Northern Territory Government

DEPARTMENT OF **CORPORATE AND INFORMATION SERVICES**

Annual Report

2013-14

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LETTER OF REPRESENTATION TO THE MINISTER

The Hon Adam Giles 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 2013-14 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

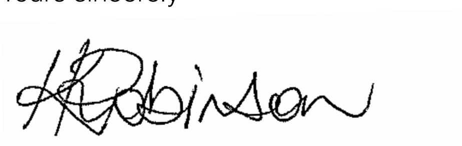
d) in accordance with section 15 of the *Financial Management Act*, the internal audit capacity is adequate and the results of internal audits have been reported to me

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

24 September 2014

INTRODUCTION

OUR REPORT

The Department of Corporate and Information Services annual report provides a comprehensive account of the department's functions, responsibilities and performance for 2013-14 and progress towards the department's strategic goals and priorities.

The 2013-14 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 2013-14 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.

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:

- **About the department** introduces DCIS, detailing the organisation's purpose, primary functions and objectives.
- **Achievements** describes DCIS' output performance in 2013-14 and results for the measures published in *Budget Paper No. 3*.
- **Corporate Governance** outlines DCIS' corporate governance model including performance of corporate governance committees.
- **Our People** provides an overview of DCIS' people, details the department's human resource management, legislative requirements and formally acknowledges the achievements of employees.
- **Financial Reports** provides financial statements and related notes for DCIS and the three government business divisions of NT Fleet, Data Centre Services and Government Printing Office.
- **Appendices** lists more detailed information that needs to be disclosed and is adjunct to the main report.

The report is published in an electronic PDF format (rather than print), providing options for downloading the entire report or individual sections. Alternative document formats are available upon request from the department.

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

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

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CHIEF EXECUTIVE'S FOREWORD: 2013-14 IN REVIEW

I am pleased to present the annual report of the Department of Corporate and Information Services (DCIS) for the year ending 30 June 2014, which provides a comprehensive account of the department's functions and performance.

Our key responsibility is to provide shared corporate services for government agencies, which includes financial and human resource administration, procurement services, asset services, information and communications technology (ICT) services, vehicle fleet and property leasing services. We also work with the Australian Government and other key stakeholders to leverage improvements in telecommunications for the broader Northern Territory community.

The department recorded strong achievements across our range of corporate and information services activities over the year. We strengthened our focus on supporting government and agencies through finding ways to improve service delivery, expand our role and drive efficiencies. The department's key achievements in 2013-14 include:

- reviewed the failed Asset Management System (AMS) and commenced a multi-year program to replace AMS with a new cost effective and fit-for-purpose solution called Asset Systems Network (ASNET)
- developed and introduced the *NT Government ICT Governance Framework* to ensure ICT governance across agencies is planned, with ICT investments and projects managed consistently and supported by appropriate decision-making
- delivered mobile phone and broadband services in 10 remote Northern Territory communities, as part of Project 13, a two-year joint initiative with Telstra to expand telecommunications services in 13 remote communities across the Northern Territory
- developed and implemented a new sustainable business model for printing services to government based on:
  - fully outsourcing printing services to private sector suppliers
  - establishing a print management unit within the Department of the Chief Minister
- expanded the range of across government contracts from nine to 13, a 40 percent increase across a diverse range of goods and services used by agencies, delivering savings, benefits and efficiencies
- developed and progressed implementation of long-term strategic accommodation plans for Darwin and Alice Springs that will improve outcomes for the government's leased accommodation portfolio
- released a tender for leasing a new Supreme Court in Alice Springs, attracting two locally-based tenderers
- implemented the *Northern Territory Government Vehicle Policy Framework*
- commenced a project to modernise and consolidate the Northern Territory Government intranet to provide a much better service directory that will assist staff in all agencies and locations.

Now in its second year as a department, the strategic direction and principles for DCIS are well embedded across our activities. Quarterly update reports are presented to the executive management board to track our achievements against the Strategic Plan. Our activities and priorities are aligned to supporting the Northern Territory Government's strategic plan *Framing the Future*. The department's performance, achievements and our future priorities are outlined in the Achievements section of the report.

A DCIS executive leadership development program was developed and commenced during 2013-14. The program, e^2 *Exceeding Expectations – exceptional service through leadership* is specifically designed to suit the culture and business of DCIS and complement the NTPS Leadership Framework. This department is committed to being a leader not only in terms of service delivery, but also as an employer of choice. This is a year-long program that builds the capability of our managers and links into our already established DCIS Innovation Program. The e^2 program will be reviewed and evaluated in 2014-15, with the view to considering a program for the next level of managers in the department to support succession planning.

Looking ahead to 2014-15, DCIS' focus will be to provide business improvements that will reduce overall government costs, reduce red tape and deliver value for money shared corporate services. Some of the key actions that will achieve these improvements include:

- progressing the multi-year program to deliver ASNET, as a cost-effective technology solution to support the financial management of government's infrastructure assets
- implementing the *NT Government ICT Governance Framework* to improve alignment of ICT investments with government direction, strengthen oversight of high-risk and high-value ICT investments and improve management of ICT across agencies, by:
  - establishing the Ministerial ICT Advisory Council
  - developing an ICT strategy for the Northern Territory Government
  - developing ICT governance models and a project management toolkit that can be applied by all agencies
  - engaging with the local ICT industry to foster skills development, innovation and better information sharing
- continuing to expand the range of across government contracts, including new arrangements for air travel services, valuation services and stationery to deliver efficiency benefits to agencies
- introducing InvoiceNTG to enable government suppliers to lodge and track their invoices online; including a new smart phone 'app' to complement the portal
- enhancing corporate systems and progressing the automation of business processes, including expanding the functionality of the government's electronic recruitment system and procurement systems to support the procurement reforms
- finalising the tender process for leasing a new Supreme Court in Alice Springs
- progressing implementation of the Darwin and Alice Springs leased accommodation plans
- completing the Project 13 joint initiative with Telstra to expand mobile phone and broadband services in remote Territory communities.

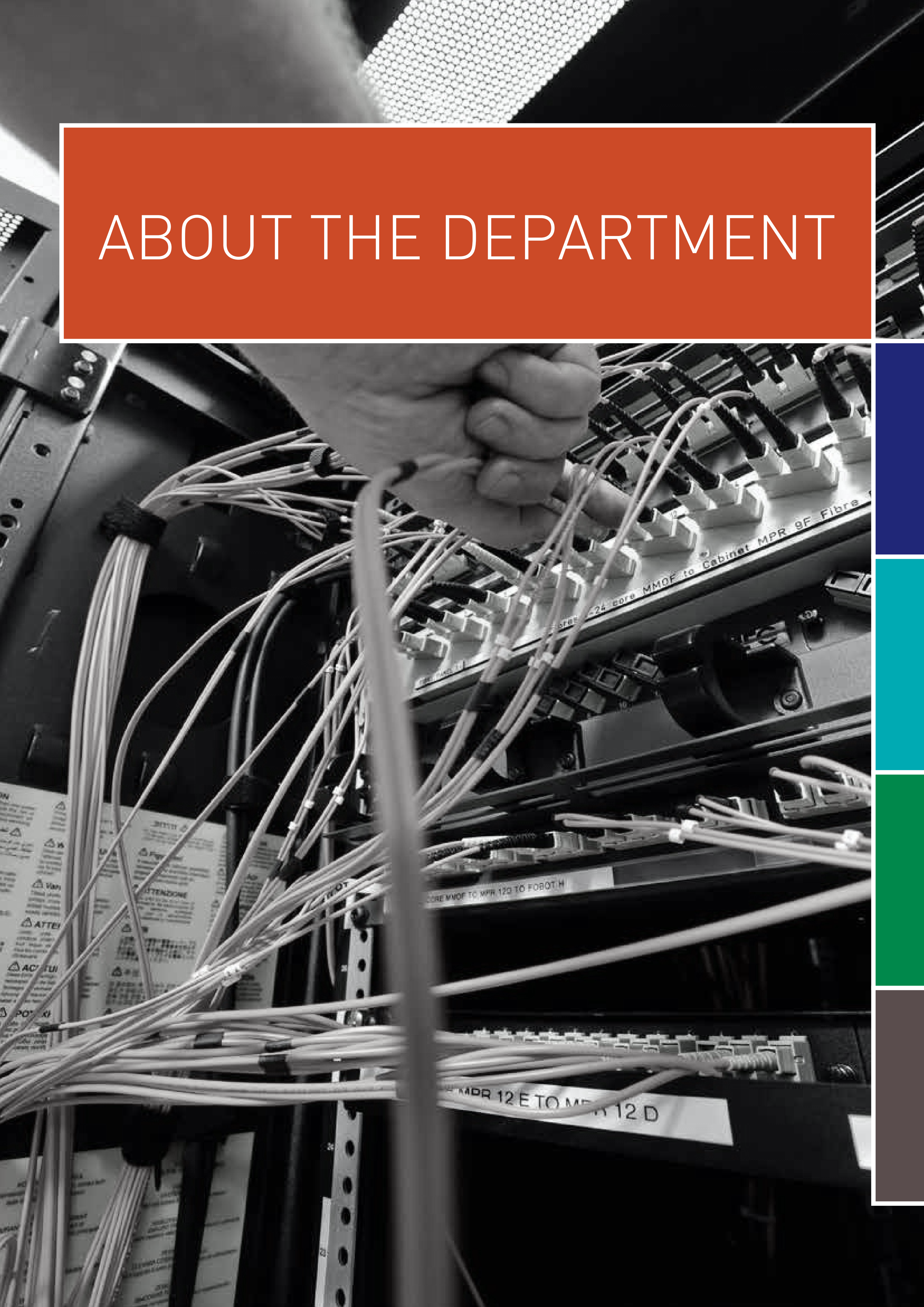
We have approximately 602 full time equivalent staff, across nine buildings in the greater Darwin region and two regional offices, who deliver the department's core services. In meeting the demands of 2014-15, a key focus internally for DCIS will be to develop our staff; including increasing Indigenous participation in the DCIS workforce, developing our future leaders, committing to our early careers programs and importantly, recognising our staff's achievements across the year.

I rely on the drive and commitment of all DCIS employees to deliver our outcomes and succeed in the complex and challenging environment in which we operate. The focused efforts of all staff in achieving key targets in 2013-14 and their continuing dedication and professionalism over another significant year of change are much appreciated and I take this opportunity to sincerely thank them all.

I look forward to continuing to work with all staff, agencies and other stakeholders over the coming year.

Kathleen Robinson
Chief Executive

ABOUT THE DEPARTMENT



SNAPSHOT

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

The Department of Corporate and Information Services (DCIS) is a Northern Territory Public Sector agency as defined under the Administrative Arrangements Order issued by The Administrator. The department was created in December 2012 following an administrative arrangements change.

Over 2013-14, DCIS has gone through some significant changes to its services. On 7 October 2013, the Asset Management System (AMS) and the asset services function transferred from the Department of Infrastructure to DCIS. This saw an increase of around 30 staff transferring to the department as well as a major government system to administer and fix. More is reported on this in the Achievement and Our People sections of the report.

This reporting period also saw the full outsourcing of printing services and the closure of the Government Printing Office. Two functions were transferred to the Department of the Chief Minister in 2014; the Gazette function transferred to the Office of the Parliamentary Counsel in May 2014; and the print management function was set up as a dedicated unit within the Communications and Marketing Bureau and has been fully operational since May 2014. All of government's printing requirements were outsourced to the private sector, with the print management unit coordinating the sourcing of jobs and quotes for all agencies. The change management process undertaken and the winding up of the entity as a government business division is further explained in the Achievement and Our People sections.

DCIS' core business is service delivery

WHAT WE DO

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 2013-14, DCIS comprised the Department of Corporate and Information Services and three government business divisions (GBDs) – NT Fleet, the Government Printing Office (GPO) and Data Centre Services (DCS). From 2014-15, following the GPO's closure, the agency reduces to the department and two GBDs.

OUR RESTRUCTURE

An internal restructure of the department was implemented in March 2014 linked to implementation of the new ICT Governance Framework, closure of the GPO, gaining an extra service line in asset services and the ASNET program. The new structure better aligns to our strategic priorities and core business. Part of this process included a review of the senior leadership positions and the establishment of a new business unit; Corporate Systems. This unit centralises all business systems that support corporate service delivery across government to consolidate business efficiencies, skills and resources. Refer to the Our People section for a more detailed overview of this process.

Our organisation structure is on page 13

OUR CONTEXT

The department actively works to be a leader in providing quality corporate service delivery to government. We focus on consistency of our processes, aligning our operations and increasing the efficiency of our business systems and processes to provide savings and benefits to our client agencies. We operate in an environment of continuous improvement, constant change and increasing accountability and we encourage a collaborative and professional culture within the department to deliver on government priorities.

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.

WHOLE-OF-GOVERNMENT ICT POLICY AND STRATEGY

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

WHOLE-OF-GOVERNMENT ICT GOVERNANCE

DCIS is now responsible for coordinating ICT governance at the whole-of-government level through the *NT Government ICT Governance Framework*. The framework will strengthen ICT planning and decision-making and improve rigour in the management of ICT projects and initiatives. This is a major new function for the department, with implementation of the framework a key focus for 2014-15.

NT FLEET

NT Fleet is a government business division that manages government vehicles, except those of the Northern Territory Police, Fire and Emergency Services.

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

Not for profit community based organisations can request the gift or loan of vehicles subject to an eligibility criteria and application process, including applications through the Community Benefit Fund (refer to Appendix V for the list of gifted and loaned vehicles). More information can be found at: http://www.dob.nt.gov.au/gambling-licensing/cbf/Pages/default.aspx

DATA CENTRE SERVICES

DCS is a government business division that provides information and communications technology support to all agencies through database administration, enterprise data storage and hosting ICT infrastructure and applications. The services cover mainframe computing, midrange servers, hosting of the government websites and providing secure storage and backup of government data.

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

BUSINESS SERVICES

Our Business Services team supports the department in fulfilling its purpose by developing and sustaining robust financial, compliance, people and technology systems and providing advice and corporate policy functions.

WHO WE DO IT FOR

'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 a high quality service 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.
- The business community.
- Government tenderers and suppliers.

OTHER STAKEHOLDERS

- The ICT industry.
- The Northern Territory community.
- Ministers.
- The 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.

HOW WE DO IT

"We do what we say we will."

As at 30 June 2014, DCIS employed 602 full-time equivalent (FTE) staff, with the majority (504) working in the department and the remainder spread across the GBDs.

The total budget for 2013-14 was just under $173 million, excluding the GBDs, which are separate budget entities. Refer to the Financial Reports section starting at page 87 for detailed financial information and explanations of our financial performance across all budget entities.

We have service outlets in Darwin, Palmerston, Casuarina, Katherine and Alice Springs and an outposted employee in Jabiru.

To be at the forefront of service delivery for government, a key focus for the department is to continually look at ways to reduce costs through improving processing efficiency by applying technology solutions and economies of scale. We explore opportunities to improve service quality and add value to agencies through business process reforms and diversifying services to meet our clients requirements.

CHARGES

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

Our 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.

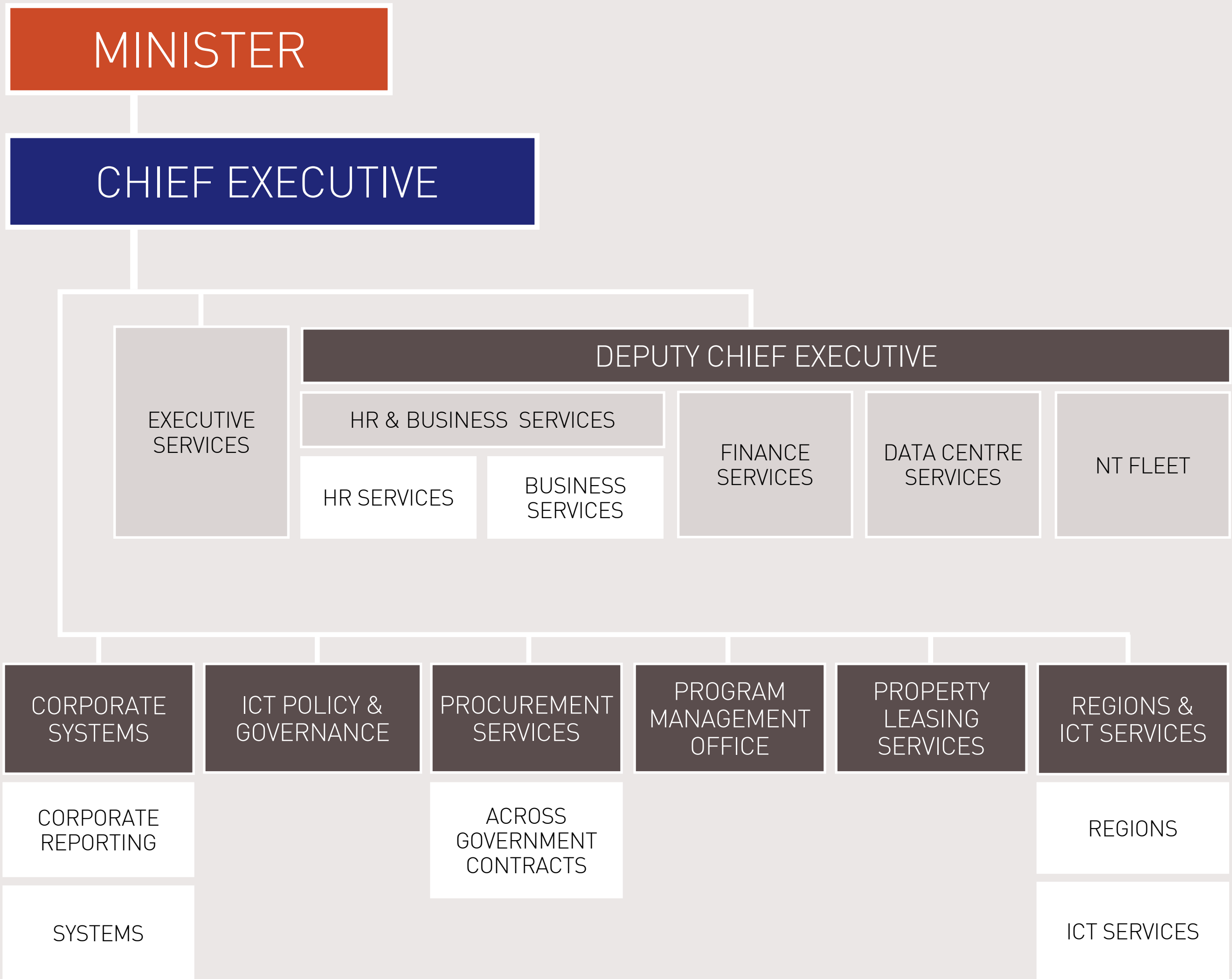
ACCOUNTABILITY

The department monitors its performance through a clearly defined organisation structure and by developing capable managers and leaders for the future; with defined roles and responsibilities for all staff. We report on our performance as an organisation, the performance of our people and our financial position. We adhere to our corporate reporting protocols and conduct 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 in the Corporate Governance section, we have strong links between our strategic planning, business planning and compliance to ensure our business is conducted in a transparent manner as we deliver on our vision.

ORGANISATION CHART

Department of Corporate and Information Services Organisation Chart as at 30 June 2014.



REGIONAL ACTIVITIES

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

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

SERVICES PROVIDED IN ALICE SPRINGS

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

SERVICES PROVIDED IN KATHERINE

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

SERVICES PROVIDED REMOTELY

- the DCIS web manager role is currently provided by a staff member located in Jabiru.

2013-14 REGIONAL HIGHLIGHTS

- Removed deadlines in eRecruit for the majority of agency vacancies that are advertised solely on the Northern Territory Government Employment Opportunities website.
- Assisted with future improvements to the eRecruit system being developed, including the addition of entry level recruitment and candidate pools.
- Commenced project to enhance the delivery of DCIS systems training to agency staff in Alice Springs.
- Continued to improve Accounts Receivable policies and processes.
- Completed the review of the Katherine office structure.
- Improved communication and collaboration with agencies regarding the debt recovery function of Accounts Receivable.
- Participated in the Tennant Creek and Alice Springs Skills, Careers and Employment Expos.

THE FOCUS FOR 2014-15

"Expanding services delivered from the regions."

- Transition the whole-of-government function of payroll debt recovery to the Alice Springs office.
- Continue to assist with future improvements to eRecruit, including the implementation of automated entry level recruitment and candidate pools.
- Continue to develop policies and processes to enhance the delivery of DCIS corporate systems training to Northern Territory Government agency staff located in regions.
- Continue to improve Accounts Receivable policies and processes that will enable better debt management and recovery.
- Complete implementation of the restructure of the Katherine office and ensure office is fully staffed.

CORPORATE STATEMENT

OUR VISION

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

OUR PURPOSE

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

OUR PRINCIPLES

We will meet our key responsibilities and strategic objectives through:

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

OUR VALUES

The values of DCIS guide our actions and integrity 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 specified in the Budget Papers. The strategic priorities and actions are reflected in divisional business plans and executive 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. The plan was updated in May to reflect asset services as a new key priority for the department.

The following table provides an overview of the plan, its strategic priorities and actions. Reporting against the priorities and actions achieved and our future planning are outlined in the Achievements section.

Strategic priorities	Status	Actions
BUSINESS EFFICIENCY – MEASURES THAT REDUCE COST AND RED TAPE	Completed	**Expand** the number and value of across government contracts.
	In Progress	**Enhance** procure-to-pay processes and systems.
	In Progress	**Modernise** and consolidate the Northern Territory Government intranet.
	In Progress	**Partner** with agencies to contribute to reforms and efficiency projects.
TELECOMMUNICATIONS THAT BENEFIT COMMUNITIES ACROSS THE NORTHERN TERRITORY	In Progress	**Oversee** expansion of telecommunications infrastructure and services in remote communities.
	In Progress	**Develop** a digital economy plan for the Northern Territory that maximises benefits to Territorians from advances in technology.
ICT SERVICES THAT DELIVER VALUE FOR MONEY	Completed	**Develop** and implement across government ICT governance framework.
	In Progress	**Leverage** government's role as a major consumer of ICT services to build industry capability.
	In Progress	**Renew** the ICT Strategy for government.
	In Progress	**Explore** options to improve resilience of ICT services.

Performance Symbols:

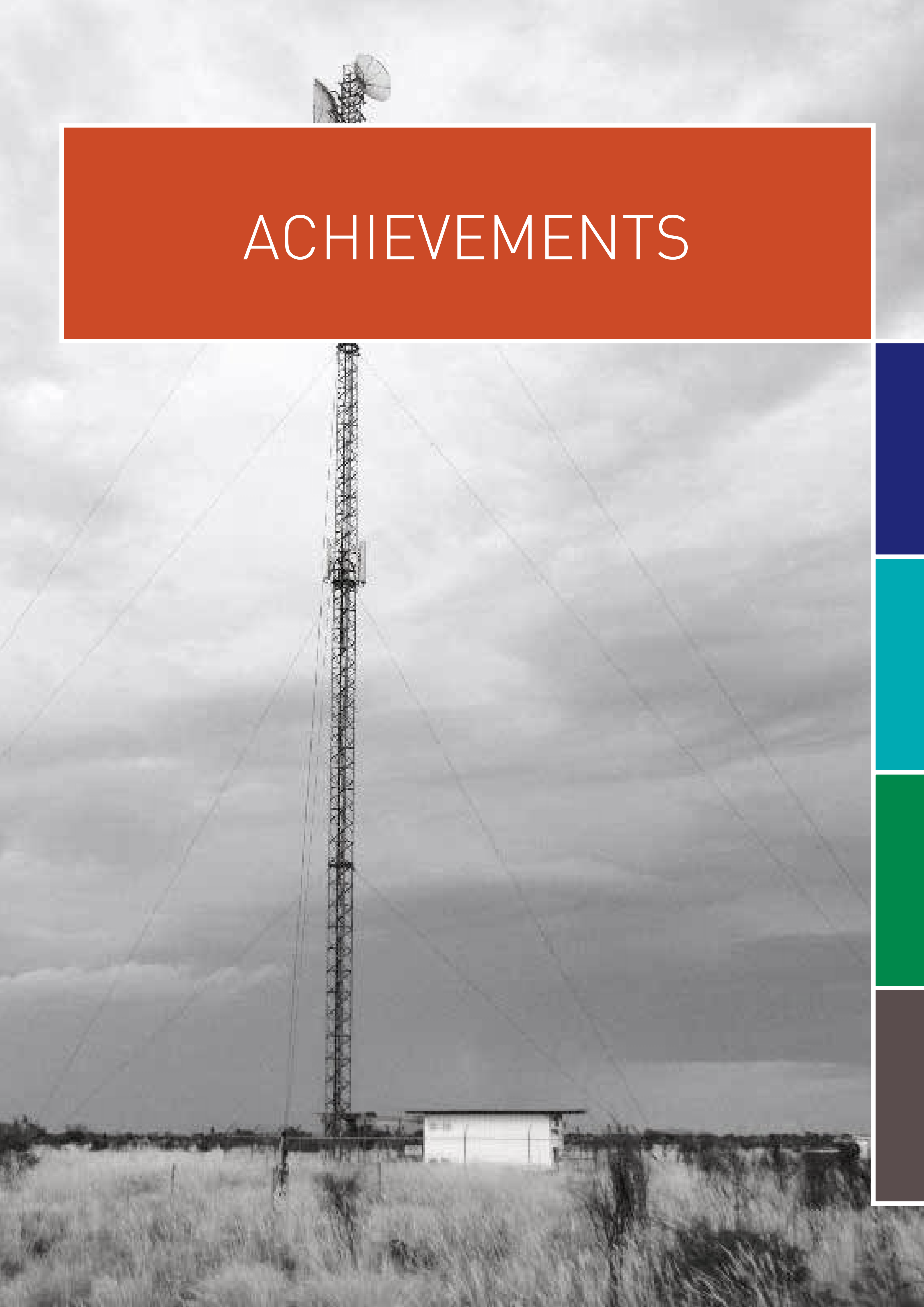
Completed In Progress Ongoing

Strategic priorities	Status	Actions
BUSINESS IMPROVEMENT - CORPORATE SERVICES THAT ADD VALUE	↻	**Renew** the business model for workers' compensation administration.
	↻	**Enhance** the model for provision of ICT support services to agencies.
	→	**Deliver** a rolling program to automate more payroll processes.
	→	**Upgrade** critical across government business systems.
	↻	**Progress** a business model for shared services, including regions.
	→	**Develop** a sustainable business model for government shared services.
VEHICLE FLEET SERVICES THAT REDUCE COST	✓	**Reduce** the cost of the government vehicle fleet.
	✓	**Implement** the Northern Territory Government *Vehicle Policy Framework*.
PRINTING SERVICES THAT ARE COST EFFICIENT	✓	**Review** the model for delivery of printing services.
	✓	**Develop** and implement a sustainable business model for printing services.
PROPERTY LEASING SERVICES THAT MEET GOVERNMENT'S NEEDS	↻	**Develop** strategic leased office accommodation plans.
	↻	**Deliver** major leasing projects in Alice Springs and Darwin.
	↻	**Develop** policies to drive efficiency in the leased property portfolio.
ASSET SYSTEMS THAT MEET GOVERNMENT'S NEEDS	↻	**Develop** a new integrated asset systems solution for government, ASNET.
	↻	**Cease** the Asset Management System (AMS).
A WORKFORCE THAT IS SKILLED AND CAPABLE	↻	**Increase** Indigenous participation in the DCIS workforce.
	↻	**Develop** leadership capability and nurture potential leaders.
	↻	**Prepare** for future workforce needs through commitment to apprentices, graduates and staff training at all levels.

Performance Symbols:

✓ Completed ↻ In Progress → Ongoing

ACHIEVEMENTS



OVERVIEW

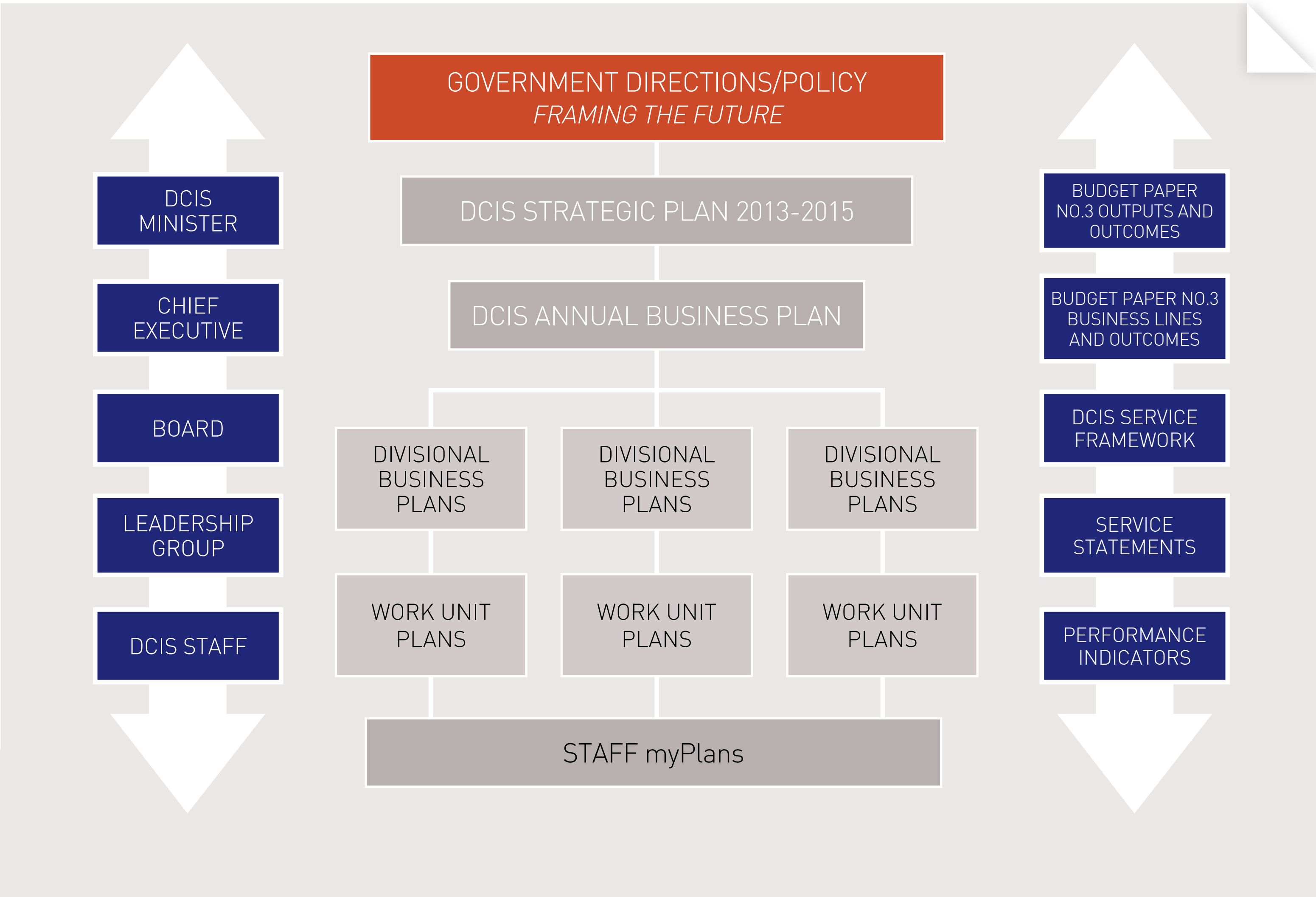
"Linking government priorities and directions with departmental responsibilities to deliver reliable and efficient shared corporate services."

The Department of Corporate and Information Services' (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. Details are provided on key projects and achievements during the year, with performance recorded for the priorities identified in last year's annual report. The Shared Services output group essentially represents DCIS the department, with the three 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.

DCIS units operate within a cohesive and comprehensive architecture that links and aligns planning and strategy with responsibilities, governance, outputs and service delivery. This architecture, depicted below, encompasses the breadth of the department's functions and pervades from top to bottom. The connections and linkages between government directions, the department's strategy, implementation plans, unit activities and individual actions are illustrated in the architecture diagram, highlighting how our end result is influenced from the bottom-up and the top-down.



OUR PERFORMANCE SYMBOLS:

COMPLETED
Priority was finalised within this reporting period.

IN PROGRESS
Priority was partially achieved in this reporting period, or has a set timeframe and generally expected to be completed in the next reporting period.

ONGOING
Priority is long-term and does not have a set timeframe, will carry across reporting periods, or needs to be delivered annually.

OUR REPORTING SYMBOLS:

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

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

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

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

WHAT WE ACHIEVED ACROSS DCIS

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

Throughout 2013-14 there have been several significant organisation-wide achievements that go across all outputs and business lines, along with some significant projects that are worthy of distinctive mention. These achievements highlight the dedication and professionalism of our staff to improving service delivery and work practices.

