participation in Traineeship programs, the Graduate program, Indigenous Cadet Support program and Indigenous Employment program.
	Continue to increase Indigenous employment through application of Special Measures, the development of an Indigenous Employment Career Development Strategy, raising awareness through workshops and ongoing cultural competency training for all staff.
	Implement the department's Corporate Capability Plan to ensure the workforce is well positioned to respond to changing business requirements.
	Continue to contribute to the Transforming Northern Territory Government Records System program.
	Continue to monitor and update the agency's Procurement Management Plan.

## Future Priorities

- Support implementation of the Feenix budget management system within DCIS.
- Conduct bi-annual risk assessment process.
- Conduct formal bi-ennial risk assessment workshops for strategic and operational risks.
- Commence a review of the records classifications to ensure consistency across government as part of the Transforming Northern Territory Government Records System program.
- Finalise the DCIS Workforce Strategy.
- Implement the DCIS Indigenous Employment Career Development Strategy.
- Implement a Wellness Program to ensure a focus on health conscious behaviours and habits.
- Implement employment screening processes, as a component of the department's risk management framework, to assist in the assessment of applicants' suitability for employment.
- Support implementation of future Northern Territory Government procurement reforms.
- Review and update the department's Internal Audit Charter to ensure it reflects the role, responsibilities and accountabilities of the internal audit function.
- Review and enhance the DCIS intranet staff site.
- Finalise and implement DCIS' Indigenous Employment Career Development Strategy, with a strong focus on career progression, attracting quality candidates and retaining and developing existing Indigenous staff.

### Our Reporting Symbols

 Government Priority    Strategic Plan    Innovation Program    Business Plan

# GOVERNMENT BUSINESS DIVISIONS

Government Business Divisions (GBDs) operate on a commercial basis, however they remain subject to the financial framework and accountabilities under the Financial Management Act, with the Chief Executive of DCIS accountable to the responsible Minister for financial performance.

GBD activities are required to comply with competitive neutrality principles to ensure privately owned businesses can compete effectively and to minimise commercial advantages accruing as a result of government ownership.

## NT FLEET

*"Provide low-cost, fit-for-purpose vehicles that support agencies' business requirements."*

This business line is responsible for:

- managing the Northern Territory Government vehicle fleet, including light and heavy vehicles and plant and equipment, with the exception of Northern Territory Police, Fire and Emergency Services vehicles
- providing agencies with vehicles that are fit-for-purpose and have a 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 work units that contribute to this business line are NT Fleet, Corporate Systems, Corporate Reporting and Business Services.

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

Key Performance Indicators	2014-15 Budget	2014-15 Estimate	2014-15 Actual	2015-16 Budget
Light vehicles managed	2 800	2 800	2 749	2 800
Light vehicles disposed	700	720	751	780
Heavy vehicles managed	800	800	807	800
Light vehicles meeting fuel and safety standards	96%	100%	97%	100%
Light vehicles managed within vehicle life standards	85%	85%	82%	85%

### Movements between estimate and actuals 2014-15

**Light vehicles disposed:** improved timeliness by client agencies in responding to the fleet vehicle replacement process.

**Light vehicles meeting fuel and safety standards:** 3% of light vehicles did not meet standards due to being purchased prior to the new fleet policy framework taking effect.

**Light vehicles managed within vehicle life standards:** reflects some instances of agencies retaining vehicles longer as a result of lower kilometre usage.

## PERFORMANCE ACHIEVEMENTS IN 2014-15

### Completed

IP	BP	Completed Phase 1 of the Fleet Business System modernisation with implementation of a new web-enabled presentation for some key business processes.
BP		Reviewed and modified NT Fleet organisational structure to deliver efficiencies.
BP		Defined NT Fleet's future operational and accommodation requirements.

### In progress

BP		Further modernisation of the Fleet Business System to provide a web-based presentation across the functions of acquisitions, maintenance and disposals to enhance the user experience, streamline processing and deliver efficiencies.
BP		Developing an appropriate vehicle gifting and loans allocation model, following agency consultation in 2014-15.

**FAST FACTS**



**93%**  
of NT Fleet light vehicles are 4/5 star ANCAP rated

### Future Priorities

- Continue modernisation of the Fleet Business System.
- Design an online vehicle ordering system to include financial, safety and weights information.
- Design and progress an automated online system for short-term vehicle hire.
- Plan for the future re-location of NT Fleet to alternate premises.
- Update the *Vehicle Policy Framework* to reflect appropriate thresholds and take account of changes in the vehicle industry since the framework was developed.
- Continue working with agencies to encourage the introduction of suitable vehicle location capability for non-metropolitan vehicles as a safety measure.

#### Our Reporting Symbols

GP Government Priority
 SP Strategic Plan
 IP Innovation Program
 BP Business Plan

# DATA CENTRE SERVICES

*"Ensure government's critical business systems operate in a computing environment that is flexible, reliable and secure, with high levels of performance and availability."*

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 all-of-government ICT functions, including identity management.

The work units that contribute to this business line are Mainframe Systems, Midrange Systems, Identity Management, Architecture and Security, and Application Services.

Service delivery is provided from offices in Darwin.

Key Performance Indicators	2014-15 Budget	2014-15 Estimate	2014-15 Actual	2015-16 Budget
Monthly cost per million instructions per second (MIPS) <sup>1</sup>		\$1 100	\$1 090	\$1 050
Mainframe computing availability <sup>1</sup>		100%	100%	100%
Virtual server computing availability <sup>1</sup>		100%	100%	100%
Physical servers hosted in data centre	600	551	483	540
Fully managed servers	1 000	1 000	1 037	1 100
Data storage area network (terabytes)	1 900	2 100	2 100	2 400

<sup>1</sup>New measure – established new measures related to business drivers

## Movements between budget and estimate 2014-15

**Physical servers hosted in data centre:** reduction reflects a continuing trend to transition to virtual servers that are fully managed.

## Movements between estimate and actuals 2014-15

**Physical servers hosted in data centre:** reflects continuing trend towards virtual servers.

## Movements between estimate and 2015-16 budget

**Fully managed servers:** increase due to expectation the trend towards full managed servers from physical servers or agency managed servers will continue.

**Data storage area network (terabytes):** increase due to the continued centralisation of data storage systems and natural growth.

Our Reporting Symbols

 Government Priority
  Strategic Plan
  Innovation Program
  Business Plan

## PERFORMANCE ACHIEVEMENTS IN 2014-15

### Completed

BP	Provided input to an independent review of Northern Territory Government options for data centre services.
BP	Delivered a data integration solution to the NTREGO system enabling expanded online vehicle registration and licensing services.
BP	Implemented technology innovations to enhance secure integration of data across a range of ICT systems, including offender management, motor vehicle inspection and accounting transactions.
BP	Provided input to an independent review of enterprise computing technology utilised by the Northern Territory Government, confirming alignment with contemporary industry standards and government's business requirements.
BP	Implemented improved business continuity for medication management software in public hospitals to enhance resiliency of critical systems.
BP	Contributed to planning and analysis of the Northern Territory Government's future identity and access management system requirements.
BP	Re-aligned performance monitoring to standards set through the independent benchmarking review.
SP BP	Replaced remaining water cooled units with air cooled units in the Chan Data Centre to upgrade cooling and improve resiliency.

### In progress

SP BP	Establishing a secondary data centre facility at Millner to provide disaster recovery capability for critical government ICT services and systems.
BP	Replacing the billing system to improve usability of data for clients, with the system scheduled to be implemented in 2015-16.

### Ongoing

BP	Improving services through expanding and enhancing real-time integration of data between business systems through middleware technology.
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#### FAST FACTS

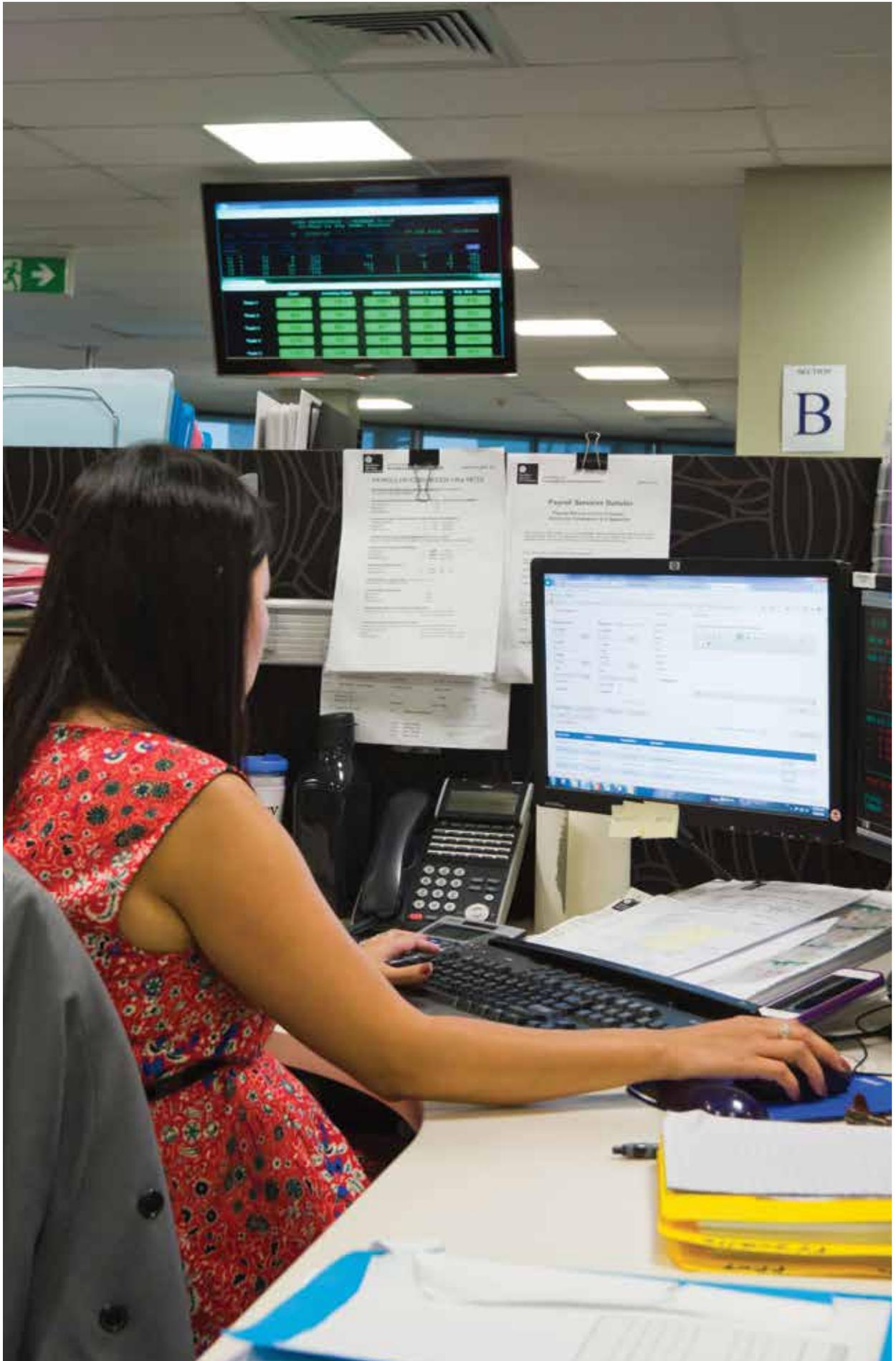


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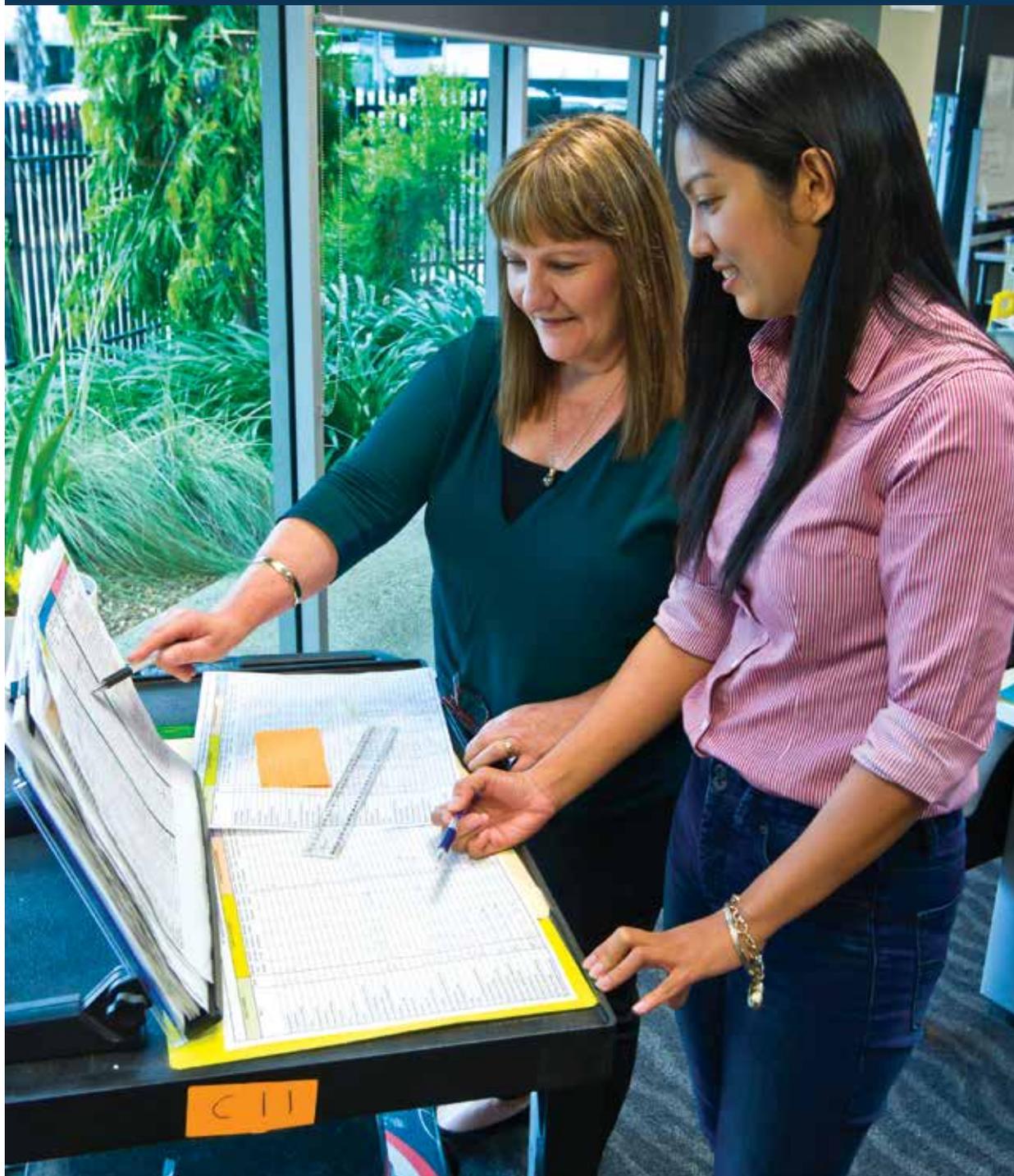
IT business systems across government are supported by DCIS

#### Future Priorities

- Establish secondary data centre facility in 2016-17. Stage 1 of the project will fitout the electrical, mechanical and architectural requirements and stage 2 will stand-up an operational facility.
- Undertake comparative benchmarking of cloud computing solutions to identify opportunities to improve efficiency through use of high security public/private cloud solutions.
- Further refine and redistribute computing workloads to reduce software licensing costs.
- Convert TRIM databases from Oracle to SQL to deliver savings under DCIS' Transforming the NTG Records System Program.
- Transition identity management services and mainframe applications development services to DCIS to align with functional adjustments reflected in 2015-16 Budget.



# CORPORATE GOVERNANCE



# CORPORATE GOVERNANCE FRAMEWORK

The Corporate Governance Framework provides a structure through which the department's activities and actions are designed, directed and controlled. Good governance is fundamental to the department delivering efficient and effective services to its clients in a controlled, professional and accountable manner.

The department's framework is supported by a rigorous and effective governance structure encompassing the department and its government business divisions. Our governance framework guides the actions of individuals by providing clarity and direction about appropriate behaviour and decision-making to foster a 'self-governing' approach.

The corporate governance and accountability framework is presented below in Figure 1.

## CORPORATE GOVERNANCE PRINCIPLES

DCIS is guided by the following key principles when making decisions and taking operational actions:

<b>Leadership</b>	Robust leadership with a clearly defined executive, an active governance committee structure and communication with stakeholders.
<b>Accountability</b>	Appropriate internal controls and corporate policies.
<b>Integrity</b>	Actively promoting honesty and ethical conduct by upholding appropriate standards of behaviour.
<b>Stewardship</b>	Effective stewardship of resources ensuring compliance with legislation, Northern Territory Government policies and internal procedures.
<b>Communication</b>	Clearly articulate 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.
<b>Risk</b>	Applying a detailed risk management framework to identify risks and impacts and determine appropriate risk mitigations.

Figure 1: Corporate governance and accountability framework



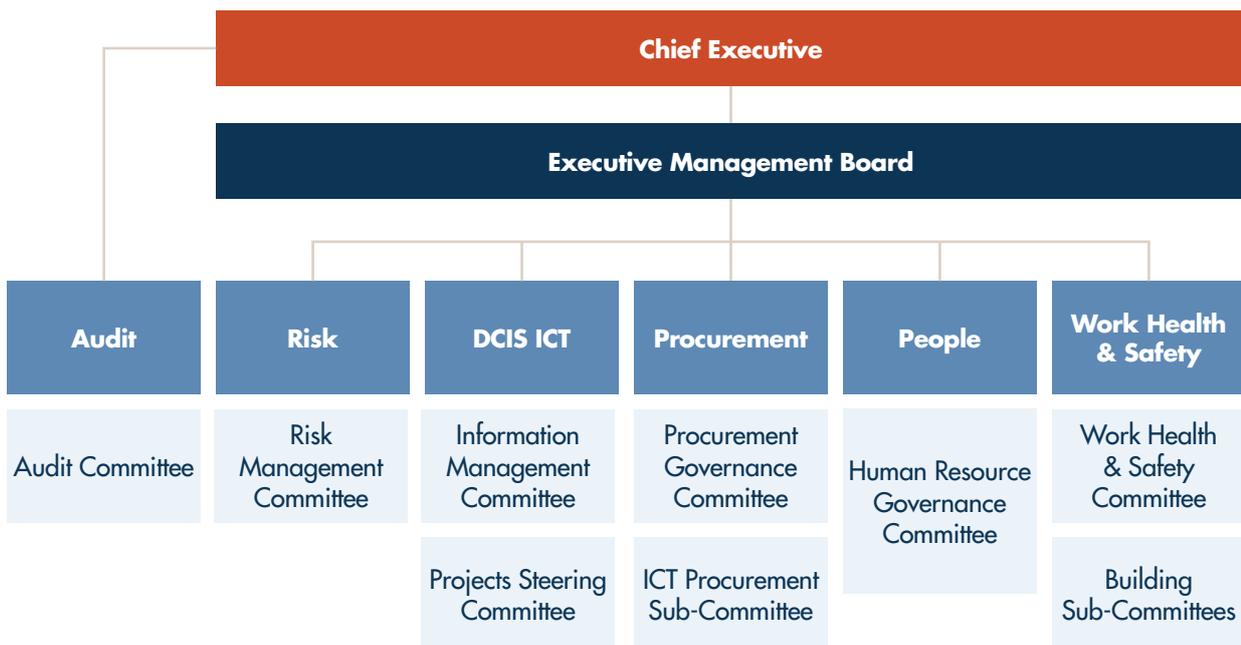
# CORPORATE GOVERNANCE COMMITTEES

The department's governance structure comprises an Executive Management Board (EMB) and supporting committees focussed on key governance elements.

The EMB and committees oversee the allocation 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. The committees report to the EMB, with the exception of the Audit Committee which reports directly to the Chief Executive, as outlined in the diagram below.

A consistent format for each committee's terms of reference was adopted in 2014 to provide a standard approach to outlining purpose, role, scope, membership, meeting frequency and reporting requirements of each committee. The terms of reference were being reviewed at 30 June 2015 to document rotational memberships, ensure they continue to reflect the organisational structure and assist the Chief Executive discharge core accountabilities. The corporate delegations and other internal control mechanisms are updated on a regular basis to ensure relevance and currency.

Each committee's key functions, performance in 2014-15 and membership as at 30 June 2015 are outlined in this section.



## EXECUTIVE MANAGEMENT BOARD

### Role

To provide strategic direction for the department. The board is the senior decision-making group of the department.

### 2014-15 Achievements

- Approved the Agency Procurement Management Plan.
- Approved the DCIS Business Continuity Plan; Emergency Leave Policy; Corporate Capability Plan 2015; DCIS Risk Management Policy; Work Health and Safety Policy.
- Approved the Strategic Risk Register and monitored strategic risks.
- Assigned mentors to support the Graduate Development Program and monitored progress of graduates.
- Supported and monitored the early career programs and agency leadership development programs.
- Endorsed the DCIS response to the People Matters Survey and endorsed the agency action plan.
- Supported leadership programs run by the Office of the Commissioner for Public Employment (OCPE), including Indigenous leadership programs.
- Endorsed the planning process for the Strategic Plan 2016-2018.
- Monitored progress of the suite of quarterly board reports that have strategic oversight including:
  - KPI reports
  - Strategic Plan updates
  - DCIS Business Plan updates
  - Innovation Program updates.
- Endorsed the 2015-16 business plans.
- Reviewed EMB membership and endorsed quarterly rotation membership; ad hoc attendances; rolling presentations and broader engagement throughout the agency to enhance leadership skills and EMB exposure.





## Membership

Kathleen Robinson, **Chief Executive (Chair)**  
 Chris Hosking, **Deputy Chief Executive**  
 Garry Haigh, **Executive Director ICT and Regions**  
 Peta Preo, **Senior Director HR and Business Services**  
 Bronwyn Riedel, **Senior Director Procurement Services**  
 David Bryan, **Senior Director NT Property Management**  
 Paul Gooding, **Senior Director Program Management Office**  
 Garry Russell, **Senior Director Corporate Systems**  
 Doug Cooke, **Senior Director ICT Policy and Governance**  
 Jude Florance, **Director Executive Services (Executive Officer)**  
 Two rotational members

## Key functions

- Review and approve corporate policies to provide a cohesive approach to the delivery of organisational strategies.
- Monitor performance against objectives.
- Provide advice to the Chief Executive and the Executive Leadership Group on organisational performance.
- Consider issues from governance committees to ensure consistency with strategic directions, governance framework and meeting accountabilities.
- Ensure the department has sound resource management practices.

## AUDIT COMMITTEE

### Role

To monitor and oversee audit activities across the department and the GBDs.

### 2014-15 Achievements

- The Northern Territory Auditor-General's Office increased its comprehensive audit program during 2014-15. A summary of the findings for this year's external audits is at Appendix II.
- Endorsed the rolling DCIS Strategic Audit Plan and monitored the status of internal audits and reviews.
- Maintained an active oversight of the implementation of process and control improvements to address audit findings.
- Continued emphasis on monitoring the findings and actions with respect to the IT control environment for key government applications.



### Membership

Tracey Scott, **Assistant Under Treasurer, Department of Treasury and Finance (Chair)**

Monica Birkner, **Executive Director Corporate Services, Department of Infrastructure**

Chris Hosking, **Deputy Chief Executive**

Garry Russell, **Senior Director Corporate Systems**

Bronwyn Riedel, **Senior Director Procurement Services**

Rex Schoolmeester, **Chief Financial Officer (Ex-Officio)**

David Keirs, **Director Governance (Executive Officer)**

### Key functions

- Monitor external audit outcomes and the implementation of audit recommendations.
- Develop internal audit and review programs.
- Review progress and findings of internal audits and process reviews and monitor the implementation of findings.
- Consider the adequacy of the internal control environment, including effectiveness, risks and systems for ensuring compliance.
- Review financial statements for DCIS and GBDs.
- Review audit programs and monitor outcomes for audit requirements specified in the ICT outsourced contracts.

## RISK MANAGEMENT COMMITTEE

### Role

To monitor and oversee risk management activities, including business continuity management, across DCIS and the GBDs.

### 2014-15 Achievements

- Implemented program of risk management actions for 2014-15 year.
- Monitored and reviewed the department's strategic risks for approval by the Executive Management Board.
- Monitored and reviewed business unit operational risks and their identified treatments on an ongoing basis.
- Reviewed and endorsed the Risk Management Policy, updated to capture the role of the Procurement Governance Committee.
- Reviewed and endorsed the DCIS Business Continuity Plan for approval by the Executive Management Board.
- Monitored effectiveness and approved Cyclone and Flood Preparation Plans.
- Implemented rotation of temporary members.

### Membership

Bronwyn Riedel, **Senior Director Procurement Services (Chair)**

Peta Preo, **Senior Director HR and Business Services**

Paul Gooding, **Senior Director Program Management Office**

Dale Howard, **Director Corporate Reporting**

Michael Smid, **Director Finance Services**

David Keirs, **Director Governance**

Scott Thomson, **Director Data Centre Services**

Joanne Vanderpoll, **Governance Officer (Executive Officer)**

### Key functions

- 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.



## HUMAN RESOURCE GOVERNANCE COMMITTEE

### Role

To oversee and advise on human resourcing requirements for the department and the GBDs.

### 2014-15 Achievements

- Implemented rotation of temporary members.
- Endorsed 'request to fill' vacancies and promotion action to ensure that backfilling is essential.
- Monitored redeployees and unattached officers and referred staff for placement against vacancies.
- Monitored and confirmed the FTE figure weekly.
- Implemented and oversighted the Special Measures Policy.
- Oversighted the permanent placement of 46 unattached officers and two redeployees.

### Membership

Peta Preo, **Senior Director HR and Business Services (Chair)**

Garry Haigh, **Executive Director ICT and Regions**

Rex Schoolmeester, **Chief Financial Officer**

Jude Florance, **Director Executive Services**

Sharon Smith, **Director People and Information (Executive Officer)**

### Key functions

- Monitor compliance with government policy on people management and filling of vacancies.
- Endorse all recruitment activity and processes, including fixed term (temporary contracts); higher duties allowance; and job evaluation action.
- Monitor staffing numbers including full time equivalent targets; placement of redeployees and unattached officers; staff transfers.



## PROCUREMENT GOVERNANCE COMMITTEE

### Role

To monitor and oversee procurement planning and activity for the department and the GBDs.

### 2014-15 Achievements

- Increased PGC's membership to include a broader ICT related procurement representation.
- Updated the DCIS Procurement Governance templates and flowcharts.
- Improved procurement practices and quality of procurement documentation across the agency.
- Developed the 2015-16 agency procurement management plan.
- PGC ICT Sub-committee completed procurement of major ICT service contracts in 2014-15. Sub-committee to be reconvened in 2015-16 when next procurement actions commence.
- Oversaw 27 procurement actions resulting in contracts totalling over \$337 million, including major procurements across the following areas:
  - telecommunications services
  - end user computing services
  - ICT specialist services
  - ICT Service Centre
  - Alice Springs Supreme Court building
  - truck acquisitions
  - across government contracts for printing services, hygiene services, stationery and paper, clothing and personal protective equipment, multi-function devices, property valuation services and short-haul air charters.
- Contributed to the review of Northern Territory Government procurement policy.

### Membership

Kathleen Robinson, **Chief Executive (Chair)**  
 Chris Hosking, **Deputy Chief Executive**  
 Garry Haigh, **Executive Director ICT and Regions**  
 Bronwyn Riedel, **Senior Director Procurement Services**  
 David Bryan, **Senior Director NT Property Management**  
 Jude Florance, **Director Executive Services**  
 Ken Conway, **Director IT Service Management**  
 Sam Vulcano, **Chief Procurement Officer (Executive Officer)**

### Key functions

- Provide leadership and direction through sound procurement governance practices.
- Ensure compliance with government procurement legislation and policy.
- Develop the annual procurement plan.
- Review and endorse high risk and/or high volume procurement activities (for tiers 3, 4 and 5).
- Monitor agency procurement performance against key performance indicators.
- Review and endorse requests for a Certificate of Exemption.
- Review procurement activities that have non-standard requirements.

## Role

To provide strategic development and management of ICT for the department and the GBDs.

## 2014-15 Achievements

- Implemented a rolling review of major DCIS system roadmaps.
- Initiated a review of the all-of-government Business Applications Register (BAR) and established a working party to consider enhancements.
- Monitored and contributed to the review of DCIS registrations on the BAR.
- Monitored ICT projects, operations and usage.
- Reviewed business cases for ICT proposals.
- Monitored IT and mobile data usage.
- Considered post implementation reviews and recommendations.
- Monitored ePASS, machinery of government and technology environment changes.

## Membership

Peta Preo, **Senior Director HR and Business Services (Chair)**

Scott Thomson, **Director Data Centre Services**

Paul Gooding, **Senior Director Program Management Office**

Garry Russell, **Senior Director Corporate Systems**

Michael Smid, **Director Finance Services**

Stacey Henderson, **IT Director (ex-officio)**

Kevin Thomas, **Business Programs Analyst (Executive Officer)**

## Key functions

- 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.
- Consider issues that will or are likely to impact the DCIS ICT environment.
- Monitor the implementation of appropriate new technologies.
- Monitor ICT projects and practices to ensure consistency with DCIS' strategic direction and governance framework.

## WORK HEALTH AND SAFETY COMMITTEE

### Role

To provide strategic direction on work health and safety (WHS) for the department and the GBDs.

### 2014-15 Achievements

- Monitored and reviewed the department's compliance with WHS legislation.
- Reviewed and updated WHS policies and processes for the department.
- Reviewed and strengthened reporting of incidents and WHS compliance matters.
- Introduced quarterly Building Chairs Committee meetings.

### Membership

David Bryan, **Senior Director NT Property Management (Chair)**

Ronald Saint, **Regional Manager Shared Services Client Liaison**

Joseph Babbini, **Director NT Fleet**

Dale Howard, **Director Corporate Reporting**

Doug Cooke, **Senior Director ICT Policy and Governance  
People and Development Consultant (Executive Officer)**

### Key functions

- Oversight and provide advice on WHS for the department.
- Develop and implement a WHS governance framework and facilitate strategic workplace health and safety planning.
- Assist in developing and promoting standards, procedures and a positive workplace culture and awareness of WHS.
- Monitor and review the department's performance, risk management and reporting to ensure ongoing compliance with the *Work Health & Safety Act*.



# ALL-OF-GOVERNMENT GOVERNANCE ROLES

## NORTHERN TERRITORY GOVERNMENT ICT GOVERNANCE FRAMEWORK

The framework ensures ICT governance across agencies is planned, with ICT investments and projects managed consistently and supported by appropriate decision-making. The framework improves the alignment of ICT investments with government direction, strengthens oversight of high risk and high value ICT investments and puts in place structures that improve the management of ICT.

The framework was updated in 2014-15 to ensure consistency across the suite of ICT governance documents, including the new ICT series of Treasurer's Directions and policy arrangements. Together, these documents provide an integrated package for the management of ICT across government.

Key elements of the framework include an across government oversight committee structure with senior representation and stringent checks and balances, providing oversight of major ICT investment decisions and management of ICT projects from an all-of-government perspective.

The ICT Governance Board provided oversight of the implementation of the *Northern Territory Government ICT Governance Framework* and addressing the Public Accounts Committee report findings on the *Management of ICT Projects by Agencies*. Most of the report's recommendations have been addressed with remaining actions well in progress or scheduled for 2015-16. The Board maintained a watching brief over 14 major ICT projects identified by agencies in 2014.

The Ministerial ICT Advisory Council was established and met three times in 2014-15.

## MACHINERY OF GOVERNMENT (MOG) CHANGES

When administrative arrangements changes are announced by the Northern Territory Government and formalised in an Administrative Arrangements Order, the composition of government agencies are impacted. MOG changes range from minor to complex and DCIS, as the government's shared service provider, plays a key role in delivering the corporate changes to ensure a smooth transition to new arrangements for affected agencies.

A working committee is held in a 'state of readiness' and is mobilised as required. The committee consists of key staff from the critical service areas within DCIS impacted by MOG changes: HR Systems Support (payroll systems); Finance Systems (ledgers and accounts); ICT Services (resetting IT services); Corporate Reporting (BOXI reports); NT Fleet (vehicle records); Procurement Services (tenders and procurement systems); Finance Services (banking and taxation) and agency representatives from affected agencies.

# ICT GOVERNANCE MODEL – COMMITTEE STRUCTURE



# PLANNING

## CORPORATE STATEMENT

The department's corporate statement outlines our vision, purpose, principles, values and services. Our workforce is critical to achieving these aims and meeting our strategic priorities. The department's Corporate Statement is outlined at page 7.

