

4 September 2025

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Mr Clinton Howe MLA
Chair, Public Accounts Committee
Legislative Assembly of the Northern Territory

T 08 894 65157

File reference
29-MIN25-453

via email: LA.PAC@nt.gov.au

Dear Mr Howe

Re: Public Accounts Committee Inquiry into the Indigenous Employment Provisional Sum

Thank you for the opportunity to provide further information in relation to this department's original submission dated 30 June 2025 to the Public Accounts Committee inquiry into the Indigenous Employment Provisional Sum (IEPS).

Please find enclosed written responses to the follow up questions from the Committee as well as requested attached information including the department's strategic plan, and confidential IEPS risk assessment and details of payments and overpayments. Please note some information contained within the written responses and in the attached is marked as confidential and shared with the Committee in confidence. This information is not for public release.

Yours sincerely



Adam Walding
Deputy Chief Executive Officer

Public Accounts Committee – Inquiry into the Indigenous Employment Provisional Sum (IEPS)

Department of Logistics and Infrastructure response to Public Accounts Committee written questions dated 24 July 2025

A. General

1. What were the objectives of the Indigenous Employment Provisional Sum (IEPS)?

The objectives of the Indigenous Employment Provisional Sum (IEPS) is included in the Department of Logistics and Infrastructure's (DLI's) original submission dated 30 June 2025 on page 1 in background.

2. Has the department undertaken an evaluation/s of the IEPS? If so please provide the Committee with a copy/ies.

A formal evaluation of the IEPS was not undertaken. However, following the identification of potential misuse of the scheme, controls were implemented to prevent any further misuse and to ensure unpaid claims were subject to the utmost scrutiny and verification prior to payments being released.

In DLI's original submission dated 30 June 2025 on page 1 under 'Suspension of the IEPS Scheme' the question *has the department undertaken an evaluation/s of the IEPS and if so please provide the Committee with a copy/ies* is addressed.

Further, in addition to establishing the IEPS Audit and Investigation Unit to verify all unpaid claims, DIPL implemented additional mechanisms to ensure the veracity of contractor claims including:

- enhancing the IEPS eligibility criteria to clearly articulate definitions and interpretations, documentation requirements and eligible and ineligible claims
- requiring contractors provide a statutory declaration attesting Aboriginal heritage from claimed individuals
- liaising with contractors to address unverified claims.

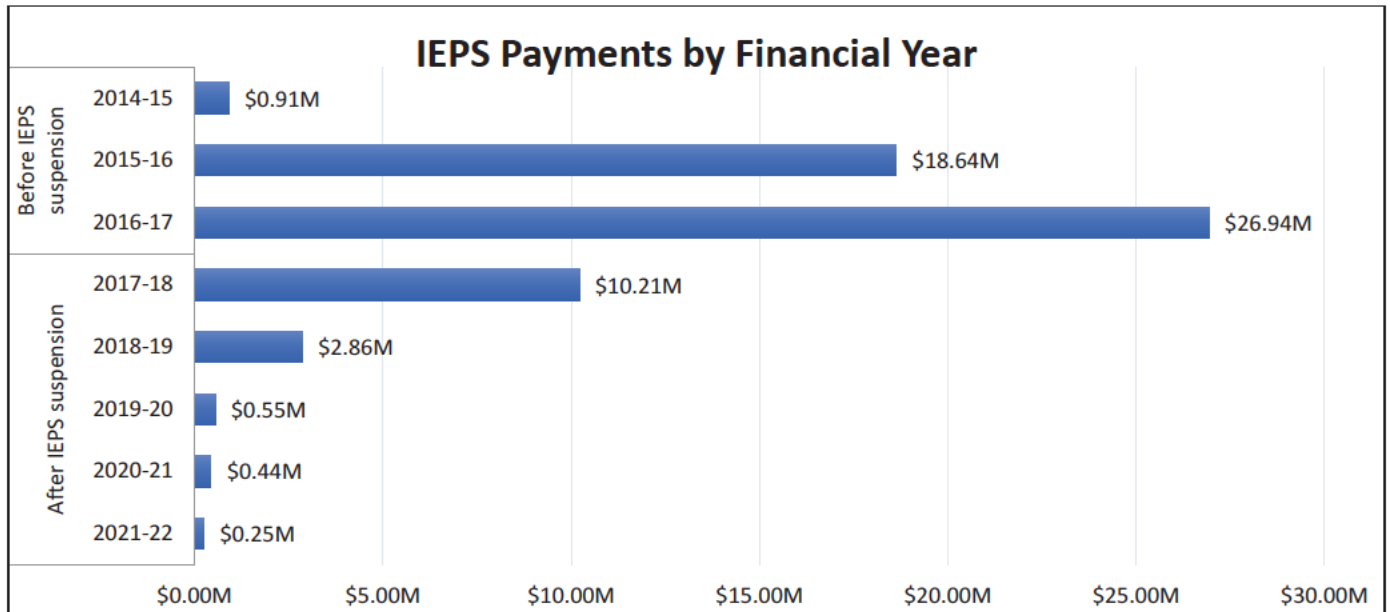
3. What outcomes were delivered by each agency – in terms of increased employment and subcontracting opportunities for Indigenous people and Indigenous-owned entities?

The IEPS scheme was solely administered by DIPL, with no involvement from any other agency in its management or delivery. The IEPS enabled contractors to claim the wages of Aboriginal employees engaged in the performance of the works. A total of \$122 million was eligible to be claimed by contractors across 529 contracts. Informal feedback received from industry and stakeholders indicated an increase in Aboriginal participation on these contracts.

4. Since October 2014 what is the total amount of funding that has been paid through Agency contracts under the IEPS (by entity and financial year)? What is the total amount of funding committed under the IEPS?