ICT GOVERNANCE FRAMEWORK

One of the department's leading priorities this year was the development and introduction of the *NT Government ICT Governance Framework,* approved by government February 2014. The framework ensures ICT governance across agencies is planned, with ICT investments and projects managed consistently and supported by appropriate decision making.

The ICT Policy and Strategy portfolio was combined with Corporate and Information Services in the changes to the Administrative Arrangements Order in late 2012. Since taking on responsibility for this function, the department has initiated a number of actions targeted at improving the governance of ICT projects and ICT matters more broadly across government.

Key elements of the framework include a revised structure of across government oversight committees with more appropriate senior representation and more stringent checks and balances to ensure better oversight of major ICT investment decisions and management of ICT initiatives from an all-of-government perspective.

The framework improves the alignment of ICT investments with government direction, strengthens oversight of high risk and high value ICT investments and establishes the discipline that will deliver improvements in the management of ICT.

The *ICT Governance Framework* addresses many of the recommendations arising from the Public Accounts Committee *Inquiry into the Management of ICT Projects in Government*. Implementation of the framework is progressing, with DCIS coordinating delivery and engagement with agencies across government.

The peak body under the new framework is the ICT Governance Board; made up of Chief Executives and deputies from Departments of the Chief Minister, Treasury and Finance, Health, Education, Lands Planning and the Environment and DCIS. The board has met on numerous occasions to progress the implementation of the framework and address the PAC report findings.

NEXT STEPS:

- Continue to implement the *ICT Governance Framework.*
- Establish the Ministerial ICT Advisory Council to improve engagement with the local ICT industry that will contribute to better outcomes. Local ICT industry engagement will include a focus on fostering skills development, innovation and better information sharing.
- Formulate a new ICT strategy for the Northern Territory Government in collaboration with agencies.
- Develop ICT governance models and a project management toolkit that can be applied by all agencies.
- Work with the Department of Treasury and Finance to develop a Treasurer's Directions series under the *Financial Management Act* to provide an explicit legislative basis for ICT decision-making and management.
- Create an ICT capability framework to identify and define the competencies required for ICT positions that are consistent with the broader NTPS capability framework.

ASSET MANAGEMENT SOLUTION

Responsibility for the asset services output transferred to this department on 7 October 2013, which included responsibility for the troubled Asset Management System (AMS). DCIS manages and operates the majority of major ICT systems that are used by all agencies across government and AMS, as an enterprise-wide system, joined that suite of systems in 2013-14.

The initial focus for the department was to transfer the staff and functions across from the Department of Infrastructure and start to get a better understanding of the details of the systems and operational issues and the program of related projects. Focus then turned to the significant challenge that AMS presented.

Before any decision on the future direction of AMS was made, an independent stage-gate review was conducted by a company with specialist knowledge of asset management systems. The review found that AMS did not meet government's requirements and was fundamentally flawed as a core product to meet the asset management needs of government. With Territory assets of around $11 billion to monitor, covering a broad spectrum from houses to highways and the need for a robust systems solution; government obtained further advice then made the decision to discontinue AMS and establish a solution comprising an integrated network of asset systems, known as ASNET.

The first phase of the transition away from AMS is focused on stabilising the government's asset management environment to meet core capital program management requirements and fully reconcile financial information. Substantial effort was directed to reconciling asset financial information across multiple systems and data sets and establishing appropriate business processes within AMS to the extent feasible.

The new solution incorporates former Northern Territory Government systems as the foundation components of ASNET: the Asset Information System (AIS); the Road Information Management System (RIMS); Project Reporting System (PRS); and the Building Asset Management System (BAMS). Some work is required to bring these systems to a level of currency. This work commenced in 2013-14 and will continue over the next two to three years.

The ASNET solution will utilise contemporary 'middleware' technology to integrate the existing asset systems, expand functionality and provide a modern, flexible user interface front-end. ASNET will deliver improved functionality and a better user experience, lower operating costs and will address current system deficiencies.

The ASNET implementation program is a multi-year program that will use local ICT expertise for the development of ASNET and will be subject to the full scrutiny of the new *ICT Governance Framework*.

NEXT STEPS:

- Phase 1 - implement ASNET foundation systems (AIS, BAMS, RIMS, PRS) in 'as-is' state.
- Decommission AMS and determine options to store and retrieve AMS data following decommissioning.
- Develop the Asset Financial Management Model and Business Case.
- Establish a leased property management system as an ASNET module.

NEW SUPREME COURT BUILDING FOR ALICE SPRINGS

DCIS undertook a major public tender process over 2013-14 for the lease of a new purpose-built Supreme Court building in Alice Springs. This was a complex and unique tender with comprehensive technical specifications. The tender was developed in collaboration with the Department of the Attorney-General and Justice, including judicial input, and the Department of Infrastructure and released in March 2014.

The tender closed in May 2014 and attracted two locally-based companies. By the end of 2013-14 negotiations had commenced with the preferred tenderer, 19 Parsons Street Pty Ltd, with the procurement on schedule to be finalised August 2014.

This is the first time in Central Australia that a major facility is to be built and owned by the private sector and leased to government, showing confidence in the Alice Springs community. The Supreme Court building is expected to become an iconic landmark in Alice Springs and, together with the existing Magistrates Court and the new police facilities in the Greatorex building, will establish a justice precinct in Alice Springs. The new Supreme Court facility is expected to open in 2016.

NEXT STEPS:

- Finalise the tender process and execute the Agreement for Lease.
- Monitor progress of building construction.

WINDOWS 7 UPGRADE PROJECT (WIN7)

The expiry of support by Microsoft for Windows XP in April 2014 required the Northern Territory Government fleet of over 16 500 workstations to be upgraded to Windows 7.

The project was successfully completed with 93% of computers converted to Windows 7 by the Microsoft deadline. The remaining devices could not be upgraded due to dependencies and legacy systems. Mitigation strategies and customised support from Microsoft have been deployed in the interim for these devices with around half rectified by the end of 2013-14 and the remainder on schedule. The project also rationalised software application installations across the fleet which has improved system stability and performance.

The Windows 7 Upgrade Project was completed on time, under budget and with a success rate substantially above results reported elsewhere; earning recognition from the Australian Institute of Project Management (Northern Territory) by winning the Institute's award for "Best Project of 2014 – ICT/Telecommunications".

MACHINERY OF GOVERNMENT CHANGES

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

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

ACTIONS IN 2013-14:

✔ Successfully coordinated machinery of government changes for the:

- Department of Health, related to the two new hospital networks
- split of Power Water Corporation into three new Government Owned Corporations
- Museum and Arts Galleries of the NT becoming a stand-alone entity
- Construction Division ceasing, with functions moving into the Department of Infrastructure
- changes relating to the GPO closure.

NEXT STEPS:

- Ensure the information collaboration site and machinery of government change processes are maintained in 'ready to implement' state.

INNOVATION PROGRAM

The DCIS Innovation Program, launched in 2012-13, continued to grow and strengthen throughout the 2013-14 year. Ideas accepted on the program were incorporated into divisional business plans for 2013-14 and calls for new ideas were encouraged through regular staff news updates. The Innovation Program has been embedded in the department's business planning process as a recognised key change driver.

ACTIONS IN 2013-14:

- Completed seven initiatives from the program.
- Established quarterly reporting to Executive Management Board on the Innovation Program.
- Released regular news items to inform staff on the progress of the program, call for new items and provide recognition to staff that have put forward ideas which have been completed.
- Reviewed the 2013-14 program and established the 2014-15 program.

NEXT STEPS:

- Continue to embed the Innovation Program within DCIS to encourage and enable all staff to contribute ideas on an ongoing basis.

DCIS SERVICE FRAMEWORK AND SERVICE STATEMENTS

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

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

ACTIONS IN 2013-14:

- Commenced review of the framework and all statements in June 2014, to ensure currency of the service delivery areas and capture new service lines, such as asset services.
- Completed a critical analysis of the service standards within the statements to ensure that the standards meaningfully represent the key service deliverables, reflect process standards and are measurable.
- Refined internal reporting to the Executive Management Board to ensure performance for key service standards is incorporated into the quarterly KPI reporting.

NEXT STEPS:

- Progress a reporting scorecard to present DCIS' performance for client agencies.

ACHIEVEMENTS

WHAT WE ACHIEVED BY OUTPUT

OUTPUT GROUP: SHARED SERVICES

Outcome: Provide reliable and efficient services that support government and enable agencies to focus on core business.

FINANCE SERVICES

Provide finance services to all agencies through processes, systems 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 warehouse 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 Services, Ledgers 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 the accounts receivable services provided wholly from our Alice Springs office.

Key Deliverables Performance	2013-14 Budget	2013-14 Estimate	2013-14 Actual	2014-15 Budget
Payments processed	540 000	525 000	549 632	530 000
Debts processed	40 000	40 000	40 697	40 000
Processing accuracy	99%	99%	99%	99%
Invoices paid within 30 days	90%	90%	87%	90%
Average days to collect debt	55	55	56	55

MOVEMENTS BETWEEN BUDGET AND ESTIMATE 2013-14

Payments processed: early evidence indicated a reduction in the anticipated full year volume of payments.

MOVEMENTS BETWEEN ESTIMATE AND ACTUALS 2013-14

Payments processed: there was a significant increase in payments processed in the last quarter of the financial year.

PERFORMANCE ACHIEVEMENTS IN 2013-14:

COMPLETED:

- Established system mechanisms to provide payment remittance advices electronically rather than by post. This initiative reduces costs and will be rolled-out with the InvoiceNTG project with targets expected to achieve over 50% conversion to electronic delivery.

BP

- Reviewed the asset accounting function in context of the new asset management solution for government (ASNET) with process and service delivery improvements made. **SP**
- Created smart forms as part of new and improved systems developments, including InvoiceNTG templates and purchase requisitions. **GP**
- Enhanced the Electronic Card Management System with addition of a new module for recording cab charge transactions. This module was implemented and piloted within DCIS over 2013-14. Roll out to client agencies will commence in 2014-15. **IP**

IN PROGRESS:

- Developed an invoice portal, titled InvoiceNTG, as Stage 6 of the electronic invoice management program to enable suppliers who do business with government to electronically lodge and track their invoices. InvoiceNTG and associated smart phone 'app' created and due for release in the first half of 2014-15. This project aligns to the new contemporary and professional user interface model for corporate business systems. **SP GP**
- Advanced the development of a new corporate services billing system which is scheduled to be completed in 2014-15. **SP IP**
- Completed development work on improvements to the procure-to-pay system that will provide business benefits to suppliers and agencies, in particular the purchase requisition module. The improvements have been developed and are being tested with rollout to agencies scheduled for 2014-15. **SP**

ONGOING:

- Completed the upgrade to the GAS database and developed a project plan for the full system upgrade project which is expected to be completed in 2015-16. **SP**

FUTURE PRIORITIES:

- Deliver online GST training to clients designed to guide staff in agencies through key GST requirements for government.
- Upgrade the Electronic Invoice Management System to improve functionality, contemporise the system (including a new name – NTGPay) and make it easier to use.
- Review and upgrade debt management policies and procedures to improve the effectiveness of debt collection and recovery.
- Commence development of a new budget management solution for agencies that will provide substantial business benefits into the future. This is a multi-year program, with the system to initially be trialled within DCIS.
- Establish a contemporary and professional user interface model for corporate business systems style standards that can be consistently applied across DCIS systems. Application to occur incrementally as systems are upgraded or new systems are established, according to priority and resource commitments. This project applies across multiple outputs and business lines.
- Progress the GAS Upgrade project which will continue into 2015-16.
- Roll-out the purchase requisition module.

Reporting Symbols:

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

ACHIEVEMENTS

HUMAN RESOURCE SERVICES

Provide human resource services to all agencies through processes, systems 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 assisting to increase the representation of Indigenous employees within government
- providing support, maintenance and development of the government's core human resource IT systems, including the employee self-service module (myHR) and the whole-of-government payroll system (PIPS)
- coordinating job evaluation services for agencies that 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 whole-of-government recruitment services provided wholly from our Alice Springs office.

Key Deliverables Performance	2013-14 Budget	2013-14 Estimate	2013-14 Actual	2014-15 Budget
Payroll transactions processed	1.1M	1.1M	1.1M	1.1M
Commencements and terminations processed	14 000	14 000	13 727	14 000
Processing accuracy	99%	99%	99%	99%
Vacancies processed	3 000	3 000	4 210	3 000

MOVEMENTS BETWEEN ESTIMATE, ACTUALS AND 2014-15 BUDGET

Vacancies processed: higher than expected recruitment activity in agencies.

PERFORMANCE ACHIEVEMENTS IN 2013-14:

COMPLETED:

- Combined the delivery of the Indigenous Employment Program administrative stream from three separate programs into one generic administrative program. This strategy improved nominations to ensure the program was sustainable and provided more breadth to the program's learning outcomes. BP

- Completed HR reporting solutions with an improved suite of HR reports for agencies delivered that support the Northern Territory Government Workforce Metrics dictionary and data warehouse reports developed that support reporting to government. **BP**
- Reviewed the current arrangements for the administration of government workers compensation scheme and reported to the inter-agency steering committee. The Department of Treasury and Finance now has carriage. **GP**
- Reviewed the business model for delivering Northern Territory Public Service apprentice programs through online survey, workshops and meetings to identify feedback on the current model and obtain improvement ideas. Changes are being implemented based on this feedback. **BP**
- Explored the opportunity for a whole of government e-learning solution, which did not then proceed due to other budget and project resource priorities, across government complexities and divergent requirements. **SP**

ONGOING:

- Commenced design of a tailored Technical Officer Program for the Department of Infrastructure as part of the Indigenous Employment Program; to be delivered in 2014-15. **BP**
- Completed stage two eRecruit system business requirements and technical specifications. System programming commenced and will be completed in 2014-15, allowing for candidate pools to be created and providing bulk recruitment functionality for key employment categories, including the Entry Level Recruitment Program. **SP** **IP**
- Continued to progress the automation program for human resource systems, including introduction of the Managers InTray in myHR; making myHR available through home computers and mobile devices; establishing the information architecture for NTG paysheet technology; and improving functionality of the HR Ticketing System. **GP**
- Acquired and installed a whole-of-government organisation chart solution. Agency chart designs according to agency business requirements are progressing, with agencies required to review their data in the source PIPS system. **IP**

FUTURE PRIORITIES:

- Develop a partnership with the Northern Territory Police, Fire and Emergency Services and the Indigenous Employment Program to build a program for suitable Indigenous students who are completing Year 12 and plan to return to their remote community that have the aptitude to develop into policing roles.
- Deliver eRecruit stage two system enhancements.
- Progress HR system automation program, including automation of resignation workflows and entitlement calculations, salary increments; further automation of leave processing; implementing a superannuation clearing house process; improving the processing of supernumerary positions; and presenting payslip supplements in myHR for rostered staff.
- Improve model for managing apprenticeship programs to be more cost effective.
- Progress the roll-out of automated generation of agency organisation charts.
- Conduct procurement for group training services for the Northern Territory Public Sector.
- Establish a contemporary and professional user interface model for corporate business systems style standards that can be consistently applied across DCIS systems. Application to occur incrementally as systems are upgraded or new systems established, according to priority and resource commitments. This project applies across multiple outputs and business lines.

Reporting Symbols:

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

ACHIEVEMENTS

PROCUREMENT SERVICES

Provide procurement services, systems and information that support procurement activity in agencies and deliver business efficiency through centralised contracting for commonly required goods and services.

This output is responsible for:

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

The work units that contribute to this output are Contracts and Procurement Services, Across Government Contracts, Corporate Systems and Business Services.

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

Key Deliverables Performance	2013-14 Budget	2013-14 Estimate	2013-14 Actual	2014-15 Budget
Tenders released to market	1 000	950	994	1 000
Tender responses processed	3 800	4 400	4 672	4 400
Proportion of responses lodged electronically	90%	90%	93%	95%
Contracts awarded	1 150	1 100	1 242	1 100
Number of across government contracts	14	14	13	18

MOVEMENTS BETWEEN BUDGET AND ESTIMATE 2013-14

Tenders released to market: changes reflect projections based on activity in nine months up to March.

Tender responses processed: increased interest in government procurement activity.

MOVEMENTS BETWEEN ESTIMATE AND ACTUALS 2013-14

Tenders released to market: procurement activities in last quarter where higher than trends for the earlier part of the year.

Tender responses processed: interest in government procurement activity higher than anticipated.

Contracts awarded: procurement activities in last quarter where higher than trends for the earlier part of the year.

MOVEMENTS BETWEEN ESTIMATE AND 2014-15 BUDGET

Proportion of responses lodged electronically: reflects anticipated increasing industry comfort with the electronic lodgement method.

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

PERFORMANCE ACHIEVEMENTS IN 2013-14:

COMPLETED:

- Expanded the range of across government contracts from nine to 13 and included a broader range of commonly used goods and services. **GP**
- Closed all manual tender boxes as of 1 August 2013 with electronic lodgement now the primary method for businesses submitting quotations and tenders. **GP**

IN PROGRESS:

- Assisted with advances in government procurement policy and practices through contributing to the development and implementation of the procurement reforms (Stage 1) that came into effect on 1 July 2014. **SP GP**
- Redefined the contract administration business processes and commenced cross-skilling of staff to remove need for a specialised work team. **IP**
- Commenced automation of electronic contract file management through the whole-of-government TRIM system as part of a digitising program. **IP**

ONGOING:

- Progressed a series of new and replacement across government contacts, with others planned for development in 2014-15. **GP**

FUTURE PRIORITIES:

- Establish a suite of new across government contracts for air services and air travel booking services.
- Increase the range of across government contracts to 18 by 2015-16.
- Assess procurement system redevelopment opportunities such as tender documentation development and expanding workflows in the APRO system following Stage 1 of the procurement reforms.
- Improve on communication strategies for connecting with staff in agencies to ensure better utilisation of existing contracts.
- Assist the Department of Business with development and introduction of further stages of procurement reforms.
- Improve contract management systems and processes and buyer relationship management across agencies.
- Establish a contemporary and professional user interface model for corporate business systems style standards that can be consistently applied across DCIS systems. Application to occur incrementally as systems are upgraded or new systems established, according to priority and resource commitments. This project applies across multiple outputs and business lines.

Reporting Symbols:

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

PROPERTY LEASING

Provide property leasing advice and services to support accommodation requirements of agencies.

This output is responsible for:

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

The work units that contribute to this output are Property Leasing, Property Management, System and Finance and Business Services.

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

Key Deliverables Performance	2013-14 Budget	2013-14 Estimate	2013-14 Actual	2014-15 Budget
Property leases	185	196	196	187
Area leased (000 m²)	200	198	201	193
Average cost per m²	$395	$394	$396	$410

MOVEMENTS BETWEEN ORIGINAL BUDGET AND ESTIMATE 2013-14

Property leases: increased lease requirements from agencies and GBDs.

MOVEMENTS BETWEEN ESTIMATE AND 2014-15 BUDGET

Property leases: implementation of accommodation planning through 2014-15 will result in a reduced number of leases.

Area leased (000 m²): implementation of accommodation planning through 2014-15 will result in a reduction in the overall leased property portfolio.

DISCONTINUED KEY DELIVERABLE

Percentage of lease portfolio with high energy efficiency rating: as the Northern Territory Government standard lease agreement operates as a gross lease, this measure is not indicative of Property Leasing Services performance.

PERFORMANCE ACHIEVEMENTS IN 2013-14:

COMPLETED:

- Worked collaboratively with the Department of Infrastructure, tenant agencies and the building owner to complete the fitout design for the Charles Darwin Centre. Project management of the fitout project has transferred to the Department of Infrastructure and will be completed in line with the construction schedule. **SP**
- Developed and released a comprehensive public tender for leasing a new purpose-built Supreme Court building in Alice Springs; tender released in March and closed in May 2014. **GP**
- Relocated the departments of Business, Infrastructure, Transport and Lands, Planning and the Environment to the new Greenwell Building, creating a business hub in the Alice Springs CBD. **BP**
- Relocated tenanting agencies from the Greatorex Building to enable the commencement of a $9 million refurbishment program for the building. As a key element of the Alice Springs Justice Precinct, the Greatorex Building is being refurbished as the new Police Headquarters and Police Station for Alice Springs. **BP**
- Updated information on asbestos in leased buildings through an asbestos register. The Department of Infrastructure is establishing an across government asbestos website and DCIS is assisting with the leased accommodation asbestos register, to be accessible from the site. **BP**

IN PROGRESS:

- Completed, or significantly advanced, all major elements of the Alice Springs leased office accommodation plan. The Alice Springs accommodation plan will be fully implemented over 2014-15. **SP**
- Developed a pilot report for leased accommodation reporting for agencies, which will be implemented in 2014-15. **BP**

ONGOING:

- Developed the Darwin leased office accommodation plan which was approved in March 2014; with implementation of the plan to commence in 2014-15. This is a multi-year plan aligned to buildings and lease dates and incorporating a diverse range of elements, including establishment of a suite for accommodating some non-government organisations based in the Darwin CBD. **SP**

FUTURE PRIORITIES:

- Advance major elements of the multi-year Darwin leased office accommodation plan.
- Finalise the implementation of phase 2 of the Alice Springs leased office accommodation plan.
- Oversee the establishment of the Alice Springs Justice Precinct, including completing the procurement action and awarding the contract for the new Supreme Court in Alice Springs.
- Monitor the construction program for the new Supreme Court in Alice Springs.
- Participate in the project oversighting the establishment of Police Headquarters and Police Station in the Greatorex Building.
- Work with the Department of Infrastructure to progress the leased accommodation asbestos register within the asbestos website.

Reporting Symbols:

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

ASSET SERVICES

Provide asset services through processes, systems and reports that support agencies in effectively managing their asset resources.

This output is responsible for:

- delivering asset recording and administration services to government agencies to provide agencies and users with asset services information
- developing the new ASNET solution for managing and recording assets to replace the failed Asset Management System (AMS)
- supporting and maintaining the systems used to deliver asset services across government (both AMS and ASNET in 2014)
- 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, Program Management Office and Business Services.

Service delivery is provided from offices in Darwin.

Key Deliverables Performance	2013-14 Budget	2013-14 Estimate	2013-14 Actual	2014-15 Budget
Help desk jobs completed within service standards	100%	100%	99%	100%
Number of work orders processed	120 000	110 000	111 056	110 000
Number of reports available	40	40	40	200

MOVEMENTS BETWEEN BUDGET AND ESTIMATE 2013-14

Number of work orders processed: revised down as a result of reduction in agency transactions.

MOVEMENTS BETWEEN ESTIMATE AND 2014-15 BUDGET

Number of reports available: transition from AMS to ASNET will enable increased reporting capacity.

PERFORMANCE ACHIEVEMENTS IN 2013-14:

COMPLETED:

- Completed the 2013-14 Financial Reconciliation End of Financial Year roll over successfully; finalising asset financial reconciliation activities for 2013-14. **SP BP**
- Transitioned AMS from the Department of Infrastructure to DCIS as part of administrative arrangements changes in October 2013. **GP**
- Conducted a stage gate review of the Asset Management System resulting in the decision to develop a new integrated asset systems solution for government (ASNET) and decommission AMS. **SP**
- Established an all-of-government governance structure and comprehensive governance approach for the ASNET Program involving major asset holding agencies and key central agencies. **SP**

IN PROGRESS:

- Commenced planning and system preparation for establishing ASNET foundation systems. **SP GP**

FUTURE PRIORITIES:

- Complete financial reconciliations and embed sound reconciliation practices.
- Stand up ASNET Foundation Systems as phase 1 of the multi-year ASNET program and establish an interim stabilisation solution to meet the immediate needs of government to manage its assets.
- Decommission the AMS production environment once ASNET foundation systems are operational.
- Prepare ASNET business case and program plan.
- Develop an asset financial management model that sets out the principles, standards and guidelines for the effective financial management of assets by agencies.
- Establish Asset Systems as a branch within the Corporate Systems division to manage ASNET for core service delivery.
- Establish a contemporary and professional user interface model for corporate business systems style standards that can be consistently applied across DCIS systems. Application to occur incrementally as systems are upgraded or new systems established, according to priority and resource commitments. This project applies across multiple outputs and business lines.

Reporting Symbols:

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

ACHIEVEMENTS

INFORMATION AND COMMUNICATIONS TECHNOLOGY SERVICES

Provide ICT leadership, policy advice and services to support requirements of agencies through outsourced ICT services and all of government ICT governance.

This output is responsible for:

- managing the all-of-government ICT Governance Framework including developing whole-of-government ICT strategies, architecture, policies and standards that encompass IT systems, information and records management and data communications
- oversighting, 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
- developing ICT security policy and providing ICT security advice and incident response coordination
- reviewing and determining ICT enterprise architecture at a strategic whole-of-government level
- reviewing and endorsing agency proposed network changes
- providing an advisory service to government agencies to support management of their ICT requirements and environments through an outposted team
- managing whole-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
- 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 Contract Services, Infrastructure, Architecture and Security, ICT Governance, ICT Policy, Information Strategy, Telecommunications, ICT Program Management Office, Records Management 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 in the respective regions.

Key Deliverables Performance	2013-14 Budget	2013-14 Estimate	2013-14 Actual	2014-15 Budget
Laptops/workstations	15 800	16 000	16 533	16 500
Outsourced ICT services provided within agreed service levels	98%	98%	98%	98%
Severe desktop faults restored within service level agreement	100%	99%	98%	100%
Major agency ICT projects monitored[1]				5

MOVEMENTS BETWEEN ESTIMATE AND ACTUALS 2013-14

Laptops/workstations: increased agency subscriptions.

Severe desktop faults restored within service level agreement: below estimate due to two major network outages and major power outage.

1 New measure, DCIS monitoring of major agency ICT projects will commence July 2014

MOVEMENTS BETWEEN ESTIMATE AND 2014-15 BUDGET

Laptops/workstations: anticipated growth based on agency trends.

PERFORMANCE ACHIEVEMENTS IN 2013-14:

COMPLETED:

- Delivered mobile and broadband services in 10 remote Northern Territory communities, as part of Project 13, a two-year joint initiative with Telstra to expand telecommunications services in 13 remote communities across the Northern Territory. **GP**
- Monitored the transition to digital television for remaining Northern Territory communities (Australian Government has policy responsibility), with the rollout of satellite reception equipment to remote households completed in February 2014. **BP**
- Developed and implemented the *NT Government ICT Governance Framework* ensuring ICT governance across agencies is planned, with ICT investments and projects to be managed consistently and supported by appropriate decision-making. **SP**
- Upgraded 93% of the Northern Territory Government's computer fleet to Windows 7 following the withdrawal of Microsoft support for Windows XP from April 2014. The Windows 7 Upgrade Project won the 2014 award for best ICT/telecommunications project from the Australian Institute of Project Management (Northern Territory) Awards, recognising its scale, successful results and completion on time and under budget. **BP**
- Completed the centralisation of the email environment through the removal of email servers and tape drives, with 80% servers centralised and tape storage appliances removed. **BP**
- Upgraded and installed the Northern Territory Government core video conferencing infrastructure. **BP**

IN PROGRESS:

- Lodged a submission to the Australian Government's Mobile Blackspot Programme identifying priority sites for remote Northern Territory communities to be considered under this programme. **BP**
- Undertook assessment of the nature and extent of a digital economy strategy for the Northern Territory that will maximise benefits to Territorians from advances in technology. **SP**
- Commenced project to modernise the Northern Territory Government intranet and consolidate a number of existing sites. **BP**
- Improved mobile ICT services through infrastructure and applications that enhance remote access and mobile computing. **BP** **IP**
- Commenced migrating client email accounts to a new central email storage infrastructure which will improve backup and retrieval of records for agencies. **BP**

ONGOING:

- Reviewed the Northern Territory Government Records Management System with the findings and recommendations communicated to agencies and stakeholders. **SP**
- Continued to leverage government's role as a major consumer of ICT services to build local industry capacity through a scholarship program developed in partnership with Charles Darwin University. Scholarships are aimed at local residents, and include a work place component. **SP**

Reporting Symbols:

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

FUTURE PRIORITIES:

- Conclude joint program with Telstra to expand telecommunications infrastructure and services in remote communities with the commissioning of mobile phone services in Barrow Creek, Newcastle Waters and Mutitjulu.
- Advance the all-of-government *ICT Governance Framework*.
- Prepare action plans for addressing priority requirements to establish and embed the *ICT Governance Framework*; including responses to the recommendations in the Public Accounts Committee's report Management of ICT Projects.
- Progress development of a new suite of Treasurer's Directions to articulate principles and internal controls for the effective management of ICT by agencies.
- Establish the Ministerial ICT Advisory Council.
- Develop an ICT strategy for the Northern Territory Government, with input from agencies.
- Develop and promulgate ICT governance models and an ICT project management toolkit that can be used by agencies.
- Engage with the local ICT industry to foster skills development, innovation and better information sharing.
- Develop an ICT capability framework identifying the competencies required for ICT roles in government.
- Complete the modernisation of the Northern Territory Government intranet and consolidate and eliminate a number of existing sites.
- Oversee improvement in the government's voice network infrastructure environment to reduce duplication and enhance services.
- Analyse telephone and call centre operations in agencies to consider options to streamline centres, improve customer experiences and reduce costs.
- Move and upgrade the telecommunications hub for the Northern Territory Government's southern region communication core within the Greatorex Building, related to refurbishment works within the building. The hub will support police and government ICT requirements.
- Investigate and scope business requirements for new central file storage infrastructure architecture that will reduce storage requirements and improve backup and retrieval processes.
- Progress the implementation of actions from the Records Management System review.
- Initiate the Records Manager 8.1 implementation project.

OUTPUT GROUP: CORPORATE AND GOVERNANCE

Outcome: Provide core corporate and governance services to the department and its government business divisions.

CORPORATE AND GOVERNANCE

Provide corporate and governance services to support the department's functions.

Key Deliverables Performance	2013-14 Budget	2013-14 Estimate	2013-14 Actual	2014-15 Budget
Accounts paid within 30 days[1]		93%	95%	95%
Staff performance management plans completed[1]		80%	82%	80%
Number of tenders issued[1]		18	17	18
Business continuity plans in place for key services[1]		100%	80%	100%

MOVEMENTS BETWEEN ESTIMATE AND 2014-15 BUDGET

Business continuity plans in place for key services: A rolling program of business continuity plan development is underway and will be completed in 2014-15.

MOVEMENTS BETWEEN ESTIMATE AND ACTUALS

Staff performance management plans completed: Improved reporting and follow up processes in 2013-14 for performance management plans resulted in a slightly higher return rate.

Business continuity plans in place for key services: A rolling program of continuity plan development is underway and will be completed in 2014-15**.**

Number of tenders issued: Slight reduction in tenders issued due to the agency utilising the option to extend an existing arrangement.

1 New measures in 2014-15

ACHIEVEMENTS

ACHIEVEMENTS

SHARED SERVICES PROVIDED

Provide corporate and governance services to support NT Fleet and Data Centre Services.

Key Deliverables Performance	2013-14 Budget	2013-14 Estimate	2013-14 Actual	2014-15 Budget
Accounts paid within 30 days[1]		93%	95%	95%
Staff performance management plans completed[1]		80%	84%	80%
Number of tenders issued[1]		12	8	12
Business continuity plans in place for key services[1]		85%	100%	100%

MOVEMENTS BETWEEN ESTIMATE AND ACTUALS

Business continuity plans in place for key services: Government Business Divisions established business continuity plans ahead of schedule.

Number of tenders issued: Decrease in the number of tenders issued due the agency accessing the option to extend a number of existing arrangements.

1 New measures in 2014-15

WHAT THE GBDs ACHIEVED

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 the GBD 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 any commercial advantages accruing as a result of government ownership.

GOVERNMENT PRINTING SERVICES

Transition of printing services to private sector suppliers.

From 2014-15 the Government Printing Office will cease to operate, with activities transitioned to external providers by the end of the 2013-14 financial year. The winding up of the GPO as an entity was completed by 30 June 2014.

The GPO was required to produce audited financial statements for 2013-14 reflecting that it was still an operational entity in 2013-14. The statements are reported in the Financial Reports section.

In terms of performance reporting for the GPO for 2013-14, the focus is on the transition of printing services to private sector providers.