## STRATEGIC PLAN 2013 – 2015

The Strategic Plan 2013-2015 sets out the department's strategic direction and priorities, including key priorities and deliverables set by the Minister and government.

The strategic plan features key themes of efficiency, innovation and assisting agencies, complementing the Corporate Statement. The plan is deliberately flexible to accommodate new priorities. The plan was reviewed in May 2014 to take account of new programs and functions and additional priorities and initiatives were added, including the strategic priority: *Asset Systems that meet government's needs*. The Executive Management Board receives quarterly reports on progress against the actions and priorities. Status reports are also published on the department's internal web staff site.

Planning has commenced for the development of the Strategic Plan 2016-2018.

Reporting on the department's progress against the strategic plan is detailed in the Achievements section.

## 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 executive contractor performance reviews and 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.

The 2015-16 business plans were endorsed by the Executive Management Board in June 2015, and a whole of department business plan developed to assist the board in monitoring key actions on a quarterly basis.

## PERFORMANCE MEASURES

Key Performance Indicators (KPIs) are reported quarterly to the Executive Management Board. The KPIs are aligned to the Strategic Plan and DCIS Service Statements and reflect performance metrics for each division. During 2014-15, the KPIs have continued to be reviewed and expanded to capture changes in the department's business and ensure the board has a well-defined insight on service performance across the department.

## MANAGING RISK

The Risk Management Committee monitors and oversees risk management activities, including business continuity management. The Committee promotes a risk management culture and provides direction to enable DCIS to proactively manage its risks through structured strategic and operational risk management and well defined processes for project and procurement risks.

A risk management framework consisting of a Risk Management Policy and supplementary procedures provide staff with the information and tools to manage risks on an everyday basis. Business continuity risks are managed through a range of plans to ensure DCIS whole of agency and key services are prepared, can respond and recover services during events affecting continuity of service.

The Executive Management Board monitors the status of risk management through quarterly reports and has members on the Risk Management Committee. The strategic and operational risk registers are accessible online to the Risk Management Committee and relevant staff to manage the department's risks. The department has a broad range of policies, plans and procedures which are reviewed on a regular basis or as required to ensure they provide sufficient guidance to ensure good governance and compliance.

## FUTURE PRIORITIES

- Develop and implement the 2016-2018 Strategic Plan.
- Undertake formal risk workshops as part of the department's two year cycle for operational risks.
- Review existing and develop new DCIS Service Statements and related service standards to inform of new or amended services.
- Continue development and improvement of business continuity management practices across the department.

## COMMUNICATION

*"DCIS focuses on constructive engagement and collaboration with clients to achieve solutions that balance government policy requirements and agency operational needs."*

The department maintains open communication with client agencies and takes a partnership approach to ensure the effective delivery of services.

Ongoing communication at all levels and through many channels is necessary to deliver effective corporate services and maintain our relationships with agencies and industry.

### CLIENT FEEDBACK

DCIS maintains an online feedback system for its clients which can be accessed at:

<http://ntgcentral.nt.gov.au/online-systems/customer-service-feedback>

Comments on good service and areas for improvement can be submitted. The system is monitored, with feedback referred to the relevant service director to address. Timeframes to address comments are specified and this process is monitored.

## EXTERNAL COMMUNICATIONS

External communications include web sites, stakeholder forums related to DCIS procurements, media releases, supporting and engaging with ICT industry and business, and supporting and advertising the government's employment programs. Details of key activities are below:

- Completed Project 13 – the joint program with Telstra to expand telecommunication infrastructure and services in remote NT communities.
- Launched the InvoiceNTG website and mobile app as part of October Business Month.
- Advertised and supported the government's early career programs through:
  - attending multiple Skills, Employment and Careers Expos across the Northern Territory:
    - Jabiru Careers Expo
    - Nhulunbuy Skills Employment and Careers Expo
    - Katherine Skills Employment and Careers Expo
    - Darwin Skills Employment and Careers Expo
    - Tennant Creek Skills Employment and Careers Expo
    - Alice Springs Skills Employment and Careers Expo
    - Palmerston Girls Academy Post School Opportunities Forum
    - NAAJA/Clontarf Careers and Legal Education Day
  - advertising NTG early career programs across various mediums
  - attending schools and the university to promote NTG employment programs:
    - Taminmin College
    - O'Loughlin College
    - Darwin High School
    - Palmerston Senior College
    - Casuarina Senior College
    - Clontarf, Casuarina Senior College
    - Good Shepherd Lutheran College
    - Kormilda College
    - CDU Orientation Day
- Progressed actions for the new Alice Springs Supreme Court building with the signing of a 20 year lease.
- Participated in and supported the Charles Darwin University IT Code Fair.
- Lodged a submission to the Australian Government's Mobile Black Spot Programme.
- Participated in and supported the industry ICT Expo in September 2014.
- Held stakeholder forums with industry bodies for major procurements in the ICT sector and new across government contracts:
  - aviation and travel sector, including airlines, charter operators, travel agents, corporate travel providers and accommodation providers
  - stationery suppliers
  - valuers
  - clothing and personal protective equipment suppliers

- waste management sector
- employee counselling service providers
- ICT sector for network management, WAN, switchboard and ICT specialists.
- Engaged with the local ICT industry to develop the ICT Industry Engagement Plan which incorporates regular forums with the local industry and liaison with the Ministerial ICT Advisory Council.
- Supported and participated in the first ICT industry and government InfoShare Forum in June 2015.
- Managed and updated department websites, providing access to the department's strategic direction, policy and services.

## ALL-OF-GOVERNMENT COMMUNICATIONS

With DCIS' role as the government's corporate services provider, internal communications has an all-of-government focus and is delivered via web sites, guides, forums, reference groups and networks, supplemented with individual meetings on agency-specific issues.

These processes ensure DCIS regularly shares information and seeks advice and feedback from clients.

The key information exchange forums are:

- Agency Heads of Corporate Services Forum – quarterly
- HR Directors Network – six-weekly
- Chief Finance Officers Forum - quarterly
- Finance Managers Forum – quarterly
- Chief Information Officers Forum – quarterly
- Property Leasing Managers Forum – quarterly
- Records Managers Forum - quarterly
- Fleet Managers User Group - quarterly
- System User Groups (eg TRIPS, EIMS, TRIM, ECMS) – bi-annually

Internal communication activities in 2014-15 included:

- Developed and launched the new all-of-government intranet, NTG Central, as a core communication tool for agencies
  - conducted agency information sessions and training sessions
  - established an inter-agency web group for NTG Central.
- Delivered communications plans for across government major DCIS projects and initiatives, including implementation of ASNEX Foundation Systems, new across government contracts and rollout of the mobile device management policy.
- Promoted the new ICT series of Treasurer's Directions.
- Organised graduation ceremonies for trainees and Indigenous Employment Program (IEP) graduates:
  - IEP Entry Level graduation – two ceremonies held
  - IEP Technical graduation
  - trainees graduation
- Coordinated DCIS' nominations for the Chief Minister's Excellence in the Public Sector awards.

## DEPARTMENTAL COMMUNICATIONS

DCIS is an agency with a number of disparate business lines. We are spread across multiple buildings, suburbs and regions. To strengthen and improve internal communications across the department a monthly newsletter, the DCISIntel, was developed with the first publication in December 2014. A staff survey was conducted to name the newsletter and then a poll held to pick the most popular name. The newsletter keeps staff across the department informed through regular articles that include Chief Executive news updates, Executive Management Board meetings, regional activities, social club functions and information of a corporate nature. The newsletter includes a regular feature section on a business unit and a staff profile. Over this reporting period, four new features have been included: health and wellness section, 'selfie corner', cultural calendar and Who am I section.

Other communication activities within the department included:

- Executive Management Board – met monthly with updates provided via the staff site and the DCISIntel
- Executive Leadership Group – met monthly to convey corporate information to the department's senior leadership group, for dissemination to their respective business team meetings
- established the Staff Consultative Committee as a key engagement mechanism to provide more direct input between staff and management.

## FUTURE PRIORITIES

- Develop the DCIS Strategic Plan 2016-2018.
- Review the DCIS client feedback system in light of the new NTG Central site.
- Continue agency Chief Executive engagement program.
- Modernise the staff site.
- Review communication media channels to effectively promote the early careers programs.

# 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*. The department's corporate governance framework and the relevant statutes is promoted to staff in a range of ways including through the department's Orientation and Strengthening Our Managers programs. Information and training on legislative requirements is included in the DCIS Corporate Capability Plan 2015.

## 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.

## INTERNAL CONTROLS

A range of internal controls including delegations, the Accounting and Property Manual, policies, procedures and templates assist the Accountable Officer in the performance of their duties under the various pieces of legislation.

### Delegations

The Chief Executive is the Accountable Officer for the department for the purposes of the *Financial Management Act*, the *Public Sector Employment and Management Act* and the *Procurement Act*. Delegations covering procurement, financial and human resource management activities are reviewed regularly to ensure they meet the department's requirements with amendments in July 2014 and February 2015. 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 Northern Territory Government. All Executive Management Board members, Senior Directors and senior staff complete a 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. A comprehensive review of the Accounting and Property Manual format and content was finalised in July 2014 and approved by the Accountable Officer.

Key changes to the Accounting and Property Manual include the removal of shared services specific procedures; removal of duplicated content located in all-of-government policies; and reducing the number of document specific hyperlinks. The changes have resulted in a streamlined user friendly document, which is easier to maintain.

## 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, appropriate repeatable processes are followed in providing services. Policies and standard operating procedures are regularly reviewed and updated.

### Policies and procedures

In addition to the abovementioned controls, a range of policies, procedures and templates are provided to assist governance committees and employees in areas such as: the management of risks; treatment of gifts and benefits; procurement processes; guarantees and liabilities; fraud control; and human resource management.

All policies, procedures and templates are located on the staff intranet site for easy access by employees. Policies are required to be approved by the Executive Management Board.

The department's gifts and benefits policy will be reviewed in 2015-16 to ensure compliance with the Corporate Tax Policy Advice No.6 and *Fringe Benefits Tax Assessment Act 1986* in relation to the treatment of gifts and benefits received.

## 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 2014-15 the department received 127 Freedom of Information (FOI) applications on behalf of other agencies. There were four FOI requests relating to information held by DCIS and this has been advised to the Information Commissioner.

## OMBUDSMAN ENQUIRIES

In 2014-15, the Ombudsman had two approaches in relation to the department with neither matter resulting in a formal investigation. One of the approaches was recorded as an inquiry and the second was resolved expeditiously after allegations were not substantiated.

## FUTURE PRIORITIES

- Review Payroll and Employment Services standard operating procedures in 2015-16 to ensure they support compliance with overarching legislation and policies.
- Review the department's Gifts and Benefits policy to ensure compliance with the Corporate Tax Policy Advice No.6 and *Fringe Benefits Tax Assessment Act 1986* with respect to gifts and benefits received.
- Review and update the department's Internal Audit Charter to ensure it reflects the role, responsibilities and accountabilities of the internal audit function.
- Commence review of Part 9 of the *Information Act* to identify opportunities for improving the operation of the records management regime.

# INSURANCE ARRANGEMENTS

The department's Risk Management Framework outlines its approach to risk management, which is consistent with AS/NZS ISO 31000:2009 Risk Management: Principles and Guidelines. Risk assessments are undertaken according to a planned cycle of activity and as required to identify risks across service lines and determine suitable mitigation actions.

The Risk Management Committee monitors the management of risks identified across the department and GBDs. Risk assessments have confirmed the department does not require commercial insurance policies and will self-insure its risks meeting the costs as they emerge in accordance with Treasurer's Direction M2.1 – Insurance Arrangements.

The GBDs identify and assess their insurable risks on an annual basis. Strategies have been implemented to help mitigate insurable risks including development of internal procedures and the purchase of commercial insurance policies.

Claims applicable to self-insurance for the department for 2014-15 and 2013-14 are detailed in Appendix III.

## DATA CENTRE SERVICES

In 2014-15, Data Centre Services procured commercial insurance policies for workers' compensation, business insurance and motor vehicles. The total cost of premiums for commercial insurance in 2014-15 was \$38 943, compared with \$55 111 in 2013-14.

The decrease in premiums for 2014-15 resulted from an adjustment to the insured value in 2013-14.

There were no claims against Data Centre Services' insurance policies in 2014-15.

## NT FLEET

In 2014-15, NT Fleet procured 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 2014-15 was \$314 970 compared with \$317 260 in 2013-14.

There were no claims against NT Fleet's insurance policies in 2014-15, as detailed in Appendix III.

## RISK MITIGATION OF INSURABLE RISKS BY CATEGORY AND STRATEGY

### Property and Assets

- The department self-insures property and assets.
- The GBDs have commercial comprehensive insurance policies for motor vehicles.
- NT Fleet insures the fleet for natural disasters and short-term hire.
- 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 and Product Liability

- The department WHS Building Committees conduct risk and hazard identification and accident prevention to eliminate/minimise risks in the workplace. The WHS Building Committees report to the WHS Governance Committee who oversees the department's WHS by monitoring compliance with *the Work Health and Safety Act*.
- GBDs have purchased commercial public liability insurance policies.



### Workers' Compensation

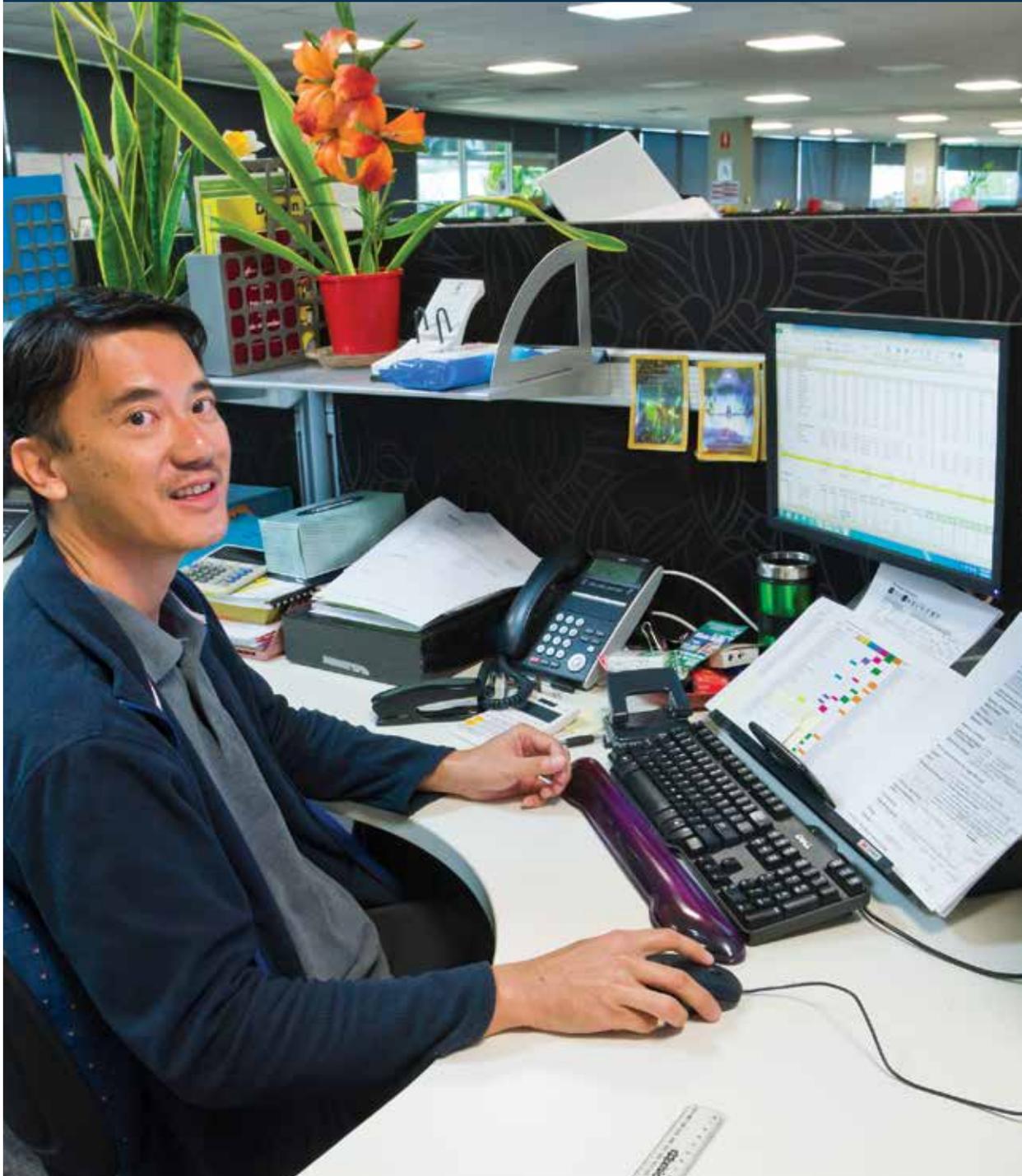
- The department self-insures for workers' compensation.
- The GBDs obtained workers' compensation insurance policies.
- A WHS Management Framework consisting of policies, plans and procedures ensures health and safety is managed in workplaces.
- The department has a WHS Committee reporting to Executive Management Board, with committees for each building.



### 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.

# OUR PEOPLE



# OVERVIEW

*"As part of our strategic objectives, DCIS is committed to building and supporting a workforce that is skilled and capable."*

This section provides a profile of DCIS staff and celebrates staff achievements during 2014-15. Reporting on legislative obligations is also included.

Our people are our most valuable asset; they are responsible for delivering quality services consistently and on time; listening to clients, staff and stakeholders; and working together on solutions that support government and enable agencies to focus on their core business. The DCIS workforce embodies the corporate values of being professional, honest, accountable, and innovative.



## HIGHLIGHTS

Investing in our people has been a key focus over the year with the department initiating a number of new programs to develop and grow emerging talent at the middle management and supervisory level and implementing a Corporate Capability Plan to identify training priorities.

The Strengthening our Managers program, providing interactive sessions across a range of topics has been well received with almost 300 attendances at sessions. The Emerging Leaders program, an intensive program designed specifically for DCIS staff that includes a focus on delivering service excellence and leading high performing teams, will commence in early 2015-16. Both initiatives support a longer-term focus on retaining skilled people and succession management.

Increasing Indigenous employment was also a focus with the development of promotional material to highlight successful Indigenous employees across the department and promote Indigenous employment opportunities.

Over the year, four department projects were recognised for outstanding achievement with nominations to the 2014-15 Chief Ministers Awards for Excellence in the Public Sector:

- Payroll Services – Delivering Quality Customer Services.
- Mainframe Application and Development Services – Delivering Quality Customer Services.
- Transition of Printing Services – Partnering with Local Industry.
- Machinery of Government Change Toolkit – Strengthening Governance and Public Administration.

The drive, talent and commitment of staff were instrumental in the success of these projects.

## PEOPLE MATTERS SURVEY



The People Matters Survey was conducted in late 2014 and was coordinated through the Office of the Commissioner for Public Employment. Overall, DCIS was scored highly and recognised by our staff as an employer of choice. The work done within the agency promoting the corporate values, strategic objectives and how staff contribute to the achievement of these was reflected with high agreement to survey statements regarding individual contributions to achieving agency objectives and the importance of sustaining a high level of public trust. The agency's support of flexible work practices and the efforts to reduce the amount of temporary employment arrangements was also reflected in high scoring questions about work-life balance, working environment and job security.

Lower scoring areas included indications staff would like increased opportunity to contribute to and influence change in the agency. To ensure this can occur, a Staff Consultative Committee has been formed with representation across the agency. This key engagement mechanism is providing more direct input on key issues and increasing the dialogue between staff and management.

In addition, the department was scored in the second quartile for fair and merit-based recruitment and promotion decisions. A summary of the skills, knowledge and experience of the successful applicant is now communicated to all applicants under the new Simplified Recruitment process, assisting to provide open and accountable information about the basis for recruitment decisions. Under the Simplified Recruitment process all panel members will be required to undergo training prior to participating on a panel and this will assist in further equipping panels with the skills and knowledge to undertake robust assessment processes.

The progress of these initiatives will be monitored through quarterly reporting by the Staff Consultative Committee to the Executive Management Board.

While a low incidence of bullying was reported, there is a zero tolerance for bullying within the department and initiatives are being implemented to further reinforce this zero tolerance approach. An Appropriate Workplace Behaviours Program was undertaken in 2014-15 and a Combat Bullying Program will be delivered across DCIS in 2015-16.

## SUPPORTING THE COMMUNITY

Department staff actively support a number of charitable and social events, either through activities coordinated by work units or specific DCIS work sites or by the DCIS social club. DCIS graduates take an active role in the social club as work unit representatives and event organisers.

The events are an important opportunity for staff to gather socially and contribute toward local community events and fundraising appeals.

In 2014-15, DCIS staff raised approximately \$1020 for charity for Australia's Biggest Morning Tea and Daffodil Day. Staff from across DCIS also participated in NAIDOC week, EJ Whitten Golf Day, Henley on Todd, Jeans for Genes Day, RSPCA Cupcake Day, Harmony Day, Black Friday and the NTPS Charity Golf Day.

The active Social Club committee works hard throughout the year organising raffles and events to self-fund DCIS and children's Christmas parties.

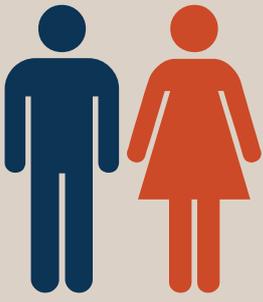
# STAFF SNAPSHOT

At 30 June 2015, a total of 601 full-time equivalent (FTE) staff were employed with actual staffing (headcount) of 671. The difference in figures reflects a strong uptake of flexible work practices including part-time work, accessing leave at half pay and employment programs where work is balanced with study commitments. Workforce demographic data is presented as headcount to ensure an accurate reflection of the current workforce.

Unless otherwise indicated, staffing figures in this report refer to staff across DCIS and the GBDs.

	DCIS		NTPS Comparison
	Number	%	
<b>Staff Numbers (FTE)</b>			
Staff as at 30 June 2015	601	-	3%
Trainees <sup>1</sup>	14.4	2.3%	0.8%
<b>Demographics (Headcount)</b>			
Part Time Staff	39	6.4%	2.1%
Male:Female ratio	229:442	34:66%	38:62%
Male:Female senior management ratio <sup>2</sup>	25:16	61:39%	54:46%
Average Age	41		42
Indigenous Staff	58	8.6%	7.8%
Staff with a disability	12	2%	1%
<b>Turnover</b>			
Commencements	82	12.2 %	34.9%
Separations (resignations)	74	11.0%	28.7%
Staff Turnover rate <sup>3</sup>		21.9%	33.3%

**FAST FACT**



**34:66%**  
DCIS workforce  
male to female ratio

<sup>1</sup> Includes Graduates and Indigenous Cadets

<sup>2</sup> Includes ECOs and SAO2s

<sup>3</sup> Includes separations; and movements between agencies

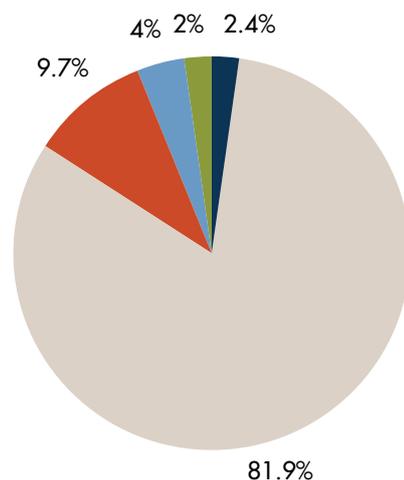
## STAFF BY EMPLOYMENT TYPES (HEADCOUNT)

The below figures demonstrate the distribution of staff across trainee, physical, technical, administrative and executive employment types at 30 June 2015.

Figure 2 Staff by employment type

	Headcount	%
Trainee	16	2.4%
Administrative	549	81.9%
Senior Administrative	65	9.7%
Executive	27	4%
Technical	14	2%
<b>Total</b>	<b>671</b>	

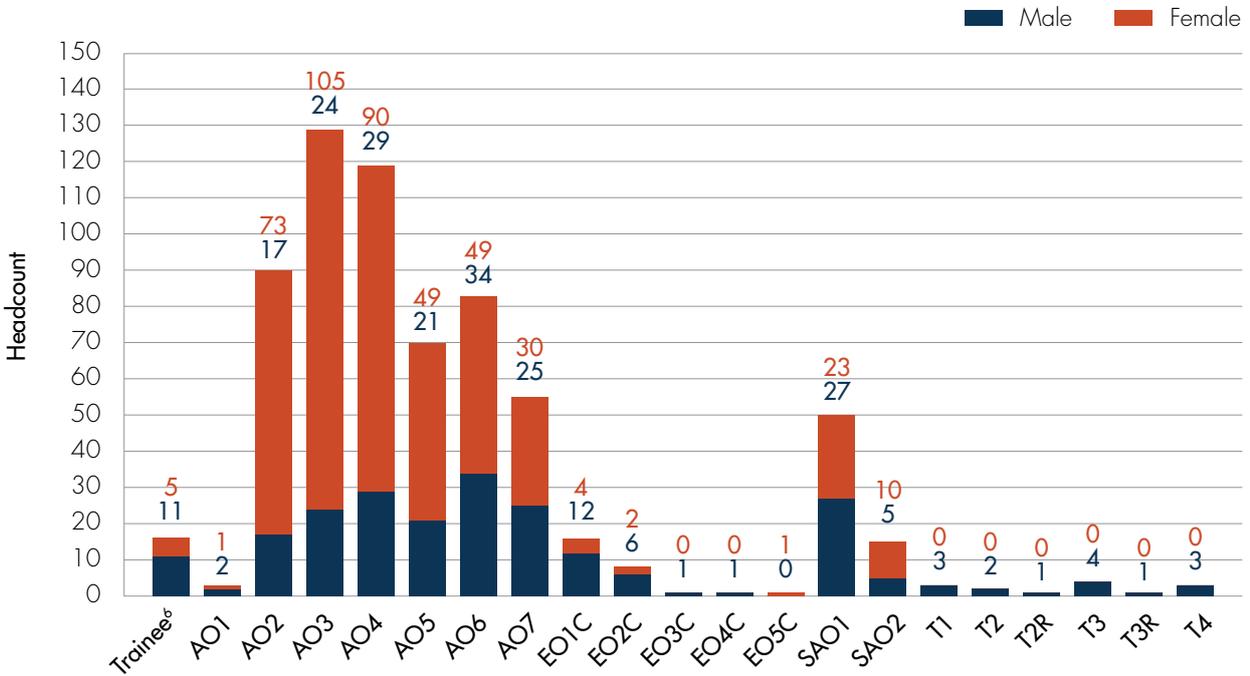
Figure 3 Staff by employment type



## GENDER AND LEVEL

Figure 4 identifies staff by gender for each classification level. Staff numbers are larger in the AO2, AO3 and AO4 levels, which reflects DCIS' core processing role. Females occupy the majority of DCIS' administrative officer (AO) positions.

Figure 4: Employment by gender and level



<sup>6</sup> Includes Graduates, Indigenous Cadets and Trainees

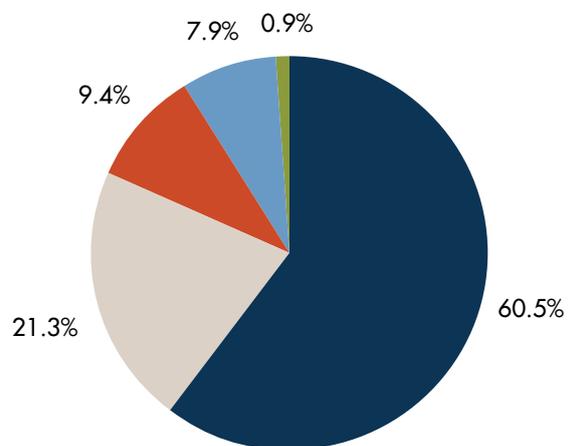
## YEARS OF SERVICE

The below figures illustrate staff years of service at 30 June 2015 according to the milestone groups and gender; almost 40% of DCIS staff have completed 10 or more years of service within the Northern Territory Public Sector (NTPS) and 18% of DCIS staff have completed over 20 years of service within the NTPS.

Figure 5: Years of service by gender

	Female	Male	Total	%
<10 Years	277	129	406	60.5%
10-19 Years	81	62	143	21.3%
20-29 Years	45	18	63	9.4%
30-39 Years	35	18	53	7.9%
>40 Years	4	2	6	0.9%
Total	442	229	671	
%	66%	34%		

Figure 6: years of service by percentage against milestone groups.



# BUILDING CAPABILITIES OF OUR PEOPLE

*"Preparing for future workforce needs through commitment to apprentices, graduates and staff training at all levels is a strategic priority action."*

The department is focused on building a skilled and capable workforce by providing personal development and training programs and opportunities, developing leadership capability and preparing for future workforce needs through commitment to early career programs.

## DCIS LEADERSHIP PROGRAMS

Developing leadership capability and nurturing potential leaders is a strategic priority action.

### Exceeding Expectations

*"To deliver exceptional service we must exceed expectations."*

A twelve-month executive leadership program called e<sup>2</sup> Exceeding Expectations was initiated for staff at the senior executive and senior management levels. The program was specifically designed to suit the culture and business of DCIS, linked to the Strategic Plan and the already established DCIS Innovation Program.

The program leveraged the NTPS Capability and Leadership Framework. Exceeding Expectations incorporated a rolling program of leadership forums which expanded to the broader leadership group and included master classes and presentations from local and national leaders along with a major team-based project.

Of the 31 participants, 29 completed the e<sup>2</sup> program and group projects are being implemented across the department to further enhance service delivery to clients.

### Strengthening our Managers Program

The department initiated a new Strengthening our Managers program in 2014-15 to develop and grow emerging talent at the supervisory and middle management levels across DCIS and support succession management more broadly. The program is open to all staff and provided free. This is a multi-faceted program that includes online 'how to' resources, a rolling program of workshops and complements the Emerging Leaders development program. The Strengthening our Managers program comprises a range of interactive sessions on:

- managing employee performance
- appropriate workplace behaviour
- inability and discipline
- governance and risk management basics.

Over the reporting period, there were 295 attendances at program sessions.

### Emerging Leaders Program

The department also developed a new Emerging Leaders program, scheduled to commence in early 2015-16 with 25 participants, with a further intake of 25 participants to occur later in the year. The Emerging Leaders program, developed specifically for DCIS staff, will cover topics including: understanding self and others; leading teams and high performance; delivering service excellence; future proofing teams, budget management and delegations.



## OTHER LEADERSHIP PROGRAMS

### Office of the Commissioner for Public Employment (OCPE) Leadership Programs

DCIS staff accessed the following professional leadership programs through OCPE during 2014-15:

- Public Sector Management Program – two employees
- Executive Leadership program – one employee
- Discovery Women in Leadership program – one employee
- Lookrukin – Women’s Indigenous Leadership program – three employees
- 2014-15 Future Leaders Program – one employee.

### Future Leaders Network

In 2014-15, the Northern Territory Government launched a new initiative to attract and retain talented young people in the Northern Territory Public Sector. The Future Leaders Network will cover a range of topics including self-management, leading others, delivering effective services and budget management. The program is targeted at NTPS employees who are under 30 years of age with an outstanding work history, are recognised as potential future leaders and have at least two years of service in government.

DCIS had four outstanding staff members accepted onto the program, with two from Darwin and two from Alice Springs. This will contribute to the agency’s overall commitment to leadership development and succession management.

### Women in Leadership

DCIS actively supports female staff to participate in leadership programs. When assessing nominations female nominees meeting the criteria are given preference in the assessment process. Leadership and development programs attended by female staff in 2014-15 included:

- e<sup>2</sup> Leadership Program
- DCIS Strengthening our Managers program
- Future Leaders program
- Public Sector Management program
- Discovery for Women program
- Lookrukin – Women’s Indigenous Leadership program
- Machinery of Government program.

The department also encourages informal mentoring and coaching to support women progress to senior management positions.

## TRAINING AND DEVELOPMENT

The department invested \$572 595 on training and development for its employees, additional to the entry level programs in 2014-15. This represents \$953 per Full-Time Employee and includes study assistance, short course training and leadership programs.

DCIS has implemented a Corporate Capability Plan that identifies training priorities in response to strategic issues, learning needs identified through the MyPlan process and strategic planning priorities. Outcomes against the plan are reported quarterly to Executive Management Board.

The department implemented a rolling program of Cultural Competency Training to focus on Indigenous culture and history so there is a shared understanding across cultures. In 2014-15, 40 sessions were conducted with 498 staff members, achieving a 75% participation rate. Planned training programs scheduled for early 2015-16 are expected to increase the percentage of staff trained to the target level of 90%.