The total amount of funding that has been paid through agency contracts under the IEPS (by entity and financial year), and the total amount of funding committed under the IEPS is addressed in DLI's original submission dated 30 June 2025 on page 2 under 'Financial outcomes'.

To clarify, only DIPL made payments against the IEPS to contractors. The table below shows the amount paid under the IEPS by financial year.



5. When was the most recent payment made? Are there any IEPS contracts in progress but not yet completed?

The last payment made against the IEPS was on 13 October 2021.

There are no contracts in progress that have the IEPS. All contracts with the IEPS available were completed by June 2022.

6. What is the extent of IEPS overpayments as at 31 May 2025? How much funding has been recovered to date? How many investigations remain underway and what is the status of them?

Of the \$60.8 million paid against the scheme and audited by the IEPS Audit and Investigation Unit, \$1.4 million was not able to be substantiated. Of the \$1.4 million, \$0.9 million was recovered and \$0.5 million remains with liquidators for contractors that have gone into administration.

Further to this, an additional \$0.2 million was identified as an overpayment for contractors that were in liquidation. DIPL was a registered creditor with the liquidators for these matters however, as the liquidation for these contractors concluded with no dividends payable to creditors, the overpayment could not be recovered and was subsequently written off by the Treasurer.

Per DLI's submission dated 30 June 2025 on page 2 'Financial outcomes', all suspected fraudulent activities were referred by the Inter-Agency Taskforce to NT Police. This resulted in 21 contractors being referred to NT Police for further investigation and of which, 4 individuals were charged and 3 were convicted. A total of \$0.3 million was proven to have been fraudulently claimed.

DIPL completed its internal investigation on the IEPS in May 2022 and there are no investigations that remain underway.

DLI is unable to provide comment on the status of NT Police investigations.

7. In the department's view, what options are there for the repayment by contractors of all the unrecovered overpayments? To what extent has the department exercised and exhausted all of these options?

Question 7 is addressed in the DLI submission from 30 June 2025 on page 3 'Public Accounts Committee Terms of Reference (b) options for repayment by contractors of all unrecovered payments'.

Further to this, DIPL engaged with an Expert Determiner to resolve a dispute with one contractor in relation to an overpayment identified by DIPL.

[REDACTED]

DIPL sought recovery of all invoices raised. A number of contractors went into liquidation during the recovery process and as such, DIPL registered as a creditor with the liquidator in all instances. The dividend paid to creditors for the outstanding debt was then determined by the liquidator.

The only unpaid invoices (\$0.5 million) relate to contractors that are in liquidation. The Northern Territory Government is a registered creditor with the liquidators for these amounts.

DIPL exhausted all options for recovery of identified overpayments.

B. IEPS Investigation Team

Independence

1. What is the status of the IEPS Investigation Team?

Staff within the IEPS Audit and Investigation Unit were engaged on temporary contracts as the internal investigation into the IEPS was limited and not ongoing. The IEPS Audit and Investigation Unit was dissolved when the internal investigation concluded.

2. If the Team is still active, how is it independent of the processes being investigated and processes considered business as usual? Can you please outline the structural separation and clear reporting lines?

The IEPS Audit and Investigation Unit was dissolved when the internal investigation concluded.

Concerns were raised by the Northern Territory Auditor-General in the November 2018 Report to the Legislative Assembly in relation to the structural positioning and reporting lines of the IEPS Audit and Investigation Unit. The Northern Territory Auditor-General emphasised the importance of ensuring the unit is, and is seen to be, independent of the processes being investigated and from those processes considered business as usual.

In response to this recommendation, from 1 November 2018, the IEPS Audit and Investigation Unit transferred to the Executive Services division, reporting to the Executive Director who in turn reported directly to the Chief Executive. This amendment in reporting structure removed the potential conflict of interest identified by the Northern Territory Auditor-General.

Independence of the IEPS Audit and Investigation Unit was maintained from 1 November 2018 to the cessation of the investigation in May 2022. This structural separation and implementation of clear reporting lines supported the independence and objective of those involved in the audit.

Prioritisation of workload and resourcing

1. As at 31 May 2025, what percentage of both current and past claims have been reviewed? (p.38)

All claims were reviewed by the IEPS Audit and Investigation Unit by May 2022.

2. Has there been an independent review of the data extracted from contracts and maintained by the Investigation Team?

In DLI's submission dated 30 June 2025 on page 3 in the section 'Public Accounts Committee Terms of Reference (c) Implementation of the Auditor-General's recommendation by the former Department of Infrastructure, Planning and Logistics and outcomes to date', the question *has there been an independent review of the data extracted from contracts and maintained by the investigation team* is addressed.

Further to this, the IEPS Audit and Investigation Unit conducted regular reviews of the IEPS data in addition to reconciliations of IEPS payments made against each contract. The IEPS Audit and Investigation Unit provided reports to the Inter-Agency Taskforce on:

- the value of IEPS claimed
- the value of IEPS paid
- the status of claims being audited
- the status of verification for unpaid claims
- identified overpayments and the status of recovery of these overpayments
- audit reports for each contractor reviewed that included specific details on the contractor's claims against the IEPS and an assessment of the claims against the Conditions of Contract.

3. What has been the cost of the Investigation Team to date, by financial year? (p. 38)

The Northern Territory Auditor-General recommended in the November 2018 Report to the Legislative Assembly that costs associated with conducting the IEPS investigation be captured separately from other costs and monitored. DIPL promptly created a separate cost centre to capture costs associated with the IEPS investigation.

The table below details the costs that were incurred in conducting the IEPS investigations. However, IEPS staff were at times carrying out other duties (e.g. internal audit activities) at appropriate downtimes of work and therefore the expenditure includes staff undertaking duties unrelated to the IEPS investigation.