PERFORMANCE ACHIEVEMENTS IN 2013-14:

COMPLETED:

- Reviewed government printing services, including input from the GPO, agencies and the local printing industry, to analyse the existing service model and propose a sustainable and cost-effective model for the delivery of printing services into the future. **GP SP**
- Implemented outcomes of the government printing services review which involved transition to a fully outsourced service model, establishing a central print management unit and closing the GPO. **GP SP**
- Outsourced all government printing requirements to the private sector. **SP**
- Worked with the Department of the Chief Minister to establish the Print Management Unit. **SP**
- Transitioned the gazette function to the Department of the Chief Minister, Office of the Parliamentary Counsel. **SP**
- Disposed of all GPO assets, with the building to transfer to the Department of Lands, Planning and the Environment from 1 July 2014. **SP**
- Initiated a public tender process to establish a new panel period contract for printing services. This procurement action will conclude in 2014-15. **SP**
- Worked with the GPO staff and unions to successfully achieve the change management outcomes both at a business level and at a personal level for all the affected GPO employees. Staff were given a choice of voluntary redundancy or redeployment within the public service. **BP**
- Extensive consultations were undertaken with staff, both collectively and individually, to sensitively address issues and ensure each person achieved a result that was appropriate to their needs. In total, 16 staff elected a redundancy and 14 staff elected redeployment within government. **BP**

VEHICLE FLEET SERVICES

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, except for 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 and Business Services.

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

Key Deliverables Performance	2013-14 Budget	2013-14 Estimate	2013-14 Actual	2014-15 Budget
Light vehicles managed	2 800	2 800	2 831	2 800
Light vehicles disposed	750	600	591	700
Heavy vehicles managed	740	800	790	800
Light vehicles acquired within criteria	96%	96%	98%	96%
Light vehicles managed within vehicle life criteria	85%	85%	91%	85%

MOVEMENTS BETWEEN BUDGET AND ESTIMATE 2013-14

Light vehicles disposed: policy changes resulted in vehicles held for longer periods therefore reducing the number of disposals.

Heavy vehicles managed: increase due to change in vehicle selections to larger vehicles that comply with child restraint laws.

MOVEMENTS BETWEEN ESTIMATE AND ACTUALS 2013-14

Light vehicles managed within vehicle life criteria: increase primarily due to change in vehicle life criteria of passenger and light commercial vehicles. More vehicles met the targeted life criteria.

MOVEMENTS BETWEEN ESTIMATE AND 2014-15 BUDGET

Light vehicles disposed: anticipating resumption of a more normal business cycle as the effect of the new vehicle policy framework stabilises.

PERFORMANCE ACHIEVEMENTS IN 2013-14

COMPLETED:

- Implemented the *NT Government Vehicle Policy Framework* with the framework fully operational, savings being achieved and the fleet size reduced. **SP**
- New contracts established for acquisitions and disposals of vehicles to ensure government achieves best value for money. **BP SP**
- Reviewed the pricing model for the passenger and light commercial fleet. **BP**
- Developed standard reports to identify underutilised vehicles for agencies to achieve more cost-effective utilisation of vehicles. **BP**
- Established a fleet managers user group. **BP**
- Assisted agencies to implement tailored driver training for agency staff, with particular emphasis on 4WD vehicles training. **BP**
- Enhancements made to Vehicle Booking System to accommodate more comprehensive accident reporting and driver training status, resulting from recommendations from the driver education and safety survey. **BP**
- Reviewed repairs and maintenance arrangements in consultation with the Motor Trades Association. **BP**

IN PROGRESS:

- Commenced project to modernise the Fleet Business System. **BP IP**

FUTURE PRIORITIES:

- Develop a modern web-based presentation of the Fleet Business System.
- Develop an appropriate allocation model in relation to vehicle gifting and loans.
- Review NT Fleet organisational structure to align with new vehicle policy framework and implement agreed revisions.
- Consider suitable arrangements for fleet operations.
- Establish a contemporary and professional user interface model for corporate business systems style standards that can be consistently applied across DCIS systems. Application to occur incrementally as systems are upgraded or new systems established, according to priority and resource commitments. This project applies across multiple outputs and business lines.

Reporting Symbols:

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

ACHIEVEMENTS

DATA CENTRE MANAGEMENT

Government's critical business systems operate in a computing environment that is flexible, reliable and secure, with high levels of performance 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 whole-of-government ICT functions, including identity management.

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

Service delivery is provided from offices in Darwin.

Key Deliverables Performance	2013-14 Budget	2013-14 Estimate	2013-14 Actual	2014-15 Budget
Cost per mainframe central processing unit (CPU) second	$0.24	$0.24	$0.24	$0.24
Servers hosted in Chan Data Centre	625	580	549	600
Fully managed servers[1]	740	900	889	1 000
Data storage area network (terabytes)[2]	1 600	1 700	1 512	1 900

MOVEMENTS BETWEEN BUDGET AND ESTIMATE 2013-14

Servers hosted in Chan Data Centre: reduction due to hosted servers being virtualised by agencies with increasing use of virtual servers to achieve better value for money.

Fully managed servers: increase due to the continued centralisation of servers to the Chan Data Centre.

Data storage area network (terabytes): increase due to the continued centralisation of data storage systems into the Chan Data Centre.

MOVEMENTS BETWEEN ESTIMATE AND ACTUALS

Servers hosted in Chan Data Centre: decreased as a result of local council (Councilbiz) removing 30 servers in June 2014.

Data storage area network (terabytes): reduced due to Asset Management System reducing requirement for storage and 30 local council servers removed.

MOVEMENTS BETWEEN ESTIMATE AND 2014-15 BUDGET

Fully managed servers: increase anticipated reflecting likely agency demand.

Data storage area network (terabytes): increase due to the continued centralisation of data storage systems into the Chan Data Centre.

1 Agencies are increasing their use of virtual servers to achieve better value for money.

2 Increase due to the continued centralisation of data storage systems into the Chan Data Centre.

PERFORMANCE ACHIEVEMENTS IN 2013-14

COMPLETED:

- Conducted an independent benchmarking assessment of Data Centre Services' core functions. Data Centre Services continues to show improved efficiency and performs better than industry benchmarks for most business lines. **SP**
- Transitioned mainframe application development services into a new management framework that is delivering responsive, reliable and cost effective services. The new framework is focused on using a range of specialist skills from private sector ICT providers, primarily local companies, to build skills and industry capacity. **BP SP**
- Deployed contemporary mainframe hardware to deliver faster, more power efficient services to users in September 2013, with efficiencies in processor speed realised. **BP**
- Installed the Chan Data Centre backup generator in March 2014. **BP**
- Completed the air conditioning upgrade to strengthen the resilience and redundancy of the data centre's operations. The fire suppression system will be certified in September 2014. **BP**

IN PROGRESS:

- Aligned key performance indicators (KPI) to the benchmarking measures as part of the outcome from the independent benchmarking review of core functions. **BP**

ONGOING:

- Continued the implementation of the disaster recovery solution for the MedChart application to provide continuity of service in the event of a major failure at the Chan Data Centre, as part of risk mitigation measures to minimise potential for disruption to critical government business systems. **BP**
- Enhanced application integration and expanded the real time integration to mobile devices through the delivery of motor vehicle registration details to a mobile application. **BP**

FUTURE PRIORITIES:

- Review Northern Territory Government identity and access management for all-of-government going forward.
- Progress data centre recovery strategy and ways to improve the recoverability of critical business systems.
- Arrange an independent review of data centre technology deployment.
- Investigate further options to strengthen data centre resiliency by replacing water cooled air conditioning with air cooled.
- Investigate network convergence technology as part of the disaster recovery strategy with a view to applying the learnings in the Chan Data Centre.
- Replace billing system and provide data to clients that is easier to read and understand.
- Further development of middleware technology within government to enhance application integration and streamline processes for agencies.

Reporting Symbols:

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

PERFORMANCE AGAINST THE STRATEGIC PLAN 2013-2015

The department's Strategic Plan was formally established in June 2013, with the Chief Executive presenting this to all staff across the agency over June and July 2013. Quarterly reporting to the Executive Management Board was established, with three reports produced. Reporting back to the department's staff on the progress was also established via a news item on the staff site.

To reflect new programs and functions for the department, the 2013 – 2015 Strategic Plan was reviewed in order to ensure key priorities and initiatives were reflected at a strategic reporting level. The Executive Management Board approved an additional strategic priority in May 2014: Asset systems that meet government's needs.

ACHIEVEMENTS IN 2013-14

Two strategic priorities were fully completed in 2013-14:

Vehicle fleet services that reduce cost

The *NT Government Vehicle Policy Framework* was fully implemented as of 1 July 2013; which contributed to the reducing the cost of the government vehicle fleet. Cost reductions of over $7 million per annum have been realised.

Printing services that are cost efficient

The model for delivery of printing services was reviewed and a sustainable business model for printing services was implemented, with printing services for government fully outsourced to the private printing sector by 30 June 2014. A print management unit was set up and service responsibility transferred to the Communications and Marketing Bureau within the Department of the Chief Minister.

Progress on the remaining strategic priorities and their associated key actions are detailed below.

BUSINESS EFFICIENCY – MEASURES THAT REDUCE COST AND RED TAPE

Expand the number and value of Across Government Contracts – increased from nine to 13 contracts with a further six contracts under development.

Enhance procure-to-pay processes and systems – developed an invoice portal, titled InvoiceNTG; enhanced the Electronic Card Management System with addition of a new module for recording cab charge transactions.

Modernise and consolidate the NT Government intranet – project commenced August 2013 and is on target for completion in 2014.

Partner with agencies to contribute to reforms and efficiency projects – worked with the Department of Business towards implementing procurement reforms; worked closely with the Department of the Chief Minister in establishing printing reforms.

TELECOMMUNICATIONS THAT BENEFIT COMMUNITIES ACROSS THE NT

Oversee expansion of telecommunications infrastructure and services in remote communities – completed Project Sandover, providing broadband services to Ampilatwatja and Arlparra; expanded mobile and/or broadband services to 10 remote Territory communities as part of Project 13.

Develop a digital economy plan for the Northern Territory that maximises benefits to Territorians from advances in technology – assessment and preparation for a digital economy strategy for the Northern Territory commenced.

ICT SERVICES THAT DELIVER VALUE FOR MONEY

Develop and implement across-government ICT Governance Framework – framework was approved March 2014, with the ICT Governance Board established in 2013-14. Contributed to the PAC inquiry into the management of government ICT projects, through making a submission, appearing before the committee and implementing recommendations through the board.

Leverage government's role as a major consumer of ICT services to build industry capability – reached agreement with the service providers for additional trainees and scholarships; trainees engaged both in Darwin and Alice Springs; an ICT scholarship arranged with Charles Darwin University; and local developers engaged on the ASNET project.

Renew the ICT Strategy for government – refreshed the Northern Territory Government's Strategic Intent 2010-2015 in 2013; with an updated ICT Strategy a key focus under the *ICT Governance Framework* for 2014-15.

Explore options to improve resilience of ICT services – virtualised the Internet proxy infrastructure which improved processing speed by over 20%; centralised file and print infrastructure to consolidate data storage; and upgraded air conditioning and fire suppression systems to strengthen the resilience and redundancy of the data centre's operations.

BUSINESS IMPROVEMENT — CORPORATE SERVICES THAT ADD VALUE

Renew the business model for workers compensation administration – Reviewed the current arrangements and reported to the inter-agency steering committee. The Department of Treasury and Finance now has carriage.

Enhance the model for provision of ICT support services to agencies – trialled a 'hub' model with agencies based in Palmerston to ensure standardisation of service delivery.

Deliver a rolling program to automate more payroll processes – Introduced the Managers InTray in myHR; made myHR available through home computers and mobile devices; established the information architecture for NTG paysheet technology; and improved functionality of the HR Ticketing System.

Upgrade critical across government business systems – Completed the upgrade to the GAS database; enhanced the Electronic Card Management System; advanced the development of a new corporate services billing system; completed improvements to the procure-to-pay system; completed stage two eRecruit system business requirements and technical specifications.

Progress a business model for shared services, including regions – commenced the project to deliver DCIS systems training to agency staff in Alice Springs.

Develop a sustainable business model for government shared services – internal restructure of the department to better align to our strategic priorities; centralised all core business systems into a new business unit, Corporate Systems, to consolidate business efficiencies, skills and resources.

PROPERTY LEASING SERVICES THAT MEET GOVERNMENT'S NEEDS

Develop strategic leased office accommodation plans – leased accommodation plans for Darwin and Alice Springs approved and being implemented.

Deliver major leasing projects in Alice Springs and Darwin – Alice Springs Supreme Court tender released and being assessed; Charles Darwin Centre fitout on target for completion in 2015; refurbishment projects in Alice Springs – Alice Plaza and Greatorex Building, on track for meeting targeted completion times; the Greenwell Building finalised.

Develop policies to drive efficiency in the leased property portfolio – the 2014-15 leased property budget contains $1 million in savings to be achieved primarily through consolidation, collocation and more efficient space utilisation.

ASSET SYSTEMS THAT MEET GOVERNMENT'S NEEDS

Develop a new integrated asset systems solution for government; ASNET – government approved ASNET to replace AMS in March 2014.

Cease the Asset Management System – commenced development of options to store and retrieve AMS data following decommissioning.

A WORKFORCE THAT IS SKILLED AND CAPABLE

Increase Indigenous participation in the DCIS workforce – draft DCIS Workforce Strategy progressed with improving Indigenous workforce participation a key action; six Indigenous Employee Program graduates employed in the department; re-engaged sponsorship of Palmerston Senior College; embedded a requirement to improve Indigenous workforce participation in all divisional business plans.

Develop leadership capability and nurture potential leaders – developed and commenced the *e² Leadership Development Program*; incorporating a rolling program of leadership forums for the executive leadership group, including master classes and presentations from local leaders.

Prepare for future workforce needs through commitment to apprentices, graduates and staff training at all levels - draft DCIS Workforce Strategy with succession planning a key action; embedded succession planning in all business plans. Targets set, being achieved and monitored by Executive Management Board. Formal rotation and mentoring arrangements established.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE FRAMEWORK

"The Department of Corporate and Information Services has a strong corporate governance culture that places emphasis on its corporate governance principles, risk management and internal controls."

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:

LEADERSHIP:
Robust leadership with a clearly defined executive, an active governance committee structure and communication with stakeholders.

ACCOUNTABILITY:
Appropriate internal controls and corporate policies.

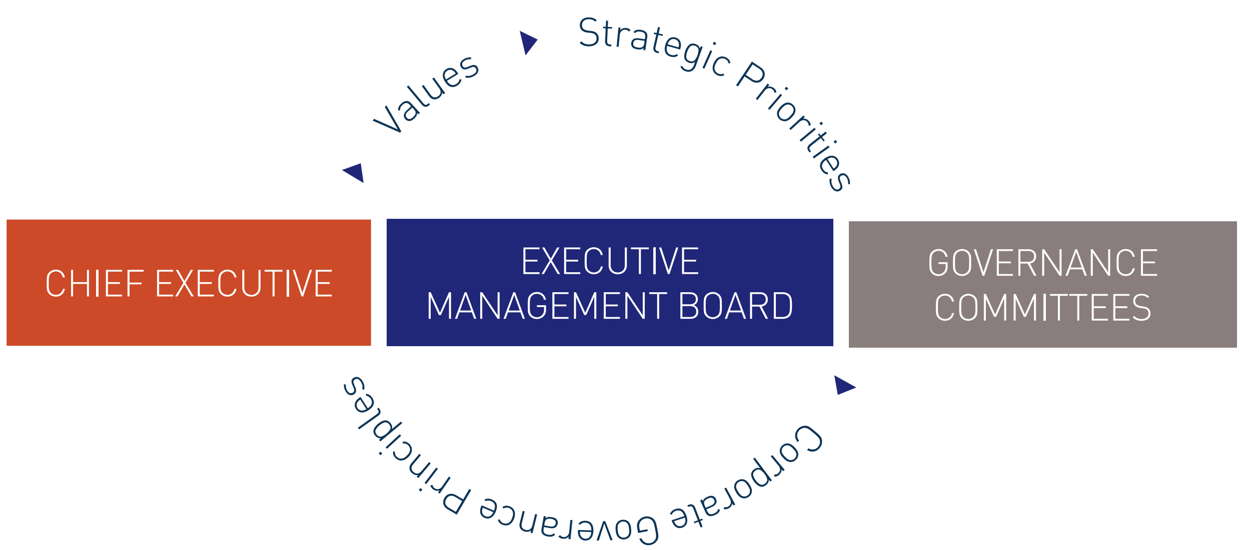
INTEGRITY:
Actively promoting honesty and ethical conduct by upholding appropriate standards of behaviour.

STEWARDSHIP:
Effective stewardship of resources ensuring compliance with legislation, Northern Territory Government policies and internal procedures.

COMMUNICATION:
Clear articulation to staff at all levels about governance requirements and expectations in providing professional and responsive services.

RISK:
Applying a detailed risk management framework to identify risks and impacts and determine appropriate risk mitigations.

Figure 1: corporate governance and accountability framework



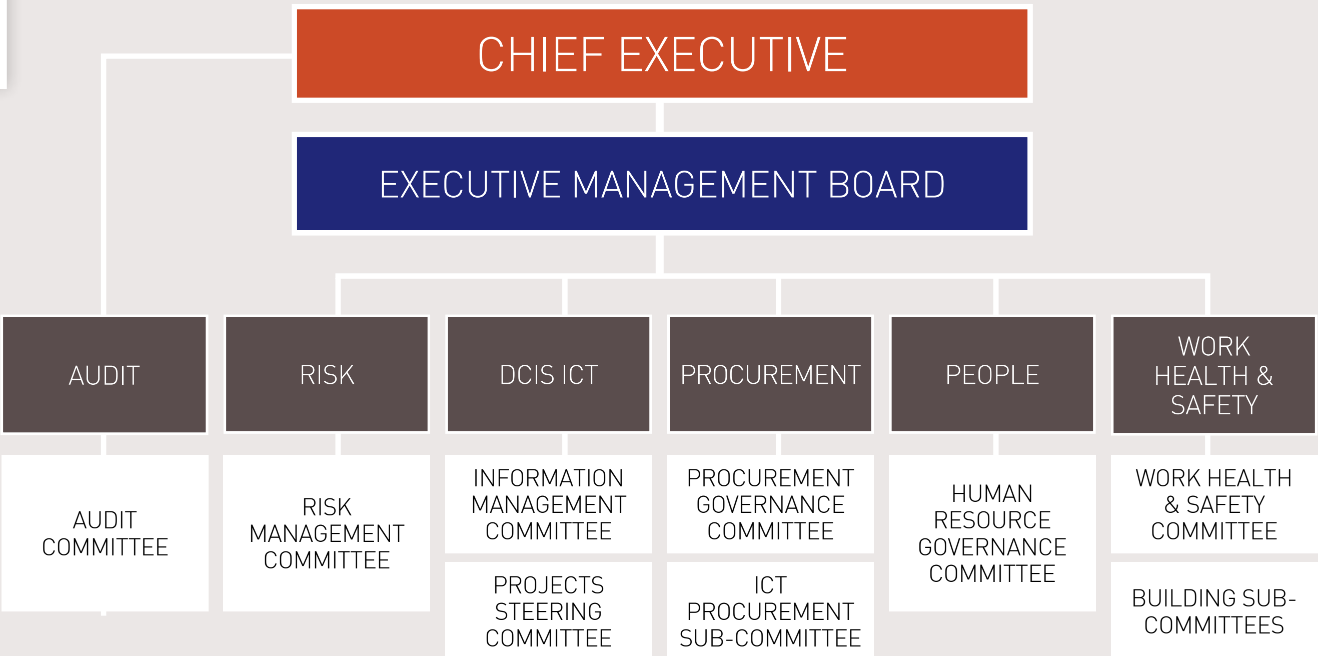
CORPORATE GOVERNANCE COMMITTEES

The department's governance structure comprises an Executive Management Board (EMB) and subsidiary 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 through to the EMB or in the case of the Audit Committee, directly to the Chief Executive. This relationship is identified in the figure below.

The committee memberships were revised in March 2014 to reflect changes in the organisational structure and ensure they continue to assist the Chief Executive discharge core accountabilities. Each of the corporate delegations and other internal control mechanisms were similarly updated to ensure relevance and currency.

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

Each committee's key functions, performance in 2013-14 and membership as at 30 June 2014 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.

MEMBERSHIP:

Kathleen Robinson, *Chief Executive (Chair)*
Chris Hosking, *Deputy Chief Executive*
Garry Haigh, *Executive Director Regions and ICT Services*
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, *A/Senior Director Corporate Systems*
Doug Cooke, *A/Senior Director ICT Policy and Governance*
Jude Florance, *Director Executive Services (Executive Officer)*

KEY FUNCTIONS:

- Review and endorse 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.

2013-14 ACHIEVEMENTS:

- Approved the Agency Procurement Management Plan.
- Approved the Risk Management Policy and accepted the Strategic Risk Register.
- Assigned mentors to support the graduate development program and monitored progress of graduates.
- Supported and monitored the early career programs.
- Established and approved a suite of Board reports for strategic oversight and decision-making, including KPI reports, Innovation Program and Strategic Plan reviews.
- Endorsed the 2014-15 business plans.
- Membership was expanded to include all senior directors, to better reflect and align with the revised organisation structure.

AUDIT COMMITTEE

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

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, *A/Senior Director Corporate Systems*
Bronwyn Riedel, *Senior Director Procurement Services*
Rex Schoolmeester, *Chief Finance 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.
- Consider GBD financial reports.
- Review audit programs and monitor outcomes for audit requirements specified in the ICT outsourced contracts.

2013-14 ACHIEVEMENTS:

- Changed committee membership to introduce new knowledge and experience and provide development opportunity for senior officers.
- The NT Auditor-General's Office continued its comprehensive audit program during 2013-14. A summary of the findings for this year's external audits is at Appendix II.
- Maintained an active oversight of the implementation of process and control improvements to address audit findings.
- Increased emphasis on monitoring the findings and actions with respect to ICT outsourced contracts and the IT control environment.

RISK MANAGEMENT COMMITTEE

ROLE: To monitor and oversee risk management activities, including business continuity management, across the department and the GBDs.

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.

2013-14 ACHIEVEMENTS:

- Program of risk management actions for 2014 developed and implemented.
- Identified and classified the department's strategic risks for approval by the EMB.
- Monitored and reviewed business unit operational risks and their identified treatments.
- Provided input and endorsed the Fraud Control Policy and Risk Management Policy.
- Monitored and approved Cyclone and Flood Preparation Plans.

HUMAN RESOURCE GOVERNANCE COMMITTEE

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

MEMBERSHIP:

Peta Preo, *Senior Director HR and Business Services (Chair)*
Garry Haigh, *Executive Director Regions and ICT Services*
Rex Schoolmeester, *Chief Finance 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.

2013-14 ACHIEVEMENTS:

- 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.
- The FTE figure is monitored and checked weekly by the committee.
- 46 unattached officers were permanently placed against vacancies and two redeployees permanently placed.

PROCUREMENT GOVERNANCE COMMITTEE

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

MEMBERSHIP:

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

2013-14 ACHIEVEMENTS:

- Established the DCIS Procurement Governance Framework, including standards, templates and flowcharts.
- Improved procurement practices and quality of procurement documentation across the agency.
- Developed the 2014-15 agency procurement management plan.
- Oversaw procurement actions resulting in contracts totalling over $275 million, including vehicle acquisitions, across government contracts for advertising, car rentals, pest control, building security services, and ICT hardware and software maintenance.

INFORMATION MANAGEMENT COMMITTEE

ROLE: To provide strategic direction for the development and management of ICT for the department and its GBDs.

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, *A/Senior Director Corporate Systems*
Michael Smid, *Director Finance Services*
Stacey Henderson, *ICT Director (ex-offcio)*
Kevin Thomas, *Business Programs Analyst, Corporate Reporting and Analysis (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.

2013-14 ACHIEVEMENTS:

- Reviewed and endorsed a revised ICT Governance Framework for DCIS.
- Recommended to maintain an inventory of all DCIS Source Code in a single repository housed with Data Centre Services.
- Monitored ICT projects and operations and usage.
- Reviewed ICT business cases.
- Considered post implementation reviews with recommendations accepted.
- Addressed issue with internet streaming to improve performance.
- Implemented rolling schedule to review and update roadmaps for major DCIS business systems.

WORK HEALTH & SAFETY COMMITTEE

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

MEMBERSHIP:

David Bryan, *Senior Director NT Property Management (Chair)*
Jenni Wines, *Government Printer*
Ronald Saint, *A/Director Regions*
Joseph Babbini, *Director NT Fleet*
Dale Howard, *Director Corporate Reporting*
Doug Cooke, *A/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 and the department's performance, risk management and reporting to ensure ongoing compliance with the *Work Health & Safety Act.*

2013-14 ACHIEVEMENTS:

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

ALL OF GOVERNMENT CORPORATE GOVERNANCE ROLES

In addition to the internal corporate governance framework, DCIS has broader responsibility for corporate governance at the all of government level in two key areas.

MACHINERY OF GOVERNMENT (MOG) CHANGES

When administrative arrangements changes are announced by the Chief Minister and are 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, has a key role and responsibilities in delivering the corporate changes to support the affected agencies and ensure a smooth transition to new arrangements.

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

NT 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 will lead to improvements in the management of ICT.

Key elements of the framework include a revised across government oversight committee structure with more appropriate senior representation and more stringent checks and balances to ensure better oversight of major ICT investment decisions and management of ICT initiatives from an all-of-government perspective.

The ICT governance model is depicted in the figure on the following page.

The Board is progressing the implementation of the ICT Governance Framework and addressing the Public Accounts Committee report findings on the *Inquiry into Management of ICT Projects.* The ICT Leadership Group is focussed on developing a new ICT Strategy for government, with input from agencies. The Ministerial ICT Advisory Council will commence in 2014-15.

More is reported on in the Achievements section.

THE ICT GOVERNANCE MODEL:

MINISTER FOR CORPORATE AND INFORMATION SERVICES

DEPARTMENT OF CORPORATE AND INFORMATION SERVICES

MINISTERIAL ICT ADVSORY COUNCIL **(MIAC)**

- provide external expert advice to the IGB
- provide leadership on contemporary ICT trends and strategic directions
- provide an independent 'sounding board' for government

▶ *To be established 2014-15*

ICT GOVERNANCE BOARD **(IGB)**

- peak ICT governance group
- develop strategic principles and direction for ICT
- review ICT investment proposals
- monitor progress of major ICT projects
- deliver government's ICT strategy
- advise the Minister on ICT strategy and performance
- oversee the ILG and LIG

Membership:

Chair - DCIS Chief Executive

Members – senior representatives from Departments of Treasury and Finance, Chief Minister, Lands Planning and the Environment, Education, and Health

Secretariat - DCIS

LOCATION INTELLIGENCE GROUP

- oversight and coordinate development of spatial systems, data and services
- collaborate and align location intelligence information across agencies
- ensure an all-of-government approach to spatial data

Membership:

Chair - NT member Australian and New Zealand Land Information Council

Members - senior executives from Departments of Mines and Energy, Primary Industry and Fisheries, Lands Planning and the Environment (DLPE), Corporate and Information Services, Infrastructure and Transport.

Secretariat - DCIS

ICT LEADERSHIP GROUP **(ILG)**

- develop and manage implementation of ICT strategy
- review and endorse all-of-government ICT policies, standards and guidelines
- oversight and monitor the work priorities and topic areas for Technical Reference Groups

Membership:

Chair - DCIS Deputy CE (appointed by the IGB)

Members - senior business and ICT executives from Departments of Treasury and Finance, Attorney-General and Justice, Correctional Services, Lands Planning and the Environment, Education, Health, and Police Fire and Emergency Services

Secretariat - DCIS

ICT REFERENCE GROUPS (CIO FORUM, ICT SECURITY ETC)

AGENCIES

PLANNING

CORPORATE STATEMENT

The department's corporate statement describes DCIS: what we are, what we do, how we do our work and, importantly, what we stand for. The statement highlights the importance of the department's employees, with a capable and committed workforce underpinning the department's success in meeting its strategic priorities.

STRATEGIC PLAN 2013 – 2015

Alongside the corporate statement, the Strategic Plan 2013-2015 sets out the department's strategic direction and priorities. The plan identifies the key priorities and deliverables set by the Minister and government and records our strategic priorities and actions.

The corporate statement and strategic plan were endorsed in June 2013 and the Chief Executive personally briefed staff across the department over June and July 2013.

The key themes of efficiency, innovation and assisting agencies are underscored throughout the strategic plan, which operates in direct partnership with our corporate statement. The plan is deliberately flexible, so that it can evolve where new priorities emerge. Quarterly reports to the executive management board were established to monitor progress against the actions and priorities, with this relayed to staff throughout the department via the internal web staff site. The plan was reviewed in May 2014 to provide additional priorities and initiatives, taking into consideration new programs and functions. An additional strategic priority: *Asset Systems that meet government's needs* was added.

Reporting on the department's progress against the strategic plan is further elaborated 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 2014-15 business plans were endorsed by the Executive Management Board in June 2014, and a whole of department business plan developed to be reported to the board quarterly.

PERFORMANCE MEASURES

In addition to progress reports on major projects, an extensive suite of 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 measures for each division. Over 2013-14, the KPIs were stringently reviewed and expanded to ensure the board has a well-defined insight on service performance across the department.

MANAGING RISK

DCIS' governance structure includes a Risk Management Committee to monitor and oversee 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 planned 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.

Policies, plans and procedures are reviewed on a regular basis or as required to ensure they continue to meet requirements.

FUTURE PRIORITIES:

- Commence planning for the 2016-2018 Strategic Plan.
- Refine and improve reporting on service standards related to the DCIS Service Statements.
- Continue development and improvement of business continuity management practices across the department.

COMMUNICATION

DCIS focuses on constructive engagement and productive relationships with our clients to develop shared solutions that balance government policy requirements with agency needs and preferences.

Ongoing communication at all levels and through many channels is necessary to deliver effective services and maintain our partnership approach with client agencies.

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

- Agency Heads of Corporate Services Forum – quarterly
- HR Directors Network – six-weekly
- Chief Finance Officers Forum - quarterly
- Finance Managers Forum – quarterly
- System User Groups (eg TRIPS, EIMS, TRIM, ECMS) - quarterly
- Property Management Forum – quarterly

CLIENT FEEDBACK

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

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

EXTERNAL COMMUNICATIONS

- Progressed the joint initiative with Telstra to provide improved telecommunications services to 13 remote communities across the Northern Territory which was jointly announced by the Minister for Corporate and Information Services and the Telstra Chief Executive.
- Managed and updated department websites, providing access to the agency's strategic direction, policy and services.
- Public Accounts Committee (PAC):
    - *November 2013* - submission to the PAC inquiry into Management of ICT Projects
    - *December 2013* – appearance regarding inquiry into the management of ICT projects and the Asset Management Systems project
    - *March 2014* – appearance on improving ICT procurement and the management of ICT projects across government
    - *April 2014* – appearance on management of ICT projects across government
    - *May 2014* – appearance regarding implementation and remediation of the Asset Management System and implementation of the ICT Governance Framework

- Advertised and supported the government's early career programs through:
    - supporting and attending multiple Skills, Employment and Careers Expos:

      NAIDOC Family Day - *10 July 2013*
      Nhulunbuy Skills Employment and Careers Expo -*16 August 2013*
      Katherine Skills Employment and Careers Expo - *19 August 2013*
      Darwin Skills Employment and Careers Expo - *21 – 22 August 2013*
      Tennant Creek Skills Employment and Careers Expo - *27 August 2013*
      Alice Springs Skills Employment and Careers Expo - *9 August 2013*
      Girls Academy Employment Forum - *20 November 2013*
    - advertising all early career programs across various mediums
    - attending schools and the university to promote the employment programs:

Taminmin College	Good Shepherd Lutheran College
Palmerston Senior College	Marrara Christian College
Darwin High School	Casuarina Senior College
St John's Catholic College	CDU Orientation Day

- organising graduation ceremonies for apprentices and Indigenous Employment Program (IEP) graduates:

IEP Community Services graduation	*30 August 2013*
Apprentice graduation	*31 October 2013*
IEP Business Administration	*5 December 2013*
IEP Business Administration	*27 June 2014*

- Finalist in the National Customer Service Institute of Australia for the government ICT Service Centre in collaboration with the service centre provider, Kinetic IT.
- Participated in and supported the industry ICT Expo in September 2013.
- Attended opening of the new NAB business banking service in Katherine, which operates in conjunction with the Traditional Credit Union.
- Engaged with relevant unions on change management activities in the department.

INTERNAL COMMUNICATIONS

- Commenced a substantial project to improve and modernise the Northern Territory Government intranet as a core communication tool for all government agencies. This project will lead to multiple agency-specific sites being ceased in 2014-15 and deliver a much improved experience and functionality for users across government.
- Organised a social media forum in partnership with NAB, as part of the banking contract, which was then incorporated into a communications workshop run through the Communications and Marketing Bureau in the Department of the Chief Minister.
- Commenced a rolling program of agency Chief Executive engagements to build relationships and gain feedback at a strategic level on the performance of the department.
- Arranged key agency Chief Executives to present to the DCIS executive leadership team on topics including government priorities and leadership principles.
- Communicated and coordinated machinery of government changes, on time and with minimal disruption to agency business.
- Implemented communication plans for promulgating across government all major DCIS projects and initiatives including, but not limited to, the new *Vehicle Policy Framework*, new across government contracts, the *NT Government ICT Governance Framework*, changes to the AMS and ASNET projects and rollout of the WIN7 project.
- Led or participated on various inter-agency steering committees, such as the Communications and Marketing Review, grants review, procurement reforms, AMS project, NTG workers compensation claims administration review and debt management review.
- Participated in negotiations on Enterprise Bargaining Agreements to consider and advise on shared services implications.