In 2014-15, significant training was undertaken to ensure selection panel members met the training requirements under the NTPS Simplified Recruitment initiative.

Additional internal training and development opportunities provided include:

- Orientation Program
- Payroll School
- Verbal Judo (an advanced customer service program)
- Merit Selection training
- Simplified Recruitment training
- Special Measures information sessions
- human resources/industrial relations practitioner workshops
- workshops for improving writing skills.



Other training provided to employees through external providers included:

- tertiary studies including VET certificates, diplomas and Bachelor degrees
- safety training, such as first aid, OH&S and fire warden training
- project management training
- training in the suite of Microsoft Office products
- Certified Practising Accountants program
- specialist conferences, including the Certified Practising Accountants Congress and Institute of Public Administration Australia conference.

The department supported twelve staff to participate in OCPE leadership development programs, with eight staff commencing in this reporting period.

In 2015-16, the department will continue to focus on leadership training through its Emerging Leaders Program with one program to commence with 25 participants. There will also be an increased focus on developing the department's Indigenous workforce through the DCIS's Indigenous Employment and Career Development Strategy to be implemented in 2015-16.

### **MyPlan Performance Management Framework**

The department applies the MyPlan employee performance management and development process to support employee development and build a skilled and capable workforce.

The MyPlan process is linked to business planning and the department's Innovation Program and is a requirement under the *Public Sector Employment and Management Act*. Under MyPlans, roles and tasks are confirmed, performance is reviewed and assessed and opportunities identified to advance learning and career development. MyPlans are undertaken in addition to regular performance feedback.

The department requires all staff to complete a MyPlan. In 2014-15, 531 MyPlans were completed, representing a completion rate of 79%. Reports are provided to the Executive Management Board on progress and completion rates.

# RECRUITING AND RETAINING SKILLED PEOPLE

## PARTICIPATION IN EMPLOYMENT PROGRAMS

The department is committed to supporting entry level employment programs to meet current and future needs, including the Graduate Program, NTPS Traineeship Program, Indigenous Traineeship Program, Indigenous Cadetship Support Program, Vacation Employment Program, and the Indigenous Employment Program. Regular reporting of participation rates and employment outcomes achieved through these programs is provided to the Executive Management Board.

In 2015-16, DCIS will expand participation in the Indigenous Cadetship Support Program. An increased focus will be placed on building partnerships with Charles Darwin University and the Batchelor Institute of Indigenous Tertiary Education to identify suitable candidates and promote the program.

### Graduate Development Program

The DCIS Graduate Development Program is a two year program which employs university graduates from a variety of disciplines, including information technology, business management and accounting. DCIS employs a minimum of four graduates each year under this program.

Graduates undertake four rotations to different business units on a six-monthly basis to ensure the graduate is exposed to different experiences and challenges. The program also includes participation in the Department of Treasury and Finance's Finance Officer in Training (FOIT) workshops.

Each graduate is mentored by a senior staff member to provide support and guidance to manage their own learning and career development. Graduates are also encouraged to participate in the DCIS Social Club committee which helps to build teamwork and allows them to network across the department.

Over the reporting period, three new graduates commenced and two graduates from the 2013 intake successfully completed their program. As at 30 June 2015, the department had five graduates, with one due to complete the program in January 2016. One graduate gained permanent employment within the department and one was offered a six month fixed term contract and subsequently won a permanent position with another agency.

### Traineeship Program

DCIS employs a minimum of 12 trainees each year, across the general, Indigenous and school-based traineeship schemes. Support and guidance is provided to the trainees and apprentices by the People and Development Unit with regular monitoring, discussions in work units and reporting to the Executive Management Board. Workplace buddying arrangements and networking are encouraged to assist trainees to get the most value from their experience at DCIS.

Over the reporting period 16 trainees were employed, working across the department in the areas of business, finance, information technology, banking and fleet:

- four full-time trainees completed the program, with one trainee resigning during the year
- one former trainee gained permanent employment within DCIS
- one former trainee gained permanent employment in another agency
- 81% of trainees are Indigenous.

As at 30 June 2015, 11 trainees were participating in the program.

DCIS will continue to focus on maximising development and employment opportunities through the Indigenous Traineeship Program.



### FAST FACTS



**100%**  
of Indigenous  
Employee  
Program  
participants  
graduated



### Indigenous Employment Program

Improving Indigenous employment outcomes is a key focus. The department actively seeks ways to increase Indigenous employment by supporting the Indigenous Employment Program (IEP).

In 2014-15, DCIS supported 14 IEP participants over two program intakes:

- seven participants commenced the Certificate II in Business Administration program in February 2015
- seven participants completed their program and commenced employment with the department.
- three new participants are due to commence the next Certificate II in Business Administration program in July 2015.

# WORKFORCE DIVERSITY AND EQUAL EMPLOYMENT OPPORTUNITY

## *Increasing Indigenous participation in the DCIS workforce is a strategic priority action.*

DCIS celebrates the diversity of its staff and treats everyone equitably. All employees are afforded the same rights and have the same obligations - men, women, Indigenous Australians, people with a disability, mature aged people, young people and people from culturally diverse backgrounds.

At 30 June 2015, 83% of DCIS employees had recorded their equal employment opportunity (EEO) details in the personnel system; 15% had elected not to disclose the information and 2% had not entered any details. The table below outlines DCIS' EEO profile at 30 June 2015. DCIS is generally trending slightly higher than the Northern Territory Public Sector (NTPS) and in 2015-16 our focus will be to continue to ensure diversity of our workforce.

	Male	Female	Total	% of DCIS employees	NTPS Comparison
Aboriginal and Torres Strait Islanders	15	43	58	8.6%	7.8%
Non-English speaking background	17	37	54	8.6%	9.1%
People with a disability	2	10	12	1.9%	1%

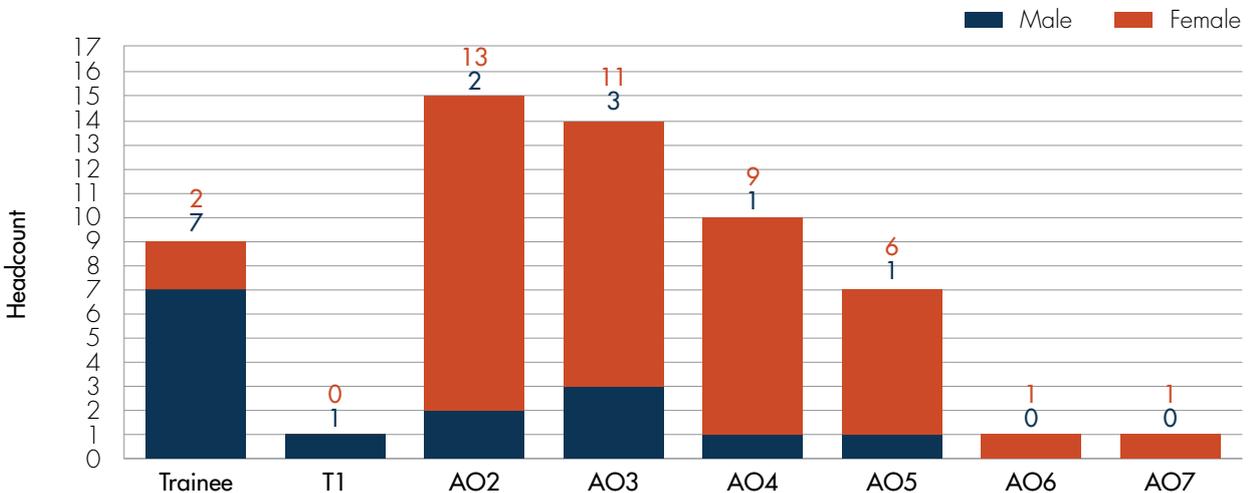
## INDIGENOUS EMPLOYMENT

The department is increasing the focus on Indigenous employment in line with the NTPS Indigenous Employment and Career Development Strategy (IECDS). Work has been undertaken in 2014-15 to develop a DCIS Indigenous Employment and Career Development Strategy in consultation with our Indigenous staff. The strategy will be provided to Executive Management Board for approval in early 2015-16.

DCIS actively promotes employment programs to agencies to increase Indigenous workforce participation and manages the Indigenous Employment and Indigenous Traineeship programs on behalf of all agencies.

The following graph provides a snapshot of Indigenous employees in DCIS as at 30 June 2015.

Figure 7 - Indigenous employment by gender and level



## AVERAGE AGE

The average age of DCIS staff is 41 years. The age and gender of staff are shown below.

Figure 8 Staff by age and gender

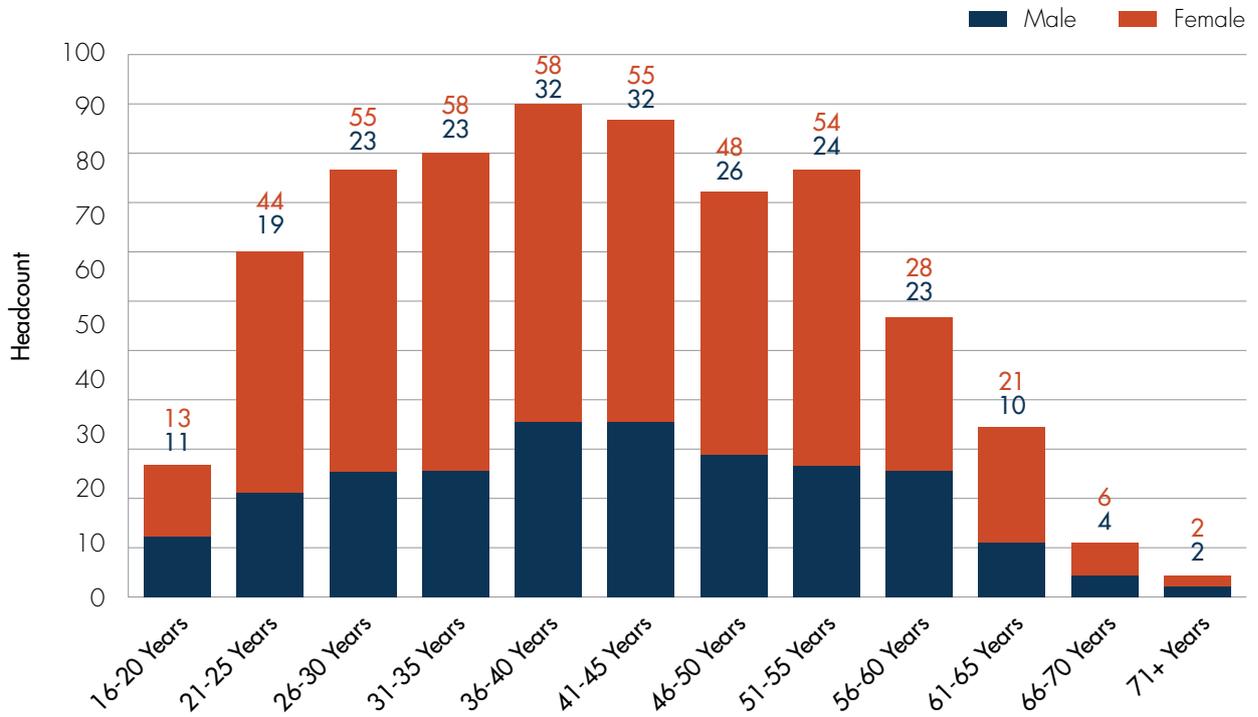
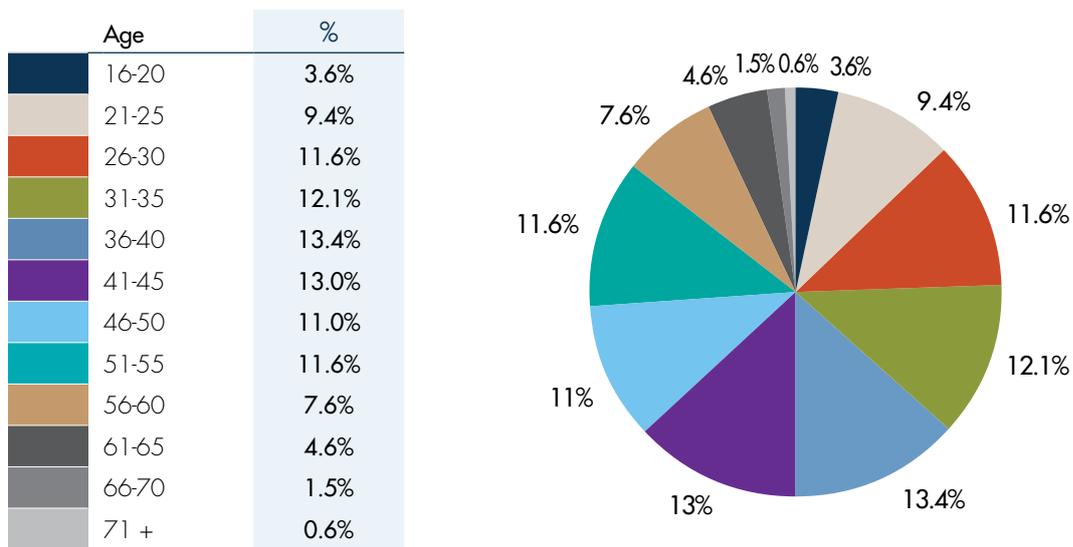


Figure 9: Age profile by percentage



Some key actions undertaken in 2014-15 include:

- continuing the DCIS Cultural Competency Training program, with planned training programs scheduled for early 2015-16 expected to increase the percentage of staff trained to the target level of 90%
- ongoing commitment to provide at least three employment opportunities annually under the NTPS Indigenous Employment Program
- advertising vacancies in DCIS (over six months and ongoing) under the NTPS Special Measures requirements to preference Indigenous applicants
- conducting information sessions so staff are aware of the Special Measures provisions and what is required in the recruitment process
- producing a video to highlight successful Indigenous staff in DCIS and their employment journey to promote Indigenous employment and development pathways within the department
- highlighting the focus on Indigenous employment in the DCIS orientation program
- setting clear expectations and monitoring Indigenous employment results through strategic and business plan reporting
- ensuring Indigenous staff representation on the Staff Consultative Committee
- supporting three participants on the Lookrukin Indigenous Women's Leadership Program
- commencing development of a DCIS Indigenous Employment and Career Development Strategy in consultation with Indigenous staff
- undertaking MyPlan performance management and development discussions with staff
- celebrating NAIDOC week.

### Special Measures

The Commissioner for Public Employment approved the DCIS Special Measures plan in November 2014. The plan was implemented in response to the Chief Minister's initiative to increase Indigenous employment in the NTPS. Under this Plan, Aboriginal and Torres Strait Islander (ATSI) applicants receive preferential treatment when they apply for vacancies for a period longer than six months. Implementation of Special Measures was supported by a series of information sessions across the department.

# SUPPORTING OUR PEOPLE

*"Success is achieved through our people."*

This section outlines corporate initiatives that have supported and developed our staff over 2014-15.

## Orientation Program

An Orientation Program is conducted for new staff to introduce them to working in DCIS. The program provides new employees with the standards and code of behaviour required of staff working in the department and the Northern Territory Public Sector (NTPS). An insight is provided into the business of the department, its core functions, systems and processes, as well as the department's principles, values, and priorities as outlined in the DCIS corporate statement and strategic plan. In 2014-15 three orientation programs were conducted with 51 participants.

## Succession Planning

DCIS takes a proactive approach to succession planning, with all business units required to identify succession planning actions in divisional business plans and individual performance agreements, which are subject to monitoring and reporting. The Strengthening our Managers, Emerging Leaders and Making Time to Succeed programs were key succession and talent management initiatives implemented across the department in 2014-15. In addition, the department supported a number of employees to participate in development and leadership programs sponsored by the Office of the Commissioner for Public Employment.

## Senior Administrative Officer Progression

In accordance with the Northern Territory Public Sector 2013-2017 Enterprise Agreement, annual pay progression for Senior Administrative Officers is based on performance. Officers employed in a senior classification (SAO1 and SAO2) are eligible to apply for pay progression after 12 months.

Applications for pay progression must demonstrate sustained superior performance against the performance criteria. This process is tied to performance targets agreed upon through the annual MyPlan performance review process.

In 2014-15, of the 64 Senior Administrative Officers within DCIS, 15 officers, or 23%, applied for pay progression and all 15 applications were approved on the basis of demonstrated superior performance in their roles.

## Change Management

The department experienced minimal change during 2014-15 with minor structural re-alignment to accommodate the focus on all-of-government ICT governance.

During this period the department established a Staff Consultative Committee. The committee provides input to change management and policy development that impact employees. The department values staff input and this committee provides a mechanism for two way communication. The first meeting was held in 2015, with 10 staff representatives from across the department attending.

## Human Resource Governance Committee

The department's Human Resource Governance Committee (HRGC) monitors staffing, including FTE targets; staff transfers; and redeployee, supernumery and unattached officer numbers. Redeployees, supernumery and unattached officers are given priority consideration before the committee approves advertising of positions. In 2014-15, the HRGC committee expanded its role to include oversight of the department's Special Measures Plan to enable suitable Indigenous applicants to be given priority consideration for DCIS advertised vacancies. The role and achievements of HRGC are reported in the Corporate Governance section.

# HEALTH AND WELLBEING

## WORK HEALTH AND SAFETY FRAMEWORK

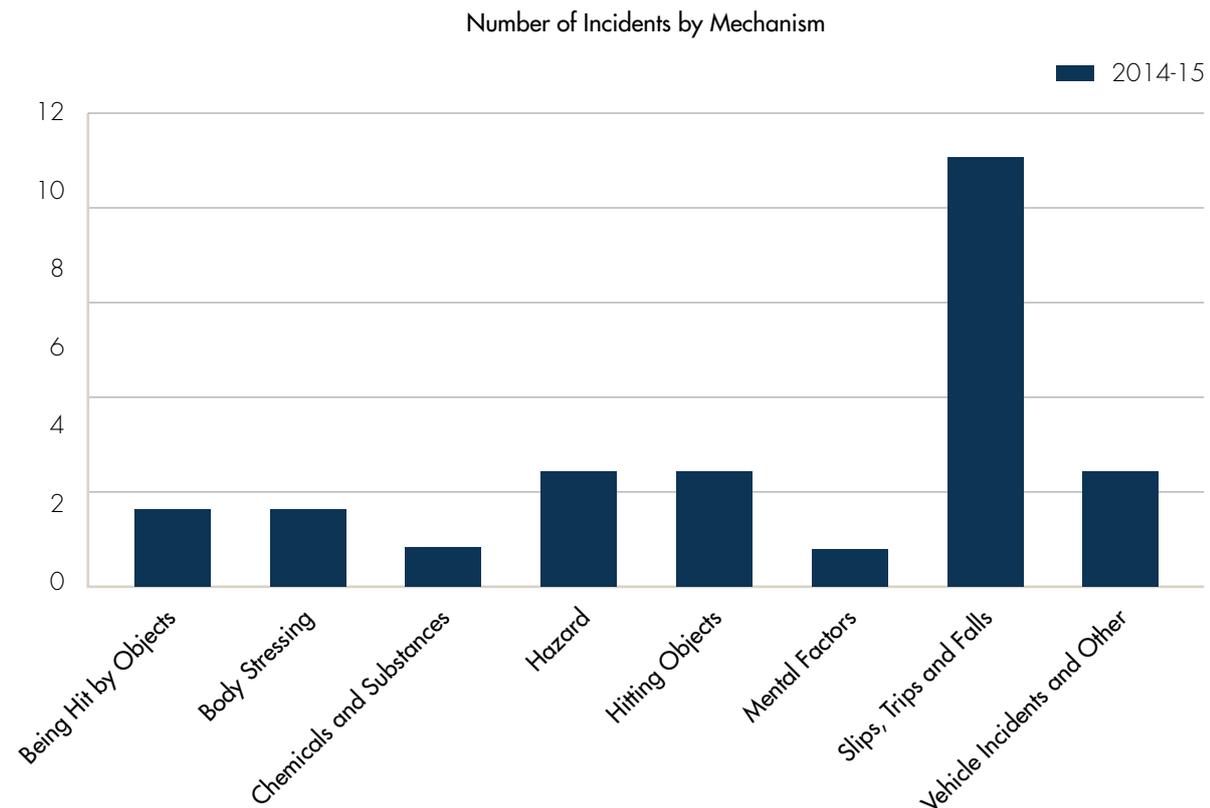
DCIS has a Work Health and Safety (WHS) Committee, as well as two regional and eight WHS Building Committees. The building committee chairpersons meet quarterly with the Committee chair to address topical WHS information and issues.

Information for staff on a range of WHS matters is provided via the DCIS staff site, including the management framework, committees, roles and responsibilities, first aid and fire wardens, and WHS policies and practices. In addition, WHS information is provided to staff through the DCIS orientation program.

All buildings have trained fire wardens and first aid officers. Most areas of the department comply with WHS requirements, with some areas needing longer-term assessment of their implementation to achieve full compliance with the WHS induction process. This will be assessed in the next gap analysis.

In 2014-15, 26 WHS incidents were reported (compared to 32 incidents in 2013-14), which resulted in three workers compensation claims. By 30 June 2015, two of the claims had closed while one remained open.

Figure 10: Incident by category



## HEALTH AND WELLBEING PROGRAM

The department is developing a health and wellbeing program. DCIS continues to support flexible working arrangements and a healthy work-life balance for staff.

In 2014-15, DCIS approved eight employees to work remotely, providing flexibility to the employee while ensuring the department benefits from retention of highly skilled employees.

A range of flexible work arrangements were supported in 2014-15:

	Number	%
Flexible working hours	29	4.8%
Parttime work arrangement	40	6.6%
Home-based work	8	1.3%
Recreation leave at half pay	68	11.3%
Maternity leave	64	9.5%

The flu vaccination program continues to be offered to employees in the workplace. In 2014-15, 231 departmental staff, or 34%, participated in the program.

### Global Corporate Challenge

As part of promoting a healthy work environment, DCIS has 15 teams participating in the Global Corporate Challenge (GCC) which commenced in May 2015. The GCC lasts for 100 days and helps to create a culture of health, encompassing physical activity, nutrition and sleep. A total of 105 staff are participating in the event where the goal is to improve levels of fitness of the individual and to raise overall awareness of health and wellbeing matters.

## COMPLAINT RESOLUTION PROCESS

The department's internal complaint resolution procedure deals with matters fairly, promptly and confidentially. Three internal complaints were received during 2014-15 and all were resolved with no further action required.

The process seeks to address complaints with the assistance of the People and Development Unit to provide a resolution without formal action being required, such as the Chief Executive's determination or a decision by the Commissioner for Public Employment in relation to formal grievance action under the *Public Sector Employment and Management Act*.

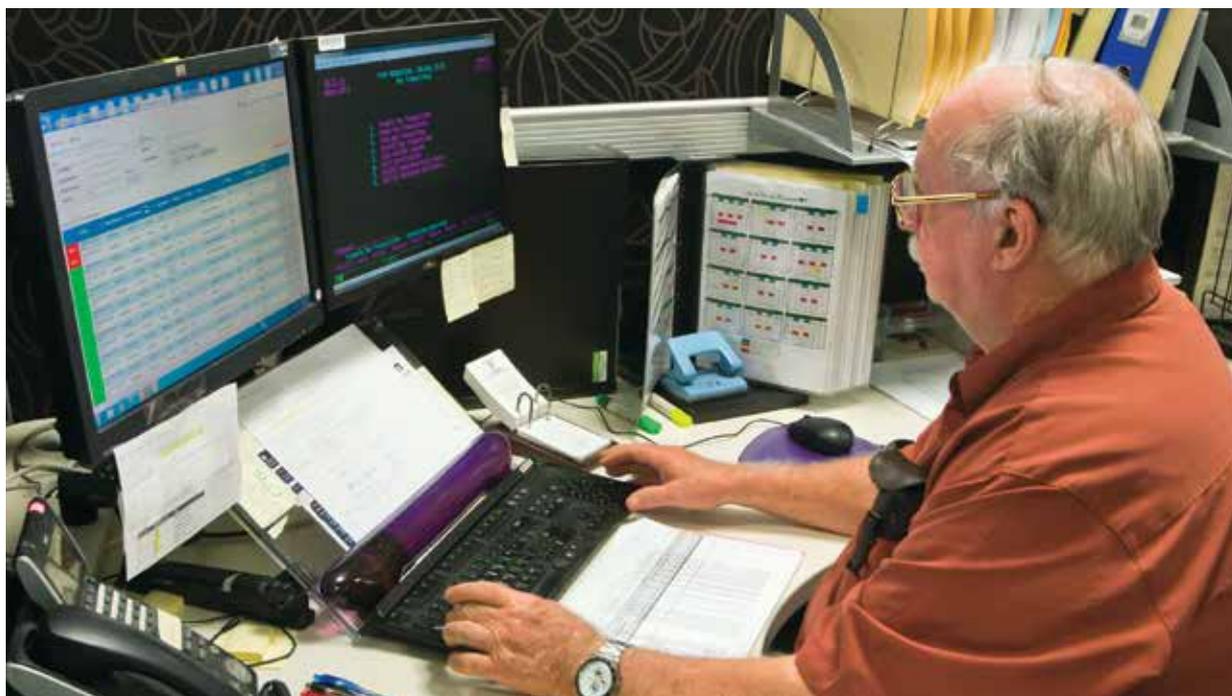
## EMPLOYEE ASSISTANCE PROGRAM

The Northern Territory Government provides employees with access to professional psychologists and counsellors through a confidential service to address work, personal or family matters. Services include professional counselling, training and development workshops, management planning sessions, mediation, career counselling and management coaching. This service is regularly promoted to staff and identified in the DCIS orientation program.

In 2014-15, 150 staff accessed the services of the Employee Assistance Program providers; which was used over 300 times.

# FUTURE PRIORITIES

- Following the finalisation of the DCIS Strategic Plan for 2015-18, update and align the DCIS Workforce Plan for implementation.
- Finalise and implement the DCIS Indigenous Employment and Career Development Strategy (IECDS).
- Address issues identified in the NTPS People Matters Survey conducted in 2014-15.
- Deliver the DCIS Emerging Leaders Program.
- Implement Leadership Development Programs for the next level of managers.
- Continue to expand the DCIS Strengthening our Managers Program.
- Review the Orientation Program and explore future provision through a mixed mode, including online options.
- Continue to grow and develop our Indigenous workforce in line with commitments and actions within the agency's Indigenous Employment and Career Development Strategy.
- Deliver the Combat Bullying Program throughout the agency.
- Implement the Health and Wellbeing Program initiatives.
- Continue with the existing Adopt-a-School Program with Palmerston Senior College and look for opportunities to expand current engagement methods.
- Expand on the current partnership with the Clontarf Foundation to engage Indigenous school-leavers and provide information on career pathway options available within DCIS.



# 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 below.

### Employment Instruction and annual reporting requirements Agency actions

#### Number 1 – Filling Vacancies

Internal procedures on recruitment and selection.

Information sessions were provided to managers and staff about the NTPS Simplified Recruitment selection processes that came into effect across the sector. Information sessions were also conducted to explain the Special Measures provisions and focus on Indigenous applicants during the recruitment process.

- 192 vacancies advertised
- 82 staff commenced
- 74 separations processed
- three appeals were lodged and all decisions were affirmed.

#### Number 2 – Probation

Probationary process for the agency.

Managers and new employees are informed about the probation processes. Some employees were either extended or terminated in accordance with the probation process.

Six month probation reports:

- 41 employees were confirmed
- five employees were extended
- three employees resigned.

12 month probation reports:

- six probation reports were carried over from the 2013-14 period
- five employees were confirmed
- four employees resigned
- two are still within this period.

#### Number 3 – Natural Justice

The principles of natural justice to be observed in all dealings with employees.

The principles of natural justice are integral to addressing employee related matters and are addressed in the DCIS Orientation Program to ensure staff awareness, and an early intervention approach.

No issues were raised regarding the application of natural justice principles by DCIS staff.

#### Number 4 – Employee Performance Management and Development Systems

Chief Executive to develop and implement performance management systems for their agency.

Performance management is administered through the annual MyPlan process.

Information sessions were provided to staff to promote the MyPlan performance review and Senior Classification Pay Progression scheme. The department has a strong focus on ensuring all staff participate in the MyPlan process.

- 531 (79%) MyPlans were completed.
- 15 (23%) Senior Classification Pay Progression applications were received and approved.

## Employment Instruction and annual reporting requirements Agency actions

### Number 5 – Medical Examinations

The Chief Executive may engage a health practitioner to conduct a medical examination of an employee.

Early intervention action is taken to minimise referral for medical consultations. The services of the employee assistance programs are promoted regularly to staff and covered in the DCIS Orientation Program.

Three staff were referred for a medical examination.

### Number 6 – Performance and Inability

The Chief Executive may establish procedures regarding inability within their agency.

Performance and inability action is addressed through an early intervention approach in consultation with staff and managers.

There were no performance and inability cases in 2014-15.

### Number 7 – Discipline

The Chief Executive may establish procedures regarding discipline within their agency.

Breaches of conduct and discipline matters are addressed in accordance with Employment Instructions.

There was one discipline case in 2014-15.

### 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.

Three complaints were made under the DCIS internal complaint handling process and were resolved without escalating to Section 59 review.

### Number 9 – Employment Records

Agencies are required to maintain appropriate employee records and implement procedures for maintaining and accessing these records.

Staff are informed of the information and records management requirements using the Tower Records Information Management (TRIM) system; and the requirement to manage records electronically through the provision of regular training. This includes records relating to the employment history of an employee.

### Number 10 – Equality of Employment Opportunity Programs

Chief Executive to report annually to the OCPE on programs and initiatives the agency has developed regarding equal employment opportunities.

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. Cultural diversity is also addressed in the DCIS Cultural Competency Training Program.

DCIS has a diverse workforce, including staff from a wide range of non-English speaking backgrounds. Refer to the table on page 75 for statistics.

### Number 11 – Occupational Health and Safety Standards Programs

Chief Executive to report annually to the OCPE on work, health and safety programs.

The department has a Work Health and Safety (WHS) Committee within the governance structure and Workplace Building Committees for each building. The WHS staff intranet site promotes WHS matters to all staff. The DCIS Orientation Program includes a presentation about WHS requirements.

The annual flu vaccination program was offered again to all staff and 231 staff participated in the program in 2014-15.

## 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 through the DCIS Orientation Program.

DCIS has a Gifts and Benefits Policy to provide clear direction for the conduct of DCIS employees in relation to gifts and benefits offered to DCIS employees. Any offers to employees require approval by the Chief Executive to ensure they meet business objectives and avoid risks such as perceived conflicts of interest.

### Number 13 – Appropriate Workplace Behaviour

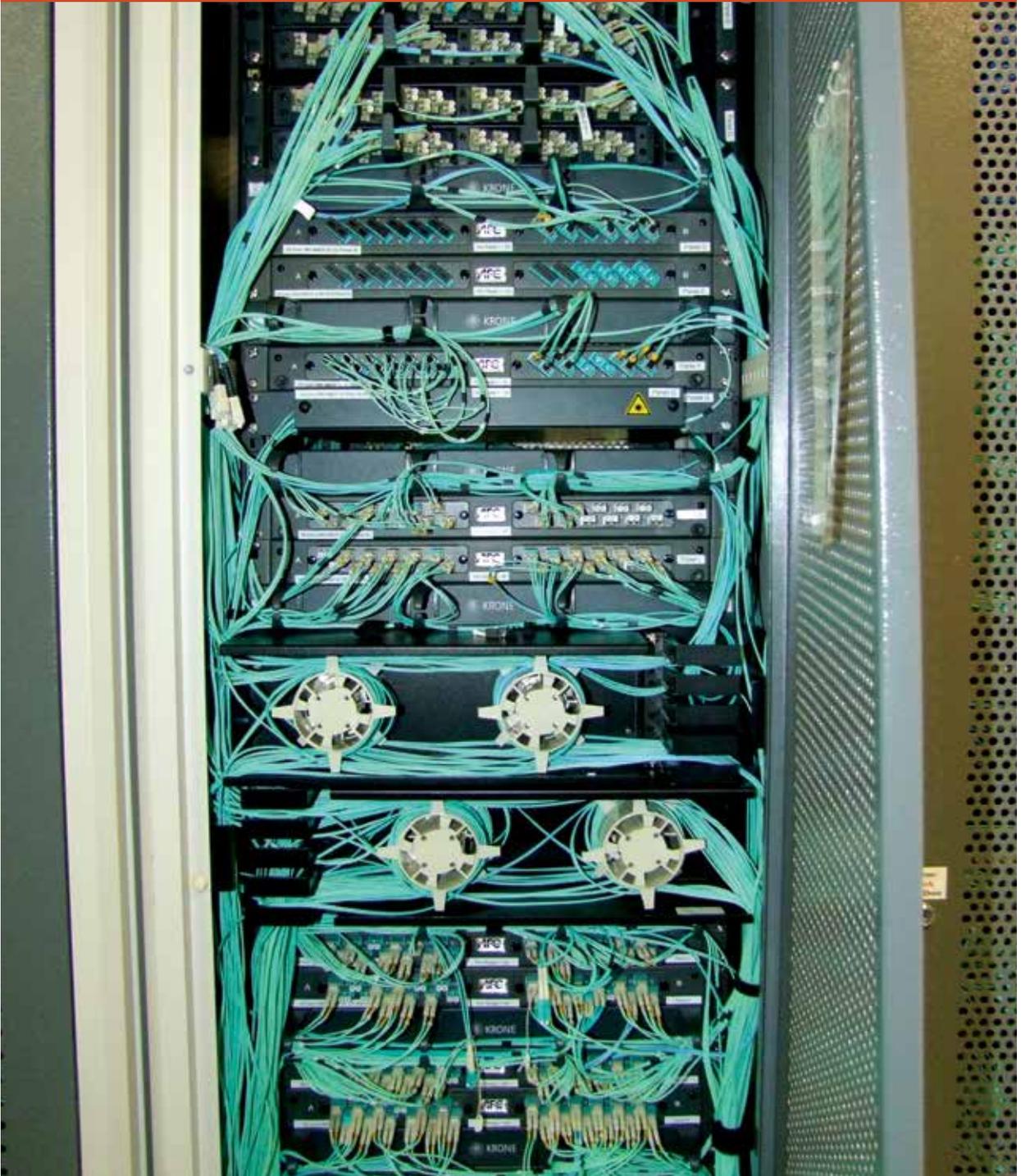
Chief Executive must develop and implement an agency policy and procedure to foster appropriate workplace behaviour and a culture of respect.

