

2015-16 Annual Report



ACKNOWLEDGEMENTS

The authors are grateful to the many people who assisted in the production of this report.

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NAVIGATION AND PRINTING

This Annual Report has been created for optimal viewing as an electronic, online document. This electronic format has been followed in accordance with the Northern Territory Government's Annual Report Policy. It is best viewed online at Fit Page settings, by pressing the Ctrl and 0 (Zero) keys on your keyboard.

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To search the entire Annual Report and supporting documents, press the Ctrl and F keys on your keyboard and type in your search term.

PURPOSE OF THE ANNUAL REPORT

Our Annual Report describes the achievements, performance and priorities of the department's staff during 2015-16.

It also corroborates our mission to work with our partners to stimulate and sustain our minerals and energy industries throughout the Territory.

As such, the report provides an account of our functions and responsibilities, our resource use and outputs, our fiscal management and performance against budget to inform Parliament, our industry stakeholders, staff and Territorians.

**DEPARTMENT OF
MINES AND ENERGY**

2015–16 Annual Report



The Hon Ken Vowles MLA
Minister for Primary Industry and Resources
Parliament House
DARWIN NT 0800

John England Building
Berrimah Farm
DARWIN NT 0800
AUSTRALIA

Postal Address
GPO Box 3000
DARWIN NT 0801

T +61 8 8999 2005
F +61 8 8999 2010
E alister.trier@nt.gov.au

Dear Minister

In accordance with the provisions of the *Public Sector Employment and Management Act*, I am pleased to present you with the annual report on the performance and achievements of the Department of Mines and Energy for the year ended 30 June 2016.

Pursuant to the *Public Sector Employment and Management Act*, the *Financial Management Act* and the *Information Act*, in respect of the duties of the Accountable Officer (the former Chief Executive of the then Department of Mines and Energy), I advise that to the best of my knowledge and belief:

- a) Proper records of all transactions affecting the department are kept and the 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 a current description of such procedures is recorded in the Accounting and Property Manual which has been prepared in accordance with the requirements of the *Financial Management Act*.
- c) There has been 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 available to the department 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 Treasurer's Directions.
- f) The Employment Instructions issued by the Commissioner for Public Employment have been satisfied.
- g) All Public Sector Principles, outlined in Part 1A of the *Public Sector Employment and Management Act*, have been upheld in the department and there have been no significant failures to uphold them.
- h) The department is operating in compliance with section 131 of the *Information Act*.

In addition, the Chief Executive of the Department of Corporate and Information Services (DCIS) advised me on 1 July 2016 that, in relation to items a) and e), and to the best of her knowledge and belief, proper records are kept of transactions undertaken by DCIS on behalf of the department, and the employees under her control observe the provisions of the *Financial Management Act*, the Financial Management Regulations and Treasurer's Directions. The DCIS Chief Executive also advised that the Auditor-General has conducted compliance audits during the year to provide audit assurance that DCIS has maintained appropriate controls and record-keeping practices at a high level during 2015-16.

Yours sincerely



Alister Trier
Chief Executive

30 September 2016

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01

OVERVIEW AND INTRODUCTION



Chief Executive's Message



The 2015–16 financial year continued to demonstrate mixed fortunes for the Northern Territory's mining and petroleum

sectors. Relatively low commodity prices have seen a number of Territory mines remain in care and maintenance during the period.

There has, however, been a strengthening in exploration for some mineral sectors, with gold exploration continuing well and a sharp increase in exploration for lithium, driven largely by this mineral's use in batteries for renewable energy technology.

A number of mining projects continue to move towards production, with Emmerson Resources moving to redevelop the Edna Beryl gold resource near Tennant Creek and Australian Abrasive Minerals' garnet sands project moving into commissioning. A number of other projects are proceeding through the environmental impact assessment process, including TNG's Mount Peake vanadium-titanium-iron project, Arafura's Nolans rare earths and phosphate project and Tellus's Chandler salt and storage project. Existing gold operations also continue to perform well with Newmont's Callie mine undergoing an expansion and Newmarket's Cosmo project identifying new ore zones.

The 2015 dry season saw a strong performance in exploration for onshore oil and gas, primarily shale gas in deep unconventional reservoirs. The NT Government announced the successful tenderer for the North East Gas Interconnector (now known as the Northern Gas Pipeline) to join the Territory to the east coast via Mount Isa.

Over the past financial year, there has been vigorous public debate about hydraulic fracturing in the oil and gas industry. The department undertook a number of actions to respond to these public concerns by issuing factual information about industry and the way in which it is regulated.

Following the recommendations of an independent public inquiry chaired by Dr Allan Hawke AC, the department developed and introduced new Petroleum (Environment) Regulations under the *Petroleum Act*, in order to deliver best-practice risk-based regulation of the industry.

The department's Creating Opportunities for Resource Exploration program continues to play a critical role in developing valuable geoscientific information for both the mining and petroleum industries. The NT Geological Survey continues to undertake regional gravity surveys and integrated geoscientific studies including geological mapping and resource assessments to advance the available knowledge about the Territory's resources. A major focus is the McArthur Basin with releases of shale analyses and a 3D model. The latest round of the Geophysics and Drilling Collaborations program awarded funding to 11 companies.

The Legacy Mine Unit is undertaking a variety of projects to reduce the environmental impacts of legacy mines across the Territory with a mission of "turning Legacies and Liabilities into Opportunities and Assets". Projects include considerable work in the Barkley region to improve public safety around abandoned shafts and other workings. Most of this work has been undertaken by local companies with strong indigenous representation. A detailed dust monitoring program is underway near Tennant Creek to understand potential impacts of the former Peko copper mine. A major project will commence in 2016-17 to reduce the downstream impacts of the former Redbank Copper Mine. For the second year running, the Legacy Mines Program is a finalist in the Chief Minister's Awards for Excellence in the Public Sector.

Since 2009, the NT has been working with the Australian Government (through successive Project Agreements) to develop a preferred rehabilitation strategy for the former Rum Jungle Mine Site. This has included significant stakeholder consultation with the Traditional Aboriginal Owners of the site. A new Project Agreement is currently being negotiated. Once finalised, it will deliver the commencement

of on-ground maintenance works and finalise verification works for the preferred rehabilitation strategy. Full scale implementation of the preferred rehabilitation strategy will commence if funding through a Detailed Business Case can be secured.

The department will have a busy year in 2016-17 in a number of areas, including continuing review and reform of the petroleum regulatory framework, audit and inspection programs and delivery of high-quality products that support the industry.

A handwritten signature in black ink, appearing to read 'Ron Kelly', with a stylized flourish at the end.

Ron Kelly
Chief Executive Officer

About the department

The Department of Mines and Energy, created on 4 September 2012 by an Administrative Arrangements Order, provides strategic services that promote exploration and responsible development of mineral, geothermal and energy resources.

Our Vision

The Northern Territory is the preferred destination for resource investment and development.

Our Mission

To enhance the wealth of the Northern Territory through responsible stewardship of its minerals and energy resources.

Our Values

These are aligned to the Northern Territory Public Service values of:

- **Commitment to Service** – professional, hardworking, efficient and effective, innovative and work collaboratively to achieve the best results for the Northern Territory
- **Ethical Practice** – upholding the highest standards of practice and acts with integrity in all that we do
- **Respect** – respecting all people and in particular their rights as individuals
- **Accountability** – transparency and accountability in all our actions
- **Impartiality** – providing advice that is objective, timely and based on the best available evidence
- **Diversity** – diversity of our workforce, as well as, the NT population that we serve

Our Service Commitment

We aim to be viewed by:

- **Resource Industries** – as proactive, consistent, accountable and innovative
- **Our Colleagues** – as cooperative and knowledgeable
- **Our Critics** – as rational, decisive and honest

These aims will be achieved by:

- Capturing and disseminating geological information to encourage the responsible development of the Northern Territory's minerals and petroleum resources
- Attracting local and international business investment partnerships
- Administration and granting of tenure and facilitating land access for mining, petroleum and geothermal exploration and development
- Regulating the exploration, mining and production of minerals and petroleum
- Managing the residual risks associated with legacy mine sites
- Supporting economic development and participation for Indigenous people.

'The Northern Territory is the preferred destination for resource investment and development.'

Departmental Overview

Our Business Units

The department has three main business units: the Northern Territory Geological Survey (NTGS), the Mines Directorate and the Energy Directorate. NTGS provides high-quality geoscientific information to support exploration of the Territory's mineral and petroleum resources. The Mines and Energy Directorates regulate mining and petroleum activities, respectively, to ensure the responsible development of resources. They conduct inspections and audits to ensure best practice in environmental management and the evaluation and reduction of environmental impacts arising from exploration and development activities.

Our Corporate Groups

Strategic services and corporate support is provided to the Department of Mines and Energy (DME) through a shared services arrangement with the Department of Primary Industry and Fisheries (DPIF). This is formalised through a Service Level Agreement between the two departments.

Finance provides a range of corporate support and related services, including strategic advice and training on its core business of budget management, financial reporting, accounting, travel, procurement and infrastructure and asset management.

Human Resources provides strategic client-focused support services for the effective management of employees.

Information Management and Information

Technology manages and implements appropriate systems and technologies to capture, track and analyse information generated and gathered by the department, including freedom of information and privacy issues.

DME Executive Services supports the senior management group. It provides strategic policy advice, legislative reform, media management, Ministerial liaison, community engagement, as well as advice to the Chief Executive about the operation of the business.

Our Committees

The Executive Management Committee provides effective leadership and guidance on strategic and performance issues. It is the department's principal strategic planning body; it provides guidance for decision-makers and sets and monitors the goals, strategies and performance targets for the department.

Three corporate governance committees assist the Chief Executive and the Executive Management Committee. They are:

1. Risk and Audit Committee
2. Information Management Committee
3. Workplace Health and Safety Steering Committee.

The committees evaluate and monitor these particular areas, all of which contribute to good governance and assist the department in meeting its government and corporate obligations.

The Project Control Group (PCG) is a subset of the Executive Management Committee. The PCG meets weekly to monitor the progress of critical issues and projects. Following these meetings, the Chief Executive provides advice to the Minister's office.

Key Industry Sectors – Trends and Analysis

Introduction

The Northern Territory economy is dominated by the mining sector, which includes minerals and petroleum. In 2014-15, the construction sector accounted for 20.7% of the Territory economy, with the next largest sector being mining at 12.3%, followed by public administration and safety accounting for 9.6% of the NT economy.

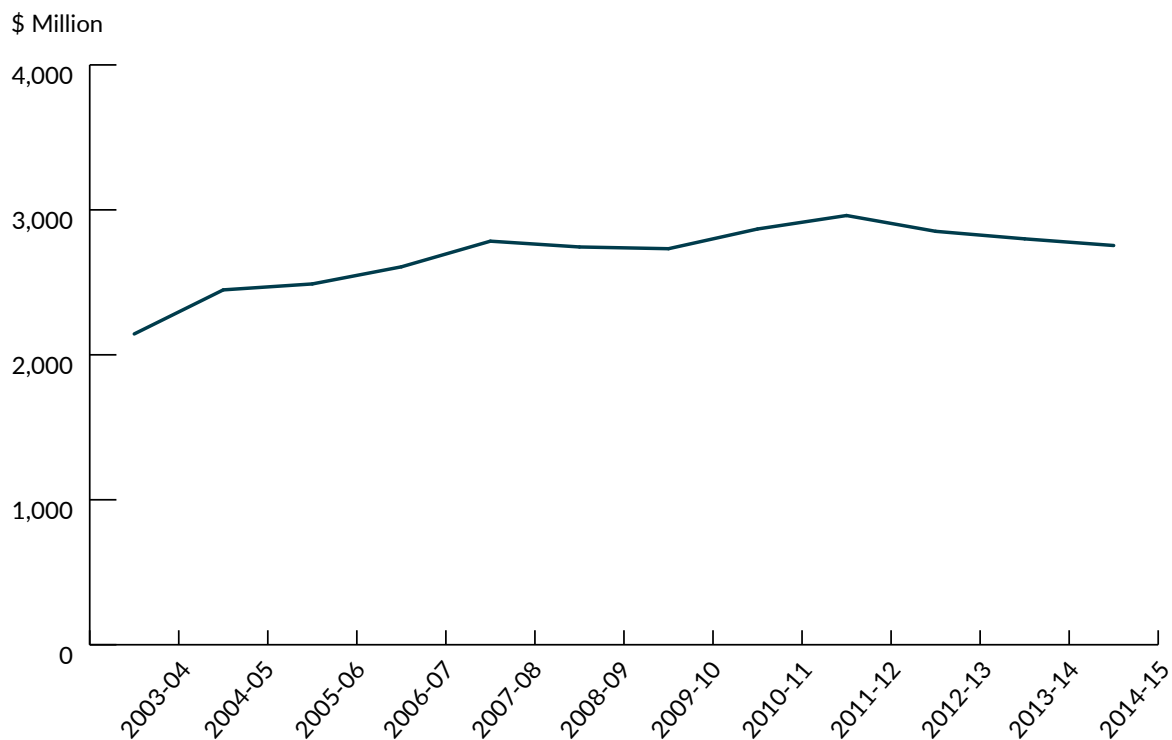
TABLE 1: INDUSTRY SECTOR CONTRIBUTIONS TO NT GROSS STATE PRODUCT, (GSP) \$ MILLION, 2014- 2015.

Industry	Value (\$ million)	% Change	Cont. to GDP (%)
Construction	4,654	16.6%	20.7%
Mining	2,754	-19.8%	12.3%
Public administration and safety	2161	8.2%	9.6%
Health care and social assistance	1432	10.3%	6.4%
Rental, hiring and real estate services (b)	1050	11.7%	4.7%
Transport, postal and warehousing	981	-3.8%	4.4%
Education and training	748	7.5%	3.3%
Manufacturing	746	-12.0%	3.3%
Professional, scientific and technical services	681	8.3%	3.0%
Retail trade	630	1.4%	2.8%
Financial and insurance services	553	1.5%	2.5%
Administrative and support services	525	0.8%	2.3%
Electricity, gas, water and waste services	408	14.0%	1.8%
Agriculture, forestry and fishing	407	-10.2%	1.8%
Accommodation and food services	397	5.0%	1.8%
Wholesale trade	373	7.2%	1.7%
Other services	323	2.5%	1.4%
Information media and telecommunications	254	2.4%	1.1%
Arts and recreation services	235	0.4%	1.0%

Source: ABS Cat No. 5220.0

The mining sector is capital intensive, and its growth pattern over the last two decades has been tracking with the NT economy. Industry trends show that after a period of stability up to the late 1990s, the mining sector contribution to the Territory economy rapidly expanded, initially on the back of oil and mineral expansions and more recently gas and condensate.

FIGURE 1: MINING SECTOR CONTRIBUTION TO THE NT ECONOMY, 2003-04 TO 2014-15.



Year	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
VALUE (\$m)												
Mining	2,144	2,448	2,489	2,607	2,784	2,744	2,732	2,868	2,961	2,852	2,800	2,754

Source: ABS Cat No. 5220.0

¹ Due to the current ABS methodology used to derive estimates it is necessary to make revisions to historical data.

Employment

Table 2 (below) shows almost 3.7% of the NT workforce (full-time and part-time) is employed in the mining sector. The vast majority of jobs are located in the regional and remote areas of the NT that provide employment opportunities for rural and remote Territorians.

TABLE 2: EMPLOYMENT BY SECTOR 2014-2015

Industry	Full Time	Part Time	Total	% of Total Employment
Public administration and safety	19,143	3,891	23,035	17.4%
Health care and social assistance	12,874	3,760	16,634	12.6%
Construction	13,847	1,173	15,020	11.3%
Education and training	7,435	3,507	10,942	8.3%
Retail trade	6,348	3,497	9,845	7.4%
Professional, scientific and technical services	7,739	1,576	9,315	7.0%
Accommodation and food services	5,570	3,636	9,206	7.0%
Transport, postal and warehousing	5,199	837	6,036	4.6%
Other services	5,024	902	5,926	4.5%
Mining	4,795	160	4,955	3.7%
Administrative and support services	3,236	971	4,207	3.2%
Arts and recreation services	2,266	1,015	3,281	2.5%
Manufacturing	2,669	66	2,735	2.1%
Wholesale trade	2,347	379	2,726	2.1%
Electricity, gas, water and waste services	2,398	75	2,473	1.9%
Information media and telecommunications	1,427	242	1,669	1.3%
Rental, hiring and real estate services	1,489	110	1,599	1.2%
Financial and insurance services	1,344	195	1,539	1.2%
Agriculture, forestry and fishing	1,086	129	1,216	0.9%
Total Employment	106,236	26,122	132,358	

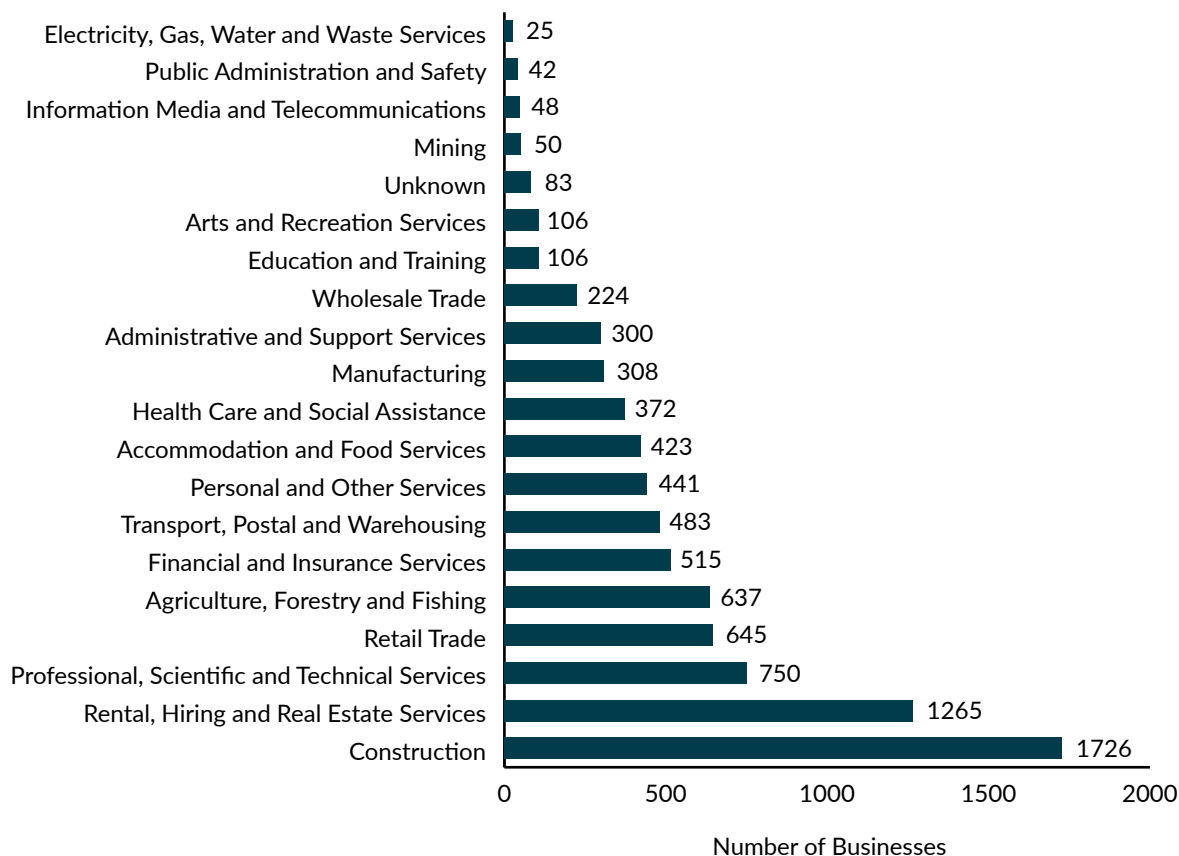
Source: ABS Cat No. 6291.0.55.003 (1). Figures are as at May 2015

Businesses

Figure 2 (below) shows 50 NT businesses engaged in mining in June 2015, which is the fourth smallest number by a sector in the NT economy.

The mining sector is represented by 27 employing businesses or 0.7% of total employing Territory businesses in June 2015, while the mining sector has 23 non-employed businesses or 0.5% of the total non-employed business in the NT. Low numbers for employing businesses is reflective of mining enterprises being listed as businesses in other jurisdictions outside the NT.

FIGURE 2: NUMBER OF NT BUSINESSES BY SECTOR, JUNE 2011-2015



Source: ABS Cat No. 8161.0. Counts of Businesses 2011-2015

Minerals and Petroleum

In 2014-15, the total value of mineral and energy production (extraction) and processing (manufacturing) was estimated to decrease by 27.1% to \$4,660 million before increasing by 11.6% in 2015-16 with modest growth forecasted in the following year for 2016-17 (see Figure 3). The value of uranium production is forecast to rise to \$270 million in 2015-16 (see Table 3).

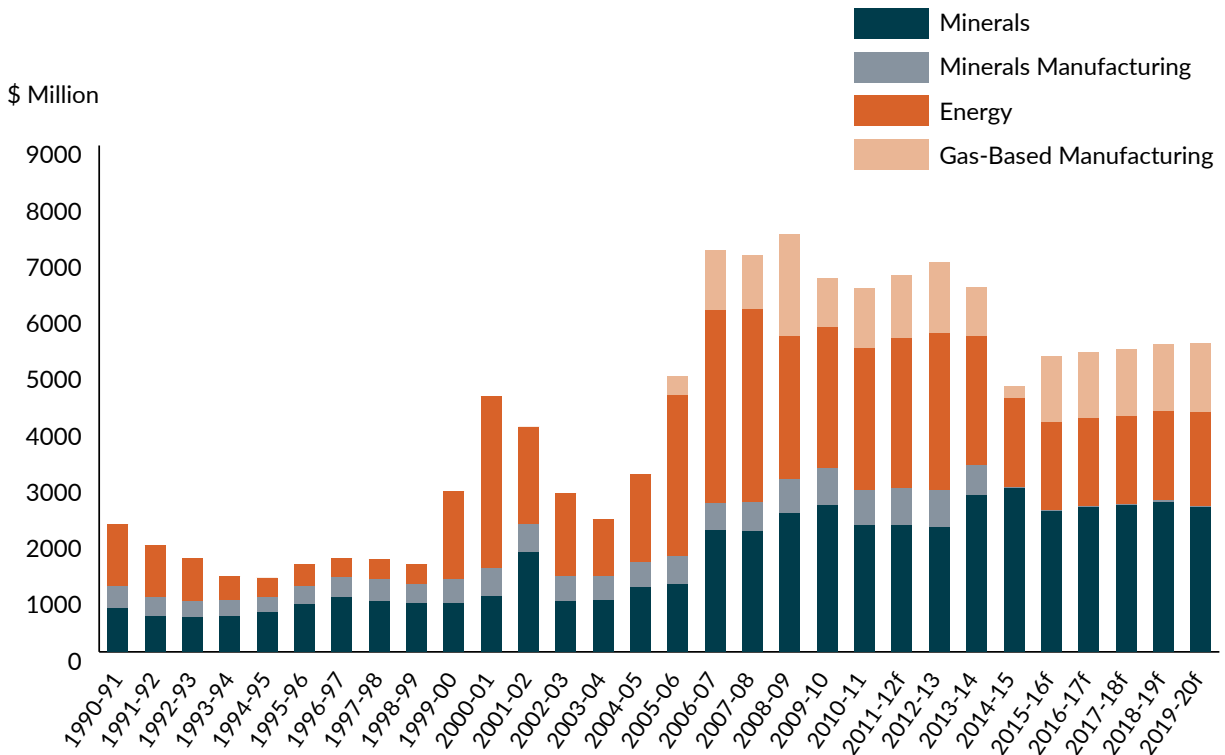
Drivers of growth are the (LNG) manufacturing plant at Wickham Point, condensate out of the Joint Petroleum Development Area (JPDA), manganese and uranium which are expected to offset declines in oil production, onshore gas production and alumina. These estimates include half of the value of production arising out of the JPDA and Black-tip gas field in the Timor Sea.