FUTURE PRIORITIES:

- Launch the new whole-of-government intranet site.
- Review the DCIS client feedback system and improve reporting.
- Continue agency Chief Executive engagement program.
- Continue to participate in EBA negotiations to ensure new EBA provisions can be properly implemented within a reasonable timeframe.

ACCOUNTABILITIES

STATUTORY ACCOUNTABILITY

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

LEGISLATION ADMINISTERED

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

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 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* and the *Procurement Act*. Delegations covering procurement, financial and human resource management activities were reviewed in June 2014 to reflect the change in corporate structure. 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 of the Northern Territory Government. All Executive Management Board members, Senior Directors and senior staff complete a full disclosure declaration annually to declare private and other interests that might result in a conflict of interest. If any interests are identified, appropriate action is taken to resolve the conflict or prevent it from arising. Completed declarations are held as evidence of disclosure and, as such, provide some protection against 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 undertaken during the year and will be finalised early in 2014-15.

Key changes to the Accounting and Property Manual will 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 will result 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 and 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 to allow all employees to access them. Policies are required to be approved by the Executive Management Board.

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 2013-14 the department received 149 Freedom of Information (FOI) applications on behalf of other agencies. There was one FOI request relating to information held by DCIS and this has been advised to the Information Commissioner.

OMBUDSMAN ENQUIRIES

In 2013-14 the Ombudsman received one inquiry in relation to the department.

FUTURE PRIORITIES:

- Develop new procurement governance processes for DCIS.
- Review the procurement, financial and human resource management delegations and the department's delegations profile in light of procurement reform changes to ensure they remain current.
- Finalise development of the Accounting and Property Manual to reflect appropriate internal controls and reduce duplication.

INSURANCE ARRANGEMENTS

The department introduced a revised Risk Management Framework in 2013-14 to reflect its approach to risk management, which is consistent with *AS/NZS ISO 31000:2009 Risk Management: Principles and Guidelines*. Risk Management workshops and risk assessments were conducted throughout the department in 2013-14, to identify risks across service lines and determine suitable mitigation actions. Risks identified across the department and GBDs are regularly monitored by the Risk Management Committee.

Risk assessments confirmed the department does not require commercial insurance policies. The department self-insures its risks and meets the costs as they emerge in accordance with Treasurer's Direction M2.1 – Insurance Arrangements.

The government business divisions 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 2013-14 and 2012-13 are detailed in Appendix III.

DATA CENTRE SERVICES

There were **no** claims made against these commercial insurance policies in 2013-14.

In 2013-14, Data Centre Services purchased commercial insurance policies for workers' compensation, property damage, product liability, public liability and motor vehicles. The total cost of premiums for commercial insurance in 2013-14 was $55 111, compared with $33 547 in 2012-13.

The increase in premiums for 2013-14 resulted from adjustments due to wage increases and an increase in insured values to better align with Data Centre Services' risk profile.

NT FLEET

There were **two** claims against NT Fleet's insurance policies in 2013-14, as detailed in Appendix III.

Commercial insurance policies for workers' compensation, public liability, damage to the vehicle fleet due to natural disasters, and short term hire were purchased by NT Fleet in 2013-14. The total cost of premiums for commercial insurance policies in 2013-14 was $317 260, compared with $317 192 in 2012-13.

There were two claims against NT Fleet's insurance policies in 2013-14, as detailed in Appendix III.

GOVERNMENT PRINTING OFFICE

There were **no** claims made against these insurance policies during 2013-14.

The GPO purchased commercial insurance policies for workers' compensation, property damage, product liability, public liability and motor vehicles in 2013-14. The total cost of premiums for commercial insurance policies in 2013-14 was $49 410, compared with $70 288 in 2012-13.

The decrease in the cost of insurance premiums in 2013-14 was primarily due to the pending closure of the GPO and the decrease in staffing levels.

RISK MITIGATION OF INSURABLE RISKS BY CATEGORY AND STRATEGY:

RISK MANAGEMENT COMMITTEE

PROPERTY & 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 & PRODUCT LIABILITY

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

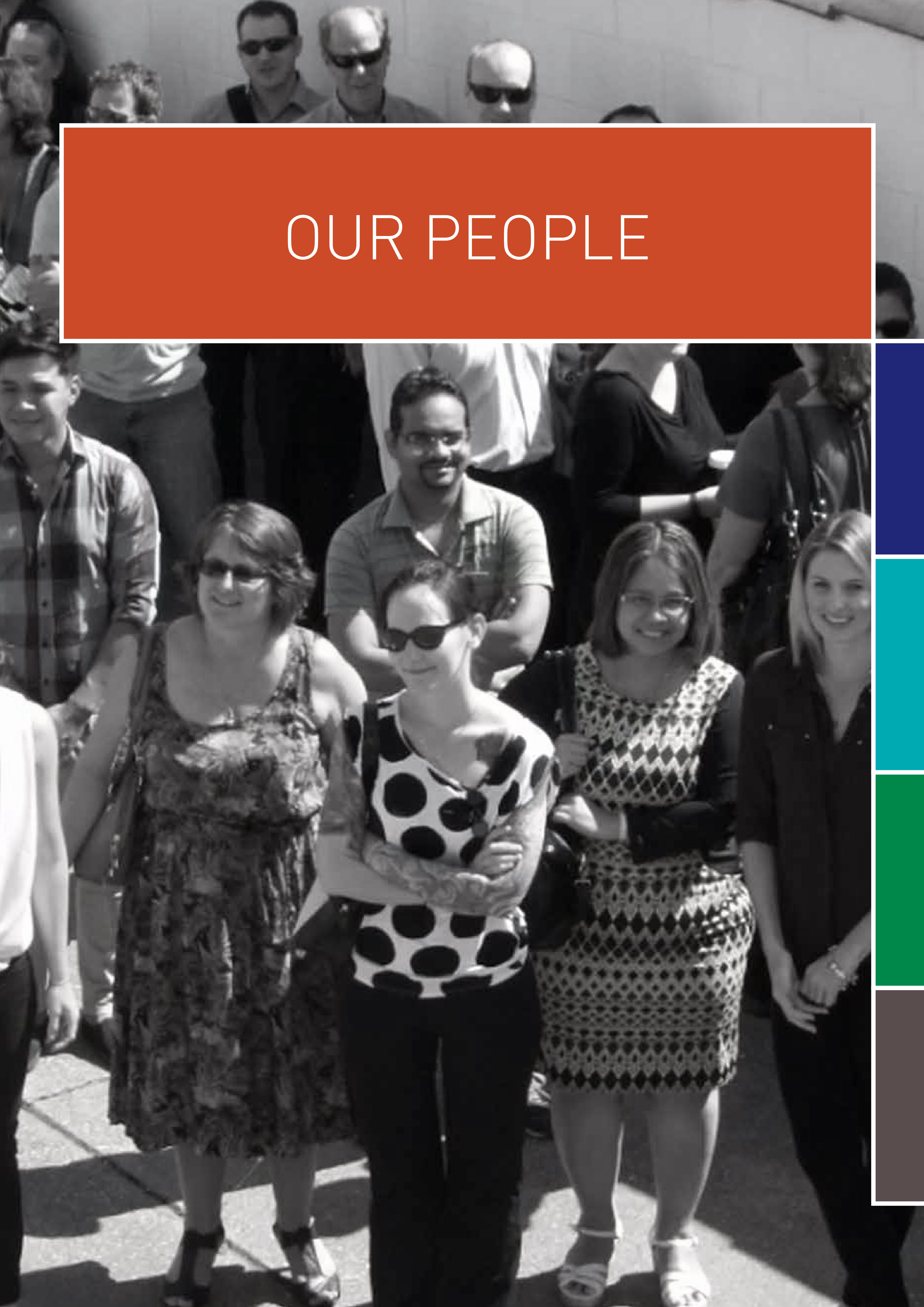
WORKERS' COMPENSATION

- 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



OUR PEOPLE

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 2013-14. Reporting on legislative obligations is also included.

Our people are our most valuable assets; they are responsible for the delivery of high quality corporate services 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.

As DCIS continues to deliver innovative, reliable and efficient services, our employees are provided with professional and personal development opportunities to build skills leading to both better business outcomes and personal benefits.

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

STAFF SNAPSHOT

At 30 June 2014, a total of 602 full-time equivalent (FTE) staff were employed. The table below provides a snapshot of DCIS staff as at 30 June 2014 and where available provides an NTPS comparison.

	DCIS		NTPS Comparison
	Number	%	%
Staff Numbers			
Staff as at 30 June 2014 (FTE)	602	-	3
Part-time staff	28	4.6	9.2
Graduates, apprentices and IEP employees[1]	33	5.5	-
Demographics			
Male:female ratio (FTE)	211:391	35:65	38:62
Male:female senior management ratio[2]	28:19	59:41	54:46
Average age	41	-	43
Indigenous staff	45	7.5	8
Staff with a disability	11	1.8	1
Turnover			
Commencements	86	14.3	-
Separations	84	14	-
Staff turnover rate	-	13%	32%

1 Is the total across the whole year.

2 Includes ECOs and SAO2s.

GENDER AND LEVEL

Figure 1 identifies staff by gender for each classification level. The largest number of staff are in the AO3 and AO4 levels, which reflects DCIS' core processing role. Females occupy the majority of DCIS' administrative officer (AO) positions.

Figure 1: Staff by gender and classification

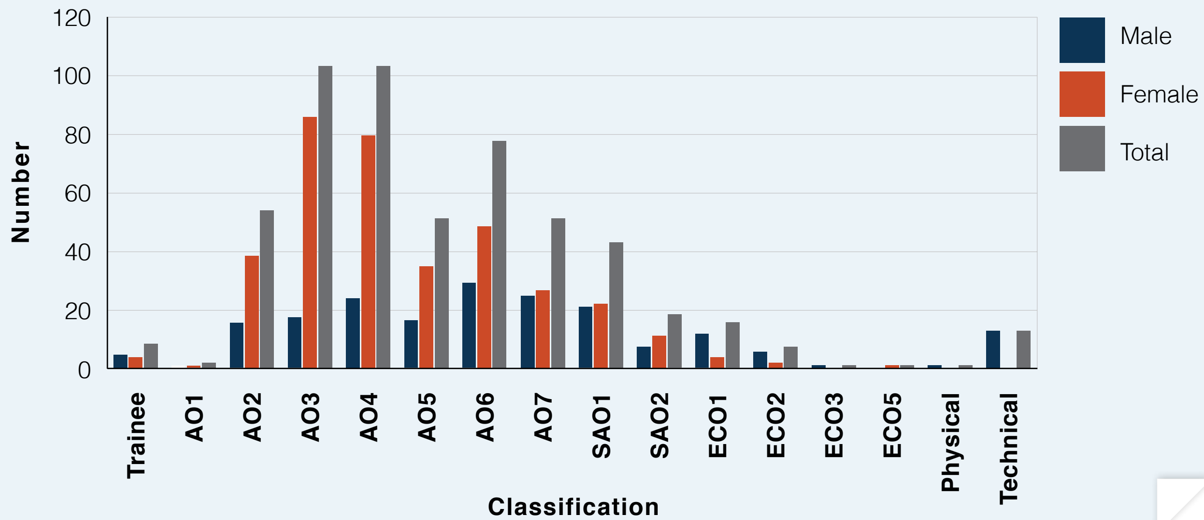
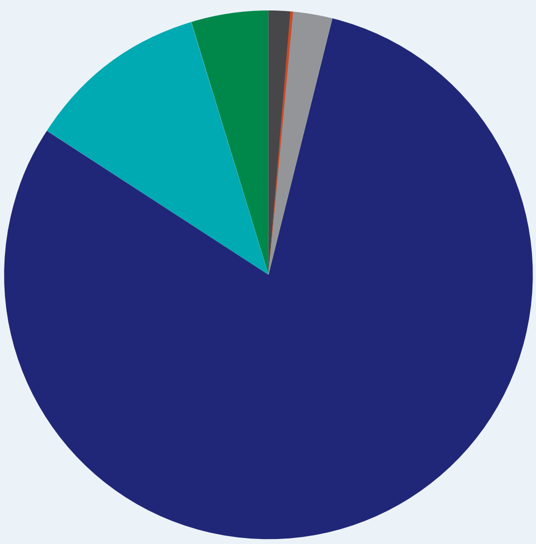


Figure 2 demonstrates the distribution of staff across trainee, physical, technical, administrative and executive employment types at 30 June 2014.

Figure 2: Staff by employment type



Key	Employment type	Total
	Trainees	9 or 1.5%
	Physical	1 or 0.2%
	Technical	14 or 2.3%
	Administrative	484 or 80.4%
	Senior Administrative	67 or 11.1%
	Executive	27 or 4.5%

OUR PEOPLE

AVERAGE AGE

The average age of DCIS staff is 41 years. The age and gender of staff are shown in figure 3, and figure 4 demonstrates the department's age profile by percentage.

Figure 3: Staff by age and gender

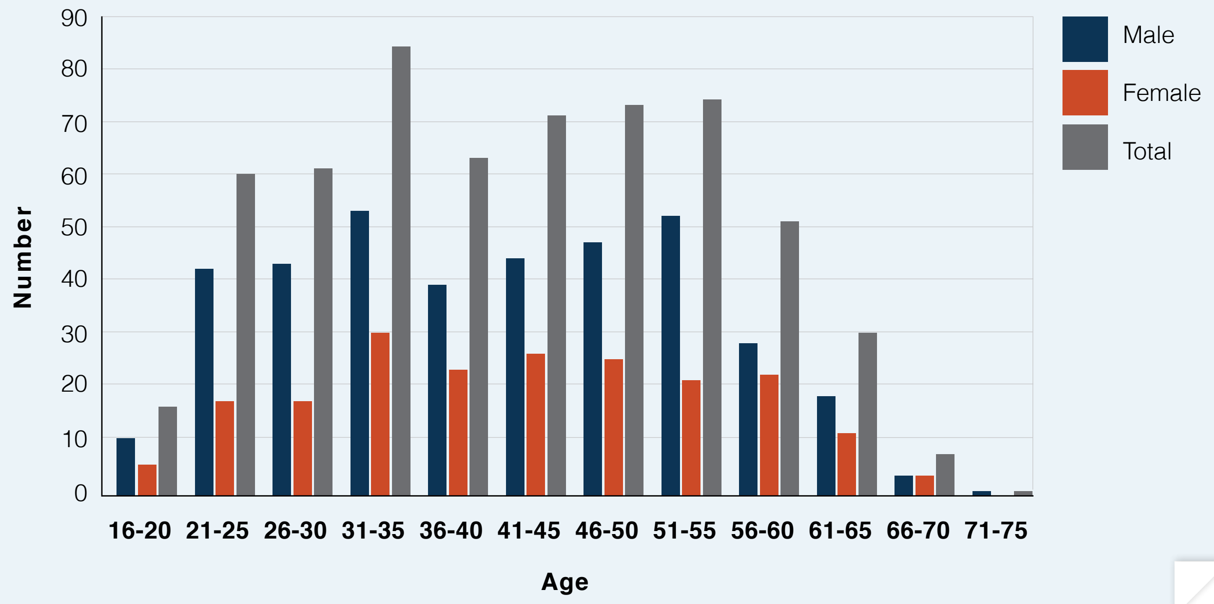


Figure 4: Age profile

Key	Age	Total
	16 - 20	17 or 2.8%
	21 - 25	61 or 10.1%
	26 - 30	62 or 10.3%
	31 - 35	85 or 14.1%
	36 - 40	64 or 10.6%
	41 - 45	72 or 12.0%
	46 - 50	74 or 12.3%
	51 - 55	75 or 12.5%
	56 - 60	52 or 8.6%
	61 - 65	30 or 5.2%
	66 - 70	8 or 1.3%
	71 - 75	1 or 0.2%

YEARS OF SERVICE

Figure 5 illustrates staff years of service at 30 June 2014 according to the milestone groups and gender. Over 40% of DCIS staff have completed 10 or more years of service with the NTPS and 19% have over 20 years of service, as illustrated in figure 6.

Figure 5:Years of service by gender

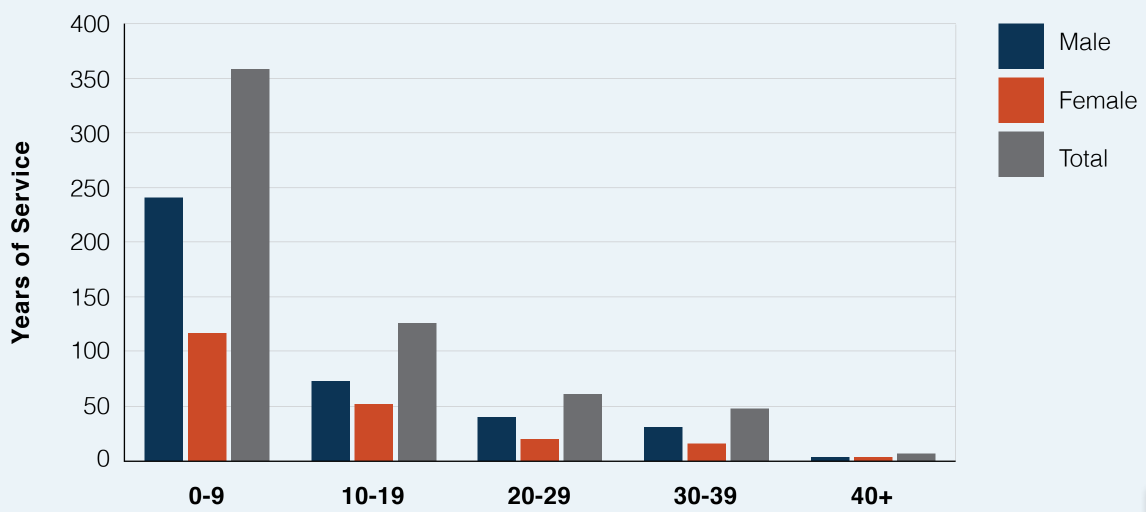
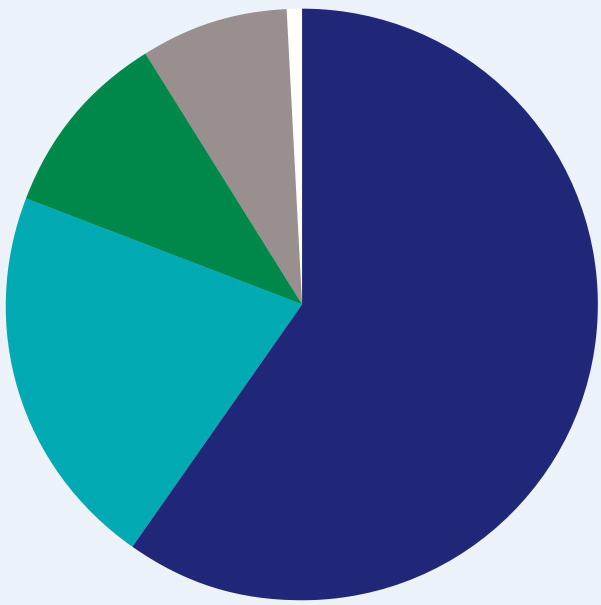


Figure 6: Years of service by precentage against milestone groups



Key	Years of Service	Total
	0-9	360 or 59.8%
	10-19	127 or 21.1%
	20-29	62 or 10.3%
	30-39	49 or 8.2%
	40+	4 or 0.6%

SUPPORTING AND GROWING OUR PEOPLE

'Success is achieved through our people.'

This section outlines corporate initiatives that have supported and developed our staff over 2013-14.

CHANGE MANAGEMENT

2013-14 marked a significant year of structural change for DCIS, with the transfer of asset services staff from Department of Infrastructure, the closure of the Government Printing Office, and some internal reviews resulting in restructures. In supporting staff through these changes, detailed and sensitive change management practices were followed, with a focus on regular communications with affected staff.

The department's People and Development unit were actively engaged throughout all the changes. Regular and open staff consultation was provided and the relevant unions were kept informed of all change management activities. Unions were given access to departmental work sites as required to enable an open dialogue on changes and departmental processes.

Processes were developed to ensure smooth transition and affected staff were provided with a dedicated People and Development consultant as a contact for assistance and support. The services of the Employee Assistance Program counsellors were made available to assist staff and, in some cases, avenues for staff to obtain other specialist advice were also provided.

CLOSURE OF THE GOVERNMENT PRINTING OFFICE

The closure of the Government Printing Office (GPO) was the most significant change managed this year. This was not just about winding up operations but also represented a significant change for GPO staff, who had to maintain printing functions during the wind-up process. The people aspects of the change are discussed here with the operational changes reported in the Achievements section.

The GPO change was highly successful and provides an excellent example of effective change management, balancing government business requirements with empathy for staff whose lives had been significantly impacted. The GPO staff and those in the People and Development unit are to be commended for their care, their efforts and their professionalism.

As of 30 June 2014, all 30 GPO staff, many of whom were 20 or 30 year veterans of the GPO, had transitioned to alternate employment, either through accepting voluntary redundancy packages;

taking up employment opportunities in the private sector; or being redeployed and retrained into new roles within government. Some 16 staff chose voluntary redundancy and the remaining 14 are being redeployed within the Northern Territory Public Sector (NTPS), with two permanently placed as at 30 June 2014. This was achieved with no complaints from unions, no employee grievances and a smooth trouble-free transition to the new print management model.

Key success factors in achieving this positive outcome included: regular face-to-face 'open book' engagement and communication with GPO staff; dialogue with unions; the use of dedicated case officers to assist staff with their employment transition; financial support with retraining, job seeking and financial planning; assistance with developing a current resume; regular briefings and meetings; and the use of a rigorous, project management methodology.

ASSET SERVICES TRANSFER

The transfer of the asset services functions from the Department of Infrastructure to DCIS in October 2013 included the transfer of around 30 staff and was complicated by the uncertainty and negative publicity relating to the troubled Asset Management System (AMS) that this unit was required to operate. Regular consultation and communication occurred with all staff as they made the transition to DCIS and a focus was put on making the staff feel welcomed into the department. A revised business unit structure was developed, including staff input and the staff were also kept informed of the changes to systems with AMS to be decommissioned. The impact on job roles and functions were discussed, with new roles defined and staff contributed to the development of job analysis questionnaires.

The transition was successful and has been received positively by the affected staff, other DCIS staff and client agencies. The people in this team have managed exceptionally well in an environment of substantial business process and system upheaval as well as agency and location change, through having a supported and guided approach with ongoing communications.

OTHER INTERNAL REVIEWS

REGIONAL OFFICES

The Katherine office was reviewed over 2013-14, including consultation with regional staff and DCIS service managers to identify opportunities for improvement. The Katherine office review was centred on establishing the flexibility needed for a small office to cope with changing client agency needs. The Katherine office has four positions which support services including Receiver of Territory Monies, information and communications technology, agency services, client liaison and some debt management functions relocated from the Accounts Receivable unit in Alice Springs. All positions were evaluated using the job evaluation system and are being filled through standard recruitment processes.

ORGANISATIONAL STRUCTURE

An internal restructure of the department was implemented in March 2014 linked to implementation of the new *ICT Governance Framework*, closure of the GPO, the transfer of the asset services function and the establishment of the ASNET program. Part of this process included a review of the senior leadership positions and the establishment of a new business division: Corporate Systems. The Corporate Systems division required the transfer of several work units from existing reporting structures to a new division. All DCIS business systems that support corporate service delivery across government are now in a central management construct to consolidate business efficiencies, skills and resources.

The department discussed the change management with the Community and Public Sector Union and kept affected staff informed though regular updates and meetings. All senior leadership positions were re-evaluated under the job evaluation system. Other than the top level reporting lines, there were no other significant changes to roles or duties for employees.

The new structure better aligns to our strategic priorities and core business.

SUPPORTIVE WORKPLACE

HUMAN RESOURCE GOVERNANCE COMMITTEE

The department's Human Resource Governance Committee (HRGC) ensures that staffing and employment matters within the department are managed in an equitable manner with both the people and the business requirements of the department considered. The HRGC monitors staffing, including FTE targets; staff transfers; and redeployee, supernumery and unattached officer numbers. In the first instance, redeployees, supernumery and unattached officers are considered before the committee approves advertising of positions, whether ongoing or fixed period/temporary. The role and achievements of HRGC are reported in the Corporate Governance section.

ORIENTATION PROGRAM

As part of introducing new employees to the agency, an Orientation Program is conducted for new staff. The topics covered in the program ensure new employees are aware of the standards and code of behaviour required in the department and the NTPS. An insight is provided into the business of the agency, its core functions, systems and processes. The department's corporate statement and strategic plan are also described, to highlight DCIS' philosophy, approach and priority tasks.

Over 2013-14 two programs were conducted with feedback sought from participants and presenters to improve future programs. Taking the feedback into consideration, the program was refined and redeveloped.

SUCCESSION PLANNING

In promoting and identifying talent in DCIS all business units are focused on succession planning through a proactive approach. To further embed this requirement across the department, succession planning is identified as key actions in divisional business plans and executive contract performance reviews, with monitoring and reporting being established.

DCIS SOCIAL CLUB

Supporting the Community: Throughout the department, each year staff members support a number of charitable and social events coordinated by a combination of individual work units, whole building involvement and through the DCIS Social Club. The 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.

DCIS raised about $1500 at charitable events in 2013-14 and included Australia's Biggest Morning Tea, Footy Colour Day, Kidney Health Australia, World's Greatest Shave and Daffodil Day. Staff from across DCIS also participated in NAIDOC week, National Ride to Work Day and the NTPS Charity Golf Day.

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

BUILDING CAPABILITIES OF OUR EMPLOYEES

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

To maintain a skilled and capable workforce, the department is committed to developing staff, through providing targeted learning and development training programs and opportunities, developing leadership capability and preparing for future workforce needs through commitment to early career programs.

SUPPORTING EMPLOYMENT PROGRAMS

The department is committed to supporting the entry level employment programs, including the graduate program, NTPS apprenticeship program, Indigenous apprenticeship program, Indigenous cadetship scholarship, vacation employment program, and the Indigenous Employment Program. Regular reporting across these programs is provided to the Executive Management Board with the focus on creating a supply of trained employees to meet the current and future needs of the department.

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. The Executive Management Board agreed to engage a minimum of four graduates each year under this program.

Graduates undertake a focussed learning experience over the two years, with four rotations to different business units on a six-monthly basis. Under the program, the rotation is mandatory to ensure the graduate is exposed to different experiences and challenges. Part of the program also includes participating in the Department of Treasury and Finance's Finance Officer in Training (FOIT) workshops which provide our graduates with the opportunity to network across a broader graduate program within government.

Each graduate is paired to a senior staff member under a mentoring program. The main focus of the mentoring partnership is to provide support and guidance and encourage graduates 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 this reporting period, two graduates from the 2012 intake successfully completed their program; one graduate left early to take up a position in another agency and three new graduates commenced. As at 30 June 2014, the department had five graduates, with two out of the five due to complete the program in January 2015.

APPRENTICESHIP PROGRAM

DCIS has committed to a minimum of 12 apprentices each year, across the general, Indigenous and school based apprenticeship schemes. Support and guidance is provided to the 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 apprentices to get the most value from their experience in DCIS.

We employed 16 apprentices in 2013-14, working across the department in the areas of business, finance, information technology, printing and fleet:

- five apprentices are currently on the program
- seven full-time apprentices and one school based apprentice completed the program during the year; the school based apprentice moved to a full-time apprenticeship
- two ex-apprentices are now employed on temporary contracts within DCIS
- one apprentice has gained permanent employment within the department at a higher level
- two school based apprentices withdrew from the program to take up school based apprenticeships elsewhere in other disciplines
- one apprentice has been supported in finishing their printing apprenticeship through secondment to the private sector as part of the GPO change management process.

There are nine apprentices due to commence in the February 2015 program intake.

INDIGENOUS EMPLOYMENT PROGRAM

DCIS is committed to achieving improved Indigenous employment outcomes within the department and across the NTPS. The department actively seeks ways to enhance Indigenous representation through supporting the Indigenous Employment Program (IEP). In 2013-14 the Executive Management Board agreed to employing at least three new participants on an annual basis.

In 2013-14, DCIS supported 12 IEP participants over two program intakes:

- three completed the Cert II Business Administration program in December 2013
- nine participants commenced the Cert II Business Administration program in February 2014
- six participants completed this program at the end of June 2014 and were employed across the department on temporary contracts
- five new participants are due to commence the next Cert II Business Administration program in July 2014.

Several business units across the department have expressed an interest in hosting an IEP participant in the next intake in early 2015.

TRAINING AND DEVELOPMENT

In 2013-14, the department invested $440 000 on training and development for its employees, additional to the above entry level programs. This equates to $731 per FTE and includes study assistance, short course training and leadership programs.

Internal training and development opportunities provided include:

- orientation program
- cross-cultural competency training
- payroll schools: five conducted in 2013-14
- three day induction for new HR Services staff
- in-house training sessions for HR Services staff
- workshops for improving writing skills
- information sessions for MyPlan, Estimates preparation and HRGC processes
- e^2 leadership development program
- divisional presentations and planning sessions
- leadership presentations from NTPS chief executives
- Know Your Assembly seminar and Machinery of Government session
- OCPE training courses, such as merit based recruitment and selection training and HR/IR practitioner workshop series.

The other external training provided to employees included:

- tertiary studies including VET certificates, diplomas and Bachelor degrees
- CDU courses: Management Intelligence, dealing with difficult people and situations and new supervisor.
- safety training such as first aid, OH&S and fire warden training
- project management training such as Prince2
- training in the suite of Microsoft Office products
- various courses through a range of training providers, such as better minute taking, business skills development, effective communication
- attendance at conferences such as CPA Congress, IPAA conference.

In addition, the department supported six staff in the OCPE leadership development programs and three staff on the Machinery of Government program, run through the Department of Legislative Assembly.

In 2014-15, the department is focusing on procurement training through a dedicated diploma and Certificate IV qualification course due to the high number and complex procurements undertaken in DCIS. It is anticipated the courses will commence in September 2014.

MYPLAN PERFORMANCE MANAGEMENT FRAMEWORK

The department's employee performance management and development system, MyPlan, supports the key strategic priority to build and support a workforce that is skilled and capable.

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*. MyPlans provide a structured way for staff to have confidential discussions with their manager to clarify what is required of them in their role, confirm tasks, review and reflect on their performance and discuss opportunities to advance their career. MyPlans are in addition to regular performance feedback and are not the means to address poor performance.

The department has a strong focus on ensuring all staff participate in the MyPlan process and in 2013-14, 535 MyPlans were completed, representing a completion rate of 89%. Reports are provided to the Executive Management Board on progress and completion rates.

LEADERSHIP PROGRAMS

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

OCPE LEADERSHIP PROGRAMS

The Commissioner for Public Employment is dedicated to strengthening the leadership capability of the NTPS, to promote effective decision making as employees navigate their public sector careers through the inevitable complexities and challenges that will arise along the way. DCIS staff accessed the following professional leadership programs through OCPE during 2013-14:

- two employees commenced the 2013-2014 Public Sector Management program, and one employee completed the 2012-2013 program
- one employee participated in the Discovery program
- one employee participated the 360-Degree Feedback program
- two employees participated in the Future Leaders program.

SAO PROGRESSION

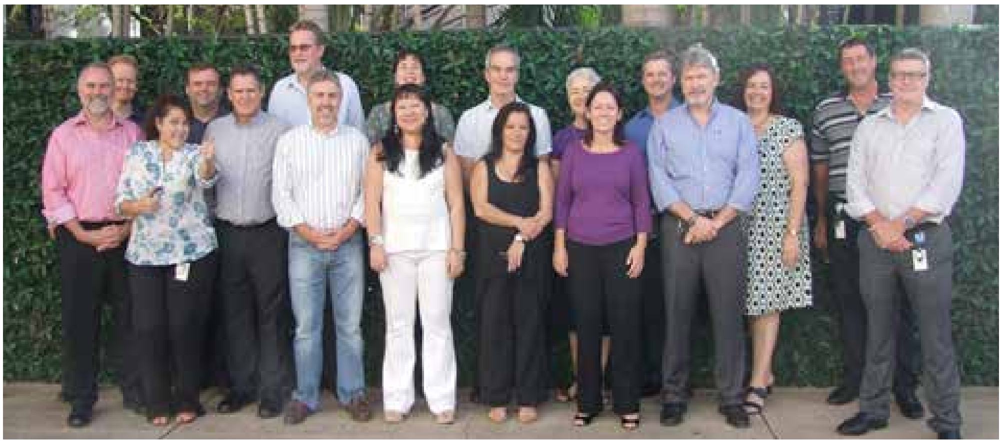
In line with the *Northern Territory Public Sector 2013-2017 Enterprise Agreement,* annual pay progression for Senior Administrative Officers is based on performance. Officers employed in a senior classification (SAO1 and SAO2) are eligible to apply for pay progression after 12 months.