Appropriate workplace behaviour for new employees is covered in the DCIS Orientation Program.

Specific advice on encouraging appropriate behaviour and managing inappropriate behaviour in the workplace is provided on a case-by-case basis. Where possible, early intervention action is initiated in order to minimise cases. The DCIS Strengthening our Managers program included a specific topic on appropriate workplace behaviour to raise awareness.

There were nine workplace behaviour cases addressed in 2014-15.

# FINANCIAL REPORTS



FINANCIAL REPORTS

# DCIS FINANCIAL STATEMENT OVERVIEW

For the Year Ended 30 June 2015

## FINANCIAL PERFORMANCE

The Department of Corporate and Information Services (DCIS) overall operating performance for the year showed a \$0.6 million surplus which was significantly higher than the final budget estimated deficit of \$2.9 million. The primary reasons for the improved result related to:

- increased goods and services revenues of \$1.5 million; and
- less than estimated expenditure due to timing difference with two projects being development of a contract management system transferred from the Department of Business (DoB) (\$0.9 million) and property leasing for the Alice Springs Justice Precinct (\$0.8 million).

DCIS' comprehensive income included a \$1.4 million adjustment following the transfer of the asset revaluation reserve for the former Government Printing Office (GPO) building from DCIS to the Department of Lands, Planning and Environment (DLPE).

Table 1: 2014-15 Actual and Budget Performance

	Actual \$000		Final Budget \$000		Variation \$000	
	2015	2014	2015	2014	2015	2014
Income	174 712	164 765	173 231	163 135	1 481	1 630
Expenses	174 101	185 498	176 084	167 411	(1 983)	18 087
<b>Surplus/(Deficit)</b>	<b>611</b>	<b>(20 733)</b>	<b>(2 853)</b>	<b>(4 276)</b>	<b>3 464</b>	<b>(16 457)</b>
Other Comprehensive Income	(1 354)	(758)			(1 354)	(758)
<b>Comprehensive Result</b>	<b>(743)</b>	<b>(21 491)</b>	<b>(2 853)</b>	<b>(4 276)</b>	<b>2 110</b>	<b>(17 215)</b>

DCIS' overall operating result was better than last year's significant operating deficit. The main reason for last year's loss was due to the one-off impairment to the Asset Management System (AMS) asset (\$19.0 million).

The main reasons for the increases to both income and expenses in 2015 (excluding the impairment) relate to resources for the Asset Systems Network (ASNEX) project \$5.4 million, and agency budget transfers and application of parameters to the property leasing portfolio \$5.2 million.

Table 2: 2014-15 and 2013-14 Actual Performance

	2015 \$000	2014 \$000	Variation \$000
Income	174 712	164 765	9 947
Expenses	174 101	185 498	(11 397)
<b>Surplus/(Deficit)</b>	<b>611</b>	<b>(20 733)</b>	<b>21 344</b>
Other Comprehensive Income	(1 354)	(758)	(596)
<b>Comprehensive Result</b>	<b>(743)</b>	<b>(21 491)</b>	<b>20 748</b>

## Income

DCIS is funded through a combination of NT Government appropriations and goods and services income from Government Business Divisions (GBDs) and Government Owned Corporations (GOCs). DCIS' services are billed under a charging model that is based on service usage, including notional charges applied to general agencies.

Output appropriation increased significantly as a result of: transfers from agencies and parameters on the property leasing portfolio of \$4.1 million; additional funding for the ASNEX project \$2.4 million; reclassification from goods and services income to output appropriation as a result of agency changes \$1.5 million; off-set by savings and other minor budget related adjustments (\$1.0 million).

Goods and services income was \$3.0 million higher than last year primarily as a result of: increased ICT revenues \$3.0 million; transfers from agencies on the property leasing portfolio of \$1.1 million; contribution for a contract management system \$0.9 million; increased goods and services revenues to cover parameter changes \$0.6 million; off-set by reclassification from goods and services income to output appropriation as a result of agency changes (\$2.1 million) and other minor budget related adjustments (\$0.5 million).

**Table 3: Income by Category**

Year	Output Appropriation		Goods and Services		Other Income		Gain on Disposal of Assets		Total	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
2014-15	125 604	71.9	48 932	28.0	176	0.1	-	-	174 712	100
2013-14	118 693	72.0	45 984	27.9	87	0.1	1	-	164 765	100

## Expenses

Property expenses increased primarily as a result of CPI and rental market reviews. Employee expenses were higher primarily as a result of the EBA increase and the significant automation projects being undertaken by DCIS. ICT expenses were higher in 2014-15 reflecting increased contractor engagement on a number of projects, including ASNEX, eRecruit, Feenix and GAS upgrade. The decrease in operational expense was primarily the result of the effect of the one-off impairment to the AMS asset in 2013-14.

**Table 4: Expenses by Category**

Year	Property		Employee		ICT		Operational		Grants		Total	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
2014-15	79 696	45.8	47 519	27.3	36 426	20.9	10 243	5.9	217	0.1	174 101	100
2013-14	76 489	41.2	44 475	24.0	32 822	17.7	31 032	16.7	680	0.4	185 498	100

Expenses are reported in budget papers and to the Department of Treasury and Finance by Outputs. The major output relates to the Property Leasing Services which manages all NT Government leased properties.

Procurement Services were lower than budgeted due to a timing difference between the receipt of funds and being able to procure a contract management system (\$0.9 million).

Property Leasing Services expenditure was lower than budget due to a timing difference between receipt of funds and expenditure on the Alice Springs Justice Precinct (\$0.8 million).

Asset Services costs were under budget due to a decision to stabilise and restore existing asset foundation systems and deliver a comprehensive business case for a go-forward solution delivery approach, which deferred solution development expenditure to 2015-16.

**Table 5: 2014-15 Budget and Actual Expenses by Output**

	Actual \$000	Final Budget \$000	Variation \$000
<b>Shared Services Output Group</b>			
Finance Services	17 969	17 785	184
Human Resource Services	30 972	30 891	81
Procurement Services	3 104	3 851	(747)
Information and Communications Technology Services	26 655	26 487	168
Property Leasing Services	81 472	82 054	(582)
Asset Services (ASNEX)	8 199	9 444	(1 245)
<b>Shared Services - Group Total</b>	<b>168 371</b>	<b>170 512</b>	<b>(2 141)</b>
<b>Corporate and Governance Output Group</b>			
Corporate and Governance	4 763	4 605	158
Shared Services Provided	967	967	-
<b>Corporate and Governance - Group Total</b>	<b>5 730</b>	<b>5 572</b>	<b>158</b>
<b>TOTAL</b>	<b>174 101</b>	<b>176 084</b>	<b>(1 983)</b>

## FINANCIAL POSITION

DCIS' net asset position at the end of 2014-15 was \$25.3 million, similar to last year's position of \$26.8 million.

Both current assets and current liabilities were higher than last year primarily as a result of receiving funds to meet salary commitments for GBDs and GOCs slightly ahead of the payday in early July.

Non-current assets decreased in 2014-15 as result of transferring the former GPO building to DLPE.

Major assets at 30 June 2015 include:

- 30.9 million cash and deposits
- \$5.5 million receivables (GST receivable, outstanding service fees and property leasing charges);
- \$7.7 million prepayments (primarily related to the property leasing portfolio); and
- \$15.7 million property, plant and equipment (including buildings and leasehold improvements).

Major liabilities at 30 June 2015 include:

- \$20.9 million deposits held in the Accountable Officer's Trust Account (AOTA) and for GBDs and GOCs payday commitments and ICT commitments;
- \$5.5 million payables and accrued expenses; and
- \$8.1 million provisions for employee entitlements.

Table 6: 2014-15 and 2013-14 Actual Financial Position

	2015	2014	Variation
	\$000	\$000	\$000
<b>ASSETS</b>			
Current Assets	44 148	36 176	7 972
Non-Current Assets	15 666	20 426	(4 760)
<b>TOTAL ASSETS</b>	<b>59 814</b>	<b>56 602</b>	<b>3 212</b>
<b>LIABILITIES</b>			
Current Liabilities	32 108	27 557	4 551
Non-Current Liabilities	2 396	2 287	109
<b>TOTAL LIABILITIES</b>	<b>34 504</b>	<b>29 844</b>	<b>4 660</b>
<b>NET ASSETS</b>	<b>25 310</b>	<b>26 758</b>	<b>(1 448)</b>
<b>EQUITY</b>	<b>25 310</b>	<b>26 758</b>	<b>(1 448)</b>
<b>TOTAL EQUITY</b>	<b>25 310</b>	<b>26 758</b>	<b>(1 448)</b>

## CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached financial statements for the Department of Corporate and Information Services (DCIS) 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 2015 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



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Kathleen Robinson  
**Chief Executive**  
28 August 2015



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Rex Schoolmeester  
**Chief Finance Officer**  
28 August 2015

# COMPREHENSIVE OPERATING STATEMENT

For the year ended 30 June 2015

	Note	2015 \$000	2014 \$000
<b>INCOME</b>			
Appropriation			
Output		125 604	118 693
Sales of goods and services		48 932	45 984
Gain on disposal of assets	4	-	1
Other income		176	87
<b>TOTAL INCOME</b>	<b>3</b>	<b>174 712</b>	<b>164 765</b>
<b>EXPENSES</b>			
Employee expenses		47 519	44 475
Administrative expenses			
Property management		79 696	76 489
Purchases of goods and services	5	41 868	38 273
Repairs and maintenance		236	243
Depreciation and amortisation	8,10	4 565	6 329
Other administrative expenses	8		19 009
Grants and subsidies expenses			
Current		217	680
<b>TOTAL EXPENSES</b>	<b>3</b>	<b>174 101</b>	<b>185 498</b>
<b>NET SURPLUS/(DEFICIT)</b>		<b>611</b>	<b>(20 733)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not be reclassified to net surplus/deficit</b>			
Changes in asset revaluation reserve		(1 354)	(758)
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>(1 354)</b>	<b>(758)</b>
<b>COMPREHENSIVE RESULT</b>		<b>(743)</b>	<b>(21 491)</b>

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

# BALANCE SHEET

As at 30 June 2015

	Note	2015 \$000	2014 \$000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and deposits	6	30 932	23 730
Receivables	7	5 522	6 098
Prepayments		7 694	6 348
<b>Total Current Assets</b>		<b>44 148</b>	<b>36 176</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	8,10	15 666	20 426
Intangibles	9,10		
<b>Total Non-Current Assets</b>		<b>15 666</b>	<b>20 426</b>
<b>TOTAL ASSETS</b>		<b>59 814</b>	<b>56 602</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Deposits held		20 909	14 264
Payables	11	5 532	6 910
Provisions	12	5 667	6 383
<b>Total Current Liabilities</b>		<b>32 108</b>	<b>27 557</b>
<b>Non-Current Liabilities</b>			
Provisions	12	2 396	2 287
<b>Total Non-Current Liabilities</b>		<b>2 396</b>	<b>2 287</b>
<b>TOTAL LIABILITIES</b>		<b>34 504</b>	<b>29 844</b>
<b>NET ASSETS</b>		<b>25 310</b>	<b>26 758</b>
<b>EQUITY</b>			
Capital		35 012	35 716
Reserves	13	-	1 329
Accumulated funds		(9 702)	(10 287)
<b>TOTAL EQUITY</b>		<b>25 310</b>	<b>26 758</b>

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 2015

	Note	Equity at 1 July \$000	Comprehensive result \$000	Transactions with owners in their capacity as owners \$000	Equity at 30 June \$000
<b>2014-15</b>					
<b>Accumulated Funds</b>		(10 287)	611		(9 676)
Changes in accounting policy					
Correction of prior period errors					
Transfers from reserves			(25)		(25)
Other movements directly to equity					
		<b>(10 287)</b>	<b>586</b>	<b>-</b>	<b>(9 702)</b>
<b>Reserves</b>	13	<b>1 329</b>			<b>1 329</b>
Asset Revaluation Reserve			(1 305)		(1 305)
Asset Realisation Reserve			(24)		(24)
		<b>1329</b>	<b>(1 329)</b>	<b>-</b>	<b>-</b>
<b>Capital – Transactions with Owners</b>		<b>35 716</b>			<b>35 716</b>
Equity injections					
Capital appropriation				1 979	1 979
Equity transfers in				261	261
Equity withdrawals					
Capital withdrawal					
Equity transfers out				(2 944)	(2 944)
		<b>35 716</b>	<b>-</b>	<b>(704)</b>	<b>35 012</b>
<b>Total Equity at End of Financial Year</b>		<b>26 758</b>	<b>(743)</b>	<b>(704)</b>	<b>25 310</b>
<b>2013-14</b>					
<b>Accumulated Funds</b>		11 204	(20 733)		(9 529)
Changes in accounting policy					
Correction of prior period errors					
Transfers from reserves			(758)		(758)
Other movements directly to equity					
		<b>11 204</b>	<b>(21 491)</b>		<b>(10 287)</b>
<b>Reserves</b>	13	<b>1 329</b>			<b>1 329</b>
<b>Capital – Transactions with Owners</b>					
Equity injections		13 213			13 213
Capital appropriation				11 805	11 805
Equity transfers in				14 317	14 317
Equity withdrawals					
Capital withdrawal				(3 619)	(3 619)
		<b>14 542</b>	<b>-</b>	<b>22 503</b>	<b>35 716</b>
<b>Total Equity at End of Financial Year</b>		<b>25 746</b>	<b>(21 491)</b>	<b>22 503</b>	<b>26 758</b>

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 2015

	Note	2015 \$000	2014 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Operating Receipts</b>			
Appropriation			
Output		125 604	118 694
Commonwealth			
Receipts from sales of goods and services		73 384	66 992
Interest received		1	(1)
<b>Total Operating Receipts</b>		<b>198 989</b>	<b>185 685</b>
<b>Operating Payments</b>			
Payments to employees		(47 233)	(43 753)
Payments for goods and services		(148 967)	(135 860)
Grants and subsidies paid			
Current		(217)	(680)
<b>Total Operating Payments</b>		<b>(196 417)</b>	<b>(180 293)</b>
<b>Net Cash From/(Used in) Operating Activities</b>	14	<b>2 572</b>	<b>5 392</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Investing Payments</b>			
Purchases of assets		(3 993)	(9 200)
<b>Total Investing Payments</b>		<b>(3 993)</b>	<b>(9 200)</b>
<b>Net Cash From/(Used in) Investing Activities</b>		<b>(3 993)</b>	<b>(9 200)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Financing Receipts</b>			
Proceeds of borrowings			
Deposits received		6 644	(1 200)
Equity injections			
Capital appropriation		1 979	11 805
<b>Total Financing Receipts</b>		<b>8 623</b>	<b>10 605</b>
<b>Financing Payments</b>			
Equity withdrawals		-	(3 619)
<b>Total Financing Payments</b>		<b>-</b>	<b>(3 619)</b>
<b>Net Cash From/(Used in) Financing Activities</b>		<b>8 623</b>	<b>6 986</b>
Net increase/(decrease) in cash held		7 202	3 178
Cash at beginning of financial year		23 730	20 552
<b>CASH AT END OF FINANCIAL YEAR</b>	6	<b>30 932</b>	<b>23 730</b>

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

# INDEX OF NOTES TO THE FINANCIAL STATEMENTS

## Note

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1. Objectives and Funding
2. Statement of Significant Accounting Policies
3. Comprehensive Operating Statement by Output Group

### INCOME

4. Gain on Disposal of Assets

### EXPENSES

5. Purchases of Goods and Services

### ASSETS

6. Cash and Deposits
7. Receivables
8. Property, Plant and Equipment
9. Intangibles
10. Fair Value Measurement of Non-Financial Assets

### LIABILITIES

11. Payables
12. Provisions

### EQUITY

13. Reserves

### OTHER DISCLOSURES

14. Notes to the Cash Flow Statement
15. Financial Instruments
16. Commitments
17. Contingent Liabilities and Contingent Assets
18. Events Subsequent to Balance Date
19. Accountable Officer's Trust Account
20. Write-offs, Postponements, Waivers, Gifts and Ex Gratia Payments
21. Schedule of Administered Territory Items
22. Budgetary Information

## 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 property 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.

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

The Department has two output groups with eight outputs

### Shared Services

- Finance Services
- Human Resource Services
- Procurement Services
- Information and Communications Technology Services
- Property Leasing Services
- Asset Services

### Corporate and Governance Output Group

- Corporate and Governance
- Shared Services Provided

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; and
- (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 10 Consolidated Financial Statements, AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities**

AASB 10 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*. The standard does not impact the financial statements.

### **AASB 11 Joint Arrangements**

AASB 11 replaces AASB 131 *Interests in Joint Ventures*. It requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations, and then account for those rights and obligations in accordance with that type of joint arrangement. The standard does not impact the financial statements.

### **AASB 12 Disclosure of Interests in other Entities, AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities**

AASB 12 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. The standard does not impact the financial statements.

### **AASB 1031 Materiality (2013), AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments, AASB 2014-1 Amendments to Australian Accounting Standards (Part C – Materiality)**

Revised AASB 1031 is an interim standard that cross-references to other standards and the *Framework for the Preparation and Presentation of Financial Statements* that contain guidance on materiality. The standard does not impact the financial statements.

### **AASB 1055 Budgetary Reporting**

AASB 1055 sets out budgetary reporting requirements for not-for-profit entities within the General Government Sector. The required disclosures comprise a separate note accompanying the financial statements.

### **AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]**

The standard addresses inconsistencies in current practice when applying the offsetting criteria in AASB 132 *Financial Instruments: Presentation*. The standard does not impact the financial statements.

### **AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets**

The amendments to AASB 136 *Impairment of Assets* address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The standard does not impact the financial statements.

## AASB 2014-1 Amendments to Australian Accounting Standards (Part A – Annual Improvements 2010-2012 and 2011-2013 Cycles)

Part A of the standard makes amendments to various Australian Accounting Standards (AASB 2, 3, 8, 9, 13, 116, 119, 124, 137, 138, 139, 140 & 1052 and Interpretation 129) arising from the issuance by IASB of IFRSs Annual Improvements to *IFRS 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle*. The standard does not impact the financial statements.

### 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 <i>Financial Instruments</i> (Dec 2014), AASB 2014-1 <i>Amendments to Australian Accounting Standards (Part E – Financial Instruments)</i> , AASB 2014-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (Dec 2014)</i>	The final version of AASB 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace AASB 139 <i>Financial Instruments: Recognition and Measurement</i> . This version adds a new expected loss impairment model and limited amendments to classification and measurement for financial assets.	1 Jan 2018	Not applicable to DCIS
AASB 15 <i>Revenue from Contracts with Customers</i> , AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i>	AASB 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It replaces several Standards and Interpretations, including AASB 111 <i>Construction Contracts</i> , AASB 118 <i>Revenue</i> , Interpretation 15 <i>Agreements for the Construction of Real Estate</i> , and Interpretation 18 <i>Transfers of Assets from Customers</i> .	1 Jan 2017	Not applicable to DCIS
AASB 2014-4 <i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 &amp; 138]</i>	Amends AASB 116 <i>Property, Plant and Equipment</i> and AASB 138 <i>Intangible Assets</i> to provide additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated.	1 Jan 2016	Nil impact to financial statements and disclosure notes
AASB 2014-6 <i>Amendments to Australian Accounting Standards – Agriculture: Bearer Plants [AASB 101, 116, 117, 123, 136, 140 &amp; 141]</i>	Biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with AASB 116 <i>Property, Plant and Equipment</i> , instead of AASB 141 <i>Agriculture</i> .	1 Jan 2016	Not applicable to DCIS

Standard/ Interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 2015-1 <i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle</i> [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]	Amends a number of pronouncements as a result of the IASB's 2012-2014 annual improvements cycle.	1 Jan 2016	Nil impact to financial statements and disclosure notes
AASB 2015-2 <i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101</i> [AASB 7, 101, 134 & 1049]	Includes narrow-focus amendments to address concerns about existing presentation and disclosure requirements, and to ensure entities are able to use judgement when applying a standard in determining what information to disclose.	1 Jan 2016	Nil impact to financial statements and disclosure notes
AASB 2015-6 <i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</i> [AASB 10, 124 & 1049]	Extends the scope of AASB 124 <i>Related Party Disclosures to not-for-profit public sector entities</i> .	1 July 2016	Not applicable to DCIS

### c) Agency and Territory Items

The financial statements of DCIS include income, expenses, assets, liabilities and equity over which DCIS 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. However, as the agency is accountable for certain Territory items managed on behalf of Government, these items have been separately disclosed in Note 21 – Schedule of Administered Territory Items.

## d) Comparatives

Where necessary, comparative information for the 2013-14 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 2014-15 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 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 2(o), Note 7: Receivables and Note 15: Financial Instruments. The allowance represents debts that are likely to be uncollectible and are considered doubtful. Debtors are grouped according to their aging profile and history of previous financial difficulties.
- Depreciation and Amortisation – Note 2(k), Note 8: Property, Plant and Equipment, and Note 10.

## 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 Specific 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 the Department of Treasury and Finance 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; and
- 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; and
- 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 4.

## ***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:

	2015	2014
Buildings	50 years	50 years
Plant and Equipment	10 years	10 years
Leased Plant and Equipment	5 years	5 years
Intangibles	10 years	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 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; and
- 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; and
- 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 DCIS 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); or
- 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.

#### w) 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 assets and liabilities are recognised on the Balance Sheet when the agency becomes a party to the contractual provisions of the financial instrument. The agency's financial instruments include cash and

deposits; receivables; advances; investments loan and placements; payables; advances received; borrowings and derivatives.

Exposure to interest rate risk, foreign exchange risk, credit risk, price risk and liquidity risk arise in the normal course of activities. The agency's investments, loans and placements, and borrowings are predominantly managed through the NTTC adopting strategies to minimise the risk. Derivative financial arrangements are also utilised to manage financial risks inherent in the management of these financial instruments. These arrangements include swaps, forward interest rate agreements and other hedging instruments to manage fluctuations in interest or exchange rates.

### ***Classification of Financial Instruments***

AASB 7 Financial Instruments: Disclosures requires financial instruments to be classified and disclosed within specific categories depending on their nature and purpose.

Financial assets are classified into the following categories:

- financial assets at fair value through profit or loss;
- held-to-maturity investments;
- loans and receivables; and
- available-for-sale financial assets.

Financial liabilities are classified into the following categories:

- financial liabilities at fair value through profit or loss (FVTPL); and
- financial liabilities at amortised cost.

### ***Financial Assets or Financial Liabilities at Fair Value through Profit or Loss***

Financial instruments are classified as at FVTPL when the instrument is either held for trading or is designated as at FVTPL.

An instrument is classified as held for trading if it is:

- acquired or incurred principally for the purpose of selling or repurchasing it in the near term with an intention of making a profit; or
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

A financial instrument may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the instrument forms part of a group of financial instruments, which is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 Financial Instruments: Recognition and Measurement permits the contract to be designated as at FVTPL.

### ***Held-to-Maturity Investments***

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the entity has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

## ***Loans and Receivables***

For details refer to Note 2 (n).

## ***Available-for-Sale Financial Assets***

Available-for-sale financial assets are those non-derivative financial assets, principally equity securities that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the Comprehensive Operating Statement.

## ***Financial Liabilities at Amortised Cost***

Amortised cost is calculated using the effective interest method.

## ***Derivatives***

The agency enters into a variety of derivative financial instruments to manage its exposure to interest rate risk. The agency does not speculate on trading of derivatives.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each reporting date. The resulting gain or loss is recognised in the Comprehensive Operating Statement immediately unless the derivative is designated and qualifies as an effective hedging instrument, in which event, the timing of the recognition in the Comprehensive Operating Statement depends on the nature of the hedge relationship. Application of hedge accounting will only be available where specific designation and effectiveness criteria are satisfied.

## ***Netting of Swap Transactions***

The agency, from time to time, may facilitate certain structured finance arrangements, where a legally recognised right to set-off financial assets and liabilities exists, and the Territory intends to settle on a net basis. Where these arrangements occur, the revenues and expenses are offset and the net amount is recognised in the Comprehensive Operating Statement.

Note 15 provides additional information on financial instruments.

## **x) Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use takes into account the use of the asset that is physically possible, legally permissible and financially feasible.

When measuring fair value, the valuation techniques used maximise the use of relevant observable inputs and minimise the use of unobservable inputs. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by the agency include, but are not limited to, published sales data for land and general office buildings.

Unobservable inputs are data, assumptions and judgments that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Such inputs include

internal agency adjustments to observable data to take account of particular and potentially unique characteristics/functionality of assets/liabilities and assessments of physical condition and remaining useful life.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy based on the inputs used:

Level 1 – inputs are quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – inputs are unobservable.

### 3. COMPREHENSIVE OPERATING STATEMENT BY OUTPUT GROUP

	Note	Shared Services		Corporate and Governance		Total	
		2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
<b>INCOME</b>							
Appropriation							
Output		115 480	113 621	10 124	5 073	125 604	118 694
Commonwealth							
Sales of goods and services		48 281	45 458	651	525	48 932	45 983
Gain on disposal of assets	4	-	-	-	1	-	1
Other income		167	79	9	8	176	87
<b>TOTAL INCOME</b>		<b>163 928</b>	<b>159 158</b>	<b>10 784</b>	<b>5 607</b>	<b>174 712</b>	<b>164 765</b>
<b>EXPENSES</b>							
Employee expenses		43 135	40 707	4 384	3 768	47 519	44 475
Administrative expenses							
Property management		79 680	76 425	16	64	79 696	76 489
Purchases of goods and services	5	40 787	38 074	1 081	200	41 868	38 274
Repairs and maintenance				236	242	236	242
Depreciation and amortisation	8,10	4 552	6 157	13	172	4 565	6 329
Other administrative expenses	8	-	19 009	-	-	-	19 009
Grants and subsidies expenses							
Current		217	680	-	-	217	680
<b>TOTAL EXPENSES</b>		<b>168 371</b>	<b>181 052</b>	<b>5 730</b>	<b>4 446</b>	<b>174 101</b>	<b>185 498</b>
<b>NET SURPLUS/(DEFICIT)</b>		<b>(4 443)</b>	<b>(21 894)</b>	<b>5 054</b>	<b>1 161</b>	<b>611</b>	<b>(20 733)</b>
<b>OTHER COMPREHENSIVE INCOME</b>							
<b>Items that will not be reclassified to net surplus/deficit</b>							
Changes in asset revaluation reserve		(25)	-	(1 329)	(758)	(1 354)	(758)
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>(25)</b>	<b>-</b>	<b>(1 329)</b>	<b>(758)</b>	<b>(1 354)</b>	<b>(758)</b>
<b>COMPREHENSIVE RESULT</b>		<b>(4 468)</b>	<b>(21 894)</b>	<b>3 725</b>	<b>403</b>	<b>(743)</b>	<b>(21 491)</b>

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

	2015 \$000	2014 \$000
<b>4. GAIN ON DISPOSAL OF ASSETS</b>		
Proceeds from sale of minor assets	-	1
<b>Total Gain on Disposal of Assets</b>	<b>-</b>	<b>1</b>

## 5. 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	14 036	11 941
Information Technology Hardware and Software	10 039	12 123
Telecommunications	1 510	1 856
Office Leasing	79 046	75 795
Contractors and Consultants <sup>(1)</sup>	13 064	8 762
Advertising <sup>(2)</sup>	52	43
Marketing and promotion <sup>(3)</sup>	110	58
Document production	91	50
Legal expenses <sup>(4)</sup>	172	87
Recruitment <sup>(5)</sup>	59	55
Training and study	524	440
Official duty fares	63	42
Travelling allowance	23	16

<sup>(1)</sup> Includes IT contractors and consultants, marketing and promotion.

<sup>(2)</sup> Does not include recruitment, advertising or marketing and promotion advertising.

<sup>(3)</sup> Includes advertising for marketing and promotion but excludes marketing and promotion consultants' expenses, which are incorporated in the contractors and consultants category.

<sup>(4)</sup> Includes legal fees, claim and settlement costs.

<sup>(5)</sup> Includes recruitment-related advertising costs.

	2015 \$000	2014 \$000
<b>6. CASH AND DEPOSITS</b>		
Cash on hand	48	48
Cash at bank	30 884	23 682
	<b>30 932</b>	<b>23 730</b>

	2015 \$000	2014 \$000
<b>7. RECEIVABLES</b>		
<b>Current</b>		
Accounts receivable	1 725	2 904
Less: Allowance for impairment losses	-	-
	<b>1 725</b>	<b>2 904</b>
Interest receivables	-	1
GST receivables	2 465	1 911
Other receivables	1 332	1 282
	<b>3 797</b>	<b>3 194</b>
<b>Non-Current</b>		
Other receivables	-	-
<b>Total Receivables</b>	<b>5 522</b>	<b>6 098</b>
<b>8. PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Land</b>		
At fair value	-	2 300
<b>Buildings</b>		
At fair value	5 289	5 289
Less: Accumulated depreciation	(3 347)	(3 347)
Less: Transfer out	(1 942)	-
	<b>-</b>	<b>1 942</b>
<b>Plant and Equipment</b>		
At fair value	18 489	15 115
Less: Accumulated depreciation	(8 645)	(6 818)
	<b>9 844</b>	<b>8 297</b>
<b>Computer Software</b>		
At cost	12 821	27 999
Less: Accumulated depreciation	(8 753)	(3 210)
Less: Impairment loss	-	(19 009)
	<b>4 068</b>	<b>5 780</b>
<b>Computer Hardware</b>		
At cost	4 217	3 788
Less: Accumulated depreciation	(2 463)	(1 681)
	<b>1 754</b>	<b>2 107</b>
<b>Total Property, Plant and Equipment</b>	<b>15 666</b>	<b>20 426</b>

## Property, Plant and Equipment Valuations

Refer to Note 10: Fair Value Measurement of Non-Financial Assets for additional disclosures.

The revaluations for Land and Buildings 2013-14 reflect valuation independently conducted by the Australian Valuation Office at 30 June 2010. 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

DCIS' property, plant and equipment assets were assessed for impairment as at 30 June 2015. No impairment adjustments were required as a result of this review.