TABLE 3: VALUE OF TERRITORY MINING (MINERALS AND ENERGY) AND MANUFACTURING 2014-15 TO 2016-17(F)

	2014-15 (\$million)	2015-16 Forecast (\$million)	2016-17 Forecast (\$million)
Mining and Energy	4,419	3,986	4,058
Manganese	1,020	1,052	1,085
Other Minerals	674	419	429
Gold	676	545	536
Zinc / Lead concentrate	469	411	445
Total Mining	2,839	2,428	2,497
Oil	205	178	173
Gas and liquids	1,110	1,109	1,110
Uranium	266	270	278
Total Energy	1,581	1,558	1,561
Liquefied natural gas	212	1,189	1,187
Alumina	29	26	27
Total Manufacturing	241	1,216	1,214
Total Mining and Energy and Manufacturing	4,660	5,201	5,272

Source: Department Mines and Energy data collections 2014 NB Figures include Blacktip and JPDA

FIGURE 3: MINERALS AND ENERGY PRODUCTION AND PROCESSING VALUES



Regional Location

Arid Zone Research Institute

The department's regional headquarters in Central Australia is at the Arid Zone Research Institute (AZRI), and houses staff from the DME, under the shared-resources agreement with the Department of Primary Industry and Fisheries.

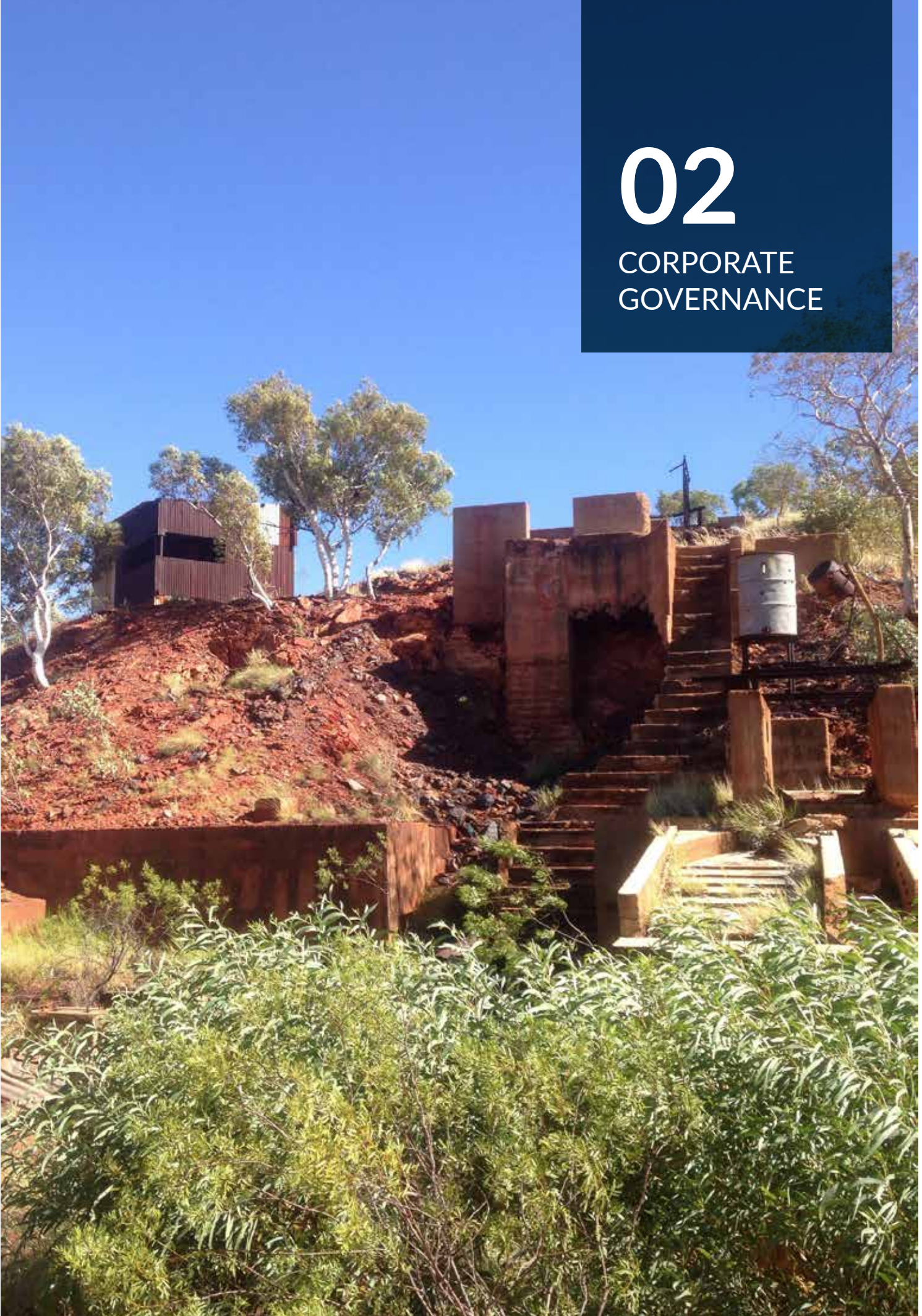
As well as AZRI, the department also has staff based at the NTGS Store on Power Street. NTGS staff undertake activities related to regional geological programs as well as maintaining information services through the Minerals and Energy InfoCentre.

Mining Environment Compliance staff from the Compliance Division make up the 'Mining Team - Central Australia'. These officers are responsible for the enforcement of all aspects of the *Mining Management Act* in Central Australia which covers an area of about 570 000 square kilometres. This includes assessing and regulating extractive and exploration operations, as well as active and remediated mine sites.

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02

CORPORATE GOVERNANCE



Corporate Governance Introduction

The department strives to achieve good corporate governance to ensure our stakeholders have confidence in the decisions and actions that are taken in achieving our overall outcomes.

The department's risk management strategy underpins our high performance and delivery of services and programs, as well as ensuring the department conforms to the laws, regulations, standards and community expectations of probity, accountability and openness.

Specifically, the department, through its good corporate governance, ensures:

- The style of leadership sets the culture of the organisation and is critical to achieving good governance.
- The department and its employees are accountable, accept responsibility and are open to scrutiny from external sources for their decisions and actions.
- Staff are expected to act with integrity, be honest, straight forward and objective in their dealings and stewardship of public funds and resources.
- The stakeholders of the department have confidence in its decision-making capabilities and management of priorities.
- The department ensures maximum efficiency, and makes the best use of resources to deliver its priorities.

Shared Corporate Services

The department has corporate services provided by the DPIF where services are delivered to the department in the areas of:

- Budgets, Finance and Travel
- Human Resources
- Information Management and Technology
- Infrastructure and Assets
- Media and Communications
- Risk and Audit.

The chief executives of both departments meet as required to review the provision of services and address any services issues that may arise. In order to be effective strategic business partners, DPIF corporate directors attend both the departments' Executive Management Meetings and meet regularly with the DME Chief Executive. Both departments' priorities and business is supported in a proactive and collaborative manner.

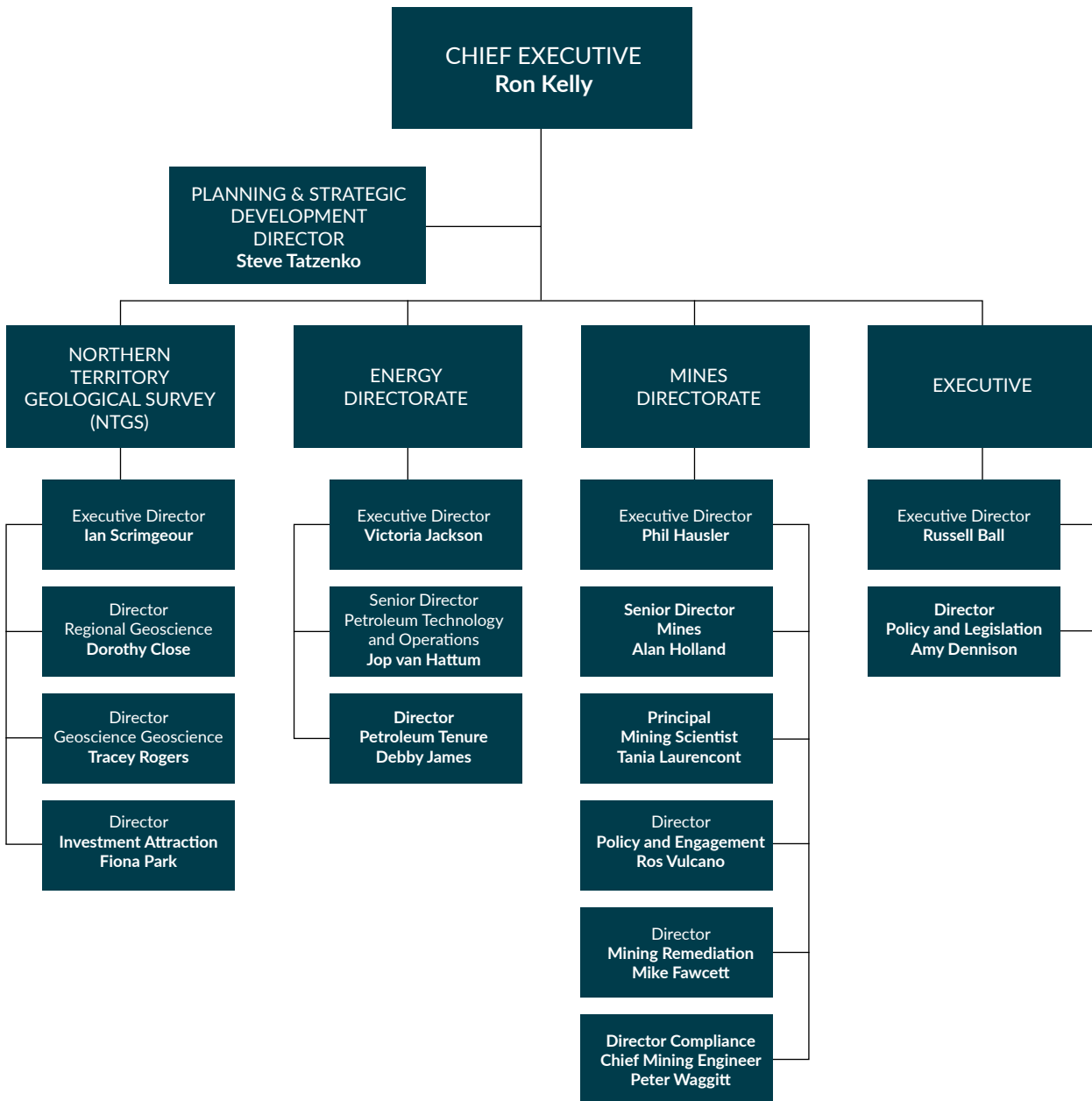
An annual strategic assessment of services occurs together with a client satisfaction survey, with results included in consideration of service improvements of changes.

Organisational Governance

The governance structure for the department is outlined below:

1. The Minister is appointed by the Administrator as per the *Self Government Act*.
2. The Chief Executive is appointed by the Minister of the day and is responsible for the department.
3. The Executive Committee consists of senior managers and officers of the department. The Committee provides strategic advice on the coordination of the department's activities and approves internal policies and procedures.
4. The Administrator has the authority to declare the powers and functions of the department through the Administrative Arrangements Order. The statutory responsibilities as per this order are described on page 26. The department's priority is to serve the elected Government and the people of the Territory. Employees contribute to the objectives of the department's Strategic Plan (see page 102) and administer the legislation described on page 26.
5. Community, industry and other stakeholders, including other government departments, provide input into the department's decision-making.
6. The Risk and Audit Committee, and the Work Health and Safety Steering Executive Committee, report to the Senior Management Committee and/or the Chief Executive on a regular basis. Their activities are described on pages 26 and 28 respectively.
7. The Information Management Committee is a Shared Corporate Services committee and its activities are detailed on page 27.
8. The Mining Board is formed under the *Mining Management Act* and is an independent body that provides advice to government and also a decision review function. Its status is described on page 28.
9. The department's progress towards delivering its objectives is contained in the Performance Reporting section commencing on page 47.

Department of Mines and Energy Senior Management





Executive Management Committee

The Executive Management Committee, which is made up by the Executive Directors and Corporate Services Directors, is chaired by the Chief Executive and meets monthly.

The role of Executive Committee includes:

- Providing a high level, strategic forum to coordinate DME activities
- Allowing the Chief Executive to provide strategic direction to senior managers
- Prioritising attention to meet objectives of the 2014-17 Strategic Plan and other government initiatives
- Providing an opportunity for each Directorate and Corporate Services Directors to formally communicate achievements, critical issues, policy changes, budget position and human resources issues
- Granting approval for internal policies and procedures to be adopted and implemented.

The Chief Executive also produces a newsletter, which is emailed to all staff and posted on the intranet, and includes information on departmental issues, individual and group achievements and projects and staff movements.



Ron Kelly Chief Executive Officer

Ron Kelly commenced with the Department of Mines and Energy in March 2015. He has more than 15 years' experience in public policy development and implementation with both the Northern Territory and Australian governments. This has included both high level discussions and negotiations with foreign and domestic governments and companies, as well as community engagement and consultations.

As Chief of Staff to the NT Chief Minister, Ron Kelly managed Ministerial liaison functions for oil and gas, mining and major infrastructure investment projects within the Chief Minister's office. The primary objective was to liaise with Ministers, relevant department officials and industry representatives to facilitate project success.

Prior to entering the public sector, Ron was area manager for Telstra in Katherine, including at the time of the 1998 Katherine flood, where he managed the installation, repair and servicing of Telstra infrastructure and customer equipment across the Katherine service delivery district.

Ron served with the Royal Australian Air Force with qualifications in electronic engineering.



Victoria Jackson
Executive Director –
Energy Directorate

Managing exploration and development of the Territory's energy resources, a current focus of Victoria's role is to steer the Government's petroleum regulatory reform agenda. This agenda is progressing well, with the recent introduction of environmental regulations that are among Australia's best, being rigorous, flexible and outcomes focused. Another key deliverable has been the development of a whole of government, holistic energy policy framework, considering the entire energy chain, including renewables and carbon abatement opportunities.

Having also led the department's input to the Inquiry into Hydraulic Fracturing in the Northern Territory, more importantly Victoria is accountable for implementing Government's response to the Inquiry and for leading aspects of community engagement.

Previously, Victoria was Government Relations Advisor for the oil and gas industry where she supported company business delivery through communicating with government, the community and industry stakeholders.

As a Director in Western Australia's resource development agency, facilitating government approvals for major projects, Victoria was responsible for the provision of strategic leadership and policy direction across the department to deliver approvals for key LNG and iron ore developments.

Having graduated with a BSc in Geology, and a Diploma in Cartography, she ran a consultancy for ten years providing technical services across the oil and gas and minerals sectors.



Russell Ball
Executive Director Strategy –
Executive Group

Russell Ball leads the legislation and policy group, which provides support to regulatory areas of the department and leadership on cross-agency and multi-agency policy issues. The group also incorporates media management, community engagement and Ministerial liaison services.

Russell has been with the department (in its various forms) since late 2001, including six years as the mining regulator. Russell is a member of the department's Executive Management Group and is also a member of the Information Management Committee, one of three key governance committees for the department.

During 2016, Russell continued his studies towards the Executive Masters of Public Administration through the Australian and New Zealand School of Government. He completed the Public Sector Management Program in 2005.



Philip Hausler
Executive Director –
Mines Directorate

Moving from regional NSW to the Northern Territory in 1989, it was the outdoor lifestyle and abundant opportunities that the Territory had to offer that saw Philip stay in the place he now calls home with his wife and three children.

With a keen interest in the land, Philip took the opportunity to study and earn his Degree in Applied Science at Charles Sturt University in Wagga Wagga, before embarking on his career in the Territory.

A strong background in agriculture equips Philip well to deal with the challenges of land use impacts that face the DME.

Philip has been intimately involved in high level policy and planning in the mines and energy sector and brings a strong level of experience to his role. He previously worked for government in the mining and resources sector and was a Director of major project development with the former Department of Resources.

Philip is committed to best practice resource management to achieve balanced development and environmental outcomes and to achieving a strong economic future for the NT.



Ian Scrimgeour
Executive Director –
NT Geological Survey

After moving to the Territory in 1994, Ian spent a year working in gold exploration around Pine Creek. In 1995, Ian joined NTGS as a regional mapping geologist based in Alice Springs, working in the Musgrave Province and Arunta Region in Central Australia. From 2002, he managed the survey's geoscience programs as Program Leader, Mineral Prospectivity, before being appointed Director of NTGS in December 2005 and in December 2006, the Executive Director. In these roles Ian has been responsible for overseeing the Territory's initiatives to grow the exploration sector, including the current CORE initiative.

Ian has a PhD in geology from the University of Adelaide.

Our Committees

Risk and Audit Committee

The Risk and Audit Committee (RAC) assists the Chief Executive to meet the Accountable Officer's statutory responsibilities and the management of the department's internal control arrangements. Its objective, authority, roles, reporting and administrative responsibilities are set out in its Terms of Reference, which are approved by the Chief Executive. Membership of the Committee is representative of the department's business areas and includes an external member.

The department has developed its Strategic Risk Register to document its risks, current controls, planned risk reduction initiatives to minimise risks to the achievement of its 2014-17 Strategic Plan.

External Audits

The Auditor-General conducted two audits for the year ending June 2016.

The compliance audit examined the existence and functioning of selected aspects of the department's internal financial control systems. The audit concluded that the controls tested provided reasonable assurance that the responsibilities of the Accountable Officer will be met if those systems continue to operate in the manner identified in the audit.

A Performance Management System (PMS) audit was conducted to evaluate the department's internal audit framework and assessed the internal audit function and capacity, internal audit charter and internal audit plan.

The audit recommendations have been considered by the RAC who will develop a program to implement the recommendations.

Internal Audits

The committee engaged an external consultant to review and assess management of mining securities and to undertake a business improvement review.

A limited scope internal review was conducted on compliance with the NTG Air Travel Policy. The review concluded compliance with the selected control.

Achievements for 2015-16

- Conducted a review of the Strategic Risk Register.
- Conducted an audit of mining securities receipting, monitoring and management controls.
- Monitored the implementation of the Work Health and Safety Remote Travel audit recommendations.
- Reviewed compliance with the ICT Treasurer's Directions.

Priorities for 2016-2017

- Review and update the Strategic Risk Register.
- Ensure internal audits include a strong focus on identifying business process improvement opportunities as well as compliance control improvements.
- Review RAC documentation and processes to implement the PMS audit recommendations.

Membership

Philip Hausler, *Executive Director Mines Directorate* - Chair

Rick Bishop, *Director Human Resources, Risk and Audit* - Member

Evan Tyrrell, *Manager Legacy Mines Unit, Mines Directorate* - Member

Sanja Hill, *Director Risk Management and Audit, Department of Education* - Member

Josie Silipo, *Manager Risk and Audit* - Member

Information Management Committee

The Information Management Committee (IMC) has a key role in governance of strategic information management, including reviewing and approving all Information Management (IM) and Information Technology (IT) project submissions and advising on investment in information technology.

This year the composition and charter of the IMC was changed to oversee related activity in DME and DPIF, consistent with the shared delivery of corporate services. The committee comprises three representatives from each department who work with the Chief Information Officer to set the strategic direction and review, approve and prioritise individual project submissions.

This year the IMC considered four individual project proposals, using a fully electronic system, and met on two occasions.

Achievements for 2015–16

- Reviewed and considered four individual project proposals.
- Spatial database, Geo-server, and Business Logic Solution.
- Update SharePoint site collections from 2010 to 2013.
- Active Directory Security Cleanup.

Priorities for 2016–17

- Development of IT and IM Strategic Plans.
- Oversee the replacement of key DPIF and DME business systems.
- Continue to develop solutions and systems to allow greater web-based and mobile access for our external clients.
- Provide support and assistance to the DME Business Transformation project.
- Assess technology proposals and solutions to ensure they meet departmental IT and IM objectives and business requirements.
- Monitor the implementation of appropriate new technologies.
- Monitor IT and IM projects and practices to ensure consistency with the department's strategic direction and governance framework.

Membership

Rowan Dollar, *Chief Information Officer*

Victoria Jackson, *Executive Director Energy Directorate*

Ian Scrimgeour, *Executive Director NTGS Directorate*

Philip Hausler, *Executive Director Mines Directorate*

Russell Ball, *Executive Director Strategy*

Work Health and Safety Steering Committee

The Work Health and Safety Steering Committee (WH&SSC) develops and ensures the maintenance of work health and safety (WH&S) policies and programs within relevant legislation.

It also:

- Ensures adherence to all corporate, Territory and national health and safety legislation, regulations, policies, procedures and programs.
- Ensures effective systems are in place to safeguard the health and safety of all staff, contractors, customers and the public.
- Approves all new or revised WH&S policies and other related documents.
- Ensures the development and analysis of performance data and trends to inform continuous improvement of health and safety.
- Ensures progress of WH&S Management Systems through an agreed set of DME corporate standards, policies or guidelines, together with specific business unit procedures where required.
- Ensures safety and environmental processes are integrated into all core business processes.
- Ensures activities are in place to raise staff awareness of WH&S and the effectiveness of these activities are measured, monitored and reported.
- Oversees the functions of workplace safety committees and makes recommendations on issues referred by the workplace safety committees.
- Convenes and oversees sub-committees and working parties responsible for tackling WH&S issues.
- Reviews reports on external workplace work health and safety inspections and audits.

Achievements in 2015–16

- Continued to fulfil the *Work Health and Safety (National Uniform Legislation) Act 2011* requirements.
- Reviewed and implemented revised DME WH&S Policy.
- Reviewed and implemented revised Terms of Reference for the WH&SSC.
- Flowcharts and forms for online incident reporting developed and placed on intranet.
- Implemented recommendations of the audit into the revised Remote and Isolated Fieldwork WH&S policy and guidelines.
- Informed and consulted with staff on WH&S matters.
- Recording of Steering Committee and Workplace Committee agendas and minutes.
- Commenced work program to update risk registers.
- Reviewed staff feedback options and commenced implementation of selected method.
- Conducted meetings every two months.

Priorities for 2016–17

- Continue to fulfil the new *Work Health and Safety (National Uniform Legislation) Act 2011* requirements
- Undertake audits and reviews of other policies and guidelines
- Complete updating of the DME WH&S Management System to ensure compliance with relevant legislation

Membership

WH&SSC members consist of senior representatives of each Directorate, the Executive Officer DME and the Director Human Resources. The committee reports monthly to the DME Executive Committee. Members are usually appointed for two years.

Ian Scrimgeour, *Executive Director, NTGS - Chair*

Rick Bishop, *Director HR DPIF - Member*

Debby James, *Director Petroleum Tenure - Member*

Peter Waggitt, *Director Mining Compliance - Member*

Michelle Woodcock, *Executive Officer - Secretariat*

Northern Territory Mining Board

- The Northern Territory Mining Board is established under Part 6 of the *Mining Management Act (MMA)*. In 2014-15, the Mining Board also became otherwise known as the Mining Advisory Committee, which has the functions and powers outlined in section 50 of the MMA. This includes providing strategic advice to the Minister on issues of relevance to mining.

Further, the MMA provides that if a person was to apply for review of a decision made under the MMA by the Minister or his delegate, the Mining Board may be required to form a Review Panel. A Review Panel was established to review two matters during the reporting period.

The members are appointed for their individual skills and knowledge of the mining or related industries.

The Mining Board met three times during this reporting period.

At the end of June 2016, the membership comprised:

- Mr Brian Hearne (Chair)
- Mr Brian Fowler
- Mr Duncan Hedditch
- Mr Richard Jackson
- Mr Keith Joy
- Ms Andrea Sutton

Insurance Arrangements

The department is covered by the NT Government's policy of self-insurance and has developed a strengthened Risk Management Framework to formalise identifying, evaluating and mitigating specific risks relating to its business. Strategies include a range of policies and procedures, as well as the purchase of commercial insurance for overseas travel. An overview of the department's insurance arrangements, cost, number and value of claims is detailed below in Table 4.

Workers' Compensation

Workers' compensation covers workers' medical expenses, lost income, compensation for incapacitation and compensation for dependents (in the case of death) arising from a workplace incident. The department is bound by the *Northern Territory Workers Rehabilitation and Compensation Act*, the *Work Health and Safety (National Uniform Legislation) Act*, as well as the *Work Health and Safety (National Uniform Legislation) Regulations*, and is required to have appropriate WH&S strategies and processes in place to identify and minimise risks to workers, which are:

- Policies and procedures to reduce the risk to workers in specific work situations including: remote travel, working alone, using dangerous goods, first aid, office ergonomics and office safety.
- A WH&SSC, whose members include senior executives, that meets regularly to monitor and guide WH&S management activities across the department; meeting minutes are published on the department's intranet.
- Active workplace WH&S Committees.
- An Employee Assistance Program is available and provides employees with up to five visits annually to a counselling service or specialist advisory expert to provide services such as workplace conflict or stress management coaching.