Within DCIS, the process requires the senior administrative officer to demonstrate via a written application their sustained superior performance against the performance criteria determined by the Commissioner for Public Employment. This process is tied to performance targets agreed upon through the annual MyPlan performance review process.

In 2013-14, 20.9% of Senior Administrative Officers within DCIS applied for a pay progression and all 14 were approved on the basis of their demonstrated superior performance in their roles.

DCIS LEADERSHIP PROGRAM

'To deliver exceptional service we must exceed expectations'



A twelve-month executive leadership program called *e2 - 'Exceeding Expectations – exceptional service through leadership* was initiated for staff at the senior executive and senior management levels. The program is specifically designed to suit the culture and business of DCIS and links to the Strategic Plan and the already established DCIS Innovation Program.

The program was developed to connect into the NTPS Capability and Leadership Framework. E^2 incorporates a rolling program of leadership forums which are expanded to the broader leadership group and include master classes and presentations from local leaders along with a major project to deliver in teams.

DCIS is committed to being an employer of choice and this program builds the capability of our managers. In its inaugural year, there are 30 participants drawn from across the department and regions. The participants are challenged to assess their leadership approach, extend their capabilities and rise to the challenge to exceed. Participants are required to work in new teams, network with senior managers from other areas of the department and complete significant extra-curricular tasks, including an innovation project. The program will be reviewed in 2014-15 to refine, refresh and reshape it for a wider group of participants.

WOMEN IN LEADERSHIP

Leadership development for DCIS staff is shared between the genders, with strong female representation across the programs discussed above, including:

- Public Sector Management program
- Future Leaders program
- Discovery for Women program
- Machinery of Government program
- e^2 Leadership Program - 47% of participants are women

Informal mentoring and coaching continued to be provided across the department to encourage women to progress to senior management positions.

OUR PEOPLE

EQUAL EMPLOYMENT OPPORTUNITY AND WORKFORCE DIVERSITY

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

DCIS celebrates the diversity of its staff and treats everyone equally in the workplace, with differences respected and valued. 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.

As at 30 June 2014, 90% of DCIS employees had recorded their equal employment opportunity (EEO) details in the personnel system; 8% had elected not to disclose the information and 2% had not entered any details. The table below outlines DCIS' EEO profile as at 30 June 2014.

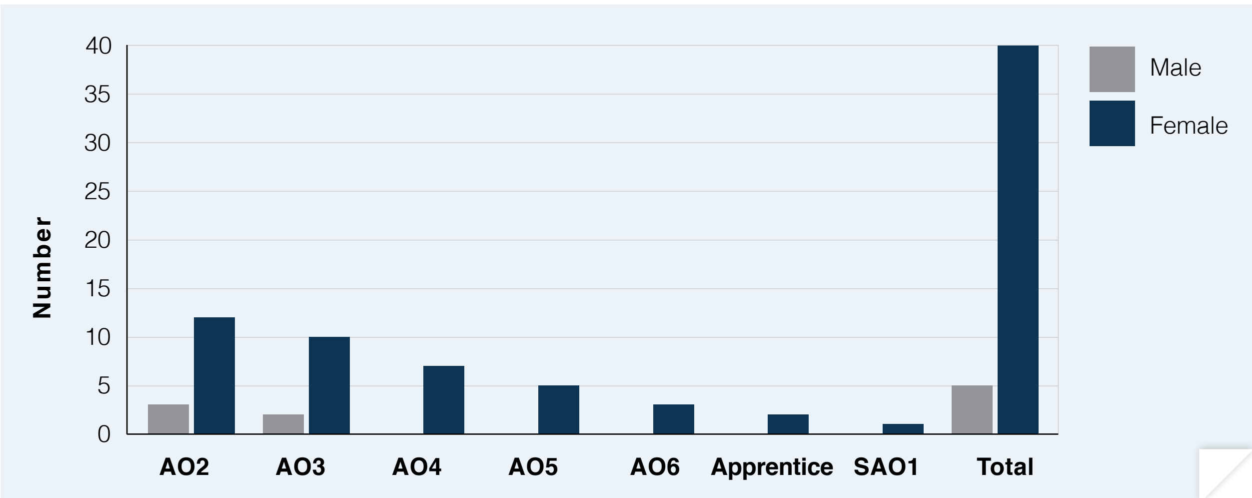
	Male	Female	Total	% of DCIS employees	NTPS Comparison
Aboriginal and Torres Strait Islanders	5	40	45	7.5%	8%
Non-English speaking background	13	39	52	8.6%	8%
People with a disability	2	9	11	1.8%	1%

INDIGENOUS EMPLOYMENT

The department is increasing the focus on Indigenous employment in line with the strategic direction for the NTPS and the department's strategic plan. DCIS is also taking on a broader across government role to increase Indigenous workforce participation. Through initiating and running the Indigenous Employment Program on behalf of all agencies to provide participants with a foundation of skills relevant to gaining entry to the NTPS.

The following table provides a snapshot of Indigenous employees in DCIS as at 30 June 2014.

Figure 7: Indigenous employment by gender and level



Some key actions we have undertaken include:

- ongoing commitment to the Indigenous Employment Program
- highlighting the focus on Indigenous employment in the department's orientation program
- setting clear expectations and monitoring results through strategic and business plan reporting
- partnering with Palmerston Senior College, under the 'adopt a school' initiative and looking to expand this program to an additional school
- continuing the DCIS Cultural Competency Training program to focus on Indigenous culture and history so there is a shared understanding across cultures.

HEALTH AND WELLBEING

WORK HEALTH AND SAFETY FRAMEWORK

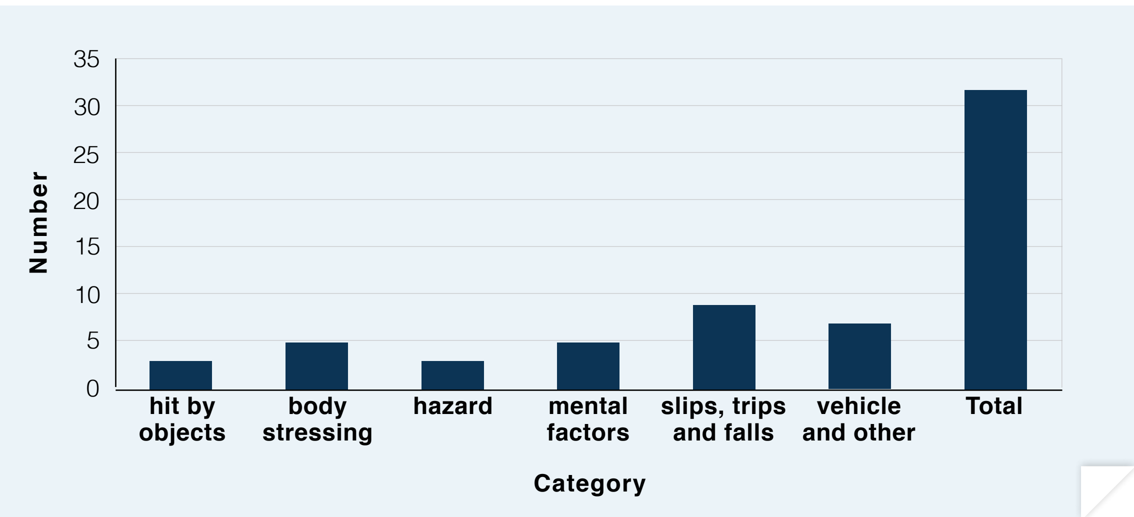
The department has a Work Health and Safety (WHS) Committee, a regional committee in Alice Springs and eight WHS Building Committees. A central building committee was also established in 2013-14, where the chairs from each committee meet quarterly with the Steering Committee chair to address topical WHS information and issues.

Our *WHS Management Framework and Policy* were reviewed and updated during 2013-14. The WHS staff site was updated in 2013-14 and provides information to staff on a range of WHS matters, including the management framework, committees, roles and responsibilities, first aid and fire wardens, WHS policies and practices. In addition, WHS information is provided to staff in the department's 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.

In 2013-14, 32 WHS incidents were reported, see table below, which resulted in three workers compensation claims received. By 30 June 2014 two of the claims remained open and one had closed.

Figure 8: Incident by category



COMPLAINT RESOLUTION PROCEDURE

The department's complaint resolution procedure deals with matters fairly, promptly and confidentially. Two internal complaints were received during 2013-14 and were resolved with no further action required; and one complaint relating to breach of privacy was received and was dismissed.

The process seeks to address complaints with the assistance of the People and Development unit to provide a resolution before more formal action is required, including 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.*

WELLNESS STRATEGY

The department supports flexible working arrangements and a healthy work-life balance; and continued to recognise the benefits of providing employees with flexibility to successfully balance their professional objectives and ambitions with their personal commitments.

In 2013-14 DCIS continued to offer flexible work arrangements, including arranging out-posting for an employee to work from Jabiru. This arrangement included consulting with those agencies with a presence in Jabiru, sharing with the Department of Business and modifying work practices to suit off-campus service delivery. This flexibility has allowed the staff member involved to continue with their career and the department maintains a highly skilled employee. This example highlights the benefits of balancing the department's business requirements with the personal priorities for staff to create a more effective and productive department.

A number of options are available for staff and in 2013-14 the department supported flexible work practices such as:

Flexible Work Arrangements:	No.	% of workforce
Flexible working hours	11	1.8
Part-time work arrangement	31	5.2
Home based work	3	0.5
Out-posted employee	4	0.7
Transition to retirement	5	0.8
Career break	1	0.2
Recreation leave at half pay	30	5.0
Short -term absence (family or community responsibilities)	1	0.2

The flu vaccination program continues to be offered to employees in the workplace and is well supported across the department. In 2013-14, over 456 staff (almost 76% of total staff) participated in the program.

EMPLOYEE ASSISTANCE PROGRAM

Employees and their immediate family can access confidential services of psychologists and professional counsellors to address work, personal or family matters. The providers offer professional counselling, training and development workshops, management planning sessions, mediation, career counselling and management coaching. This service is regularly promoted to staff and is covered in the department's orientation program.

In 2013-14, 100 staff accessed the services of the Employee Assistance Program was used over 200 times. This usage pattern is consistent with prior years.

FUTURE PRIORITIES:

- Develop a Workforce Planning Strategy, including succession planning and a training and development plan.
- Promote and improve Indigenous employment outcomes.
- Review and evaluate the e^2 Leadership Development Program to develop a program suitable for the next level of managers.
- Progress a Managers for Tomorrow program aimed at building capacity for middle managers.
- Improve our aprenticeship and graduates programs with more structured mentoring and job rotations.
- Continue to implement and refine the *WHS Management Framework* in accordance with WHS legislation.
- Expand our Adopt a School program.
- Review the method of delivery for the Orientation Program exploring online delivery options for some topics.
- Plan and respond, as required, to any issues for DCIS that may arise from the NTPS-wide staff survey due to be conducted in 2014-15 by the Office of the Commissioner for Public Employment.

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.	Procedures reviewed and information is provided to managers and staff about selection processes, including promoting the merit selection training that is offered across the sector. ▪ 129 vacancies advertised ▪ 86 staff commenced ▪ 84 separations were processed ▪ two appeals were lodged and decided
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: ▪ 45 employees were confirmed ▪ eight employees were extended ▪ two employees resigned 12 month Probation Reports: ▪ three employees were confirmed ▪ one employee was terminated ▪ four 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 department's orientation program to ensure staff awareness. There were no issues regarding lack of natural justice raised by DCIS staff.
NUMBER 4 – EMPLOYEE PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEMS	
Chief Executive to develop and implement performance management systems for their agency.	Management training and staff learning and development activities are identified 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: ▪ 535 (89%) MyPlans were completed ▪ 14 (20.9%) Senior Classification Pay Progression applications were received and approved.
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 medical referral cases. The services of the employee assistance programs are promoted regularly to staff and covered in the department's Orientation Program. There were three staff (0.5%) who were referred for a medical examination during the year.

Employment Instruction and annual reporting requirements	Agency actions
NUMBER 6 – PERFORMANCE AND INABILITY	
The Chief Executive may establish procedures regarding inability within their agency.	Performance and inability action occurred in consultation with managers. There were no performance and inability cases in 2013-14.
NUMBER 7 – DISCIPLINE	
The Chief Executive may establish procedures regarding discipline within their agency.	Breaches of conduct and discipline matters are addressed on a case-by-case basis. There were no discipline cases in 2013-14.
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. Two complaints were made under the department's internal complaint handling process. Both complaints were resolved with no further action required.
NUMBER 9 – EMPLOYMENT RECORDS	
Agencies are required to maintain appropriate employee records and implement procedures for maintaining and accessing these records.	Staff are informed of the information and records management requirements using the Tower Records Information Management (TRIM) system; and the requirement to manage records electronically. 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 department's Cultural Competency Training program. The department has a diverse workforce, including staff from a wide range of non-English speaking backgrounds. Refer to the table on page 78 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 WHS Committee within the governance structure and Workplace Building Committees for each building. The WHS staff website was updated and promotes WHS matters to all staff. The department's Orientation Program includes coverage of WHS requirements. The department continued its flu vaccination program which is available to all staff and 456 staff (75.8%) participated in the program in 2013-14.

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 department's 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. A register of gifts and benefits is maintained to record all gifts and benefits offered to DCIS employees. Any offers to employees, including attendance at stakeholder hosted events, require approval by the Chief Executive to ensure they meet business objectives and avoid risks such as perceived favouritism or 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 department's 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. There were four workplace behaviour cases addressed (0.66% of staff).

FINANCIAL REPORTS

DEPT. CORPORATE & INFORMATION SERVICES

FINANCIAL STATEMENT OVERVIEW

for the year ended 30 June 2014

During the year, new Administrative Arrangements resulted in the transfer of responsibility for the Asset Management Services output from the Department of Infrastructure to the Department of Corporate and Information Services (DCIS) with effect from 1 July 2013. This included the transfer of the all-of-government Asset Management System (AMS).

A decision was subsequently taken to discontinue the AMS and replace it with an integrated Asset Systems Network (ASNET).

A further change was the cessation of the Government Printing Office (GPO) by 30 June 2014. As the GPO was a Government Business Division related to DCIS, winding up the entity has required a number of financial transactions to be reflected in the DCIS financial statements for 2013-14.

FINANCIAL PERFORMANCE

DCIS' operating performance for the year showed a $21.5 million deficit which was primarily due to the $19.0 million impairment to the AMS asset. Excluding the effect of the AMS asset impairment the result would have been $2.5 million better than the budgeted deficit of $4.3 million. This improvement was due to increased revenues of $1.6 million and decreased expenses of $0.9 million.

DCIS also recorded a $0.76 million comprehensive income deficit associated with a net equity withdrawal related to closing the Government Printing Office.

Table 1 provides a summary of DCIS financial performance.

Table 1: 2013-14 Actual and Budget Performance

	Actual $000		Budget $000		Variation $000	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Income	164 765	155 900	163 135	155 332	1 630	568
Expenses	185 498	152 349	167 411	152 748	(18 087)	399
Deficit	**(20 733)**	**3 551**	**(4 276)**	**2 584**	**(16 457)**	**967**
Other Comprehensive Income	(758)	-	-	-	(758)	-
Comprehensive Result	**(21 491)**	**3 551**	**(4 276)**	**2 584**	**(17 215)**	**967**

Income

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

The decrease in goods and services income was primarily a result of a one-off drop in ICT revenues in 2013-14.

Table 2: Income by Category

	Output Appropriation		Goods and Services		Other Income		Gain on Disposal of Assets		Total	
Year	**$000**	**%**	**$000**	**%**	**$000**	**%**	**$000**	**%**	**$000**	**%**
2013-14	118 693	72.0	45 984	27.9	87	0.1	1	-	164 765	100
2012-13	108 598	69.7	47 263	30.3	39	-	-	-	155 900	100

Expenses

Expenses were higher in 2013-14 than 2012-13 as a result of the transfer of the Asset Management Services function to DCIS. The one-off spike in operational expenses was primarily caused by the $19.0 million impairment of the AMS asset.

A further $0.68 million grant payment was made in 2013-14 to Telstra to complete the project to expand mobile phone and broadband services in remote communities.

Table 3: Expenses by Category

	Property		Employee		ICT		Operational		Grants		Total	
Year	**$000**	**%**	**$000**	**%**	**$000**	**%**	**$000**	**%**	**$000**	**%**	**$000**	**%**
2013-14	76 489	41.2	44 475	24.0	32 822	17.7	31 032	16.7	680	0.4	185 498	100
2012-13	70 439	46.2	42 999	28.2	28 819	18.9	7 265	4.8	2 827	1.9	152 349	100

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. Three new outputs were added for 2013-14. Asset Services, including ASNET, is a new function provided by DCIS. Corporate and Governance resulted from the removal of corporate and governance costs from output costs. Shared Services Provided was added to record corporate services provided directly to DCIS' Government Business Divisions.

Table 4: Expenses by Output

Expense	Employee $000	Operational $000	Grants $000	Total $000	%
Shared Services Output Group					
Finance Services	8 586	8 917	-	**17 503**	9.4
Human Resource Services	19 125	11 078	-	**30 203**	16.3
Procurement Services	1 958	723	-	**2 681**	1.4
Information and Communications Technology Services	7 639	18 782	680	**27 101**	14.6
Property Leasing Services	1 784	76 120	-	**77 904**	42.1
Asset Services (ASNET)	1 615	24 045	-	**25 660**	13.8
Corporate and Governance Output Group					
Corporate and Governance	3 316	597	-	**3 913**	2.1
Shared Services Provided	452	81	-	**533**	0.3
Total	**44 475**	**140 343**	**680**	**185 498**	100

FINANCIAL POSITION

The department's net asset position at the end of 2013-14 is $26.8 million.

MAJOR ASSETS INCLUDE:

- $23.7 million cash and deposits ($14.9 million being reserved balances, $4.5 million to be carried over to 2014-15 and $4.3 million as cash);
- $6.1 million receivables (GST receivable, service fees and property leasing charges);
- $6.3 million prepayments (related to the property leasing portfolio); and
- $20.4 million property, plant and equipment (buildings and leasehold improvements).

MAJOR LIABILITIES INCLUDE:

- $14.3 million deposit held for Accountable Officer's Trust Account and ICT commitments;
- $6.9 million payables and accrued expenses; and
- $8.7 million provisions for employee entitlements.

DEPARTMENT OF CORPORATE AND INFORMATION SERVICES FINANCIAL REPORT

CERTIFICATION OF THE FINANCIAL STATEMENTS

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

We further state that the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2014 and the financial position on that date.

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

K Robinson

Kathleen Robinson

CHIEF EXECUTIVE

29 August 2014

Rex Schoolmeester

CHIEF FINANCE OFFICER

29 August 2014

COMPREHENSIVE OPERATING STATEMENT

for the year ended 30 June 2014

	Note	2014 $000	2013 $000
INCOME			
Grants and subsidies revenue			
Current			
Capital			
Appropriation			
Output		118 693	108 598
Commonwealth			
Sales of goods and services		45 984	47 263
Interest revenue			
Gain on disposal of assets	4	1	
Other income		87	39
TOTAL INCOME	3	**164 765**	**155 900**
EXPENSES			
Employee expenses		44 475	42 999
Administrative expenses			
Property management		76 489	70 439
Purchases of goods and services	5	38 273	31 548
Repairs and maintenance		243	351
Depreciation and amortisation	8, 9	6 329	4 185
Other administrative expenses	8	19 009	
Grants and subsidies expenses			
Current		680	2 827
Capital			
TOTAL EXPENSES	3	**185 498**	**152 349**
NET SURPLUS/(DEFICIT)		**(20 733)**	**3 551**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to net surplus/deficit			
Changes in accounting policies			
Correction of prior period errors			
Transfers from reserves		(758)	
TOTAL OTHER COMPREHENSIVE INCOME		**(758)**	
COMPREHENSIVE RESULT		**(21 491)**	**3 551**

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

BALANCE SHEET

as at 30 June 2014

	Note	2014 $000	2013 $000
ASSETS			
Current Assets			
Cash and deposits	6	23 730	20 552
Receivables	7	6 098	3 904
Prepayments		6 348	5 958
Total Current Assets		**36 176**	**30 414**
Non-Current Assets			
Property, plant and equipment	8,10	20 426	22 482
Intangibles	9,10		543
Total Non-Current Assets		**20 426**	**23 025**
TOTAL ASSETS		**56 602**	**53 439**
LIABILITIES			
Current Liabilities			
Deposits held		14 264	15 464
Payables	11	6 910	4 720
Provisions		6 383	4 372
Other provisions			845
Total Current Liabilities		**27 557**	**25 401**
Non-Current Liabilities			
Provisions	12	2 287	2 292
Total Non-Current Liabilities		**2 287**	**2 292**
TOTAL LIABILITIES		**29 844**	**27 693**
NET ASSETS		**26 758**	**25 746**
EQUITY			
Capital		35 716	13 213
Reserves	13	1 329	1 329
Accumulated funds		(10 287)	11 204
TOTAL EQUITY		**26 758**	**25 746**

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2014

	Note	Equity at 1 July $000	Comprehensive result $000	Transactions with owners in their capacity as owners $000	Equity at 30 June $000
2013-14					
Accumulated Funds		11 204	(20 733)		(9 529)
Transfers from reserves			(758)		(758)
Reserves	13				
Asset revaluation reserve		1 329			1 329
Capital – Transactions with Owners					
Equity injections		13 213			13 213
Capital appropriation				11 805	11 805
Equity transfers in				14 317	14 317
Other equity injections					
Equity withdrawals					
Capital withdrawal				(3 619)	(3 619)
Equity transfers out					
		14 542		22 503	37 045
Total Equity at End of Financial Year		**25 746**	**(21 491)**	**22 503**	**26 758**
2012-13					
Accumulated Funds		**7 653**	**3 551**		**11 204**
Reserves	13				
Asset revaluation reserve		**1 329**			**1 329**
Capital – Transactions with Owners					
Equity injections		72 458			72 458
Capital appropriation				303	303
Equity transfers in				96	96
Other equity injections					
Equity withdrawals					
Capital withdrawal				(16 419)	(16 419)
Equity transfers out				(43 225)	(43 225)
		72 458		**(59 245)**	**13 213**
Total Equity at End of Financial Year		**81 440**	**3 551**	**(59 245)**	**25 746**

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

CASH FLOW STATEMENT

for the year ended 30 June 2014

	Note	2014 $000	2013 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Receipts			
Grants and subsidies received			
Current			
Capital			
Appropriation			
Output		118 694	108 598
Commonwealth			
Receipts from sales of goods and services		66 992	76 188
Interest received		(1)	
Total Operating Receipts		**185 685**	**184 786**
Operating Payments			
Payments to employees		43 753	45 959
Payments for goods and services		135 860	128 423
Grants and subsidies paid			
Current		680	2 827
Capital			
Interest Paid			
Total Operating Payments		**180 293**	**177 209**
Net Cash From/(Used In) Operating Activities	14	**5 392**	**7 577**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing Receipts			
Repayment of advances			(398)
Total Investing Receipts			(398)
Investing Payments			
Purchases of assets		(9 200)	(2 340)
Advances and investing payments			57
Total Investing Payments		**(9 200)**	**(2 283)**
Net Cash From/(Used in) Investing Activities		**(9 200)**	**(2 681)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing Receipts			
Deposits received		(1 200)	5 725
Equity injections			
Capital appropriation		11 805	303
Total Financing Receipts		**10 605**	**6 028**
Financing Payments			
Equity Withdrawals		(3 619)	16 419
Total Financing Payments		**(3 619)**	**16 419**
Net Cash From/(Used in) Financing Activities		**6 986**	**(10 391)**
Net increase/(decrease) in cash held		3 178	(5 495)
Cash at beginning of financial year		20 552	26 047
CASH AT END OF FINANCIAL YEAR	6	**23 730**	**20 552**

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

INDEX OF NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

1. OBJECTIVES AND FUNDING

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

The Department is predominantly funded by, and is dependent on the receipt of Parliamentary appropriations. The financial statements encompass all funds through which the Department controls resources to carry on its functions and deliver outputs.

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 Output Group

Finance Services

Human Resource Services

Procurement Services

Information and Communication Technology Services

Property Leasing

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 the agency 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 13 Fair Value Measurement, AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009 11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]

AASB 13 replaces the guidance on fair value measurement in existing AASB accounting literature with a single standard. It clarifies the definition of fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. With some exceptions, the standard requires entities to classify these measurements into a fair value hierarchy based on the nature of the inputs. Additional disclosures following from the standard are included in the notes to the financial statements.

AASB 119 Employee Benefits (2011), AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]

AASB 119 amends the definition of short-term employee benefits and the accounting for defined benefit superannuation obligations. The standards do not impact the financial statements.

AASB CF 2013-1 Amendments to the Australian Conceptual Framework, AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments

AASB CF 2013-1 incorporates Chapters 1 and 3 of the IASB's *Conceptual Framework for Financial Reporting* into the AASB *Framework for the Preparation and Presentation of Financial Statements*. It also withdraws SAC 2 Objective of General Purpose Financial Reporting. The standards do not impact the financial statements.

AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7)

The standard amends AASB 7 *Financial Instruments: Disclosures* to require an entity to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. The standard does not impact the financial statements.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, 101, 116, 132 & 134 and Interpretation 2]

The standard amends a number of pronouncements as a result of the 2009-2011 annual improvements cycle. In particular, amendments to AASB 101 *Presentation of Financial Statements* clarify requirements for comparative information, and amendments to AASB 116 *Property, Plant and Equipment* clarify classification of servicing equipment. 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 *Financial Instruments (Dec 2010),* AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (Dec 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]*, AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, 2009-11, 2010-7, 2011-7 & 2011-8]*, AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*	AASB 9 incorporates revised requirements for the classification and measurement of financial instruments resulting from the IASB's project to replace IAS 39 F*inancial Instruments: Recognition and Measurement* (AASB 139 *Financial Instruments: Recognition and Measurement).*	1 Jan 2017	Nil impact to financial statements and disclosure notes
AASB 10 *Consolidated Financial Statements,* AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]*, AASB 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12]*, AASB 2013-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]*	Requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in AASB 127 *Consolidated and Separate Financial Statements.* AASB 2012-10 defers the mandatory application of AASB 10 *Consolidated Financial Statements* and related Standards to not-for-profit entities until annual reporting periods beginning on or after 1 January 2014. AASB 2013-8 assists not-for-profit entities to apply AASB 10 *Consolidated Financial Statements* and AASB 12 *Disclosure of Interests in Other Entities.*	1 Jan 2014	Not applicable to DCIS
AASB 12 *Disclosure of Interests in Other Entities*	Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.	1 Jan 2014	Not applicable to DCIS
AASB 1055 *Budgetary Reporting*	Sets out budgetary reporting requirements for not-for-profit entities within the General Government Sector.	1 July 2014	Nil impact to financial statements and disclosure notes
AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)*	Addresses inconsistencies in current practice when applying the offsetting criteria in AASB 132 *Financial Instruments: Presentation.*	1 Jan 2014	Not applicable to DCIS
AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*	Addresses disclosures about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.	1 Jan 2014	Minimal impact to financial statements and disclosure notes

c) Agency and Territory Items

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

Central Holding Authority

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

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

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

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

d) Comparatives

Where necessary, comparative information for the 2012-13 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 2013-14 as a result of management decisions.

g) Accounting Judgements and Estimates

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

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

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

- Employee Benefits – Note 2(s) and Note 12: Non-current liabilities in respect of employee benefits are measured as the present value of estimated future cash outflows based on the appropriate Government bond rate, estimates of future salary and wage levels and employee periods of service.
- Contingent Liabilities – Note 17: The present value of material quantifiable contingent liabilities are calculated using a discount rate based on the published 10-year Government bond rate.
- Allowance for Impairment Losses – Note 2(p), Note 7: Receivables and Note 15: Financial Instruments.
- Depreciation and Amortisation – Note 2(k), 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.

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 the 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:

	2014	2013
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;
- 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 and TIO 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 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.

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 2014 $000	Shared Services 2013 $000	Corporate and Governance 2014 $000	Corporate and Governance 2013 $000	Total 2014 $000	Total 2013 $000
INCOME							
Grants and subsidies revenue							
Current							
Capital							
Appropriation							
Output		113 621	103 567	5 073	5 032	118 694	108 599
Commonwealth							
Sales of goods and services		45 458	46 671	525	591	45 983	47 262
Gain on disposal of assets	4			1		1	
Other income		79	46	8	(7)	87	39
TOTAL INCOME		**159 158**	**150 284**	**5 607**	**5 616**	**164 765**	**155 900**
EXPENSES							
Employee expenses		40 707	38 944	3 768	4 055	44 475	42 999
Administrative expenses							
Purchases of goods and services	5	114 499	101 540	264	447	114 763	101 987
Repairs and maintenance				242	351	242	351
Depreciation and amortisation	8,9	6 157	3 875	172	310	6 329	4 185
Other administrative expenses	8	19 009				19 009	
Grants and subsidies expenses							
Current		680	2 827			680	2 827
Capital							
Community service obligations							
Interest expenses							
TOTAL EXPENSES		**181 052**	**147 186**	**4 446**	**5 163**	**185 498**	**152 349**
NET SURPLUS/(DEFICIT)		**(21 894)**	**3 098**	**1 161**	**453**	**(20 733)**	**3 551**
OTHER COMPREHENSIVE INCOME							
Items that will not be reclassified to net surplus/deficit							
Changes in accounting policies							
Correction of prior period errors							
Transfer from reserves				(758)		(758)	
TOTAL OTHER COMPREHENSIVE INCOME				**(758)**		**(758)**	
COMREHENSIVE RESULT		**(21 894)**	**3 098**	**403**	**453**	**(21 491)**	**3 551**

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

DEPT. CORPORATE & INFORMATION SERVICES

DEPT. CORPORATE & INFORMATION SERVICES

4. GAIN ON DISPOSAL OF ASSETS

	2014 $000	2013 $000
Proceeds from sale of minor assets	1	
Total Gain on Disposal of Assets	**1**	

5. PURCHASES OF GOODS AND SERVICES

The net surplus/(deficit) has been arrived at after charging the following expenses:

	2014 $000	2013 $000
Goods and Services Expenses:		
Information Technology Charges	11 941	12 266
Information Technology Hardware and Software	12 123	11 062
Telecommunications	1 856	1 571
Office Leasing	75 795	69 657
Consultants (1)	8 762	4 090
Advertising (2)	43	190
Marketing and promotion (3)	58	89
Document production	50	62
Legal expenses (4)	87	155
Recruitment (5)	55	59
Training and study	440	329
Official duty fares	42	36
Travelling allowance	16	19

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

6. CASH AND DEPOSITS

	2014 $000	2013 $000
Cash on hand	48	51
Cash at bank	23 682	20 501
On call or short-term deposits		
	23 730	**20 552**

7. RECEIVABLES

	2014 $000	2013 $000
Current		
Accounts receivable	2 904	1 030
Less: allowance for impairment losses		
	2 904	**1 030**
Interest receivables	1	
GST receivables	1 911	1 533
Other receivables	1 282	1 341
	3 194	**2 874**
Non-Current		
Other receivables		
Total Receivables	**6 098**	**3 904**

8. PROPERTY, PLANT AND EQUIPMENT

	2014 $000	2013 $000
Land		
At fair value	**2 300**	**2 300**
Buildings		
At fair value	5 289	5 289
Less: Accumulated depreciation	(3 347)	(3 230)
	1 942	**2 059**
Plant and Equipment		
At fair value	15 115	17 127
Less: Accumulated depreciation	(6 818)	(5 349)
	8 297	**11 778**
Computer Software		
At cost	27 999	10 266
Less: Accumulated depreciation	(3 210)	(5 234)
Less: Impairment loss	(19 009)	
	5 780	**5 032**
Computer Hardware		
At cost	3 788	2 317
Less: Accumulated depreciation	(1 681)	(1 004)
	2 107	**1 313**
Total Property, Plant and Equipment	**20 426**	**22 482**

Property, Plant and Equipment Valuations

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

Impairment of Property, Plant and Equipment

Agency property, plant and equipment assets were assessed for impairment as at 30 June 2014. As a result of this review $19.0 million of impairment losses were recognised against computer software (AMS). Impairment losses were charged to expenses.