Financial year	Expenditure		
	Employee	Operational	Total
2018-19	\$430,654.67	\$34,968.01	\$465,622.68
2019-20	\$500,947.96	\$36,537.07	\$537,485.03
2020-21	\$362,933.20	\$19,582.22	\$382,515.42
2021-22 ¹	\$412,640.94	\$15,450.77	\$428,091.71

¹ The internal investigation into the IEPS ceased in May 2022.

C. Contractor performance review process – IEPS and other departmental contracts

1. What is the status of the work with the Department of Corporate and Information Services to implement the new process to facilitate the timely and accurate assessment and reporting of contractor performance across the DLI?

DLI continues to work with the Department of Corporate and Digital Development (DCDD) to improve the assessment and reporting of contractor performance.

Contractor performance reports for DLI infrastructure and project contracts are stored in ASNEX and operational service contracts are recorded in the Contrax (TRAX) system. DCDD have further expanded the TRAX system to enhance its reporting capabilities.

DLI has developed internal IT dashboards and reporting tools to monitor the completion of ASNEX contractor performance reports across the agency. These dashboards are updated monthly and shared via email at the executive, business unit and individual staff level to support visibility and accountability.

Quarterly compliance reports for contracts managed in ASNEX are presented to the DLI Executive Leadership Team, providing a consolidated overview of contractor performance reporting across the agency.

2. How does the design and implementation of the new process:

- a) support efficient completion and reporting of performance assessments
- b) enable meaningful reports to be extracted that effectively contribute to future tender assessments by the department?

The Contractor Performance System (CPS) used by DLI has been reviewed and improved to support timely, efficient and consistent performance assessments. Updates to CPS forms have made them more relevant and easier to complete.

All completed contractor performance reports are stored in:

- ASNEX for project and infrastructure contracts, and
- TRAX (Contrax) for operational and service contracts.

ASNEX also serves as the Northern Territory Government's (NTG) central repository for project and asset management data and signed copies of the CPS forms are retained within the NTG Central Records Management System.

DLI's contractor performance reporting policy was updated in July 2024, introducing improved reporting and measurement capabilities. Authorised users across the agency have access to tailored dashboards which provide up to date visibility of CPS completion status at the executive, divisional, and individual staff levels, and extraction of filtered reports.

To support future procurement decisions, a restricted access dashboard is available to procurement staff which provides summarised company performance data. This enables assessment staff to review completed CPS reports and identify relevant contractor performance information for consideration in new tender evaluations.

3. Have all contract management staff been trained in using the system? (p. 38)

Contract management staff have been trained in using the system.

This includes scheduled internal training sessions, regular updates published on the DLI Intranet, as well as one-on-one support services to ensure staff are confident in using the CPS forms and workflows.

Contract management staff work in partnership with other internal teams, including but not limited to the Procurement Capability Team, the Contractor Compliance Unit, and the Contracts Unit to ensure consistent messaging and up-to-date training materials.

4. Is the system now used for the assessment and reporting of all the department's contract performance processes?

1 January 2024, NTG Procurement Circular 2023-02 mandated that all awarded Tier 3 and above contracts must be recorded in an approved contract management system.

The two contract management system platforms approved under this framework are:

- ASNEX (Asset Systems Nexus) for project and infrastructure contracts
- TRAX (Contrax) for operational and service contracts, primarily in Transport areas.

These systems are used across DLI and support consistent reporting, compliance with NTG requirements and improved visibility of contractor performance.

All completed contractor performance reports are stored in either ASNEX or TRAX depending on the contract type, and the data is available through internal dashboards and reporting tools. This ensures that contractor performance is considered consistently in both contract management and future tender evaluations.

D. IEPS Review Procedure and Inter-Agency Taskforce

The Inter-Agency Taskforce (IAT) was formed in August 2017 to review the findings of the IEPS Investigation Team relating to claims against the IEPS paid prior to August 2017

1. When did the Taskforce review and formally approve the IEPS Review Procedure? (p. 39)

The Inter-Agency Taskforce was responsible for reviewing the outcomes of the audit but not responsible for setting the review process. DIPL held responsibility for developing and implementing the IEPS review process. DIPL informed the Inter-Agency Taskforce of the review process in the following meetings:

- October 2017 – a summary of the process was discussed during the Inter-Agency Taskforce meeting.
- March 2018 – the documented process was provided and reviewed by the Inter-Agency Taskforce.
- August 2018 – the Inter-Agency Taskforce discussed the impact of the statute of limitations on pursuing debts.
- November 2018 – the process was updated to reflect legal advice on recovering funds. The reporting structure for the investigation team was amended to ensure independence and renamed to the IEPS Audit and Investigation Unit. This restructure was reflected in the processes. The Taskforce also limited their scope to reviewing suspected deceptive practices, thereby removing responsibilities relating to overpayments that have arisen from non-deceptive practices.

2. Is the IAT still operational? Has its terms of reference changed, if so, how?

The Inter-Agency Taskforce was officially dissolved in June 2023.

There were four versions of the terms of reference. The terms of reference were provided to the Inter-Agency Taskforce during the following meetings:

- August 2017 – members were requested to review the first version of the terms of reference.
- September 2017 – the terms of reference was approved by members, noting that they could be reviewed as and when required.
- March 2018 – the terms of reference was amended to remove the requirement of the IAT to “reconcile expenditure”. The meeting frequency was changed from fortnightly to bi-monthly. The revised terms of reference was approved by members.
- November 2018 – the meeting frequency of bi-monthly in the terms of reference was amended to as required. The reporting structure for the investigation team was amended to ensure independence and renamed to the IEPS Audit and Investigation Unit. This restructure was reflected in the terms of reference. The revised terms of reference was approved by members.
- December 2021 – following the legal advice received in relation to recovering funds and the Expert Determiner’s finding, the Inter-Agency Taskforce agreed to focus on deceptive actions given the implications in confirming and recovering overpayments. The terms of reference were amended to limit the Inter-Agency Taskforce’s responsibilities to review audit reports where potential deceptive actions have been identified only. Other amendments included updating the background information and including the requirement for the DIPL Chief Executive to approve membership. The amended terms of reference was approved by members.