- A performance management system, known as the Personal Development Process (PDP), that provides an opportunity for managers and staff to discuss and review processes, including safety related training matters.
- Management training to provide managers with skills to enable the effective management of employee safety and wellbeing.
- Workplace nominated first aid officers and fire wardens. Posters with nominated officer details are displayed in work areas and on the department's intranet.
- Emergency response procedures, including cyclone and flood, are in place and reviewed annually.
- Maintenance of an asbestos register for all sites owned by the department; annual inspections are conducted to identify unsafe or deteriorating sites where, if necessary, safe removal and/or encapsulation is carried out via the works programming process.
- Travel policies for employees travelling in and out of Australia, including advice for employees travelling to areas for which official travel warnings have been issued by the Department of Foreign Affairs and Trade.
- Commercial travel insurance to cover employees travelling overseas.

TABLE 4: INSURANCE COSTS

Property and Assets Summary	2014-2015	2015-16
Total Costs	0	\$8 140
New		
Vehicle & Fixed	0	6
Asset Incidents	0	1
Workers Compensation Summary*		
Total Costs	\$11 686	\$12 067
New		
Incidents	13	19
Claims	1	1
Insurance Premium Summary**		
Travel Insurance	\$650	\$1 034
Motor Vehicle Insurance***	***	\$5 858

* Source: BOXI-HR WHS002 Report, Department of Corporate and Information Services

** Excluding GST; Source: Government Accounting System

*** 2013-14 and 2014-15 premium expensed in 2013-14 – no premium expensed in 2014-15

Property and Assets

The department's assets primarily consist of land, buildings, vehicles, plant and equipment, and include financial assets. These assets require management to prevent damage, loss or theft.

The department has the following mitigation strategies and processes in place:

- Policy on portable and attractive assets to ensure accountability and custodianship.
- Property and Assets are managed through a shared corporate service arrangement provided by DPIF.
- Internal audit processes and controls to foster compliance with the Treasurer's Directions.
- Accountability protocols for the control of allocating and recording security swipe cards and keys for access to buildings.
- Commercial insurance to cover property damage for expensive specialised equipment.
- Comprehensive vehicle management policy and procedures for governing all aspects of the vehicle fleet.
- Emergency procedures, including cyclone and flood, are updated annually and reviewed after each emergency event to ensure best practice.
- Internal security systems in the Centrepoint building to lock individual floors or the building after hours or as necessary.
- Policies for use of corporate credit cards, credit control, debt management and entertainment.
- Regular inspections and/or stock-take of property and assets.

Public Liability

Public liability relates to the liability owed to a third party who suffers loss or damage by reason of the department's activities and, therefore, the following mitigation strategies and processes are in place:

- Scheduled maintenance programs for issues such as pest control, air quality testing and water filter replacements.
- Policy on maintenance contractors requiring compliance with sign-in/sign-out procedures, WH&S standards and observance of applicable warning signage.
- Risk assessments conducted for property and equipment use.
- Compliance with relevant legislation.
- Commercial insurance purchased to cover liability risk when volunteers are engaged by the department.
- In compliance with Procurement Directions under the NT Government Procurement Framework, quotes and tenders are required to address public liability. Risk assessment processes may also identify the need for additional cover for issues such as marine and aviation liability.

Indemnity

An indemnity is an agreement that provides protection from the consequences of a breach of duty of care or negligence, provided acts have been done in good faith. Issuing an indemnity rather than purchasing commercial insurance is in line with Government's policy of self-insurance. As such, the department has the following mitigation strategies and processes in place:

- Internal guidelines and checklists are used to assist staff determine the suitability of entering into funding agreements and contracts containing indemnity clauses.
- Where it is possible to reach an agreement with another party, clauses imposing an indemnity on the department are removed from contracts before entering into them.
- The agency legal advisers are engaged to review contracts containing indemnity clauses and are frequently asked to advise on any other risks associated with the terms and conditions of contracts.
- Where an indemnity clause is included in a contract an assessment of the risk of an indemnity provision being relied on is conducted and checked by senior executives.
- Application of WH&S processes as applicable.
- Promote compliance with all applicable legislation, such as the *Information Act*.
- Formal adoption of the indemnity process at the Treasurer's direction on externally funded projects.

During the financial year no party has called upon the NTG to indemnify them against losses or damage arising from a contract under which the department provided an indemnity.

Statutory Responsibilities and Acts

Statutory responsibilities

Under the Administrative Arrangements Order, the department is responsible for the following principal areas of government:

- Energy operations regulation
- Energy policy
- Environmental management of mining and energy operations
- Geothermal industry development
- Geothermal titles administration
- Mining development
- Mining titles administration
- Northern Territory Geological Survey
- Petroleum industry development
- Petroleum titles administration
- Pipeline industry development
- Pipeline operation regulation
- Pipeline title administration

Acts administered by the department

The department is responsible for administering 15 Acts and eight pieces of subordinate legislation.

- *Bonaparte Gas Pipeline (Special Provisions) Act*
- *Energy Pipelines Act*
- Energy Pipelines Regulations
- *Geothermal Energy Act*
- Geothermal Energy Regulations
- *McArthur River Project Agreement Ratification Act* (except provisions about royalties)
- *Merlin Project Agreement Ratification Act* (except provisions about royalties)
- *Mineral Titles Act*
- Mineral Titles Regulations
- *Minerals (Acquisition) Act*
- *Mining (Gove Peninsula Nabalco Agreement) Act* (except provisions about royalties)
- *Mining Management Act*
- Mining Management Regulations
- *National Gas (Northern Territory) Act*
- *Petroleum Act* (except provisions about royalties)
- Petroleum Regulations
- Petroleum (Prospecting and Mining) Regulations
- *Petroleum (Submerged Lands) Act*
- Petroleum (Submerged Lands) Regulations
- Petroleum (Submerged Lands) (Application of Commonwealth Laws) Regulations
- *Tanami Exploration Agreement Ratification Act*
- *Trans-Territory Pipeline and Blacktip Gas Projects (Special Provisions) Act*
- *Validation (Mining Tenements) Act*

Legislative reviews in 2015-16

Petroleum Act

The department is currently exploring ways to strengthen the operation of the *Petroleum Act* to ensure it is consistent with Government's broader strategic objectives and the principles of best practice regulation.

Mineral Titles Act and Mineral Titles Regulations

The *Mineral Titles Act* replaced the *Mining Act* on 7 November 2011 and while it has been working well, it requires amendments to deal with minor issues that have been discovered by clients and staff during implementation.

A review of the operation of the *Mineral Titles Act* commenced in 2015. Stakeholder feedback was generally positive, but minor amendments suggested would streamline some administrative processes and afford better support and regulatory process for some stakeholders.

The main amendments proposed are:

- Simplify reporting procedures for clients.
- Reduce duplication in the administration of titles.
- Address non-compliant titles (mainly Authorised Holdings).
- Clarify ambiguous wording or interpretations.
- Streamline the application process and regulation of titles.
- Amend fossicking provisions to clarify quantities and the frequency of taking material.
- Amend administrative provisions to allow easier declaration of fossicking areas over pastoral land.
- Consequential amendments to the Regulations.

It is anticipated that a draft of the amendments will be provided to Government in 2017.

Legislative changes in 2015-16

Petroleum (Environment) Regulations

In early 2016 the department facilitated an amendment to the *Petroleum Act* to permit the introduction of the Petroleum (Environment) Regulations. The regulations operationalise the recommendations made in the Hawke Inquiry into hydraulic fracturing and set out a process that will ensure all environmental impacts and risks associated with onshore petroleum activities will be reduced to a level that is as low as reasonably practicable and acceptable. The regulations ensure that the decision-maker takes into account the principles of ecologically sustainable development whenever a decision is made to approve an environment plan.

Information Management

Under Section 11 of the *Information Act*, the department is required to annually prepare a report that details its:

- Structure and functions.
- Types of government information it usually holds.
- Procedures for providing access under Part 3 (Access and Correction Rights) to government information it holds.
- Procedures for correcting personal information it holds under Part 3.

This information may be published in a document, a database or any other material form, and must be available in at least one of those forms for inspection and purchase by members of the public.

Accessing Information

The department's guidelines and procedures that enable access to information and to request corrections to personal information can be obtained upon request from: foi-privacy-dpif-dme@nt.gov.au.

Government information held by the agency

During 2015-16, the department continued to improve record management practices, procedures and policies to ensure compliance with Part 9 of the *Information Act*. Part 9 requires the department to develop and implement plans and processes to ensure full and accurate records are created, captured, retrievable, secure and, where appropriate, disposed of in line with approved disposal schedules.

Key Achievements for 2015-2016

- Development of IM Strategic Plans and departmental Business Continuity Plans commenced.
- RM8 successfully deployed and new training manuals completed.
- Transferred 1 237 files to NT Archives Services and disposed of 2 034 files in accordance with approved disposal schedules.

Priorities for 2016-2017

- Review, amend, revise and implement new Information Management Training Plan (consistent with RM8 changes).
- Implement an Electronic Document Records Management (EDRM) compliance plan.
- Develop and implement an Information Management Service Delivery Model.
- Review the Information Management Unit structure and roles.
- Develop and maintain agency specific policy and guidelines for effective information management (ongoing).
- Review existing disposal schedules and develop a new disposal schedule plan to facilitate records disposal.

'Regular reviews are undertaken to make sure documents align with the department's governance framework.'

Requests for access to information in 2015-16

Five information requests were carried over from 2014-15. There were twelve new requests for information during 2015-16.

In all, 15 requests were finalised, and two were carried over into 2016-17. One request for internal review was received and finalised.

TABLE 5: BREAKDOWN OF REQUESTS FOR ACCESS TO INFORMATION

TYPE OF REQUEST	NO. OF REQUESTS
Applications Received 2015-16	12
Carried over from 2014-15	5
Finalised	15
Withdrawn	0
Transferred	0
Carried over into 2016-17	2
Internal review, finalised	1

Privacy

No privacy complaints were received in 2015-16. The department's Privacy Policy is available upon request from foi-privacy-dpif-dme@nt.gov.au.


Policies, Protocols, Guidelines and Procedures

The department maintains a comprehensive set of policies, protocols, guidelines and procedures as part of its corporate governance framework.

They cover a range of different business activities, including WH&S, Human Resources, IM, Risk Management, Communications, Asset Management and Finance. These help ensure regulatory compliance and staff accountability.

Regular reviews are undertaken to make sure the documents align with the department's governance framework, comply with legislation and other government policies, and to monitor the effectiveness of the controls in place to address the strategic and operational risks that arise from time to time.

All departmental policies, protocols, guidelines and procedures reside on a SharePoint platform to improve document review processes, enhance the regularity of updates and to make the department's electronic Service Centre the single source for up-to-date information.



03

OUR
PEOPLE

Introduction

Our People

The DME continued to attract and retain a passionate, professional workforce of scientists, engineers, researchers, technicians and administration staff from many different cultural backgrounds and age groups.

The department's vision of being the preferred destination for resource investment and development services is currently delivered to a wide range of stakeholders and industries in a culturally diverse environment. It is central to our success that our people effectively engage with all stakeholders and maintain the skills and capabilities to meet government and core business priorities.

The majority of the department's staff are located in the main centres of Darwin and Alice Springs.

The DME's Strategic Plan 2014-17, containing five strategic themes that include "Our People", continues to be the focus of the department.

As part of our commitment towards implementing this strategic theme, the department has continued to achieve goals as set out in Our People Plan. The Our People Plan is a key part of the DME Strategic Plan 2014-17 and outlines the four objectives relating to Our People.

The Executive Committee Management report each month on their progress against the people plan. The department will further implement the remaining actions contained within the Our People Plan over 2016-17.

Staffing Profile

The following table shows the number of full-time equivalent staff in the department as at 30 June 2016.

TABLE 6: STAFFING

Divisions	2011-12	2012-13	2013-14	2014-15	2015-16
Mines & Energy	126	123	147	165	160
Total	126	123	147	165	160

TABLE 7: STAFFING BY CLASSIFICATION

Classification	2014-2015	2015-2016
Administration	73	67
Early Careers	1	1
Executive	13	13
Professional	59	59
Technical	19	20
Total	165	160

Figures are based on full time equivalent and include casual and part time employees.

FIGURE 4: STAFFING BY CLASSIFICATION



Our Major Achievements for the Year

DME People Plan and Survey Response Plan

Continuing from last year and as a key part of the DME Strategic Plan 2014–17, the department has achieved key actions and activities that underpin the Our People Plan. Significant achievements include establishing business plans across the department by using a consultative approach, divisions reporting on their “Our People Plan Progress” as part of a standing agenda item at the Executive Management Committee meetings, improving consultation and feedback across the department by establishing regular team meetings in some areas and a strong focus on recognition and reward for existing staff.

The Northern Territory Public Sector (NTPS) People Matters Survey carried out during 2014 highlighted the key areas for the department to maintain and improve. A response plan was developed, containing relevant actions and dates.

Relevant actions from the response plan which are completed include promotion of leadership and development initiatives resulting in six employees being accepted on to the Future Leaders Program and seven on the Public Sector Management Program.

The Personal Development Plan tracker was re-promoted via the Intranet News, and raised at senior management meetings. A revision of various policies and guidelines to increase employee’s understanding of various matters such as grievance, disclosure of interest and outside employment also took place during this time.

Additionally, other training such as performance management training and due diligence workshops occurred as a result of the survey feedback. The department hosted a number of half day sessions “Doing the Right Thing” during May 2016 aimed at bringing awareness of working ethically and in accordance with the Code of Conduct. Further, cross cultural sessions occurred across the department during August 2015.

A further NTPS survey was conducted during May and June 2016 and DME achieved a 69% response rate with the results expected during August 2016.



Indigenous Employment and Special Measures

During 2015–16 DME appointed four ongoing Indigenous Employment Program (IEP) trainees who had been trainees for six months on the program and continued to work with these employees in regards to their career development. Also, the department obtained approval to implement a special measures plan where consideration will be given whether to apply a special measure to a vacancy as it arises. The department has provided strong leadership to the department's Indigenous employment initiatives, which included the delivery of a cultural awareness program.

As at 30 June 2016 the percentage of employees who had identified as Indigenous was 6% (against paid headcount). The target set in the NTPS Indigenous Employment Career Development Strategy for DME on this date is 4.2%.

Monthly Recognition Awards

The department continues to support its employees for their accomplishments and achievements through its monthly recognition award program.

During the reporting period 19 employees were recognised either as an individual or as part of a team nomination. Further information can be found in the Rewards and Recognition section of this report.

A Culture of Leadership Excellence

DME requires strong leaders who will enable team excellence, innovation and celebrate achievements. To achieve this we have undertaken the following during 2015-16:

Future Leaders Workshop

Nine DME employees attended a workshop aimed at the next generation future leaders, and participated in a Herman Brain Dominance Instrument (HBDI) exercise. The purpose was to provide these employees with a tool for self-analysis that can improve personal growth, leadership skills and provides the opportunity to network and develop professional relationships in the future.

OCPE Future Leaders Program

The Future Leaders Program is an investment in the capability of talented people to deliver the strategic needs for the future. The aim of this program is to build the leadership strength across the Public Sector.

During 2015-2016 the department was proud to support six employees in this program.

OCPE Future Leaders Network

Future Leaders Network is a program operated by OCPE and is aimed at NTPS employees that are able to complete the program prior to reaching 30 years of age. Nominees from each agency that exhibit the potential to be outstanding leaders were selected.

These employees undertake targeted training, and are provided networking opportunities, access to senior agency leaders, mentoring, secondments and short term placements and accredited personal development.

One DME employee continued participation in this program during 2015-16.

Public Sector Management Program

The Public Sector Management Program (PSMP) is a joint venture between the Commonwealth, State and Local Governments across Australia. The program is designed to enhance the existing knowledge, skills, attitudes and behaviours of middle and senior managers in order to improve public sector outcomes. The PSMP is the management development program of choice for public sector managers. This program is provided nationally by the Queensland University of Technology (QUT).

Seven employees commenced the PSMP during 2015-2016. This was a significant investment for the department at \$9 900 per person.

A Professional, Capable Workforce

To ensure the department has a professional capable workforce, the following programs were continued:

Early Careers Programs

The department continues to participate in many of the cross sector programs including:

Indigenous Cadetship Support Program

The department's Indigenous Cadetship Support Program supports cadets with their degree level studies through mentoring, study cost reimbursements, annual vacation employment and living allowance for the term of the cadetship.

During 2015-16, the department supported one cadet undertaking in a Bachelor of Environmental Science.

Indigenous Entry Level Administrative and Technical Program

The department's Indigenous Entry Level Administrative and Technical Program is a 20 week pre-employment program that incorporates accredited training with on-the-job experience and mentoring.

During 2015-16, four Indigenous trainees completed the program and gained employment with the department.

Professional Development

The department is committed to ensuring staff have the necessary skills and, therefore, actively encourages our people to attend courses offered internally, and to seek greater education via external programs and work collaboratively with peers in other organisations.

The department provided the following courses for the 2015-16 financial year:

TABLE 8

Course	Target audience	No. of participants
Cross Cultural Training	All	35
Doing the Right Thing 2016	All	65
Respect in the Workplace	All	37
Key Conversations	Supervisors and Managers	7
WH&S Due Diligence	Senior and Executive Management	10
Future Leaders Workshop	Future leaders, including those who participated in the OCPE Future Leaders Network and Program	9

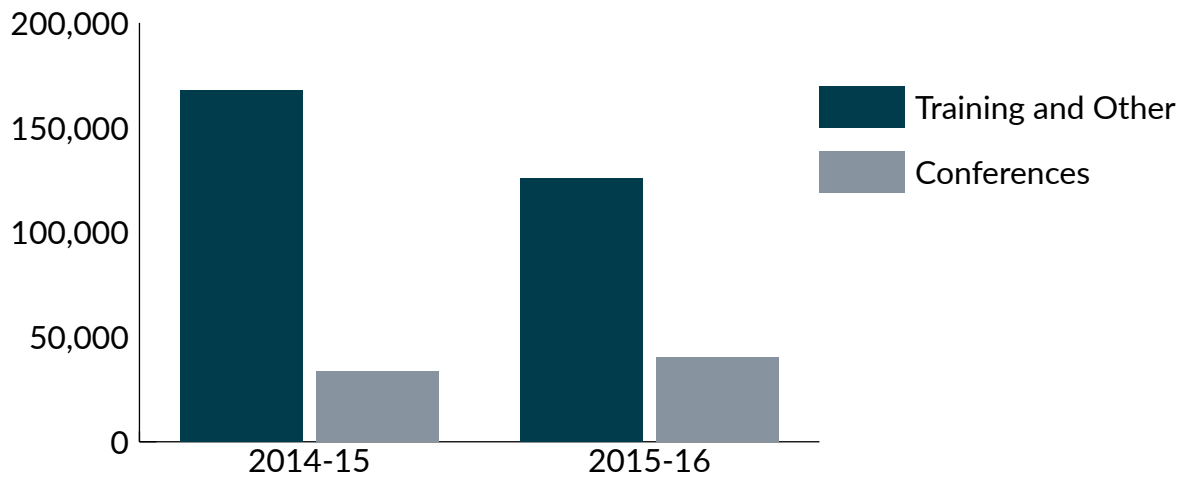
Training expenditure comparison

TABLE 9: TRAINING EXPENDITURE COMPARISON

	2014-15	2015-16
Training, Study and Other	\$167 758	\$126 027
Conferences	\$33 890	\$40 309
Total	\$201 648	\$166 336



FIGURE 5: DME TRAINING EXPENDITURE COMPARISON



A safe, positive and diverse workplace

Equal Employment Opportunity (EEO) Information

EEO information is recorded by employees' self-identifying in the following categories:

- Aboriginal or Torres Strait Islander (ATSI)
- Non-English Speaking Background (NESB)
- Person with a Disability (PWD)

As this is voluntary, the data in the table below cannot be guaranteed as completely reflecting the diversity within the department.

Employees are encouraged to enter their EEO details through myHR (an online human resource system that allows employees to access their own salary, leave and other personal information via the Intranet). The department regularly reminds employees to update their details through the Human Resource (HR) newsletter and intranet news items.

TABLE 10: EEO GROUPS BY YEAR

	2014	2015	2016
ATSI	5	5	10
NESB	5	10	9
PWD	2	1	0

Figures are based on paid headcount.

TABLE 11: EMPLOYEE CLASSIFICATION BY GENDER

Classification	Female	Male	Total
Administration	46	21	67
Professional	22	37	59
Executive	5	8	13
Technical	6	14	20
Early Careers	0	1	1

Figures are based on full time equivalent as at 30 June 2016.

Work / Life Balance

Flexible work arrangements options are available for employees to improve the attraction and retention of employees, to balance work and family responsibilities and to more effectively deliver services. The options available are such as:

- Job sharing
- Part-time employment
- Home-based work
- Flexible working hours

As of 30 June 2016 the department have 20 employees working part-time hours.

Indigenous Employment

The department engaged four Indigenous people through the IEP during the year. The four trainees commenced as ongoing employees in December 2015 one in each of the divisions Energy and NTGS, and one each in the Titles and Environmental Monitoring Units (EMU). The department is continuing to support these employees with future development to enable their career development.

A Special Measures Plan was introduced for the department in 2015 for the engagement of Indigenous people on selected vacancies.

Employee Assistance Program

The department maintained its Employee Assistance Program, which provides employees and their families with free access to confidential counselling and related services on issues such as interpersonal conflicts, relationship or family problems, stress, financial or vocational issues, grief, trauma, alcohol and other substance abuse problems.

The program's main areas of use continue to be management coaching and traditional employee counselling services, with both services being used. The department will continue to maintain this program to assist employees to meet personal and professional challenges. This program provides suggestions to support the department's continuous improvement.

No usage trends of significance occurred in the reporting period, with employees accessing the service consistently and within normal organisational parameters.

Work Health and Safety Programs

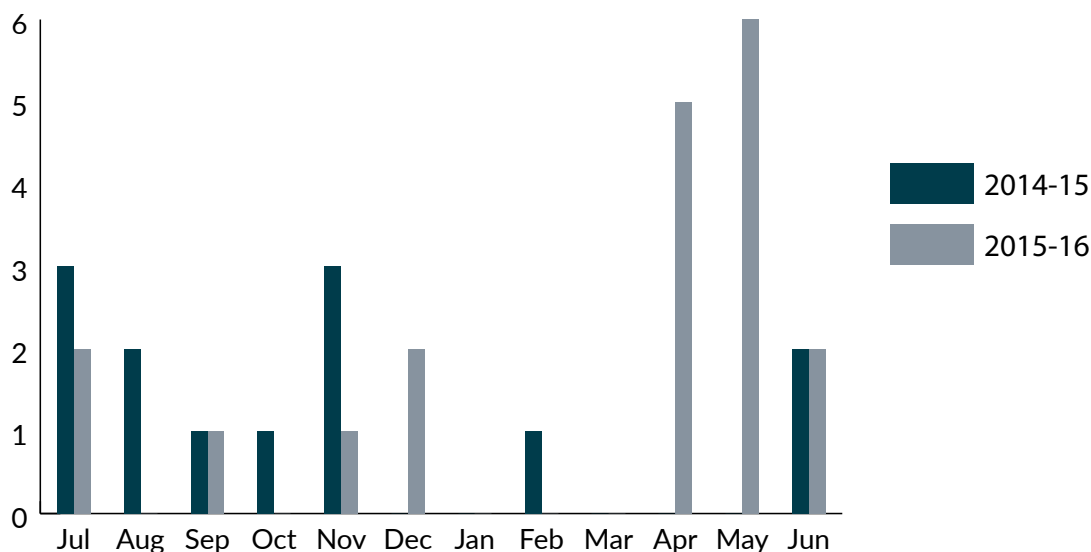
WH&S is a key focus for the department. As a result, key actions have taken place. They include:

- Quarterly WH&SSC meetings were held; providing a cohesive, senior leadership commitment to improved engagement and understanding of WH&S issues and performance across the department.
- WH&S Management System, incident reporting process, the updating of existing WH&S policies and establishment of workplace committees;
- An Induction Program that ensures all employees are informed at WH&S on commencement.
- The WH&SSC actioned the following during the 15/16 period:
 - Reviewed and updated the DME WH&S Policy.
 - Reviewed and updated the DME WH&SSC Terms of Reference.
 - Reported on incidents and costs, monthly, to the Executive Management Committee.
 - Reviewed and updated the DME Remote and Isolated Fieldwork Guideline and implemented a trial period.
 - Commenced a work program to update risk registers within Directorates.
 - Commenced development of the DME WH&S Framework.