## 2015 Property, Plant and Equipment Reconciliations

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2014-15 is set out below:

	Land \$000	Buildings \$000	Plant and Equipment \$000	Computer Software \$000	Computer Hardware \$000	Total \$000
Carrying Amount as at 1 July 2014	2 300	1 942	8 297	5 780	2 107	20 426
Additions	-	-	3 392	-	601	3 993
Disposals						
Depreciation	-	-	(1 899)	(1 712)	(954)	(4 565)
Additions/(Disposals) from asset transfers	(2 300)	(1 942)	79	-	-	(4 163)
Revaluation increments/(decrements)	-	-	(25)	-	-	(25)
Impairment losses						
<b>Carrying Amount as at 30 June 2015</b>	<b>-</b>	<b>-</b>	<b>9 844</b>	<b>4 068</b>	<b>1 754</b>	<b>15 666</b>

## 2014 Property, Plant and Equipment Reconciliations

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2013-14 is set out below:

	Land \$000	Buildings \$000	Plant and Equipment \$000	Computer Software \$000	Computer Hardware \$000	Total \$000
Carrying Amount as at 1 July 2013	2 300	2 059	11 778	5 032	1 313	22 482
Additions	-	-	(1 842)	9 572	1 470	9 200
Disposals						
Depreciation	-	(117)	(1 782)	(3 210)	(676)	(5 785)
Additions/(Disposals) from asset transfers	-	-	143	13 395	-	13 538
Revaluation increments/(decrements)						
Impairment losses	-	-	-	(19 009)	-	(19 009)
<b>Carrying Amount as at 30 June 2014</b>	<b>2 300</b>	<b>1 942</b>	<b>8 297</b>	<b>5 780</b>	<b>2 107</b>	<b>20 426</b>

## 9. INTANGIBLES

### Carrying amounts

#### Intangibles with a finite useful life

##### Other intangibles

	2015 \$000	2014 \$000
At valuation	-	543
Less: Accumulated amortisation	-	543
Written down value – 30 June	-	-
<b>Total Intangibles</b>	<b>-</b>	<b>-</b>

### Impairment of Intangibles

Agency intangible assets were assessed for impairment as at 30 June 2014. No impairment adjustments were required as a result of this review.

#### Reconciliation of movements

##### Intangibles with a finite useful life

##### Other intangibles

	2015 \$000	2014 \$000
Carrying amount at 1 July	-	543
Less: Amortisation	-	543
<b>Carrying amount as at 30 June</b>	<b>-</b>	<b>-</b>

## 10. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

### a) Fair Value Hierarchy

Fair values of non-financial assets categorised by levels of inputs used to compute fair value are:

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total Fair Value \$000
<b>2014-15</b>				
<b>Asset Classes</b>				
Land (Note 8)				
Buildings (Note 8)				
Plant and Equipment, Computer Hardware, Computer Software (Note 8)	-	-	15 666	15 666
<b>Total</b>	<b>-</b>	<b>-</b>	<b>15 666</b>	<b>15 666</b>
<b>2013-14</b>				
<b>Asset Classes</b>				
Land (Note 8)	-	2 300	-	2 300
Buildings (Note 8)	-	1 942	-	1 942
Plant and Equipment, Computer Hardware, Computer Software (Note 8)	-	-	16 184	16 184
<b>Total</b>	<b>-</b>	<b>4 242</b>	<b>16 184</b>	<b>20 426</b>

There were no transfers between Level 1 and Levels 2 or 3 during 2014-15.

## b) Valuation Techniques and Inputs

Valuation techniques used to measure fair value in 2014-15 are:

Asset Classes	Level 3 Techniques	Level 2 Techniques
Plant and Equipment, Hardware, Computer Software (Note 8)		Cost approach

There were no changes in valuation techniques from 2013-14 to 2014-15.

The Australian Valuation Office has provided valuations for the land, buildings and Infrastructure assets.

Level 2 fair values of land and buildings were based on market evidence of sales price per square metre of comparable land and buildings.

Plant and equipment are carried at cost less depreciation which is deemed to be closest to fair value.

## c) Additional Information for Level 3 Fair Value Measurements

### (i) Reconciliation of Recurring Level 3 Fair Value Measurements

	Plant and Equipment \$000	Computer Software \$000	Computer Hardware \$000
<b>2014-15</b>			
Fair value as at 1 July 2014	8 297	5 780	2 107
Additions	3 471	-	601
Disposals			
Transfers from Level 2			
Transfers to Level 2			
Depreciation	(1 899)	(1 712)	(954)
Gains/losses recognised in net surplus/(deficit)	(25)	-	-
Gains/losses recognised in other comprehensive income			
<b>Fair value as at 30 June 2015</b>	<b>9 844</b>	<b>4 068</b>	<b>1 754</b>
<b>2013-14</b>			
Fair value as at 1 July 2013	11 778	5 032	1 313
Additions	(1 699)	22 967	1 470
Disposals			
Transfers from Level 2			
Transfers to Level 2			
Depreciation	(1 782)	(3 210)	(676)
Gains/losses recognised in net surplus/deficit	-	(19 009)	-
Gains/losses recognised in other comprehensive income			
<b>Fair value as at 30 June 2014</b>	<b>8 297</b>	<b>5 780</b>	<b>2 107</b>

## (ii) Sensitivity analysis

Unobservable inputs used in computing the fair value of assets include the historical cost and the consumed economic benefit for each asset. Given the large number of agency assets, it is not practical to compute a relevant summary measure for the unobservable inputs. In respect of sensitivity of fair value to changes in input value, a higher historical cost results in a higher fair value and greater consumption of economic benefit lowers fair value.

	2015 \$000	2014 \$000
<b>11. PAYABLES</b>		
Accounts payable	2 579	1 824
Accrued expenses	2 953	5 086
<b>Total Payables</b>	<b>5 532</b>	<b>6 910</b>
<b>12. PROVISIONS</b>		
<b>Current</b>		
<i>Employee benefits</i>		
Recreation leave	3 804	3 840
Leave loading	725	704
Recreation leave airfares	152	148
<i>Other current provisions</i>		
Other provisions	986	1 691
	<b>5 667</b>	<b>6 383</b>
<b>Non-Current</b>		
<i>Employee benefits</i>		
Recreation leave	2 396	2 287
	<b>2 396</b>	<b>2 287</b>
<b>Total Provisions</b>	<b>8 063</b>	<b>8 670</b>
<b>Reconciliations of Provisions</b>		
Balance as at 1 July	1 691	845
Additional provisions recognised	986	1 691
Reductions arising from payments	(1 691)	(845)
<b>Balance as at 30 June</b>	<b>986</b>	<b>1 691</b>

DCIS employed 500 employees as at 30 June 2015 (505 employees as at 30 June 2014).

## 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

	2015 \$000	2014 \$000
Balance as at 1 July	1 329	1 329
Changes in accounting policies		
Correction of prior period errors		
Increment/(Decrement) – land	(900)	-
Impairment (losses)/reversals – land		
Increment/(Decrement) – buildings	(429)	-
Impairment (losses)/reversals – buildings		
Increment/(Decrement) – infrastructure		
Impairment (losses)/reversals – infrastructure		
<b>Balance as at 30 June</b>	<b>-</b>	<b>1 329</b>

## 14. NOTES TO THE CASH FLOW STATEMENT

### Reconciliation of Cash

The total of DCIS' 'Cash and deposits' of \$30.932 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

	2015 \$000	2014 \$000
<b>Net Surplus/(Deficit)</b>	611	(20 733)
<i>Non-cash items:</i>		
Depreciation and amortisation	4 565	6 329
Asset write-offs/write-downs	-	19 009
Asset donations/gifts		
(Gain)/Loss on disposal of assets		
Repairs and maintenance – minor new works (non-cash)	150	20
<i>Changes in assets and liabilities:</i>		
Decrease/(Increase) in receivables	577	(2 195)
Decrease/(Increase) in inventories		
Decrease/(Increase) in prepayments	(1 346)	(389)
Decrease/(Increase) in other assets		
(Decrease)/Increase in payables	(1 378)	2 190
(Decrease)/Increase in provision for employee benefits	99	315
(Decrease)/Increase in other provisions	(706)	846
(Decrease)/Increase in other liabilities		
<b>Net Cash from Operating Activities</b>	<b>2 572</b>	<b>5 392</b>

### Non-Cash Financing and Investing Activities

DCIS 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 DCIS include cash and deposits, receivables, and payables. DCIS has limited exposure to financial risks as discussed below.

### a) Categorisation of Financial Instruments

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

	2015 \$000	2014 \$000
<b>Financial Assets</b>		
Cash and deposits	30 932	23 730
Loans and receivables	5 522	6 098
<b>Financial Liabilities</b>		
Deposits held	20 909	14 264
Payables	5 532	6 910

### b) Credit Risk

DCIS has limited credit risk exposure (risk of default). In respect of any dealings with organisations external to Government, DCIS 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.

	Aging of Receivables \$000	Aging of Impaired Receivables \$000	Net Receivables \$000
<b>Internal Receivables</b>			
<b>2014-15</b>			
Not overdue	1 342	-	1 342
Overdue for less than 30 days	8	-	8
Overdue for 30 to 60 days	122	-	122
Overdue for more than 60 days	89	-	89
<b>Total</b>	<b>1 561</b>	<b>-</b>	<b>1 561</b>
<b>2013-14</b>			
Not overdue	2 343	-	2 343
Overdue for less than 30 days	193	-	193
Overdue for 30 to 60 days	34	-	34
Overdue for more than 60 days	45	-	45
<b>Total</b>	<b>2 615</b>	<b>-</b>	<b>2 615</b>
<b>External Receivables</b>			
<b>2014-15</b>			
Not overdue	84	-	84
Overdue for less than 30 days	9	-	9
Overdue for 30 to 60 days	-	-	-
Overdue for more than 60 days	71	-	71
<b>Total</b>	<b>164</b>	<b>-</b>	<b>164</b>
<b>2013-14</b>			
Not overdue	137	-	137
Overdue for less than 30 days	29	-	29
Overdue for 30 to 60 days	1	-	1
Overdue for more than 60 days	122	-	122
<b>Total</b>	<b>289</b>	<b>-</b>	<b>289</b>

### c) Liquidity Risk

Liquidity risk is the risk that DCIS will not be able to meet its financial obligations as they fall due. DCIS' 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 DCIS' remaining contractual maturity for its financial assets and liabilities.

## 2015 Maturity analysis for financial assets and liabilities

	Variable Interest Rate			Fixed Interest Rate			Non Interest Bearing \$000	Total \$000	Weighted Average %
	Less than a Year \$000	1 to 5 Years \$000	More than 5 Years \$000	Less than a Year \$000	1 to 5 Years \$000	More than 5 Years \$000			
<b>Assets</b>									
Cash and deposits							30 932	30 932	
Receivables							5 522	5 522	
<b>Total Financial Assets</b>							<b>36 454</b>	<b>36 454</b>	
<b>Liabilities</b>									
Deposits held							20 909	20 909	
Payables							5 532	5 532	
<b>Total Financial Liabilities</b>							<b>26 441</b>	<b>26 441</b>	

## 2014 Maturity analysis for financial assets and liabilities

	Variable Interest Rate			Fixed Interest Rate			Non Interest Bearing \$000	Total \$000	Weighted Average %
	Less than a Year \$000	1 to 5 Years \$000	More than 5 Years \$000	Less than a Year \$000	1 to 5 Years \$000	More than 5 Years \$000			
<b>Assets</b>									
Cash and deposits							23 730	23 730	
Receivables							6 098	6 098	
<b>Total Financial Assets</b>							<b>29 828</b>	<b>29 828</b>	
<b>Liabilities</b>									
Deposits held							14 264	14 264	
Payables							6 910	6 910	
<b>Total Financial Liabilities</b>							<b>21 174</b>	<b>21 174</b>	

### 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. DCIS has relatively limited exposure to market risk.

#### (i) Interest Rate Risk

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

#### (ii) Price Risk

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

### (iii) Currency Risk

DCIS 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 fair value of financial instruments is determined on the following basis:

- the fair value of cash, deposits, advances, receivables and payables approximates their carrying amount, which is also their amortised cost;
- the fair value of derivative financial instruments are derived using current market yields and exchange rates appropriate to the instrument; and
- the fair value of other monetary financial assets and liabilities is based on discounting to present value the expected future cash flows by applying current market interest rates for assets and liabilities with similar risk profiles.

For financial instruments measured and disclosed at fair value, the following table groups the instruments based on the level of inputs used.

Fair values of financial instruments categorised by level of inputs used to measure fair value are:

	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
<b>2015</b>					
<b>Financial Assets</b>					
Cash and deposits	30 932	30 932	-	-	30 932
Receivables	5 522	5 522	-	-	5 522
<b>Total Financial Assets</b>	<b>36 454</b>	<b>36 454</b>	-	-	<b>36 454</b>
<b>Financial Liabilities</b>					
Deposits held	20 909	20 909	-	-	20 909
Payables	5 532	5 532	-	-	5 532
<b>Total Financial Liabilities</b>	<b>26 441</b>	<b>26 441</b>	-	-	<b>26 441</b>
<b>2014</b>					
<b>Financial Assets</b>					
Cash and deposits	23 730	23 730	-	-	23 730
Receivables	6 098	6 098	-	-	6 098
<b>Total Financial Assets</b>	<b>29 828</b>	<b>29 828</b>	-	-	<b>29 828</b>
<b>Financial Liabilities</b>					
Deposits held	14 264	14 264	-	-	14 264
Payables	6 910	6 910	-	-	6 910
<b>Total Financial Liabilities</b>	<b>21 174</b>	<b>21 174</b>	-	-	<b>21 174</b>

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.

There were no changes in valuation techniques during the period.

## 16. COMMITMENTS

### (i) Capital Expenditure Commitments

DCIS has no capital expenditure commitments.

### (ii) Operating Lease Commitments

#### *Property*

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

	2015		2014	
	Internal \$000	External \$000	Internal \$000	External \$000
Within one year	373	72 902	665	66 444
Later than one year and not later than five years	1 210	217 999	2 434	200 987
Later than five years	650	201 775	1 788	177 748
	<b>2 233</b>	<b>492 676</b>	<b>4 887</b>	<b>445 179</b>

#### *Plant and Equipment*

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

	2015		2014	
	Internal \$000	External \$000	Internal \$000	External \$000
Within one year	-	31	-	51
Later than one year and not later than five years	-	39	-	30
Later than five years	-	-	-	-
	-	<b>70</b>	-	<b>81</b>

### (iii) Other Expenditure Commitments

DCIS has no other expenditure commitments.

## 17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

DCIS had no material contingent liabilities or contingent assets as at 30 June 2015 or at 30 June 2014.

## 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 2014	Receipts	Payments	Closing Balance 30 June 2015
Salaries and Superannuation cancelled cheques	234	-	(234)	-
Accounts payable cancelled cheques	1 358	31	(1 358)	31
RTM unrepresented cheques	22	-		22
	<b>1 614</b>	<b>31</b>	<b>(1 592)</b>	<b>53</b>

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

DCIS had no write-offs, postponements, waivers, gifts and ex-gratia payments in 2014-15 and 2013-14.

## 21. SCHEDULE OF ADMINISTERED TERRITORY ITEMS

The following Territory items are managed by the agency on behalf of the Government and are recorded in the Central Holding Authority (refer Note 2(c)).

	2015 \$000	2014 \$000
<b>TERRITORY INCOME AND EXPENSES</b>		
<b>Income</b>		
Other income	1 592	-
<b>Total Income</b>	<b>1 592</b>	<b>-</b>
<b>Expenses</b>		
Central Holding Authority income transferred	1 592	-
<b>Total Expenses</b>	<b>1 592</b>	<b>-</b>
<b>Territory Income less Expenses</b>	<b>-</b>	<b>-</b>

## 22. BUDGETARY INFORMATION

Comprehensive Operating Statement	2014-15			Note
	Actual \$000	Original Budget \$000	Variance \$000	
<b>INCOME</b>				
Appropriation				
Output	125 604	126 248	(644)	1
Commonwealth				
Sales of goods and services	48 932	42 497	6 435	2
Other income	176	70	106	
<b>TOTAL INCOME</b>	<b>174 712</b>	<b>168 815</b>	<b>5 897</b>	
<b>EXPENSES</b>				
Employee expenses	47 519	45 459	2 060	3
Administrative expenses				
Purchases of goods and services	121 564	120 958	606	
Repairs and maintenance	236	329	(93)	
Depreciation and amortisation	4 565	5 587	(1 022)	4
Grants and subsidies expenses				
Current	217	69	148	
<b>TOTAL EXPENSES</b>	<b>174 101</b>	<b>172 402</b>	<b>1 699</b>	
<b>NET SURPLUS/(DEFICIT)</b>	<b>611</b>	<b>(3 587)</b>	<b>4 198</b>	
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items that will not be reclassified to net surplus/deficit</b>				
Changes in asset revaluation reserve	(1 354)	-	(1 354)	5
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>(1 354)</b>	<b>-</b>	<b>(1 354)</b>	
<b>COMPREHENSIVE RESULT</b>	<b>(743)</b>	<b>(3 587)</b>	<b>2 844</b>	

### Notes

- Variation included budget increase in property leasing from agencies (\$1.1M) and corporate functions relating to multifunction devices (\$0.3M) off-set by reclassification from appropriation to goods and services income for the two hospital networks (-\$2.2M).
- Variation reflected budget increases for: property leasing transfers (\$1.0M); reclassification of income for hospital networks (\$2.2M); funding for contract management system (\$0.9M); approved parameter adjustments (\$0.6M) and new multifunction device (MFD) commitments (\$0.4M). Income received was also higher than budget (\$1.4M).
- Variation primarily due to EBA increase and significant automation projects.
- Depreciation budget reduction related to write-down of the AMS asset at the end of 2013-14.
- Reflects the transfer of the former GPO land and buildings to DLPE.

Balance Sheet	2014-15			Note
	Actual \$000	Original Budget \$000	Variance \$000	
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and deposits	30 932	19 929	11 003	1
Receivables	5 522	3 903	1 619	1
Prepayments	7 694	6 006	1 688	1
<b>Total current assets</b>	<b>44 148</b>	<b>29 838</b>	<b>14 310</b>	
<b>Non-current assets</b>				
Property, plant and equipment	15 666	46 832	(31 166)	2
<b>Total non-current assets</b>	<b>15 666</b>	<b>46 832</b>	<b>(31 166)</b>	
<b>TOTAL ASSETS</b>	<b>59 814</b>	<b>76 670</b>	<b>(16 856)</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Deposits held	20 909	15 529	5 380	1
Payables	5 532	7 591	(2 059)	3
Provision for employee benefits	4 681	9 176	(4 495)	4
Other Provisions	986	-	986	
<b>Total current liabilities</b>	<b>32 108</b>	<b>32 296</b>	<b>(188)</b>	
<b>Non-current liabilities</b>				
Provisions	2 396	-	2 396	4
<b>Total non-current liabilities</b>	<b>2 396</b>	<b>-</b>	<b>2 396</b>	
<b>TOTAL LIABILITIES</b>	<b>34 504</b>	<b>32 296</b>	<b>2 208</b>	
<b>NET ASSETS</b>	<b>25 310</b>	<b>44 374</b>	<b>(19 064)</b>	
<b>EQUITY</b>				
Capital	35 012	42 412	(7 400)	
Reserves	-	1 329	(1 329)	
Accumulated funds	(9 702)	633	(10 335)	
<b>TOTAL EQUITY</b>	<b>25 310</b>	<b>44 374</b>	<b>(19 064)</b>	

#### Notes

- Adjustments to reflect actual closing balance of cash and deposits at the end of 2013-14 (\$4.0M). Both current assets and current liabilities actuals were higher than budget primarily as a result of receiving funds to meet salary commitments for GBDs and GOCs slightly ahead of the early July payday (\$7.0M).
- Original budget estimate included (\$6.0M) expenditure and capitalisation of work on the AMS system. Work on the AMS project ceased and the asset was fully impaired at the end of 2013-14 (\$19.0M). Actuals also reflect transfer of the former GPO land and building to DLPE (\$4.0M).
- Reflects a reduction in outstanding creditors at end of 2014-15 primarily related to AMS.
- Budget estimate did not include separation for current and non-current provisions. Also, the opening balance included provision for entitlements of a number of former GPO employees who were transferred to DCIS at end of 2013-14 and entitlements were subsequently paid in 2014-15.

Cash Flow Statement	2014-15			Note
	Actual \$000	Original Budget \$000	Variance \$000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Operating receipts</b>				
Appropriation				
Output	125 604	126 248	(644)	1
Receipts from sales of goods and services	73 384	42 567	30 817	2
Interest received	1	-	1	
<b>Total operating receipts</b>	<b>198 989</b>	<b>168 815</b>	<b>30 174</b>	
<b>Operating payments</b>				
Payments to employees	(47 233)	(45 459)	(1 774)	3
Payments for goods and services	(148 967)	(121 287)	(27 680)	4
Grants and subsidies paid				
Current	(217)	(69)	( 148)	
<b>Total operating payments</b>	<b>(196 417)</b>	<b>(166 815)</b>	<b>(29 602)</b>	
<b>Net cash from/(used in) operating activities</b>	<b>2 572</b>	<b>2 000</b>	<b>572</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Investing payments</b>				
Purchases of assets	(3 993)	(7 319)	3 326	5
<b>Total investing payments</b>	<b>(3 993)</b>	<b>(7 319)</b>	<b>3 326</b>	
<b>Net cash from/(used in) investing activities</b>	<b>(3 993)</b>	<b>(7 319)</b>	<b>3 326</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Financing receipts</b>				
Deposits received	6 644	-	6 644	6
Equity injections				
Capital appropriation	1 979	5 079	(3 100)	5
<b>Total financing receipts</b>	<b>8 623</b>	<b>5 079</b>	<b>3 544</b>	
<b>Net cash from/(used in) financing activities</b>	<b>8 623</b>	<b>5 079</b>	<b>3 544</b>	
Net increase/(decrease) in cash held	7 202	(240)	7 442	
Cash at beginning of financial year	23 730	20 169	3 561	
<b>CASH AT END OF FINANCIAL YEAR</b>	<b>30 932</b>	<b>19 929</b>	<b>11 003</b>	

#### Notes

1. Increase in actual output appropriation included budget increases in property leasing from agencies (\$1.1M) and corporate functions relating to MFDs (\$0.3M) off-set by reclassification from appropriation to goods and services income for the two hospital networks (-\$2.2M).
2. Increase in actual goods and services receipts included budget increases for: property leasing transfers (\$1.0M); reclassification of income for hospital networks (\$2.2M); funding for contract management system (\$0.9m); approved parameter adjustments (\$0.6M) and new MFD commitments (\$0.4M). Receipts were also higher than budget (\$1.4M). Other receipts included (\$18.2M) GST, (\$5.0M) associated with Commonwealth paid parental leave commitments and (\$1.0M) increase in receivables.
3. Variation primarily due to EBA increase and significant automation projects.

4. Increase in actual goods and services payments included budget increases in property leasing for agencies (\$1.3M), payments for MFDs (\$0.7M) and approved parameter increases (\$0.6M). Other goods and services payments included GST (\$18.7M), Commonwealth paid parental leave entitlements (\$5.0M) and (\$1.4M) reduced creditor provisions.
5. Decrease in purchase of assets resulted from a budget transfer (\$3.1M) to outer years for ASNEX program and lower expenditure than planned (\$0.2M).
6. Actuals were higher than budget primarily as a result of receiving funds from GBDs and GOCs to meet their salary commitments slightly ahead of the early July payday (\$7.0M)

Administered Territory Items	2014-15			Note
	Actual \$000	Original Budget \$000	Variance \$000	
<b>TERRITORY INCOME AND EXPENSES</b>				
<b>Income</b>				
Other income	1 592	-	1 592	1
<b>Total income</b>	<b>1 592</b>	<b>-</b>	<b>1 592</b>	
<b>Expenses</b>				
Central Holding Authority income transferred	1 592	-	1 592	1
<b>Total expenses</b>	<b>1 592</b>	<b>-</b>	<b>1 592</b>	
<b>Territory income less expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	

#### Notes

1. Unclaimed cheques greater than 6 years which have been removed from DCIS' accounts and transferred to the Department of Treasury and Finance as unclaimed monies in accordance with Treasurer's Directions 2.2.9.

# NT FLEET FINANCIAL STATEMENT OVERVIEW

For the Year Ended 30 June 2015

## FINANCIAL PERFORMANCE

NT Fleet achieved an improved operating result compared to budget for 2014-15 of \$7.8 million after tax and was \$0.2 million above budget expectations. This operating result has been achieved primarily through savings in depreciation and operational expenditure.

NT Fleet will pay an income tax equivalent of \$3.3 million and return a dividend of \$3.9 million to government for 2014-15.

Table 1: 2014-15 Actual and Budget Performance

	Actual \$000		Final Budget \$000		Variation \$000	
	2015	2014	2015	2014	2015	2014
Income	41 801	42 349	41 903	47 098	(102)	(4 749)
Expenses	30 707	31 162	31 118	34 993	(411)	(3 831)
<b>Net Surplus Before Tax</b>	<b>11 094</b>	<b>11 187</b>	<b>10 785</b>	<b>12 105</b>	<b>309</b>	<b>(918)</b>
Income Tax Expense	3 328	3 356	3 236	3 631	92	(275)
<b>Net Surplus After Tax</b>	<b>7 766</b>	<b>7 831</b>	<b>7 549</b>	<b>8 474</b>	<b>217</b>	<b>(643)</b>

The net surplus before tax was relatively stable compared with 2013-14. The decrease in income lease rate has primarily been driven by reduced demand for vehicles. The decrease in expenditure mainly resulted from reduced depreciation and operational expenses.

Table 2: 2014-15 and 2013-14 Actual Performance

	2015 \$000	2014 \$000	Variation \$000
Income	41 801	42 349	(548)
Expenses	30 707	31 162	(455)
<b>Net Surplus before Tax</b>	<b>11 094</b>	<b>11 187</b>	<b>(93)</b>
Income Tax Expense	3 328	3 356	(28)
<b>Net Surplus after Tax</b>	<b>7 766</b>	<b>7 831</b>	<b>(65)</b>

## Income

NT Fleet's primary income source came from vehicle lease charges. These services, classified under the income category of goods and services in Table 3 below represented 90.2% of NT Fleet's total income, with the remainder made up of interest, asset sales and other miscellaneous income. Total income has decreased by \$0.5 million in 2014-15 resulting from reduced demand for vehicles offset by increased disposal income.

Table 3: Income by Category

Year	Goods and Services		Investment <sup>1</sup>		Other Income <sup>2</sup>		Asset Sales		Total	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
2014-15	37 698	90.2	606	1.5	178	0.4	3 319	7.9	41 801	100
2013-14	38 742	91.5	513	1.2	130	0.3	2 964	7.0	42 349	100
2012-13	48 208	89.4	315	0.6	152	0.3	5 247	9.7	53 922	100

<sup>1</sup> Investment includes interest income.

<sup>2</sup> Other includes miscellaneous income such as motor vehicle registration refunds.

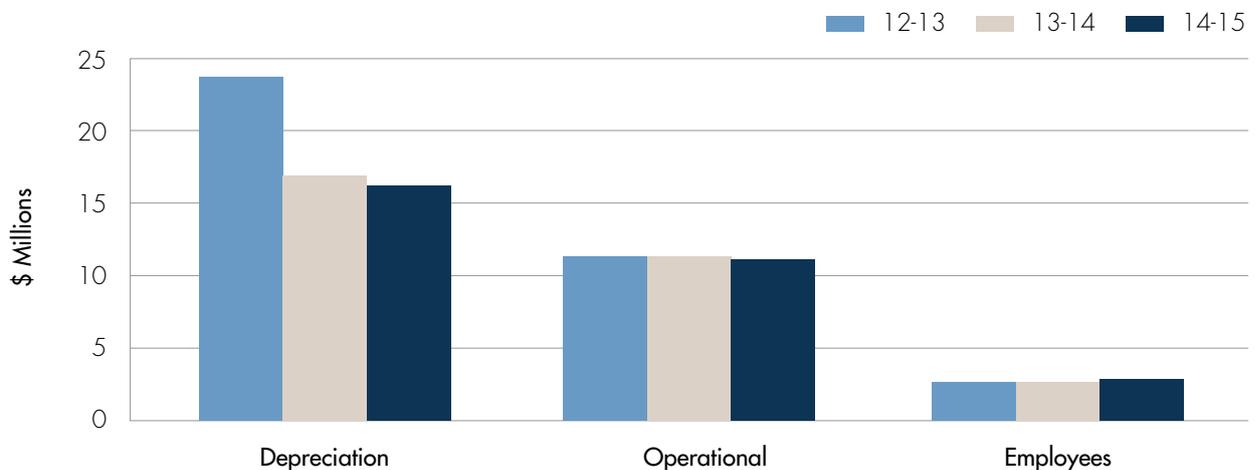
## Expenses

NT Fleet incurred the majority of its expenses on depreciation and operational costs. Compared to the previous year, all expense categories decreased in amounts, except for employee expenses. The increase in employee expenses is mainly attributed to the Enterprise Bargaining Agreement (EBA) wage increase. The reduced fleet depreciation expenses resulted from extended vehicle lease terms.

Table 4: Expenses by Category

Year	Depreciation		Employee		Operational		Total	
	\$000	%	\$000	%	\$000	%	\$000	%
2014-15	16 304	53.1	2 747	8.9	11 656	38.0	30 707	100
2013-14	16 767	53.8	2 610	8.4	11 785	37.8	31 162	100
2012-13	23 820	62.3	2 539	6.6	11 897	31.1	38 256	100

Figure 1: Expense by Category



## FINANCIAL POSITION

NT Fleet's net financial position at the end of 2014-15 was \$109.2 million which was \$3.9 million higher than last year's financial position. The net increase was the difference between the operating result of \$7.8 million and dividend payable to government of \$3.9 million.

The major movements in assets included a \$3.5 million increase in cash and deposits and a \$1.8 million increase in plant and equipment. Movement in liabilities was mainly due to a \$2.0 million increase in payables for capital expenditure.

Major assets at 30 June 2015 include:

- \$27.6 million cash and deposits;
- \$2.1 million receivables (GST receivable and outstanding service fees);
- \$1.0 million assets held for sale; and
- \$89.5 million property, plant and equipment (mainly motor vehicles).

Major liabilities at 30 June 2015 include:

- \$3.2 million payables and accrued expenses;
- \$3.3 million income tax provisions; and
- \$4.4 million provisions for employee entitlements.

Table 5: 2014-15 and 2013-14 Actual Financial Position

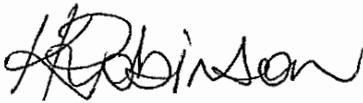
	2015	2014	Variation
	\$000	\$000	\$000
<b>ASSETS</b>			
Current Assets	31 087	26 691	4 396
Non-Current Assets	89 272	87 637	1 635
<b>TOTAL ASSETS</b>	<b>120 359</b>	<b>114 328</b>	<b>6 031</b>
<b>LIABILITIES</b>			
Current Liabilities	11 057	8 886	2 171
Non-Current Liabilities	122	164	(42)
<b>TOTAL LIABILITIES</b>	<b>11 179</b>	<b>9 050</b>	<b>2 129</b>
<b>NET ASSETS</b>	<b>109 180</b>	<b>105 278</b>	<b>3 902</b>
EQUITY	109 180	105 278	3 902
<b>TOTAL EQUITY</b>	<b>109 180</b>	<b>105 278</b>	<b>3 902</b>

## 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 2015 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.



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Kathleen Robinson  
**Chief Executive**

30 September 2015



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Rex Schoolmeester  
**Chief Finance Officer**

30 September 2015



## Auditor-General

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

#### NT Fleet

I have audited the accompanying financial report of NT Fleet which comprises the balance sheet as at 30 June 2015, the comprehensive operating statement, the statement of changes in equity and the cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certification of the financial statements by the Chief Executive.

#### **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 and for such internal control as the Chief Executive determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

#### **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. Those 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**

In my opinion the financial report gives a true and fair view of the financial position of NT Fleet as at 30 June 2015, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Julie Crisp  
Auditor-General for the Northern Territory  
Darwin, Northern Territory

1 October 2015

# COMPREHENSIVE OPERATING STATEMENT

For the year ended 30 June 2015

	Note	2015 \$000	2014 \$000
<b>INCOME</b>			
Sales of goods and services		37 698	38 742
Interest revenue		606	513
Gain on disposal of assets	3	3 319	2 964
Other income		178	130
<b>TOTAL INCOME</b>		<b>41 801</b>	<b>42 349</b>
<b>EXPENSES</b>			
Employee expenses		2 747	2 610
Administrative expenses			
Purchases of goods and services	4	11 129	11 336
Depreciation and amortisation	8,9	16 304	16 767
Other administrative expenses <sup>(a)</sup>		527	449
<b>TOTAL EXPENSES</b>		<b>30 707</b>	<b>31 162</b>
<b>SURPLUS BEFORE INCOME TAX</b>		<b>11 094</b>	<b>11 187</b>
Income tax expense	5	3 328	3 356
<b>NET SURPLUS/(DEFICIT)</b>		<b>7 766</b>	<b>7 831</b>
<b>COMPREHENSIVE RESULT</b>		<b>7 766</b>	<b>7 831</b>

<sup>(a)</sup> Includes DCIS service charges.