3. If the IAT is still operational:

- **How many meetings has it scheduled since the Auditor-General’s report in November 2018?**
- **Are current conflict of interest declarations from each IAT member on file and verbal conflict of interest declarations a standard agenda item at the commencement of each meeting?**
- **What is the current membership of the IAT and has membership been assessed and confirmed taking into consideration conflicts of interest?**

The Inter-Agency Taskforce was officially dissolved in June 2023.

The Inter-Agency Taskforce had seven meetings between November 2018 and December 2021 and one out of session meeting in April 2023 to officially dissolve the committee.

All members of the Inter-Agency Taskforce completed written conflict of interest disclosures. Additionally, as a standing agenda item, members were required to declare any conflicts of interests at the commencement of each meeting and any declarations were recorded in meeting minutes.

Concerns were raised by the Northern Territory Auditor-General in the November 2018 Report to the Legislative Assembly regarding the membership of the Inter-Agency Taskforce due to a perceived lack of independence relating to the General Manager Infrastructure, Investment and Contracts. The General Manager Infrastructure, Investment and Contracts ceased membership on the Inter-Agency Taskforce, attending their last meeting in March 2018.

E. Strategic outcomes

The former DIPL had a strategic aim of ‘maximising Aboriginal employment and business involvement in the design and delivery of Government’s infrastructure program’. DLI was established in September 2024 (eight months ago). There is no current strategic plan for the department on its website.

1. Could you please provide the Committee with a copy of the department’s strategic plan?

Provided at Attachment A.

2. When will it be published?

DLI's Strategic Plan 2025-28 was published on DLI's website on 16 June 2025 (<https://dli.nt.gov.au/about-us/annual-reports-and-strategic-plans>).

3. Do Indigenous employment obligations still form part of the Value for Territory assessment within the standard tender evaluation process and remain in DLI contracts (following the suspension of the IEPS)?

The abovementioned strategic aim is still in force as a requirement of DLI's Aboriginal Participation on Construction Projects Policy which is published on the DLI internet page. This Policy has been in force since the suspension of the IEPS in August 2017 and mandates the inclusion of Indigenous Development Plans in all works contracts with an estimated value greater than \$500,000.

The NTG's Procurement Rules require agencies to consider opportunities to maximise Aboriginal participation and employment throughout the Procurement Lifecycle.

In July 2022, amendments to the NTG Procurement Framework were made to incorporate the Aboriginal Procurement Policy, underpinning the Aboriginal Economic Participation Framework. This policy is key to increasing opportunities for Aboriginal Territorians to participate in and be part of the increasing the Northern Territory's economic growth. Further, the framework aims to increase Aboriginal Business Enterprises' involvement in tendering for government work by identifying opportunities for agencies to engage them as:

- head contractors
- sub-contractors
- suppliers
- other employment options.

The NTG Value for Territory Assessment Framework includes weighted assessment benchmarks for panels to allocate scores to tenderers who demonstrate benefits to Aboriginal Territorians in the following areas;

- use of Aboriginal Business Enterprises in contract delivery
- Aboriginal apprentice or trainees involvement
- contribution to the development of Aboriginal Business Enterprises
- number of Aboriginal Territorians engaged in the performance of the works
- Aboriginal Territorians in managerial or technical roles
- support mechanisms targeted at improving the recruitment and retention of Aboriginal employees.

The IEPS was a provisional sum included in contracts, enabling contractors to submit claims against the allocated provisional sum for the reimbursement of wages paid to Aboriginal employees engaged in the performance of the works. While this provisional sum was removed from contracts in August 2017, Aboriginal participation remains as an assessment factor during the tender evaluation process.

4. What have been the outcomes of the Department's work with DCIS to develop a new Contractor Performance Review process? Is it fully operational?

The core systems supporting the contractor performance review process are fully operational and in use across DLI. These include ASNEX for infrastructure related contracts and TRAX for operational and service contracts.

These contractor performance systems are now embedded into business operations. As with most digital systems, they are subject to continuous improvement and ongoing refinement. DLI has a strategic program of work in place to regularly review and improve our processes and will continue working closely with DCDD to ensure the systems remain effective, user-friendly, and aligned with whole-of-government procurement and reporting requirements.

5. What outcomes has the department delivered regarding Indigenous employment? What metrics does the department use to measure its performance in this regard? Where are these outcomes publicly reported?

The NTG Aboriginal Procurement Policy and Guidelines sets a mandatory whole of government target, aiming for 5% of all contracts (by quantity and value) be awarded to Aboriginal Business Enterprises.

DLI is a significant contributor to government’s performance against these targets and has exceeded the target every year since the policy was introduced. The following table shows the portion of contract awards to Aboriginal Business Enterprises against the total DLI procurement activity.

Financial year	Number of contracts	Total value	Portion of awarded contracts	Portion of awarded contract value
2017-18	76	\$54.5 million	5.9%	6.5%
2018-19	50	\$46.0 million	5.0%	8.0%
2019-20	42	\$37.0 million	4.6%	6.8%
2020-21	54	\$65.4 million	8.2%	10.1%
2021-22	73	\$133.3 million	8.6%	11.1%
2022-23	54	\$71.5 million	7.9%	8.5%
2023-24	39	\$86.3 million	6.2%	6.6%
2024-25	38	\$86.1 million	8.9%	13.3%

The Aboriginal Procurement Policy also recommends the use of set-asides, preferencing, carve-outs, and select tenders to assist in meeting the targets. The table below shows the portion of contracts awarded to Aboriginal Business Enterprises using select procurements.