Incident By Financial Year

Incident Totals	2014 / 15	2015 / 16	Totals
Incidents	13	19	32
Totals	13	19	32
Annual Incident Increase / (Decrease)		6	

FIGURE 6: NUMBER OF INCIDENTS BY MONTH



Rewards and recognition

STAR Awards

The department continues to encourage and acknowledge outstanding performance by individual employees and teams in the pursuit of government and departmental priorities.

An acronym for Service, Teamwork, Achievement and Results, the awards offer several categories that can attract a nomination. Including:

- Outstanding contribution in supporting economic development.
- Outstanding contribution to effective regulatory activities, reducing red tape and improving regulatory process.
- Service excellence for the department's clients.
- Outstanding contribution to work health and safety.
- Outstanding contribution to leadership within the department.
- Outstanding professional, administrative, technical or other contribution to the Territory or region.

Major individual winners receive \$4 000 or for a team nomination \$10 000. Moreover, secondary placed individual winners receive \$2 500 or for a team nomination \$5 000. Monetary rewards are for the specific purpose of personal development or the purchase of office based equipment. All nominees receive a certificate of recognition.

Major Award Winner

The major award was presented to the Redbank Project Team for their outstanding performance in the monitoring and rehabilitation project at the Redbank mine site. With the remoteness of the site and access limited only to the dry season, the team successfully completed the necessary ground works to establish the infrastructure for data collection and installation of monitoring equipment to observe and reduce the seepage of contaminated water into the surrounding environment. The team's innovative efforts achieved the objectives and were well received by stakeholders.



Minor Award Winner

The minor STAR Award was presented to Denise Turnbull for her outstanding contribution to leadership within the department by going over and above in organising the weekly information sessions for Mineral Titles staff.

The following nominees are also to be congratulated for their STAR Awards nomination:

- Brooke Cawood - Mines Directorate
- Onshore Oil and Gas website team Including Nicole McMaster, Gibson Porkime, Jop van Hattum, Debby James, Mehrdad Rezazadeh, Dani Fraser, Gina Graham and Vanessa Madrill.
- Redbank Project Team including Evan Tyrrell, Joni Woollard, Scott Downs and Sam Lee - Mines Directorate
- Rum Jungle Project Team including Tania Laurencont, Mitchell Rider, Mark Grealley, Cassandra Stokes, Megan Bailey and Sophie Anderson - Mines Directorate.

Service Milestones

In conjunction with the STAR Awards presentation the department also recognises employee 10 and 20 year service milestones. Presented by the former Minister, the Hon David Tollner MLA, recipients received either a certificate or recognition plaque dependent on their length of service.

Milestone presentations included:

- **10 years' Service Milestone:** Andrew Scott, Joan Barton, Jonathan Sumner, Rohan Hawthorne and Annette Hughes.
- **20 years' Service Milestone:** Doreen Walton and Felicity Jones.

NTPS Service Milestones

In the 2015-16 period, it was announced that 30, 40 and 50 years' service milestones would be recognised at a formal ceremony hosted by the Chief Minister and the Minister for Public Employment. Employees accomplishing 50 years of service are to be recognised at the annual Chief Minister Awards.

In the reporting period two staff members were recognised for 30 and 35 years of service.



Monthly Recognition Program

The Monthly Recognition Program is complementary to the annual STAR Awards. However the program looks to recognise the accomplishments and achievements of employees and teams within the department on a monthly basis.

Winning nominees are announced and presented with a letter of commendation by the Chief Executive.

Winning nominations for the reporting period include;

- The Onshore Gas Website Team including Nicole McMaster, Gibson Porkime, Debby James, Mehrdad Rezazadeh, Dani Fraser and Gina Graham – Energy Directorate.
- Gavin Otto – Mines Directorate.
- Ashlee McInnis – IT Services.
- Oil and Gas Industry Development Strategy including Jessica McLeod, Nicky McMaster, Lucy Buhr, Vanessa Madrill and Ian Burgan – Cross Directorate team.
- Darryl Stacey - NTGS.
- Mining Securities and OBIS Project Team including Imran Abedin, Ali Dbouk, Sarah Arblaster, Doreen Walton and Brogan Hanrahan – Mines Directorate.
- Daniel Revie – NTGS.
- Rum Jungle Project Team including Tania Laurentcont, Mitchell Rider, Ali Youssef, Mark Greally, Cassandra Stokes, Mark Baboucek and Malcolm Hauser – Mines Directorate.
- Charles Dack – Energy Directorate.

Public Sector Employment and Management Act Compliance

Employment instruction	Employment Activity
<p>Number One – Filling vacancies Chief Executive Officer must develop a procedure to fill vacancies consistent with the Act its subordinate legislation and any relevant award or enterprise agreement.</p>	<ul style="list-style-type: none"> • Implemented the NTPS Recruitment policy and procedures and applied them to all selection processes. • Continued to promote OCEPE merit based training.
<p>Number Two – Probation Chief Executive Officer must develop a probation procedure consistent with the Act, its subordinate legislation and any relevant award enterprise agreement.</p>	<ul style="list-style-type: none"> • Probation procedures which are clearly understood. • Managed all probations in line with the act, subordinate legislation and departmental procedures. • Made improvements to the induction online system to ensure information about probation was included.
<p>Number Three – Natural justice The principles of natural justice are to be observed in all dealing with employees.</p>	<ul style="list-style-type: none"> • Ensured the application of natural justice in all applicable employment matters.
<p>Number Four – Employee performance management and development systems Chief Executive Officer must develop and implement an employee performance management and development procedure consistent with the Act, it subordinate Legislation and any relevant award or enterprise agreement.</p>	<ul style="list-style-type: none"> • A performance management system called Personal Development Process (PDP) which meets the requirements of this Employment Instruction. • Provided information in the state of the service report on the number of discussions. • Continued to monitor the number of performance discussions at the department Executive Management Committee meetings. • Assisted with the introduction of My Development initiative into DME.
<p>Number Six – Employee performance and inability Chief Executive Officer may develop employee and inability procedures consistent with the Act, its subordinate legislation and any relevant enterprise agreement.</p>	<ul style="list-style-type: none"> • Followed OCEPE procedures outlined in the Act and subordinate legislation. • During the reporting period did not initiate any inability process.

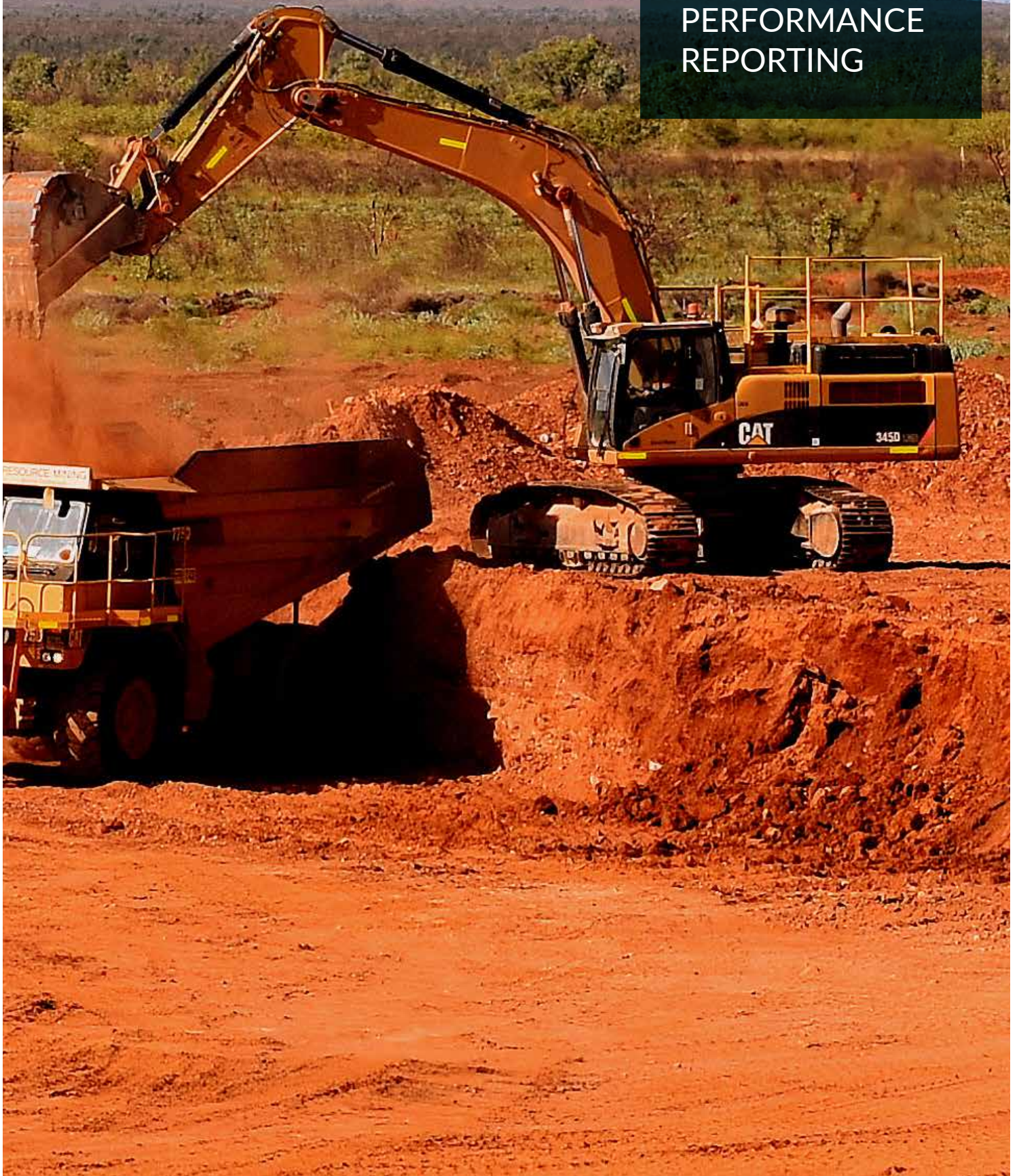
<p>Number Seven – Discipline</p> <p>Chief Executive Officer may develop discipline procedures consistent with the Act, its subordinate legislation and any relevant award or enterprise agreement.</p>	<ul style="list-style-type: none"> • Followed OCPE procedures outlined in the Act and subordinate legislation. • During the reporting period did not commence any discipline action.
<p>Number Eight – Internal agency complaints and Section 59 Grievance review</p> <p>Agency must develop an internal employee grievance – handling policy and procedure consistent with the Act, its subordinate legislation and any relevant award or enterprise agreement.</p>	<ul style="list-style-type: none"> • Refreshed internal the department’s Grievance Handling Policy.
<p>Number Nine – Employment records</p> <p>The department has responsibility for keeping employees’ employment records.</p>	<ul style="list-style-type: none"> • Corporate files for each employee for PDP documentation. DCIS maintains employee records for the department called “Personnel files”.
<p>Number Ten – Equality of employment programs</p> <p>The department must develop an Equality of Employment Program consistent with the Act, its subordinate legislation and any relevant award or enterprise agreement.</p>	<ul style="list-style-type: none"> • Took on five Indigenous Employment Program trainees and four were offered ongoing employment in December 2015 (one dropped out of the program). In 2016 DME continued supporting these employees with their career development. • Implemented an approved Special Measures Plan from 1 July 2015 that applied special measures for Indigenous applications for specific advertised vacancies. • Continued the early careers programs aimed at growing our own indigenous employees with skills, experience and qualifications relevant to DME.

<p>Number Eleven – Occupational Health and Safety Standard Programs</p> <p>The department must develop programs and procedures to ensure employees are consulted in the development and implementation of WH&S.</p>	<ul style="list-style-type: none"> • A WH&SSC has provided a cohesive, senior leadership commitment to lasting WH&S performance across the department. • A WH&S Management System, incident reporting process, the updating of existing WH&S policies and establishment of workplace committees. • An Induction Program that ensures all employees are informed of WH&S policies and procedures on commencement. • Conducted a workshop for senior managers on due diligence under WH&S legislation.
<p>Number Twelve – Code of Conduct</p> <p>The agency may issue agency – specific Code of conduct that is consistent with the Act.</p>	<ul style="list-style-type: none"> • Reviewed the online induction to include Code of Conduct information. • Organised and held Code of Conduct training.
<p>Number Thirteen – Appropriate Workplace Behaviour</p> <p>The department must develop an agency policy and procedures to foster appropriate workplace behaviour and a culture of respect and to deal effectively with inappropriate workplace behaviour and bullying.</p>	<ul style="list-style-type: none"> • Refreshed the department’s Appropriate Workplace Behaviours policy and procedures. • Conducted Respect in the Workplace sessions.

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04

PERFORMANCE REPORTING



Energy Directorate

The Department of Mines and Energy assesses its overall performance against Directorate specific measures. These are outlined in Table 12 below:

TABLE 12: ENERGY PERFORMANCE MEASURES

Energy Directorate	2015-16 Estimate	2015-16 Actual
Key Deliverables		
Energy Title applications received and administered	5	2
Energy Title applications outstanding – total	150	164
Energy Titles granted	5	7
Energy Titles granted – total ¹	75	89
Energy applications received ²	25	116
Energy applications approved ²	15	111
Energy applications assessed	400	310
Energy Operations site visits/inspections	20	30

*Figures include Pipelines

1. Cumulative total granted as at 30 June 2016.
2. Estimates based on proposed work programs being an indicative program set at the grant of a title. Actuals vary dependent on current economic environment and operational requirements of project.

In the last 12 months, the Energy Directorate has been working towards implementing the recommendations of Dr Allan Hawke's Inquiry into Hydraulic Fracturing. This included:

- Finalising the Petroleum (Environment) Regulations with the Executive Council passing the regulations on 28 June 2016.
- Commencement of a comprehensive community consultation program with staff giving presentations to service clubs, local and regional councils and attending several public forums to deliver factual information about the oil and gas industry, and in particular how the industry is regulated in the NT
- Planning and preparing for further community engagement on the Territory show circuit, commencing on 13 May 2016 with the Freds Pass Rural Show.

- The continuing support of the Economic Development Strategy by actively working with proponents to ensure there is a clear awareness of opportunities to develop oil and gas projects in the Territory and providing regulatory advice to facilitate project development.

In November 2015, the NT Government announced a new process for land access agreements between petroleum and pastoral industries. The process strikes a balance between the rights of resource companies to explore, and the rights of pastoralists to be advised, informed and consulted before exploration begins. The process was developed in consultation with, and agreed by, the NT Cattlemen's Association (NTCA) and the Australian Petroleum Production and Exploration Association (APPEA).

This year has seen further development of the Energy Directorate Information System (EDIS), phasing out the manual titles register, transitioning to an electronic register, improving processes and securing data. This work has streamlined a number of manual processes and the reporting capacity has also been enhanced.

In addition to operational management, the Energy Directorate developed a draft Energy Policy Framework. This framework is an important document that will facilitate the refinements of an NT Energy Policy in the coming months.

Looking forward, in 2016–17 the Energy Directorate will continue with:

- Engaging with the Council of Australian Governments' (COAG) process for further development of Energy Policy, including renewables (in the NT's case solar power provides the greatest opportunity), energy efficiency, new energy technologies and development of our native energy resources.
- Reviewing the *Petroleum Act*.
- Developing Petroleum (Environment) Regulation Guidelines.
- Developing Petroleum (Resource Management) Regulations.
- Community engagement.
- Investigating the feasibility of establishing a mini Gas to Liquids project in the NT.
- Seeking NTG support to establish an NT Gas Industry Social and Environment Research Alliance (GISERA) to address the research gaps required to inform the environmental and social challenges associated with an emerging onshore oil and gas industry.
- Further developing EDIS to include petroleum operations' business processes and data.
- Developing an operations compliance and enforcement handbook.
- Developing an operations annual compliance reporting system.

Continuous skills development is a high priority for the Energy Directorate, ensuring our capabilities keep pace with best practice oil and gas industry standards as they evolve. Enhancing our knowledge and skills as needed to continue delivering a professional service to our industry clients while providing improved protection for the environment and the community, will also consequentially increase industry sustainability and public support.

In 2015/16, our administrative staff, titles and technical officers participated in a range of training initiatives to improve our understanding and knowledge of the machinery of government, policy making, regulation and the oil and gas industry. Courses included project management, oil and gas fundamentals, safety regulator training, statutory interpretation, technical operations (gas hydrates and flow assurance) and a range of government leadership development training.

Further training has been identified for 2016/17 to ensure our capabilities continue to meet the needs and expectations of government, industry and the community.

Energy Policy

The NT is uniquely placed as a new frontier for energy development across the conventional and shale oil and gas as well as the renewable spectrum. While major offshore projects such as Prelude and Ichthys are underway to deliver major gas production activity to the region, significant investment is being poured into exploration to identify recoverable reserves of shale gas in the McArthur Basin in particular. Major projects like the Northern Gas Pipeline project will enable the commercialisation of Territory gas supplying east-Australian markets. Availability and reliability of sunlight coupled with growing regional communities is driving opportunities for the development of renewable energy sources using solar power. If realised, these opportunities will create significant economic growth for the NT.

All Territorians will share in the benefits of this economic growth and reform through greater investment into better services such as health and education, the development of infrastructure and the creation of jobs, especially in regional areas.

To facilitate realisation of the NT's longer term economic growth, the Energy Directorate will work across government to deliver an energy policy that sets out a clear direction to achieve energy security, affordability and sustainability over the next 20 years.

Energy policy will focus on creating awareness of the opportunities to invest in the NT, developing market access and removing barriers to investment and development, implementation of contemporary regulatory frameworks and compliance systems, balancing economic growth with ecologically sustainable development.

Energy policy development will also align with the federal government's policy of "Developing the North", which has created opportunities through the availability of a \$5.5 billion infrastructure development fund across the north of Australia.

The policy will consider a range of actions across the entire energy supply chain, including:

- Promoting the NT as a destination for onshore and offshore oil and gas exploration.
- Encouraging investment in gas infrastructure.
- Diversifying the NT's energy mix, including the development and adoption of economically viable alternative energy sources and technology.
- Continuing energy market reform and creating an environment that encourages investment and competition.
- Ensuring that policy and regulatory frameworks remain sufficiently flexible to accommodate changes in national policy settings including economic and social conditions and environment and technology innovations.
- Adopting best practice energy management and sustainable energy technologies for power generation and use.
- Creating opportunities for industry to drive economic development and provide significant employment opportunities in our regions.

Energy Titles Administration

The primary responsibility of the Energy Tenure team is to administer tenure grants and maintain the database systems. A review of how tenure is managed in the future is currently underway. The down turn in the resource sector has presented many challenges for the administration of tenure. Policy, and to a larger extent changes to legislation, will be required to ensure we are able to administer effectively going forward.

Functions of the group include:

- Managing the grant of all energy tenure in accordance with relevant NT and Commonwealth legislation.
- Maintaining registers for all energy tenure in accordance with relevant NT legislation including pipeline licenses and construction.

- Monitoring title holder's compliance with grant conditions and legislative requirements.
- Administering Part IV of the *Aboriginal Land Rights (NT) Act 1976 (ALRA)* and the *Native Title Act* on behalf of the Commonwealth.
- Implementing policies and procedures relevant to titles management including land access matters.
- Policy formulation and contributing to the development of legislation and the promotion of the Territory's resources.
- Monitoring energy projects to ensure they meet approved work program obligations.
- Management of the Energy Directorate's electronic database.

Petroleum Promotion

The Energy Directorate is responsible for regulation of the onshore oil and gas industry in the NT, offshore within 3NM limit and under Joint Authority arrangements, offshore in NT Waters. The Directorate manages the acreage release bidding process and subsequent engagement to build industry awareness of the opportunities, both nationally and internationally, to encourage companies to consider bidding for the acreage.

To enhance our exposure, the department continues to attend and present at national and international conferences including:

- The North American Prospect Expo (NAPE) in conjunction with the Australian America Chamber of Commerce event – the premier oil and gas deal making Expo in the USA.
- APPEA Conference – the premier oil and gas event in Australia.
- The Northern Territory Government hosted South East Asia Australia Offshore & Onshore Conference (SEAAOC), recently expanded to include the emerging onshore oil and gas industry.
- Annual Geoscience Exploration Seminar (AGES) – the NTGS' key event to promote mineral and petroleum opportunities in the Territory.

Petroleum Legislation

A key priority for the Energy Directorate for the 2015–16 reporting period was completing the risk/outcomes-based Petroleum (Environment) Regulations, replacing the environment requirements of the Schedule to the *Petroleum Act*. The continuous review of onshore petroleum legislation is necessary to ensure legislation meets contemporary best practice and supports government policy.

The Energy Directorate completed substantial preparatory work towards these priorities through:

- New Environment Regulations in place.
- Research and development of Resource Management Regulations.
- Preparation of a discussion paper for the comprehensive review of the regulatory framework for onshore petroleum exploration and development.

Over the reporting period, the Energy Directorate also finalised the Onshore Oil and Gas Guiding Principles that set out the minimum expectations of how industry will conduct itself throughout the comprehensive review of the NT's existing regulatory framework.

Petroleum Operations

The opportunity for onshore oil and gas development in the NT has grown exponentially in recent years, driven by the expansive shale gas resources identified in the McArthur Basin and elsewhere. Preliminary contingent resource estimates exceed 200 tcf. Such resources can provide massive potential benefits to the NT in terms of economic contribution, job creation and cleaner, cost effective energy generation opportunities. Development opportunities on this scale, however, are coupled with challenges for government's and regulators to ensure that the onshore gas industry is developed responsibly and sustainably with full community support.

The Energy Directorate expects exploration activity to increase into the future. The immediate focus remains on striving towards leading contemporary regulation of onshore upstream and downstream oil and gas activities coupled with a high level of responsiveness to explorers and developers.

With a view to the future we are also focused on building our regulatory and compliance monitoring capacity as industry grows. We will achieve this with continued investment in our staff capabilities, expanding staff levels relative to activity levels, and reviewing and improving our business systems and processes. While being mindful of creating unnecessary red tape, we will continue improving our legislation and processes to ensure that the oil and gas activities occur in a safe and environmentally sustainable manner.

The reporting period saw approximately \$103 million in exploration expenditure.

Throughout 2015/16 the Petroleum Operations team:

- Received and checked 2101 regulatory and Compliance reports.
- Assessed 310 projects and operational applications.
- Assessed 12 Environmental Management Plans.
- Approved 5 Environmental Management Plans.
- Approved 3 petroleum well applications.
- Approved 3 geophysical and geological survey applications.

Presented at 148 stakeholder events, site visits, field inspections and meetings.

Pipeline Operations

The Energy Directorate is responsible for the licensing and regulation of high-pressure energy transportation pipelines. To ensure they are designed, constructed and operated to achieve and maintain the highest level of integrity, the Directorate regulates pipeline construction and operation in accordance with the Australian Standard AS2885.

More than 3 000 km of pipelines transport natural gas, condensate and LPG across the Territory for power generation and heating. The interconnected and multi-sourced nature of the system ensures a high degree of reliability of supply.

Achievements:

- PL21 - Construction of the Wadeye Lateral Pipeline to supply gas to the new Wadeye Power Station is complete with the pipeline now operational.

- PL26 and PL27 - These portions of the Ichthys Gas Export Pipeline are now joined and must undergo pressure testing and commissioning before becoming operational.
- PL30 - The Dingo Gas Pipeline in the Amadeus Basin that supplies the Power and Water Power Station at Brewer Estate in Alice Springs is now operational.
- PL 31 and PL32 - Construction of the INPEX Fuel Gas Pipeline that will provide gas for initial operations at the INPEX LNG Plant, and later be available to supply gas for Darwin power generation in emergencies, is substantially complete and awaiting commissioning.

Industry operations relying on energy pipelines:

- Darwin LNG plant (a second plant, the INPEX LNG plant under development at Bladin Point, is due for completion 2016-17).
- Ten (10) power stations (with a further one under construction) serving major and small communities.
- Industrial and commercial enterprises in Darwin and Alice Springs (through connected low-pressure distribution systems).
- McArthur River Mine and Darwin Abattoir.
- Kleenheat LPG storage and distribution facility in Darwin.