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:

	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 administrative restructuring						
Additions/(Disposals) from asset transfers			143	13 395		13 538
Revaluation increments/ (decrements)						
Impairment losses				(19 009)		(19 009)
Carrying Amount as at 30 June 2014	**2 300**	**1 942**	**8 297**	**5 780**	**2 107**	**20 426**

2013 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 2012	3 280	40 045	16 155	5 614	1 390	66 484
Additions			1 369	594	376	2 339
Disposals						
Depreciation		(115)	(1 848)	(1 176)	(453)	(3 592)
Additions/(Disposals) from administrative restructuring						
Additions/(Disposals) from assset transfers	(980)	(37 871)	(3 898)			(42 749)
Revaluation increments/ (decrements)						
Impairment losses						
Carrying Amount as at 30 June 2014	**2 300**	**2 059**	**11 778**	**5 032**	**1 313**	**22 482**

9. INTANGIBLES

	2014 $000	2013 $000
Carrying amounts		
Other Intangibles		
At valuation	1 777	1 777
Less: Accumulated amortisation	(1 777)	(1 234)
Written down value – 30 June	-	543
Total Intangibles	**-**	**543**

Impairment of Intangibles

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

Other intangibles	2014 $000	2013 $000
Carrying amount at 1 July	543	1 135
Additions		
Amortisation	(543)	(592)
Carrying amount as at 30 June	**-**	**543**

10. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

a) Fair Value Hierarchy

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

2014	Level 1 $000	Level 2 $000	Level 3 $000	Total Fair Value $000
Asset classes				
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
Total		**4 242**	**16 184**	**20 426**

There were no transfers between Level 1 and Levels 2 or 3 during the period.

b) Valuation Techniques and Inputs

Valuation techniques used to measure fair value are:

	Level 2 Techniques	Level 3 Techniques
Asset classes		
Land	Market approach	
Buildings	Market approach	
Plant and Equipment, Computer Hardware, Computer Software (Note 8)		Cost approach

There were no changes in valuation techniques during the period.

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
Fair value as at 1 July 2013	11 778	5 032	1 313
Additions	(1 699)	22 967	1 470
Disposals			
Depreciation	(1 782)	(3 210)	(676)
Gains/losses recognised in net surplus/deficit		(19 009)	
Fair value as at 30 June 2014	**8 297**	**5 780**	**2 107**

(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.

	2014 $000	2013 $000
11. PAYABLES		
Accounts payable	1 824	1 269
Accrued expenses	5 086	3 451
Other payables		
Total Payables	**6 910**	**4 720**
12. PROVISIONS		
Current		
Employee benefits		
Recreation leave	3 840	3 573
Leave loading	704	601
Recreation leave airfares	148	187
Purchased recreation leave		11
Other current provisions		
Other Provisions	1 691	845
	6 383	**5 217**
Non-Current		
Employee benefits		
Recreation leave	2 287	2 292
	2 287	**2 292**
Total Provisions	**8 670**	**7 509**
Reconciliations of Provisions		
Balance as at 1 July	845	
Additional provisions recognised	1691	
Reductions arising from payments	(845)	
Balance as at 30 June	**1 691**	

The department's full-time employees for the last pay in June 2014 was 505.

13. RESERVES

	2014 $000	2013 $000
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		
Balance as at 1 July	1 329	1 329
Changes in accounting policies		
Correction of prior period errors		
Increment/(Decrement) – land		
Impairment (losses)/reversals – land		
Increment/(Decrement) – buildings		
Impairment (losses)/reversals – buildings		
Increment/(Decrement) – infrastructure		
Impairment (losses)/reversals – infrastructure		
Balance as at 30 June	**1 329**	**1 329**

14. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of Cash

The total of agency ‘Cash and deposits’ of $23.7 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

	2014 $000	2013 $000
Net Surplus/(Deficit)	(20 733)	3 551
Non-cash items:		
Depreciation and amortisation	6 329	4 185
Asset write-offs/write-downs	19 009	
Asset donations/gifts		
(Gain)/Loss on disposal of assets		
Repairs and maintenance – minor new works (non-cash)	20	3
Changes in sssets and liabilities:		
Decrease/(Increase) in receivables	(2 195)	4 865
Decrease/(Increase) in inventories		
Decrease/(Increase) in prepayments	(389)	(720)
Decrease/(Increase) in other assets		
(Decrease)/Increase in payables	2 190	(1 608)
(Decrease)/Increase in provision for employee benefits	315	(2 322)
(Decrease)/Increase in other provisions	846	(270)
(Decrease)/Increase in other Deferred Income		(107)
(Decrease)/Increase in other liabilities		
Net Cash from Operating Activities	**5 392**	**7 577**

Non-Cash Financing and Investing Activities

The department has no finance lease commitments.

15. FINANCIAL INSTRUMENTS

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

a) Categorisation of Financial Instruments

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

	2014 $000	2013 $000
Financial Assets		
Cash and deposits	23 730	20 552
Loans and receivables	6 098	3 904
	29 828	**24 456**
Financial Liabilities		
Deposits held	14 264	15 464
Payables	6 910	4 720
	21 174	**20 184**

b) Credit Risk

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

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

Receivables

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

Internal Receivables	Aging of Receivables $000	Aging of Impaired Receivables $000	Net Receivables $000
2013-14			
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
Total	**2 615**	**-**	**2 615**
2012-13			
Not overdue	777	-	777
Overdue for less than 30 days	13	-	13
Overdue for 30 to 60 days	8	-	8
Overdue for more than 60 days	29	-	29
Total	**827**	**-**	**827**

External Receivables	Aging of Receivables $000	Aging of Impaired Receivables $000	Net Receivables $000
2013-14			
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
Total	**289**	**-**	**289**
2012-13			
Not overdue	66	-	66
Overdue for less than 30 days	-	-	-
Overdue for 30 to 60 days	20	-	20
Overdue for more than 60 days	117	-	117
Total	**203**	**-**	**203**

c) Liquidity Risk

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

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

2014 Maturity analysis for financial assets and liabilities

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

2013 Maturity analysis for financial assets and liabilities

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

d) Market Risk

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

i) Interest Rate Risk

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

ii) Price Risk

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

iii) Currency Risk

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

e) Net Fair Value

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

Fair Value of financial instruments

2014	Total Carrying Amount $000	Net Fair Value Level 1 $000	Net Fair Value Level 2 $000	Net Fair Value Level 3 $000	Net Fair Value Total $000
Financial Assets					
Cash and deposits	23 730	23 730			23 730
Receivables	6 098	6 098			6 098
Total Financial Assets	**29 828**	**29 828**			**29 828**
Financial Liabilities					
Deposits held	14 264	14 264			14 264
Payables	6 910	6 910			6 910
Total Financial Liabilities	**21 174**	**21 174**			**21 174**

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

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

	2014		2013	
	Internal $000	External $000	Internal $000	External $000

16. COMMITMENTS

(i) Capital Expenditure Commitments

The department has no Capital Expenditure Commitments.

(ii) Operating Lease Commitments

Property

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

	2014		2013	
	Internal $000	External $000	Internal $000	External $000
Within one year	665	66 444	678	59 805
Later than one year and not later than five years	2 434	200 987	2 627	190 848
Later than five years	1 788	177 748	1 859	198 277
	4 887	**445 179**	**5 164**	**448 930**

Plant and Equipment

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

	2014		2013	
	Internal $000	External $000	Internal $000	External $000
Within one year		51		25
Later than one year and not later than five years		30		33
Later than five years				
		81		**58**

(iii) Other Expenditure Commitments

The department has no Other Expenditure Commitments.

17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The department had no material contingent liabilities or contingent assets as at 30 June 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 2013 $000	Receipts $000	Payments $000	Closing Balance 30 June 2014 $000
Salaries and Superannuation cancelled cheques	234	-	-	**234**
Accounts payable cancelled cheques	1 358	-	-	**1 358**
RTM unrepresented cheques	22	-	-	**22**
	1 614			**1 614**

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

The department has no write-offs, postponements, waivers, gifts and ex-gratia payments as at 30 June 2014.

The department had one write-off transaction as at 30 June 2013, amounting to $165.

NT FLEET

FINANCIAL STATEMENT OVERVIEW

for the year ended 30 June 2014

FINANCIAL PERFORMANCE

NT Fleet produced a net surplus after tax of $7.8 million in 2013-14, which was in line with the budget estimate. Both revenue and expenses were $0.4 million less than the budget estimate.

NT Fleet will pay an income tax equivalent of $3.4 million and return a dividend of $3.9 million to government for 2013-14.

Table 1: 2013-14 Actual and Budget Performance

	Actual $000		Budget $000		Variation $000	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Income	42 349	53 922	42 731	54 561	(382)	(639)
Expenses	31 162	38 256	31 562	38 700	400	444
Net Surplus Before Tax	**11 187**	**15 666**	**11 169**	**15 861**	**18**	**(195)**
Income Tax Expense	3 356	4 700	3 351	4 758	(5)	58
Net Surplus After Tax	**7 831**	**10 966**	**7 818**	**11 103**	**13**	**(137)**

Income

Some 91.5% of NT Fleet's income comes from the provision of goods and services, with vehicle lease charges being the primary source. Total income has decreased by $11.6 million in 2013-14 due to both decreased lease and disposal revenues, resulting from the new NT Fleet policy framework and lower agency demand.

The new vehicle policy framework came into effect 1 July 2013 and has contributed to:

- extension of lease terms for light vehicles by one year, reducing the light-fleet lease rates
- a reduction in the number of vehicles available for disposal by 39%, reducing profit on sale of assets revenue by $2.3 million.

Table 2: Income by Category

	Goods and Services		Investment [1]		Other [2]		Asset Sales		Total	
Year	**$000**	**%**	**$000**	**%**	**$000**	**%**	**$000**	**%**	**$000**	**%**
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
2011-12	48 070	87.6	455	0.8	98	0.2	6 271	11.4	54 894	100

1 Investment includes interest income.

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

NT FLEET

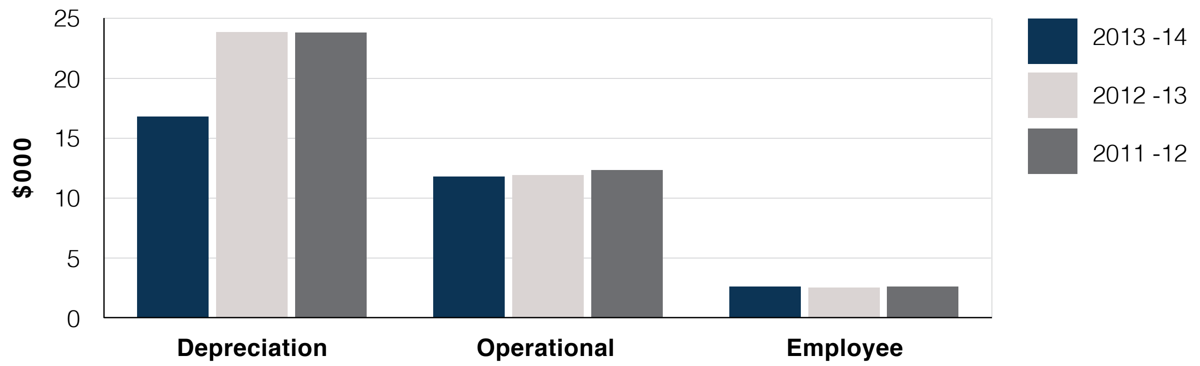
Expenses

The extended vehicle lease terms have also resulted in lower depreciation rates and reduced depreciation expense by 30% in 2013-14. The overall fleet operating expense decreased by 19% to $31.2 million compared to the previous year.

Table 3: Expenses by Category

	Depreciation		Operational		Employee		Total	
Year	$000	%	$000	%	$000	%	$000	%
2013-14	16 767	53.8	11 785	37.8	2 610	8.4	31 162	100
2012-13	23 820	62.3	11 897	31.1	2 539	6.6	38 256	100
2011-12	23 788	61.4	12 297	31.8	2 620	6.8	38 705	100

Figure 1: Expense by Category



FINANCIAL POSITION

Due to the lower number of light vehicles disposed in 2013-14, sale proceeds decreased by $7.6 million compared to the previous year.

A $12.7 million (38%) reduction in capital expenditure compared to 2012-13 was due to postponement in the vehicle replacement program as light vehicles were retained for an additional year and lower agency demand for vehicles.

MAJOR MOVEMENTS IN ASSETS INCLUDED:

- $5.4 million increase in cash and deposits, reflecting the trading result
- $0.6 million increase in receivables
- $5.4 million reduction in plant and equipment, due to a reduction in new light vehicles.

NT Fleet's cash balance of $24.1 million and the improved Current Ratio (Current Assets: Current Liabilities) of 3.1 strengthened NT Fleet's financial position.

MAJOR MOVEMENTS IN LIABILITIES INCLUDED:

- $0.5 million increase in payables
- $1.6 million decrease in provisions
- $1.3 million decrease in income tax liabilities.

NT FLEET
FINANCIAL REPORT

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 2014 and the financial position on that date.

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

K Robinson

Kathleen Robinson

CHIEF EXECUTIVE

11 **September 2014**

Rex Schoolmeester

CHIEF FINANCIAL OFFICER

9 **September 2014**

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 2014, 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 2014, 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

2 October 2014

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

COMPREHENSIVE OPERATING STATEMENT

for the year ended 30 June 2014

	Note	2014 $000	2013 $000
INCOME			
Sales of goods and services		38 742	48 208
Interest revenue		513	315
Gain on disposal of assets	3	2 964	5 247
Other income		130	152
TOTAL INCOME		**42 349**	**53 922**
EXPENSES			
Employee expenses		2 610	2 539
Administrative expenses			
Purchases of goods and services	4	11 785	11 897
Depreciation and amortisation	8	16 767	23 820
TOTAL EXPENSES		**31 162**	**38 256**
SURPLUS BEFORE INCOME TAX		**11 187**	**15 666**
Income tax expense	5	3 356	4 700
NET SURPLUS/(DEFICIT)		**7 831**	**10 966**
COMPREHENSIVE RESULT		**7 831**	**10 966**

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

NT FLEET

BALANCE SHEET
as at 30 June 2014

	Note	2014 $000	2013 $000
ASSETS			
Current Assets			
Cash and deposits	6	24 143	18 746
Receivables	7	1 423	874
Prepayments		173	185
Assets Held for Sale [(a)]		952	0
Total Current Assets		**26 691**	**19 805**
Non-Current Assets			
Property, plant and equipment	8	87 637	93 048
Total Non-Current Assets		**87 637**	**93 048**
TOTAL ASSETS		**114 328**	**112 853**
LIABILITIES			
Current Liabilities			
Payables	10	1 184	736
Income tax liabilities	11	3 356	4 700
Provisions	12	4 320	5 889
Other liabilities	13	26	0
Total Current Liabilities		**8 886**	**11 325**
Non-Current Liabilities			
Provisions	12	164	166
Total Non-Current Liabilities		**164**	**166**
TOTAL LIABILITIES		**9 050**	**11 491**
NET ASSETS		**105 278**	**101 362**
EQUITY			
Capital	14	503	503
Accumulated funds	14	104 775	100 859
TOTAL EQUITY		**105 278**	**101 362**

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

(a) Light and heavy vehicles held for sale as at 30 June 2014 were reclassified as Current Assets, commencing 2013-14 reporting.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2014

	Note	Equity at 1 July $000	Comprehensive result $000	Transactions with owners in their capacity as owners $000	Equity at 30 June $000
2013-14					
Accumulated Funds		106 342	7 831		114 173
Dividends payable		(5 483)		(3 915)	(9 398)
	14	100 859	7 831	(3 915)	104 775
Capital – Transactions with Owners		503			503
	14	503			503
Total Equity at End of Financial Year		**101 362**	**7 831**	**(3 915)**	**105 278**
2012-13					
Accumulated Funds		95 376	10 966		106 342
Dividends payable				(5 483)	(5 483)
	14	95 376	10 966	(5 483)	100 859
Capital – Transactions with Owners		503			503
	14	503			503
Total Equity at End of Financial Year		**95 879**	**10 966**	**(5 483)**	**101 362**

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

NT FLEET

CASH FLOW STATEMENT

for the year ended 30 June 2014

	Note	2014 $000	2013 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Receipts			
Receipts from sales of goods and services		38 467	49 351
GST receipts		5 014	6 720
Interest received		505	300
Total Operating Receipts		**43 986**	**56 371**
Operating Payments			
Payments to employees		(2 606)	(2 573)
Payments for goods and services		(11 338)	(12 074)
GST payments		(5 124)	(6 579)
Income tax paid		(4 700)	(4 857)
Total Operating Payments		**(23 768)**	**(26 083)**
Net Cash From/(Used in) Operating Activities	15	**20 218**	**30 288**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing Receipts			
Proceeds from asset sales	3	11 670	19 272
Total Investing Receipts		**11 670**	**19 272**
Investing Payments			
Purchases of assets		(21 008)	(33 750)
Total Investing Payments		**(21 008)**	**(33 750)**
Net Cash From/(Used in) Investing Activities		**(9 338)**	**(14 478)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing Payments			
Dividends paid		(5 483)	(5 666)
Total Financing Payments		**(5 483)**	**(5 666)**
Net Cash From/(Used in) Financing Activities		**(5 483)**	**(5 666)**
Net increase/(decrease) in cash held		5 397	10 144
Cash at beginning of financial year		18 746	8 602
CASH AT END OF FINANCIAL YEAR	6	**24 143**	**18 746**

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 2014

INDEX OF NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

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 new 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 NT Fleet 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 13 Fair Value Measurement, AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009 11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]

AASB 13 replaces the guidance on fair value measurement in existing AASB accounting literature with a single standard. It clarifies the definition of fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. With some exceptions, the standard requires entities to classify these measurements into a fair value hierarchy based on the nature of the inputs. Additional disclosures following from the standard are included in the notes to the financial statements.

AASB 119 Employee Benefits (2011), AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]

AASB 119 amends the definition of short-term employee benefits and the accounting for defined benefit superannuation obligations. The standards do not impact the financial statements.

AASB CF 2013-1 Amendments to the Australian Conceptual Framework, AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments

AASB CF 2013-1 incorporates Chapters 1 and 3 of the IASB's *Conceptual Framework for Financial Reporting* into the AASB *Framework for the Preparation and Presentation of Financial Statements*. It also withdraws SAC 2 Objective of General Purpose Financial Reporting. The standards do not impact the financial statements.

AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7)

The standard amends AASB 7 *Financial Instruments: Disclosures* to require an entity to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. The standard does not impact the financial statements.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, 101, 116, 132 & 134 and Interpretation 2]

The standard amends a number of pronouncements as a result of the 2009-2011 annual improvements cycle. In particular, amendments to AASB 101 *Presentation of Financial Statements* clarify requirements for comparative information, and amendments to AASB 116 *Property, Plant and Equipment* clarify classification of servicing equipment. 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 *Financial Instruments (Dec 2010)*, AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (Dec 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]*, AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, 2009-11, 2010-7, 2011-7 & 2011-8]*, AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*	AASB 9 incorporates revised requirements for the classification and measurement of financial instruments resulting from the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement* (AASB 139 *Financial Instruments: Recognition and Measurement).*	1 Jan 2017	It is likely to have an impact for future financial reporting periods but the exact impact is yet to be determined.

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Standard/Interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*	Addresses disclosures about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.	1 Jan 2014	It is likely to have an impact for future financial reporting periods but the exact impact is yet to be determined.

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

c) Agency and Territory Items

The financial statements of NT Fleet include income, expenses, assets, liabilities and equity over which NT Fleet has control (Agency items). Certain items, while managed by the NT Fleet, are controlled and recorded by the Territory rather than NT Fleet (Territory items).

Central Holding Authority

NT Fleet held no Territory items.

d) Comparatives

Where necessary, comparative information for the 2012-13 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 2013-14 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.

NT FLEET

- Allowance for Impairment Losses – Note 2(p), Note 7: Receivables and Note 16: Financial Instruments.
- Depreciation and Amortisation – Note 2(l), Note 8: Property, Plant and Equipment.

h) Goods and Services Tax

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

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

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

i) Income Recognition

Income encompasses both revenue and gains.

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

Sale of Goods

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

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

Goods and Services Received Free of Charge

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

Disposal of Assets

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

Contributions of Assets

Contributions of assets and contributions to assist in the acquisition of assets, being non-reciprocal transfers, are recognised, unless otherwise determined by government, as gains when 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:

	2014	2013
Vehicles - Light	3-4 years	2-3 years
Vehicles - Heavy	3-10 years	3-10 years
Leasehold improvements	10-15 years	10-15 years
Computer Software	1-5 years	1-5 years

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

p) Receivables

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

The allowance for impairment losses represents the amount of receivables 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 receivable are generally settled within 14 days.

q) Property, Plant and Equipment

Acquisitions

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

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

Complex Assets

Major items of plant and equipment comprising a number of components that have different useful lives, may be 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 is responsible for managing general government capital works projects on a whole-of-government basis. Therefore appropriation for NT Fleet capital works is provided directly to the Department of Infrastructure and the cost of construction work in progress is recognised as an asset of that Department. Once completed, capital works assets are transferred to 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.

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 asset's carrying amount. 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 are 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 the agency. 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 the agency 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. The agency's investments, loans and placements, and borrowings are predominantly managed through the NTTC and TIO 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.

	2014 $000	2013 $000
3. GAIN ON DISPOSAL OF ASSETS		
Net proceeds from the disposal of non-current assets	11 670	19 272
Less: Carrying value of non-current assets disposed	(8 706)	(14 025)
Gain on the disposal of non-current assets	**2 964**	**5 247**

4. PURCHASES OF GOODS AND SERVICES

The net surplus/(deficit) has been arrived at after charging the following expenses:

	2014 $000	2013 $000
Goods and Services Expenses:		
Consultants (1)	18	76
Document production	1	8
Recruitment (2)	1	1
Training and study	4	3
Official duty fares	5	4
Travelling allowance	2	1
Corporate support from other agencies	449	479
Audit fees (3)	12	63

1 *Includes marketing, promotion and IT consultants. Variance between 2014 and 2013 was due to a change in the provision of IT services in 2013-14. The provision of IT services was centrally managed by Data Centre Services which directly engaged and paid IT consultants.*

2 *Includes recruitment-related advertising costs.*

3 *Variance between 2013-14 was due to an adjustment of prior year error.*

5. INCOME TAX EXPENSE

	2014 $000	2013 $000
Prima facie income tax expense calculated at 30% of the surplus before income tax	3 356	4 700
Total income tax expense	**3 356**	**4 700**

6. CASH AND DEPOSITS

	2014 $000	2013 $000
Cash on hand	16	3
Cash at bank	24 127	18 743
	24 143	**18 746**

7. RECEIVABLES

	2014 $000	2013 $000
Current		
Accounts receivable	141	101
Interest receivables	45	37
GST receivables	(28)	(139)
Other receivables	1 265	875
Total Receivables	**1 423**	**874**

8. PROPERTY, PLANT AND EQUIPMENT

	2014 $000	2013 $000
Motor Vehicles - Light		
At fair value	106 610	108 660
Less: Accumulated depreciation	(39 710)	(37 445)
	66 900	**71 215**
Motor Vehicles – Heavy		
At fair value	36 969	36 318
Less: Accumulated depreciation	(16 632)	(14 886)
	20 337	**21 432**
Computer Software		
At fair value	383	383
Less: Accumulated depreciation	(32)	(32)
	351	**351**
Leasehold Improvements		
At fair value	58	58
Less: Accumulated depreciation	(9)	(8)
	49	**50**
Total Property, Plant and Equipment	**87 637**	**93 048**

Property, Plant and Equipment Valuations

NT Fleet property, plant and equipment assets were assessed for impairment as at 30 June 2014. No impairment adjustments were required as a result of this review.

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[1]	(875)	(77)			(952)
Carrying Amount as at 30 June 2014	**66 900**	**20 337**	**49**	**351**	**87 637**

1 Light and heavy vehicles held for sale as at 30 June 2014 were reclassified as Current Assets.

NT FLEET

NT FLEET

8. PROPERTY, PLANT AND EQUIPMENT (continued)

2013 Property, Plant and Equipment Reconciliations

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

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

9. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

a) Fair Value Hierarchy

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

2014	Level 1 $000	Level 2 $000	Level 3 $000	Total Fair Value $000
Asset classes (Note 8)				
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
Total		**49**	**87 588**	**87 637**

There were no transfers between Level 1 and Levels 2 or 3 during the period.

b) Valuation Techniques and Inputs

Valuation techniques used to measure fair value are:

	Level 2 Techniques	Level 3 Techniques
Asset classes		
Plant and Equipment - Light Vehicles		Cost approach
Plant and Equipment - Heavy Vehicles		Cost approach
Leasehold Improvements	Market Approach	
Computer Software		Cost approach

There were no changes in valuation techniques during the period.

The Department of Infrastructure has provided valuations for leasehold improvements.

Level 2 fair values of leasehold improvements were based on market value of improvements carried out for staff amenity.

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
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)	
Fair value as at 30 June 2014	**66 900**	**20 337**	**351**

(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.

10. PAYABLES

	2014 $000	2013 $000
Accounts payable	719	475
Other accrued expenses and accrued salaries	465	261
Total Payables	**1 184**	**736**

11. INCOME TAX LIABILITIES

	2014 $000	2013 $000
Income tax payable	3 356	4700
Total income tax liabilities	**3 356**	**4700**

NT FLEET

12. PROVISIONS

	2014 $000	2013 $000
Current		
Employee benefits		
Recreation leave	239	214
Leave loading	50	37
Other employee benefits	12	5
Other current provisions		
Provision for dividend	3 915	5 484
Provision for fringe benefits tax	5	-
Provision for superannuation	65	116
Provision for payroll tax	28	27
Provision for workers compensation premium	6	6
	4 320	**5 889**
Non-Current		
Employee benefits		
Recreation leave	164	166
	164	**166**
Total Provisions	**4 484**	**6 055**
Reconciliations of Provisions		
Balance as at 1 July	5 483	5 666
Additional provisions recognised	3 915	5 483
Reductions arising from payments	(5 483)	(5 666)
Balance as at 30 June	**3 915**	**5 483**

NT Fleet employed 32 employees as at 30 Jun 2014 (33 employees as at 30 June 2013)

13. OTHER LIABILITIES

	2014 $000	2013 $000
Current		
Other liabilities	26	-
Total Other Liabilities	**26**	**-**

14. EQUITY

	2014 $000	2013 $000
Capital		
Balance as at 1 July	**503**	**503**
Equity Injections	-	-
Equity transfers in	-	-
Balance as at 30 June	**503**	**503**
Accumulated Funds		
Balance as at 1 July	**100 859**	**95 376**
Surplus for the period	7 831	10 966
Dividends payable	(3 915)	(5 483)
Balance as at 30 June	**104 775**	**100 859**
Total Equity	**105 278**	**101 362**

15. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of Cash

The total of NT Fleet 'Cash and Deposits' of $24.14 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

	2014 $000	2013 $000
Net Surplus/(Deficit)	7 831	10 966
Non-cash items:		
Depreciation and amortisation	16 767	23 820
(Gain)/Loss on disposal of assets	(2 964)	(5 247)
Changes in assets and liabilities:		
Decrease/(Increase) in receivables	(550)	1 142
Decrease/(Increase) in prepayments	13	(22)
(Decrease)/Increase in payables	441	(153)
(Decrease)/Increase in provision for employee benefits	41	(30)
(Decrease)/Increase in other provisions	(1 387)	(162)
(Decrease)/Increase in deferred income	26	(26)
Net Cash from Operating Activities	**20 218**	**30 288**

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 and payables. NT Fleet has limited exposure to financial risks as discussed below.

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

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

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

a) Categorisation of Financial Instruments

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

	2014 $000	2013 $000
Financial Assets		
Cash and deposits	24 143	18 746
Receivables	1 423	874
Financial Liabilities		
Payables	1 184	736

NT FLEET

b) Credit Risk

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

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

Receivables

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

Internal Receivables	Aging of Receivables $000	Aging of Impaired Receivables $000	Net Receivables $000
2013-14			
Not overdue	65	-	65
Overdue for less than 30 days	10	-	10
Overdue for 30 to 60 days	-	-	-
Overdue for more than 60 days	-	-	-
Total	**75**	**-**	**75**
2012-13			
Not overdue	47	-	47
Overdue for less than 30 days	38	-	38
Overdue for 30 to 60 days	8	-	8
Overdue for more than 60 days	-	-	-
Total	**93**	**-**	**93**

External Receivables	Aging of Receivables $000	Aging of Impaired Receivables $000	Net Receivables $000
2013-14			
Not overdue	2	-	2
Overdue for less than 30 days	64	-	64
Overdue for 30 to 60 days	-	-	-
Overdue for more than 60 days	-	-	-
Total	**66**	**-**	**66**
2012-13			
Not overdue	8	-	8
Overdue for less than 30 days	-	-	-
Overdue for 30 to 60 days	-	-	-
Overdue for more than 60 days	-	-	-
Total	**8**	**-**	**8**

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 2014 is 3.1. It also has sufficient fixed assets (passenger vehicles) which can be disposed off at short notice and/or the option of delaying the purchase of new assets which can easily be applied to meet fluctuations in short term liquidity.

The following tables detail 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.

2014 Maturity analysis for financial assets and liabilities

	Interest Bearing						
	Fixed or Variable	Less than a Year $000	1 to 5 Years $000	More than 5 Years $000	Non Interest Bearing $000	Total $000	Weighted Average %
Assets							
Cash and deposits		24 127			16	24 143	2.25
Receivables					1 423	1 423	
Total Financial Assets		**24 127**			**1 439**	**25 566**	
Liabilities							
Payables					1 184	1 184	
Total Financial Liabilities					**1 184**	**1 184**	

2013 Maturity analysis for financial assets and liabilities

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

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.

NT FLEET

(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 2014 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.

	2014 $000	2013 $000
Variable rate instruments		
Financial Assets	24 127	18 743
Total	**24 127**	**18 743**

Market Sensitivity Analysis

Changes in the variable rates of 100 basis points (1%) 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
30 June 2014		
Financial assets - cash at bank	241	(241)
Net Sensitivity	**241**	**(241)**
30 June 2013		
Financial assets – cash at bank	187	(187)
Net Sensitivity	**187**	**(187)**

(ii) Price Risk

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

(iii) Currency Risk

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

e) Net Fair Value

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

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

2014	Total Carrying Amount $000	Net Fair Value Level 1 $000	Net Fair Value Level 2 $000	Net Fair Value Level 3 $000	Net Fair Value Total $000
Financial Assets					
Cash and deposits	24 143	24 143			24 143
Receivables	1 423	1 423			1 423
Total Financial Assets	**25 566**	**25 566**			**25 566**
Financial Liabilities					
Payables	1 184	1 184			1 184
Total Financial Liabilities	**1 184**	**1 184**			**1 184**

2013	Total Carrying Amount $000	Net Fair Value Level 1 $000	Net Fair Value Level 2 $000	Net Fair Value Level 3 $000	Net Fair Value Total $000
Financial Assets					
Cash and deposits	18 746	18 746			18 746
Receivables	874	874			874
Total Financial Assets	**19 620**	**19 620**			**19 620**
Financial Liabilities					
Payables	736	736			736
Total Financial Liabilities	**736**	**736**			**736**

There were no changes in valuation techniques during the period.

17. COMMITMENTS

(i) Capital Expenditure Commitments

Capital expenditure commitments primarily related to acquisitions of fleet vehicles. Capital expenditure commitments contracted for at balance date but not recognised as liabilities are payable as follows:

	2014		2013	
	Internal $000	External $000	Internal $000	External $000
Within one year		8 006		5 118
Later than one year and not later than five years				
Later than five years				
		8 006		**5 118**

(ii) Operating Lease Commitments

NT Fleet leases photocopiers under operating leases which generally provide NT Fleet with a right of renewal at which time all lease terms are renegotiated. Future operating lease commitments not recognised as liabilities are payable as follows:

	2014		2013	
	Internal $000	External $000	Internal $000	External $000
Within one year		10		9
Later than one year and not later than five years		12		10
Later than five years				
		22		**19**

(iii) Other Expenditure Commitments

Other non-cancellable expenditure commitments (office property leases and service agreements with NTG agencies) not recognised as liabilities are payable as follows:

	2014		2013	
	Internal $000	External $000	Internal $000	External $000
Within one year	1 317		975	
Later than one year and not later than five years	4 117		3 900	
Later than five years				
	5 434		**4 875**	

18. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

NT Fleet had no contingent liabilities or contingent assets as at 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 for the year ended 30 June 2014.

GOVERNMENT PRINTING OFFICE

FINANCIAL STATEMENT OVERVIEW

for the year ended 30 June 2014

Following a review of printing services, the Northern Territory Government announced in December 2013 that it would move to fully source its printing requirements from the private sector, with the Government Printing Office (GPO) to cease to operate by 30 June 2014. The financial performance for the GPO for the 2013-14 year should be read in this context.