Financial Year	Portion awarded
2022-23	54%
2023-24	34%
2024-25	34%

Performance against Aboriginal Procurement Policy targets is reported internally to government through the Agency Procurement Management Plan and externally through the agency’s Annual Report, government’s annual reporting obligations under the Everyone Together Aboriginal Affairs Strategy, the Aboriginal Economic Development and Jobs Framework, and the COAG Reporting Framework for Aboriginal and Torres Strait Islander Procurement Policies and Outcomes.

The Conditions of Contract include obligations surrounding Aboriginal employment including the requirement for an Indigenous Development Plan for Tier 4 and Tier 5 contracts. DLI’s Contractor

Compliance Unit review and assess contractor’s Indigenous Development Plans to ensure that these plans align with the commitments made in the awarded tenderer’s documentation. Throughout the contract, the Contractor Compliance Unit conduct audits on these plans to determine contractor compliance and achievement of commitments. These audits consider the current stage of the works and the contractor’s efforts to engage Aboriginal workers in alignment with tender commitments. The audit enables proactive monitoring by DLI and allows any instances of non-compliance to be reflected in contractor performance reporting. The contractor is required to address any non-conformances identified during the audit.

During the contract, the contractor is required to submit monthly reports to the Superintendent detailing Aboriginal engagement activities. At the conclusion of the contract, the contractor is required to submit a final report to the Superintendent Representative detailing the outcomes of Aboriginal engagement activities and performance against the original commitments outlined in the tender.

The Contractor Compliance Unit reports quarterly to the DLI management on the number of audits and plan assessments undertaken. This unit delivers regular training to staff relating to contract management plans and audits.

F. Claim verification and payment

The Auditor-General stated in their 2018 report that:

While most of the deficiencies in processes and controls related directly to the IEPS, it is possible that control weaknesses may exist in relation to other contract management and payment processes within the Agency. (p. 40)

The Auditor-General recommended management conduct a risk assessment of the likelihood and consequence that similar control breakdowns and weaknesses may exist and impact the Agency.

1. Could you please provide a copy of the risk assessment undertaken by the department to the Committee (in confidence if necessary)?

The IEPS review processes included a risk assessment. During the initial stage of the internal investigation, a selected number of claims were required to be reviewed. The minimum number of claims to be reviewed depended on the assessed risk of fraud. The higher the number of contracts awarded to a contractor, the higher the risk of fraud resulting in the requirement to review a greater number of claims. Similarly, the higher the value of IEPS paid to a contractor, the higher the risk of fraud resulting in the requirement to review a greater number of claims. However, due to the potential of anomalies not being detected in the selected claims, all claims were subject to review.

The risk assessment originally provided to the Inter-Agency Taskforce is provided in confidence at Attachment B.

2. What were the high-level findings of the risk assessment?

As per the response to F. ‘Claim verification and payment’ question 1, the risk assessment was designed to determine the minimum number of claims to be reviewed. The higher the number of contracts awarded to a contractor, the higher the risk of fraud resulting in the requirement to review a greater number of claims. Similarly, the higher the value of IEPS paid to a contractor, the higher the risk of fraud resulting in the requirement to review a greater number of claims.

3. What plan for corrective action has been implemented – relating to the IEPS and all other departmental contract payments?

DLI has significant internal controls over contract payments including, but not limited to:

- financial and contract delegations to ensure payments are authorised at an appropriate level
- segregation of duties from staff authorising payment, staff confirming goods/services received, and staff processing payments
- system controls (e.g. user access restrictions, contract information including schedule of rates, prevention of duplicate invoice entry, prevention of payment if there is insufficient budget etc.).

DLI's internal audit program includes audits that examine contract management and contract payments to identify opportunities to enhance internal operations. DLI is currently implementing a Contract and Project Management Framework to enhance contact management practices.

G. Document management across the department

1. How has document management across the department been enhanced since IEPS data being managed in Excel spreadsheets? If so, how?

In DLI's original submission dated 30 June 2025 on page 16 under 'DIPL Implementation' the question *how has document management across the department been enhanced since IEPS data being managed in Excel spreadsheets and if so how*, is addressed.

2. Does the department remain reliant on manual processes to capture and report data (for IEPS if relevant or other projects/initiatives)? If so, have the four controls recommended by the Auditor-General been fully implemented (p. 41)

As per DLI's original submission dated 30 June 2025 on page 16 under 'DIPL Implementation', all information in relation to the IEPS could not be captured within the Asset Information System and manual processes were required to capture and report on the IEPS.

The Northern Territory Auditor-General recommended the following controls be implemented when relying upon manual processes to capture and report data:

- development of process documentation and instructions around the collection and storage of data
- implementing quality assurance reviews of the data
- limiting access to source data maintained in excel
- introducing processes to regularly back-up the data files.

DIPL implemented all of these controls and specifically:

- processes were developed in relation to the collection and storage of data
- information was regularly reviewed and reconciled, cross referencing against the Conditions of Contract
- access to the IEPS internal investigation was limited and password protected
- information is contained in the HP Record Manager (HPRM) in accordance with the Electronic Document Records Management (EDRM) to ensure information is held confidentially and is available to be searched electronically as required.

H. Management of risks to the department

The Auditor-General identified instances of resistance from employees and contractors when requested by management to implement improved processes and controls designed to improve the management of IEPS claims and payments (p. 41).

1. How has this issue regarding risk management been addressed by departmental leadership?

In January 2019, DIPL developed an Enterprise Risk Management Framework. Risk management workshops and fraud awareness training was delivered to DIPL staff.

In 2023 DIPL engaged a consultant to review the Enterprise Risk Management Framework. Consultation was undertaken across DIPL during the review, particularly with the Executive Management Board and Executive Leadership Team. The revised Enterprise Risk Management Framework was endorsed by the Executive Management Board and approved by the Chief Executive in September 2023.