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

# BALANCE SHEET

As at 30 June 2015

	Note	2015 \$000	2014 \$000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and deposits	6	27 601	24 143
Receivables	7	2 129	1 423
Prepayments		138	173
Assets held for sale		1 219	952
<b>Total Current Assets</b>		<b>31 087</b>	<b>26 691</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	8,9	89 272	87 637
<b>Total Non-Current Assets</b>		<b>89 272</b>	<b>87 637</b>
<b>TOTAL ASSETS</b>		<b>120 359</b>	<b>114 328</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	3 155	1 184
Income tax liabilities	11	3 328	3 356
Provisions	12	4 279	4 320
Other liabilities	13	295	26
<b>Total Current Liabilities</b>		<b>11 057</b>	<b>8 886</b>
<b>Non-Current Liabilities</b>			
Provisions	12	122	164
<b>Total Non-Current Liabilities</b>		<b>122</b>	<b>164</b>
<b>TOTAL LIABILITIES</b>		<b>11 179</b>	<b>9 050</b>
<b>NET ASSETS</b>		<b>109 180</b>	<b>105 278</b>
<b>EQUITY</b>			
Capital		522	503
Accumulated funds		108 658	104 775
<b>TOTAL EQUITY</b>		<b>109 180</b>	<b>105 278</b>

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 2015

	Note	Equity at 1 July \$000	Comprehensive result \$000	Transactions with owners in their capacity as owners \$000	Equity at 30 June \$000
<b>2014-15</b>					
<b>Accumulated Funds</b>		104 775	7 766		112 542
Dividends payable				(3 883)	(3 883)
	14	<b>104 775</b>	<b>7 766</b>	<b>(3 883)</b>	<b>108 658</b>
<b>Capital – Transactions with Owners</b>		503			503
Equity transfers in				19	19
		<b>503</b>		<b>19</b>	<b>522</b>
<b>Total Equity at End of Financial Year</b>	14	<b>105 278</b>	<b>7 766</b>	<b>(3 864)</b>	<b>109 180</b>
<b>2013-14</b>					
<b>Accumulated Funds</b>		100 859	7 831		108 690
Dividends payable				(3 915)	(3 915)
	14	<b>100 859</b>	<b>7 831</b>	<b>(3 915)</b>	<b>104 775</b>
<b>Capital – Transactions with Owners</b>		503			503
		<b>503</b>			<b>503</b>
<b>Total Equity at End of Financial Year</b>	14	<b>101 362</b>	<b>7 831</b>	<b>(3 915)</b>	<b>105 278</b>

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 2015

	Note	2015 \$000	2014 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Operating Receipts</b>			
Receipts from sales of goods and services		37 481	38 467
GST receipts		5 170	5 014
Interest received		607	505
<b>Total Operating Receipts</b>		<b>43 258</b>	<b>43 986</b>
<b>Operating Payments</b>			
Payments to employees		(2 785)	(2 606)
Payments for goods and services		(11 557)	(11 338)
GST payments		(5 212)	(5 124)
Income tax paid		(3 356)	(4 700)
<b>Total Operating Payments</b>		<b>(22 910)</b>	<b>(23 768)</b>
<b>Net Cash From/(Used in) Operating Activities</b>	15	<b>20 348</b>	<b>20 218</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Investing Receipts</b>			
Proceeds from asset sales	3	14 104	11 670
<b>Total Investing Receipts</b>		<b>14 104</b>	<b>11 670</b>
<b>Investing Payments</b>			
Purchases of assets		(27 079)	(21 008)
<b>Total Investing Payments</b>		<b>(27 079)</b>	<b>(21 008)</b>
<b>Net Cash From/(Used in) Investing Activities</b>		<b>(12 975)</b>	<b>(9 338)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Financing Payments</b>			
Dividends paid		(3 915)	(5 483)
<b>Total Financing Payments</b>		<b>(3 915)</b>	<b>(5 483)</b>
<b>Net Cash From/(Used in) Financing Activities</b>		<b>(3 915)</b>	<b>(5 483)</b>
Net increase/(decrease) in cash held		3 458	5 397
Cash at beginning of financial year		24 143	18 746
<b>CASH AT END OF FINANCIAL YEAR</b>	6	<b>27 601</b>	<b>24 143</b>

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 2015

## Note

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1. Objectives and Funding
2. Statement of Significant Accounting Policies

### INCOME

3. Gain on Disposal of Assets

### EXPENSES

4. Purchases of Goods and Services
5. Income Tax Expense

### ASSETS

6. Cash and Deposits
7. Receivables
8. Property, Plant and Equipment
9. Fair Value Measurement of Non-Financial Assets

### LIABILITIES

10. Payables
11. Income Tax Liabilities
12. Provisions
13. Other Liabilities

### EQUITY

14. Equity

### OTHER DISCLOSURES

15. Notes to the Cash Flow Statement
16. Financial Instruments
17. Commitments
18. Contingent Liabilities and Contingent Assets
19. Events Subsequent to Balance Date
20. Write-offs, Postponements, Waivers, Gifts and Ex Gratia Payments
21. Budgetary Information

## 1. OBJECTIVES AND FUNDING

NT Fleet manages the light and heavy vehicle fleet for NTG agencies, except Northern Territory Police, Fire and Emergency Services. Management of the NTG 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 NTG Fleet Policy Framework;
- managing supply and service contracts; and
- 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; and
- (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 NT Fleet 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 1031 Materiality (2013), AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments, AASB 2014-1 Amendments to Australian Accounting Standards (Part C – Materiality)**

Revised AASB 1031 is an interim standard that cross-references to other standards and the *Framework for the Preparation and Presentation of Financial Statements* that contain guidance on materiality. The standard does not impact the financial statements.

#### **AASB 1055 Budgetary Reporting**

AASB 1055 sets out budgetary reporting requirements for not-for-profit entities within the General Government Sector. The required disclosures comprise a separate note accompanying the financial statements.

## AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]

The standard addresses inconsistencies in current practice when applying the offsetting criteria in AASB 132 *Financial Instruments: Presentation*. The standard does not impact the financial statements.

## AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

The amendments to AASB 136 *Impairment of Assets* address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The standard does not impact the financial statements.

## AASB 2014-1 Amendments to Australian Accounting Standards (Part A – Annual Improvements 2010-2012 and 2011-2013 Cycles)

Part A of the standard makes amendments to various Australian Accounting Standards (AASB 2, 3, 8, 9, 13, 116, 119, 124, 137, 138, 139, 140 & 1052 and Interpretation 129) arising from the issuance by IASB of *IFRSs Annual Improvements to IFRS 2010-2012 Cycle* and *Annual Improvements to IFRSs 2011-2013 Cycle*. The standard does not impact the financial statements.

### 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 2014-4 <i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 &amp; 138]</i>	Amends AASB 116 <i>Property, Plant and Equipment</i> and AASB 138 <i>Intangible Assets</i> to provide additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated.	1 Jan 2016	It is likely to have an impact for future financial reporting periods but the exact impact is yet to be determined.
AASB 2015-1 <i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 &amp; 140]</i>	Amends a number of pronouncements as a result of the IASB's 2012-2014 annual improvements cycle.	1 Jan 2016	It is likely to have an impact for future financial reporting periods but the exact impact is yet to be determined.
AASB 2015-2 <i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 &amp; 1049]</i>	Includes narrow-focus amendments to address concerns about existing presentation and disclosure requirements, and to ensure entities are able to use judgement when applying a standard in determining what information to disclose.	1 Jan 2016	It is 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 NT Fleet 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*

NT Fleet held no Territory items.

### d) Comparatives

Where necessary, comparative information for the 2013-14 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 2014-15 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(v) 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 18: 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), Note 7: Receivables and Note 16: Financial Instruments. The allowance represents debts that are likely to be uncollectible and are considered doubtful. Debtors are grouped according to their aging profile and history of previous financial difficulties.

- Depreciation and Amortisation – Note 2(l), Note 8: Property, Plant and Equipment, and Note 9.

## **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 the agency; and
- 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; and
- it is probable that the economic benefits associated with the transaction will flow to the entity.

### ***Interest Revenue***

Interest revenue 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 NT Fleet 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.

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:

	2015	2014
Vehicles - Light	3-4 years	3-4 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

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) 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 held no inventory.

### **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 NT Fleet 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 16 Financial Instruments. Reconciliation of changes in the allowance accounts is also presented.

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

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 NT Fleet 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 (Dol) 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 Dol and the cost of construction work in progress is recognised as an asset of Dol. Once completed, capital works assets are transferred to NT Fleet.

## 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 and intangible agency assets are assessed for indicators of impairment on an annual basis. If an indicator of impairment exists, NT Fleet 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 9 provides additional information in relation to 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 NT Fleet 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.

### **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 NT Fleet. Accounts payable are normally settled within 30 days.

### **v) 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; and
- 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 NT Fleet and as such no long service leave liability is recognised in agency financial statements.

### **w) Superannuation**

Employees' superannuation entitlements are provided through the:

- Northern Territory Government and Public Authorities Superannuation Scheme (NTGPASS);
- Commonwealth Superannuation Scheme (CSS); or
- 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.

### **x) 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.

### **y) 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.

### **z) Commitments**

Disclosures in relation to capital and other commitments, including lease commitments are shown at Note 17.

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

## aa) 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 assets and liabilities are recognised on the Balance Sheet when NT Fleet becomes a party to the contractual provisions of the financial instrument. NT Fleet's financial instruments include cash and deposits; receivables; advances; investments loan and placements; payables; advances received; borrowings and derivatives.

Exposure to interest rate risk, foreign exchange risk, credit risk, price risk and liquidity risk arise in the normal course of activities. NT Fleet's investments, loans and placements, and borrowings are predominantly managed through the NTTC adopting strategies to minimise the risk. Derivative financial arrangements are also utilised to manage financial risks inherent in the management of these financial instruments. These arrangements include swaps, forward interest rate agreements and other hedging instruments to manage fluctuations in interest or exchange rates.

### *Classification of Financial Instruments*

AASB 7 Financial Instruments: Disclosures requires financial instruments to be classified and disclosed within specific categories depending on their nature and purpose.

Financial assets are classified into the following categories:

- financial assets at fair value through profit or loss;
- loans and receivables; and
- available-for-sale financial assets.

Financial liabilities are classified into the following categories:

- financial liabilities at fair value through profit or loss (FVTPL); and
- financial liabilities at amortised cost.

### *Financial Assets or Financial Liabilities at Fair Value through Profit or Loss*

Financial instruments are classified as at FVTPL when the instrument is either held for trading or is designated as at FVTPL.

An instrument is classified as held for trading if it is:

- acquired or incurred principally for the purpose of selling or repurchasing it in the near term with an intention of making a profit; or
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

A financial instrument may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the instrument forms part of a group of financial instruments, which is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 Financial Instruments: Recognition and Measurement permits the contract to be designated as at FVTPL.

## ***Loans and Receivables***

For details refer to Note 2 (p).

## ***Available-for-Sale Financial Assets***

Available-for-sale financial assets are those non-derivative financial assets, principally equity securities that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the Comprehensive Operating Statement.

## ***Financial Liabilities at Amortised Cost***

Amortised cost is calculated using the effective interest method.

## ***Netting of Swap Transactions***

NT Fleet, from time to time, may facilitate certain structured finance arrangements, where a legally recognised right to set-off financial assets and liabilities exists, and the Territory intends to settle on a net basis. Where these arrangements occur, the revenues and expenses are offset and the net amount is recognised in the Comprehensive Operating Statement.

Note 16 provides additional information on financial instruments.

## **bb) Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use takes into account the use of the asset that is physically possible, legally permissible and financially feasible.

When measuring fair value, the valuation techniques used maximise the use of relevant observable inputs and minimise the use of unobservable inputs. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by NT Fleet include, but are not limited to, published sales data for land and general office buildings.

Unobservable inputs are data, assumptions and judgments that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Such inputs include internal agency adjustments to observable data to take account of particular and potentially unique characteristics/functionality of assets/liabilities and assessments of physical condition and remaining useful life.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy based on the inputs used:

Level 1 – inputs are quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – inputs are unobservable.

	2015 \$000	2014 \$000
<b>3. GAIN ON DISPOSAL OF ASSETS</b>		
Net proceeds from the disposal of non-current assets	14 104	11 670
Less: Carrying value of non-current assets disposed	(10 785)	(8 706)
Gain on the disposal of non-current assets	<b>3 319</b>	<b>2 964</b>
<b>4. PURCHASES OF GOODS AND SERVICES</b>		
The net surplus/(deficit) has been arrived at after charging the following expenses:		
<b>Goods and services expenses:</b>		
Contractors and consultants <sup>(1)</sup>	11	18
Document production	4	1
Recruitment <sup>(2)</sup>	1	1
Training and study	10	4
Official duty fares	6	5
Travelling allowance	2	2
Corporate support from other agencies	527	449
Audit fees	37	12
<sup>(1)</sup> Includes IT contractors and consultants, marketing, and promotion.		
<sup>(2)</sup> Includes recruitment-related advertising costs.		
<b>5. INCOME TAX EXPENSE</b>		
Prima facie income tax expense calculated at 30% of the surplus before income tax	3 328	3 356
	<b>3 328</b>	<b>3 356</b>
<b>6. CASH AND DEPOSITS</b>		
Cash on hand	13	16
Cash at bank	27 588	24 127
	<b>27 601</b>	<b>24 143</b>
<b>7. RECEIVABLES</b>		
<b>Current</b>		
Accounts receivable	325	141
Interest receivables	43	45
GST receivables	14	(28)
Other receivables	1 747	1 265
<b>Total Receivables</b>	<b>2 129</b>	<b>1 423</b>

## 8. PROPERTY, PLANT AND EQUIPMENT

### Motor vehicles - Light

At fair value

Less: Accumulated depreciation

### Motor vehicles - Heavy

At fair value

Less: Accumulated depreciation

### Computer Software

At fair value

Less: Accumulated depreciation

### Leasehold Improvements

At fair value

Less: Accumulated depreciation

### Total Property, Plant and Equipment

	2015 \$000	2014 \$000
Motor vehicles - Light		
At fair value	101 815	106 610
Less: Accumulated depreciation	(32 735)	(39 710)
	<b>69 080</b>	<b>66 900</b>
Motor vehicles - Heavy		
At fair value	37 261	36 969
Less: Accumulated depreciation	(17 779)	(16 632)
	<b>19 482</b>	<b>20 337</b>
Computer Software		
At fair value	674	383
Less: Accumulated depreciation	(32)	(32)
	<b>642</b>	<b>351</b>
Leasehold Improvements		
At fair value	78	58
Less: Accumulated depreciation	(10)	(9)
	<b>68</b>	<b>49</b>
<b>Total Property, Plant and Equipment</b>	<b>89 272</b>	<b>87 637</b>

### Impairment of Property, Plant and Equipment

Agency property, plant and equipment assets were assessed for impairment as at 30 June 2015. No impairment adjustments were required as a result of this review.

### 2015 Property, Plant and Equipment Reconciliations

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2014-15 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 2014	67 776 <sup>2</sup>	20 413 <sup>3</sup>	49	350	88 588
Additions	25 701	2 980			28 681
Disposals	(10 289)	(497)			(10 786)
Depreciation	(13 060)	(3 243)	(1)		(16 304)
Assets held for sale <sup>1</sup>	(1 048)	(171)			(1 219)
Additions/(Disposals) from asset transfers			20		20
Other movements				292	292
<b>Carrying Amount as at 30 June 2015</b>	<b>69 080</b>	<b>19 482</b>	<b>68</b>	<b>642</b>	<b>89 272</b>

<sup>1</sup> Light and heavy vehicles held for sale as at 30 June 2015 were reclassified as Current Assets (-\$1.2M).

<sup>2</sup> The carrying amount as at 1 July 2014 (\$67.8M) = the carrying amount as at 30 Jun 2014 (\$66.9M) + Assets held for sale as at 30 Jun 2014 (\$0.9M).

<sup>3</sup> The carrying amount as at 1 July 2014 (\$20.4M) = the carrying amount as at 30 Jun 2014 (\$20.3M) + Assets held for sale as at 30 Jun 2014 (\$0.1M).

## 8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### 2014 Property, Plant and Equipment Reconciliations

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2013-14 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 2013	71 215	21 432	50	351	93 048
Additions	18 158	2 856			21 014
Disposals	(8 158)	(548)			(8 706)
Depreciation	(13 440)	(3 326)	(1)		(16 767)
Assets held for sale <sup>1</sup>	(875)	(77)			(952)
<b>Carrying Amount as at 30 June 2014</b>	<b>66 900</b>	<b>20 337</b>	<b>49</b>	<b>351</b>	<b>87 637</b>

<sup>1</sup> Light and heavy vehicles held for sale as at 30 June 2014 were reclassified as Current Assets (-\$1.0M).

## 9. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

### a) Fair Value Hierarchy

Fair values of non-financial assets categorised by levels of inputs used to compute fair value are:

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total Fair Value \$000
<b>2014-15</b>				
<b>ASSET CLASSES</b>				
Plant and Equipment – Light Vehicles			69 080	69 080
Plant and Equipment – Heavy Vehicles			19 482	19 482
Leasehold Improvements			68	68
Computer Software			642	642
<b>Total</b>			<b>89 272</b>	<b>89 272</b>
<b>2013-14</b>				
<b>Asset Classes</b>				
Plant and Equipment – Light Vehicles			66 900	66 900
Plant and Equipment – Heavy Vehicles			20 337	20 337
Leasehold Improvements			49	49
Computer Software			351	351
<b>Total</b>			<b>87 637</b>	<b>87 637</b>

There were no transfers between Level 1 and Levels 2 or 3 during 2014-15.

## 9. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS (CONTINUED)

### b) Valuation Techniques and Inputs

Valuation techniques used to measure fair value in 2014-15 are:

Asset Classes	Level 2 Techniques	Level 3 Techniques
Plant and Equipment – Light Vehicles		Cost approach
Plant and Equipment – Heavy Vehicles		Cost approach
Assets Held for Sale – Light & Heavy		Cost approach
Leasehold Improvements		Cost approach
Computer Software		Cost approach

There were no changes in valuation techniques from 2013-14 to 2014-15.

There were no changes in valuation techniques during the period.

Plant and equipment – light and heavy vehicles are carried at cost less depreciation which is deemed to be closest to fair value.

### c) Additional Information for Level 3 Fair Value Measurements

#### (i) Reconciliation of Recurring Level 3 Fair Value Measurements

	Plant and Equipment Light Vehicles \$000	Plant and Equipment Heavy Vehicles \$000	Computer Software \$000
<b>2014-15</b>			
Fair value as at 1 July 2014	67 776 <sup>2</sup>	20 413 <sup>3</sup>	350
Additions	25 701	2 980	292
Disposals	(10 289)	(497)	
Depreciation	(13 060)	(3 243)	
Assets held for sale <sup>1</sup>	(1 048)	(171)	
<b>Fair value as at 30 June 2015</b>	<b>69 080</b>	<b>19 482</b>	<b>642</b>
<b>2013-14</b>			
Fair value as at 1 July 2013	71 215	21 432	351
Additions	18 158	2 856	
Disposals	(8 158)	(548)	
Depreciation	(13 440)	(3 326)	
Assets held for sale	(875)	(77)	
<b>Fair value as at 30 June 2014</b>	<b>66 900</b>	<b>20 337</b>	<b>351</b>

<sup>1</sup> Light and heavy vehicles held for sale as at 30 June 2015 were reclassified as Current Assets (-\$1.2M).

<sup>2</sup> The carrying amount as at 31 July 2014 (\$67.8M) = the carrying amount as at 30 Jun 2014 (\$66.9M) + Assets held for sale as at 30 Jun 2014 (\$0.9M).

<sup>3</sup> The carrying amount as at 31 July 2014 (\$20.4M) = the carrying amount as at 30 Jun 2014 (\$20.3M) + Assets held for sale as at 30 Jun 2014 (\$0.1M).

## 9. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS (CONTINUED)

### (ii) Sensitivity analysis

Unobservable inputs used in computing the fair value of assets include the historical cost and the consumed economic benefit for each asset. Given the large number of NT Fleet assets, it is not practical to compute a relevant summary measure for the unobservable inputs. In respect of sensitivity of fair value to changes in input value, a higher historical cost results in a higher fair value and greater consumption of economic benefit lowers fair value.

	2015 \$000	2014 \$000
<b>10. PAYABLES</b>		
Accounts payable	2 608	719
Other accrued expenses and accrued salaries	547	465
<b>Total Payables</b>	<b>3 155</b>	<b>1 184</b>
<b>11. INCOME TAX LIABILITIES</b>		
Income tax payable	3 328	3 356
<b>Total Income tax liabilities</b>	<b>3 328</b>	<b>3 356</b>
<b>12. PROVISIONS</b>		
<b>Current</b>		
<i>Employee benefits</i>		
Recreation leave	225	239
Leave loading	50	50
Other employee benefits	25	12
<i>Other current provisions</i>		
Provision for dividend	3 883	3 915
Provision for fringe benefits tax	5	5
Provision for superannuation	58	65
Provision for payroll tax	27	28
Provision for workers compensation premium	6	6
	<b>4 279</b>	<b>4 320</b>
<b>Non-Current</b>		
<i>Employee benefits</i>		
Recreation leave	122	164
	<b>122</b>	<b>164</b>
<b>Total Provisions</b>	<b>4 401</b>	<b>4 484</b>
<b>Reconciliations of Provisions</b>		
Balance as at 1 July	3 915	5 483
Additional provisions recognised	3 883	3 915
Reductions arising from payments	(3 915)	(5 483)
<b>Balance as at 30 June</b>	<b>3 883</b>	<b>3 915</b>

NT Fleet employed 31 employees as at 30 June 2015 and 32 employees as at 30 June 2014.

### 13. OTHER LIABILITIES

#### Current

Other liabilities

**Total Other Liabilities**

	2015 \$000	2014 \$000
	295	26
	<b>295</b>	<b>26</b>
	<b>295</b>	<b>26</b>

### 14. EQUITY

#### Capital

Balance as at 1 July

*Equity Injections*

Equity transfers

Balance as at 30 June

#### Accumulated funds

Balance as at 1 July

Surplus for the period

Dividends payable

Balance as at 30 June

Total Equity

	503	503
	19	
	<b>522</b>	<b>503</b>
	104 775	100 859
	7 766	7 831
	(3 883)	(3 915)
	<b>108 658</b>	<b>104 775</b>
	<b>109 180</b>	<b>105 278</b>

### 15. NOTES TO THE CASH FLOW STATEMENT

#### Reconciliation of Cash

The total of NT Fleet 'Cash and deposits' of \$27.6 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

Net Surplus/(Deficit)

*Non-cash items:*

Depreciation and amortisation

(Gain)/Loss on disposal of assets

*Changes in assets and liabilities:*

Decrease/(Increase) in receivables

Decrease/(Increase) in prepayments

Decrease/(Increase) in other assets

(Decrease)/Increase in payables

(Decrease)/Increase in provision for employee benefits

(Decrease)/Increase in other provisions

(Decrease)/Increase in deferred income

**Net Cash from Operating Activities**

	2015 \$000	2014 \$000
	7 766	7 831
	16 304	16 767
	(3 319)	(2 964)
	(704)	(550)
	35	13
	78	441
	(42)	41
	(38)	(1 387)
	268	26
	<b>20 348</b>	<b>20 218</b>

## 16. 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 and finance leases. 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.

	2015 \$000	2014 \$000
<b>Financial Assets</b>		
Cash and deposits	27 601	24 143
Receivables	2 129	1 423
<b>Financial Liabilities</b>		
Payables	3 155	1 184

### 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.

## 16. FINANCIAL INSTRUMENTS (CONTINUED)

	Aging of Receivables \$000	Aging of Impaired Receivables \$000	Net Receivables \$000
<b>Internal Receivables</b>			
<b>2014-15</b>			
Not overdue	56		56
Overdue for less than 30 days	170		170
Overdue for 30 to 60 days	-		-
Overdue for more than 60 days	-		-
<b>Total</b>	<b>226</b>	<b>-</b>	<b>226</b>
<b>2013-14</b>			
Not overdue	65		65
Overdue for less than 30 days	10		10
Overdue for 30 to 60 days	-		-
Overdue for more than 60 days	-		-
<b>Total</b>	<b>75</b>	<b>-</b>	<b>75</b>
<b>External Receivables</b>			
<b>2014-15</b>			
Not overdue	28		28
Overdue for less than 30 days	71		71
Overdue for 30 to 60 days	-		-
Overdue for more than 60 days	-		-
<b>Total</b>	<b>99</b>	<b>-</b>	<b>99</b>
<b>2013-14</b>			
Not overdue	2		2
Overdue for less than 30 days	64		64
Overdue for 30 to 60 days	-		-
Overdue for more than 60 days	-		-
<b>Total</b>	<b>66</b>	<b>-</b>	<b>66</b>

### c) Liquidity Risk

Liquidity risk is the risk that NT Fleet 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 Current Ratio as at 30 June 2015 is 2.8. It also has sufficient fixed assets (passenger vehicles) which can be disposed of 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 NT Fleet'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.

The following tables detail NT Fleet's remaining contractual maturity for its financial assets and liabilities.

## 16. FINANCIAL INSTRUMENTS (CONTINUED)

### 2015 Maturity analysis for financial assets and liabilities

	Variable Interest Rate			Fixed Interest Rate			Non Interest Bearing	Total	Weighted Average
	Less than a Year	1 to 5 Years	More than 5 Years	Less than a Year	1 to 5 Years	More than 5 Years			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
<b>Assets</b>									
Cash and deposits	27 588						13	27 601	2.35
Receivables	-						2 129	2 129	
<b>Total Financial Assets</b>	<b>27 588</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 142</b>	<b>29 730</b>	
<b>Liabilities</b>									
Payables							3 155	3 155	
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 155</b>	<b>3 155</b>	

### 2014 Maturity analysis for financial assets and liabilities

	Variable Interest Rate			Fixed Interest Rate			Non Interest Bearing	Total	Weighted Average
	Less than a Year	1 to 5 Years	More than 5 Years	Less than a Year	1 to 5 Years	More than 5 Years			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
<b>Assets</b>									
Cash and deposits	24 127						16	24 143	2.25
Receivables	-						1 423	1 423	
<b>Total Financial Assets</b>	<b>24 127</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 439</b>	<b>25 566</b>	
<b>Liabilities</b>									
Payables							1 184	1 184	
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 184</b>	<b>1 184</b>	

#### 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

The NT Fleet's exposure to interest rate risk by asset and liability classes is disclosed above under liquidity 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 2015 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.

## 16. FINANCIAL INSTRUMENTS (CONTINUED)

	2015 \$000	2014 \$000
<b>Variable rate instruments</b>		
Financial Assets	27 588	24 127
Financial Liabilities	-	-
<b>Total</b>	<b>27 588</b>	<b>24 127</b>

### Market Sensitivity Analysis

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

	Profit or Loss and Equity	
	100 basis points increase \$000	100 basis points decrease \$000
<b>30 June 2015</b>		
Financial assets – cash at bank	276	(276)
<b>Net Sensitivity</b>	<b>276</b>	<b>(276)</b>
<b>30 June 2014</b>		
Financial assets – cash at bank	241	(241)
<b>Net Sensitivity</b>	<b>241</b>	<b>(241)</b>

#### (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 fair value of financial instruments is determined on the following basis:

- the fair value of cash, deposits, advances, receivables and payables approximates their carrying amount, which is also their amortised cost;
- the fair value of derivative financial instruments are derived using current market yields and exchange rates appropriate to the instrument; and
- the fair value of other monetary financial assets and liabilities is based on discounting to present value the expected future cash flows by applying current market interest rates for assets and liabilities with similar risk profiles.

For financial instruments measured and disclosed at fair value, the following table groups the instruments based on the level of inputs used.

## 16. FINANCIAL INSTRUMENTS (CONTINUED)

	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
<b>2015</b>					
<b>Financial Assets</b>					
Cash and deposits	27 601	27 601			27 601
Receivables	2 129	2 129			2 129
<b>Total Financial Assets</b>	<b>29 730</b>	<b>29 730</b>	-	-	<b>29 730</b>
<b>Financial Liabilities</b>					
Payables	3 155	3 155			3 155
<b>Total Financial Liabilities</b>	<b>3 155</b>	<b>3 155</b>	-	-	<b>3 155</b>
<b>2014</b>					
<b>Financial Assets</b>					
Cash and deposits	24 143	24 143			24 143
Receivables	1 423	1 423			1 423
<b>Total Financial Assets</b>	<b>25 566</b>	<b>25 566</b>	-	-	<b>25 566</b>
<b>Financial Liabilities</b>					
Payables	1 184	1 184			1 184
<b>Total Financial Liabilities</b>	<b>1 184</b>	<b>1 184</b>	-	-	<b>1 184</b>

There were no changes in valuation techniques during the period.

	2015		2014	
	Internal \$000	External \$000	Internal \$000	External \$000
<b>17. COMMITMENTS</b>				
<b>(i) Capital Expenditure Commitments</b>				
Capital expenditure commitments primarily related to the acquisition of fleet vehicles. Capital expenditure commitments contracted for at balance date but not recognised as liabilities are payable as follows:				
Within one year		8 718		8 006
Later than one year and not later than five years				
Later than five years				
	-	8 718	-	8 006
<b>(ii) Operating Lease Commitments</b>				
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		7		10
Later than one year and not later than five years		12		12
Later than five years		-		-
	-	19	-	22

## 18. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

NT Fleet had no contingent liabilities or contingent assets as at 30 June 2015 or 30 June 2014.

## 19. 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.

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

NT Fleet had no write offs, postponements, gifts and ex-gratia payments in 2014-15 and 2013-14.

## 21. BUDGETARY INFORMATION

Comprehensive Operating Statement	2014-15			Note
	Actual \$000	Original Budget \$000	Variance \$000	
<b>INCOME</b>				
Sales of goods and services	37 698	39 864	(2 166)	1
Interest revenue	606	510	96	2
Gain on disposal of assets	3 319	3 800	(481)	3
Other income	178	140	38	
<b>TOTAL INCOME</b>	<b>41 801</b>	<b>44 314</b>	<b>(2 513)</b>	
<b>EXPENSES</b>				
Employee expenses	2 747	2 762	(15)	
Administrative expenses				
Purchases of goods and services	11 656	12 092	(436)	
Depreciation and amortisation	16 304	17 940	(1 636)	4
<b>TOTAL EXPENSES</b>	<b>30 707</b>	<b>32 794</b>	<b>(2 087)</b>	
<b>SURPLUS(+)/DEFICIT(-) BEFORE INCOME TAX</b>	<b>11 094</b>	<b>11 520</b>	<b>(426)</b>	
Income tax expense	3 328	3 456	(128)	
<b>NET SURPLUS/DEFICIT</b>	<b>7 766</b>	<b>8 064</b>	<b>(298)</b>	
<b>COMPREHENSIVE RESULT</b>	<b>7 766</b>	<b>8 064</b>	<b>(298)</b>	

### Notes

1. The decrease in sales of goods and services income primarily related to: approved budget changes resulting from reduced demand for vehicles (-\$1.7M); and actuals were lower than estimated (-\$0.5M) due to decreased demand for vehicles.
2. Actuals were better than estimated (\$0.1M) due to higher bank balance.
3. The decrease in gain on disposal of assets primarily related to: approved budget changes due to lower sale prices (-\$0.7M); and actuals were higher than estimated (\$0.2M).
4. The decrease in depreciation and amortisation primarily related to: approved budget changes (-\$1.3M); and lower depreciation expenses (-\$0.3M), both resulting from extending operating life of the light vehicle fleet.

Balance Sheet	2014-15			Note
	Actual \$000	Original Budget \$000	Variance \$000	
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and deposits	27 601	28 231	(630)	
Receivables	2 129	871	1 258	1
Prepayments	138	185	(47)	
Assets held for sale	1 219		1 219	2
<b>Total current assets</b>	<b>31 078</b>	<b>29 287</b>	<b>1 800</b>	
<b>Non-current assets</b>				
Property, plant and equipment	89 272	88 807	465	2
<b>Total non-current assets</b>	<b>89 272</b>	<b>88 807</b>	<b>465</b>	
<b>TOTAL ASSETS</b>	<b>120 359</b>	<b>118 094</b>	<b>2 265</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	3 155	734	2 421	3
Creditors and accruals				
Provisions	7 607	7 869	(262)	
Other liabilities	295	26	269	
<b>Total current liabilities</b>	<b>11 057</b>	<b>8 629</b>	<b>2 428</b>	
<b>Non-current liabilities</b>				
Provisions	122	164	(42)	
<b>Total non-current liabilities</b>	<b>122</b>	<b>164</b>	<b>(42)</b>	
<b>TOTAL LIABILITIES</b>	<b>11 179</b>	<b>8 793</b>	<b>2 386</b>	
<b>NET ASSETS</b>	<b>109 180</b>	<b>109 301</b>	<b>(121)</b>	
<b>EQUITY</b>				
Capital				
Opening balance	522	502	20	
Accumulated funds				
Opening balance	104 775	104 768	7	
Current year surplus(+)/deficit(-)	7 766	8 064	(298)	
Dividends payable	(3 883)	(4 033)	150	
<b>TOTAL EQUITY</b>	<b>109 180</b>	<b>109 301</b>	<b>(121)</b>	

#### Notes

1. The increase in receivables primarily related to: adjustments to the actual closing balance at the end of 2013-14 (\$0.6M); and actuals were higher than estimated (\$0.7M) due to a higher number of vehicles sold at the end of year and increased recoverable works.
2. The budget for assets held for sale was included in property, plant and equipment (refer Note 8).
3. The increase in payables primarily related to: adjustments to the actual closing balance at the end of 2013-14 (\$0.4M); and actual vehicles purchases being higher than estimated (\$2.0M).