FINANCIAL PERFORMANCE

The GPO recorded a $2.7 million deficit in 2013-14 which was $1.9 million higher than the deficit for 2012-13. The main reasons for the deficit relate to:

- reduced income from printing services due to significantly lower agency demand and commencing transition of services to the private sector
- losses on sales of assets arising from asset disposals by tender and auction as part of cessation activities
- increase in expenses relating to the finalisation of staff entitlements, including those who took voluntary redundancy payments.

Table 1: 2013-14 Budget versus Actual Performance

	Actual $000		Budget $000		Variation $000	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Income	3 304	4 718	2 524	5 733	780	(1 015)
Expenses	5 980	5 479	5 225	5 943	(755)	464
Deficit	**(2 676)**	**(761)**	**(2 701)**	**(210)**	**25**	**(551)**
Other comprehensive income	758	-	-	-	758	-
Comprehensive Result	**(1 918)**	**(761)**	**(2 701)**	**(210)**	**783**	**(551)**

Income

The GPO was primarily funded by goods and services income derived from printing services delivered to NT Government agencies. Income decreased by $1.4 million from the prior year, predominantly due to a large decrease in the sale of goods and services ($1.2 million) and a loss on the sale of all assets ($0.2 million).

Table 2: Income by Category

	Printing		Interest		Miscellaneous		Asset Sales		Total	
Year	**$000**	**%**	**$000**	**%**	**$000**	**%**	**$000**	**%**	**$000**	**%**
2013-14	3 498	105.9	24	0.7	10	0.3	(228)	(6.9)	3 304	100
2012-13	4 647	98.5	58	1.2	13	0.3	-	-	4 718	100
2011-12	5 546	96.0	115	2.0	21	0.4	94	1.6	5 776	100

GOVERNMENT PRINTING OFFICE

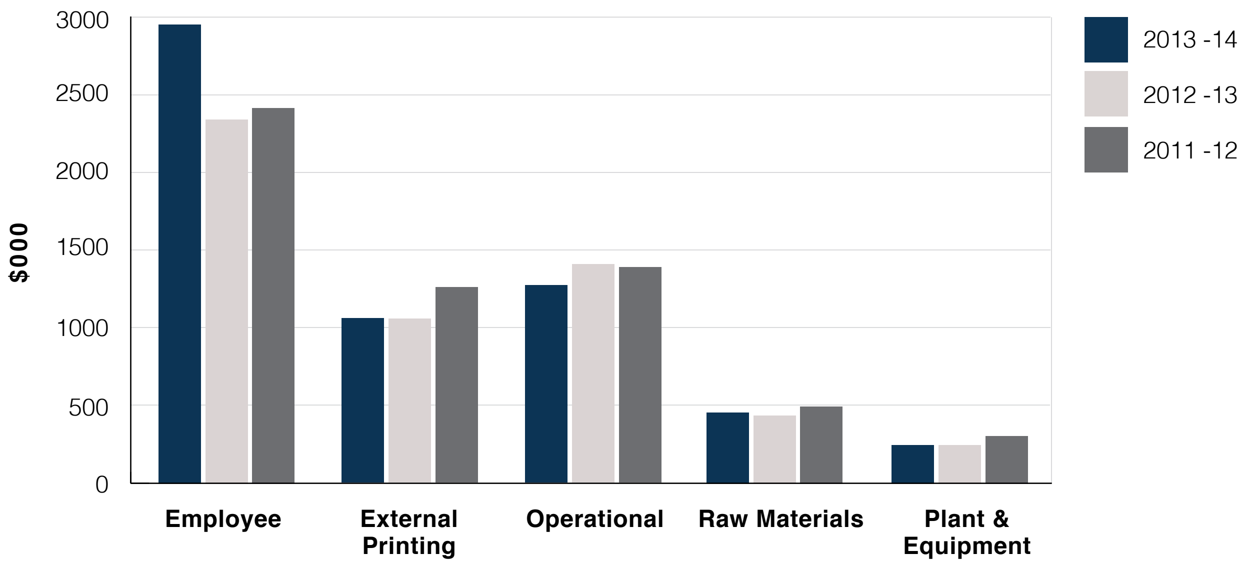
Expenses

Expenses increased by $0.5 million from the previous year with employee costs being the largest expense category predominantly due to the redundancy payments.

Table 3: Expenses by Category

	Employee		External Printing		Operational		Raw Materials		Plant & Equipment		Total	
Year	**$000**	**%**	**$000**	**%**	**$000**	**%**	**$000**	**%**	**$000**	**%**	**$000**	**%**
2013-14	2 949	49.3	1 055	17.6	1 268	21.2	458	7.7	250	4.2	5 980	100
2012-13	2 341	42.7	1 052	19.2	1 401	25.6	437	8.0	248	4.5	5 479	100
2011-12	2 413	41.3	1 253	21.4	1 382	23.6	495	8.5	307	5.2	5 850	100

Figure 1: Expenses by Category



GOVERNMENT PRINTING OFFICE

FINANCIAL POSITION

The GPO required an equity injection from its parent agency (the Department of Corporate and Information Services) of $0.76 million to meet the difference between assets and liabilities as at 30 June 2014.

The GPO had no assets and liabilities at 30 June 2014 as all assets were sold and liabilities were paid prior to the year-end.

GOVERNMENT PRINTING OFFICE
FINANCIAL REPORT

CERTIFICATION OF THE FINANCIAL STATEMENTS

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

We further state that the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2014 and the financial position on that date.

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

K Robinson

Kathleen Robinson

CHIEF EXECUTIVE

11 **September 2014**

Rex Schoolmeester

CHIEF FINANCE OFFICER

9 **September 2014**

Auditor-General

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

Government Printing Office

I have audited the accompanying financial report of Government Printing Office which comprises the balance sheet as at 30 June 2014, 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 Government Printing Office as at 30 June 2014, 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 2014

COMPREHENSIVE OPERATING STATEMENT
for the year ended 30 June 2014

	Note	2014 $000	2013 $000
INCOME			
Sales of goods and services		3 498	4 647
Interest revenue		24	58
Other income		10	13
Gain/(loss) on disposal of assets	3	(228)	-
TOTAL INCOME		**3 304**	**4 718**
EXPENSES			
Employee expenses		2 949	2 341
Administrative expenses			
Purchases of goods and services	4	2 918	2 995
Depreciation	8	113	143
TOTAL EXPENSES		**5 980**	**5 479**
NET SURPLUS/(DEFICIT)	12	**(2 676)**	**(761)**
OTHER COMPREHENSIVE INCOME			
Transfer from reserves		758	
TOTAL OTHER COMPREHENSIVE INCOME		**758**	
COMPREHENSIVE RESULT		**(1 918)**	**(761)**

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

BALANCE SHEET

as at 30 June 2014

	Note	2014 $000	2013 $000
ASSETS			
Current Assets			
Cash and deposits	5	-	1 711
Receivables	6	-	430
Inventories	7	-	154
Prepayments		-	36
Total Current Assets		**-**	**2 331**
Non-Current Assets			
Property, plant and equipment	8	-	806
Total Non-Current Assets		**-**	**806**
TOTAL ASSETS		**-**	**3 137**
LIABILITIES			
Current Liabilities			
Payables	9	-	261
Provisions	10	-	344
Other liabilities	11	-	109
Total Current Liabilities		**-**	**714**
Non-Current Liabilities			
Provisions	10	-	132
Total Non-Current Liabilities		**-**	**132**
TOTAL LIABILITIES		**-**	**846**
NET ASSETS		**-**	**2 291**
EQUITY			
Capital		-	373
Accumulated funds		-	1 918
TOTAL EQUITY	**12**	**-**	**2 291**

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 2014

	Note	Equity at 1 July $000	Comprehensive result $000	Transactions with owners in their capacity as owners $000	Equity at 30 June $000
2013-14					
Accumulated Funds		1 918	(2 676)	-	(758)
Transfers from reserve		-	758	-	758
	12	**1 918**	**(1 918)**	**-**	**0**
Capital – Transactions with Owners		373	-	-	373
Equity injections					
Other equity injections		-	-	385	385
Equity withdrawals					
Capital withdrawal		-	-	-	-
Equity transfers out		-	-	(758)	(758)
	12	**373**	**0**	**(373)**	**0**
Total Equity at End of Financial Year		**2 291**	**(1 918)**	**(373)**	**-**
2012-13					
Accumulated Funds		2 679	(761)	-	1 918
Other movements directly to equity		-	-	-	-
	12	**2 679**	**(761)**	**-**	**1 918**
Capital – Transactions with Owners		373			373
Equity injections		-	-	-	-
	12	**373**	**-**	**-**	**-**
Total Equity at End of Financial Year		**3 052**	**(761)**	**-**	**2 291**

GOVERNMENT PRINTING OFFICE

CASH FLOW STATEMENT
for the year ended 30 June 2014

	Note	2014 $000	2013 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Receipts			
Receipts from sales of goods and services		3 942	4 813
GST Receipts		(7 229)	465
Interest received		27	61
Total Operating Receipts		**(3 260)**	**5 339**
Operating Payments			
Payments to employees		3 474	2 456
Payments for goods and services		2 940	2 983
GST Payments		(7113)	465
Income Tax Paid		-	-
Total Operating Payments		**(699)**	**5 904**
Net Cash From/(Used in) Operating Activities	13	**(2 561)**	**(565)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing Receipts			
Proceeds from asset sales	3	465	-
Total Investing Receipts		**465**	**-**
Net Cash From/(Used in) Investing Activities		**465**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing Receipts			
Equity injections		385	-
Total Financing Receipts		**385**	**-**
Net Cash From/(Used in) Financing Activities		**385**	**-**
Net increase/(decrease) in cash held		(1 711)	(565)
Cash at beginning of financial year		1 711	2 276
CASH AT END OF FINANCIAL YEAR	5	**0**	**1 711**

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

GOVERNMENT PRINTING OFFICE

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

INDEX OF NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

1. OBJECTIVES AND FUNDING

In 2013-14 the GPO operated as a Government Business Division and delivered printing and publishing services to Northern Territory Government agencies.

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

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements have been prepared in accordance with the requirements of the *Financial Management Act* and related Treasurer's Directions. The *Financial Management Act* requires the GPO to prepare financial statements for the year ended 30 June based on the form determined by the Treasurer. The form of GPO 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 GPO 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 13 Fair Value Measurement, AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]

AASB 13 replaces the guidance on fair value measurement in existing AASB accounting literature with a single standard. It clarifies the definition of fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. With some exceptions, the standard requires entities to classify these measurements into a fair value hierarchy based on the nature of the inputs. Additional disclosures following from the standard are included in the notes to the financial statements.

AASB 119 Employee Benefits (2011), AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]

AASB 119 amends the definition of short-term employee benefits and the accounting for defined benefit superannuation obligations. The standards do not impact the financial statements.

AASB CF 2013-1 Amendments to the Australian Conceptual Framework, AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments

AASB CF 2013-1 incorporates Chapters 1 and 3 of the IASB's *Conceptual Framework for Financial Reporting* into the AASB *Framework for the Preparation and Presentation of Financial Statements*. It also withdraws SAC 2 Objective of General Purpose Financial Reporting. The standards do not impact the financial statements.

AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7)

The standard amends AASB 7 *Financial Instruments: Disclosures* to require an entity to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. The standard does not impact the financial statements.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, 101, 116, 132 & 134 and Interpretation 2]

The standard amends a number of pronouncements as a result of the 2009-2011 annual improvements cycle. In particular, amendments to AASB 101 *Presentation of Financial Statements* clarify requirements for comparative information, and amendments to AASB 116 *Property, Plant and Equipment* clarify classification of servicing equipment. 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 *Financial Instruments (Dec 2010)*, AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (Dec 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]*, AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures* [AASB 9, 2009-11, 2010-7, 2011-7 & 2011-8], AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*	AASB 9 incorporates revised requirements for the classification and measurement of financial instruments resulting from the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement* (AASB 139 *Financial Instruments: Recognition and Measurement).*	1 Jan 2017	Nil impact to financial statements and disclosures

c) Agency and Territory Items

The financial statements of GPO include income, expenses, assets, liabilities and equity over which GPO has control (Agency items). Certain items, while managed by GPO, are controlled and recorded by the Territory rather than GPO (Territory items).

Central Holding Authority

GPO held no Territory items.

d) Comparatives

Where necessary, comparative information for the 2012-13 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 2013-14 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 10: Non-current liabilities in respect of employee benefits are measured as the present value of estimated future cash outflows based on the appropriate government bond rate, estimates of future salary and wage levels and employee periods of service.
- Contingent Liabilities – Note 16: The present value of material quantifiable contingent liabilities are calculated using a discount rate based on the published 10-year government bond rate.
- Allowance for Impairment Losses – Note 2(p), Note 6: Receivables and Note 14: Financial Instruments.
- Depreciation and Amortisation – Note 2(k), Note 8: Property, Plant and Equipment.

h) Goods and Services Tax

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

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

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

i) Income Recognition

Income encompasses both revenue and gains.

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

Sale of Goods

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

- the significant risks and rewards of ownership of the goods have transferred to the buyer;
- 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.

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 GPO 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:

	2014	2013
Plant and Equipment	0 years	2-20 years
Computer Hardware and Software	0 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.

l) Interest Expense

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

m) Taxation

The Government Printing Office 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.

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

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

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

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

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

Accounts receivable 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 below. Items of property, plant and equipment below the $10 000 threshold are expensed in the year of acquisition.

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

Complex Assets

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

Subsequent Additional Costs

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

Construction (Work in Progress)

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

r) Revaluations and Impairment

Revaluation of Assets

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

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

Impairment of Assets

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

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

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

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

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

Operating Leases

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

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 GPO. 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 GPO and as such no long service leave liability is recognised in GPO's 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.

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

x) Contributions by and Distributions to Government

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

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

y) Dividends

If the GPO returns a net profit after tax then a dividend of 50% is payable at the rate of 50% of net profit after tax in accordance with the NT Government's dividend policy. No dividend is payable for the 2013-14 financial year.

z) Commitments

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

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

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 GPO 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 and TIO 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 (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.

Derivatives

GPO enters into a variety of derivative financial instruments to manage its exposure to interest rate risk. GPO 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.

Netting of Swap Transactions

GPO, 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 14 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 GPO 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.

	2014 $000	2013 $000
3. LOSS ON DISPOSAL OF ASSETS		
Net proceeds from the disposal of non-current assets	465	-
Less: Carrying value of non-current assets disposed	(693)	-
Gain/(loss) on the disposal of non-current assets	**(228)**	**-**

4. PURCHASES OF GOODS AND SERVICES

The net surplus/(deficit) has been arrived at after charging the following expenses:

	2014 $000	2013 $000
Goods and Services Expenses:		
Advertising	31	-
Recruitment	-	1
Training and study	14	5
Official duty fares	2	3
Travelling allowance	1	2
Audit fees	16	25
Corporate support from other Agencies	154	181

5. CASH AND DEPOSITS

	2014 $000	2013 $000
Cash on hand	-	2
Cash at bank	-	1 709
	-	**1 711**

6. RECEIVABLES

	2014 $000	2013 $000
Current		
Accounts receivable	-	383
Interest receivables	-	3
Other receivables	-	44
Total Receivables	**-**	**430**

7. INVENTORIES

	2014 $000	2013 $000
General Inventories		
At cost	-	128
Work in Progress		
At cost	-	26
Total Inventories		**154**

8. PROPERTY, PLANT AND EQUIPMENT

	2014 $000	2013 $000
Plant and Equipment		
At fair value	-	4 376
Less: Accumulated depreciation	-	(3 570)
Total Property, Plant and Equipment	**-**	**806**

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:

	Plant & Equipment $000	Computer Software $000	Computer Hardware $000	Total $000
Carrying Amount as at 1 July 2013	806	-	-	806
Additions	-	-	-	-
Disposals	(693)	-	-	(693)
Depreciation	(113)	-	-	(113)
Carrying Amount as at 30 June 2014	**-**	**-**	**-**	**-**

2013 Property, Plant and Equipment Reconciliations

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

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

9. PAYABLES

	2014 $000	2013 $000
Accounts payable	-	90
Accrued expenses	-	171
Total Payables	**-**	**261**

10. PROVISIONS

Current		
Employee benefits		
Recreation leave	-	199
Leave loading	-	43
Recreation leave fares	-	42
Other current provisions		
Provision for fringe benefits tax	-	3
Provision for payroll tax	-	7
Provision for superannuation	-	50
	-	**344**
Non-Current		
Employee benefits		
Recreation leave	-	132
Total Non-current	**-**	**132**
Total Provisions	**-**	**476**

11. OTHER LIABILITIES

	2014 $000	2013 $000
Current		
Deferred income	-	109
Total Other Liabilities	**-**	**109**

12. EQUITY

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

Capital	2014 $000	2013 $000
Balance as at 1 July	**373**	**373**
Equity injections		
Equity transfers In	385	-
Equity withdrawals		
Equity transfers out	(758)	-
Balance as at 30 June	**-**	**373**
Accumulated Funds		
Balance as at 1 July	**1 918**	**2 679**
Deficit for the period	(2676)	(761)
Transfer from reserves	758	-
Balance as at 30 June	**-**	**1 918**
Total Equity	**-**	**2 291**

13. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of Cash

The total of GPO's 'Cash and deposits' of $ nil 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

	2014 $000	2013 $000
Net Surplus/(Deficit)	(2 676)	(761)
Non-cash items:		
Depreciation and amortisation	113	143
Loss on disposal of assets	228	-
Changes in assets and liabilities:		
Decrease/(Increase) in receivables	383	67
Decrease/(Increase) in interest receivable	3	3
Decrease/(Increase) in inventories	154	71
Decrease/(Increase) in prepayments	36	9
Decrease/(Increase) in accrued revenue	44	42
(Decrease)/Increase in payables	(261)	(76)
(Decrease)/Increase in provision for employee benefits	(416)	(90)
(Decrease)/Increase in other provisions	(60)	(18)
(Decrease)/Increase in deferred income	(109)	45
Net Cash from Operating Activities	**(2561)**	**(565)**

14. FINANCIAL INSTRUMENTS

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

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

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

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

a) Categorisation of Financial Instruments

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

	2014 $000	2013 $000
Financial Assets		
Cash and deposits	-	1 711
Receivables	-	430
Financial Liabilities		
Payables	-	261

b) Credit Risk

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

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

Receivables

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

Internal Receivables	Aging of Receivables $000	Aging of Impaired Receivables $000	Net Receivables $000
2013-14			
Not overdue	-	-	-
Overdue for less than 30 days	-	-	-
Overdue for 30 to 60 days	-	-	-
Overdue for more than 60 days	-	-	-
Total	**-**	**-**	**-**

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

External Receivables	Aging of Receivables $000	Aging of Impaired Receivables $000	Net Receivables $000
2013-14			
Not overdue	-	-	-
Overdue for less than 30 days	-	-	-
Overdue for 30 to 60 days	-	-	-
Overdue for more than 60 days	-	-	-
Total	**-**	**-**	**-**
2012-13			
Not overdue	1	-	1
Overdue for less than 30 days	2	-	2
Overdue for 30 to 60 days	-	-	-
Overdue for more than 60 days	-	-	-
Total	**3**		**3**

c) Liquidity Risk

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

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

2014 Maturity analysis for financial assets and liabilities

	Interest Bearing						
	Variable Interest	Less than a Year $000	1 to 5 Years $000	More than 5 Years $000	Non Interest Bearing $000	Total $000	Weighted Average %
Assets							
Cash and deposits	-	-	-	-	-	-	
Receivables	-	-	-	-	-	-	
Total Financial Assets	**-**	**-**	**-**	**-**	**-**	**-**	
Liabilities							
Payables	-	-	-	-	-	-	
Total Financial Liabilities	**-**	**-**	**-**	**-**	**-**	**-**	

GOVERNMENT PRINTING OFFICE

2013 Maturity analysis for financial assets and liabilities

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

d) Market Risk

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

(i) Interest Rate Risk

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

	2014 $000	2013 $000
Variable rate instruments		
Cash	-	1 711
Total	**-**	**1 711**

Market Sensitivity Analysis

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

	Profit or Loss and Equity	
	100 basis points increase $000	100 basis points decrease $000
30 June 2014		
Financial assets – cash at bank	-	-
Net Sensitivity	**-**	**-**
30 June 2013		
Financial assets – cash at bank	20	(20)
Net Sensitivity	**20**	**20**

(ii) Price Risk

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

(iii) Currency Risk

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

e) Net Fair Value

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

2014	Total Carrying Amount $000	Net Fair Value Level 1 $000	Net Fair Value Level 2 $000	Net Fair Value Level 3 $000	Net Fair Value Total $000
Financial Assets					
Cash and deposits	-	-	-	-	-
Receivables	-	-	-	-	-
Total Financial Assets	**-**	**-**	**-**	**-**	**-**
Financial Liabilities					
Deposits held	-	-	-	-	-
Payables	-	-	-	-	-
Total Financial Liabilities	**-**	**-**	**-**	**-**	**-**

2013	Total Carrying Amount $000	Net Fair Value Level 1 $000	Net Fair Value Level 2 $000	Net Fair Value Level 3 $000	Net Fair Value Total $000
Financial Assets					
Cash and deposits	1 711	1 711	-	-	1 711
Receivables	430	430	-	-	430
Total Financial Assets	**2 141**	**2 141**	**-**	**-**	**2 141**
Financial Liabilities					
Payables	90	90	-	-	90
Other Payables	171	171	-	-	171
Total Financial Liabilities	**261**	**261**	**-**	**-**	**261**

The net fair value of current financial assets and liabilities 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.

15. COMMITMENTS

(i) Operating Lease Commitments

The GPO paid out all operating lease commitments as at 30 June 2014.

	2014		2013	
	Internal $000	External $000	Internal $000	External $000
Within one year	-	-	-	89
Later than one year and not later than five years	-	-	-	-
	-	**-**	**-**	**89**

(ii) Other Expenditure Commitments

Other non-cancellable expenditure commitments not recognised as liabilities are payable as follows:

	2014		2013	
	Internal $000	External $000	Internal $000	External $000
Within one year	-	-	-	45
	-	**-**	**-**	**45**

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

GPO had no contingent liabilities or contingent assets as at 30 June 2014.

17. EVENTS SUBSEQUENT TO BALANCE DATE

There are no known subsequent events to balance date known.

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

There were no write-offs, postponements, waivers, gifts or ex-gratia payments during the year ended 30 June 2014.

DATA CENTRE SERVICES

FINANCIAL STATEMENT OVERVIEW

for the year ended 30 June 2014

FINANCIAL PERFORMANCE

Data Centre Services (DCS) achieved an operating result for 2013-14 of $3.2 million after tax in line with budget expectations and increased by $0.3 million from 2012-13 following the establishment of a new business line ‘Application Development Services’.

Mainframe service efficiencies and economies of scale allowed DCS to offer storage solutions at a lower unit price. Lower than expected growth in 2013-14 combined with a lower unit price for storage largely contributed to DCS achieving just under budgeted revenue estimates. However, DCS contained expenditure in line with the demand for services to ensure minimal impact on the financial performance result.

DCS has recognised income tax of $1.4 million and will return a dividend of $1.6 million to government for 2013-14.

Table 1: 2013-14 Budget and Actual Performance

	Actual $000		Budget $000		Variation $000	
	2014	2013	2014	2013	2014	2013
Income	27 660	26 664	28 218	26 695	(558)	(31)
Expenses	23 146	22 515	23 743	21 731	597	(784)
Net Surplus before Tax	**4 514**	**4 149**	**4 475**	**4 964**	**39**	**(815)**
Income Tax Expense	1 354	1 245	1 343	1 489	(11)	244
Net Surplus after Tax	**3 160**	**2 904**	**3 132**	**3 475**	**28**	**(571)**
Other Comprehensive Income	(3)	-	-	-	(3)	-
Comprehensive Result	**3 157**	**2 904**	**3 132**	**3 475**	**25**	**(571)**

Income

DCS’ primary income source is 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 2 below, represent 98.9% of DCS’ total income, with the remainder made up of interest and other miscellaneous income.

Table 2: Income by Category

	Goods and Services		Interest		Other Income		Total	
Year	**$000**	**%**	**$000**	**%**	**$000**	**%**	**$000**	**%**
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
2011-12	25 135	98.7	333	1.3	6	-	25 474	100

DATA CENTRE SERVICES

Midrange Services and Data Centre Operations have maintained year-on-year income growth. Application Development Services is now contributing to DCS revenues with $1.8 million for 2013-14, representing a 6.5% share of total revenues. A unit price reduction for enterprise storage solutions and lower than expected growth contributed to a slight fall in Enterprise Storage revenues.

Table 3: Income by Business Function

	Mainframe		Midrange		Enterprise Storage		Data Centre Operations		IT Security Management		Application Development		Total	
Year	**$000**	**%**	**$000**	**%**	**$000**	**%**	**$000**	**%**	**$000**	**%**	**$000**	**%**	**$000**	**%**
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
2011-12	11 255	44.2	6 881	27.0	3 108	12.2	1 872	7.3	2 358	9.3	-	-	25 474	100

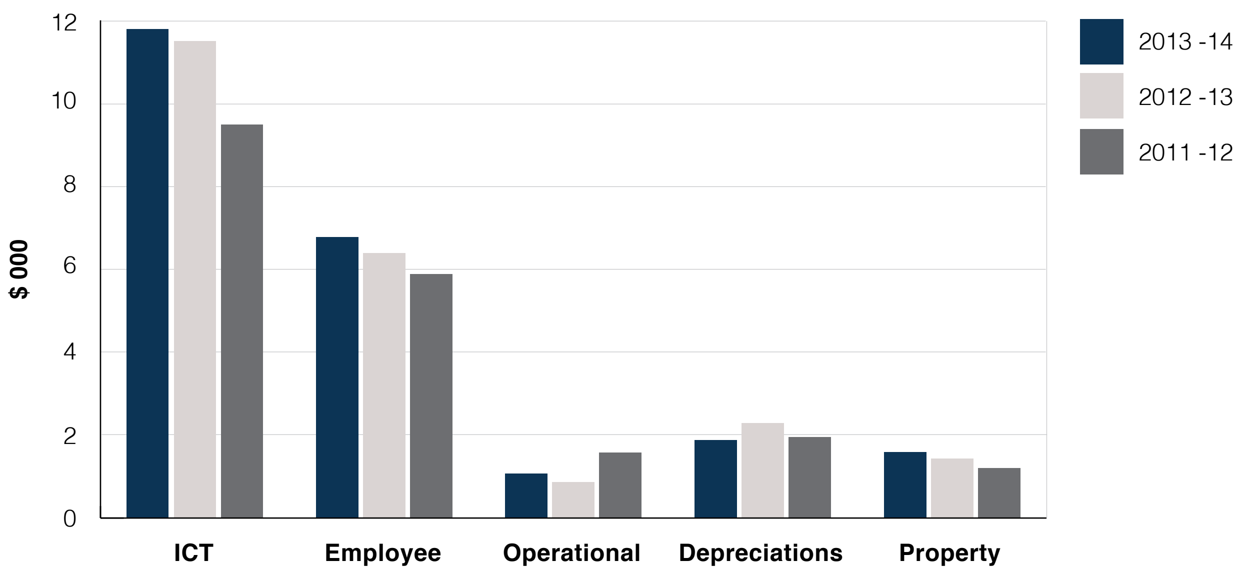
Expenses by Category

DCS incurs the majority of its expenditure on ICT related expenses for hardware, software and specialist IT contractors. Employee expenses is the second largest expense category. Compared to the previous year all expense categories increased in amounts, except for depreciation. Depreciation expense decreased in 2013-14 as a result of ePASS2 and mainframe modernisation software being fully depreciated and no longer incurring depreciation expense.

Table 4: Expenses by Category

	ICT		Employee		Operational		Depreciation		Property		Total	
Year	**$000**	**%**	**$000**	**%**	**$000**	**%**	**$000**	**%**	**$000**	**%**	**$000**	**%**
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
2011-12	9 482	47.1	5 889	29.2	1 587	7.9	1 965	9.8	1 218	6.0	20 141	100

Figure 1: Expenses by Category



Expenses by Business Function

Cost efficiencies were achieved in the Midrange and IT Security Management functions in 2013-14, and costs for the Application Development Services business line are now reflected. Table 5 refers.

Table 5: Expenses by Business Function

	Mainframe		Midrange		Enterprise Storage		Data Centre Operations		IT Security Management		Application Development		Total	
Year	**$000**	**%**	**$000**	**%**	**$000**	**%**	**$000**	**%**	**$000**	**%**	**$000**	**%**	**$000**	**%**
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
2011-12	7 152	35.5	5 085	25.3	1 183	5.9	4 093	20.3	2 628	13.0	-	-	20 141	100

FINANCIAL POSITION

DCS successfully completed a major investment to improve the resilience of the data centre in 2013-14 with a $1.6 million upgrade to a higher capacity backup generator.

DCS has maintained its strong financial position in 2013-14 with net assets totalling $17.7 million, an overall increase of $1.8 million from the previous year.

The main movements in assets include a $1.9 million increase in property, plant and equipment balance, primarily due to the acquisition of a new backup generator.

DATA CENTRE SERVICES
FINANCIAL REPORT

CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached financial statements for the 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 2014 and the financial position on that date.

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

K Robinson

Kathleen Robinson

CHIEF EXECUTIVE

11 **September 2014**

Rex Schoolmeester

CHIEF FINANCIAL OFFICER

9 **September 2014**

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 2014, 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 2014, 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 2014

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

COMPREHENSIVE OPERATING STATEMENT

for the year ended 30 June 2014

	Note	2014 $000	2013 $000
INCOME			
Sales of goods and services		27 343	26 378
Interest revenue		276	281
Miscellaneous income		41	5
TOTAL INCOME		**27 660**	**26 664**
EXPENSES			
Employee expenses		6 782	6 393
Administrative expenses			
Purchases of goods and services	3	14 403	13 814
Depreciation and amortisation	7	1 897	2 299
Other administrative expenses	7	64	9
TOTAL EXPENSES		**23 146**	**22 515**
SURPLUS/(DEFICIT) BEFORE INCOME TAX		**4 514**	**4 149**
Income tax expense	4	1 354	1 245
NET SURPLUS/ (DEFICIT)		**3 160**	**2 904**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to net surplus/deficit			
Changes in accounting policies		-	-
Correction of prior period errors		-	-
Transfers from reserves		(3)	-
TOTAL OTHER COMPREHENSIVE INCOME		**(3)**	**-**
COMPREHENSIVE RESULT		**3 157**	**2 904**

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

BALANCE SHEET
as at 30 June 2014

	Note	2014 $000	2013 $000
ASSETS			
Current Assets			
Cash and deposits	5	12 463	12 527
Receivables	6	3 392	3 040
Prepayments		2 245	2 203
Total Current Assets		**18 100**	**17 770**
Non-Current Assets			
Property, plant and equipment	7	5 057	3 140
Total Non-Current Assets		**5 057**	**3 140**
TOTAL ASSETS		**23 157**	**20 910**
LIABILITIES			
Current Liabilities			
Payables	9	1 035	1 000
Income tax liabilities	10	1 354	1 245
Provisions	11	2 386	2 210
Other liabilities	12	149	75
Total Current Liabilities		**4 924**	**4 530**
Non-Current Liabilities			
Provisions	11	504	467
Total Non-Current Liabilities		**504**	**467**
TOTAL LIABILITIES		**5 428**	**4 997**
NET ASSETS		**17 729**	**15 913**
EQUITY			
Capital	13	1 266	1 026
Accumulated funds		16 463	14 887
TOTAL EQUITY		**17 729**	**15 913**

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 2014

	Note	Equity at 1 July $000	Comprehensive result $000	Transactions with owners in their capacity as owners $000	Equity at 30 June $000
2013-14					
Accumulated Funds	13	14 887	3 159	-	18 046
Dividends payable		-	-	(1 580)	(1 580)
Transfers from reserves		-	(3)	-	(3)
		14 887	3 156	(1 580)	16 463
Capital – Transactions with Owners	13	1 026	-	-	1 026
Capital appropriation		-	-	-	-
Equity transfers in		-	-	240	240
		1 026	-	240	1 266
Total Equity at End of Financial Year		**15 913**	**3 156**	**(1 340)**	**17 729**
2012-13					
Accumulated Funds		13 435	2 904	-	16 339
Dividends payable		-	-	(1 452)	(1 452)
Other movements directly to equity		-	-	-	-
	13	13 435	2 904	(1 452)	14 887
Capital – Transactions with Owners		944	-	-	944
Capital appropriation		-	-	-	-
Equity transfers in		-	-	82	82
	13	944	-	82	1 026
Total Equity at End of Financial Year		**14 379**	**2 904**	**(1 370)**	**15 913**

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 2014

	Note	2014 $000	2013 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Receipts			
Receipts from sales of goods and services		27 085	26 589
GST receipts		2 771	2 675
Interest received		278	278
Total Operating Receipts		**30 134**	**29 542**
Operating Payments			
Payments to employees		(6 671)	(6 216)
Payments for goods and services		(14 310)	(13 169)
GST payments		(2 753)	(2 809)
Income tax paid		(1 245)	(1 600)
Total Operating Payments		**(24 979)**	**(23 794)**
Net Cash From/(Used in) Operating Activities	14	**5 155**	**5 748**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing Payments			
Purchases of assets		(3 767)	(1 142)
Total Investing Payments		**(3 767)**	**(1 142)**
Net Cash From/(Used in) Investing Activities		**(3 767)**	**(1 142)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing Payments			
Dividends paid		(1 452)	(1 866)
Total Financing Payments		**(1 452)**	**(1 866)**
Net Cash From/(Used in) Financing Activities		**(1 452)**	**(1 866)**
Net increase/(decrease) in cash held		(64)	2 740
Cash at beginning of financial year		12 527	9 787
CASH AT END OF FINANCIAL YEAR	5	**12 463**	**12 527**

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 2014

INDEX OF NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

1. OBJECTIVES AND FUNDING

DCS delivers a range of information and communications technology 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 13 Fair Value Measurement, AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]

AASB 13 replaces the guidance on fair value measurement in existing AASB accounting literature with a single standard. It clarifies the definition of fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. With some exceptions, the standard requires entities to classify these measurements into a fair value hierarchy based on the nature of the inputs. Additional disclosures following from the standard are included in the notes to the financial statements.