DLI is currently reviewing and updating the Enterprise Risk Management Framework. DLI is supported by the Audit and Risk Management Committee who assess the effectiveness of risk management practices.

Regular training is provided to staff on contract management and procurement which includes elements of risk management.

2. Does this remain an issue within the department?

DLI has a focus on continuous improvement and actively works to improve practices, including risk management. DLI is currently reviewing and updating the Enterprise Risk Management Framework which will include consultation and training with the Executive Leadership Team. Regular training is provided to staff on contract management and procurement which includes elements of risk management.

I. Term of Reference (a): The full extent of overpayments to all IEPS contractors

1. Can the Department provide a breakdown of the total \$60.8 million paid under the IEPS scheme, disaggregated by:

- contractor,
- contract,
- region,
- amount paid,
- amount substantiated, and
- amount deemed an overpayment?

2. How many of the 453 contracts had payments that were later found to be in breach of the Conditions of Contract?

DIPL identified overpayments totalling \$1.4 million where recovery was either received or is currently being pursued. A further \$0.2 million written off due to no dividends payable to creditors following the liquidation of the contractor. This overpayment related to 55 contracts awarded to 35 different contractors.

3. Can the Department detail the nature of the 21 referrals to NT Police (e.g. fraud vs mismanagement)?

The 21 referrals to NT Police related to suspected fraudulent activities. DIPL also provided regular reporting to the Independent Commissioner Against Corruption including copies of audit reports for each contractor reviewed.

4. Can the Department provide a list of the 4 contractors that were charged and advise what the court's findings were in relation to the 3 that were convicted?

The four individuals that were charged included:

1. Timothy Schwab, Director of Timber and Steel Constructions Pty Ltd
Charged in September 2018 for amounts in excess of \$200,000. Convicted in April 2019 and sentenced to 4 years' imprisonment (suspended after 18 months).
2. Michael Wilkie, former employee of Woodhill and Sons Pty Ltd
Charged in January 2019 for amounts in excess of \$97,000. Convicted in May 2019 and sentenced to 6 months' imprisonment (fully suspended).
3. Jason Woodhill, Director of Woodhill and Sons Pty Ltd
Charged in June 2019 for amounts in excess of \$97,000. Convicted in September 2020 and sentenced to 4 years' imprisonment (suspended after 2 years and 3 months). This sentence included convictions for other offences.
4. Joel Olzomer, employee of MPH Carpentry and Construction Pty Ltd
Charged in February 2018 for amounts in excess of \$220,000. Charges were withdrawn by the Director of Public Prosecutions in November 2022.

5. What proportion of overpayments were determined to result from:

- deliberate misrepresentation,
- unintentional misinterpretation, or
- administrative error?

DIPL identified overpayments totalling \$1.4 million where recovery was received or pursued. Further, the Treasurer wrote off an additional \$0.2million as dividends payable to creditors following the contractor entering liquidation were not recoverable. Of the \$1.4 million warranting further investigation, \$0.3 million was proven to have been fraudulently claimed and categorised as deliberate misrepresentation. The remaining balance of the \$1.4 million (\$1.1 million) was not a result of deliberate misrepresentation, and can be broadly categorised as a combination of unintentional misinterpretation or administrative error.

6. Of the \$1.4 million identified as unsubstantiated:

- How much related to claims made before vs. after the 2017 suspension?

• What efforts were made to verify these claims?

Of the \$1.4 million identified as unsubstantiated, \$1.3 million was paid prior to the suspension of the scheme and \$0.1 million was paid after the suspension of the scheme.

7. Are there any remaining unidentified or unrefunded amounts, aside from the \$0.5 million with liquidators? If so, what steps are in place to locate, recover, or account for these funds?

All contracts with the IEPS have been finalised and the Statute of Limitations period has expired. The only outstanding debts relating to the IEPS is the \$0.5 million that is currently with liquidators. Recovery will be dependent upon dividends to creditors as determined by the liquidators.

In addition to the \$0.5 million, a further \$0.2 million was registered with liquidators. As the liquidation for these contractors concluded with no dividends payable to creditors, the overpaid amount could not be recovered and was subsequently written off by the Treasurer.

All matters of suspected fraud were referred to NT Police. Where there was a court decision finding to support the claim DIPL pursued recovery.

8. Can the department confirm that all suspected fraudulent claims have been investigated and that any recovered funds have been fully processed and documented? Are there any discrepancies or unresolved issues still outstanding?

DLI can confirm that DIPL investigated all suspected fraudulent claims and that any recovered funds have been fully processed and documented. The only discrepancies that remain outstanding relate to unpaid invoices for contractors that are in liquidation. The Northern Territory Government is a registered creditor with the liquidators for these amounts.

DIPL reviewed all claims for potential fraudulent activities. All suspected fraudulent activities were referred by the Inter-Agency Taskforce to NT Police. This resulted in 21 contractors being referred to NT Police for further investigation. DLI is unable to provide comment on NT Police's investigations.

All matters of suspected fraud were referred to NT Police. Where there was a court decision finding to support the claim DIPL pursued recovery.

9. Has the department provided a full breakdown of all recovered and unrecovered amounts, including detailed documentation within audit reports or financial statements?

• Is there a clear record showing that every dollar is accounted for?

DIPL maintained an Excel spreadsheet summarising the IEPS against each contract including the amount allocated, the value claimed and paid, and any amounts recovered or outstanding.

Where an overpayment had been identified on a current contract, DIPL liaised with the contractor to recover funds. Recovery of overpayments occurred either by reimbursement from the contractor or by reducing the contractor's next contract progress claim.