Cash Flow Statement	2014-15			Note
	Actual \$000	Original Budget \$000	Variance \$000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Operating receipts</b>				
Receipts from sales of goods and services	37 481	40 004	(2 523)	1
GST receipts	5 170		5170	2
Interest received	607	510	97	3
<b>Total operating receipts</b>	<b>43 258</b>	<b>40 514</b>	<b>2 744</b>	
<b>Operating payments</b>				
Payments to employees	(2 785)	(2 762)	(23)	
Payments for goods and services	(11 557)	(12 092)	535	
GST payments	(5 212)		(5 212)	2
Income tax paid	(3 356)	(3 351)	(5)	
<b>Total operating payments</b>	<b>(22 910)</b>	<b>(18 205)</b>	<b>(4 705)</b>	
<b>Net cash from/(used in) operating activities</b>	<b>20 348</b>	<b>22 309</b>	<b>(1 961)</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Investing receipts</b>				
Proceeds from asset sales	14 104	16 000	(1 896)	4
Repayment of advances				
Sales of investments				
<b>Total investing receipts</b>	<b>14 104</b>	<b>16 000</b>	<b>(1 896)</b>	
<b>Investing payments</b>				
Purchases of assets	(27 079)	(30 000)	2 921	5
Advances and investing payments				
<b>Total investing payments</b>	<b>(27 079)</b>	<b>(30 000)</b>	<b>2 921</b>	
<b>Net cash from/(used in) investing activities</b>	<b>(12 975)</b>	<b>(14 000)</b>	<b>1 025</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Financing payments</b>				
Dividends paid	(3 915)	(3 910)	(5)	
<b>Total financing payments</b>	<b>(3 915)</b>	<b>(3 910)</b>	<b>(5)</b>	
<b>Net cash from/(used in) financing activities</b>	<b>(3 915)</b>	<b>(3 910)</b>	<b>(5)</b>	
Net increase/(decrease) in cash held (Including GST)	3 458	4 399	(941)	
Cash at beginning of financial year	24 143	23 832	311	
<b>CASH AT END OF FINANCIAL YEAR</b>	<b>27 601</b>	<b>28 231</b>	<b>(630)</b>	

#### Notes

1. The decrease primarily related to: approved budgeted revenue adjustments for vehicle leases (-\$1.7M) and actuals were lower than expected (-\$0.8M) due to decreased demand for vehicles.
2. GST receipts and payments were not included in original budget.
3. Actuals were better than estimated (\$0.1M) due to higher bank balance.
4. The decrease primarily related to approved budget adjustments (-\$2.5M) anticipating lower sale prices resulting from extension of light vehicle operating life, however, actuals were higher than budget (\$0.6M) due to higher sale prices.
5. The budget was decreased (-\$3.0M) due to reduced demand for vehicle replacement.

# DATA CENTRE SERVICES FINANCIAL STATEMENT OVERVIEW

For the Year Ended 30 June 2015

## FINANCIAL PERFORMANCE

Data Centre Services (DCS) achieved an improved operating result for 2014-15 of \$4.3 million after tax, \$0.5 million above budget expectations. This operating result has been achieved primarily through savings in ICT and operational expenditure.

DCS has recognised income tax of \$1.9 million and will return a dividend of \$2.2 million to government for 2014-15.

Table 1: 2014-15 and 2013-14 Actual and Budget Performance

	Actual \$000		Final Budget \$000		Variation \$000	
	2015	2014	2015	2014	2015	2014
Income	28 841	27 660	28 961	28 218	(120)	(558)
Expenses	22 671	23 146	23 515	23 743	844	597
<b>Net Surplus before Tax</b>	<b>6 170</b>	<b>4 514</b>	<b>5 446</b>	<b>4 475</b>	<b>724</b>	<b>39</b>
Income Tax Expense	1 851	1 354	1 634	1 343	(217)	(11)
<b>Net Surplus after Tax</b>	<b>4 319</b>	<b>3 160</b>	<b>3 812</b>	<b>3 132</b>	<b>507</b>	<b>28</b>
Other Comprehensive Income	(9)	(3)	-	-	(9)	(3)
<b>Comprehensive Result</b>	<b>4 310</b>	<b>3 157</b>	<b>3 812</b>	<b>3 132</b>	<b>498</b>	<b>25</b>

The net surplus before tax represented \$1.7 million improvement from 2013-14 and has been achieved through the combination of increased income and reduced expenditure.

The increase in income has primarily been driven by the growth in Enterprise Storage and Application Development business functions.

Other business functions have been relatively stable with Midrange Services achieving cost efficiencies through reduction of contracted resources and reduced software licensing, and maintenance costs.

Table 2: 2014-15 and 2013-14 Actual Performance

	2015 \$000	2014 \$000	Variation \$000
Income	28 841	27 660	1 181
Expenses	22 671	23 146	(475)
<b>Net Surplus before Tax</b>	<b>6 170</b>	<b>4 514</b>	<b>1 656</b>
Income Tax Expense	1 851	1 354	497
<b>Net Surplus after Tax</b>	<b>4 319</b>	<b>3 160</b>	<b>1 159</b>
Other Comprehensive Income	(9)	(3)	(6)
<b>Comprehensive Result</b>	<b>4 310</b>	<b>3 157</b>	<b>1 153</b>

## Income

DCS' primary income source came from the provision of information technology services to clients, primarily government agencies. These services, classified under the income category of goods and services in Table 3 below represented 98.9% of DCS' total income, with the remainder made up of interest and other miscellaneous income.

Table 3: Income by Category

Year	Goods and Services		Interest		Other Income		Total	
	\$000	%	\$000	%	\$000	%	\$000	%
2014-15	28 513	98.9	320	1.1	8	0.0	28 841	100
2013-14	27 343	98.9	276	1.0	41	0.1	27 660	100
2012-13	26 378	98.9	281	1.1	5	-	26 664	100

Income by most business functions has been relatively stable for the year, with Enterprise Storage and Application Development achieving significant growth of \$0.6 million and \$0.7 million respectively for 2014-15.

Table 4: Income by Business Function

Year	Mainframe		Midrange		Enterprise Storage		Data Centre Operations		IT Security Management		Application Development		Total	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
2014-15	10 042	34.8	8 603	29.8	3 181	11.0	2 023	7.1	2 535	8.8	2 457	8.5	28 841	100
2013-14	10 064	36.4	8 502	30.7	2 625	9.5	2 103	7.6	2 577	9.3	1 789	6.5	27 660	100
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

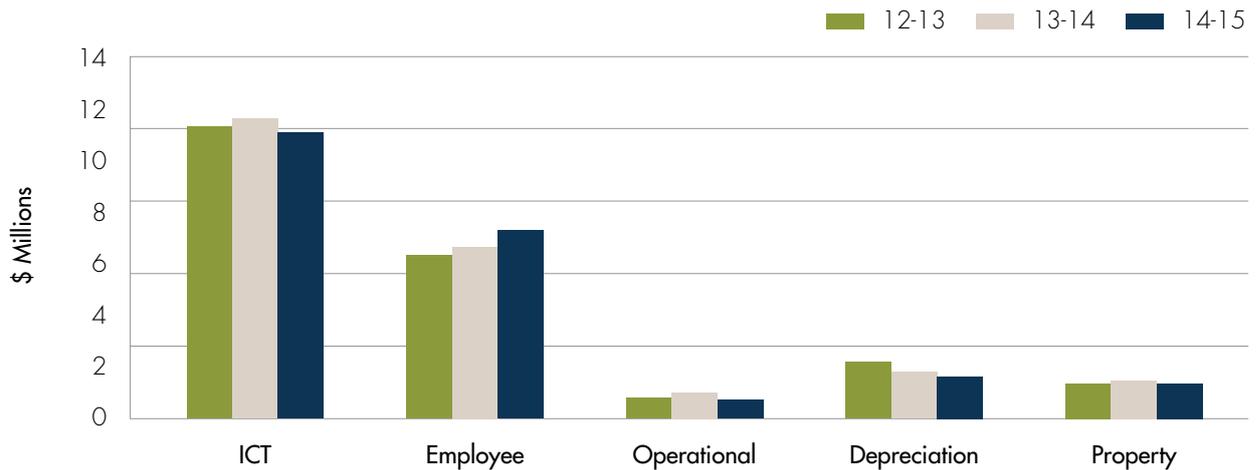
## Expenses

DCS incurred the majority of its expenditure on ICT related expenses for hardware, software and specialist IT contractors, with employee expenses the second largest expense category. Compared to the previous year, all expense categories decreased in amounts, except for employee expenses. The increase in employee expenses mainly attributed to the Enterprise Bargaining Agreement (EBA) wage increase and adjustments to the ratio of contract resources to permanent employees. Savings in ICT related expenses have been achieved through the conversion of contract consulting resources to employee expenses and also the renegotiation of ICT software and maintenance agreements. Reductions in operational expenses and depreciation were the result of reduced electricity charges and the deferral of asset acquisitions.

Table 5: Expenses by Category

Year	ICT		Employee		Operational		Depreciation		Property		Total	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
2014-15	11 223	49.5	7 389	32.6	860	3.8	1 745	7.7	1 454	6.4	22 671	100
2013-14	11 780	50.9	6 782	29.3	1 084	4.7	1 897	8.2	1 603	6.9	23 146	100
2012-13	11 493	51.1	6 393	28.4	881	3.9	2 299	10.2	1 449	6.4	22 515	100

Figure 1: Expense by Category



## Expenses by Business Function

Reduction in software licensing and maintenance costs has resulted in significant savings in Midrange Services. Increased expenditure in Enterprise Storage and Application Development reflect the growth in service demand of these business functions.

Table 6: Expenses by Business Function

Year	Mainframe		Midrange		Enterprise Storage		Data Centre Operations		IT Security Management		Application Development		Total	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
2014-15	7 828	34.5	4 562	20.1	2 338	10.3	4 043	17.8	1 469	6.5	2 431	10.8	22 671	100
2013-14	7 578	32.7	5 823	25.2	1 869	8.1	4 333	18.7	1 860	8.0	1 683	7.3	23 146	100
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

## FINANCIAL POSITION

DCS' net financial position at the end of 2014-15 was \$19.9 million which is \$2.1 million higher than last year's financial position. The net increase is the difference between the operating result of \$4.3 million and dividend payable to government of \$2.2 million.

DCS continues to improve its financial position with cash and deposits increasing by \$2.5 million. Prepayments have increased by \$1.7 million to take advantage of fixed prices for renegotiated software licensing and maintenance.

Major assets at 30 June 2015 include:

- \$15.0 million cash and deposits;
- \$2.9 million receivables (GST receivable and outstanding service fees);
- \$3.9 million prepayments (software licensing and maintenance); and
- \$4.3 million property, plant and equipment (including buildings and leasehold improvements).

Major liabilities at 30 June 2015 include:

- \$2.8 million payables and accrued expenses; and
- \$3.5 million provisions for employee entitlements.

Table 7: 2014-15 and 2013-14 Actual Financial Position

	2015	2014	Variation
	\$000	\$000	\$000
<b>ASSETS</b>			
Current Assets	21 801	18 100	3 701
Non-Current Assets	4 348	5 057	(709)
<b>TOTAL ASSETS</b>	<b>26 149</b>	<b>23 157</b>	<b>2 992</b>
<b>LIABILITIES</b>			
Current Liabilities	5 796	4 924	872
Non-Current Liabilities	473	504	(31)
<b>TOTAL LIABILITIES</b>	<b>6 269</b>	<b>5 428</b>	<b>841</b>
<b>NET ASSETS</b>	<b>19 880</b>	<b>17 729</b>	<b>2 151</b>
EQUITY	19 880	17 729	2 151
<b>TOTAL EQUITY</b>	<b>19 880</b>	<b>17 729</b>	<b>2 151</b>

## 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 2015 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.



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Kathleen Robinson  
**Chief Executive**

30 September 2015



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Rex Schoolmeester  
**Chief Finance Officer**

30 September 2015



## Auditor-General

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

I have audited the accompanying financial report of Data Centre Services which comprises the balance sheet as at 30 June 2015, the comprehensive operating statement, the statement of changes in equity and the cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certification of the financial statements by the Chief Executive.

#### 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 and for such internal control as the Chief Executive determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

#### 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. Those 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

In my opinion the financial report gives a true and fair view of the financial position of Data Centre Services as at 30 June 2015, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Julie Crisp

Auditor-General for the Northern Territory  
Darwin, Northern Territory

1 October 2015

# COMPREHENSIVE OPERATING STATEMENT

For the year ended 30 June 2015

	Note	2015 \$000	2014 \$000
<b>INCOME</b>			
Sales of goods and services		28 513	27 343
Interest revenue		320	276
Other income		8	41
<b>TOTAL INCOME</b>		<b>28 841</b>	<b>27 660</b>
<b>EXPENSES</b>			
Employee expenses		7 389	6 782
Administrative expenses			
Purchases of goods and services	3	13 546	14 403
Depreciation and amortisation	7	1 745	1 897
Other administrative expenses		(9)	64
<b>TOTAL EXPENSES</b>		<b>22 671</b>	<b>23 146</b>
<b>SURPLUS/(DEFICIT) BEFORE INCOME TAX</b>		<b>6 170</b>	<b>4 514</b>
Income tax expense	4	1 851	1 354
<b>NET SURPLUS/(DEFICIT)</b>		<b>4 319</b>	<b>3 160</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not be reclassified to net surplus/deficit</b>			
Changes in asset revaluation surplus		(9)	(3)
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>(9)</b>	<b>(3)</b>
<b>COMPREHENSIVE RESULT</b>		<b>4 310</b>	<b>3 157</b>

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

# BALANCE SHEET

As at 30 June 2015

	Note	2015 \$000	2014 \$000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and deposits	5	14 959	12 463
Receivables	6	2 879	3 392
Prepayments		3 963	2 245
<b>Total Current Assets</b>		<b>21 801</b>	<b>18 100</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	7	4 348	5 057
<b>Total Non-Current Assets</b>		<b>4 348</b>	<b>5 057</b>
<b>TOTAL ASSETS</b>		<b>26 149</b>	<b>23 157</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	9	885	1 035
Income tax liabilities		1 851	1 354
Provisions	11	3 016	2 386
Other liabilities	12	44	149
<b>Total Current Liabilities</b>		<b>5 796</b>	<b>4 924</b>
<b>Non-Current Liabilities</b>			
Provisions	11	473	504
<b>Total Non-Current Liabilities</b>		<b>473</b>	<b>504</b>
<b>TOTAL LIABILITIES</b>		<b>6 269</b>	<b>5 428</b>
<b>NET ASSETS</b>		<b>19 880</b>	<b>17 729</b>
<b>EQUITY</b>			
Capital		1 266	1 266
Accumulated funds		18 614	16 463
<b>TOTAL EQUITY</b>		<b>19 880</b>	<b>17 729</b>

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 2015

	Note	Equity at 1 July	Comprehensive result	Transactions with owners in their capacity as owners	Equity at 30 June
		\$000	\$000	\$000	\$000
<b>2014-15</b>					
<b>Accumulated Funds</b>	13	16 463	4 319	-	20 782
Dividends payable	11	-	-	(2 159)	(2 159)
Transfers from Reserves		-	(9)	-	(9)
		16 463	4 310	(2 159)	18 614
<b>Capital – Transactions with Owners</b>		1 266	-	-	1 266
Equity injections					
Equity transfers in		-	-	-	-
		1 266	-	-	1 266
<b>Total Equity at End of Financial Year</b>		<b>17 729</b>	<b>4 310</b>	<b>(2 159)</b>	<b>19 880</b>
<b>2013-14</b>					
<b>Accumulated Funds</b>	13	14 887	3 159	-	18 046
Dividends payable	11	-	-	(1 580)	(1 580)
Transfers from Reserves		-	(3)	-	(3)
		14 887	3 156	(1 580)	16 463
<b>Capital – Transactions with Owners</b>		1 026	-	-	1 026
Equity injections					
Equity transfers in		-	-	240	240
		1 026	-	240	1 266
<b>Total Equity at End of Financial Year</b>		<b>15 913</b>	<b>3 156</b>	<b>(1 340)</b>	<b>17 729</b>

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 2015

	Note	2015 \$000	2014 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Operating Receipts</b>			
Receipts from sales of goods and services		28 848	27 085
GST receipts		3 008	2 771
Interest received		319	278
<b>Total Operating Receipts</b>		<b>32 175</b>	<b>30 134</b>
<b>Operating Payments</b>			
Payments to employees		(7 326)	(6 671)
Payments for goods and services		(15 458)	(14 310)
GST payments		(2 917)	(2 753)
Income tax paid		(1 354)	(1 245)
<b>Total Operating Payments</b>		<b>(27 055)</b>	<b>(24 979)</b>
<b>Net Cash From/(Used in) Operating Activities</b>	14	<b>5 120</b>	<b>5 155</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Investing Payments</b>			
Purchases of assets		(1 044)	(3 767)
<b>Total Investing Payments</b>		<b>(1 044)</b>	<b>(3 767)</b>
<b>Net Cash From/(Used in) Investing Activities</b>		<b>(1 044)</b>	<b>(3 767)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Financing Payments</b>			
Dividends paid		(1 580)	(1 452)
<b>Total Financing Payments</b>		<b>(1 580)</b>	<b>(1 452)</b>
<b>Net Cash From/(Used in) Financing Activities</b>		<b>(1 580)</b>	<b>(1 452)</b>
Net increase/(decrease) in cash held		2 496	(64)
Cash at beginning of financial year		12 463	12 527
<b>CASH AT END OF FINANCIAL YEAR</b>	5	<b>14 959</b>	<b>12 463</b>

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

# INDEX OF NOTES TO THE FINANCIAL STATEMENTS

## Note

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1. Objectives and Funding
2. Statement of Significant Accounting Policies

### EXPENSES

3. Purchases of Goods and Services
4. Income Tax Expense

### ASSETS

5. Cash and Deposits
6. Receivables
7. Property, Plant and Equipment
8. Fair Value Measurement of Non-Financial Assets

### LIABILITIES

9. Payables
10. Income Tax Liabilities
11. Provisions
12. Other Liabilities

### EQUITY

13. Equity

### OTHER DISCLOSURES

14. Notes to the Cash Flow Statement
15. Financial Instruments
16. Commitments
17. Contingent Liabilities and Contingent Assets
18. Events Subsequent to Balance Date
19. Write-offs, Postponements, Waivers, Gifts and Ex Gratia Payments
20. Budgetary Information

## 1. OBJECTIVES AND FUNDING

Data Centre Services delivers a range of information and communications technology (ICT) services to all NT 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 NT 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; and
- (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 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 10 Consolidated Financial Statements, AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities**

AASB 10 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*. The standard does not impact the financial statements.

#### **AASB 1031 Materiality (2013), AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments, AASB 2014-1 Amendments to Australian Accounting Standards (Part C – Materiality)**

Revised AASB 1031 is an interim standard that cross-references to other standards and the *Framework for the Preparation and Presentation of Financial Statements* that contain guidance on materiality. The standard does not impact the financial statements.

#### **AASB 1055 Budgetary Reporting**

AASB 1055 sets out budgetary reporting requirements for not-for-profit entities within the General Government Sector. The required disclosures comprise a separate note accompanying the financial statements.

## AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]

The standard addresses inconsistencies in current practice when applying the offsetting criteria in AASB 132 *Financial Instruments: Presentation*. The standard does not impact the financial statements.

## AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

The amendments to AASB 136 *Impairment of Assets* address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The standard does not impact the financial statements.

## AASB 2014-1 Amendments to Australian Accounting Standards (Part A – Annual Improvements 2010-2012 and 2011-2013 Cycles)

Part A of the standard makes amendments to various Australian Accounting Standards (AASB 2, 3, 8, 9, 13, 116, 119, 124, 137, 138, 139, 140 & 1052 and Interpretation 129) arising from the issuance by IASB of IFRSs *Annual Improvements to IFRS 2010-2012 Cycle* and *Annual Improvements to IFRSs 2011-2013 Cycle*. The standard does not impact the financial statements.

### 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 <i>Financial Instruments (Dec 2014)</i> , AASB 2014-1 <i>Amendments to Australian Accounting Standards (Part E – Financial Instruments)</i> , AASB 2014-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (Dec 2014)</i>	The final version of AASB 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace AASB 139 <i>Financial Instruments: Recognition and Measurement</i> . This version adds a new expected loss impairment model and limited amendments to classification and measurement for financial assets.	1 Jan 2018	Not applicable to DCS.
AASB 15 <i>Revenue from Contracts with Customers</i> , AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i>	AASB 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It replaces several Standards and Interpretations, including AASB 111 <i>Construction Contracts</i> , AASB 118 <i>Revenue</i> , <i>Interpretation 15 Agreements for the Construction of Real Estate</i> , and <i>Interpretation 18 Transfers of Assets from Customers</i> .	1 Jan 2017	Not applicable to DCS.

Standard/ Interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 2014-4 <i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 &amp; 138]</i>	Amends AASB 116 <i>Property, Plant and Equipment</i> and AASB 138 <i>Intangible Assets</i> to provide additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated.	1 Jan 2016	The depreciation and amortisation methods clarified have little or no impact to DCS.
AASB 2014-6 <i>Amendments to Australian Accounting Standards – Agriculture: Bearer Plants [AASB 101, 116, 117, 123, 136, 140 &amp; 141]</i>	Biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with AASB 116 <i>Property, Plant and Equipment</i> , instead of AASB 141 <i>Agriculture</i> .	1 Jan 2016	No impact as DCS does not hold any biological assets.
AASB 2015-1 <i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 &amp; 140]</i>	<i>Amends a number of pronouncements as a result of the IASB's 2012-2014 annual improvements cycle.</i>	1 Jan 2016	Limited or no impact.
AASB 2015-2 <i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 &amp; 1049]</i>	<i>Includes narrow-focus amendments to address concerns about existing presentation and disclosure requirements, and to ensure entities are able to use judgement when applying a standard in determining what information to disclose.</i>	1 Jan 2016	Impact on the presentation of the financial statement notes.
AASB 2015-6 <i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 &amp; 1049]</i>	Extends the scope of AASB 124 <i>Related Party Disclosures</i> to not-for-profit public sector entities.	1 July 2016	Not applicable to DCS.

### 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 DCS, 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 2013-14 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 2014-15 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 11: Provisions 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.
- Allowance for Impairment Losses – Note 2(n), Note 6: Receivables and Note 15: Financial Instruments. The allowance represents debts that are likely to be uncollectible and are considered doubtful. Debtors are grouped according to their aging profile and history of previous financial difficulties.
- Depreciation and Amortisation – Note 2(k) and 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; and
- 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; and
- it is probable that the economic benefits associated with the transaction will flow to the entity.

### ***Interest Revenue***

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

### ***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's 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:

	2015	2014
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, NT 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. 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 above. 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 (DoI) 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 DoI and the cost of construction work in progress is recognised as an asset of DoI. Once completed, capital works assets are transferred to DCS.

### **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; and
- intangibles.

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, 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**

DCS held no leased assets.

### **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; and
- 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 DCS' financial statements.

## t) Superannuation

Employees' superannuation entitlements are provided through the:

- Northern Territory Government and Public Authorities Superannuation Scheme (NTGPASS);
- Commonwealth Superannuation Scheme (CSS); or
- 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 in DCS's financial statements.

## u) Contributions by and Distributions to Government

DCS may receive contributions from Government where the Government is acting as the owner. 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 provides 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 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.

## x) 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 assets and liabilities are recognised on the Balance Sheet when DCS becomes a party to the contractual provisions of the financial instrument. DCS's financial instruments include cash and deposits; receivables; advances; investments loan and placements; payables; advances received; borrowings and derivatives.

Exposure to interest rate risk, foreign exchange risk, credit risk, price risk and liquidity risk arise in the normal course of activities. DCS investments, loans and placements, and borrowings are predominantly managed through the NTTC adopting strategies to minimise the risk. Derivative financial arrangements are also utilised to manage financial risks inherent in the management of these financial instruments. These arrangements include swaps, forward interest rate agreements and other hedging instruments to manage fluctuations in interest or exchange rates.

### *Classification of Financial Instruments*

AASB 7 Financial Instruments: Disclosures requires financial instruments to be classified and disclosed within specific categories depending on their nature and purpose.

Financial assets are classified into the following categories:

- financial assets at fair value through profit or loss;
- held-to-maturity investments;
- loans and receivables; and
- available-for-sale financial assets.

Financial liabilities are classified into the following categories:

- financial liabilities at fair value through profit or loss (FVTPL); and
- financial liabilities at amortised cost.

### *Financial Assets or Financial Liabilities at Fair Value through Profit or Loss*

Financial instruments are classified as at FVTPL when the instrument is either held for trading or is designated as at FVTPL.

An instrument is classified as held for trading if it is:

- acquired or incurred principally for the purpose of selling or repurchasing it in the near term with an intention of making a profit; or
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

A financial instrument may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the instrument forms part of a group of financial instruments, which is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 Financial Instruments: Recognition and Measurement permits the contract to be designated as at FVTPL.

### ***Held-to-Maturity Investments***

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the entity has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

DCS did not hold any held-to-maturity investments as at 30 June 2015 or 30 June 2014.

### ***Loans and Receivables***

For details refer to Note 2 (n).

### ***Available-for-Sale Financial Assets***

Available-for-sale financial assets are those non-derivative financial assets, principally equity securities that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the Comprehensive Operating Statement.

DCS did not hold any available-for-sale financial assets as at 30 June 2015 or 30 June 2014.

### ***Financial Liabilities at Amortised Cost***

Amortised cost is calculated using the effective interest method.

### ***Derivatives***

DCS may enter into a variety of derivative financial instruments to manage its exposure to interest rate risk. DCS does not speculate on trading of derivatives.

Derivatives are initially recognised at fair value on the date a derivative contract is entered in to and are subsequently remeasured at their fair value at each reporting date. The resulting gain or loss is recognised in the Comprehensive Operating Statement immediately unless the derivative is designated and qualifies as an effective hedging instrument, in which event, the timing of the recognition in the Comprehensive Operating Statement depends on the nature of the hedge relationship. Application of hedge accounting will only be available where specific designation and effectiveness criteria are satisfied.

DCS did not engage or hold any derivative financial instruments for the year ended 30 June 2015 or 30 June 2014.

### ***Netting of Swap Transactions***

DCS may, from time to time, may facilitate certain structured finance arrangements, where a legally recognised right to set-off financial assets and liabilities exists, and the Territory intends to settle on a net basis. Where these arrangements occur, the revenues and expenses are offset and the net amount is recognised in the Comprehensive Operating Statement.

DCS did not engage in any structured finance arrangements for the year ended 30 June 2015 or 30 June 2014.

Note 15 provides additional information on financial instruments.

### y) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use takes into account the use of the asset that is physically possible, legally permissible and financially feasible.

When measuring fair value, the valuation techniques used maximise the use of relevant observable inputs and minimise the use of unobservable inputs. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by DCS include, but are not limited to, published sales data for land and general office buildings.

Unobservable inputs are data, assumptions and judgments that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Such inputs include internal agency adjustments to observable data to take account of particular and potentially unique characteristics/functionality of assets/liabilities and assessments of physical condition and remaining useful life.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy based on the inputs used:

Level 1 – inputs are quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – inputs are unobservable.

### 3. PURCHASES OF GOODS AND SERVICES

The net surplus/(deficit) has been arrived at after charging the following expenses:

#### Goods and services expenses:

	2015 \$000	2014 \$000
Contractors and consultants <sup>(1)</sup>	5 472	5 751
Legal expenses <sup>(2)</sup>	4	-
Training and study	39	30
Official duty fares	4	3
Travelling allowance	2	3
Corporate support from other agencies	664	518
Audit fees	17	18

<sup>(1)</sup> Includes IT contractors and consultants, marketing and promotion.

<sup>(2)</sup> Includes legal fees, claim and settlement costs.

	2015 \$000	2014 \$000
<b>4. INCOME TAX EXPENSE</b>		
Prima facie income tax expense calculated at 30% of the surplus before income tax	1 851	1 354
	<b>1 851</b>	<b>1 354</b>
<b>5. CASH AND DEPOSITS</b>		
Cash at bank	14 959	12 463
	<b>14 959</b>	<b>12 463</b>
<b>6. RECEIVABLES</b>		
<b>Current</b>		
Accounts receivable	543	891
Less: Allowance for impairment losses	-	(9)
	<b>543</b>	<b>882</b>
Interest receivables	24	24
GST receivables	(80)	11
Other receivables	2 392	2 475
	<b>2 336</b>	<b>2 510</b>
<b>Total Receivables</b>	<b>2 879</b>	<b>3 392</b>
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Plant and Equipment</b>		
At fair value	3 585	3 502
Less: Accumulated depreciation	(1 227)	(912)
	<b>2 358</b>	<b>2 590</b>
<b>Computer Software</b>		
At fair value	2 100	2 100
Less: Accumulated depreciation	(2 100)	(2 100)
	-	-
<b>Computer Hardware</b>		
At fair value	7 201	9 070
Less: Accumulated depreciation	(5 211)	(6 603)
	<b>1 990</b>	<b>2 467</b>
<b>Total Property, Plant and Equipment</b>	<b>4 348</b>	<b>5 057</b>

### Impairment of Property, Plant and Equipment

DCS property, plant and equipment assets were assessed for impairment as at 30 June 2015. No impairment adjustments were required as a result of this review.

## 7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### 2015 Property, Plant and Equipment Reconciliations

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2014-15 is set out below:

	Plant and Equipment \$000	Computer Software \$000	Computer Hardware \$000	Total \$000
Carrying Amount as at 1 July 2014	2 590	-	2 467	5 057
Additions	89	-	956	1 045
Disposals/Impairment losses	(6)	-	-	(6)
Depreciation/Amortisation	(316)	-	(1 429)	(1 745)
Other movements	1	-	(4)	(3)
<b>Carrying Amount as at 30 June 2015</b>	<b>2 358</b>	<b>-</b>	<b>1 990</b>	<b>4 348</b>
Carrying Amount as at 1 July 2013	1 000	77	2 063	3 140
Additions	1 663	-	2 104	3 767
Disposals/Impairment losses	(4)	-	-	(4)
Depreciation/Amortisation	(184)	(13)	(1 700)	(1 897)
Transfers In/Out	115	-	-	115
Other movements	-	(64)	-	(64)
<b>Carrying Amount as at 30 June 2014</b>	<b>2 590</b>	<b>-</b>	<b>2 467</b>	<b>5 057</b>

## 8. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

### a) Fair Value Hierarchy

Fair values of non-financial assets categorised by levels of inputs used to compute fair value are:

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total Fair Value \$000
<b>2014-15</b>				
<b>Asset Classes</b>				
Plant and Equipment, Computer Hardware, Computer Software (Note 7)	-	-	4 348	4 348
<b>Total</b>	<b>-</b>	<b>-</b>	<b>4 348</b>	<b>4 348</b>
<b>2013-14</b>				
Plant and Equipment, Computer Hardware, Computer Software (Note 7)	-	-	5 057	5 057
<b>Total</b>	<b>-</b>	<b>-</b>	<b>5 057</b>	<b>5 057</b>

There were no transfers between Level 1 and Levels 2 or 3 during 2014-15.

## 8. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS (CONTINUED)

### b) Valuation Techniques and Inputs

Valuation techniques used to measure fair value in 2014-15 are:

Asset Classes	Level 3 Techniques
Plant and Equipment, Computer Hardware, Computer Software (Note 7)	Cost approach

There were no changes in valuation techniques from 2013-14 to 2014-15.

There were no changes in valuation techniques during the period.

Plant and equipment are carried at cost less depreciation which is deemed to be closest to fair value.