Active energy pipelines:

- PL01 Palm Valley to Alice Springs Gas Pipeline
- PL04 Amadeus Gas Pipeline
- PL07 Central Energy Gas Pipeline
- PL10 Elliott Lateral Gas Pipeline
- PL15 Kleenheat LPG Pipeline
- PL18 Berrimah Gas Pipeline
- PL20 Bayu Undan Gas Pipeline
- PL21 Bonaparte Gas Pipeline
- PL22 Weddell Gas Pipeline
- PL23 Blacktip Gas Pipeline
- PL24 Blacktip Condensate Pipeline
- PL25 Wickham Point Gas Pipeline
- PL28 Darwin Abattoir Gas Pipeline
- PL30 Dingo Gas Pipeline
- PL33 McArthur River Mine Gas Pipeline

Energy pipelines due for construction in 2016-2017:

- PL26 INPEX Gas Export Pipeline
- PL27 INPEX Gas Export Pipeline
- PL31 Wickham-INPEX Fuel Gas Pipeline Interconnect
- PL32 INPEX Fuel Gas Pipeline

Energy pipelines in pre-environmental assessment and construction clearances phase:

- PL34 Northern Gas Pipeline.

The Northern Gas Pipeline is being constructed by Jemena to link the Amadeus Gas Pipeline at Tennant Creek with the Carpentaria Gas Pipeline at Mount Isa. This pipeline will provide NT gas producers with access to southern and eastern Australian markets.

Achievements for 2015-16

One of the major achievements this year has been the progress made on EDIS that now captures all the titles data.

All manual titles registers have been phased out and are now electronic. The system has enhanced capacity to provide timely information and reports, eliminating previous manual processes. Many hours of in-house development and testing was undertaken, and the team now have the capacity to capture more data about exploration titles and case management, producing reports quickly and easily. The system also reduces duplication and provides a greater level of security. During this transformation and change management process the Energy team have continued to embrace the business improvements and are coming up with new ideas on how to get more out of the technology.

Improvements include:

- Replacement of the old, unstable Petroleum Administration System (PAS), providing a single point of truth for petroleum titles and processes.
- Expansion of reporting capacity of energy tenure data.
- Capture and report operations team information including well data that is shared within the department.
- Enhance capacity for case management information.

Benefits to the department, the directorate and the NT Government include:

- Improved business processes by faster access to and retrieval of information.
- Better-informed decision-making through quicker access to correct information.
- Improved internal and external service delivery through instant access to relevant information.
- A reduction in information silos – open access to information, including greater information sharing across the agency.
- Lower compliance costs and enhanced ability to provide accurate, timely and transparent responses to legislative and regulatory requirements and inquiries.
- Lower business and reputational risk and improved business continuity.
- Cost savings from less creation, storage, retrieval and handling of paper records.

Substantial progress has been made in implementing the government's response to the 2014 Hawke Inquiry into Hydraulic Fracturing (the Inquiry). Most of the recommendations and findings of the Inquiry have been closed out. Some specifics include:

- As part of implementing the NTG's priority actions resulting from the Inquiry, in 2015-2016 the Energy Directorate;
 - Engaged with interstate and international regulators as far as North America to gather information that will support the implementation of a best practice regulatory regime for onshore oil and gas in the NT.
 - Completed the development of contemporary, risk/outcomes-based Petroleum (Environment) Regulations. Implementation of Petroleum (Environment) Regulations proclaimed on 28 June 2016.
 - Developed a comprehensive Petroleum (Environment) Regulation Guideline.
 - Released the Onshore Oil and Gas Guiding Principles.
 - Participated in the Australian Academy of Technological Sciences and Engineering's *International Conference and Workshop on Unconventional Gas* that brought together representatives and experts from countries actively considering unconventional gas issues.

- Engaged with the CSIRO and industry to facilitate the early establishment of the GISERA.
- Engaged with the the Cooperative Research Centre for Greenhouse Gas Technologies (CO2CRC) to discuss methods to remotely monitor decommissioned wells.
- In consultation with Industry and the NTCA, finalised land access agreements, providing certainty and setting out the rights and obligations of all parties. The new process establishes a process for agreeing land access arrangements between resource exploration companies and land owners for resource exploration and development activities. Further information can be found at onshoregas.nt.gov.au/location
- Made more transparent our existing robust assessment processes through a whole of government endorsement and implementation of the Petroleum Inclusion Zone Policy, providing the community certainty that residential, environmentally and culturally sensitive areas as well as areas of intensive agriculture will be protected.
- Reviewing petroleum exploration applications to ensure they meet the new assessment criteria announced by the NTG in November 2015.
- Provided expert advice on the development of:
 - the onshore oil and gas advertising program
 - the two onshore oil and gas websites
 - a comprehensive community engagement program.
- Leading the Community Engagement Program to:
 - provide the community with factual, accurate information and key facts about the oil and gas industry and how the Energy Directorate regulates
 - listen to community concerns about the oil and gas industry and how it is regulated.
 - events and functions included community meetings, agricultural shows, council meetings, focus group meetings, land council hosted meeting and the local government conference.
- Coordinated the Oil and Gas Industry Development Strategy Implementation Plan.

- Coordinated and prepared the NTG's position paper for government's consideration on the proposal to consider conferral of powers within the 3NM zone on the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA).

Priorities for 2016-17

The review of the Environmental Assessment and Approval Processes (the Review) is a priority for the NTG in 2016-17. Managed through the Department of Lands Planning and the Environment, on current scheduling this work is planned for completion by December 2017. With the Energy Directorate's own legislative review process well underway, we are well placed to meet the objectives and timelines of that process.

The new Petroleum (Environment) Regulations were passed by the Executive Council and a review of the *Petroleum Act* is underway to ensure that NT legislation meets contemporary standards and supports government policy settings to promote investment and encourage a vibrant and sustainable oil and gas sector.

New Resource Management Regulations already under development will support the review. These will also eventually phase out the Schedule of Onshore Petroleum Exploration and Production Requirements (Schedule to the *Petroleum Act*).

Legislation Onshore

Gradually phase out the Schedule to the *Petroleum Act* with contemporary, risk/outcomes-based Petroleum Regulations with first order of priority on regulations for the conduct of exploration activities such as drilling wells and conducting seismic surveys:

- Review the *Petroleum Act* and the *Petroleum (Submerged Lands) Act*, including tenure review, to better manage the onshore oil and gas industry.
- Ensure that all relevant NT petroleum legislation will meet the standards required to attain accreditation under the *Environment Protection Biodiversity Conservation Act 2000* (Commonwealth) and the NT's *Environmental Assessment Act*.

Policy

Work across government to deliver a whole of government energy policy, including electricity market reform, sustainable oil and gas sector development renewable energy targets and opportunities, energy efficiency and energy sector research and development.

- Provide quality policy advice in relation to matters affecting upstream petroleum resources, including initiatives derived from the COAG's Standing Committee on Energy.
- Continue to implement the Inclusion Zones Policy, ensuring areas of significant cultural and biodiversity conservation value and residential areas are protected from petroleum exploration.
- Continue to implement the Land Access arrangements.
- Develop policy and practical approaches to implementing initiatives arising from ongoing technical, environmental and social research.

Governance and Business Systems – EDIS

Development of a secure in-house business system continues, including finalisation of business systems and rules to support data management in EDIS.

The work being undertaken will provide input for the department's broader business process management and Business Transformation Project.

Regional Development and Community Engagement

- Continuing stakeholder engagement to increase transparency and community confidence in the department's regulation of the oil and gas industry.
- Engaging with regional development offices and Land Councils to create a greater understanding of how the oil and gas sector operates, how it is regulated and the business opportunities it presents.
- As the Northern Gas Pipeline project advances, manage the licensing approvals process.

Gas Industry Social and Environment Research Alliance

- The Energy Directorate will continue to engage with the NTG and CSIRO to facilitate the establishment of an NT GISERA.

NT Geological Survey

The Department of Mines and Energy assess its overall performance against Directorate specific measures. These are outlined in Table x below:

TABLE 13: NTGS PERFORMANCE MEASURES

	2015-16	2015-16
Key Deliverables	Estimate	Actual
Industry Reporting		
Statutory industry report and sample submissions processed	2500	3423
Geoscience and Industry Development Services		
Geoscientific data products developed or updated	125	121
Industry delegates at Annual Geoscience Exploration Seminar	123	123
Target rating for geological database in FIAS ¹ received ¹	10th	4th
Information and product request responses within five days	90%	89%
International investment attraction events	6	7

1. Fraser Institute Annual Survey (FIAS) is an annual global survey of mining companies that ranks the attractiveness of 109 jurisdictions for exploration and mining investment.

The NTGS grows the mineral and petroleum industries by attracting and supporting exploration through the acquisition, delivery and promotion of geoscience data and information.

NTGS achieves this by the following:

- Implementing the NTG's CORE pre-competitive geoscience initiative.
- Management and delivery of historical exploration data, reports and access to drillcore.
- Undertaking field-based geoscientific investigations to enhance and promote prospectivity.
- Providing high-quality geoscience products and data to industry in contemporary formats.
- Promoting the Territory's resource potential and attracting investment into the Territory's resources sector.

CORE is a NTG initiative designed to maximise opportunities for the exploration, discovery and development of new mineral and petroleum resources. CORE is a four year, \$23.8 million NTG initiative designed to maximise opportunities for the exploration, discovery and development of new mineral and petroleum resources.

The initiative focuses on acquiring new pre-competitive geoscience information to stimulate exploration, collaborative regional assessments of shale gas potential, industry grants for greenfields exploration and programs to attract investment into resources projects in the Territory.

Key priorities under the CORE initiative are to:

- Provide the first rigorous independent assessments of the potential of the Territory's shale gas and oil resources based on all available geoscientific data;

- Provide baseline geoscientific data and interpretations to underpin exploration decision-making, make exploration more effective and identify potential new opportunities for economic development in key regions such as eastern Arnhem Land, the greater McArthur Basin and central Australia.
- Upgrade knowledge and interpretations of the copper and zinc endowment and potential of key provinces to attract and support exploration for these commodities.
- Co-fund innovative exploration programs that test new areas, techniques or exploration concepts, to encourage and support companies willing to take on higher risk to open up new areas for exploration.
- Increase the coverage of the Northern Territory with modern gravity geophysical data from 50% to 80% of the Territory to assist the interpretation of undercover geology.
- Attract new investment into minerals and petroleum exploration and emerging resources projects in the Territory from international and domestic markets through proactive investment attraction and promotional strategies.
- Leverage geoscience expertise and resources into the Territory from Commonwealth agencies such as CSIRO and Geoscience Australia.
- Upgrade the online delivery of information and data to the minerals and petroleum exploration industry.
- Acquisition and release of the Northern Wiso and Victoria Basin gravity surveys, together covering 180 000 km² in the Victoria River District.
- Acquisition and release of the Delamere and Spirit Hills Airborne Magnetic and Radiometric Survey, covering an area of over 33 000 km² in the northern Victoria River District.
- Completion of a field trip for 15 industry participants through the geology and mineral deposits of the eastern Arunta Region.
- Release of updates of Digital Information Packages to support exploration in the McArthur Basin, including shale resource data, petrophysical data and a 3D geological model.
- Release of 60 km of interpreted seismic data across the Tennant Creek mineral field, in collaboration with industry.
- NTGS publications made available on GEMIS, a document delivery system to search and download reports and data including open file statutory exploration reports.
- 53 holes scanned with the HyLogger, for more than 15,000 m of core, and the release of 19 HyLogger Data Packages.
- Release of a cleansed and validated exploration geochemistry and drilling database after migration to the Geobank application.
- Exploration reports from 1998 to 2002 released to the public under the five year sunset clause in the *Mineral Titles Act*.
- Reports and data from 1989 back to 1973 added to the mineral exploration reports collection on GEMIS.

Achievements for 2015–16

CORE Initiative

- Commencement of new collaboration with CSIRO on architecture, fluid flow and mineralisation in the McArthur Basin, with two new CSIRO researchers embedded within NTGS.
- Completion of new generation mapping of the Arnhem Province in the Gove area in East Arnhem Land and the Jervis mapsheet in central Australia.
- Implementation of the eighth round of industry exploration grants under the Geophysical and Drilling Collaborations program, with four drilling and four geophysical surveys completed.

Promotion

- Attendance of 191 delegates at the AGES 2016 conference in Alice Springs in March, including 123 industry delegates.
- Promotion of the Territory as an exploration destination at industry forums in Darwin, Brisbane and Perth.
- Promotion of the Territory's mineral potential at key international events including PDAC (Toronto) and China Mining (Beijing).
- Promotion of the Territory's petroleum potential at NAPE, in Houston, Texas.



Priorities for 2016–17

CORE Initiative

- Development and implementation of new collaborative programs with Geoscience Australia under their *Exploring for the Future* program.
- Implementation of the ninth round of the Geophysical and Drilling Collaborations under CORE, with 14 projects funded from 12 companies.
- Acquisition and release of the Daly Gravity Survey.
- Incorporation of new datasets and 3D model into a shale gas resource assessment of the Beetaloo Sub-basin.
- Release of reports on tungsten and copper deposits in the eastern Arunta Region, and sedimentary characterisation and assessment of shale source rocks in the Wilton Package of the McArthur Basin.
- Continue collaboration with CSIRO on architecture, fluid flow and mineralisation in the McArthur Basin.

- Continue geological mapping of key areas in Amadeus Basin and eastern Arunta Region.
- Release of new geological maps from projects in the Arunta Region in central Australia and East Arnhem Land.
- Incorporation of COREDAT drillcore library database into Geobank.
- Continued release of exploration reports under the five year sunset clause of the *Mineral Titles Act* and upload of legacy mineral reports to GEMIS.
- Addition of PEX Geophysics collection covering open-file statutory seismic and other geophysical reports and data to GEMIS.

Promotion

- Organise the AGES 2016 conference to be held in Alice Springs in March 2017.
- Promotion of the Territory as an exploration destination at national and international forums, along with contribution to international investment attraction in East Asia.

Investment Attraction

The Investment Attraction division of NTGS is responsible for attracting new investment into greenfields exploration and new minerals and energy projects in the NT from international markets. It does this by:

- Promoting the NT's mineral and energy investment opportunities to potential international investors.
- Assisting Territory explorers by identifying and introducing suitable potential investors, and assisting with business liaison.
- Developing strategic partnerships with key international organisations in China, Japan and South Korea.
- Making regular Ministerial and departmental trade missions to key markets for NT minerals and energy resources in China, Japan and South Korea.
- Holding NT investment seminars and promotional events in Australia and overseas.
- Building and growing relationships with key domestic organisations and companies, and leveraging those relationships to raise the profile of the Territory as an investment destination.
- Hosting visiting international delegations of potential investors.
- Producing communication materials to promote the Territory as an attractive resources investment destination.

Achievements for 2015–16

- Actively promoted investment opportunities in 29 NT minerals projects and six onshore oil and gas projects on behalf of 27 exploration companies, to international markets.
- Assisted local explorers to secure two new agreements regarding investment and trade with Chinese companies and one new agreement with a Japanese company.
- Strengthened strategic relationships with investment groups in China, Japan and South Korea.

- Organised a Ministerial and industry visit to China covering Beijing, Tianjin and Chengdu, including participation by six Territory exploration companies.
- Organised an investment delegation to Japan and South Korea.
- Held two investment seminars in China and hosted an investment event in Japan, for a total audience of more than 120 targeted delegates.
- Held four investment promotion events in Sydney, for more than 220 representatives of Korean, Indian, Japanese, and Chinese companies that have representative offices in Australia.

Priorities for 2016-17

- Continue efforts to increase investment for Territory explorers.
- Expand our database of potential investment contacts in China, Japan and Korea to make new partnership opportunities for local explorers.
- Expand promotional efforts to target potential investors in India.
- Continue successful track record of matching international investors with Territory explorers.
- Continue to promote the division's investment attraction capabilities and services at international events.
- Organise international promotional visits to China, Japan and Korea.
- Continue to update marketing materials for Chinese, Japanese and Korean markets, including expanding the range of publications available digitally.
- Improve tracking of international investments into the Territory, to uncover trends and discover new sources of investment.

Mines Directorate

The Department of Mines and Energy assess its overall performance against Directorate specific measures. These are outlined in Table 14 below:

TABLE 14: MINES AND ENERGY PERFORMANCE MEASURES

	2015-16	2015-16
Key Deliverables	Estimate	Actual
Mines Directorate		
Mine planning documents assessed	363	438
Authorisations granted (including variations)	150	68
Total rehabilitation securities held (\$M)	750	1,338
Audits conducted ¹	7	16
General inspections conducted ²	200	291
Number of Authorised Sites	360	345
Sites monitored by Environmental Monitoring Unit	35	24
Number of legacy mine projects commenced	3	6
Mineral exploration licences granted	1,300	988
Applications for mineral exploration licences outstanding	900	802

1. An audit is the formal examination of the environmental management system in accordance with the requirements of ISO14001 or other agreed criteria

2. An inspection is any visit to a site by a mining officer and includes audits, environmental monitoring & legacy mines (Excludes Rum Jungle)

The Mines Directorate manages all NT mineral-related regulation, from the first grant of mineral tenure, to the approval and supervision of operations, and to closure and rehabilitation.

The focus of the Directorate continues to be streamlining regulatory processes, increasing transparency and providing more efficient systems and services to clients.

The Mines Directorate is divided into five Divisions; Executive and Policy, Remediation, Compliance, Rum Jungle and Mineral Titles.

Executive and Policy Development

The Executive and Policy Division has responsibilities for the leadership and direction of the Mines Directorate. This includes the assessment and development of policies related to mining in the NT and improving engagement with other government departments, industry representatives and the community.

Mining Remediation Division

The Mining Remediation Division comprises the Technical Support Team, the EMU and the Legacy Mines Unit.

The Division provides expert information and strategic advice to the NTG and industry in regard to environmental management of mining operations, particularly in relation to water management, mine remediation and closure.

The Technical Support Team provides specialist scientific advice and support to the Mines Directorate, particularly with regards to reviewing the Water Management components of Mine Management Plans required under the MMA. The majority of the professional staff in this group have specific expertise in water chemistry.

The EMU is a specialist unit with vast practical experience in water sampling and monitoring techniques. Data collected by EMU serves as a quality analysis/quality control check against data collected by mine operators. EMU may also provide assistance for investigations into cases of potential environmental harm when required.

The EMU has a range of specialised equipment to enable it to operate effectively in the field, including a Laboratory Truck (designed by EMU), which allows state-of-the-art processing of water samples in the field. The unit spends extensive amounts of time in the field working on operating and abandoned mine sites.

The Legacy Mines Unit (LMU) is focused on enhancing the inventory of legacy sites within the NT and undertaking investigations and/or remedial works at key sites.

The primary activities of the LMU include:

- undertaking a risk-based assessment to identify legacy mine sites.
- determining the environmental impact of the identified sites.
- setting a priority ranking for any future remediation works.
- developing site specific remediation plans and project managing remediation works.

Rum Jungle

The Rum Jungle Rehabilitation Project Team is a dedicated team with diverse skills and experience. The team has been working collaboratively with the Australian Government since 2009 to develop contemporary best practice mine rehabilitation that reflects the views and aspirations of the joint Traditional Owners (Kungarakan and Warai) of the former uranium mine site.

The team is undertaking the following activities:

- environmental monitoring including surface and groundwater sampling

- technical investigations to inform development and implementation of the rehabilitation design
- site maintenance works (security, weeds, fire)
- stakeholder engagement particularly with the joint Traditional Owners of the site
- supporting the Australian Government to build the capacity of Traditional Owners to maximize long term economic and employment opportunities during future rehabilitation works undertaken at the site.

Mining Compliance Division

The Mining Compliance Division is responsible for the enforcement of compliance issues associated with the MMA. All activities resulting in substantial ground disturbance are regulated under the MMA, including mineral exploration, mining, extractive mineral activity and quarrying. The operator of a mining site proposing to commence mining activity must submit a Mining Management Plan (MMP) for assessment before approval can be granted. The MMP is required to contain details of the activities planned together with the environmental management system proposed to be implemented at the site.

Activities carried out by the Division include:

- Assessment and approval of MMP's and supporting documentation.
- Undertaking mine audits and inspections to ensure compliance with legislation, MMPs and relevant standards.
- Investigation of environmental incidents and other potential breaches of the MMA.
- Checking calculations for the environmental security bond required under the MMA and managing the receipt and repayment of securities, as well as collection of the one per cent levy for payment into the Mining Remediation Fund.

Mineral Titles Division

The Mineral Titles Division (MTD) facilitates the grant and maintenance of mineral and extractive mineral exploration titles in accordance with the *NT Mineral Titles Act (MTA)* and Part IV of the *Aboriginal Land Rights (Northern Territory) Act 1976 (ALRA)*.

On behalf of the NTG the core function of the MTD is to maintain the register for all mineral titles. The MTD monitors title holder's compliance with grant conditions and legislative requirements under the MTA and relevant Commonwealth legislation. It also administers Part IV (the exploration and mining provisions) of the ALRA on behalf of the Commonwealth. Furthermore the MTD facilitates the grant and maintenance of offshore mineral exploration licences in Commonwealth waters adjacent to the NT.

Mines Directorate Achievements for 2015–16

Legislative

- Conducted education sessions on proposed changes to the MTA and the NTG requirement for land access agreements with industry stakeholders at the AGES 2016
- Developed and introduced more detailed and transparent information through the website and departmental guidelines on mineral title administration processes.
- Reviewed the MTA and Mineral Title Regulations (MTR) to streamline the processes for the granting and maintenance of mineral and extractive mineral titles.
- Transitioned 'non-compliant' mineral titles from the repealed *Mining Act* into the MTA.
- Upgraded the mining statutory requirements register, including the enhancement of reporting and notification functions.

Economic

- Improved the public spatial system for mineral titles by overlaying tenure information on the STRIKE web mapping system to enhance tenure and geoscientific information available to the public.
- Provided regulatory approvals for a range of MMPs to allow continued economic development of mineral resources in a sustainable manner.
- Delivered a detailed business case on behalf of the department for the development of a contemporary business system that encompasses the management of all mineral tenure and mining compliance and petroleum operations.

- Developed and implemented a strategy to ensure maximum local development outcomes with every procurement contract put to market. This has resulted in almost every contract being issued to local businesses with high levels of Indigenous employment.

Community

- Established stakeholder engagement plans.
- Increased awareness of fossicking areas by introducing new signage and updating the fossicking areas website.
- Continued to work with the Independent Monitor to review the roles of the regulator and operator at McArthur River mine.
- Played a key role and committed funds for the operation of a Redbank Working Group for engagement of stakeholders, particularly the Traditional Owners in relation to issues at the former mine site.
- Hosted a community information session in Tennant Creek to inform the community of the progress of the Legacy Mines program in the region.
- Addressed public safety issues at the Fossicking Area 4 area by implementing a plan to backfill five shafts and placing a metal safety grate cover over another.
- Addressed public safety issues at the former Pioneer mine site located in Davenport National Park, which is popular with tourists, by constructing a security fence around the site where underground workings were caving in from the surface. A further two outlying shafts at the site were also fenced and three shafts a short distance down the road at the Endurance site were also backfilled.
- Addressed public safety issues at the Crystal mine site located adjacent to the Hatches Creek community, by backfilling three shafts within approximately 500 m distance from the community which were posing a significant safety risk.
- Commenced a program to address public safety issues in the Eldorado and True Blue areas near Tennant Creek, which includes backfilling 17 shafts, installing steel grate covers over two shafts and four mine adit portals and installing chainlink fencing around five shafts and the Eldorado plant area.

Environment

- Successfully prosecuted a case of unauthorised mining activity which resulted in a fine of \$150 000 being imposed, in August 2015.
- Introduced a land access management process for mineral exploration on pastoral land in response to the NTG requirement for land access agreements for mineral exploration
- Undertook inspections of mining sites across the NT which included:
 - 26 close-out inspections
 - 16 environmental audits
 - 9 investigations.
- Collected 2 713 water and sediment samples from 525 collection points across the NT.
- Completed groundwater investigations at the Redbank mine site and pumped out a pool of water.
- Successfully worked with the operator responsible for the former Mount Todd mine site to treat and release 1.5 Gigalitres of water in compliance with its Waste Discharge License.
- Continued to support the activities of the Security Assessment Board, requiring operators to submit a rehabilitation security for 100% of environmental liability. The department holds securities and bank guarantees totaling approximately \$1.338 billion as at 30 June 2016.
- Progressed the development of an inventory of legacy mine sites across the NT.
- Successfully completed the \$11.561 million Project Agreement with the Australian Government on the Rum Jungle mine site, a significant project which included the provision of detailed engineering design, drawings, specifications and costs for the preferred rehabilitation strategy.
- Commenced a baseline weed survey at the former Goodall mine site to determine the presence and distribution of weeds for the development of a weed management plan for the site.
- Completed weed survey and control activities over a 243 ha area around the former Eldorado mine site.
- Commenced a dust study in Tennant Creek to determine if wind-blown tailings from the former Peko mine site have the potential to cause human health impacts.
- Commenced a fish survey downstream of the former Redbank mine site to determine if there are any potential health impacts from the consumption of fish caught in the area.
- Installed a sump and solar powered pump, that is connected to satellite telemetry, in Hanrahans Pool adjacent to the former Redbank mine site so that contaminated water can be pumped back into the mine pit and therefore reduce the amount of contamination entering the waterway.
- Commenced the construction of a cattle exclusion fence at the former Redbank mine site.
- The LMU was a finalist in the Chief Ministers Awards for excellence in the public sector in the category of Delivering a Balanced Environment.