Where an overpayment had been identified on a finalised contract, DIPL issued an invoice to the contractor for recovery of the overpayment. All invoices raised were reflected in the department's revenue and accounts receivable accounts which was captured in the financial statements.

As part of the internal investigation, DIPL completed an audit report for each contractor reviewed. These reports provided specific details on the contractor's claims against the IEPS including an assessment of claims against the Conditions of Contract. The audit reports were provided to the Inter-Agency Taskforce

to inform their decision on the appropriate action to take in response to the findings. These reports were also provided to the Independent Commissioner Against Corruption.

J. Term of Reference (b): Options for repayment by contractors of all unrecovered overpayments

1. How many contractors received invoices for repayment of overpayments?

A total of 35 contractors were subject to recovery of overpayments. Reimbursements were sought or received through issuing an invoice, reducing a contractor’s subsequent contract progress claim, or through direct bank transfer in the absence of an invoice.

Reimbursement method	Number of contractors	Reimbursement sought
Invoice issued by DIPL	21	\$1.3 million ¹
Reduction in subsequent contract progress claim	9	\$0.1 million
Bank transfer reimbursement (no invoice issued)	12 ²	\$0.2 million

¹ Includes \$0.2 million that was written off by the Treasurer due to no dividends payable to creditors following the conclusion of the contractor’s liquidation.

² Includes four contractors that were also issued an invoice for recovery of a different overpayment and one contractor that reimbursed an overpayment by reducing a subsequent contract progress claim.

2. How many overpayment cases were not pursued due to contracts being finalised or statute of limitations issues?

DIPL pursued recovery of all confirmed overpayments.

3. What is the current total of unrecovered overpayments, including the \$0.5 million with liquidators and the remaining balance?

There is a total of \$0.7 million that has not been recovered and all amounts relate to contractors that have been liquidated. The Northern Territory Government is a registered creditor with the liquidators for these amounts. Of the \$0.7 million, \$0.2 million relates to liquidation that has concluded with no dividends payable to creditors and as this amount could not be recovered, it was subsequently written off by the Treasurer. The balance of \$0.5 million remains with liquidators.

4. What specific legal or procedural steps are being undertaken to recover these funds?

The Northern Territory Government is a registered creditor with the liquidators for the \$0.5 million that is currently outstanding. It is now a matter for the liquidators to determine if dividends will be payable to creditors. If the liquidation is finalised in the absence of full recovery of the debt, the portion unrecoverable will need to be written off by the Treasurer.

5. Did the Department pursue any civil litigation, beyond police referrals, to recover overpaid funds? If not, why not?

The majority of disputes relating to overpayments were resolved between DIPL and the contractor. In one matter, both parties engaged with an Expert Determiner to resolve the dispute.

[REDACTED]

DIPL also experienced difficulties in determining whether an overpayment existed or recovery of potential overpayments due to the expiry of contracts and retention of records being over seven years. The legal advice obtained by DIPL outlined limited potential to recover funds from concluded contracts.

In addition to internal advice referenced above DIPL received correspondence from an industry partner raising concerns following legal advice they received that the audit being undertaken by DIPL to identify fraudulent claims against the IEPS on contracts that had concluded was unlawful.

6. What legal advice has the department obtained related to pursuing recoveries after Final Certificates, and can this advice be made publicly available or summarised?

DIPL obtained legal advice on 31 occasions to assist in the internal investigation into the IEPS. DIPL utilised the legal advice to:

- interpret the Conditions of Contract as it relates to the IEPS
- determine overpayments and recovery options
- develop processes relating to obtaining documentation from contractors and seeking recovery of identified overpayments.

The legal advice obtained is confidential and not for public release.

K. Term of Reference (c): Implementation of the Auditor-General's recommendations and outcomes to date

1. Have any follow-up audits been conducted internally or externally to verify the effectiveness of implemented changes?

In the original DLI submission dated 30 June 2025 on page 3 under 'Public Accounts Committee Terms of Reference (c) Implementation of the Auditor-General's recommendation by the former Department of Infrastructure, Planning and Logistics and outcomes to date', DLI advised: The Northern Territory Auditor-General's Office conducted two performance management system audits in relation to the IEPS. The audit findings were reported to the Legislative Assembly in November 2017 and November 2018. The Northern Territory Auditor-General provided a total of 18 recommendations including eight from the initial audit and ten from the subsequent audit. DIPL accepted all recommendations from the Northern Territory Auditor-General and actions were fully implemented by February 2020.

Further to this, the majority of recommendations arising from the Northern Territory Auditor-General's audit specifically related to the IEPS. While DIPL implemented actions to address these recommendations, they are no longer applicable given the IEPS was removed from construction contracts and the internal investigation into the IEPS concluded in May 2022. As such DLI have not conducted any internal audits on the effectiveness of the recommendations relating to the IEPS. However, as the Inter-Agency Taskforce was responsible for overseeing the analysis of contracts, the Inter-Agency Taskforce was able to assess the effectiveness of implemented changes as they related to DIPL's internal investigation into the IEPS. This

provided sufficient assurance on the effectiveness of the internal investigation and actions undertaken to address the recommendations raised by the Northern Territory Auditor-General.

While internal audits were not conducted specifically on the IEPS, internal audits have been conducted to assess the effectiveness of some of the implemented changes. In December 2021, DIPL completed an internal audit on Contractor Performance Scorecards to assess the effectiveness of contractor performance reporting. The result of the internal audit provided further recommendations to enhance contractor performance reporting and all agreed actions were fully implemented by DIPL. Other internal audits have assessed the effectiveness of documentation retention which was another issue raised by the Northern Territory Auditor-General.