### c) Additional Information for Level 3 Fair Value Measurements

#### (i) Reconciliation of Recurring Level 3 Fair Value Measurements

	Plant and Equipment \$000	Computer Software \$000	Computer Hardware \$000
<b>2014-15</b>			
Fair value as at 1 July 2014	2 590	-	2 467
Additions	89	-	956
Depreciation	(315)	-	(1 433)
Gains/losses recognised in other comprehensive income	(6)	-	-
<b>Fair value as at 30 June 2015</b>	<b>2 358</b>	<b>-</b>	<b>1 990</b>
<b>2013-14</b>			
Fair value as at 1 July 2013	1 000	77	2 063
Additions	1 663	-	2 104
Disposals	(4)	-	-
Depreciation	(184)	(77)	(1 700)
Gains/losses recognised in other comprehensive income	115	-	-
<b>Fair value as at 30 June 2014</b>	<b>2 590</b>	<b>-</b>	<b>2 467</b>

#### (ii) Sensitivity analysis

Unobservable inputs used in computing the fair value of assets include the historical cost and the consumed economic benefit for each asset. Given the large number of DCS assets, it is not practical to compute a relevant summary measure for the unobservable inputs. In respect of sensitivity of fair value to changes in input value, a higher historical cost results in a higher fair value and greater consumption of economic benefit lowers fair value.

	2015 \$000	2014 \$000
<b>9. PAYABLES</b>		
Accounts payable	92	227
Accrued expenses	793	808
<b>Total Payables</b>	<b>885</b>	<b>1 035</b>
<b>10. INCOME TAX LIABILITIES</b>		
Income tax payable	1 851	1 354
<b>Total Income tax liabilities</b>	<b>1 851</b>	<b>1 354</b>
<b>11. PROVISIONS</b>		
<b>Current</b>		
<i>Employee benefits</i>		
Recreation leave	516	486
Leave loading	123	115
Other employee benefits	12	10
<i>Other current provisions</i>		
Provision for dividend	2 159	1 580
Provision for fringe benefits tax	2	2
Provision for superannuation	127	124
Provision for payroll tax	77	69
	<b>3 016</b>	<b>2 386</b>
<b>Non-Current</b>		
<i>Employee benefits</i>		
Recreation leave	473	504
	<b>473</b>	<b>504</b>
<b>Total Provisions</b>	<b>3 489</b>	<b>2 890</b>
<b>Reconciliations of Dividends</b>		
Balance as at 1 July	1 580	1 452
Additional provisions recognised	2 159	1 580
Reductions arising from payments	(1 580)	(1 452)
<b>Balance as at 30 June</b>	<b>2 159</b>	<b>1 580</b>

DCS employed 68 employees as at 30 June 2015 (61 employees as at 30 June 2014).

## 12. OTHER LIABILITIES

### Current

Deferred revenue

**Total Other Liabilities**

	2015 \$000	2014 \$000
	44	149
	<b>44</b>	<b>149</b>
	<b>44</b>	<b>149</b>

## 13. EQUITY

Equity represents the residual interest in the net assets of DCS. The NTG's ownership interest in DCS is held in the Central Holding Authority.

### Capital

**Balance as at 1 July**

*Equity Injections*

Equity transfers in

**Balance as at 30 June**

	2015 \$000	2014 \$000
	1 266	1 026
	-	240
	<b>1 266</b>	<b>1 266</b>

DCS has made no adjustment to reserves for the year ended 2014-15 or 2013-14.

### Accumulated Funds

**Balance as at 1 July**

Surplus for the period

Dividends payable

Transfer from reserves

**Balance as at 30 June**

**Total Equity**

	2015 \$000	2014 \$000
	16 463	14 887
	4 319	3 159
	(2 159)	(1 580)
	(9)	(3)
	<b>18 614</b>	<b>16 463</b>
	<b>19 880</b>	<b>17 729</b>

## 14. NOTES TO THE CASH FLOW STATEMENT

### Reconciliation of Cash

The total of DCS 'Cash and deposits' of \$14.959 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

	2015 \$000	2014 \$000
<b>Net Surplus/(Deficit)</b>	4 319	3 160
<i>Non-cash items:</i>		
R&M – Minor New Works – Non-Cash	-	124
Depreciation and amortisation	1 745	1 897
Asset write-offs/write-downs	-	64
<i>Changes in assets and liabilities:</i>		
Decrease/(Increase) in receivables	432	(352)
Decrease/(Increase) in prepayments	(1 718)	(42)
Decrease/(Increase) in other assets		
(Decrease)/Increase in payables	(135)	(124)
(Decrease)/Increase in other payables	66	160
(Decrease)/Increase in provision for employee benefits	9	69
(Decrease)/Increase in other provisions	10	16
(Decrease)/Increase in income tax liability	497	109
(Decrease)/Increase in deferred income	(105)	74
<b>Net Cash from Operating Activities</b>	<b>5 120</b>	<b>5 155</b>

### Non-Cash Financing and Investing Activities

#### *Finance Lease Transactions*

During the financial year DCS did not acquire plant and equipment/computer equipment and software by means of finance leases.

## 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 DCS include cash and deposits, receivables, payables and finance leases. DCS has limited exposure to financial risks as discussed below.

## 15. FINANCIAL INSTRUMENTS (CONTINUED)

### a) Categorisation of Financial Instruments

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

	2015 \$000	2014 \$000
<b>Financial Assets</b>		
Cash and deposits	14 959	12 463
Receivables	2 879	3 392
<b>Financial Liabilities</b>		
Payables	885	1 035

### 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'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.

	Aging of Receivables \$000	Aging of Impaired Receivables \$000	Net Receivables \$000
<b>Internal Receivables</b>			
<b>2014-15</b>			
Not overdue	511	-	511
Overdue for less than 30 days	12	-	12
Overdue for 30 to 60 days	2	-	2
Overdue for more than 60 days	-	-	-
<b>Total</b>	<b>525</b>	<b>-</b>	<b>525</b>
<b>2013-14</b>			
Not overdue	721	-	721
Overdue for less than 30 days	57	-	57
Overdue for 30 to 60 days	15	-	15
Overdue for more than 60 days	33	-	33
<b>Total</b>	<b>826</b>	<b>-</b>	<b>826</b>

## 15. FINANCIAL INSTRUMENTS (CONTINUED)

	Aging of Receivables \$000	Aging of Impaired Receivables \$000	Net Receivables \$000
<b>External Receivables</b>			
<b>2014-15</b>			
Not overdue	18		18
Overdue for less than 30 days	-		-
Overdue for 30 to 60 days	-		-
Overdue for more than 60 days	-		-
<b>Total</b>	<b>18</b>		<b>18</b>
<b>Reconciliation of the Allowance for Impairment Losses</b>			
Opening		(9)	
Written off during the year		-	
Recovered during the year		-	
Increase/(Decrease) in allowance recognised in profit or loss		9	
<b>Total</b>		<b>-</b>	
<b>2013-14</b>			
Not overdue	47	-	47
Overdue for less than 30 days	5	-	5
Overdue for 30 to 60 days	5	-	5
Overdue for more than 60 days	8	(9)	(1)
<b>Total</b>	<b>65</b>	<b>(9)</b>	<b>56</b>
<b>Reconciliation of the Allowance for Impairment Losses</b>			
Opening		-	
Written off during the year		-	
Recovered during the year		-	
Increase/(Decrease) in allowance recognised in profit or loss		(9)	
<b>Total</b>		<b>(9)</b>	

### c) Liquidity Risk

Liquidity risk is the risk that DCS will not be able to meet its financial obligations as they fall due. DCS'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 DCS'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.

## 15. FINANCIAL INSTRUMENTS (CONTINUED)

### 2015 Maturity analysis for financial assets and liabilities

	Variable Interest Rate			Fixed Interest Rate			Non Interest Bearing \$000	Total \$000	Weighted Average %
	Less than a Year \$000	1 to 5 Years \$000	More than 5 Years \$000	Less than a Year \$000	1 to 5 Years \$000	More than 5 Years \$000			
<b>Assets</b>									
Cash and deposits	14 959	-	-	-	-	-	-	14 959	2.36
Receivables	-	-	-	-	-	-	2 879	2 879	
<b>Total Financial Assets</b>	<b>14 959</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 879</b>	<b>17 838</b>	
<b>Liabilities</b>									
Payables	-	-	-	-	-	-	885	885	
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>885</b>	<b>885</b>	

### 2014 Maturity analysis for financial assets and liabilities

	Variable Interest Rate			Fixed Interest Rate			Non Interest Bearing \$000	Total \$000	Weighted Average %
	Less than a Year \$000	1 to 5 Years \$000	More than 5 Years \$000	Less than a Year \$000	1 to 5 Years \$000	More than 5 Years \$000			
<b>Assets</b>									
Cash and deposits	12 463	-	-	-	-	-	-	12 463	2.29
Receivables	-	-	-	-	-	-	3 392	3 392	
<b>Total Financial Assets</b>	<b>12 463</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 392</b>	<b>15 855</b>	
<b>Liabilities</b>									
Payables	-	-	-	-	-	-	1 035	1 035	
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 035</b>	<b>1 035</b>	

#### 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.

## 15. FINANCIAL INSTRUMENTS (CONTINUED)

### (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.

	2015 \$000	2014 \$000
<b>Variable rate instruments</b>		
Cash	14 959	12 463
<b>Total</b>	<b>14 959</b>	<b>12 463</b>

### Market Sensitivity Analysis

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

	Profit or Loss and Equity	
	100 basis points increase \$000	100 basis points decrease \$000
<b>30 June 2015</b>		
Financial assets – cash at bank	150	(150)
<b>Net Sensitivity</b>	<b>150</b>	<b>(150)</b>
<b>30 June 2014</b>		
Financial assets – cash at bank	125	(125)
<b>Net Sensitivity</b>	<b>125</b>	<b>(125)</b>

### (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.

## 15. FINANCIAL INSTRUMENTS (CONTINUED)

### e) Net Fair Value

The fair value of financial instruments is determined on the following basis:

- the fair value of cash, deposits, advances, receivables and payables approximates their carrying amount, which is also their amortised cost;
- the fair value of derivative financial instruments are derived using current market yields and exchange rates appropriate to the instrument; and
- the fair value of other monetary financial assets and liabilities is based on discounting to present value the expected future cash flows by applying current market interest rates for assets and liabilities with similar risk profiles.

For financial instruments measured and disclosed at fair value, the following table groups the instruments based on the level of inputs used.

	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
<b>2015</b>					
<b>Financial Assets</b>					
Cash and Deposits	14 959	14 959	-	-	14 959
Receivables	2 879	2 879	-	-	2 879
<b>Total Financial Assets</b>	<b>17 838</b>	<b>17 838</b>	-	-	<b>17 838</b>
<b>Financial Liabilities</b>					
Payables	885	885	-	-	885
<b>Total Financial Liabilities</b>	<b>885</b>	<b>885</b>	-	-	<b>885</b>
<b>2014</b>					
<b>Financial Assets</b>					
Cash and Deposits	12 463	12 463	-	-	12 463
Receivables	3 392	3 392	-	-	3 392
<b>Total Financial Assets</b>	<b>15 855</b>	<b>15 855</b>	-	-	<b>15 855</b>
<b>Financial Liabilities</b>					
Payables	1 035	1 035	-	-	1 035
<b>Total Financial Liabilities</b>	<b>1 035</b>	<b>1 035</b>	-	-	<b>1 035</b>

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

There were no changes in valuation techniques during the period.

	2015		2014	
	Internal \$000	External \$000	Internal \$000	External \$000
<b>16. COMMITMENTS</b>				
<b>(i) Capital Expenditure Commitments</b>				
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:				
Within one year	-	3 000	-	-
Later than one year and not later than five years	-	1 300	-	-
	-	<b>4 300</b>	-	-

## 17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

DCS had no contingent liabilities or contingent assets as at 30 June 2015 or 30 June 2014.

## 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

	2015 \$000	No. of Trans.	2014 \$000	No. of Trans.
<b>Write-offs, Postponements and Waivers Under the Financial Management Act</b>				
Represented by:				
<i>Amounts written off, postponed and waived by Delegates</i>				
Public property written off	-	1	64	9
<b>Total Written Off, Postponed and Waived by Delegates</b>	-	<b>1</b>	<b>64</b>	<b>9</b>

## 20. BUDGETARY INFORMATION

Comprehensive Operating Statement	2014-15			Note
	Actual \$000	Original Budget \$000	Variance \$000	
<b>INCOME</b>				
Sales of goods and services	28 513	27 961	552	1
Interest revenue	320	300	20	
Other income	8	-	8	
<b>TOTAL INCOME</b>	<b>28 841</b>	<b>28 261</b>	<b>580</b>	
<b>EXPENSES</b>				
Employee expenses	7 389	7 374	15	
Administrative expenses				
Purchases of goods and services	13 519	14 112	(593)	2
Repairs and maintenance	27	22	5	
Depreciation and amortisation	1 745	2 488	(743)	3
Other administrative expenses	(9)	-	(9)	
<b>TOTAL EXPENSES</b>	<b>22 671</b>	<b>23 996</b>	<b>(1 325)</b>	
<b>SURPLUS(+)/DEFICIT(-) BEFORE INCOME TAX</b>	<b>6 170</b>	<b>4 265</b>	<b>1 905</b>	
Income tax expense	1 851	1 280	571	4
<b>NET SURPLUS/DEFICIT</b>	<b>4 319</b>	<b>2 985</b>	<b>1 334</b>	
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items that will not be reclassified to net surplus/deficit</b>				
Changes in accounting policies	-	-	-	
Correction of prior period errors	-	-	-	
Transfers from Reserves	(9)	-	(9)	
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>(9)</b>	<b>-</b>	<b>(9)</b>	
<b>COMPREHENSIVE RESULT</b>	<b>4 310</b>	<b>2 985</b>	<b>1 325</b>	

### Notes

1. The increase in revenue largely reflected the increase in demand for DCS services (\$0.5M).
2. The decrease in IT related expenses primarily related to reduced contract consulting resources and renegotiated software licensing arrangements (-\$0.5M).
3. Lower depreciation due to current demand operating within hardware operating capacity (-\$0.7M).
4. Increase in income tax expense due to improved operating result (\$0.6M).

	2014-15			Note
	Actual \$000	Original Budget \$000	Variance \$000	
<b>Balance Sheet</b>				
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and deposits	14 959	14 366	593	1
Receivables	2 878	3 033	(154)	
Prepayments	3 963	2 203	1 760	2
<b>Total current assets</b>	<b>21 801</b>	<b>19 602</b>	<b>2 199</b>	
<b>Non-current assets</b>				
Property, plant and equipment	4 348	4 435	(87)	
<b>Total non-current assets</b>	<b>4 348</b>	<b>4 435</b>	<b>(87)</b>	
<b>TOTAL ASSETS</b>	<b>26 149</b>	<b>24 037</b>	<b>2 112</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Creditors and accruals	885	999	(114)	
Provisions	4 867	3 493	(1 374)	3
Other liabilities	44	71	(27)	
<b>Total current liabilities</b>	<b>5 796</b>	<b>4563</b>	<b>1 233</b>	
<b>Non-current liabilities</b>				
Provisions	473	504	(31)	
<b>Total non-current liabilities</b>	<b>473</b>	<b>504</b>	<b>(31)</b>	
<b>TOTAL LIABILITIES</b>	<b>6 269</b>	<b>5 067</b>	<b>1 202</b>	
<b>NET ASSETS</b>	<b>19 880</b>	<b>18 970</b>	<b>910</b>	
<b>EQUITY</b>				
<b>Capital</b>				
Opening balance	1 266	1 026	240	
<b>Reserves</b>				
<b>Accumulated funds</b>				
Opening balance	16 463	16 452	11	
Current year surplus(+)/deficit(-)	4 310	2 985	1 325	
Dividends payable	(2 159)	(1 493)	(666)	
<b>TOTAL EQUITY</b>	<b>19 880</b>	<b>18 970</b>	<b>910</b>	

#### Notes

1. The improved cash and deposits primarily related to: adjustments to the actual closing balance of cash and deposits at the end of 2013-14 (-\$1.9M); net approved budget increases for revenues and expenses (\$0.7M) and reduced capital acquisitions (\$1.0M); improved operating result (\$0.5M) and less capital expenditure on equipment (\$0.5M); and the change in provisions (-\$0.3M).
2. Prepayments have increased as software and licensing and maintenance contracts have been renegotiated to multi-year agreements to achieve overall savings in expenditure (\$1.8M).
3. The increase primarily related to: adjustments to the actual closing balance of provisions at the end of 2013-14 (\$0.2M); approved budget increase for income tax payable (\$0.8M); and the increase in dividends payable (\$0.3M) from the improved operating result.

Cash Flow Statement	2014-15			Note
	Actual \$000	Original Budget \$000	Variance \$000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Operating receipts</b>				
Receipts from sales of goods and services	28 848	27 961	887	1
GST receipts	3 008		3 008	2
Interest received	319	300	19	
<b>Total operating receipts</b>	<b>32 175</b>	<b>28 261</b>	<b>3 914</b>	
<b>Operating payments</b>				
Payments to employees	(7 326)	(7 374)	48	
Payments for goods and services	(15 458)	(14 135)	(1 323)	3
GST payments	(2 917)		(2 917)	2
Income tax paid	(1 354)	(1 343)	(11)	
<b>Total operating payments</b>	<b>(27 055)</b>	<b>(22 852)</b>	<b>(4 203)</b>	
<b>Net cash from/(used in) operating activities</b>	<b>5 120</b>	<b>5 409</b>	<b>(289)</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Investing payments</b>				
Purchases of assets	(1 044)	(2 460)	1 416	4
<b>Total investing payments</b>	<b>(1 044)</b>	<b>(2 460)</b>	<b>1 416</b>	
<b>Net cash from/(used in) investing activities</b>	<b>(1 044)</b>	<b>(2 460)</b>	<b>1 416</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Financing payments</b>				
Dividends paid	(1 580)	(1 566)	(14)	
<b>Total financing payments</b>	<b>(1 580)</b>	<b>(1 566)</b>	<b>(14)</b>	
<b>Net cash from/(used in) financing activities</b>	<b>(1 580)</b>	<b>(1 566)</b>	<b>(14)</b>	
Net increase/(decrease) in cash held	2 496	1 383	1 113	
Cash at beginning of financial year	12 463	12 983	(520)	
<b>CASH AT END OF FINANCIAL YEAR</b>	<b>14 959</b>	<b>14 366</b>	<b>593</b>	

#### Notes

1. The increase primarily related to: increased goods and services revenues (\$0.7M) and actual result was (\$0.2M) higher than expected income.
2. GST receipts and payments were not included in original budget.
3. The increase primarily related to: increased software licencing and maintenance prepayments (\$1.7M); and the change in provisions (-\$0.3M).
4. The reduction related to: approved reduction in purchases of assets (-\$1.0M) and lower than expected purchases of assets (-\$0.5M) due to current demand operating within hardware operating capacity.

# APPENDICES



# APPENDIX I

## SHARED CORPORATE SERVICES PRICE LIST

Service	Cost Measure (in general per monthly charge)	Price (\$)
<b>Human Resource Services</b>		
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
Work 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
Recruitment 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
<b>Finance Services</b>		
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
Credit card management	Per corporate credit card issued	34.48
Tax BAS/GST return	Per line BAS/GST return	0.71
Fringe benefits tax return	Per line fringe benefit tax return	27.28
Payroll tax return	Per cost code in 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

Service	Cost Measure (in general per monthly charge)	Price (\$)
<b>Corporate Reporting</b>		
Human resource corporate reporting	Per full-time employee	3.85
General ledger transaction reporting	Per general ledger transaction	0.18
<b>ICT Services</b>		
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
<b>Procurement Services</b>		
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
<b>Records System Services</b>		
TRIM administration	Per full-time employee	1.67
<b>Property Management</b>		
Leased property management	Per square metre of leased building	1.17

# APPENDIX II

## Audits by the Auditor-General for the year ended 30 June 2015

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### End of Year Review Part A for the year ended 30 June 2014

**Audit objective:** To assess the adequacy of selected aspects of end of financial year 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 review, and accounting and control procedures examined in relation to the end of financial year processes were found to be generally satisfactory. No major matters were identified during the audit.

**Action:** No action required.

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### End of year Review Part B for the year ended 30 June 2014

**Audit objective:** To assess the adequacy of selected aspects of end of financial year controls over reporting, accounting and material financial transactions and balances for DCIS with the primary purpose of providing support to the audit of the Treasurer's Annual Financial Statement (TAFS).

The review focussed on the accrual accounting aspects of the 30 June 2014 financial data contained in DCIS' GAS general ledger and consolidated by the Department of Treasury and Finance into the Treasurer's Annual Financial Statement.

**Audit outcome:** No material weaknesses in controls were identified during the review and the accounting and control procedures examined in relation to end of year financial processing were found to be generally satisfactory. There were no major matters identified during audit.

**Action:** No action required.

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### Purchasing Cards Review

**Audit objective:** To perform an assessment of the technology and monitoring of controls associated with purchasing card transactions (processes by agencies).

The review was focussed on the Electronic Card Management System (ECMS) with the following control areas covered:

- general IT computer controls
- application controls
- transaction monitoring for selected departments.

The review also included the use of data analytics to identify purchasing card transactions (for all agencies covering the period 1 January to 31 July 2014) that display characteristics indicative of unusual or fraudulent activity for review and follow up by the respective agency.

**Audit outcome:** The audit identified four matters:

- inadequate ECMS logical access controls
- no evidence of periodic user access review or documented process to verify ongoing appropriateness of user access granted based on job role requirements.
- inadequate ECMS change controls
- no evidence of transaction monitoring by Corrections and Police.

**Action:**

- password controls were strengthened to align with ePASS standard practices for NTG agencies.
- bi-annual reminders to agency administrators to review access have been implemented to coincide with those for other corporate systems. Processes implemented to identify terminated users requiring action by agency administrators.
- DCIS is currently implementing formal change management processes across its corporate systems.
- Agency Accountable Officers are responsible for ensuring they have appropriate and effective internal control frameworks. Matter discussed at a range of forums attended by agency senior officers.

## NT Fleet Financial Statement Audit for the year ended 30 June 2014

**Audit objective:** To conduct sufficient audit work to form an opinion on the financial statements of NT Fleet for the year ended 30 June 2014.

**Audit outcome:** An unqualified audit opinion was issued on the financial report for the year ended 30 June 2014. One matter was identified during the audit; Assets listed as held for sale at year end originally included vehicles that had been disposed during the year.

**Action:** The error occurred as a result of an auction occurring in the days prior to year end. NT Fleet has strengthened end of year processes to ensure the Fleet Business System is updated and balance sheet items reviewed in a timely manner.

## Government Printing Office Financial Statement Audit for the year ended 30 June 2014

**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 2014.

**Audit outcome:** An unqualified audit opinion was issued on the financial report for the year ended 30 June 2014. There were no significant matters arising from the audit.

**Action:** No action required.

## Data Centre Services Financial Statement Audit for the year ended 30 June 2014

**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 2014.

**Audit outcome:** An unqualified audit opinion was issued on the financial statements for the year ended 30 June 2014. One matter was identified during the audit; monthly bank reconciliations were not prepared on a monthly basis and in accordance with Treasurer's Directions.

**Action:** Monthly reconciliations between GAS and the bank balance confirmation are now independently reviewed by the DCIS Budgets and Finance Unit.

## Government Accounting System (GAS) Controls Audit for the year ended 30 June 2015

**Audit objective:** To determine whether there is:

- reasonable assurance that there are satisfactory internal controls in respect of the central maintenance of GAS and certain financial services provided to agencies
- adequate and effective communication with agencies with respect to the functions performed for them.

**Audit outcome:** Audit procedures revealed that generally there are satisfactory internal controls in respect of the central maintenance of GAS and over financial services provided to agencies. There were no significant matters arising from the audit.

**Action:** No action required.

## NT Fleet Interim Financial Statements Audit 2014-15

**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 the year ended 30 June 2015; 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 accounting and internal procedures relating to NT Fleet's activities were found to be generally satisfactory. Overall, it appears NT Fleet has a reasonably strong control environment and controls that will be able to be relied upon. No matters were identified.

**Action:** No action required.

## IT Control Environment Review

**Audit objective:** To understand the Information Technology (IT) risks and test the internal controls within the IT mainframe environment at Data Centre Services. Activities in scope for the audit included change management; logical access; backup and recovery; problem management; and job scheduling. Applications in scope for the audit included the Government Accounting System (GAS), Personnel Information Payroll System (PIPS) and the Payroll and Payment Management System (PAPMS).

**Audit outcome:** Two matters were identified during the audit:

- there are instances of inadequate controls within PIPS, GAS and PAPMS
- inadequate mainframe logical access controls for terminated users.

**Action:**

- The permissions allocated to specialist resources responsible for management of the PIPS, GAS and PAPMS mainframe systems were reviewed and are appropriate.
- DCIS is investigating employee data to identify agency delays in termination to enable timely revocation of access to information technology services and resources.

## PIPS Controls Compliance Audit, Year Ended 30 June 2015

**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:** Subject to the exceptions listed below, 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.

- Controls over the overpayment and recovery processes could be enhanced.
- Internal control procedures performed by Payroll and Employment Services could be enhanced.

### Action:

- Changes were made to the management of overpayments processing in late 2014 to improve efficiency and processing results, with the service transferring to centralised management in the DCIS Alice Springs Office. An internal steering committee is monitoring overpayments processing.
- The requirement to complete, sign and date checklists, as required by Standard Operating Procedures has been reinforced to staff. An induction program has also been implemented to supplement internal processes to assist staff transitioning to senior roles understand their responsibilities in internal control procedures.
- A review of Standard Operating Procedures to identify opportunities to improve processes will be undertaken during 2015-16.

## AIS/ASNEX Phase 1 Project Review

**Audit objective:** To perform a review of Phase 1 of the Asset Information System (AIS)/ASNEX project. The audit scope included:

- an assessment of technical risks of the AIS/ASNEX including security design, data conversion and system interfaces
- a review of budget versus actual project costs
- an assessment of whether the project was completed within original timeframes
- resolution of any outstanding issues.

**Audit outcome:** The audit confirmed that the migration of data from AMS to AIS was successfully completed; all necessary system interfaces were established; and the project was delivered within the original project budget and timeframes approved by the ASNEX Steering Committee. Three matters were identified during the audit.

- No log of AIS outstanding issues when system ceased production in March 2012.
- Service levels for ASNEX Systems are not formally defined.
- Control weaknesses in relation to user access to AIS.

### Action:

- An issues log for AIS was not maintained by the previous agency prior to the implementation of AMS in 2012. The audit noted that DCIS had established an issues log for AIS following its reinstatement and the issues log is maintained and regularly updated.
- DCIS has a comprehensive Service Framework incorporating Service Statements for each service line. The Service Statement for the ASNEX system has been finalised.
- The audit noted that some client agencies were not regularly monitoring user access for their staff. DCIS verified the three agency users identified required access to AIS to conduct their regular duties. A more rigorous process has been implemented for managing agency user access to AIS.

## Agency Compliance Audit for the year ended 30 June 2015

**Audit objective:** To examine systems in use in DCIS that are intended to ensure that requirements set down in the Treasurer's Directions Part 3, Section 1 and by the Procurement Directions, are adhered to, with the objectives of obtaining reasonable assurance that those particular requirements are being achieved.

**Audit outcome:** The accounting and control procedures examined provide reasonable assurance that the Accountable Officer's responsibilities will be met if those systems continue to operate in the manner identified in the audit. However, certain issues relating to DCIS' registers and compliance with the Accounting and Property Manual (APM) required attention. Three matters were identified during the audit:

- opportunity exists for more information to be disclosed in the Agency's APM
- there was a lack of documentary evidence to demonstrate the review and approval in a number of samples tested
- exceptions were identified when testing procedures and transactions relating to physical assets.

### Action:

- DCIS will consider updating additional information when next reviewing the APM and will discuss suggestions for amendments to some Treasurer's Directions with the Department of Treasury and Finance.
- DCIS has strong internal controls and the matters identified are considered to be low risk due to associated processes and documentary evidence being available to substantiate the transactions received prior approval and were appropriate. DCIS staff have been reminded of their responsibilities with some minor updates to processes and procedures to further strengthen controls.
- The useful life data for two assets was updated to correct an error in the rate of depreciation prior to end of year processing.

# APPENDIX III

## DEPARTMENT INSURANCE CLAIMS

### Departmental Self Insurance

Risk Category	Number of claims		Value of claims (\$)		Average cost of claims (\$)	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
Workers' compensation <sup>1</sup>	17	15	341 462	301 066	20 086	20 071
Motor vehicles	6 <sup>2</sup>	4	14 858	7284	2476	1821

### NT Fleet Commercial Insurance

Risk Category	Number of claims		Value of claims (\$)		Average cost of claims (\$)	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
Workers' compensation	1	0	318	0	318	0
Motor vehicles <sup>3</sup>	1	0	43 886	0	43 886	0

<sup>1</sup> Figures provided are for all claims during the financial year, including new, ongoing and finalised claims.

<sup>2</sup> Total includes two claims to the value of \$4531, which are under recovery action with the insurance companies of external parties.

<sup>3</sup> Claim was for a short-term hire of a vehicle to a community group.

### Data Centre Services

No claims were made in 2013-14 or 2014-15.

# APPENDIX IV

## ACCOMMODATION COSTS FOR NON-GOVERNMENT ORGANISATIONS

for the year ending 30 June 2015

Non-Government Organisation	Building	Cost \$
Amateur Fisherman's Association of the NT	Malak Shopping Centre	42 700
Association of Independent Schools of the NT	NGO Suite NAB Building Darwin	54 064
Australia Day Council NT	NGO Suite NAB Building Darwin	50 804
Bushmob Inc.	CAT Building Alice Springs	203 531
Camp Quality & Canteen	Rapid Creek Shopping Centre	44 327
Cancer Council NT	Anangu House Alice Springs	32 018
Cancer Council NT	Casi House Casuarina	56 226
Cancer Council NT	Katherine Government Centre	8 233
Children's Services Support Program/ Central Australia Inc.	Eurilpa House Alice Springs	41 422
Deaf NT Inc	Casuarina Plaza	15 703
Down Syndrome Association of the NT Inc.	Rapid Creek Shopping Centre	26 264
Duke of Edinburgh's Award NT	Berrimah Star Centre	87 914
Genealogical Society of the NT Inc.	Cavenagh Court Darwin	58 789
Good Beginnings	Randazzo Centre Katherine	34 012
Headspace	Civic Centre Palmerston	99 003
Heart Foundation NT	Darwin Central	61 800
Keep Australia Beautiful Council NT	NGO Suite NAB Building Darwin	10 100
Sids and Kids	Rapid Creek Shopping Centre	14 717
L'here Artepe Aboriginal Corporation	Leichhardt Building Alice Springs	33 125
Multicultural Council NT & Multilingual Broadcasting Council NT	Malak Shopping Centre	100 674
Multicultural Community Services of Central Australia	20 Parsons Street Alice Springs	48 529
NT Friendship and Support, Disability Respite Centre	Randazzo Centre Katherine	17 006
Pensioners Workshop Incorporated	48 Albatross Street Winnellie	33 314
Red Cross	Tennant Creek Government Centre	20 480
Red Cross Drop in Centre	Casuarina Recreation Centre	94 465
Training Advisory Councils	Harbour View Plaza Darwin	236 418
Victims of Crime NT	La Grande Darwin	57 225
YMCA	Satepak House	118 177
Centralian Land Management Association	Anangu House	3 100
Create Foundation	Anangu House	4 000
NT Council of Social Services Inc	Anangu House	4 600
NT Shelter	Anangu House	4 000
Royal Life Saving Society NT	Ethos House	78 710
NT Badminton Association Inc	19 Albatross Street, Building 9	145 950
	<b>Total</b>	<b>1 941 400</b>

# APPENDIX V

## GIFTED AND LOANED VEHICLES

<b>Gifted Vehicles</b>	<b>\$</b>
Motor Traders Association	23 689
<b>Sub Total</b>	<b>23 689</b>

<b>Loaned Vehicles</b>	<b>\$</b>
Alice Springs Beanie Festival Inc	3 990
Artback NT	2 784
Berrimah Scouts	380
Darwin Festival	68 155
DJABULUKGU Association - Indigenous Employment Program for 2014	24 597
Finke Desert Race	23 268
Freds Pass Show Society	2 864
Garma Festival	31 675
Gwala Daraniki Association	5 219
Howards Springs Scouts	2 985
Humpty Doo Scouts	4 229
Music NT - Bush Bands - Desert Divas	3 282
Music NT - Sista Sounds	6 673
Music NT - Intune	1 860
National Indigenous Music Awards 2014	1 309
Red Hot Arts	3 072
Scouts Australia NT	1 100
Seabreeze Festival	678
Sids and Kids NT	5 104
Tracks Dance Company	2 586
Walaman Festival	2 963
Corrugated Iron Youth Arts - Young Circus Troupe from Nepal	3 361
Yum Cha - Arts	4 633
Teachabout Inc	6 009
<b>Sub Total</b>	<b>212 776</b>
<b>Total Value of Gifted and Loaned Vehicles</b>	<b>236 465</b>