Priorities for 2016–17

Legislative

- Update systems for the administration of mineral titles through a process of continual improvement.
- Extend the requirement for four year MMPs to smaller, long-lived sites, including extractive mineral quarries.
- Introduce a revised security calculation system, commencing with the extractive industry in October 2016.
- Complete a public safety program for legacy mine sites (including shafts) for five projects in Barkly region.
- Continue efforts to streamline regulatory process across the mineral titles, mining compliance and mining approvals streams.
- Continue stakeholder consultation and finalise the proposed amendments to the MTA to better service the exploration and mining industry.
- With government support, transfer the provisions in the MMA for review of decisions to be undertaken by the Mining Board to the NT Civil and Administrative Tribunal.

Economic

- Secure funding for, and develop a departmental business transformation project which includes the introduction of contemporary information technology systems to support administration of mining authorisations and mineral titles management.
- Provide economic opportunities to regional and Indigenous communities through involvement in remediation activities.

Community

- Provide for the valid and timely grant of Exploration Licence applications and other forms of mineral titles in accordance with government policy and legislative requirements.
- Promote the NT in high-level forums through the provision of accurate advice and information to industry and other stakeholders.
- Work with extractive industry representatives to develop and implement new, simplified procedures in relation to the preparation of mining management plans and calculation of environmental security bonds.
- Complete public safety works on abandoned mine shafts in the Eldorado area near Tennant Creek.
- Undertake and prioritise public safety works on abandoned mine shafts within 6 km of the town of Tennant Creek.
- Commence public safety works at the Burnt Shirt and Loan Star areas near Tennant Creek.
- Commence a significant water monitoring program in the Adelaide River catchment including the installation of 17 water monitoring stations connected to satellite telemetry to determine if there are cumulative impacts from mining in the area.

Environment

- Provide strategic and scientific advice and data to underpin the regulation, inspection and investigation of current, future and legacy mine site environmental performance.
- Continue the installation of remote monitoring stations at key sites across the NT to enhance the assessment of mine sites.

- Provide grant funding to the Extractives Industry Association to support the development of guidance materials for remediation and environmental management systems for extractive mining sites.
- Implement a requirement for public environmental reporting for the mining and exploration sectors.
- Refine and optimise the engineering designs for the preferred rehabilitation strategy for the former Rum Jungle mine site consistent with the interests of stakeholders, particularly Traditional Aboriginal Land Owners. This will include the commencement of repair and maintenance works at Rum Jungle Creek South to ensure the site continues to meet international standards for radiation protection.
- Publish a legacy mines inventory identifying key sites with legacy issues across the Territory.
- Complete the dust survey at the former Peko mine site.
- Determine rehabilitation priorities for the former Redbank mine site and commence undertaking studies to inform decision making around rehabilitation options for the site.
- At the former Redbank mine site complete the fish survey and construction of a cattle exclusion fence.
- Complete weed the weed survey at the Goodall mine site.
- Undertake weed survey and control activities in the Burnt Shirt and Loan Star areas.
- Develop management plans for the former Redbank, Goodall and Woolwonga mine sites.

Corporate Shared Services – Finance

Overview

The Financial Services Group from the DPIF provides financial services to the department under a Shared Services Agreement including strategic financial and budget management advice, financial reporting, accounting, travel, financial training and maintains close liaison with the Procurement Network in the Department of Business.

The group is responsible for:

Leading and coordinating the department's financial management:

- To ensure statutory obligations, financial principles and accounting standards are maintained for all transactions and financial statements.
- To provide strong budget management support to internal operational business divisions so the department will achieve budget through timely and accurate financial reporting.

Management of the following shared corporate services functions, including:

- Management and coordination of the budget.
- Management of the travel system.
- Management of accounts payable and accounts receivable functions.
- Management of corporate credit cards.
- Coordination of Tier 1 procurement, facilitation of payment for Tier 2 and above procurement payments.

Providing superior communication, coordination and reporting:

- Maintain close liaison and direct communication with officers from other stakeholder agencies, such as the Department of Treasury and Finance, Department of the Chief Minister, the DCIS and the Department of Business, on budgetary, financial and reporting matters and procurement.
- Report to Treasury, the Minister's Office and Parliament as required.

Achievements for 2015–16

- Provided and facilitated training for official travel processes under the WOG policy framework.
- Facilitated training to ensure the correct procurement processes were being followed.
- Facilitated and managed end-of-year monitoring processes, which ensured the department achieved budget.
- Established the five year building and land revaluation rolling program as per the Treasurers Directions.
- Facilitation and liaison with Auditor-General representative for agency compliance audits.

Priorities for 2016-17

- Continue to review finance and travel procedures and processes to improve efficiency.
- Continue to provide a high standard of advice, support and professional services to the department under the Shared Services Agreement, from a financial management perspective, with a focus on client service.
- Continue to liaise with Department of Treasury and Finance to ensure accurate and appropriate budget cover and revenue estimates are incorporated into the budget.
- Facilitate anticipated machinery of government changes as required.
- Facilitation and liaison with Auditor-General representatives for the End of Year Review Audits.
- In conjunction with the Risk and Governance Audit Committee continue to conduct six monthly reviews on compliance with the all of government Travel Policy Framework.
- Continue to focus on staff professional development and education within the team.
- Continue to promote good financial, budget, procurement and travel governance to the department through educational information dispersion.

Human Resources

HR deliver services for the DME and the DPIF. Working in partnership with the clients, the unit is committed to delivering strategic, client focused and innovative HR services and solutions to assist DME achieve its outcomes.

HR supports DME's Strategic Plan by aligning services with Government priorities; to meet WOG HR management objectives; to address specific employee needs; and to maintain legislative compliance and ensure the department continues to be a good place to work.

Key priorities arising from Our People Plan 2014-2017 for the upcoming year include, maintaining our positive workplace culture, maintaining the skills of our managers in merit selection, ensuring that our performance development system is fully utilised and aligned to the Capability and Leadership Framework (CLF) and developing the agencies capabilities to meet future needs. Developing our future leaders and implementing Indigenous employment objectives remain key priorities.

A culture of leadership excellence

- Organisational change initiatives through the Our People Plan
- STAR Awards.
- Facilitation of leadership development.

A professional capable workforce

- Strategic HR and workforce plans.
- Specialist HR advisory services to management and staff.
- Facilitation of performance management processes.
- Project and case management of human resources, industrial relations, grievance, performance and discipline matters.

- Early careers coordination relating to apprenticeships, the Graduate program and Indigenous Cadet Support programs.
- Management of service agreements and stakeholder relationships.

A safe, positive and diverse workplace

- WH&S – online induction, training, incident reporting and workers' compensation.
- Facilitation of early intervention of workforce and industrial relations issues.

Achievements for 2015–16

Leadership Program

- Seven employees across the department are engaged on the PSMP and six employees commenced the Future Leaders Program.

Rewards and Recognition

- Coordinated the annual STAR Awards and service milestones presentations from the Minister acknowledging individual and team excellence in the pursuit of the department's objectives.

Indigenous Employment

- Through the IEP took on five trainees and then engaged four of these trainees as ongoing employees and continued with their development. One participant dropped out of the training program.
- Implemented a Special Measures Plan which allowed the application of a special measure for indigenous people for specific vacancies.

HR Service Centre review

- Continued to simplify and update policies, procedures and guidelines to model best practice.
- Modified HR Service Centre homepage to make a prominent section for new agency employees, including induction to meet our WH&S obligations.

Code of Conduct Workshop

- 65 employees attended the half day “Doing to Right Thing” workshop across the department which covered the NTPS Code of Conduct and the rights and responsibilities of employees and managers in building and maintaining a positive workplace culture.

Growing our own

- Continued to engage entry level recruits through apprentice, cadet and graduate programs.

Employment Relations

- Actively contributed to and supported sector wide Enterprise Agreement, HR industrial relations, workforce development initiatives, and shared service delivery enhancements.
- Facilitated and supported union visits to the department.

HR Support and Advice

- Provided advice and influenced managers in best practice HR management within the NTPS governance frameworks.
- Provided service within the shared service model.

Work Health and Safety

- Supported flexible working arrangements.
- Promoted Respect in the Workplace awareness sessions.
- Arranged a workshop for senior management and appropriate managers on due diligence under the WH&S legislation.

Selection and Recruitment

- Communicated and provided information to ensure that simplified recruitment is embedded throughout the department. Continued ongoing arrangements for training for chairpersons and panel members to ensure selections in DME are undertaken in line the NTPS Recruitment Policy.

Performance Management

- Supported divisions to comply with the requirements and use the performance management system to ensure DME sustained and improved professionalism and capability, good governance, accountability in decision-making and taking personal responsibility for managing performance.

Priorities for 2016–17

People Plan 2014-17

- Continue to implement strategies by prioritising key actions of the department’s Our People Plan to achieve the intended outcomes.

Indigenous Employment Participants (IEP)

- Continue to support a range of initiatives in relation to Indigenous employment and support the Government’s emphasis on increasing the number of Indigenous people in the NTPS.
- Establish mentoring arrangements for the Indigenous employees who recently commenced through the IEP.

Special Measures Plan

- A review of the agency Special Measures Plan is currently underway and recommendations are due by end 2016.

Enhancing Leadership and culture

- Continue building our leadership by promoting opportunities for DME employees to undertake OCPE programs and develop a focus on the agency culture.

Work Health and Safety

- Maintain a positive, safe and diverse workplace.
- Continue to promote EAP Services available to all staff and the flexible work initiatives.
- Ensure recruitment, induction and retention practices reflect the departments WH&S obligations

Selection and Recruitment

- Continue to work with DME to ensure their selection and recruitment activity complies with NTPS Recruitment Policy.

Workplace Environment

- Maintain training and development programs that assist with DME’s compliance and success of sector wide initiatives.

Performance Management

- Improve implementation of DME’s performance management system to ensure that DME is continuing to sustain and improve professionalism and capability, good governance, accountability in decision-making and personal responsibility for managing performance.

Information Management and Information Technology Unit

Overview

IM and IT Unit, consisting of IT and IM professionals aims to provide to DME high-quality, innovative solutions and services.

We provide our clients with the right information at the right time and in the right forms to support their review, analysis, reporting and decision-making.

We also develop and implement technologies and systems to automate or simplify tasks and deliver business improvements to the department in line with DME Directorate Business Plans. This includes:

Information Management

- Oversee the capture and storage of departmental records and information in electronic systems and hard copy files.
- Provide advice and training on best practice record-keeping and assist individual areas to incorporate this into business processes.
- Manage the information disposal process in accordance with relevant legislation and standards.
- Manage the development and maintenance of departmental disposal schedules and the administration of the records management system (TRIM).
- Manage external contracts for postage and courier services.

Freedom of Information

- Provide advice and training on the *Information Act* and Freedom of Information (FOI) process.
- Accept FOI requests and coordinate the receipt, review, redacting* and release of information within legislated timeframes.
- Report all FOI requests and outcomes to the Information Commissioner.

Information Technology and Innovation

- Manage and maintain the department's IT infrastructure, either directly or through outsourced service providers.
- Develop or maintain specialist business systems on behalf of individual business areas.
- Implement solutions to improve collaboration, automation, workflow tracking, business analysis and reporting.
- Oversee a program of system and software upgrades and improvements.
- Continue the rollout of online forms and electronic submissions and approvals for internal and external clients.
- Review and management of project requests.

*Redacting is the process of obscuring or 'blacking out' information where there are exemptions that prohibit release. Examples of this are people's names to protect individual privacy, details of commercial-in-confidence transactions or specific Cabinet-related material.

Achievements for 2015-2016

- Received and considered 11 individual IT project proposals.
- Managed upgrades and enhancements to a number of specialist business systems.
- Disposed of 2034 records in line with disposal schedules and procedures.
- Assessed and transferred 1237 Pre-Self Government files to the NT Archives Service.
- Completed new Retention and Disposal Schedules for key areas in Mines and Energy.
- Assisted with the review and development of IM Strategic Plans and departmental Business Continuity Plans.
- Rollout of the Electronic Document Records Management Project (EDRM) project.
- EDRM successfully deployed and new training manuals completed.

- Implemented new systems and technologies that provided web and mobile access to systems and information.
- Managed connection of Power St Core Store Alice Springs to the NTG network.

Priorities for 2016-2017

- Continue to implement new systems and technologies to provide web and mobile access to systems and information.
- Assist with the replacement or development of new critical business systems for Mines and Energy.
- Assist with the review and development of IT Strategic Plans and departmental Business Continuity Plans.
- Continue to facilitate consolidation of departmental data bases and data sources to improve access and efficiency.
- Introduce Enterprise Search capability.
- Review, amend, revise and implement a new Information Management Training Plan (consistent with RM8 changes).
- Implement an EDRM compliance plan.
- Develop and implement an Information Management Service Delivery Model.
- Review the Information Management Unit structure and roles.
- Develop and maintain agency specific policy and guidelines for effective information management (ongoing).
- Review existing disposal schedules and develop new disposal schedule plan to facilitate records disposal.

Communications Unit

Overview

The Communications Unit located within the Department of Primary Industry and Fisheries also provides services to the Department of Mines and Energy under arrangements that commenced in July 2013. Its role includes:

- Providing high-level media support services to the Minister's offices
- Providing proactive and reactive media management services to both departments
- Planning, producing and implementing communications activities in support of strategic policy and program initiatives
- Producing materials and implementing plans for major events that support and promote the department's activities
- Managing and producing collateral material to support of the department's involvement in public activities and displays
- Identifying and managing outsourced design and production services as required
- Developing content and supporting the design and distribution of a wide range of non-technical publications including internal communications
- Maintaining the web presence through Intranet and Internet sites.

Achievements for 2014-2015

- Provided high-quality media services to the Minister's offices and both departments' business areas, including preparation of materials and direct liaison with media outlets and daily media monitoring
- Supported the community engagement activities about the Northern Territory's onshore gas industry, including website development and participation at regional shows.
- Provided support and promotion of the annual AGES conference held in Alice Springs.
- Supported communication and media responses to explain regulation of mining and petroleum activities.
- Prepared and distributed regular editions of

the internal Chief Executive's newsletter and provided articles to other NT Government newsletters.

- Supported the department in preparing its web content to transfer into the new NT.GOV.AU web environment and a new department website.

Priorities for 2015-2016

- Continuing to provide a high level of media support to the Minister's office and both departments
- Support internal and stakeholder communications for both departments
- Finalising the department's web content in NT.GOV.AU and making the new sites live.

'The Communications Unit provides a wide range of services by skilled professionals in the media realm.'

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05

FINANCIAL STATEMENTS



Financial Statement Overview for the Year Ended 30 June 2016

The 2015-16 financial statements and notes for the Department of Mines and Energy (the department) have been prepared on an accrual basis in accordance with the Australian Accounting Standards. The department's financial performance in 2015-16 and comparative financial information for 2014-15 are reported in four financial statements: the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity and Cash Flow Statement.

Comprehensive Operating Statement – Summary

	2015-16	2014-15	Variation
	\$000	\$000	\$000
Operating Income	32 101	34 859	(2 758)
Operating Expenses	37 131	39 664	(2 532)
Net operating surplus/(deficit)	(5 030)	(4 805)	(226)
Other Comprehensive Income			
Asset revaluation reserve	1 317	0	1 317
Transfers from Reserves	0	(3)	(3)
COMPREHENSIVE RESULT	(3 713)	(4 808)	1 094

The Operating Statement details the department's financial performance on income and expenditure for the year by detailing the sources and nature of same. The net deficit for the year is calculated by subtracting the expenses from income.

The operating net deficit of \$5 million in 2015-16, compared to a net deficit of \$4.8 million in 2014-15, is largely due to the net effect of timing of revenue from the Commonwealth relating to the National Partnership Agreement for the rehabilitation of the Rum Jungle Mine site offset by a reduction in unfunded, nondiscretionary approved expenditure in comparison to 2014-15.

The movement in the department's comprehensive result to the net operating result in 2015-16 compared to 2014-15 is a result of the revaluation of land and buildings held by the department. Further details are set out in Note 10 of the Financial Statements.

Operating Income

	2015-16	2014-15	Variation
	\$000	\$000	\$000
Output Appropriation	26 281	26 229	52
Commonwealth Appropriation	2 147	3 911	(1 763)
Sales of Goods and Services	1 080	1 244	(164)
Goods and Services Received			
Free of Charge	1 976	1 953	23
Assets Acquired Below Fair Value	0	314	(314)
Gain on Disposal of Asset	(5)	11	(16)
Other Income	622	1 197	(575)
TOTAL INCOME	32 101	34 859	(2 758)

The department's principal source of revenue is through Northern Territory Parliamentary appropriation, classified as Output Appropriation, which was 82 per cent of total income in 2015-16. A further \$2.1 million was received in 2015-16 through Commonwealth Appropriation relating to the National Partnership Agreement for the rehabilitation of the Rum Jungle Mine site with the balance of \$1.7 million generated through the Sales of Goods and Services and reimbursement for engagement of the independent monitor for the McArthur River Mine.

Included in the department's total income was \$1.98 million of notional income for services received free of charge from the Department of Corporate and Information Services (DCIS) which is fully negated by an offsetting expense classified under Administrative Expenses. This relates to centralised corporate services for the processing of accounts payable, payroll and property management services so as to project the true cost of the department delivering its programs and services.

The decrease in income in 2015-16 compared to 2014-15 of \$2.8 million, or 8 per cent, is largely due to timing of payments relating to Commonwealth Appropriation for the Rum Jungle Mine Site Rehabilitation Project. One-off contributions from industry for two gravity surveys in 2014-15 and no assets acquired below fair value in 2015-16 also contributed to the decrease.

Details of department income from the Sale of Goods and Services and Other Income can be found in Note 6 of the Financial Statements.

Operating Expenses

	2015-16	2014-15	Variation
	\$000	\$000	\$000
Employee Expenses	18 758	17 457	1 301
<i>Administrative Expenses</i>			
Purchase of Goods and Services	14 508	18 375	(3 867)
Repairs and Maintenance	210	151	59
Depreciation and Amortisation	966	943	23
Goods and Services Free of Charge	1 976	1 953	23
Other Administrative Transactions	72	22	50
<i>Grants and Subsidies</i>			
Current Grants	641	763	(122)
TOTAL EXPENSES	37 131	39 664	(2 533)

In 2015-16 employee expenses accounted for 51 per cent of the department's total expenditure and purchases of goods and services accounted for 39 per cent. Non-cash transactions relating to depreciation and notional DCIS charges are the other major expenses recorded by the department with grants, and repairs and maintenance (R&M) making up the balance.

Overall expenses in 2015-16, compared to 2014-15, decreased by 6 per cent and was largely due to one-off goods and services expenditures in 2014-15 relating to the management strategy for the Mt Todd mine site, payment for the surrender of mineral titles and two gravity surveys predominantly funded by industry. The decrease in goods and services expenses was offset by an increase in personnel expenses due to the requirement for additional high priority reviews, inspections and compliance audits of high risk mining sites and salary increases relating to the Northern Territory Public Sector (NTPS) Enterprise Agreement. The employment of additional Indigenous trainees also contributed to the increase.

Details of expenditure relating to Purchases of Goods and Services can be found in Note 7 while Grant Payments are set out in Appendix 1.

Balance Sheet - Summary

	2015-16	2014-15	Variation
	\$000	\$000	\$000
Assets	33 668	31 302	2 366
Liabilities	29 205	27 325	1 880
Equity	4 464	3 977	487

The Balance Sheet details the department's financial position on assets, liabilities and equity at balance date.

Assets

Of the department's total assets in 2015-16, 65 per cent relates to cash and deposits comprising mostly securities held on behalf of mining companies, the Mining Remediation Fund and Aboriginal Land Rents held in the Accountable Officer's Trust Account (AOTA).

The department's holding on property, plant and equipment makes up 31 per cent of total assets with the remaining assets relating to receivables and prepayments.

Total assets increased by \$2.37 million in 2015-16 compared to 2014-15, or 8 per cent, largely due to an increase in cash held in the Mining Remediation Fund.

Further details on assets can be found in Notes 8, 9, and 10 with details on the AOTA in Note 21.

Liabilities

Of the department's total liabilities in 2015-16, \$26.1 million or 89 per cent relates to deposits held in the AOTA. The remaining liabilities comprise of accounts payable and provisions relating to employee leave entitlements.

The increase in total liabilities in 2015-16 compared to 2014-15, mainly resulted from an increase in the Mining Remediation Fund held in the AOTA offset by a decrease in accounts payable and accrued expenses.

Further details on liabilities can be found in Notes 12, 13 and 14

Statement of Changes in Equity – Summary

	2015-16	2014-15	Variation
	\$000	\$000	\$000
Balance of Equity at 1 July	3 977	8 470	
Equity Injections	4 200	315	
Accumulated Funds	(3 713)	(4 808)	
Balance of Equity at 30 June	4 464	3 977	487

The Statement of Changes in Equity reflects movements in equity balances during the year.

Equity increased by \$0.49 million in 2015-16 compared to 2014-15 as reflected by the following movements:

- A net operating deficit of \$5.03 million;
- An equity injection of \$4 million;
- Transfer in relation to the capitalisation of minor new works of \$0.2 million;
- A revaluation of land and buildings held by the department of \$1.32 million.

Statement Of Cashflows - Summary

	2015-16	2014-15	Variation
	\$000	\$000	\$000
Cash at 1 July	20 616	22 581	(1 965)
Receipts	30 713	33 777	(3 064)
Payments	(35 824)	(37 601)	1 777
Proceeds from the Sale of Assets	7	11	(4)
Purchase of Assets	0	(12)	12
Net Deposits Received	2 495	1 848	647
Net Equity Injections/(Withdrawals)	4 000	12	3 988
Cash at 30 June	22 006	20 616	1 390

The Statement of Cash Flows provides information on the movement of cash in and out of the department during the year. The cash balance of \$22 million at year end predominantly relates to securities held on behalf of mining companies, the Mining Remediation Fund and Aboriginal Land Rents held in the AOTA.

Figures in the Cash Flow Statement vary from those in the Comprehensive Operating Statement as the Cash Flow Statement includes only cash transactions, whereas the Comprehensive Operating Statement includes non-cash items such as depreciation, annual non-cash adjustments to employee entitlements and services received free of charge from DCIS.

The increase in the cash held at the end of the financial year between 2015-16 and 2014-15 is largely due to a significant equity injection and a reduction in payments for one off goods and services expenditures in 2014-15. These were offset by a reduction in receipts predominantly relating to timing of payments from the Commonwealth for the Rum Jungle Mine Site Rehabilitation Project. Further details on cash flow can be found in Note 16.

Certification of the Financial Statements

We certify that the attached financial statements for the Department of Mines and Energy 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 2016 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.



Ron Kelly

Chief Executive

26 August 2016



Karen Simpson

Chief Financial Officer

26 August 2016

Comprehensive Operating Statement for the year ended 30 June 2016

	Note	2016	2015
		\$000	\$000
INCOME			
Appropriation			
Output		26 281	26 229
Commonwealth		2 147	3 911
Sales of goods and services	6	1 080	1 244
Goods and services received free of charge ¹	4	1 976	1 953
Assets acquired below fair value		0	314
Gain/(Loss) on disposal of assets	5	(5)	11
Other income	6	622	1 197
TOTAL INCOME	3	32 101	34 859
EXPENSES			
Employee expenses		18 758	17 457
Administrative expenses			
Purchases of goods and services	7	14 508	18 375
Repairs and maintenance		210	151
Depreciation and amortisation	10	966	943
Goods and services free of charge ¹	4	1 976	1 953
Other administrative expenses		72	22
Grants and subsidies expenses			
Current		641	763
TOTAL EXPENSES	3	37 131	39 664
NET SURPLUS/(DEFICIT)		(5 030)	(4 805)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to net surplus (deficit)			
Asset revaluation reserve		1 317	0
Transfer from Reserves		0	(3)
TOTAL OTHER COMPREHENSIVE INCOME		1 317	(3)
COMPREHENSIVE RESULT		(3 713)	(4 808)

¹DCIS service charges.