While the IEPS was removed from all tenders, the Conditions of Contract continue to include obligations surrounding Aboriginal employment including the requirement for an Indigenous Development Plan for Tier 4 and Tier 5 contracts. DLI's Contractor Compliance Unit continue to review and assess contractor's Indigenous Development Plans to ensure that these plans align with the commitments made in the awarded tenderer's documentation. Throughout the contract, the Contractor Compliance Unit conduct audits on these plans to determine contractor compliance and achievement of commitments. The contractor is required to address any non-conformances identified during the audit and these findings are recommended to contribute to the contractor performance report.

2. What monitoring and evaluation mechanisms are now in place to ensure Indigenous employment outcomes are genuine and reported accurately in government contracts?

DLI's Contractor Compliance Unit undertakes assessments and audits of project specific construction management plans to monitor compliance with the Conditions of Contract including Aboriginal engagement. The Contractor Compliance Unit utilise both in-house resources and a panel of consultants to undertake these audits.

Verifying the portion of Aboriginal engagement on a project remains challenging due to a range of factors including but not limited to:

- Quality of documentation supplied by contractors to the department to verify claims and participation
- Contractor identification of all employees that worked on the project, for how long, and identification of Aboriginal employees
- Record completeness
- Audit timings impacting participation figures at a given moment in time.

3. What lessons has the Department identified from the IEPS program, and how have these been shared across government procurement and infrastructure divisions?

It is important that any schemes or financial incentives such as the IEPS, have strong governance and internal controls to guide administration and prevent opportunities for fraud. DIPL liaised with the former Department of Industry, Tourism and Trade (DITT) on the implications of the IEPS and provided feedback on procurement policies, including the Aboriginal Contracting Framework, to assist in guiding these policies and to act as lessons learnt from the IEPS.

The legal advice obtained by DIPL provided valuable guidance in interpreting the Conditions of Contract and has contributed to contract management practices across the department. The department understands the importance in ensuring any schemes, agreements or contract conditions are clearly articulated to achieve common understanding and prevent misinterpretations.

4. Have any contractors previously found to be non-compliant with IEPS been awarded further contracts by government agencies?

The IEPS was a complex scheme, subject to misinterpretation and difficulties in administering. The majority of non-compliances related to differing interpretations of the application of the scheme, resulting in unintentional non-compliances by contractors.

All disputes were appropriately resolved either between the parties or using dispute resolution mechanisms within the Conditions of Contract.

It would be unjust to contractors to be denied future government contracts based on potential non-compliances of this nature with past contracts. Additionally, in accordance with natural justice principles, while some contractors were referred to NT Police for further investigation, the contractor cannot be penalised or excluded from consideration of government contracts unless criminal activity has been substantiated through conviction by the court.

During contract delivery and at cessation of a contract, the department completes contractor performance reporting to evaluate a contractor's performance in the delivery of a government contract. The contractor performance report of a previous contract can be used in tender assessments for future contracts when assessing the contractor's past performance.

DEPARTMENT OF LOGISTICS AND INFRASTRUCTURE STRATEGIC PLAN 2025-28



OUR VISION

Build, Connect,
Grow the Territory.
Plan for tomorrow.
Deliver for today.

OUR PURPOSE

To facilitate efficient,
safe and agile logistics
and infrastructure
solutions for all
Territorians.

NTPS VALUES

- Accountability
- Respect
- Diversity
- Commitment to Service
- Ethical Practice
- Impartiality

OUR GOALS



Integrated strategic infrastructure planning and agile delivery

Coordinated infrastructure planning is executed collaboratively, acting as a critical enabler of successful delivery

OBJECTIVES

- Place-based planning that facilitates successful and effective infrastructure delivery
- Infrastructure that supports local, Territory and national priorities
- Regionally focused integrated infrastructure plans are in place
- Positive stakeholder engagement through debriefs and performance reports
- Delivering quality projects on time and in budget



Clear and informed accountability

Empowered decision making through clear, focused accountability

OBJECTIVES

- Accountabilities are simple and clearly defined in strong governance frameworks
- Defensible, efficient and timely decision-making
- Transparency and consistency in decision-making
- Improved integration and collaboration
- Empowered decision-making with the use of appropriate delegations
- Strong reputation with external stakeholders



Streamlined systems and processes

Integrated and improved systems, technology and processes

OBJECTIVES

- Efficient, effective and consistent processes across the agency
- Data driven and informed decision-making
- User friendly applications and processes
- Improved user experience
- Minimising duplication and maximising efficiency
- Fewer non-compliances identified in audits
- Improved and consistent approach to project/program management
- Reduced wait times on departmental process
- More targeted and responsive reporting
- Early investigation and adoption of new systems and technologies that improve our service delivery across the agency



Strong engagement and consultation

Foster strong relationships and transparent communications across government, industry and our stakeholders

OBJECTIVES

- Dynamic, trusted and authentic relationships
- Improved responsiveness
- Support government priorities by leading a consistent approach to collaboration and engagement
- Improved agency performance feedback from industry and clients
- Reduction in the number of complaints
- Increased positive feedback provided
- Projects delivered in partnership with others including NT Agencies, Federal Government and the private sector



Skilled, committed and engaged workforce

Attract, build and retain a skilled and committed workforce within a supported and connected environment

OBJECTIVES

- Attract and retain people with the right knowledge and skills
- Connected teams and knowledge sharing
- Efficient resource structuring and utilisation through workforce planning
- Staff are supported through improved people-focused initiatives and programs
- Increased learning and development opportunities to develop highly knowledgeable and capable workforce
- Reduction in vacancies, time to fill, and the number of times a role is advertised
- Increased number of applicants through improved attraction methods
- Increased positive feedback through the People Matter Survey
- Recognition as an Employer of Choice
- Improved employee retention rates

DELIVERY OF THE STRATEGIC PLAN SUPPORTS THE THREE PILLARS OF GOVERNMENT: **REDUCE CRIME - REBUILD THE ECONOMY - RESTORE OUR LIFESTYLE**