AASB 119 Employee Benefits (2011), AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]

AASB 119 amends the definition of short-term employee benefits and the accounting for defined benefit superannuation obligations. The standards do not impact the financial statements.

AASB CF 2013-1 Amendments to the Australian Conceptual Framework, AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments

AASB CF 2013-1 incorporates Chapters 1 and 3 of the IASB's *Conceptual Framework for Financial Reporting* into the AASB *Framework for the Preparation and Presentation* of *Financial Statements*. It also withdraws SAC 2 Objective of General Purpose Financial Reporting. The standards do not impact the financial statements.

AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7)

The standard amends AASB 7 *Financial Instruments: Disclosures* to require an entity to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. The standard does not impact the financial statements.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, 101, 116, 132 & 134 and Interpretation 2]

The standard amends a number of pronouncements as a result of the 2009-2011 annual improvements cycle. In particular, amendments to AASB 101 *Presentation of Financial Statements* clarify requirements for comparative information, and amendments to AASB 116 *Property, Plant and Equipment* clarify classification of servicing equipment. 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 *Financial Instruments (Dec 2010)*, AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (Dec 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]*, AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, 2009-11, 2010-7, 2011-7 & 2011-8]*, AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*	AASB 9 incorporates revised requirements for the classification and measurement of financial instruments resulting from the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement* (AASB 139 *Financial Instruments: Recognition and Measurement).*	1 Jan 2017	Minimal impact to the disclosure notes.

Standard/Interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 10 *Consolidated Financial Statements,* AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17],* AASB 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12],* AASB 2013-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]*	Requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in AASB 127 *Consolidated and Separate Financial Statements.* AASB 2012-10 defers the mandatory application of AASB 10 *Consolidated Financial Statements* and related Standards to not-for-profit entities until annual reporting periods beginning on or after 1 January 2014. AASB 2013-8 assists not-for-profit entities to apply AASB 10 *Consolidated Financial Statements* and AASB 12 *Disclosure of Interests in Other Entities.*	1 Jan 2014	No Impact, standard not applicable to DCS
AASB 12 *Disclosure of Interests in Other Entities*	Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.	1 Jan 2014	No Impact, DCS holds no interest in other entities
AASB 1055 Budgetary Reporting	Sets out budgetary reporting requirements for not-for-profit entities within the General Government Sector.	1 July 2014	Minimal impact.
AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)*	Addresses inconsistencies in current practice when applying the offsetting criteria in AASB 132 *Financial Instruments: Presentation.*	1 Jan 2014	No impact, not applicable to DCS
AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*	Addresses disclosures about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.	1 Jan 2014	Minimal impact to the disclosure notes.

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

c) Agency and Territory Items

The financial statements of DCS include income, expenses, assets, liabilities and equity over which DCS has control (Agency items). Certain items, while managed by DCS, are controlled and recorded by the Territory rather than DCS (Territory items).

DCS held no Territory items.

d) Comparatives

Where necessary, comparative information for the 2012-13 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 2013-14 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: 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.
- Allowance for Impairment Losses – Note 2(n), Note 6: Receivables and Note 15: Financial Instruments.
- 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.

Disposal of Assets

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

Contributions of Assets

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

j) Repairs and Maintenance Expense

Costs associated with repairs and maintenance works on DCS' assets are expensed as incurred.

k) Depreciation and Amortisation Expense

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

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

	2014	2013
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 below. Items of property, plant and equipment below the $10 000 threshold are expensed in the year of acquisition.

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

Complex Assets

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

Subsequent Additional Costs

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

Construction (Work in Progress)

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

p) Revaluations and Impairment

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

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

Impairment of Assets

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

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

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

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

q) Leased Assets

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

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 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.

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' financial statements.

u) Contributions by and Distributions to Government

DCS may receive contributions from Government where the Government is acting as owner of the DCS. 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 NT 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 the agency becomes a party to the contractual provisions of the financial instrument. DCS' 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 and TIO 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

DCS enters 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.

Netting of Swap Transactions

DCS, 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.

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

	2014 $000	2013 $000
The net surplus/(deficit) has been arrived at after charging the following expenses:		
Goods and Services Expenses:		
Consultants [(1)]	5 751	4 853
Training and study	30	133
Official duty fares	3	2
Travelling allowance	3	2
Audit fees	18	20
Corporate support from other Agencies	518	528

(1) Includes marketing, promotion and IT consultants.

4. INCOME TAX EXPENSE

	2014 $000	2013 $000
Prima facie income tax expense calculated at 30% of the surplus before income tax	1 354	1 245
Total income tax expense	**1 354**	**1 245**

5. CASH AND DEPOSITS

	2014 $000	2013 $000
Cash at bank	12 463	12 527
	12 463	**12 527**

6. RECEIVABLES

	2014 $000	2013 $000
Current		
Accounts receivable	891	650
Less: Allowance for impairment losses	(9)	(8)
	882	**642**
Interest receivables	24	26
GST receivables	11	29
Other receivables	2 475	2 343
	2 510	**2 398**
Total Receivables	**3 392**	**3 040**

7. PROPERTY, PLANT AND EQUIPMENT

	2014 $000	2013 $000
Plant and Equipment		
At fair value	3 502	1 492
Less: Accumulated depreciation	(912)	(756)
	2 590	736
Computer Software		
At fair value	2 100	2 100
Less: Accumulated depreciation	(2 100)	(2 023)
	-	77
Computer Hardware		
At fair value	9 070	8 538
Less: Accumulated depreciation	(6 603)	(6 211)
	2 467	2 327
Total Property, Plant and Equipment	**5 057**	**3 140**

Impairment of Property, Plant and Equipment

DCS property, plant and equipment assets were assessed for impairment as at 30 June 2014. No impairment adjustments were required as a result of this review.

7. 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:

	Plant and Equipment $000	Computer Software $000	Computer Hardware $000	Total $000
Carrying Amount as at 1 July 2013	1 000	77	2 063	3 140
Additions	1 663	-	2 104	3 767
Impairment losses	(4)	-	-	(4)
Transfers In/Out	115	-	-	115
Depreciation/ Amortisation	(184)	(13)	(1 700)	(1 897)
Other movements (asset expenses/write off)		(64)		(64)
Carrying Amount as at 30 June 2014	**2 590**	**-**	**2 467**	**5 057**

2013 Property, Plant and Equipment Reconciliations

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

	Plant and Equipment $000	Computer Software $000	Computer Hardware $000	Total $000
Carrying Amount as at 1 July 2012	737	608	2 876	4 221
Additions	344	-	798	1 142
Impairment losses	-	-	-	-
Transfers In/Out	76	-	-	76
Depreciation/ Amortisation	(157)	(531)	(1 611)	(2 299)
Carrying Amount as at 30 June 2013	**1 000**	**77**	**2 063**	**3 140**

8. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

a) Fair Value Hierarchy

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

2014	Level 1 $000	Level 2 $000	Level 3 $000	Total Fair Value $000
Asset classes				
Plant and Equipment, Computer Hardware, Computer Software (Note 7)			5 057	5 057
Total			**5 057**	**5 057**

There were no transfers between Level 1 and Levels 2 or 3 during the period.

DATA CENTRE SERVICES

b) Valuation Techniques and Inputs

Valuation techniques used to measure fair value are:

Asset classes	Level 3 Techniques
Plant and Equipment, Computer Hardware, Computer Software (Note 7)	Cost approach

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
Fair value as at 1 July 2013	1 000	77	2 063
Additions	1 663	-	2 104
Revaluation increments/(decrements)	(4)	-	
Transfers	115	-	
Depreciation	(184)	(13)	(1 700)
Loss recognised in net surplus/deficit (write-off)		(64)	
Fair value as at 30 June 2014	**2 590**	**-**	**2 467**

(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.

9. PAYABLES

	2014 $000	2013 $000
Accounts payable	227	351
Accrued expenses	808	649
Total Payables	**1 035**	**1 000**

10. INCOME TAX LIABILITIES

Income tax payable	1 354	1 245
Total income tax liabilities	**1 354**	**1 245**

11. PROVISIONS

	2014 $000	2013 $000
Current		
Employee benefits		
Recreation leave	486	469
Leave loading	115	97
Other employee benefits – recreation leave airfares	10	13
Other current provisions		
Provision for dividend	1 580	1 452
Provision for fringe benefits tax	2	3
Provision for superannuation	124	112
Provision for payroll tax	69	64
Other provisions		
	2 386	**2 210**
Non-Current		
Employee benefits		
Recreation leave	504	467
	504	**467**
Total Provisions	**2 890**	**2 677**
Reconciliations of Dividends		
Balance as at 1 July	1 452	1 866
Additional provisions recognised	1 580	1 452
Reductions arising from payments	(1 452)	(1 866)
Balance as at 30 June	**1 580**	**1 452**

DCS employed 61 employees as at 30 June 2014 (59 employees as at 30 June 2013).

12. OTHER LIABILITIES

	2014 $000	2013 $000
Current		
Deferred revenue	149	75
Total Other Liabilities	**149**	**75**

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	**1 026**	**944**
Equity Injections		
Equity transfers in	240	82
Balance as at 30 June	**1 266**	**1 026**

DCS has made no adjustment to reserves for the year ended 2013-14 or 2012-13.

	2014 $000	2013 $000
Accumulated Funds		
Balance as at 1 July	**14 887**	**13 435**
Surplus for the period	3 159	2 904
Dividends payable	(1 580)	(1 452)
Transfer from reserves	(3)	-
Balance as at 30 June	**16 463**	**14 887**
Total Equity	**17 729**	**15 913**

14. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of Cash

The total of DCS 'Cash and Deposits' of $12.46 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

	2014 $000	2013 $000
Net Surplus/(Deficit)	3 160	2 904
Non-cash items:		
R&M – Minor New Works – Non-Cash	124	5
Depreciation and amortisation	1 897	2 299
Asset write-offs/write-downs	64	-
Changes in assets and liabilities:		
Decrease/(Increase) in receivables	(352)	298
Decrease/(Increase) in prepayments	(42)	990
(Decrease)/Increase in payables	(124)	(51)
(Decrease)/Increase in other payables	160	(413)
(Decrease)/Increase in provision for employee benefits	69	160
(Decrease)/Increase in other provisions	16	26
(Decrease)/Increase in income tax liability	109	(355)
(Decrease)/Increase in deferred income	74	(115)
Net Cash from Operating Activities	**5 155**	**5 748**
Non-Cash Financing and Investing Activities		
Finance Lease Transactions	**-**	**-**

During the financial year DCS acquired nil 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.

a) Categorisation of Financial Instruments

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

	2014 $000	2013 $000
Financial Assets		
Cash and deposits	12 463	12 527
Receivables	3 392	3 040
Financial Liabilities		
Payables	1 035	1 000

b) Credit Risk

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

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

Receivables

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

Internal Receivables	Aging of Receivables $000	Aging of Impaired Receivables $000	Net Receivables $000
2013-14			
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
Total	**826**	**-**	**826**
2012-13			
Not overdue	346	-	346
Overdue for less than 30 days	45	-	45
Overdue for 30 to 60 days	158	-	158
Overdue for more than 60 days	17	-	17
Total	**566**	**-**	**566**

External Receivables	Aging of Receivables $000	Aging of Impaired Receivables $000	Net Receivables $000
2013-14			
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)
Total	**65**	**(9)**	**56**
Reconciliation of the Allowance for Impairment Losses			
Opening		-	
Written off during the year		-	
Recovered during the year		-	
Increase/(Decrease) in allowance recognised in profit or loss		(9)	
Total		**(9)**	
2012-13			
Not overdue	44	-	44
Overdue for less than 30 days	27	-	27
Overdue for 30 to 60 days	2	-	2
Overdue for more than 60 days	11	(8)	3
Total	**84**	**(8)**	**76**
Reconciliation of the Allowance for Impairment Losses			
Opening		-	
Written off during the year		-	
Recovered during the year		-	
Increase/(Decrease) in allowance recognised in profit or loss		(1)	
Total		**(1)**	

c) Liquidity Risk

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

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

2014 Maturity analysis for financial assets and liabilities

	Interest Bearing						
	Fixed or Variable	Less than a Year $000	1 to 5 Years $000	More than 5 Years $000	Non Interest Bearing $000	Total $000	Weighted Average %
Assets							
Cash and deposits	-	12 463	-	-	-	12 463	2.29
Receivables	-	-	-	-	3 392	3 392	
Total Financial Assets	**-**	**12 463**	**-**	**-**	**3 392**	**15 855**	
Liabilities							
Payables	-	-	-	-	1 035	1 035	
Total Financial Liabilities	**-**	**-**	**-**	**-**	**1 035**	**1 035**	

2013 Maturity analysis for financial assets and liabilities

	Interest Bearing						
	Fixed or Variable	Less than a Year $000	1 to 5 Years $000	More than 5 Years $000	Non Interest Bearing $000	Total $000	Weighted Average %
Assets							
Cash and deposits	-	12 527	-	-	-	12 527	2.88
Receivables	-	-	-	-	3 040	3 040	
Total Financial Assets	-	12 527	-	-	3 040	15 567	
Liabilities							
Payables	-	-	-	-	1 000	1 000	
Total Financial Liabilities	**-**	**-**	**-**	**-**	**1 000**	**1 000**	

d) Market Risk

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

(i) Interest Rate Risk

DCS has limited exposure to interest rate risk. Other financial liabilities are non-interest bearing. DCS' exposure to interest rate risk on financial assets and financial liabilities is set out in the following tables. An immediate and sustained increase of 1 per cent in market interest rates across all maturities would not have a significant effect and is considered not material to DCS.

	2014 $000	2013 $000
Variable rate instruments		
Cash	12 463	12 527
Total	**12 463**	**12 527**

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' profit or loss and equity.

	Profit or Loss and Equity	
	100 basis points increase $000	100 basis points decrease $000
30 June 2014		
Financial assets – cash at bank	125	(125)
Net Sensitivity	**125**	**(125)**
30 June 2013		
Financial assets – cash at bank	125	(125)
Net Sensitivity	**125**	**(125)**

(ii) Price Risk

DCS is not exposed to price risk, as DCS does not hold units in unit trusts.

(iii) Currency Risk

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

e) Net Fair Value

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

16. COMMITMENTS

(i) Capital Expenditure Commitments

Capital expenditure commitments primarily related to the construction of leasehold improvements. Capital expenditure commitments contracted for at balance date but not recognised as liabilities are payable as follows:

	2014		2013	
	Internal $000	External $000	Internal $000	External $000
Within one year	-	-	1 306	-
	-	**-**	**1 306**	**-**

17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

DCS had no contingent liabilities or contingent assets as at 30 June 2014.

In the previous year, DCS recognised a contingency after entering an Early Program evaluation and testing arrangement with IBM Australia for the zNext Mainframe to the value of $785,224. Subsequent to successful evaluation and testing, DCS accepted the acquisition to the agreed value of $785,224.

DATA CENTRE SERVICES

18. EVENTS SUBSEQUENT TO BALANCE DATE

DCS had no events subsequent to balance date as of 30 June 2014.

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

(i) Capital Expenditure Commitments

Capital expenditure commitments primarily related to the construction of leasehold improvements. Capital expenditure commitments contracted for at balance date but not recognised as liabilities are payable as follows:

	Agency		Agency	
	2014 $000	No. of Trans	2013 $000	No. of Trans
Write-offs, Postponements and Waivers Under the *Financial Management Act*				
Represented by:				
Public property written off	64	9	-	-
Total Written Off, Postponed and Waived by Delegates	**64**	**9**	**-**	**-**

APPENDICES

APPENDICES

APPENDIX I

Shared Corporate Services Price List

Service	Cost Measure (in general per monthly charge)	Price $
Human Resource Services		
Entry level recruitment	Number of administrative staff employed in billing month	6.67
Employment programs	Number of apprentices/trainees employed in month	679.53
Human resource system	Number of paid employees	30.97
Job evaluation services	Per position evaluated under JES system	186.33
Occupational health and safety advice and assistance	Number of full time employees	4.27
Payroll services	Number of paid employees	14.86
Payroll manual transactions	Manual payroll transactions processed	13.36
Payroll auto transactions	Automatic payroll transactions processed	3.71
Employee commencements	Number of new employee commencements processed	349.12
Payroll terminations	Number of payroll terminations processed	290.44
Recruit advertising	Per advertising request	280.74
Recruit temporary/nominal move	Per temporary or nominal move	20.28
Executive Contract Officers	Number of paid Executive Contract Officers	70.93
Workers compensation claims administration	Per hour worked on claim	100.48
Finance Services		
Payments through interface	Per interfaced payment transaction	0.35
Internet payments	Per internet payment transaction	56.62
Manual payments	Per manual payment transaction	16.98
Electronic Invoice Management System (EIMS) payments	Per EIMS payment processed	9.80
Accounts receivable manual invoices	Per accounts receivable manual invoice processed	49.57
Accounts receivable electronic invoices	Per accounts receivable electronic invoice processed	21.24
Advance cheques/petty cash	Per advance cheque/petty cash transaction	23.40
Accounts receivable RTM receipts	Per issue of electronic accounts receivable RTM receipt	8.26
Accounts receivable bank accounts	Per bank account managed	100.13
Manual receipt	Per manual receipt transaction	32.21
Manual ledger transfer	Per manual ledger transfer invoice	27.04
Credit card management	Per corporate credit card issued	34.48
Tax BAS/GST return	Per line per tax BAS/GST return	0.71
Fringe benefits tax return	Per line per tax fringe benefit tax return	27.28
Payroll tax return	Per cost code per payroll tax return	8.78
Financial systems	Percentage data storage/usage	7 106.25

Service	Cost Measure (in general per monthly charge)	Price $
Asset disposals	Number of asset disposals	81.50
Asset additions	Number of new asset additions	92.13
Asset records maintenance	Number of assets in financial register	5.48
Corporate Reporting		
Human resource corporate reporting	Per full time employee	3.85
General ledger transaction reporting	Per general ledger transaction	0.18
ICT Services		
Agency Services Manager	Per allocation of ICT managers in agency	10 471.63
Agency Services Director	Per allocation of ICT directors in agency	14 930.39
Security	Per computer, printer, switch and router within agency	4.23
ICT contract management	Per desktop, laptop, printer, router, switch and handset within agency	3.47
Procurement Services		
Contract administration	Per contract issued	1 332.83
Full tender procurement	Per contract issued	6 001.21
Tier 2 quotations	Per quotation issued	126.72
Tier 3 quotations	Per quotation issued	1 321.81
Tender management	Per tender issued	2 415.46
Records Systems Services		
TRIM administration	Per full time employee	1.67
Property Management		
Leased property management	Per square metre of leased building	1.17

APPENDIX II

Audits by the Auditor-General for the year ended 30 June 2014

DCIS END OF YEAR REVIEW FOR THE YEAR ENDED 30 JUNE 2013

Audit objective: To review the adequacy of end of financial year controls over accounting and material financial transactions for:

- June journal entries
- end-of-year receipting
- prescribed ledger completion processes
- annual leave and long service data provided by PIPS
- trust accounts
- controls and processes applied by the department to capture year end balances.

Audit outcome: No weaknesses in controls were identified during the audit. The accounting and control procedures examined were found to be generally satisfactory. No major matters were identified during the audit.

Action: No action required.

NT FLEET FINANCIAL STATEMENTS AUDIT FOR THE YEAR ENDED 30 JUNE 2013

Audit objective: To form an opinion on the financial statements of NT Fleet for the year ended 30 June 2013.

Audit outcome: An unqualified audit report was issued. One matter was identified during the audit: assets held for sale were not disclosed separately in the financial statements.

Action: NT Fleet has changed reporting to include assets held for sale as a separate line item in the financial statements.

GOVERNMENT PRINTING OFFICE FINANCIAL STATEMENTS AUDIT FOR THE YEAR ENDED 30 JUNE 2013

Audit objective: To form an opinion on the financial statements of the Government Printing Office for the year ended 30 June 2013.

Audit outcome: An unqualified audit report was issued. One matter was identified during the audit: during the control testing for sales, one sample did not have a quote signed by the customer or a confirming email.

Action: Internal processes were reviewed and staff reminded of the importance of complying with internal controls.

DATA CENTRE SERVICES FINANCIAL STATEMENTS AUDIT FOR THE YEAR ENDED 30 JUNE 2013

Audit objective: To form an opinion on the financial statements of Data Centre Services for the year ended 30 June 2013.

Audit outcome: An unqualified audit report was issued. One matter was identified during the audit: not all reconciliations were prepared on a monthly basis as per the agency Accounting and Property Manual.

Action: DCS has worked with the Chief Finance Officer and improved reconciliation processes. The Accounting and Property Manual has been updated.

GOVERNMENT ACCOUNTING SYSTEM (GAS) CONTROLS AUDIT FOR THE YEAR ENDED 30 JUNE 2014

Audit objective: To determine whether:

- there are satisfactory internal controls over GAS maintenance and certain financial services provided to agencies
- there is adequate and effective communication with agencies.

Audit outcome: Audit procedures revealed that there are satisfactory internal controls in respect of the central maintenance of GAS and over financial services provided to agencies. There were four issues identified:

- supporting documentation for GAS access for two users was not provided
- a payment was made from an Advance Account without appropriate authorisation
- deactivation of customer accounts is not supported by appropriate documentation
- delegation limits are not established within the Electronic Information Management System (EIMS) for agency delegated officers.

Action:

- Standard Operating Procedures are in place and have been reinforced.
- Procedures relating to the deactivation of customers have been reviewed and include recording notes in GAS to evidence approvals, with supporting documentation uploaded into TRIM.
- Agency Accountable Officers are responsible for ensuring appropriate financial controls are in place to comply with their requirements under the *Financial Management Act*. DCIS has reminded agencies of their requirement to ensure appropriate controls for approval of invoices in EIMS are maintained.

NT FLEET INTERIM FINANCIAL STATEMENTS AUDIT 2013-14

Audit objective: To facilitate the end of year audit of the NT Fleet financial statements; examine any significant new issues impacting on the audit for 2013-14; and address any control and compliance issues arising from an examination of the accounts and records.

Audit outcome: The internal controls relating to NT Fleet's activities were found to be generally satisfactory with no matters identified.

Action: No action required.

IT CONTROLS AUDIT FOR THE YEAR ENDED 30 JUNE 2014

Audit objective: To understand, risk assess and test the internal control structure within the service-wide information technology mainframe environment at DCIS, with particular reference to mainframe operations and application access management for GAS, PIPS and the Payroll and Payment Management System (PAPMS).

Audit outcome: The audit identified that the department maintained, in all material respects, sufficient control procedures to meet requirements, with two issues identified:

- disaster recovery arrangements of the DCS mainframe environment
- potential for inappropriate access to sensitive mainframe data sets.

Action: DCS exercises recovery of the mainframe from a One Pack system to ensure staff are appropriately trained and aware of their roles and responsibilities during disaster recovery events.

DCS has confirmed capacity to effectively operate all production mainframe systems from the one mainframe, which is routinely verified during mainframe changeover processes. A business case is being developed to provide an improved level of disaster recovery capability for the mainframe environment.

Access to mainframe data sets has been interrogated with some changes made. DCS has updated procedures to ensure scheduled reviews of these data sets occur annually.

PIPS CONTROLS COMPLIANCE AUDIT YEAR ENDED 30 JUNE 2014

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.

Audit outcome: The audit revealed that generally there are satisfactory internal controls in respect of the PIPS payroll and leave recording functions with one issue identified:

- controls over the review and follow up of PIPS exception reports could be enhanced.

Action: A continued improvement in practices from previous years was noted.

DCIS has implemented regular internal compliance reviews within Payroll Services to monitor compliance with internal controls as well as reminders to staff of the importance of adhering to audit and control processes.

A review is in progress to define timeframes for exception reporting controls.

DCIS ASSET MANAGEMENT SYSTEM (AMS) IT CONTROLS AUDIT

Audit objective: To assess the design and implementation of key IT general controls within the AMS computer environment during its transition to DCIS in October 2013.

Audit outcome: Key general computer controls have been designed and implemented for the AMS computer environment; however opportunities exist to strengthen information security controls in the following areas:

- information security weaknesses within the SAP application and underlying infrastructure
- excessive user access within SAP
- segregation of duties risks exist within SAP user access
- lack of periodic review of SAP roles and users
- absence of interface integrity checks
- lack of web application security testing
- custom SAP transactions, custom program and custom tables have not been assigned to authorisation groups
- sensitive transaction codes have not been locked within the production environment
- incomplete SAP procedures and standards.

Action:

- The SAP application environment as implemented for AMS has a range of design weaknesses with respect to security and access controls. DCIS has investigated and improved key security and access issues; however the majority are inherent to core SAP design and configuration making resolution highly complex and costly.
- With the decision to adopt a new solution rather than continuing the development of AMS, the priority has transferred to stabilising the application in the short-term.
- Decommissioning AMS in 2015 will effectively eliminate the audit issues raised.
- Implementation of the new ASNET solution will include a sound security and access framework with appropriate procedures and standards to mitigate similar issues as those identified during the audit of AMS.

DCIS ELECTRONIC INVOICE MANAGEMENT SYSTEM (EIMS)

Audit objective: To assess the design and implementation of key application and general IT controls relating to EIMS.

Audit outcome: Appropriate management controls have been applied over EIMS; however opportunities exist to strengthen user access management, security monitoring and formalisation of procedures.

Issues identified during the audit:

- lack of agency user access review related to privileged EIMS access
- control weaknesses exist within the EIMS production database and operating system environment
- informal processes in place to govern changes made to the EIMS application
- limited documented procedures related to interface monitoring
- EIMS security vulnerabilities.

Action:

- A bi-annual process for agencies to review their administrators' access privileges has been implemented. Agencies determine the system access privileges for their staff according to their business requirements. The system has in-built controls requiring dual authorisation of invoices to provide safeguards and reduce risk.
- System access security configuration has been further strengthened since the audit, including account 'lockout' where required.
- Formal change management processes have been established and a dedicated change management system is being implemented supplementing existing defined protocols for managing changes.
- Formal procedures for interface monitoring are being developed in consultation with the application vendor.
- Independent penetration testing of the host environment, including EIMS, has been undertaken with no security issues or concerns identified.

DCIS AMS CONTROLS FOR THE YEAR ENDED 30 JUNE 2014

Audit objective: To determine whether there is reasonable assurance that satisfactory internal controls exist that would permit the Auditor-General to accept that data held in AMS and GAS is reliable for the year ended 30 June 2014.

Audit outcome: Reconciliation procedures examined were found to be generally satisfactory although this cannot provide an absolute assurance that all data held in AMS and GAS is reliable. No major matters were identified during the audit.

Action: No action required.

APPENDIX III

Departmental Self Insurance

Risk Category	Number of claims		Value of claims ($)		Average cost of claims ($)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Workers compensation [1]	17	17	341 462	184 842	20 086	10 873
Motor vehicles [2]	6	4	14 858	12 278	2 476	3 070

NT Fleet Commercial Insurance

Risk Category	Number of claims		Value of claims ($)		Average cost of claims ($)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Workers compensation	1	0	318	0	318	0
Motor vehicles [3]	1	0	43 886	0	43 886	0

1 Figures provided are for all claims during the financial year, including new, on-going and finalised claims.

2 Figures provided include two claims that are in the process of recovery action with insurance companies to a total value of $4531.

3 Claim related to a short-term hire of a vehicle to a community service group.

APPENDIX IV

Costs for accommodation of non-government organisations for the year ended 30 June 2014

Non-Government Organisation	Building	Cost $
Amateur Fishing Association of the NT	Malak Shopping Centre	37 017
Association of Independent Schools of the NT	Darwin Central	30 783
Australia Day Council	Darwin Central	30 783
BushMob	CAT Building Alice Springs	201 840
Camp Quality	Rapid Creek Shopping Centre	43 959
Cancer Council	44 Bath Street (Anangu House) Alice Springs	31 428
Cancer Council	Casi House Casuarina	56 226
Cancer Council	Randazzo Centre Katherine	16 975
Children's Services Support Program	Eurilpa House Alice Springs	40 658
DeafNT Inc	Casuarina Plaza	15 674
Down Syndrome Association	Rapid Creek Shopping Centre	25 499
Duke of Edinburgh's Award NT	Berrimah Star Centre	85 641
Gagadju Association	Government Centre Jabiru	7 717
Genealogical Society of NT	Cavenagh Court Darwin	56 883
Good Beginnings	Randazzo Centre Katherine	33 949
Centralian Land Management Association and Territory Natural Resource Management	Leichhardt Building Alice Springs	37 921
Head Space	Palm City Oasis Palmerston	99 003
Heart Foundation NT	Darwin Central	61 802
Keep Australia Beautiful Council NT	Stuart Park Shopping Centre	52 453
SIDS and Kids NT	Rapid Creek Shopping Centre	14 446
L'here Artepe Aboriginal Corporation	Leichhardt Building Alice Springs	33 125
Multicultural Council NT and Multilingual Broadcasting Council NT	Malak Shopping Centre	98 430
Multicultural Community Services of Central Australia	20 Parsons Street, Alice Springs	48 126
Pensioners Workshop Inc	48 Albatross St, Winnellie	32 236
Red Cross	Tennant Creek Government Centre	20 480
Red Cross Drop in Centre	Casuarina Recreation Centre	91 713
Territory Natural Resource Management	Harbourview Plaza Darwin	110 897
Training Advisory Council	Darwin Plaza	106 432
Training Advisory Council	Winlow House Darwin	137 454
Victims of Crime NT	La Grande Darwin	57 225
Total expenditure		**1 716 775**

APPENDICES

APPENDIX V

Gifted and loaned vehicles

Gifted vehicles	Value $
Barkly Regional Arts	17 676
Brahminy Foundation	38 529
Down Syndrome Association of the Northern Territory Inc	10 786
Katherine Landcare Group Inc	20 002
Lutheran Community Care	18 605
Malabam Health Board Aboriginal Corporation	27 323
Mental Illness Fellowship of Australia (NT) Inc	4 848
Sports Medicine Australia	20 259
Tangentyere Council Inc	28 693
Sub Total	**186 721**

Loaned vehicles	Value $
Banana Freckle Eradication Program	47 101
Browns Mart Theatre	1 274
Circus Oz 'Goes Bush' Tour	2 175
Darwin Basketball Association	3 123
Darwin Festival	55 173
Djabulukgu Association Incorporated	58 262
Finke Desert Race	20 955
Freds Pass Rural Show	1180
Garma Festival - Yothu Yindi Foundation	24 028
Humpty Doo Brumby Girl Guides	728
Humpty Doo Scout Group	1 650
Ingkerreke Commercial Mountain Bike Enduro	2 630
Katherine Regional Arts	1 908
Last Cab to Darwin film	57 119
Mbantua Festival Alice Springs	2 920
MusicNT / Bush Bands Business	1 552
MusicNT / iNTune	1 277
MusicNT / Sista Sounds	7 144
NIMA (National Indigenous Music Award)	1 970
Red Hot Arts Central Australia / Alice Desert Festival	3 385
SIDS and Kids	2 810
Teachabout	10 232
Walamun Cultural Festival 2013	2 956
Wordstorm NT Writers Festival	181
Sub Total	**311 733**
Total value gifted and loaned vehicles	**498 454**

NOTES

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