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

Balance Sheet as at 30 June 2016

	Note	2016	2015
		\$000	\$000
ASSETS			
Current Assets			
Cash and deposits	8	22 006	20 616
Receivables	9	937	572
Prepayments		270	198
Total Current Assets		23 213	21 386
Non-Current Assets			
Property, plant and equipment	10, 11	10 455	9 916
Total Non-Current Assets		10 455	9 916
TOTAL ASSETS		33 668	31 302
LIABILITIES			
Current Liabilities			
Deposits held		26 068	23 573
Payables	12	891	1 555
Provisions	13	1 814	1 744
Other liabilities	14	1	4
Total Current Liabilities		28 774	26 876
Non-Current Liabilities			
Provisions	13	431	449
Total Non-Current Liabilities		431	449
TOTAL LIABILITIES		29 204	27 325
NET ASSETS		4 464	3 977
EQUITY			
Capital		12 500	8 300
Reserves	15	2 972	1 655
Accumulated funds		(11 008)	(5 978)
TOTAL EQUITY		4 464	3 977

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 2016

	Note	Equity at 1 July	Comprehensive result	Transactions with owners in their capacity as owners	Equity at 30 June
		\$000	\$000	\$000	\$000
2015-16					
Accumulated Funds					
Accumulated Funds		(5 951)	(5 030)	0	(10 981)
Transfers from reserves		(27)	0	0	(27)
		(5 978)	(5 030)	0	(11 008)
Reserves					
Asset revaluation reserve	15	1 655	1 317	0	2 972
		1 655	1 317	0	2 972
Capital – Transactions with Owners					
Equity injections					
Capital appropriation		105	0	0	105
Equity transfers in		10 521	0	200	10 721
Other equity injections		0	0	4 000	4 000
Total Equity Injections		10 626	0	4 200	14 826
Equity withdrawals					
Capital withdrawal		(2 326)	0	0	(2 326)
Total Equity Withdrawals		(2 326)	0	0	(2 326)
Total Capital – Transactions with Owners		8 300	0	4 200	12 500
Total Equity at End of Financial Year		3 977	(3 713)	4 200	4 464
2014-15					
Accumulated Funds					
Accumulated funds		(1 146)	(4 805)	0	(5 951)
Transfers from reserves		(24)	(3)	0	(27)
		(1 170)	(4 808)	0	(5 978)
Reserves					
Asset revaluation reserve	15	1 655	0	0	1 655
		1 655	0	0	1 655
Capital – Transactions with Owners					
Equity injections					
Capital appropriation		93	0	12	105
Equity transfers in		10 218	0	303	10 521
Total Equity Injections		10 311	0	315	10 626
Equity withdrawals					
Capital withdrawal		(2 326)	0	0	(2 326)
Total Equity Withdrawals		(2 326)	0	0	(2 326)
Total Capital – Transactions with Owners		7 985	0	315	8 300
Total Equity at End of Financial Year		8 470	(4 808)	315	3 977

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 2016

	Note	2016	2015
		\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Receipts			
Appropriation			
Output		26 281	26 229
Commonwealth		2 148	3 911
Receipts from sales of goods and services		1 421	3 637
Other agency receipts		863	0
Total Operating Receipts		30 713	33 777
Operating Payments			
Payments to employees		(19 153)	(17 212)
Payments for goods and services		(16 030)	(19 626)
Grants and subsidies paid			
Current		(641)	(763)
Total Operating Payments		(35 825)	(37 601)
Net Cash From/(Used in) Operating Activities	16	(5 112)	(3 824)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing Receipts			
Proceeds from asset sales	5	7	11
Total Investing Receipts		7	11
Investing Payments			
Purchases of assets		0	(12)
Total Investing Payments		0	(12)
Net Cash From/(Used in) Investing Activities		7	(1)
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing Receipts			
Deposits received		2 495	1 848
Equity injections			
Capital appropriation		0	12
Other equity injections		4 000	0
Total Financing Receipts		6 495	1 860
Net Cash From/(Used in) Financing Activities		6 495	1 860
Net increase/(decrease) in cash held		1 390	(1 965)
Cash at beginning of financial year		20 616	22 581
CASH AT END OF FINANCIAL YEAR	8	22 006	20 616

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

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Notes to the Financial Statements

1. OBJECTIVES AND FUNDING

The Department of Mines and Energy (the department) is responsible for implementing the Northern Territory Government's priorities for mineral and energy resources development and management including:

- delivering geoscience and prospectivity assessments to industry to attract exploration investment;
- regulating minerals from exploration through to development and operation of mines and their closure; and
- leading energy policy advice and regulating the energy supply chain.

Additional information in relation to the Department of Mines and Energy and its principal activities can be found in chapter four (Performance Reporting) of the Annual Report.

The department is predominantly funded by, and is dependent on, the receipt of Parliamentary appropriations. The financial statements encompass all funds through which the department controls resources to carry on its functions and deliver outputs. For reporting purposes, outputs delivered by the department are summarised into several output groups. Note 3 provides summary financial information in the form of a Comprehensive Operating Statement by output group.

OUTPUT GROUP/OUTPUTS:

Industry Development

- Industry Reporting
- Geoscience and Industry Development Services

Mining Services

- Minerals Titles Management
- Mining Operations Management
- Legacy Mines

Energy Services

- Energy Management

Corporate and Governance

- Corporate and Governance
- Shared Services Received

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

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 Department of Mines and Energy to prepare financial statements for the year ended 30 June based on the form determined by the Treasurer. The form of the department 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.

b) Basis of Accounting

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-department 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 department 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 following new and revised accounting standards and interpretations were effective for the first time in 2015-16:

AASB 1048 Interpretation of Standards

This reflects amended versions of Interpretations arising in relation to amendments to AASB 9 Financial Instruments and consequential amendments arising from the issuance of AASB 15 Revenue from Contracts with Customers. The standard does not impact the financial statements.

AASB 2013-9 Amendments to Australian Accounting Standards [Part C Financial Instruments]

Part C of this Standard amends AASB 9 Financial Instruments to add Chapter 6 Hedge accounting and makes consequential amendments to AASB 9 and numerous other Standards. The standard does not impact the financial statements.

AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9

This Standard makes amendments to AASB 9 Financial Instruments (December 2009) and AASB 9 Financial Instruments (December 2010). These amendments arise from the issuance of AASB 9 Financial Instruments in December 2014. The standard does not impact the financial statements.

AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality

The standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing the standard to effectively be withdrawn. The standard does not impact the financial statements.

AASB 2014-1 Amendments to Australian Accounting Standards (Part E - Financial Instruments)

Part E of this Standard defers the application date of AASB 9 Financial Instruments to annual reporting periods beginning on or after 1 January 2018. The standard does not impact the financial statements.

The following standards and interpretations are likely to have an insignificant impact on the financial statements for future reporting periods, but the exact impact is yet to be determined:

Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 9 Financial Instruments (December 2014), AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)	1 January 2018
AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	1 January 2018
AASB 1056 Superannuation Entities	1 July 2016
AASB 14 Regulatory Deferral Accounts	1 January 2016
AASB 1057 Application of Accounting Standards	1 January 2016
AASB 2014-1 Amendments to Australian Accounting Standards [Part D Consequential arising from AASB 14 Regulatory Deferral Accounts]	1 January 2016
AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and AASB 11]	1 January 2016
AASB 2014-16 Amendments to Australian Accounting Standards - Agriculture: Bearer Plants [AASB 101,116, 117, 123, 136, 140 and 141]	1 January 2016
AASB 2015-5 Amendments to Australian Accounting Standards - Investment Entities: Applying the Consolidation Exception [AASB 10, 12 and 128]	1 January 2016
AASB 2015-9 Amendments to Australian Accounting Standards - Scope and Application Paragraphs [AASB 8, 133 and 1057]	1 January 2016
AASB 2015-10 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128	1 January 2016
AASB 2016-1 Amendments to Australian Accounting Standards-Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]	1 January 2017

The following standards and interpretations are expected to have a potential impact on the financial statements for future reporting periods:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Impact
AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 and 1049]	1 July 2016	New note disclosure to include remuneration of Key Management Personnel (KMP) and related party transactions.
2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	1 January 2017	New disclosure on the reconciliation of the changes in liabilities arising from financing activities.
AASB 16 Leases	1 January 2019	Reclassification of operating leases greater than 12 months to finance lease reporting requirements.
AASB 9 Financial Instruments	1 January 2018	Simplified requirements for classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier as opposed to only when incurred.
AASB 15 Revenue from Contracts with Customers	1 January 2018	Requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.
AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	1 January 2018	Amends various AAS's to reflect the deferral of the mandatory application date of AASB 9.
AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 and AASB 138]	1 January 2016	Provides additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated and clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate.
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	1 January 2017	Amends the measurement of trade receivables and the recognition of dividends.
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2018	Amends various AAS's to reflect the changes as a result of AASB 9.
AASB 2014-9 Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements [AASB 1, 127 and 128]	1 January 2016	Allows an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statement at cost or using the equity method.
AASB 2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-14 Cycle [AASB 1, 2, 3,5, 7, 11, 110, 119, 121, 133, 134,137 and 140]	1 January 2016	The amendments include AASB 5 change in methods of disposal; AASB 7 Servicing contracts and applicability of the amendments to AASB 7 to condensed interim financial statements; AASB 119 Discount rate: regional market issue and AASB 134 Disclosure of information 'elsewhere in the interim financial report'.

c) Reporting Entity

The financial statements cover the department as an individual reporting entity.

The department is a Northern Territory department established under the *Interpretation Act Administrative Arrangements Order*.

The principal place of business of the department is: 48-50 Smith Street, Darwin NT 0800.

d) Department and Territory Items

The financial statements of the department include income, expenses, assets, liabilities and equity over which the department has control (department items). Certain items, while managed by the department, are controlled and recorded by the Territory rather than the department (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 departments 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 departments as well as certain Territory liabilities that are not practical or effective to assign to individual departments 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 department's financial statements. However, as the department is accountable for certain Territory items managed on behalf of Government, these items have been separately disclosed in Note 23: Schedule of Administered Territory Items.

e) Comparatives

Where necessary, comparative information for the 2014-15 financial year has been reclassified to provide consistency with current year disclosures.

f) Presentation and Rounding of Amounts

Amounts in the financial statements and notes to the financial statements are presented in Australian dollars and have been rounded to the nearest thousand dollars, with amounts of \$500 or less being rounded down to zero. Figures in the financial statements and notes may not equate due to rounding.

g) Changes in Accounting Policies

There have been no changes to accounting policies adopted in 2015-16 as a result of management decisions.

h) Accounting Judgments and Estimates

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

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

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

- Employee Benefits – Note 2(t) and Note 13: 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.

- Property, Plant and Equipment – Note 2(p): The fair value of land, building, infrastructure and property, plant and equipment are determined on significant assumptions of the exit price and risks in the perspective market participant, using the best information available.
- Contingent Liabilities – Note 19: The present value of material quantifiable contingent liabilities are calculated using a discount rate based on the published 10-year Government bond rate.
- Allowance for Impairment Losses – Note 2(n), Note 9: Receivables and Note 17: Financial Instruments. The allowance represents debts that are likely to be uncollectible and are considered doubtful. Debtors are grouped according to their aging profile and history of previous financial difficulties.
- Depreciation and Amortisation – Note 2(l), Note 10: Property, Plant and Equipment, and Note 11: Fair Value Measurement of Non-Financial Assets.

i) Goods and Services Tax

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

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

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

j) Income Recognition

Income encompasses both revenue and gains.

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

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 department for the outputs they provide and is calculated as the net cost of department outputs after taking into account funding from department 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 departments as Commonwealth appropriation.

Revenue in respect of appropriations is recognised in the period in which the department 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 department 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 department; 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 5: Gain on Disposal of Assets.

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 department obtains control of the asset or contribution. Contributions are recognised at the fair value received or receivable.

Administered Income

The department collects taxes, fines and regulatory fees on behalf of the Territory. The department does not gain control over assets arising from these collections, consequently no income is recognised in the department's financial statements. Accordingly, these amounts are disclosed as income in Note 23: Schedule of Administered Territory Items.

k) Repairs and Maintenance Expense

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

l) Depreciation and Amortisation Expense

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

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:

	2016	2015
Buildings	50 years	50 years
Infrastructure Assets	16-25 years	16-25 years
Plant and Equipment	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.

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 21: Accountable Officer's Trust Account.

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 department 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 17: Financial Instruments. Reconciliation of changes in the allowance accounts is also presented.

Accounts receivable are generally settled within 90 days.

o) Prepayments

Prepayments represent payments in advance of receipt of goods and services or that part of expenditure made in one accounting period covering a term extending beyond that period.

p) 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 department in future years. Where these costs represent separate components of a complex asset, they are accounted for as separate assets and are separately depreciated over their expected useful lives.

Construction (Work in Progress)

As part of the financial management framework, the Department of Infrastructure is responsible for managing general government capital works projects on a whole of Government basis. Therefore appropriation for all 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 this department.

q) 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.

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 department assets are assessed for indicators of impairment on an annual basis or whenever there is indication of impairment. If an indicator of impairment exists, the department 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 15: Reserves provides additional information in relation to the asset revaluation surplus.

r) Leased Assets

Leases under which the department 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.

s) 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 department. Accounts payable are normally settled within 30 days.

t) 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 the department and as such no long service leave liability is recognised in the department's financial statements.

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

v) Contributions by and Distributions to Government

The department may receive contributions from Government where the Government is acting as owner of the agency. Conversely, the department 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 department as adjustments to equity.

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

w) Commitments

Disclosures in relation to capital and other commitments, including lease commitments are shown at Note 18: Commitments.

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 department becomes a party to the contractual provisions of the financial instrument. The department's financial instruments include cash and deposits; receivables and payables.

Due to the nature of operating activities, certain financial assets and financial liabilities arise under statutory obligations rather than a contract. Such financial assets and liabilities do not meet the definition of financial instruments as per AASB 132 Financial Instruments Presentation. These include statutory receivables arising from taxes including GST and penalties.

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.
- Financial liabilities at fair value through profit or loss include deposits held excluding statutory deposits, accounts payable and accrued expenses. Financial assets at fair value through profit or loss include short-term securities and bonds.

Loans and Receivables

- For details refer to Note 2 (n), but exclude statutory receivables.

Note 17 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 the department 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 department 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.

Note 11 provides additional information on fair value measurement.

3. COMPREHENSIVE OPERATING STATEMENT BY OUTPUT GROUP

	Note	INDUSTRY DEVELOPMENT		MINING SERVICES		ENERGY SERVICES		CORPORATE AND GOVERNANCE		TOTAL	
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
INCOME											
Appropriation											
Output		11 221	11 107	8 151	8 236	2 335	2 295	4 574	4 591	26 281	26 229
Commonwealth		0	0	2 147	3 911	0	0	0	0	2 147	3 911
Sales of goods and services	6	81	113	870	944	129	187	0	0	1 080	1 244
Goods and services received free of charge ¹	4	732	723	928	918	158	156	158	156	1 976	1 953
Assets acquired below fair value	10	0	0	0	314	0	0	0	0	0	314
Gain/(Loss) on disposal of assets	5	0	11	(5)	0	0	0	0	0	(5)	11
Other income		5	498	617	699	0	0	0	0	622	1 197
TOTAL INCOME		12 039	12 452	12 708	15 022	2 622	2 638	4 732	4 747	32 101	34 859
EXPENSES											
Employee expenses		6 569	6 109	8 321	7 799	2 161	1 824	1 707	1 725	18 758	17 457
Administrative expenses											
Purchases of goods and services	7	4 053	5 322	6 579	10 050	384	399	3 492	2 604	14 508	18 375
Repairs and maintenance		174	125	36	26	0	0	0	0	210	151
Depreciation and amortisation	10, 11	386	373	580	570	0	0	0	0	966	943
Goods and services free of charge ¹		732	723	928	918	158	156	158	156	1 976	1 953
Other administrative expenses		27	7	34	11	5	2	6	2	72	22
Grants and subsidies expenses											
Current		639	715	1	3	0	0	1	45	641	763
TOTAL EXPENSES		12 580	13 374	16 479	19 377	2 708	2 381	5 364	4 532	37 131	39 664
NET SURPLUS/(DEFICIT)		(541)	(922)	(3 771)	(4 355)	(86)	257	(632)	215	(5 030)	(4 805)
OTHER COMPREHENSIVE INCOME											
Items that will not be reclassified to net surplus (deficit)											
Asset revaluation Reserve		1 317	0	0	0	0	0	0	0	1 317	0
Transfers from Reserves		0	(3)	0	0	0	0	0	0	0	(3)
TOTAL OTHER COMPREHENSIVE INCOME		1 317	(3)	0	0	0	0	0	0	1 317	(3)
COMPREHENSIVE RESULT		776	(925)	(3 771)	(4 355)	(86)	257	(632)	215	(3 713)	(4 807)

¹DCIS service charges.

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

	2016	2015
	\$000	\$000
4. GOODS AND SERVICES RECEIVED FREE OF CHARGE		
Inter-department notional service revenue/charge (Department of Corporate and Information Services)	1 976	1 953
	1 976	1 953
5. GAIN/(LOSS) ON DISPOSAL OF ASSETS		
Net proceeds from the disposal of non-current assets	7	11
Less: Carrying value of non-current assets disposed	(12)	0
Total Gain/(Loss) on Disposal of Assets	(5)	11
6. SALES OF GOODS AND SERVICES AND OTHER INCOME		
The net surplus/(deficit) has been arrived at after receiving the following income:		
Sale of goods and services		
Application, advertising and dealing fees (licences/ titles)	997	1 128
Annual Geoscience Exploration Seminar	82	113
Other charges	1	3
	1 080	1 244
Other Income		
Private Organisations	622	1 197
	622	1 197
Total Sales of Goods and Services and Other Income	1 702	2 441

7. PURCHASES OF GOODS AND SERVICES

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

Goods and services expenses:

	2016	2015
	\$000	\$000
Consultants ⁽¹⁾	4 739	3 263
Advertising ⁽²⁾	349	164
Marketing and promotion ⁽³⁾	469	142
Document production	77	41
Legal expenses ⁽⁴⁾	93	2 551
Recruitment ⁽⁵⁾	45	176
Training and study	166	202
Official duty fares	330	293
Travelling allowance	193	224
Other	8 047	11 319
Total Goods and Services Expenses	14 508	18 375

⁽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.

8. CASH AND DEPOSITS

	2016	2015
	\$000	\$000
Cash on hand	3	5
Cash at bank	22 003	20 611
	22 006	20 616

9. RECEIVABLES

Current		
Accounts receivable	736	200
Less: Allowance for impairment losses	(92)	(19)
	644	181
GST receivables	201	240
Other receivables	92	151
	293	391
Total Receivables	937	572

	2016	2015
	\$000	\$000
10. PROPERTY, PLANT AND EQUIPMENT		
Land		
At fair value	3 760	1 490
Buildings		
At fair value	4 518	12 667
Less: Accumulated depreciation	(2 165)	(9 128)
	2 353	3 539
Infrastructure		
At fair value	6 895	6 895
Less: Accumulated depreciation	(3 178)	(2 762)
	3 717	4 133
Plant and Equipment		
At fair value	1 594	1 548
Less: Accumulated depreciation	(988)	(828)
	606	720
Computer Hardware		
At fair value	96	96
Less: Accumulated depreciation	(77)	(62)
	19	34
Total Property, Plant and Equipment	10 455	9 916

Property, Plant and Equipment Valuations

The latest revaluations as at 30 June 2016 were independently conducted. The valuer was Territory Property Consultants Pty Ltd. Refer to Note 11: Fair Value Measurement of Non-Financial Assets for additional disclosures.

Impairment of Property, Plant and Equipment

Department property, plant and equipment assets were assessed for impairment as at 30 June 2016. No impairment adjustments were required as a result of this review.

10. PROPERTY, PLANT AND EQUIPMENT (continued)

2016 Property, Plant and Equipment Reconciliations

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2015-16 is set out below:

	Land	Buildings	Infrastructure	Plant and Equipment	Computer Hardware	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Carrying Amount as at 1 July 2015	1 490	3 539	4 133	720	34	9 916
Additions	0	134	0	0	0	134
Disposals	0	0	0	(12)	0	(12)
Depreciation	0	(368)	(417)	(166)	(15)	(966)
Additions/(Disposals) from asset transfers	0	0	0	66	0	66
Revaluation increments/(decrements)	2 270	(953)	0	0	0	1 317
Carrying Amount as at 30 June 2016	3 760	2 353	3 717	606	19	10 455

2015 Property, Plant and Equipment Reconciliations

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

	Land	Buildings	Infrastructure	Plant and Equipment	Computer Hardware	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Carrying Amount as at 1 July 2014	1 490	3 592	4 550	565	38	10 235
Additions	0	0	0	314	12	326
Disposals	0	0	0	(2)	0	(2)
Depreciation	0	(353)	(417)	(157)	(16)	(943)
Additions/(Disposals) from asset transfers	0	303	0	0	0	303
Revaluation increments/(decrements)	0	(3)	0	0	0	(3)
Carrying Amount as at 30 June 2015	1 490	3 539	4 133	720	34	9 916

11. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

a) Fair Value Hierarchy

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

	Level 1	Level 2	Level 3	Total Fair Value
	\$000	\$000	\$000	\$000
2015-16				
Asset Classes				
Land (Note 10)	0	3 760	0	3 760
Buildings (Note 10)	0	2 353	0	2 353
Infrastructure (Note 10)	0	0	3 717	3 717
Plant and Equipment (Note 10)	0	0	625	625
Total	0	6 113	4 342	10 455
2014-15				
Asset Classes				
Land (Note 10)	0	0	1 490	1 490
Buildings (Note 10)	0	0	3 539	3 539
Infrastructure (Note 10)	0	0	4 133	4 133
Plant and Equipment (Note 10)	0	0	754	754
Total	0	0	9 916	9 916

b) Valuation Techniques and Inputs

Valuation techniques used to measure fair value in 2015-16 are:

	Level 2 Techniques	Level 3 Techniques
Asset Classes		
Land	Market	-
Buildings	Cost	-
Infrastructure	-	Cost
Plant and Equipment	-	Cost

There were transfers between Level 2 and 3 for land and buildings during 2015-16 as a result of the revaluation.

Territory Property Consultants Pty Ltd provided valuations for the land and building.

Level 2 fair values of land were based on Active market comparison approach which seeks to determine the current value of an asset by reference to recent comparable transactions involving sale of similar assets.

Level 2 fair values of buildings were based on Cost approach or Depreciated Replacement Cost methodology; which is the estimated current cost of replacement of the asset with a similar asset which is not necessarily an exact reproduction but which has similar service potential and function.

Level 3 fair values of infrastructure and plant and equipment were determined by computing their depreciated replacement costs because an active market does not exist for such facilities. The depreciated replacement cost was based on a combination of internal records of the historical cost of the facilities, adjusted for contemporary technology and construction approaches. Significant judgement was also used in assessing the remaining service potential of the facilities, given local environmental conditions, projected usage, and records of the current condition of the facilities.

Additional Information for Level 3 Fair Value Measurements

(i) Reconciliation of Recurring Level 3 Fair Value Measurements

	Land	Buildings	Infrastructure	Plant and Equipment
	\$000	\$000	\$000	\$000
2015-16				
Fair value as at 1 July 2015	1 490	3 539	4 133	754
Additions	0	0	0	66
Disposals	0	0	0	(12)
Transfers to level 2	(1 490)	(3 539)	0	0
Depreciation	0	0	(417)	(181)
Gains/(losses) recognised in other comprehensive income	0	0	0	0
Fair value as at 30 June 2016	0	0	3 717	625
2014-15				
Fair value as at 1 July 2014	1 490	3 592	4 550	603
Additions	0	303	0	326
Disposals	0	0	0	(2)
Depreciation	0	(353)	(417)	(173)
Gains/(losses) recognised in other comprehensive income	0	(3)	0	0
Fair value as at 30 June 2015	1 490	3 539	4 133	754

Transfers out of Level 3 include Land and Building that were revalued as at 30 June 2016.

(ii) Sensitivity analysis

Unobservable inputs used in computing the fair value of assets include the historical cost and the consumed economic benefit for each building. Given the large number of department 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.

	2016	2015
	\$000	\$000
12. PAYABLES		
Accounts payable	704	971
Accrued expenses	187	584
Total Payables	891	1 555
13. PROVISIONS		
Current		
<i>Employee benefits</i>		
Recreation leave	1 281	1 196
Leave loading	256	230
Airfares	15	9
On Cost	235	283
Other employee benefits	27	26
	1 814	1 744
Non-Current		
<i>Employee benefits</i>		
Recreation leave	431	449
	431	449
Total Provisions	2 245	2 193

The department employed 160 employees as at 30 June 2016 (165 employees as at 30 June 2015).

14. OTHER LIABILITIES

Current

Unearned revenue

Total Other Liabilities

	2016	2015
	\$000	\$000
Unearned revenue	0	4
Total Other Liabilities	0	4

15. RESERVES

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.

Balance as at 1 July

Increment/(Decrement) – buildings

Balance as at 30 June

Balance as at 1 July	1 655	1 655
Increment/(Decrement) – buildings	1 317	0
Balance as at 30 June	2 972	1 655

16. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of Cash

The total of the department's 'Cash and deposits' 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

	2016	2015
	\$000	\$000
Net Surplus/(Deficit)	(5 030)	(4 805)
<i>Non-cash items:</i>		
Depreciation and amortisation	966	943
Asset write-offs/write-downs	0	2
Assets acquired below fair value	0	(314)
(Gain)/Loss on disposal of assets	5	(11)
<i>Changes in assets and liabilities:</i>		
Decrease/(Increase) in receivables	(933)	78
Decrease/(Increase) in prepayments	(71)	(39)
Decrease/(Increase) in other assets	0	25
(Decrease)/Increase in payables	(429)	447
(Decrease)/Increase in provision for employee benefits	95	82
(Decrease)/Increase in other provisions	(44)	32
(Decrease)/Increase in other liabilities	330	(264)
Net Cash from Operating Activities	(5 112)	(3 824)

17. FINANCIAL INSTRUMENTS

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

a) Categorisation of Financial Instruments

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

2015-16 CATEGORISATION OF FINANCIAL INSTRUMENTS

	Fair value through profit or loss		Total
	Designated at fair value	Financial assets - Loans and receivables	
	\$000	\$000	\$000
Cash and deposits	22 006	0	22 006
Receivables ¹	0	386	386
Total Financial Assets	22 006	386	22 392
Payables ¹	892	0	892
Total Financial Liabilities	892	0	892

2014-15 CATEGORISATION OF FINANCIAL INSTRUMENTS

	Fair value through profit or loss		Total
	Designated at fair value	Financial assets - Loans and receivables	
	\$000	\$000	\$000
Cash and deposits	20 616		20 616
Receivables ¹	0	307	307
Total Financial Assets	20 616	307	20 923
Payables ¹	1 555	0	1 555
Total Financial Liabilities	1 555	0	1 555

¹Total amounts disclosed here exclude statutory amounts

b) Credit Risk

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

External Receivables	Aging of Receivables	Aging of Impaired Receivables	Net Receivables
	\$000	\$000	\$000
2015-16			
Not overdue	274	0	274
Overdue for less than 30 days	20	0	20
Overdue for 30 to 60 days	0	0	0
Overdue for more than 60 days	92	(92)	0
Total	386	(92)	294
Reconciliation of the Allowance for Impairment Losses			
Opening		19	
Written off during the year		0	
Recovered during the year		0	
Increase/(Decrease) in allowance recognised in profit or loss		72	
Total		92	
2014-15			
Not overdue	66	0	66
Overdue for less than 30 days	2	0	2
Overdue for 30 to 60 days	19	(19)	0
Overdue for more than 60 days	89	0	89
Total	176	(19)	157
Reconciliation of the Allowance for Impairment Losses			
Opening		0	
Written off during the year		0	
Recovered during the year		0	
Increase/(Decrease) in allowance recognised in profit or loss		19	
Total		19	

c) Liquidity Risk

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

2016 MATURITY ANALYSIS FOR FINANCIAL ASSETS AND LIABILITIES

	Variable Interest Rate			Fixed Interest Rate			Non Interest Bearing	Total	Weighted Average
	Less than a Year	1 to 5 Years	More than 5 Years	Less than a Year	1 to 5 Years	More than 5 Years			
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	%
Assets									
Cash and deposits							22 006	22 006	
Receivables							386	386	
Total Financial Assets							22 392	22 392	
Liabilities									
Payables							892	892	
Total Financial Liabilities							892	892	

2015 MATURITY ANALYSIS FOR FINANCIAL ASSETS AND LIABILITIES

	Variable Interest Rate			Fixed Interest Rate			Non Interest Bearing	Total	Weighted Average
	Less than a Year	1 to 5 Years	More than 5 Years	Less than a Year	1 to 5 Years	More than 5 Years			
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	%
Assets									
Cash and deposits							20 616	20 616	
Receivables							307	307	
Total Financial Assets							20 923	20 923	
Liabilities									
Payables							1 555	1 555	
Total Financial Liabilities							1 555	1 555	

d) Market Risk

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

(i) Interest Rate Risk

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

(ii) Price Risk

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

(iii) Currency Risk

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

e) Net Fair Value

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

- the fair value of cash, deposits, advances, receivables and payables approximates their carrying amount, which is also their amortised cost.

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

2016	Total Carrying Amount	Net Fair Value Level 1	Net Fair Value Level 2	Net Fair Value Level 3	Net Fair Value Total
	\$000	\$000	\$000	\$000	\$000
Financial Assets					
Cash and deposits	22 006	22 006			22 006
Receivables	386	386			386
Total Financial Assets	22 392	22 392			22 392
Financial Liabilities					
Payables	892	892			892
Total Financial Liabilities	892	892			892

2015	Total Carrying Amount	Net Fair Value Level 1	Net Fair Value Level 2	Net Fair Value Level 3	Net Fair Value Total
	\$000	\$000	\$000	\$000	\$000
Financial Assets					
Cash and deposits	20 616	20 616			20 616
Receivables	307	307			307
Total Financial Assets	20 923	20 923			20 923
Financial Liabilities					
Payables	1 555	1 555			1 555
Total Financial Liabilities	1 555	1 555			1 555

The net fair value of cash, receivables and payables are based on market value.

There were no changes in valuation techniques during the period.

18. COMMITMENTS

(i) Operating Lease Commitments

The department leases property under non-cancellable operating leases expiring at various dates. Leases generally provide the department with a right of renewal at which time all lease terms are renegotiated. The department also leases items of plant and equipment under non-cancellable operating leases. Future operating lease commitments not recognised as liabilities are payable as follows:

	2016		2015	
	Internal	External	Internal	External
	\$000	\$000	\$000	\$000
Within one year	352	3	320	6
Later than one year and not later than five years	518	1	543	4
Later than five years	1	0	1	0
	871	4	864	10

(ii) Other Expenditure Commitments

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

	2016		2015	
	Internal	External	Internal	External
	\$000	\$000	\$000	\$000
Within one year	0	342	3	2 422
	0	3424	3	2 422

19. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The department had no contingent liabilities or contingent assets as at 30 June 2016 or 30 June 2015.

20. EVENTS SUBSEQUENT TO BALANCE DATE

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

21. 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 2015	Receipts	Payments	Closing Balance 30 June 2016
Aboriginal Land Rents	1 154	2 862	(1 909)	2 107
Cash Securities	18 552	1 841	(3 312)	17 081
Mining Remediation	3 868	3 384	(400)	6 852
Miscellaneous	0	29	0	29
	23 574	8 116	(5 621)	26 069

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

	Department		Department		Territory Items		Territory Items	
	2016	No. of Trans.	2015	No. of Trans.	2016	No. of Trans.	2015	No. of Trans.
	\$000		\$000		\$000		\$000	
Write-offs, Postponements and Waivers Under the Financial Management Act								
Represented by:								
<i>Amounts written off, postponed and waived by Delegates</i>								
Public property written off	0	0	2	7	0	0	0	0
Total Written Off, Postponed and Waived by Delegates	0	0	2	7	0	0	0	0
Write-offs, Postponements and Waivers Authorised Under Other Legislation								
Gifts Under the Financial Management Act								
Gifts Authorised Under Other Legislation	0	0	0	0	0	0	0	0
Ex Gratia Payments Under the Financial Management Act								
	0	0	0	0	0	0	0	0

23. SCHEDULE OF ADMINISTERED TERRITORY ITEMS

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

	2016	2015
	\$000	\$000
TERRITORY INCOME AND EXPENSES		
Income		
Fees from regulatory services	12 005	11 191
Royalties and rents	3 959	4 121
Total Income	15 964	15 312
Expenses		
Central Holding Authority income transferred	15 964	15 312
Total Expenses	15 964	15 312
Territory Income less Expenses	0	0
TERRITORY ASSETS AND LIABILITIES		
Assets		
Royalties and rent receivable	284	98
Other receivables	4 235	3 853
Total Assets	4 519	3 951
Liabilities		
Central Holding Authority income payable	338	104
Unearned Central Holding Authority income	4 181	3 847
Total Liabilities	4 519	3 951
Net Assets	0	0

24. BUDGETARY INFORMATION

	2015-16 Actual	2015-16 Original		
Comprehensive Operating Statement		Budget	Variance	Note
	\$000	\$000	\$000	
INCOME				
Appropriation				
Output	26 281	26 001	280	1
Commonwealth	2 147	4 295	(2 148)	2
Sales of goods and services	1 080	1 178	(98)	
Goods and services received free of charge	1 976	2 020	(44)	
Gain on disposal of assets	(5)	0	(5)	
Other income	622	406	216	3
TOTAL INCOME	32 101	33 900	(1 799)	
EXPENSES				
Employee expenses	18 758	15 865	2 893	4
Administrative expenses				
Purchases of goods and services	14 508	15 045	(537)	5
Repairs and maintenance	210	220	(10)	
Depreciation and amortisation	966	903	63	
Other administrative expenses	2 048	2 020	28	
Grants and subsidies expenses				
Current	641	750	(109)	6
TOTAL EXPENSES	37 131	34 803	2 329	
NET SURPLUS/(DEFICIT)	(5 030)	(903)	(4 128)	7
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to net surplus/(deficit)				
Asset revaluation reserve	1 317	0	1 317	8
TOTAL OTHER COMPREHENSIVE INCOME	1 317	0	1 317	
COMPREHENSIVE RESULT	(3 713)	(903)	(2 810)	

Notes:

The following note descriptions relate to variances greater than 10 per cent or \$0.2 million, or where multiple significant variances have occurred. The original published budget was revised during 2015-16.

1. Output appropriation has increased by \$0.28 million primarily due to additional funds received for a Business Transformation project.
2. The variation for Commonwealth income relates to timing of payments relating to the Rum Jungle Mine Site Rehabilitation (RJMSR) project.
3. Estimates for other income was increased to \$0.66 million to align with anticipated actuals.
4. Budget for employee expenses was adjusted up to \$17.91 million. Actual expenses exceeded the revised budget by \$0.84 million primarily due to the requirement for additional expenses for high priority reviews, inspections and compliance audits of high risk mining sites, the employment of additional Indigenous trainees and non-cash expenses relating to the reconciliation of staff leave provisions.
5. Budget for purchase of goods and services were adjusted up to \$15.83 million. Actual expenditure was under the revised estimate by \$1.54 million primarily due to timing of payments for the Commonwealth funded RJMSR project and to a lesser extent, the Business Transformation project. These unspent funds will be carried forward into 2016-17.
6. Uptake of grants from industry relating to the Geophysics and Drilling Collaboration Grants was lower than anticipated.
7. The variations to the budget during 2015-16 resulted in a revised estimated deficit of \$3.17 million. The variation against the revised budget of \$1.86 million predominantly relates to timing of payments from the Commonwealth and additional expenses for high priority reviews, inspections and compliance audits of high risk mining sites, the employment of additional Indigenous trainees and non-cash expenses relating to the reconciliation of staff leave provisions.
8. The increase in asset revaluation reserves was due to an increase in the value of land held by the department following revaluations carried out in 2015-16.

	2015-16 Actual	2015-16 Original		
Balance Sheet		Budget	Variance	Note
	\$000	\$000	\$000	
ASSETS				
Current assets				
Cash and deposits	22 006	20 176	1 830	1
Receivables	937	389	548	2
Prepayments	270	160	110	3
Other assets	0	25	(25)	
Total current assets	23 213	20 750	2 463	
Non-current assets				
Property, Plant and Equipment	10 455	8 747	1 708	4
Total non-current assets	10 455	8 747	1 708	
TOTAL ASSETS	33 668	29 497	4 171	
LIABILITIES				
Current liabilities				
Deposits held	26 068	21 725	4 343	5
Payables	892	1 114	(222)	6
Provisions	1 814	1 593	221	7
Other liabilities	0	0	0	
Total current liabilities	28 773	24 432	4 341	
Non-current liabilities				
Provisions	431	488	(57)	
Total non-current liabilities	431	488	(57)	
TOTAL LIABILITIES	29 205	24 920	4 285	
NET ASSETS	4 464	4 577	(113)	
EQUITY				
Capital	12 500	8 303	4 196	8
Reserves	2 973	1 655	1 318	9
Accumulated funds	(11 008)	(5 381)	(5 627)	10
TOTAL EQUITY	4 464	4 577	(113)	

Notes:

The following note descriptions relate to variances greater than 10 per cent or \$0.2 million, or where multiple significant variances have occurred. The original published budget was revised during 2015-16 which decreased variations significantly.

1. Cash and deposits increase of \$1.83 million is largely due to higher than anticipated cash received into the AOTA relating to the Mining Securities levy. This was offset by cash resources required for high priority reviews, inspections and compliance audits of high risk mining sites.
2. Receivables increase of \$0.55 million is due to higher than estimated Goods and Service Tax (GST) receivables from the Australian Tax Office (ATO) and accounts still to be paid as at the 30 June 2016.
3. Prepaid expenses were higher than estimated primarily due to IT subscriptions and annual maintenance agreements.
4. Property, plant and equipment increased due to additions to government owned buildings through minor new works and an increase in the value of land held by the department following revaluations carried out in 2015-16.
5. Deposits held increased due to higher than originally estimated net deposits received into AOTA for the Mining Securities levy and Aboriginal Land Rents.
6. The decrease in payables is primarily due to a reduction in accrued salaries because of the 27 pays in 2015-16.
7. Provisions increased by \$0.22 million as a result of higher than anticipated provisions for employee recreation leave.
8. The increase in capital was primarily due to an equity injection.
9. The increase in the reserve relates to the value of land held by the department following revaluations carried out in 2015-16.
10. The estimated accumulated funds increased to \$9.15 million due to the increase in the estimated deficit. The variation against this revised estimate of \$1.86 million is detailed in Note 7 of Comprehensive Operating Statement.

Cash Flow Statement	2015-16	2015-16	Variance	Note
	Actual	Original		
	\$000	\$000	\$000	
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating receipts				
Appropriation				
Output	26 281	26 001	280	1
Commonwealth	2 148	4 295	(2 148)	2
Receipts from sales of goods and services	2 284	1 584	700	3
Total operating receipts	30 713	31 880	(1 167)	
Operating payments				
Payments to employees	(19 154)	(15 865)	(3 288)	4
Payments for goods and services	(16 030)	(15 265)	(765)	5
Grants and subsidies paid				
Current	(641)	(750)	109	6
Total operating payments	(35 824)	(31 800)	(3 944)	
Net cash from/(used in) operating activities	(5 112)	0	(5 112)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Investing receipts				
Proceeds from asset sales	7	0	7	
Total investing receipts	7	0	7	
Investing payments				
Purchases of assets	0	0	0	
Total investing payments	0	0	0	
Net cash from/(used in) investing activities	7	0	7	
CASH FLOWS FROM FINANCING ACTIVITIES				
Financing receipts				
Deposits received	2 495	0	2 495	7
Equity injections				
Other equity injections	4 000	0	4 000	8
Total financing receipts	6 495	0	6 495	
Net cash from/(used in) financing activities	6 495	0	6 495	
Net increase/(decrease) in cash held	1 390	0	1 390	
Cash at beginning of financial year	20 616	20 176	440	9
CASH AT END OF FINANCIAL YEAR	22 006	20 176	1 830	

Notes:

The following note descriptions relate to variances greater than 10 per cent or \$0.2 million, or where multiple significant variances have occurred. The original published budget was revised during 2015-16.

1. Output appropriation has increased by \$0.28 million primarily due to additional funds received for a Business Transformation project.
2. The variation for Commonwealth income relates to timing of payments relating to the Rum Jungle Mine Site Rehabilitation (RJMSR) project.
3. Estimates for the receipts from the sale of goods and services increased to \$1.93 million. The variation against the revised estimate of \$0.36 million is primarily due to higher than anticipated refunds from the ATO relating to GST.
4. Budget for employee expenses was adjusted up to \$17.91 million. Actual expenses exceeded the revised budget by \$1.24 million primarily due to the requirement for additional expenses for high priority reviews, inspections and compliance audits of high risk mining sites, the employment of additional Indigenous trainees and non-cash expenses relating to the reconciliation of staff leave provisions. In addition to this, the movement of accrued salaries between 2014-15 and 2015-16 was significant due to the 27 pays in 2015-16.
5. Budget for payment of goods and services were adjusted up to \$16.05 million. Actual expenses were on line with the revised budget.
6. Uptake of grants from industry relating to the Geophysics and Drilling Collaboration Grants was lower than anticipated.
7. Deposits received were unbudgeted and is the net movement in the AOTA relating to the Mining Securities levy, Aboriginal Land Rents and other cash securities relating to mining, oil and gas exploration.
8. The department received an unbudgeted equity injection in 2015-16.
9. The original budget for cash at the beginning of the financial year was adjusted during 2015-16 to match actual cash at the beginning of 2015-16.

25. ADMINISTERED TERRITORY ITEMS

In addition to the specific departmental operations which are included in the financial statements, the department administers or manages other activities and resources on behalf of the Territory such as gas/oil pipeline and mineral exploration licences; mining securities levy and mining and petroleum rents. The transactions relating to these activities are reported as administered items in this note.

	2015-16 Actual	2015-16 Original Budget	Variance	Note
Administered Territory Items	\$000	\$000	\$000	
TERRITORY INCOME AND EXPENSES				
Income				
Fees from regulatory services	12 005	9 693	2 312	1
Royalties and rents	3 959	3 000	959	2
Other income	0	65	(65)	3
Total income	15 964	12 758	3 206	
Expenses				
Central Holding Authority income transferred	15 964	0	15 964	4
Total expenses	15 964	0	15 964	
Territory income less expenses	0	12 758	(12 758)	
TERRITORY ASSETS AND LIABILITIES				
Assets				
Royalties and rent receivable	284	18	266	5
Other receivables	4 235	4 195	40	6
Total assets	4 519	4 213	306	
Liabilities				
Central Holding Authority income payable	339	98	241	7
Unearned Central Holding Authority income	4 181	4 115	66	8
Total liabilities	4 519	4 213	306	
Net assets	0	0	0	

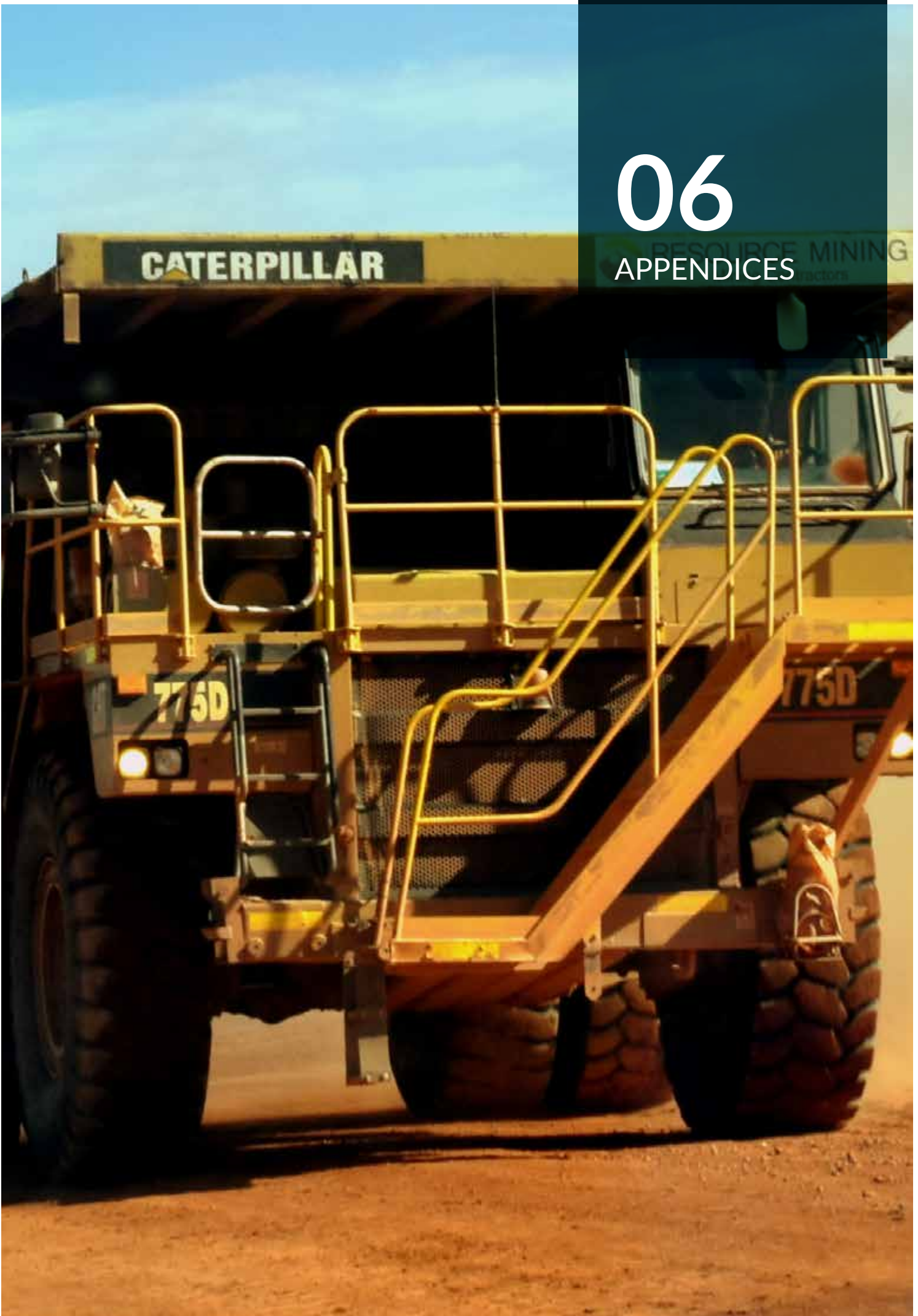
Notes:

The following note descriptions relate to variances greater than 10 per cent or \$0.2 million, or where multiple significant variances have occurred. The original published budget was revised during 2015-16

1. The original budget was revised up to \$11 million. Actuals exceeded the revised budget by \$1.005 million and is primarily due to higher than estimated income from the Mining Securities levy.
2. The original budget was revised up to \$4 million.
3. No income was classified as 'Other' in 2015-16.
4. All income classified as Territory Income, is expensed by the department and transferred to the Central Holding Authority in the Department of Treasury and Finance. Budgets for expenses are not published.
5. The original budget was revised up to \$98,000. Actuals exceeded the revised budget by \$0.19 million due to higher than estimated mining rents still to be received by the department as at the 30 June 2016.
6. The original budget was revised down to \$3.85 million. Actuals exceeded the revised budget by \$0.38 million primarily due to higher than estimated mining rents and exploration licences still to be recognised from unearned revenue.
7. The original budget was revised up to \$0.104 million. Actuals exceeded the revised budget by \$0.24 million due to higher than estimated mining and pipeline rents still to be received as at 30 June 2016 and payable to the CHA.
8. The original budget was revised down to \$3.85 million. Actuals exceeded the revised budget by \$0.33 million due to higher than estimated mining rents and exploration licenses paid in advance.

06

APPENDICES



Appendix 1

2015-16 Grants and Sponsorships

Resources Grants

	Expenditure (\$)
Geophysics and Drilling Collaboration Program	599 310
TOTAL	599 310

Sponsorship

	Expenditure (\$)
Minerals Council of Australia (NT) – Darwin Mining Club Sponsorship	2 727
Charles Darwin University - GIS Awards 2016	250
TOTAL	2 977

Earth Sciences / Mining / Petroleum Scholarship

	Expenditure (\$)
Ricky Phayer	13 000
Adam Johnston	13 000
Brett Lewis	9 000
Lucas Frichot	4 000
TOTAL	39 000

GRAND TOTAL	641 287
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